

# Outlining the intersection of building decarbonization and tenant protection

Setting the Landscape – Need for decarbonization and potential impacts on tenants



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# Building Electrification and Housing Affordability

BayREN Forum, November 16<sup>th</sup>, 2022

# Agenda

- **Housing Affordability Key Concepts and Definitions**
- **The Housing Affordability Crisis in Cities**
- **Solving Housing Affordability: The Three Ps**
- **Housing Affordability and Building Electrification**

# Why Decarbonize Buildings?



# Building Electrification | Impact

- Fossil fuel use in buildings can account for **15-40% of citywide GHG emissions** in a typical city
- BE is better for **health and safety**
- BE **mitigates the impact of heat waves** through high efficiency cooling
- Heat pumps **reduce building energy costs for most customers**
- Opportunity to rectify **economic & racial injustice**

Household Energy Usage  
(U.S. Average)

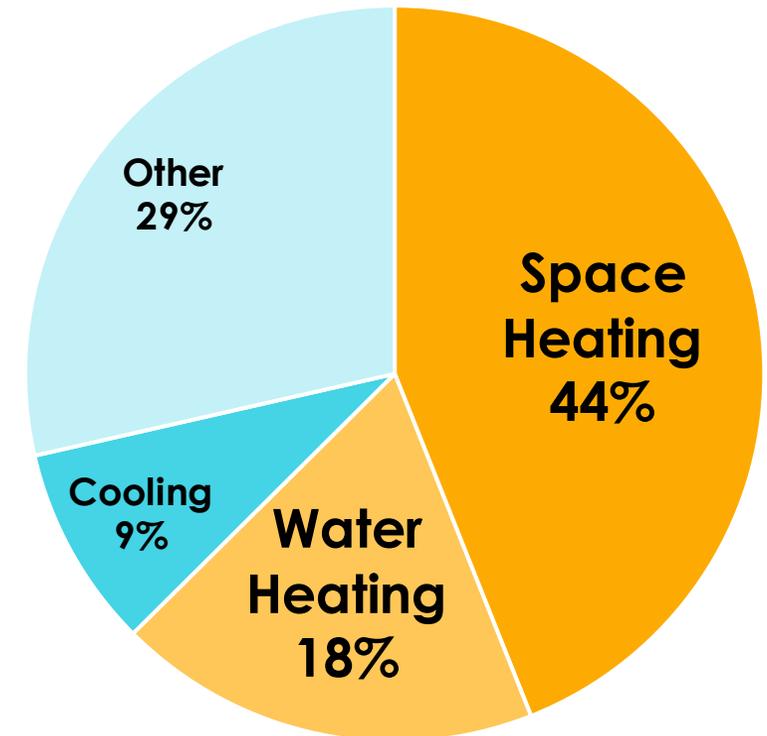
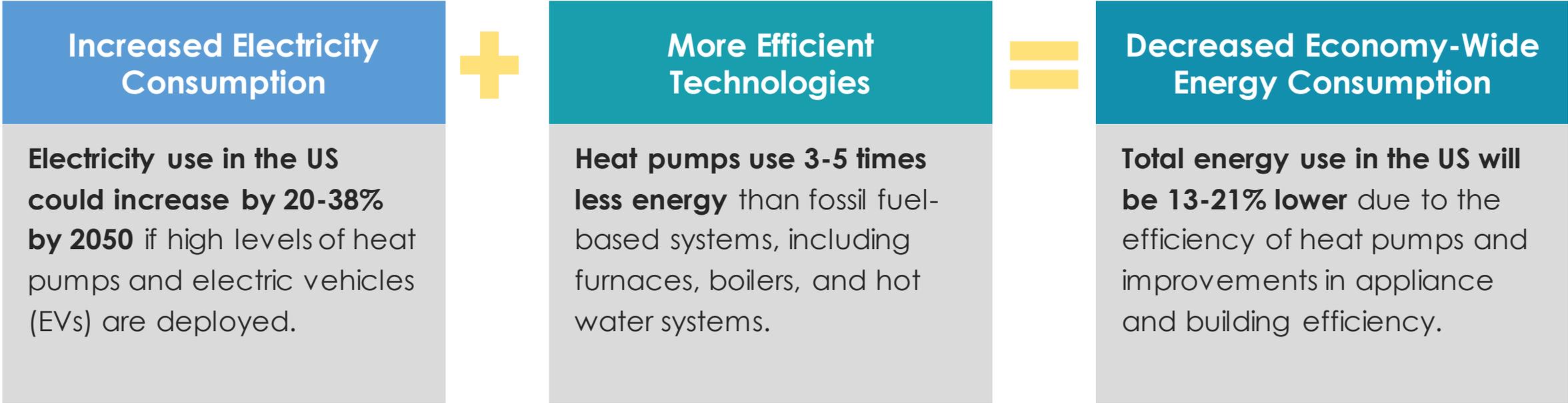


Image Source: Harvard University, Joint Center for Housing Studies

# Building Electrification | Economy-Wide Energy Efficiency

- **Widescale deployment of heat pumps may increase total electricity use but decrease economy-wide energy use.** This is because heat pump technologies are so energy efficient.



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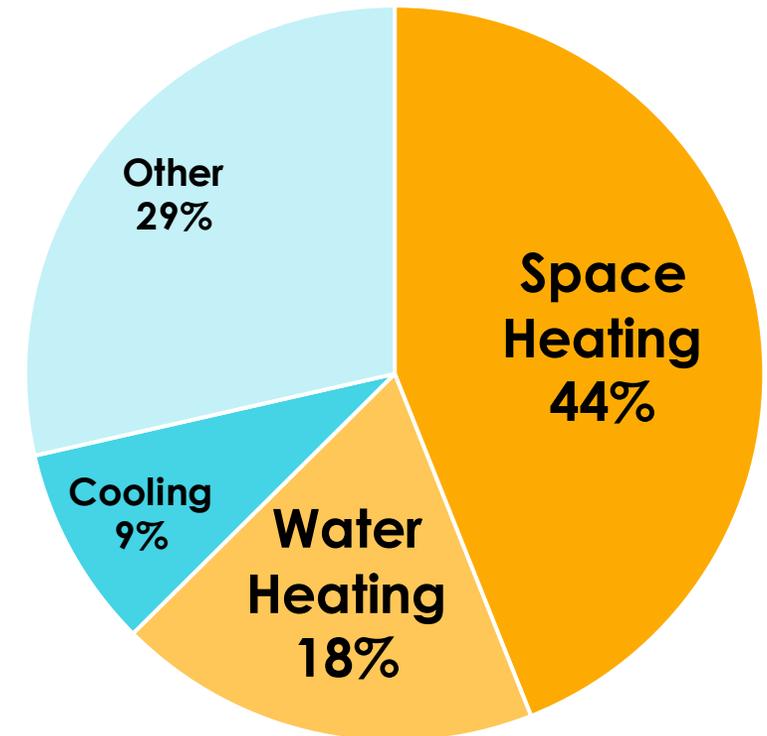


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# Housing Affordability

## Key Concepts and Definitions



# Housing Affordability | Key Concepts & Definitions

## A Working Definition of Affordable Housing

High-quality, healthy homes in which all-in costs fit within a household's budget and do not force residents to make choices between other critical needs (such as food, utilities, medicine, and childcare.)

# Housing Affordability | Key Concepts & Definitions

## Regulated Affordable Housing

Housing that is regulated by a government program to restrict rents and/or restrict allowable resident incomes to maintain affordability.

- Subsidized affordable housing
- Rental assistance housing
- Rent-controlled housing
- Public housing

# Housing Affordability | Key Concepts & Definitions

## Unregulated Affordable Housing (aka “Naturally-Occurring Affordable Housing”)

Housing that is priced below local average market rate and/or is affordable to existing residents, but is not subject to regulations restricting rents or incomes.

- May be located in lower-income areas, often those that were historically redlined
- May also be located in higher-income or gentrifying areas
- Generally makes up a substantial portion of a city’s housing stock

# The Housing Affordability Crisis in Cities



# Housing Affordability in Cities | Housing Cost Burden

**At least 40% of renters are housing cost-burdened in most metro areas across the country,** and these numbers are rapidly increasing.

The impacts are magnified in communities of color as a direct result of historic and ongoing racist policies.

Share of Households with Cost Burdens in the U.S. (2021)

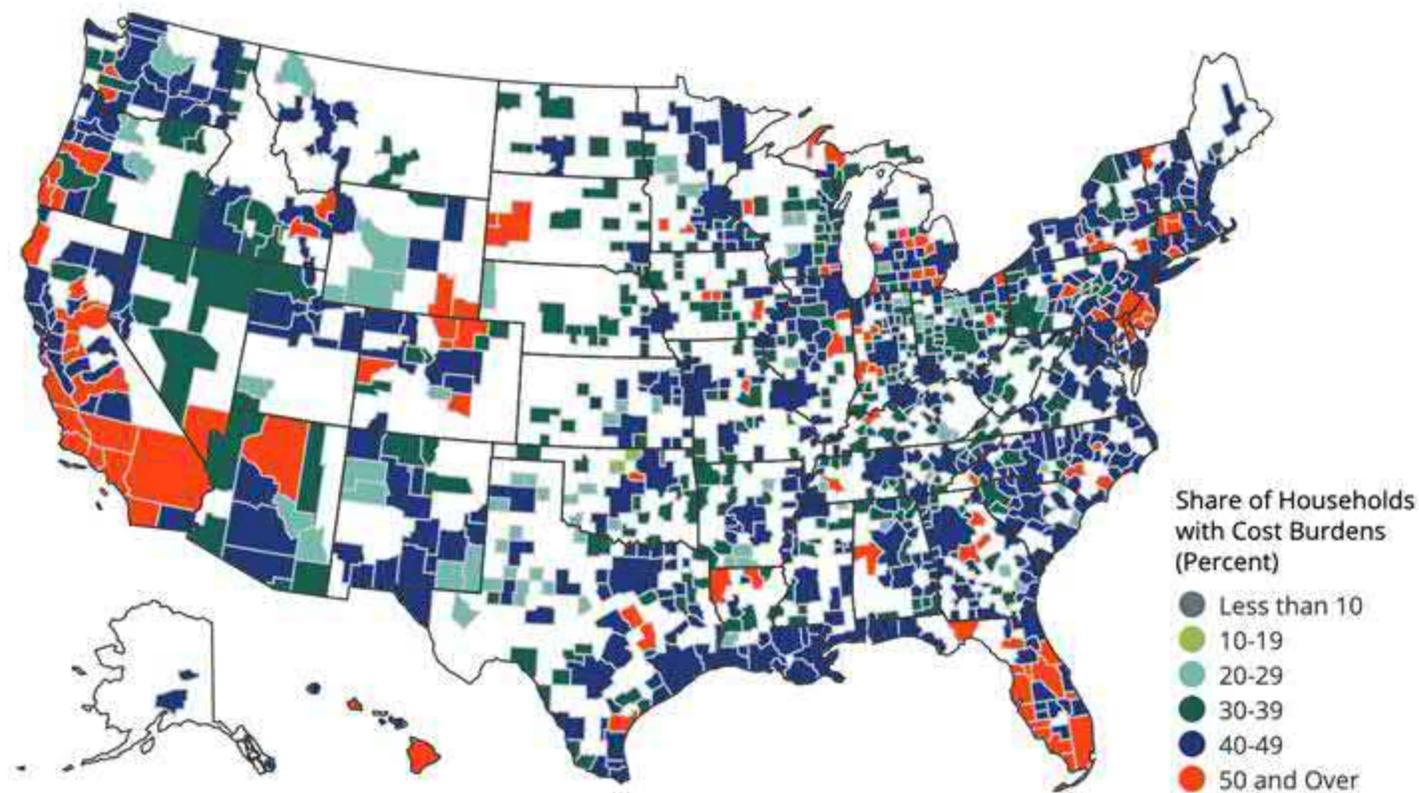


Image Source: Harvard University, Joint Center for Housing Studies

# Housing Affordability in Cities | Displacement

As housing costs accelerate, gentrification is displacing communities of color across the U.S. at alarming rates.

Change in African American Population, Greater Boston (1990-2017)

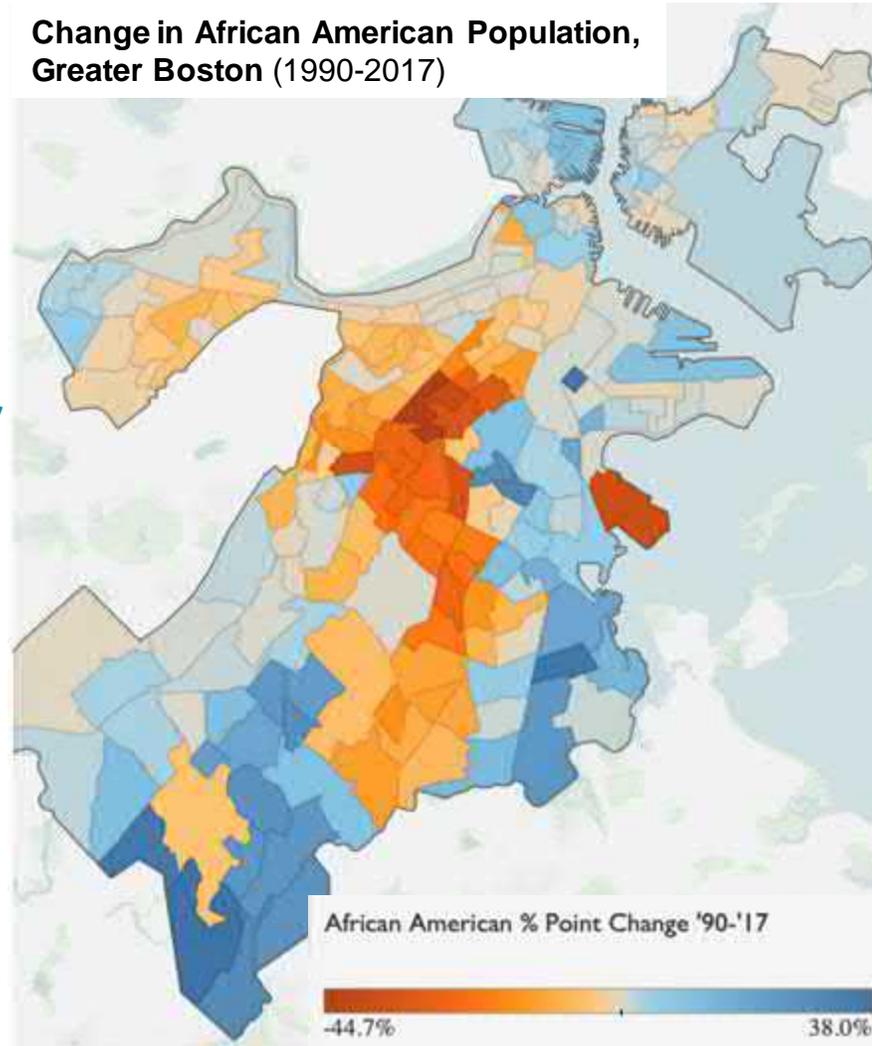


Image Source: *Changing Faces of Greater Boston*, a collaboration between Boston Indicators and University of Massachusetts

Change in Low-income (<80% AMI) Black Households in Alameda County (2000-2015)

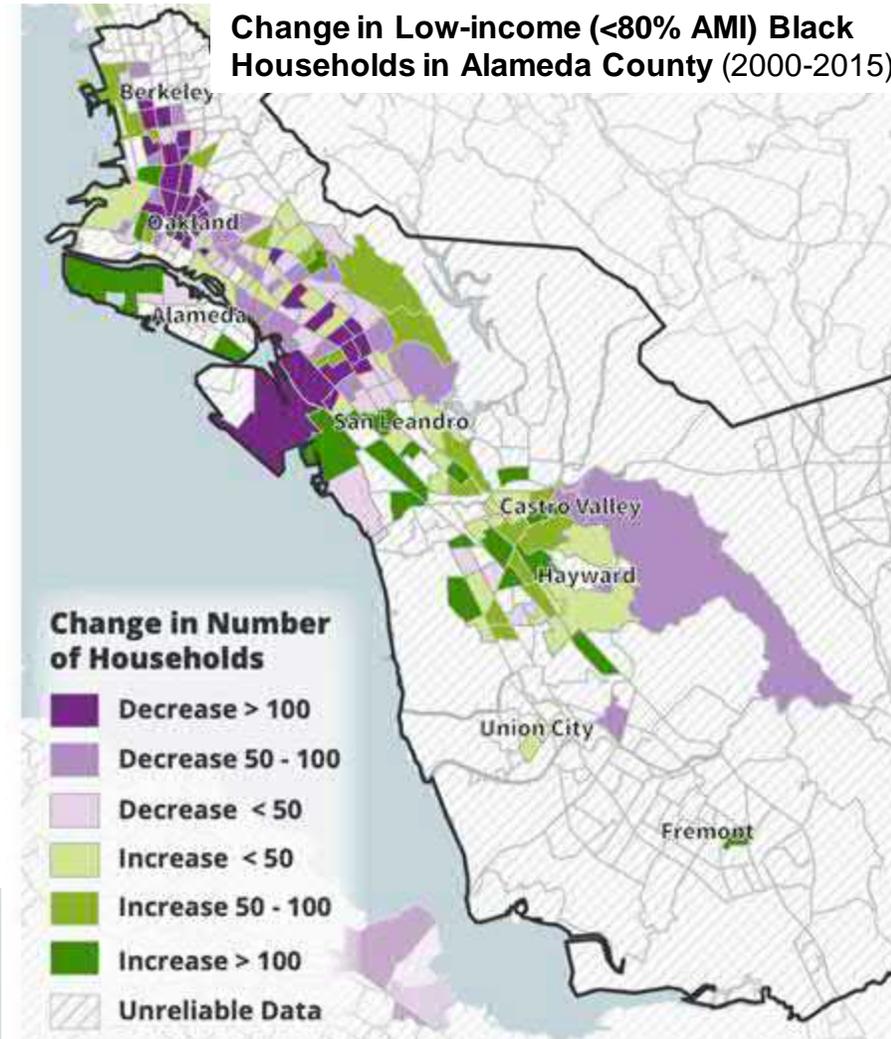


Image Source: *Rising Housing Costs and Re-Segregation in Alameda County*, Urban Displacement Project

# Housing Affordability in Cities | Health and Safety

For housing that is currently affordable, health and safety are often trade-offs

- Affordable housing often has the highest instances of health and safety violations.
- Gas appliances in the home are linked to childhood asthma<sup>1</sup>
- Energy upgrade programs often do not reach low-income housing<sup>2</sup>

Prevalence of 3+ Maintenance Deficiencies by Housing Type in NYC

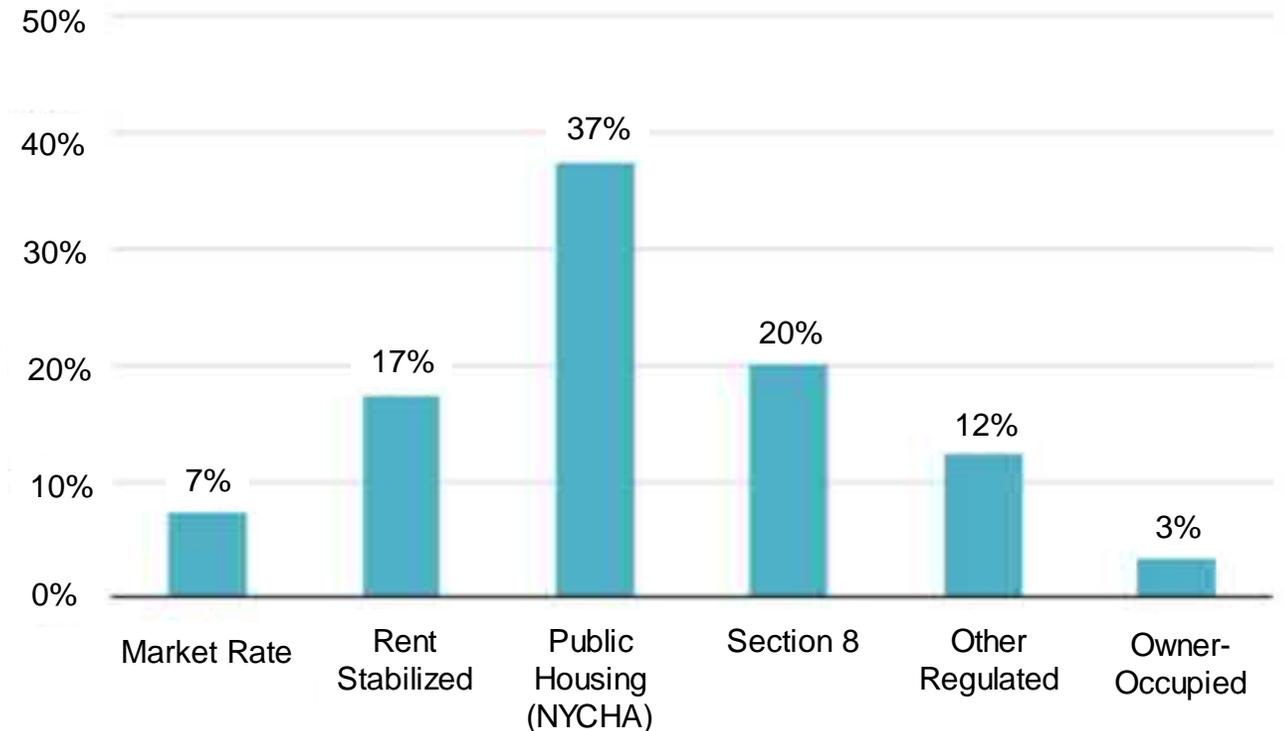


Chart Source: NYC Housing and Vacancy Survey, 2017 vis U.S. Census Bureau and NYC Housing Department of Preservation and Development

# Housing Affordability in Cities | Building Upgrades

## Building upgrades could exacerbate the housing affordability crisis and cause displacement.

- Building owners may choose to recoup upgrade costs by increasing rents.
- Owners may choose to pass new or higher utility costs on to renters.
- Upgrades can displace tenants during construction and/or lead to unfair evictions.
- Improved amenities may allow building owners to ask for higher rents.

**Example Costs and Potential Rent Increase**  
Retrofit to All-electric Building over 30 years (Northeast Climate)

	Total Installed Cost	Lifetime Bill Savings	Potential Rent Increase
Multifamily Building, High Energy User	\$4.8M	\$1.4M	<b>\$50-\$250 per unit per month</b>
Multifamily Building, Low Energy User	\$1.6M	No savings	

Depending on how a landlord decides to recoup the costs of a major building upgrade, **they may choose to increase the rent by anywhere from \$50 to \$250 per month.\***

# Solving Housing Affordability



# Solving Housing Affordability | The Three Ps

Housing advocates have frameworks that can help align policies for both housing affordability and building electrification.

## The Three Ps of Affordable Housing

- **PROTECT tenants:** Ensure renters are not unnecessarily forced out of their homes.
- **PRESERVE housing:** Ensure housing that is currently affordable remains affordable to those who live there.
- **PRODUCE** more affordable housing: Build new housing that serves all income levels to accommodate new residents.

# Housing Affordability and Building Electrification



# Housing Affordability and Building Electrification

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## Opportunities

- 1. Enact a strong, citywide and regional tenant protection regime**
- 2. Preserve existing affordable housing by funding electrification/energy upgrades and preventing housing cost and rent increases**
- 3. Enable the development of more (all-electric) affordable and “missing middle” housing**

# Housing Affordability and Building Electrification

## 1. Enact a strong, citywide and regional tenant protection regime

### *Why it matters for building energy policies:*

- Policies that accelerate building upgrades could lead to rising rents, tenant harassment, and evictions.
- A strong complementary tenant protection regime would be the surest way to provide protection.

### Example Policies:

1. Just Cause Eviction Policy
2. Right of First Refusal or “Tenant Opportunity to Purchase” (TOPA) Policies
3. Code Enforcement & Harassment Protection
4. Relocation Assistance
5. Right to Return
6. Regional Coordination for Displacement Prevention

# Housing Affordability and Building Electrification

## 2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

### *Key Opportunities:*

- a) Ensure upgrades result in energy bill savings for priority customers to reduce their costs and ensure they are not left out of the clean energy transition.
- b) Ensure the capital costs of upgrades are not passed through to low- and moderate-income renters.
- c) Preserve existing affordable housing by increasing funding and outreach to bring more homes under affordable housing regulation.

# Housing Affordability and Building Electrification

## 2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- a) Ensure upgrades result in energy bill savings for priority customers to reduce their costs and ensure they are not left out of the clean energy transition.

### Example Programs and Policies

1. **Launch technical assistance programs** to help building owners combine upgrades that will ensure bill savings and to help them “stack” relevant funding sources.
2. **Advocate for favorable rate design** for electrification at the state and utility level.

# Housing Affordability and Building Electrification

## 2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- b) Ensure the capital costs of upgrades are not passed through to low- and moderate-income renters and residents.

### Example Programs and Policies

1. Provide public funding to affordable rental buildings and pair these with restrictions that prevent passing on costs to renters
2. Provide public funding for low-income homeowners
3. Expand funding for existing affordable housing preservation programs

# Housing Affordability and Building Electrification

## 2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- c) Preserve existing affordable housing by increasing funding and outreach to bring more homes under affordable housing regulation.

### Example Programs and Policies

1. **Expand existing affordable housing preservation programs**, such as:
  - Low-income Housing Tax Credit (LIHTC) preservation programs
  - Section 8/rental assistance programs
  - Community land trusts
2. **Preserve currently unregulated affordable housing** by bringing them under affordability regulations in exchange for grants or subsidies.

# Housing Affordability and Building Electrification

## 3. Enable the development of more (all-electric) affordable and “missing middle” housing

**Cities must build significantly more housing for a greater diversity of income levels.**

- Most new construction is luxury housing, serving only those with the highest incomes.
- Very little low-income and middle-income housing is being constructed.

### Example Policies

1. Enact an all-electric new construction policy
2. Upzone transit corridors and 1-2 family zoned areas
3. Enact mandatory inclusionary housing
4. Invest directly in the development of new affordable housing, including on city-owned property
5. Encourage or require private companies to develop new housing for employees