

## Communication from Public

**Name:** Southern California Association of Nonprofit Housing

**Date Submitted:** 01/28/2022 10:24 AM

**Council File No:** 21-1463

**Comments for Public Posting:** Dear Councilmembers: On behalf of nonprofit organizations providing affordable homes in the City of Los Angeles and the low-income renters who live in them, the California Housing Partnership (Partnership), and the Southern California Association of Non-Profit Housing (SCANPH) would like to provide comment on Councilmember Koretz's motion on building decarbonization (Council File 21-1463). New decarbonization rules will affect the non-profit developers of affordable housing, who already navigate complex regulations and financing to provide dwellings for our City's most vulnerable. We therefore believe decarbonization policies should be closely aligned with the City's housing goals and created in close collaboration with the affordable housing industry and the Los Angeles Housing Department (LAHD). It is critical that this committee edit this motion so that future report backs are based in solid information from affordable housing providers, and that decarbonization is implemented in a way that is both sustainable and mindful of our City's housing needs. Recommendations for Building Decarbonization Motion 1. Consult with LAHD regularly while crafting decarbonization policies. The financing of affordable housing is extraordinarily complex and it is important that these changes are implemented with that in mind. 2. Request that any future report back analyzes how decarbonization will impact affordable housing (including publicly subsidized housing as well as naturally occurring affordable housing (NOAH)) to understand what a feasible decarbonization transition phase could look like for each segment. 3. Direct LAHD and other departments engaged in this report back to consider their own capacity for processing future electrification efforts. Even if a future ordinance is designed in such a way that cost and funding are not a concern, it is important that City departments be given the resources they need to process these new changes in a timely manner. 4. Provide resources for LAHD to supervise a cost impact study of deed-restricted affordable housing by a consultant. The study should include input from affordable housing providers and be made in collaboration with LADWP and LADBS. It should also examine the landscape of funding resources available and potential gaps to pay for the upfront and operational costs of building decarbonization in new and existing buildings. 5.

Encourage LAHD to engage with affordable housing stakeholders while crafting their report back and in the creation of any future ordinance on decarbonization. 6. Explore the possibility of providing funding resources for the electrification of affordable housing. In addition, we would like to elevate the recommendations and context provided in the reports below, which inform those found in this letter. ? Report by the Partnership: Prioritizing California's Affordable Housing in the Transition Towards Equitable Building Decarbonization, March 2021 o Please see the enclosed outline of five key challenges and recommendations following this letter. ? Report by ARUP: Zero-Carbon Collaboration: The Case for Los Angeles The Partnership, SCANPH, and our partners and allies stand ready to work with the Mayor, the City Council, LAHD, and LADWP leadership to create a decarbonization policy that works well for Los Angeles' lowest-income residents and the housing providers who serve them. Sincerely, California Housing Partnership CHPC is California's expert on affordable housing financing, advocacy, and policy and has helped more than 19 Los Angeles-based nonprofits as well as HACLA and LAHD leverage millions of dollars to finance the construction and preservation of more than 115 developments and 7,000 affordable rental homes. As part of the Energy Efficiency For All (EEFA) coalition, CHPC worked closely with SCANPH to advocate for the approval of the Comprehensive Affordable Multifamily Retrofit (CAMR) program by LADWP. Southern California Association of NonProfit Housing SCANPH is a nonprofit membership association representing affordable housing developers across the five counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. Our mission is to facilitate the development of affordable homes across Southern California by advancing effective public policies, sustainable financial resources, strong member organizations, and beneficial partnerships



January 28, 2022

Energy, Climate Change, Environmental Justice, and River Committee  
200 N Spring Street, Suite 1060  
Los Angeles, CA 90012

**Subject: Affordable Housing Priorities for Building Decarbonization Policy**

Dear Councilmembers:

On behalf of nonprofit organizations providing affordable homes in the City of Los Angeles and the low-income renters who live in them, the California Housing Partnership (Partnership), and the Southern California Association of Non-Profit Housing (SCANPH) would like to provide comment on Councilmember Koretz's motion on building decarbonization (Council File 21-1463).

New decarbonization rules will affect the non-profit developers of affordable housing, who already navigate complex regulations and financing to provide dwellings for our City's most vulnerable. We therefore believe decarbonization policies should be closely aligned with the City's housing goals and created in close collaboration with the affordable housing industry and the Los Angeles Housing Department (LAHD). It is critical that this committee edit this motion so that future report backs are based in solid information from affordable housing providers, and that decarbonization is implemented in a way that is both sustainable and mindful of our City's housing needs.

**Recommendations for Building Decarbonization Motion**

1. **Consult with LAHD regularly while crafting decarbonization policies.** The financing of affordable housing is extraordinarily complex and it is important that these changes are implemented with that in mind.
2. **Request that any future report back analyzes how decarbonization will impact affordable housing** (including publicly subsidized housing as well as naturally occurring affordable housing (NOAH)) to understand what a feasible decarbonization transition phase could look like for each segment.

<b>SAN FRANCISCO</b>	<b>LOS ANGELES</b>	<b>SACRAMENTO</b>	<b>SAN DIEGO</b>	<b>SANTA BARBARA</b>
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3. **Direct LAHD and other departments engaged in this report back to consider their own capacity for processing future electrification efforts.** Even if a future ordinance is designed in such a way that cost and funding are not a concern, it is important that City departments be given the resources they need to process these new changes in a timely manner.
4. **Provide resources for LAHD to supervise a cost impact study** of deed-restricted affordable housing by a consultant. The study should include input from affordable housing providers and be made in collaboration with LADWP and LADBS. It should also examine the landscape of funding resources available and potential gaps to pay for the upfront and operational costs of building decarbonization in new and existing buildings.
5. **Encourage LAHD to engage with affordable housing stakeholders** while crafting their report back and in the creation of any future ordinance on decarbonization.
6. **Explore the possibility of providing funding resources for the electrification of affordable housing.**

In addition, we would like to elevate the recommendations and context provided in the reports below, which inform those found in this letter.

- Report by the Partnership: [Prioritizing California's Affordable Housing in the Transition Towards Equitable Building Decarbonization](#), March 2021
  - Please see the enclosed outline of five key challenges and recommendations following this letter.
- Report by ARUP: [Zero-Carbon Collaboration: The Case for Los Angeles](#)

The Partnership, SCANPH, and our partners and allies stand ready to work with the Mayor, the City Council, LAHD, and LADWP leadership to create a decarbonization policy that works well for Los Angeles' lowest-income residents and the housing providers who serve them.

Sincerely,

**California Housing Partnership**

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Enclosure

CC: Lauren Faber O'Connor, Chief Sustainability Officer at Office of Mayor Eric Garcetti  
Ann Sewill, General Manager, Los Angeles Housing Department

## Recommendations from the California Housing Partnership's Affordable Housing Building Decarbonization Summits, 2020 and 2021

- I. Key building decarbonization trends with implications for the City of LA:
  - A. Under new Title 24 standards, affordable housing funding programs such as the TCAC, CDLAC, and AHSC programs have begun encouraging electrification by allocating points for all-electric developments
  - B. The California Air Resources Board is considering a zero-emission standard for appliances beginning in 2030, essentially banning gas appliances
  - C. The California Energy Commission will begin mandating rooftop solar in 2023, and the agency is considering all-electric construction standards for 2025
  - D. South Coast Air Quality Management District is preparing to update its indoor air quality standards which could result in sweeping changes to current building standards
- II. Key Takeaways from the Affordable Housing Building Decarbonization Summits, 2020 and 2021
  - A. Key Challenges:
    - 1. Increased Complexity and Cost of Technologies**
      - a) Costs and design challenges of installing electrification technologies
      - b) LA housing providers have issues with lack of space -- i.e. not enough roof space for rooftop solar or area to place EV chargers
      - c) Aligning state requirements with local requirements in LA is challenging
        - (1) For example, LADWP does not want more than one transformer on a site which makes including EV charging stations almost impossible
    - 2. Limited Workforce Capacity and Availability**
      - a) Finding contractors experienced in decarbonization/electrification technologies is difficult
      - b) Labor requirements in the City of LA often limit the pool of contractors and can drive up costs for housing developers
      - c) Among affordable housing providers there is a broad spectrum of internal capacity, experience, knowledge around building decarbonization/electrification
      - d) Los Angeles area housing providers are much less engaged on the issue and have less experience because most cities implementing all-electric reach codes are in Northern California
    - 3. Cost Impacts and Financial Feasibility Implications**
      - a) LA housing providers broadly agree that electrification/ decarbonization is cost effective and should be standard for new construction, but for existing buildings, it is currently not cost effective

#### **4. Exacerbated Split Incentives**

- a) Housing providers in LA have noted that benefits from all-electric upgrades are often not available to help recuperate the upfront costs of installing the measures in the first place
- b) Especially in the aftermath of COVID, LA property owners are cash strapped and split incentives don't allow for relief on operating costs

#### **5. Misaligned Energy and Housing Programs**

- a) Arduous application processes and issues with leveraging funds serve as barriers to accessing multiple electrification funding programs

### **B. Key Recommendations:**

#### **1. There is a need for free, robust technical assistance**

- a) LA housing providers have suggested a funded pilot program to help owners understand the efficiencies and difficulties of electrification as well as the resources available to them
- b) Robust technical assistance from incentive programs is necessary to help AH providers navigate the programs and leverage funding from other state programs and LADWP
- c) Property owners have also requested a road map or guidance showing the long-term implications on operating costs

#### **2. Increased funding resources and electrification incentives are necessary to pay for a mandate**

- a) AH providers in LA have noted that funding from the state or the city is necessary in order to support a mandatory shift to electrification -- especially for existing buildings where the cost of installing electric infrastructure is infeasible
  - (1) Many providers also do not have the reserves to cover the upfront costs of an electrification/decarbonization retrofit
- b) Providers have also noted that incentive programs do not take into account the cost of long-term operation and maintenance costs and should increase incentive payments to account for this
- c) Alignment among the LA incentive/funding programs such as LARA, CAMR, and other LADWP programs is necessary

#### **3. Building staff capacity through training**

- a) AH providers in LA have noted that many of their staff are not experienced in decarbonization/electrification
- b) There needs to be resources available to property owners to thoroughly train their staff on decarbonization

#### **4. Create flexibility through interim exemptions**

- a) LA housing providers have noted that the following exemptions should be considered:

- (1) Much of their building stock is aging and there's a need for exemptions for historical buildings and preservation
- (2) Exemptions for properties where costs for tenants will rise significantly
- (3) Exemption for properties that don't have the capacity/roof space for PV or other technologies

**5. Alignment between decarbonization mandates and affordable housing programs**

- a) LA AH providers noted the following alignment issue areas:
  - (1) Timelines for decarb mandates must be different for new construction vs. existing buildings
  - (2) AH providers must compete for tax credits at the state level, which have cost containment criteria. There is a concern that decarb a mandate puts local AH at a disadvantage due to higher project costs which makes their project less competitive for tax credit funding.