



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: December 6, 2018

Approved

D. DSyl

Date

12/6/18

SUPPLEMENTAL

SUBJECT: ENERGY AND WATER BUILDING PERFORMANCE ORDINANCE

REASON FOR THE SUPPLEMENTAL

The purpose of this supplemental memorandum is to provide additional information responding to questions received at the December 3, 2018 Transportation and Environmental Committee meeting regarding the impact of the proposed Energy and Water Building Performance Ordinance on multi-family buildings.

ANALYSIS

At the December 3, 2018 Transportation and Environmental Committee (T&E) meeting, T&E members unanimously approved staff's recommendations. During the meeting, T&E members also asked about the impact of the Energy and Water Building Performance Ordinance on multifamily buildings, specifically the potential for pass-through costs to tenants. California's existing Assembly Bill 802 already requires all multifamily buildings 50,000 sq. ft. and over to report benchmarking data beginning June 2019 (commercial building reporting at this threshold began in June 2018).

Compliance with the City's proposed ordinance, once approved by the California Energy Commission, relieves building owners from State reporting. Multifamily buildings 50,000 sq. ft. and larger would report to the City, rather than the State, and multifamily buildings over 20,000 sq. ft. would begin reporting starting May 2020. Most of San José's multifamily buildings (422) are over 50,000 sq. ft., as is most of its multifamily square footage (86,700,000). A multifamily threshold of 20,000 sq. ft. adds another 200 buildings and another 6,300,000 sq. ft. The lower

HONORABLE MAYOR AND CITY COUNCIL

December 6, 2018

Subject: Energy and Water Building Performance Ordinance

Page 2

threshold was set to be comparable in scope to ordinances adopted by other large cities, such as Austin, Los Angeles, and New York City, and to focus on multifamily buildings with approximately 20 units or more as well as support Climate Smart San Jose Goal 3.2 – Improve our Commercial Building Stock.

The proposed ordinance also requires the implementation of “beyond benchmarking” performance or improvement pathways for: 1) 50,000 sq. ft. or over buildings starting May 2021 and 2) 20,000 sq. ft. and over starting May 2022. Reporting by all covered buildings would be phased in over 5-year period from the start dates based on the last digit property’s Assessor’s Parcel Number, allowing a substantial implementation phase-in period. In May of 2022, properties whose Assessor’s Parcel Number ends in 0 or 1 will be affected, with 2 and 3 the next year, and so forth.

City staff will provide covered multifamily buildings with technical guidance and resources to assist with compliance and to reduce any implementation costs. City staff have already developed an *Energy Resource Programs for Multifamily Owners and Managers* reference guide which includes a list of available energy efficiency services, financing options, and rebate resources (see Attachment A).

Tenants in covered multifamily buildings can also realize cost savings from the implementation of building energy and water efficiency projects. If units are submetered, tenants can see a direct reduction in their energy and/or water costs.

/s/

KERRIE ROMANOW
Director, Environmental Services
Department

For questions please contact Ken Davies, Sustainability and Compliance Division Manager, at (408) 975-2587.

Attachment A – Energy Resource Programs for Multifamily Owners and Managers

Energy Resource Programs
for Multifamily Owners and Managers
in Santa Clara County







FINANCING OPTIONS WITH INCENTIVES					ELECTRIC VEHICLES
	Freddie Mac: Green Advantage Program <i>i</i>	Fannie Mae: Green Preservation Plus <i>i</i>	Fannie Mae: Green Rewards <i>i</i>	CA Alternative Energy and Advanced Transportation Financing Authority: Affordable Multifamily Financing Pilot <i>i</i>	PG&E: Electric Vehicle Charge Network 877-704-8723 <i>i</i>
Target Audience	Owners and managers of multifamily properties	Owners of affordable multifamily properties	Owners of multifamily properties	Owners of multifamily properties that do not reside in the property	Owners and managers of multifamily properties
Service Offerings	Provides reimbursement of up to \$3,500 for Green Assessment or Green Assessment Plus report	Provides financing for new or refinanced Fannie Mae mortgages with favorable rates and terms Includes one-stop-shop customer service	Provides financing for new or refinanced Fannie Mae mortgages with favorable rates and terms	Provides credit enhancements to help financing entities mitigate risk Also provides technical assistance for project financing	Pays for some equipment and infrastructure to supply electricity to electric vehicle parking spaces. Provides technical assistance on planning, installation, and activation Options for PG&E-owned or land-lord-owned
In-Unit/Common Areas	Both	Info not available	Info not available	Both	Common
Incentive	Up to \$3,500 of report is reimbursed when borrower closes Freddie Mac multifamily loan	Free ASHRAE Level 2 Energy Audit Up to 85% loan-to-value and 1.15 debt service coverage	Free Energy and Water Audit Report	Info not available	If in a disadvantaged community (DAC) and own ports, cost covered in full If not in a DAC and own ports, 50% cost covered If in a DAC and sponsored, discounted port cost If not in a DAC but sponsored, discounted port cost
Min/Max Requirements	Must reduce at least 25% energy or water/sewer consumption based on Green Assessment	Property must be at least 10 years old	Info not available	At least 50% of units must be restricted to income-eligible households; must have more than 20 units	10 charger min; no max listed
Type of Building	Existing construction	Existing construction	Existing construction	Existing construction	Existing construction
Low Income/Market Rate	Both	Low income	Both	Low income	Both
Pre/Post Assessment Requirements	Info not available	Info not available	Info not available	Yes	Yes
Timing/Other Requirements	Less than 2 years for green improvement completion Must close a Freddie Mac multifamily loan to get reimbursement	Must maintain income and rent restrictions during loan term	Improvements must be installed within 12 months of loan origination and must target a 25% or more reduction to the whole property's annual energy or water use	Must receive services from PG&E or a community choice aggregation	10-year contract Minimum of 10 chargers installed Must be chosen from an approved vendor list
Upgrade Types	<ul style="list-style-type: none">• Whole building• HVAC• Windows, insulation, roofing• Boilers, pumps and controls, low-flow fixtures, pool equipment• Lighting and appliances• Solar photovoltaic• Solar thermal• Electric vehicle charge station	<ul style="list-style-type: none">• HVAC• Insulation• Boilers, low flow fixtures• Lighting and appliances	<ul style="list-style-type: none">• HVAC• Insulation• Boilers, low flow fixtures• Lighting and appliances• Solar photovoltaic	<ul style="list-style-type: none">• HVAC• Windows, insulation, roofing• Boilers, pumps and controls, low-flow fixtures, pool equipment• Lighting and appliances• Solar photovoltaic• Solar thermal• Electric vehicle charge station	<ul style="list-style-type: none">• Electric vehicle charge station
Visit www.sjenvironment.org/MultifamilyEnergy to apply and for more information					

For more information on Climate Smart San José, including resources for renters and homeowners, visit www.sjenvironment.org/ClimateSmartSanJose.

— Contact PG&E's Multifamily Owner Services (Single Point of Contact Service) for help with signing up and finding a resource match: 866-352-7457; www.pgemultifamily.com

ENERGY EFFICIENCY				
	PG&E: Multifamily Upgrade Program (MUP) 866-352-7457 <i>i</i>	PG&E: Energy Savings Assistance Program (ESAP) 866-352-7457 <i>i</i>	PG&E: Middle Income Direct Install (MIDI) 866-352-7457 <i>i</i>	Bay Area Regional Energy Network: Bay Area Multifamily Building Enhancements (BAMBE) 855-213-2838 <i>i</i>
Target Audience	Owners and managers of multifamily properties	Tenants and owners of multifamily properties	Tenants of multifamily properties with owner consent	Owners and managers of multifamily properties
Service Offerings	Facilitates energy-efficient retrofits through design assistance, cash incentives, and program coordination for owners and managers of multifamily properties with 5 or more units	Provides free upgrades for energy efficiency, safety, and tenant comfort Provides education for tenants	Provides free upgrades for energy efficiency, safety, and tenant comfort	Offers cash rebates and no-cost energy consulting designed to save 15% or more of a building's energy and water usage for multifamily properties that undertake energy and water upgrades Also provides financing options
In-Unit/Common Areas	Both	Both	In-unit	Both
Incentive Per Unit (\$)	\$400 – \$3,000 (based on site savings)	No incentive per unit (instead free direct installation)	No incentive per unit (instead free direct installation)	Rebate: \$750/unit Financing: 50% of the cost at 0% interest up to \$5,000/unit, up to \$500,000/project
Min/Max Requirements	5 units min; no max. 10% site savings, need at least two measures in scope of work	No min/max on budget and energy saved	No min/max number of units	5 units min; no max listed
Type of Building	Existing construction	Existing construction	Existing construction	Existing construction
Low Income/Market Rate	Both	Low income	Mid-range	Both
Pre/Post Assessment Requirements	Yes	Yes	Yes	Yes
Timing/Other Requirements	Projects whose work scopes into the next program year must complete at least 50% during the current program year Must complete construction and submit all completion documentation within 30 days of completion date milestone identified in the incentive reservation letter Must meet or exceed codes	Home must be at least 5 yrs old Tenant's income must be at or below 200% federal poverty levels Property may need to be deed restricted for common area and central system upgrades	Home must be at least 5 yrs old Tenant's income must be at or below 400% federal poverty levels Tenant's primary language is not English Must be a residential customer on residential rates Cannot have solar	Required 15%+ energy savings after installation May be combined with water Must install multiple upgrades
Upgrade Types	<ul style="list-style-type: none">• Whole building• HVAC• Windows, insulation, roofing• Boilers, pumps and controls, low-flow fixtures, pool equipment• Lighting and appliances	<ul style="list-style-type: none">• HVAC (<i>tune-ups and repairs</i>)• Window/door repair and insulation• Boilers, pumps and controls, low-flow fixtures, pool equipment (<i>minor repairs, low-flow fixtures and pipe-wrapping</i>)• Lighting and appliances	<ul style="list-style-type: none">• HVAC• Boilers, pumps and controls, low-flow fixtures, pool equipment• Lighting and appliances	<ul style="list-style-type: none">• Whole building• HVAC• Windows, insulation, roofing• Boilers, pumps and controls, low-flow fixtures, pool equipment• Lighting and appliances
Visit www.sjenvironment.org/MultifamilyEnergy to apply and for more information				

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SOLAR & OTHER GENERATION						ENERGY-EFFICIENCY		CERTIFICATION			
	PG&E: Virtual Net Metering (VNEM) 877-743-4112	Solar on Multifamily Affordable Housing (SOMAH) 	PG&E: Low Income Virtual Net Energy Metering (NEMVMASH) 877-743-4112	GRID Alternatives: Energy for All Multifamily Technical Assistance 866-921-4696	PG&E: Self-Generation Incentive Program 	Association for Energy Affordability: Multifamily Low-Income Weatherization Program (LIWP) 916-844-1099 	PG&E: California Multifamily New Homes (CMFNH) 866-352-7457 	Santa Clara County: Green Business Certification 408-282-3180	U.S. Department of Energy: Energy Star Certification	Build It Green: GreenPoint Rated Certification Elements Label 510-285-6224	Build It Green: GreenPoint Rated Certification Whole Building Label 510-285-6224
Target Audience	Owners and managers of multifamily properties	Owners and managers of multifamily properties	Owners and managers of affordable multifamily properties	Owners and managers of affordable multifamily properties	Owners and managers of affordable multifamily properties	Owners and managers of affordable multifamily properties	Developers, HomeEnergy Rating Systems (HERS) rates and energy consultants	Owners and managers of affordable multifamily properties	Owners and managers of multifamily properties	Owners and managers of multifamily properties	Owners and managers of multifamily properties
Service Offerings	Provides a virtual meter to monitor the solar energy produced by the building Each unit is allocated a percentage of the solar-generated electricity that is discounted from each unit's consumption	Offers incentives for rooftop solar installations that benefit tenants of multifamily affordable housing	Allows all tenants in an affordable housing complex to benefit from energy generation credits gained from the building's solar system	Provides technical assistance, including complete portfolio assessment and funding identification Turnkey in-house solar design Energy efficiency and solar education for residents	Provides financial incentives for the installation of new qualifying technologies that are installed to meet all or a portion of the electric energy needs of a facility	Provides energy-efficiency retrofit/weatherization and solar installations to large multifamily dwellings in disadvantaged communities, as defined by CalEnviroScreen 3.0, to deliver significant greenhouse gas reductions	Facilitates energy-efficient design in newly constructed low-rise and high-rise multifamily housing through design assistance, cash incentives, program coordination, and education	Provides Green Business certificate Allows business to use window decal and Green Business logo on marketing materials Property is listed as certified on Green Business website	Provides Energy Star certification Allows business to use window decal Property is listed as certified on Green Business website	Provides GreenPoint Rated certification and label Property is listed as certified on GreenPoint website For projects with limited scope of work	Provides GreenPoint Rated certification and label Property is listed as certified on GreenPoint website For properties with larger scopes of work
In-Unit/Common Areas	Both	Both	Both	Both	Both	Both	Both	Both	Whole property only	Both	Both
Incentive Per Unit (\$)	Percentage of solar-generated electricity as pre-determined by the building owner/manager	Incentive is aligned with installation cost. Federal investment tax credits and contributions are taken into account Incentive amount will continue to be adjusted over time	Info not available	Info not available	Incentives are given per watt-hour for storage and per watt for generation	Covers about 30-100% of energy-efficiency upgrades and 50-100% of solar installations Incentive may not exceed installation cost Additional set aside for farmworker housing	Low-rise developer: from \$135/unit High-rise developer: from \$160/unit Design charrette: \$5,000 Home Energy Rating System (HERS) rater/energy consultant: \$50/unit (200 unit limit) Incentives are given on a sliding scale and have no cap	No participation fee	Eligibility for various financing options with incentives	Eligibility for various financing options with incentives	Eligibility for various financing options with incentives More favorable rates and terms due to larger scope
Min/Max Requirements	1 kW min to 1,000 kW max generated (in total or per virtual meter)	5 low income rental unit minimum	1 kW min to 1,000 kW max generated (in total or per virtual meter)	Info not available	5 rental housing unit minimum	5 units min; no max listed	3 units min; no max	None	2 units per building min; no max listed; no minimum square footage	2 units min; no max listed 25 point min; 49 point max	2 units min; no max listed; 50 point min
Type of Building	New and existing construction	Existing construction	New and existing construction	New and existing construction	Existing construction	Existing construction	New <i>(large-scope gut-retrofit projects may qualify)</i>	Existing construction	Existing construction	Existing construction	New and existing construction
Low Income/Market Rate	Low income and market rate	Low income	Low income	Low income	Low income	Low income (must be located in DAC)	Both	Both	Both	Both	Both
Pre/Post Assessment Requirements	No	Yes	No	Pre-assessment only	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Timing/Other Requirements	Must receive services from PG&E with only one generating account	Must live in a DAC OR at least 80% of households have incomes at or below 60% of the area median income	Info not available	Not required to select GRID Alternatives as solar installer to receive free technical assistance	3 year max Must be located in a disadvantaged community or a building where at least 80% of households have incomes at or below 60% of the area median income	Info not available	Must receive services from PG&E Advanced energy performance modeling process required Verified energy savings process at end Must exceed Title 24 by at least 10%	Info not available	Occupancy must be 75% or higher to be eligible for certification Properties below 75% occupied can still get a score Fewer than 20 units cannot get a score; gets EUI instead	At least 8 of 25 points must be energy	At least 30 of 50 points must be energy Energy modeling required
Upgrade Types	<ul style="list-style-type: none"> Solar photovoltaic 	<ul style="list-style-type: none"> Whole building Solar photovoltaic 	<ul style="list-style-type: none"> Solar photovoltaic 	<ul style="list-style-type: none"> Solar photovoltaic 	Info not available	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal 	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal <i>(but can't combine with California Solar Initiative Thermal Program)</i> 	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal 	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal Electric vehicle charge station 	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal Electric vehicle charge station 	<ul style="list-style-type: none"> Whole building HVAC Windows, insulation, roofing Boilers, pumps and controls, low-flow fixtures, pool equipment Lighting and appliances Solar photovoltaic Solar thermal Electric vehicle charge station
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