

2025 EXISTING SINGLE-FAMILY BUILDING REACH CODE

Presented by:

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BUILDING STANDARDS AND REACH CODES OVERVIEW

California Building Energy Efficiency Standards and California Green Building Standards

- Standards are set by the California Energy Commission
- Increase energy conservation and reduce energy costs in buildings
- Adopted every three years

Building Reach Codes

- Increase building code requirements above the current Standards
 - Adopted in San José since 2019 (last two building code cycles)
 - Previous reach codes only applied to new construction
 - 2025 new construction standards now on par with previous reach codes
 - Typically can be adopted at any time
- New state law limits residential reach codes Oct. 1, 2025 – June 1, 2031, unless exceptions apply



OVERVIEW OF PROPOSED ORDINANCE

Single Family (Existing Buildings)

AC to Heat Pump



- › Requires property owners installing space cooling (AC) to install either:
 1. A heat pump
 2. Efficiency measures

Electric-Ready



- › Targeted to permit applicants completing a relevant addition or alteration
- › Requires electric-readiness (circuits or conduit)

AC TO HEAT PUMP COMPONENT

When replacing or adding an AC either:

Pathway 1: Install a heat pump HVAC system (cooling + heating) and meet State Standards

OR

Pathway 2: Install a standard AC (cooling only) alongside the existing gas furnace and make other energy efficiency improvements above the State Standards

Exceptions:

- *old knob and tube wiring*
- *triggers panel upgrade (when standard AC would not)*
- *inaccessible attics/ducts*
- *asbestos disturbance*
- *households with income up to 100% of Area Median Income (equity-based exemption)*



AC TO HEAT PUMP COST ESTIMATES

Pathway 1: Heat Pump HVAC Installation

- The incremental upfront cost is estimated at \$650-\$1,700

Pathway 2: Additional Energy Efficiency Measures (with Standard AC)

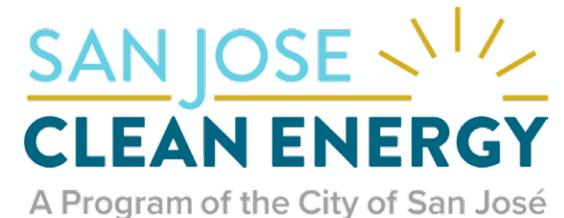
- Additional energy efficiency measures may include fan efficacy, air sealing, and attic insulation
- Cost for compliance is estimated to range from \$600 - \$7,500 based on the existing configuration and scope of the planned upgrade



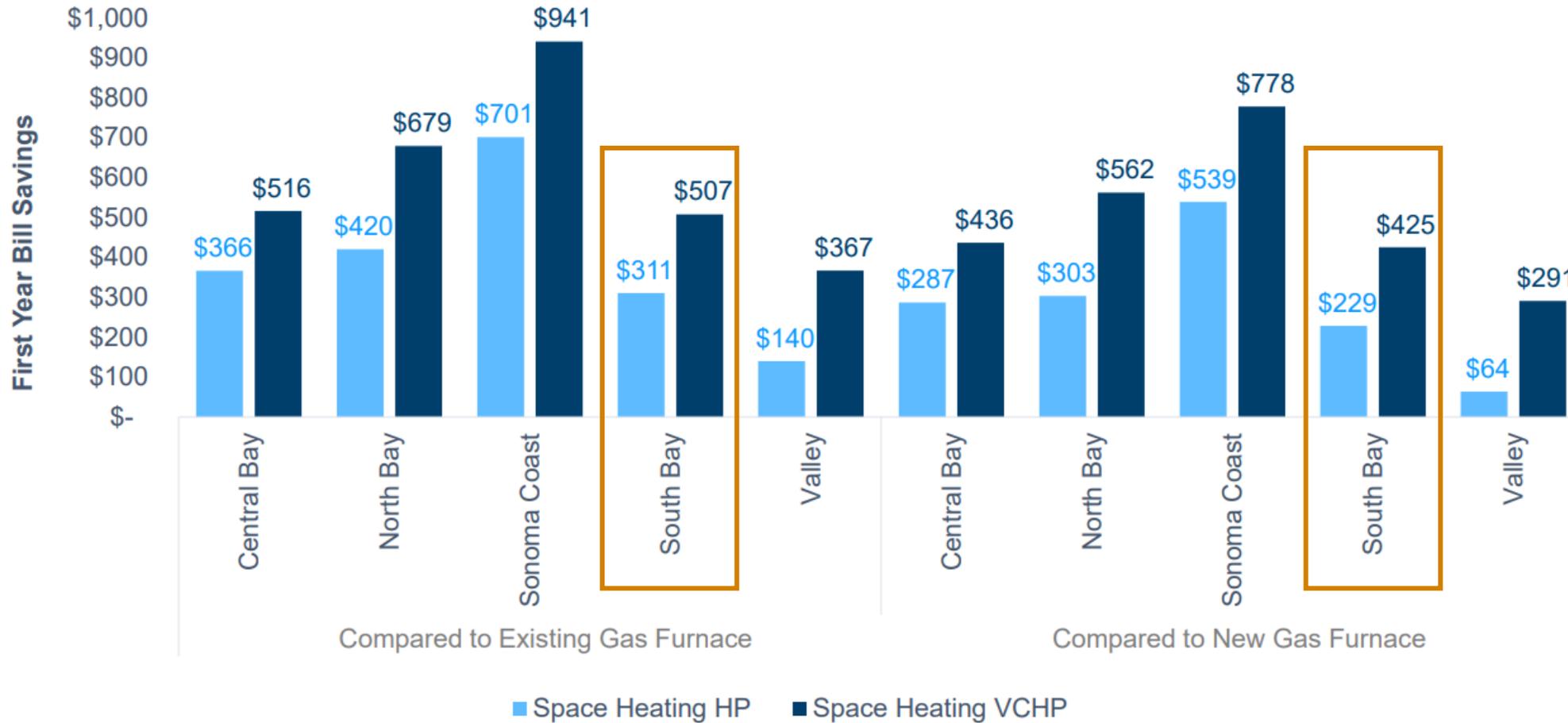
AC TO HEAT PUMP FUNDING ASSISTANCE

Rebates and zero-interest financing are available to single-family residents for installing high-efficiency heat pump HVAC systems:

- **San Jose Clean Energy's (SJCE) EcoHome Rebate**
 - access \$2,500 to \$3,500
 - may lower incentive in the fall to be more in line with industry
 - budget of \$2.675M for Fiscal Year (FY) 2025-2026
 - could fund an est. 590 heat pump HVACs per fiscal year at this funding level
- **TECH Clean CA program (statewide)**
 - offers up to \$4,000 in additional incentives (as of August 2025)
- **SJCE EcoHome Payment Plan**
 - pilot provides zero interest loans for heat pump installations that are repaid on-bill
 - loan terms are for 2, 3, or 5 years, up to \$5,000



AC TO HEAT PUMP SAVES \$\$ TODAY



Source: [Peninsula Clean Energy](#) and [Silicon Valley Clean Energy](#)

VCHP = Variable Capacity Heat Pump, which has higher energy efficiency

ELECTRIC-READY COMPONENT

When doing alterations and/or additions within a specific proximity to an existing gas appliance or including a new gas appliance:

- Require some electrical infrastructure (e.g., circuits, conduits, reserved breakers)
- Covers the following gas appliances: stoves/cooktops, dryers, and water heaters

Cost:

- May range from approximately \$150 to \$1,000 per appliance

Exceptions:

- Triggers electrical permit otherwise not required for the project
- Triggers electrical service and/or panel upgrades
- Triggers repairs and/or safety improvements
- New attached accessory dwelling units
- Mobile homes, manufactured housing
- Households with income up to 100% of Area Median Income (equity-based exemption)

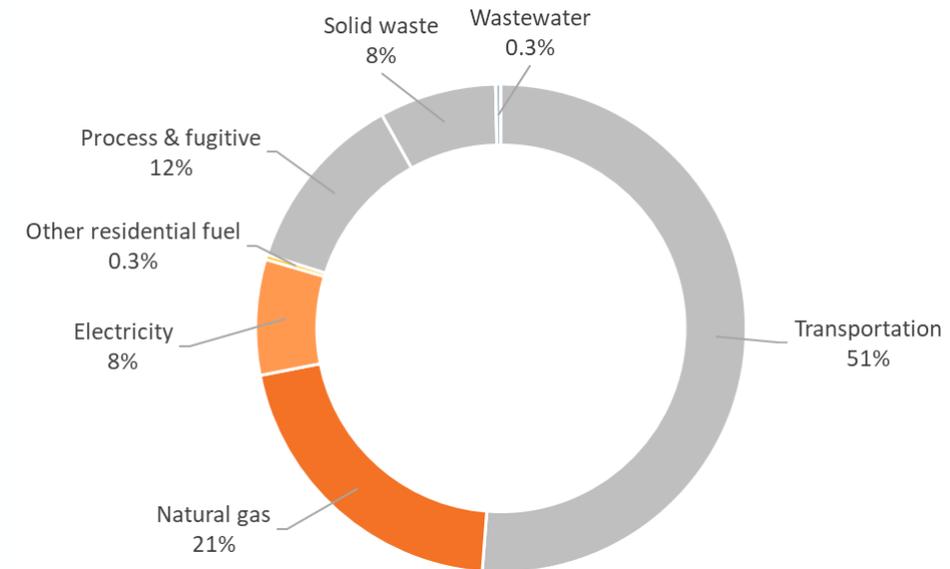


COMMUNITY OUTREACH AND ENGAGEMENT

- Hosted five City webinars
 - Promoted via email to the City's building contractor list and Climate Smart notification list:
 - Included neighborhood associations, building professionals, and San José-based community organizations and business groups (e.g. Santa Clara County Realtors Association)
 - Promoted via City e-newsletter, website, and social media
- Presented at the City's Developer Roundtable meeting
- Promoted regional virtual/in-person event to contractors via email
- Questions responded to at meetings and incorporated into an FAQ document
- Overall general support for the City's proposed reach code
- Resident concerns regarding:
 - Communities' familiarity with/upfront cost of complying with Air District Rules
 - Need for ongoing rebates to support required upgrades
- In response, staff updated the proposal to include an exemption for households earning up to 100% of Area Median Income, in coordination with the Housing Department
- Energy Dept. will seek approval for Fiscal Year 2026-2027 EcoHome Rebate funding in May 2026 and continue to help community and workers prepare for Air District Rules

WHY WE ARE CONSIDERING THIS

- **Air Quality Improvements/ Forthcoming Restrictions**
 - Bay Area Air District Rules starting in 2029 for gas furnaces
- **Scale of Impact**
 - Existing buildings energy is 1/3 of San José's greenhouse gas emissions
 - San José has over 185,000 single-family homes and duplexes
 - Heat pumps represent a 22-40% reduction in emissions
- **Cost-Effective for Residents**
 - Both lifecycle and day one utility bills cost savings with a heat pump HVAC
- **Available Financial Assistance**
- **Supports Workforce and Community Preparation/Transition**
- **Time Sensitive**
 - AB 130 (passed in late June 2025) limits new reach codes October 1, 2025 – June 1, 2031
 - Reduce building professional complexity/ confusion with January 1, 2026, effective date



OTHER JURISDICTIONS

Existing Building Reach Code Proposed/Planned in 2025 Code Cycle

Jurisdiction	Requirement	Status
Cupertino	Performance Margin Requirement	Adopted; first reading September 17, 2024; second reading/adopted October 1, 2024; pending CEC approval.
Glendale	AC to Heat Pump	First reading September 9; second reading TBD
Menlo Park	AC to Heat Pump, electric-ready, FlexPath	Adopted; approved first reading August 12; second reading August 26
Mountain View	AC to Heat Pump, electric-ready	Approved first reading August 26; second reading September 9
Ojai	FlexPath	Adopted; approved first reading August 12; second reading August 26
Palo Alto	AC to Heat Pump, electric-ready (kitchen remodel), FlexPath	First reading September 8; second reading TBD
San Francisco	All Electric Major Renovations	Approved first reading July 29; second reading on September 2
Sunnyvale	AC to Heat Pump, electric-ready	Adopted; approved first reading August 12 and second reading August 26

RECOMMENDATION

- Make findings related to the local geographical, topographical, climatic conditions and cost effectiveness, which are necessary to make modifications to the State of California's Building Energy Efficiency Standards;
- Approve an ordinance amending various sections of Chapter 24.12 of Title 24 to modify provisions of the 2025 California Building Energy Efficiency Standards with certain exceptions, modifications, and additions which serve as a reach code to increase building efficiency, mandate electric- and solar-readiness, and incentivize all-electric development; and
- Authorize the City Manager to submit a reach code submittal package to the Building Standards Commission and California Energy Commission for its approval as required by law.

QUESTIONS?

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