CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Councilmember George Casey

SUBJECT: Existing Single-Family Building Reach Code

DATE: September 5, 2025

Approved

Date: 9/5/25

Recommendation:

Reject the proposed ordinance amending Title 24 of the San José Municipal Code to adopt a single-family residential reach code requiring electric-ready infrastructure and substitution of heat pumps for air conditioning replacements.

Background:

Staff has presented a proposal to adopt a new single-family residential reach code. While well-intentioned in advancing electrification, the proposed ordinance is ill-timed, based on flawed cost assumptions, and does not materially advance the City's climate goals. Specifically, adoption would:

1. Undermine state housing streamlining efforts (AB 130)
2. Grossly underestimate actual compliance costs to San José residents.
3. Fail to deliver meaningful climate benefits relative to burdens imposed.

For these reasons, Council should reject the proposal.

Analysis:

1. Conflict with State's Legislative Intent (AB 130)

The California Legislature enacted AB 130 (2025) to accelerate housing production by imposing a moratorium on new or more stringent residential reach codes between October 1, 2025, and June 1, 2031. The clear legislative intent is to minimize local regulatory variability and avoid new mandates that increase housing costs.

Adopting a new residential reach code weeks before this moratorium takes effect directly undermines AB 130's purpose. Rather than aligning with the state's housing acceleration strategy, San José would be locking in additional requirements that slow permitting, raise construction costs, and perpetuate the patchwork of local codes the Legislature sought to suspend.

2. Underestimation of Actual Costs to Constituents

The cost analysis supporting the proposed ordinance is drawn from the 2025 Single-Family AC to Heat Pump Cost-Effectiveness Study, which systematically underestimates real-world costs in San José:

· Not San José–specific pricing: Uses statewide averages, not Bay Area labor and permit costs.
· Minimal electrical scope: Assumes only a new circuit, not panel or service upgrades common in older San José homes.
· Duct work assumptions: Includes only 10% sealing, not full modifications often needed in two-story homes.
· Exclusion of ancillary costs: Ignores drywall, asbestos remediation, attic access work, condensate drainage, or neighborhood noise compliance.
· Electric-ready costs: Memo assumes $500–$1,000 per circuit if "no significant demolition is necessary." In practice, costs are much higher in existing housing stock.
· No City implementation cost evaluation: estimates customer-side costs to inform policy; does not include City staffing, permitting/training ramp-up, inspection, or outreach—real costs of implementing a new local standard.

These omissions mean residents will face thousands of dollars more than stated in the memo placing an additional affordability burden on homeowners and further straining San José's housing market.

3. Limited Climate Benefit

While the proposal is framed as advancing Climate Smart San José goals, its actual climate impact is marginal:

· Applies only at time of AC replacement. Many homes may not trigger compliance for years or decades.
· Does not reduce overall energy demand. Replacements still add electric load and increase peak demand, with no guarantee of corresponding grid decarbonization.
· Marginal GHG reductions. Incremental electrification in this narrow segment will not materially shift citywide emissions, especially compared to state-level decarbonization measures already underway.

In short, the ordinance adds complexity and costs to San José homeowners without delivering proportional climate gains.

Conclusion:

The proposed reach code ordinance would place San José at odds with state housing policy, impose underestimated and substantial costs on residents, and achieve little measurable climate benefit. Council should instead focus on measures that align with AB 130's streamlining mandate, directly reduce housing costs, and prioritize effective, citywide climate strategies that do not burden individual homeowners disproportionately.