



Climate Equity LA Series

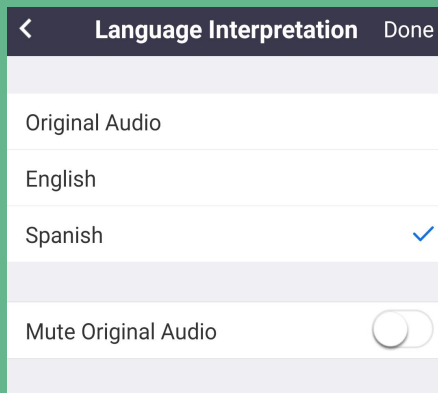
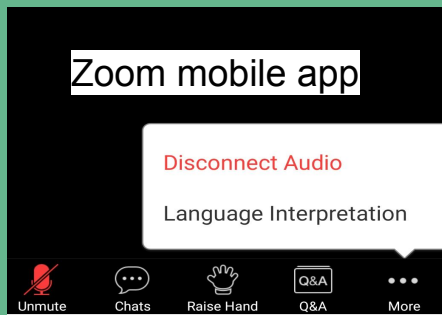
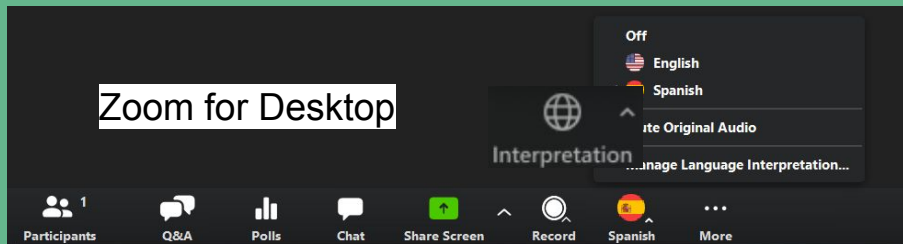
Part I: Equitable Building Decarbonization

Workshop #2: Energy/Housing Justice & Building Decarbonization

March 17, 2022



CLIMATE EMERGENCY MOBILIZATION OFFICE



All participants // Todos los participantes

Click on the language interpretation button & **select English or Spanish** 🌐

Haga clic en el botón de interpretación de idiomas y **seleccione inglés o español** 🌐

If you are choosing Spanish, make sure you select **“Mute Original Audio”** so you will only hear the Spanish audio

Si elije al Español, asegúrese de seleccionar **“Silenciar audio original”** para que sólo escuche el audio en Español



CLIMATE EMERGENCY MOBILIZATION OFFICE



Director of CEMO, Marta A. Segura, M.P.H.

- **Founding Director of the Climate Emergency Mobilization Office (CEMO)**, Board of Public Works (BPW), City of LA
- **Executive Director of the Climate Emergency Mobilization Commission (CEMC)**
- *Former LA City Planning Commissioner: As LA City Planning Commissioner, spearheaded the passing of Clean Up Green Up, Plan for a Healthy LA, re:code LA, the City's first Sustainability Plan, and its first Equity Day*
- *Community Engagement Practitioner for Equitable Strategic Partnerships*
- *EJ Leader and Advocate since 1995*



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CEMO Vision

Dedicated to building collaborative, innovative, intersectional, and equitable climate solutions to support community resilience, and limit the climate-related health burdens for all, with a laser focus on frontline communities.



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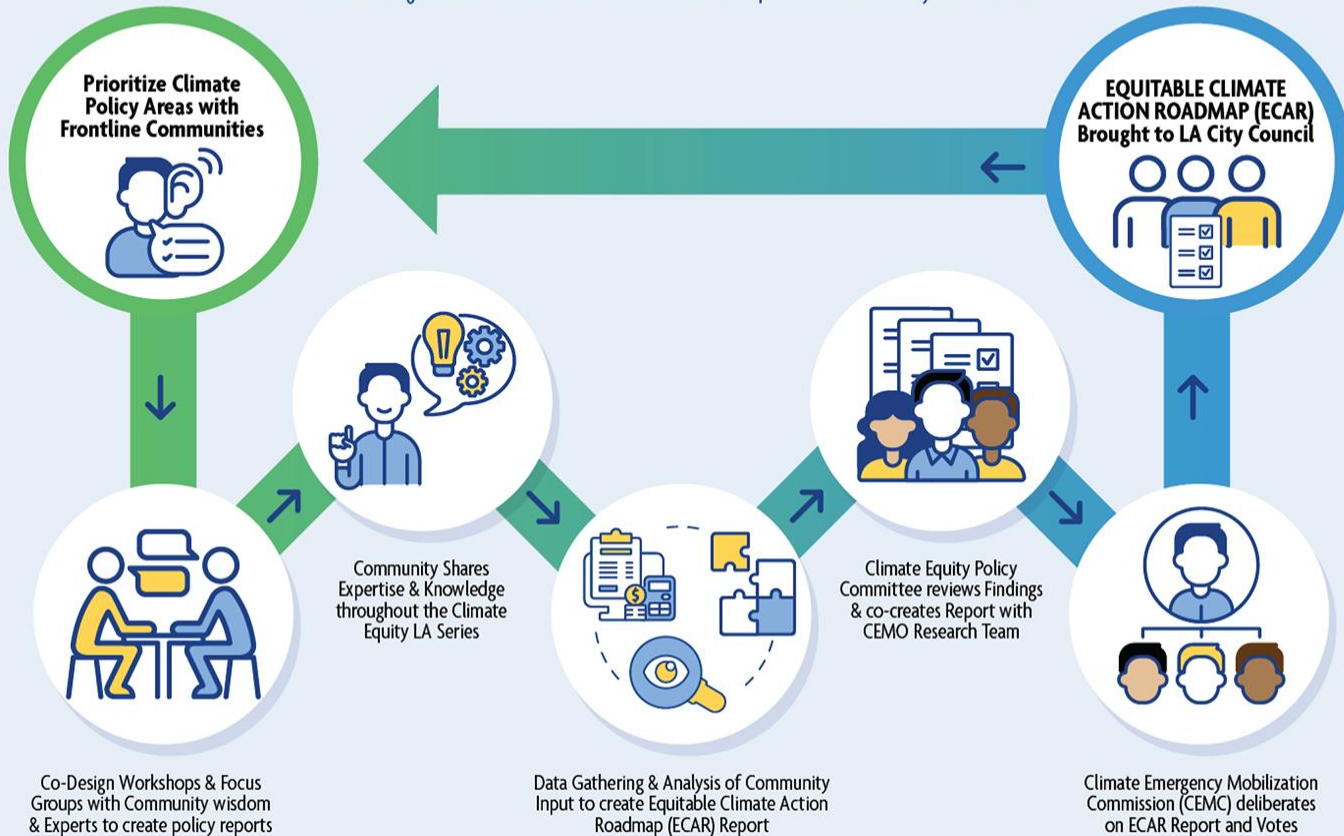
CEMO Overarching Purpose

- ***Innovation of governance model*** via the Commission, assemblies, and mobilization efforts, are all key goals of CEMO, through the mobilization of community in climate advocacy.
- CEMO will work with City leaders to ***identify and enact equitable strategies and policies*** to prevent, mitigate, and undo impacts from pollution burdens and disinvestments from our historically technocratic/economic decisions, to ensure that frontline communities have ***a strong voice in policy*** and decision-making in the City of Los Angeles.



CLIMATE EQUITY INNOVATIVE GOVERNANCE MODEL

Collaborating with Frontline Communities to Co-create equitable Climate Policy & Investments



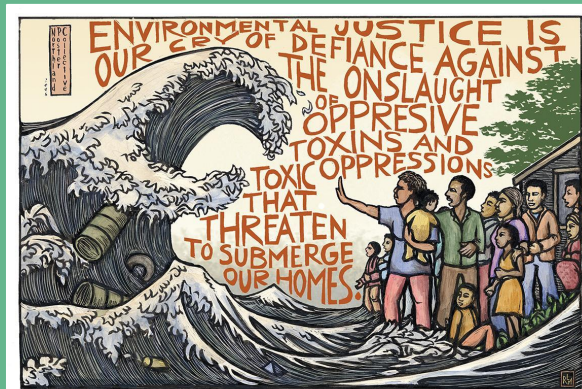


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Climate Equity LA

- **Create meaningful engagement and civic-led** governance strategies for equitable climate policies & investments
- **Shape recommendations for equitable** climate policies as per environmental equity metrics
- **Coordinate & collaborate** with City leaders to bring an equity lens to LA's Green New Deal, and engage and mobilize community to innovate governance
- **Deliver** an Equitable Climate Action Roadmap via Commission
- Bring report to **City Council**



Energy Burden

Economic Conditions

In a recent survey of over 3,200 South Los Angeles residents:

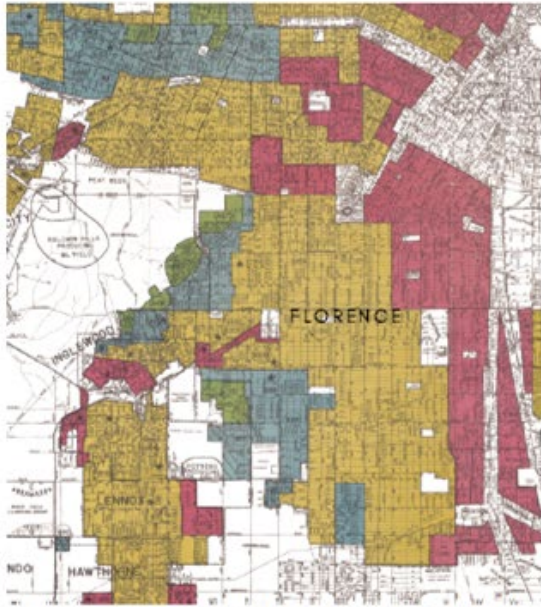
- 45% of respondents said that someone in their household was unemployed or underemployed
- Over 47% of respondents said difficulty paying rent or utilities was their primary concern

In an in-depth survey of 335 South LA residents:

- 1 in 4 Latinx and 1 in 5 Black respondents said that difficulty paying utility bills was a concern
- Over 35% of respondents identified programs that help save electricity costs or provide renewable electricity as a priority need

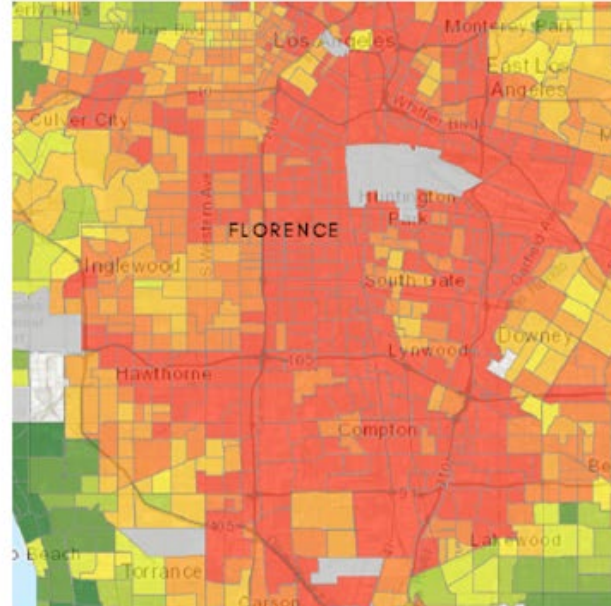
Systemic Crises

REDLINING



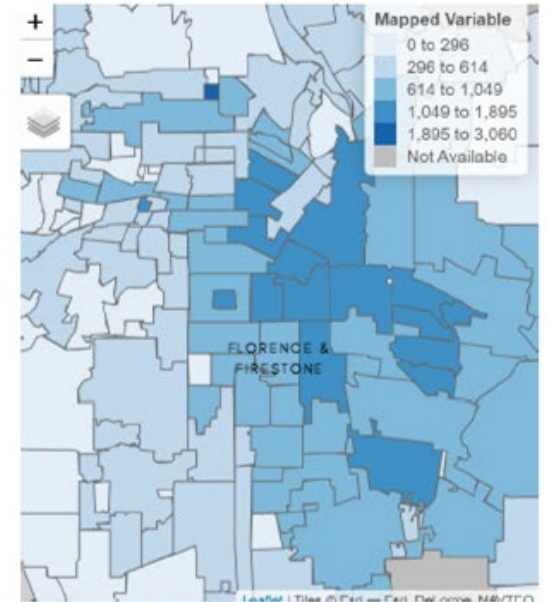
Source: Home Owners' Loan Corporation, 1939

ENVIRONMENTAL POLLUTION



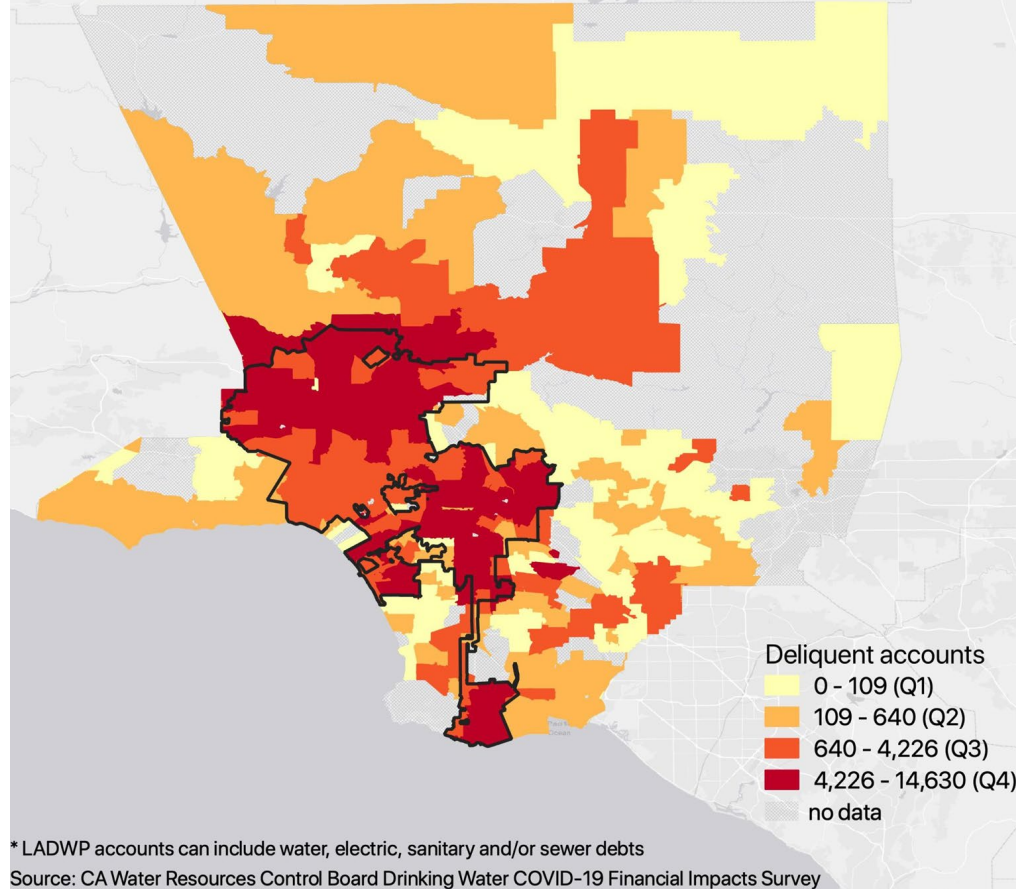
Source: CalEnviroScreen, 2018

COVID19



Source: LA County Dept of Public Health, 2020

Total delinquent accounts by zip code in LA County



Our Goal: Helping Working Families Thrive

- Alleviate the financial strain of high utility bills
- Prevent families from facing shut-offs once the moratorium is lifted
- Provide long-term resiliency through stable bills, energy-efficient homes, and clean energy for historically underserved communities
- Address structural racial inequities
- Open career pathways to family-sustaining union jobs



CAL MATTERS

January 26, 2021

CALIFORNIA DIVIDE

'The most basic form of PPE': 1.6 million households face water shutoffs

RePower LA Goals: Utility Debt Forgiveness & Affordability

- **Erase utility debt** accumulated **before or during the COVID-19** crisis for **low-income qualified** customers
- Improve **outreach for existing equity-based programs** and the Utility Debt Forgiveness program to address historic under-enrollment
- Invest in **utility justice** to reduce the widespread **unaffordability of LADWP bills** for **low-income communities of color** by creating a **bill-stabilization program** based on monthly income
- Ensure **resources** for the COVID-19 Utility Debt Forgiveness Program **do not come at the expense** of the essential workforce of the LADWP or any existing low-income programs

An overview of

Equity implications of building decarbonization

Heather Rosenberg
Resilience Leader
Arup

Equity implications of electrification

(Non-Exhaustive)

- Who bears the brunt of **first costs** and what are the downstream impacts? (e.g., for affordable housing)
- What are the **operational costs**?
- Who pays for **grid upgrades**?
- How does **labor transition**?
- Are **remote populations** more vulnerable to outages?
- Are **medically-vulnerable** populations more vulnerable?

Equity implications of electrification

(Non-Exhaustive)

- Who bears the brunt of **first costs** and what are the downstream impacts? (e.g., for affordable housing)
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Focus of our NRDC study

Energy needs



Access to reliable energy (e.g., rural communities, medically vulnerable)



Access to affordable energy (e.g., can afford amount needed to consume for health, safety, and comfort)



Other intersecting needs like weatherization, affordable rents, etc.

Community concerns

- **COVID-19 has exacerbated the housing crisis into a rent emergency**
- Strong support for decarbonization
- Low-income communities bear the brunt of climate burdens
- Increased costs and related impacts are a major concern
- Strong support for strategies to reduce energy bills
- Strong concern about displacement

The Benefits of Building Electrification



Improves air quality & health



Heat pumps enable cooling



Increases efficiency, reducing utility bills



Reduces the risk of stranded assets



Safety

Key Considerations

There are potential negative consequences related to requiring decarbonization for affordable housing



Increasing
rent burden



Utility costs



Displacement

Key Considerations

There are potential negative consequences related to requiring decarbonization for affordable housing



Increasing
rent burden



Utility costs

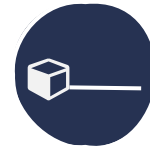


Displacement

There are also potential negative consequences if affordable housing is left out of decarbonization



Missing benefits
of
decarbonization

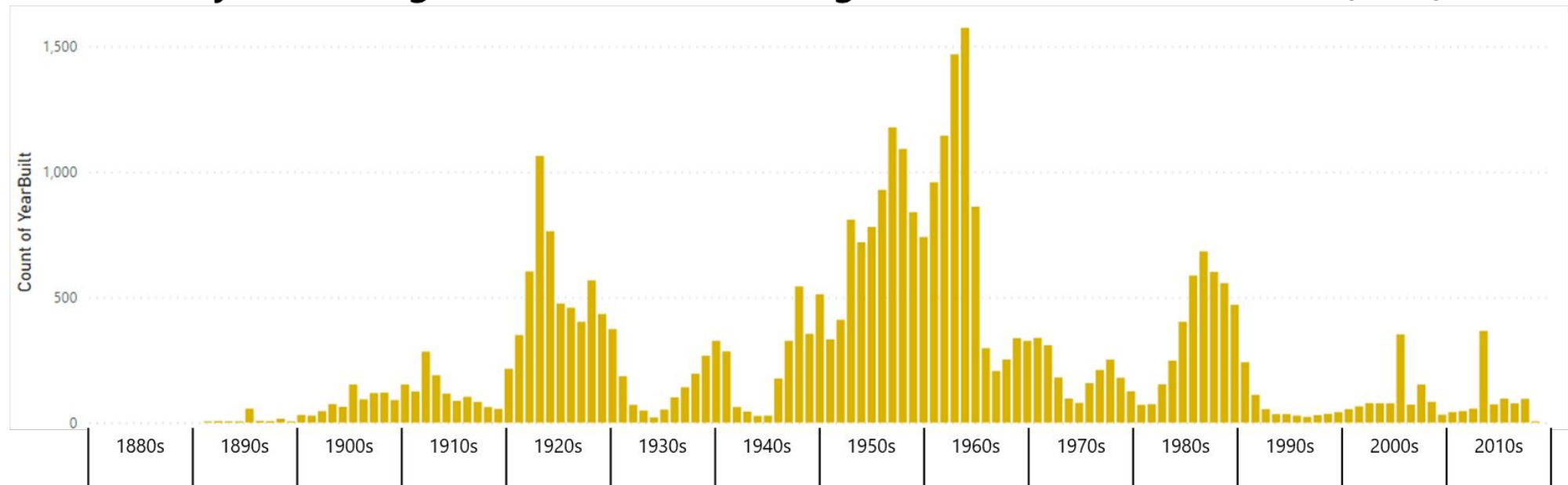


Stranded assets/
stranded
communities

What's special about decarbonizing affordable housing?

- It presents distinct technical, logistical, and financial challenges.
 - Older buildings may need panel upgrades, additional maintenance, and remediation.
 - Regulated affordable housing often has complex ownership and approval structures.
 - *Displacement is a risk*

City of Los Angeles Residential Building Stock with 5 or More Units (2019)

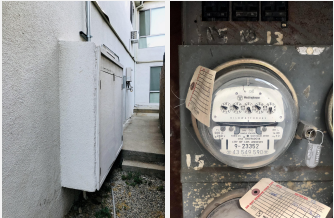


From the grid

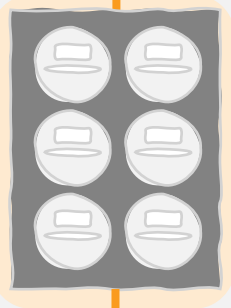


Incoming service

Incoming service upgrade



Meter at building



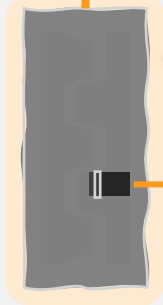
Meters may need to be replaced depending on age

240V

Panel upgrade



Circuit breaker panel within apartments



240V

Running new wires to new all-electric appliances

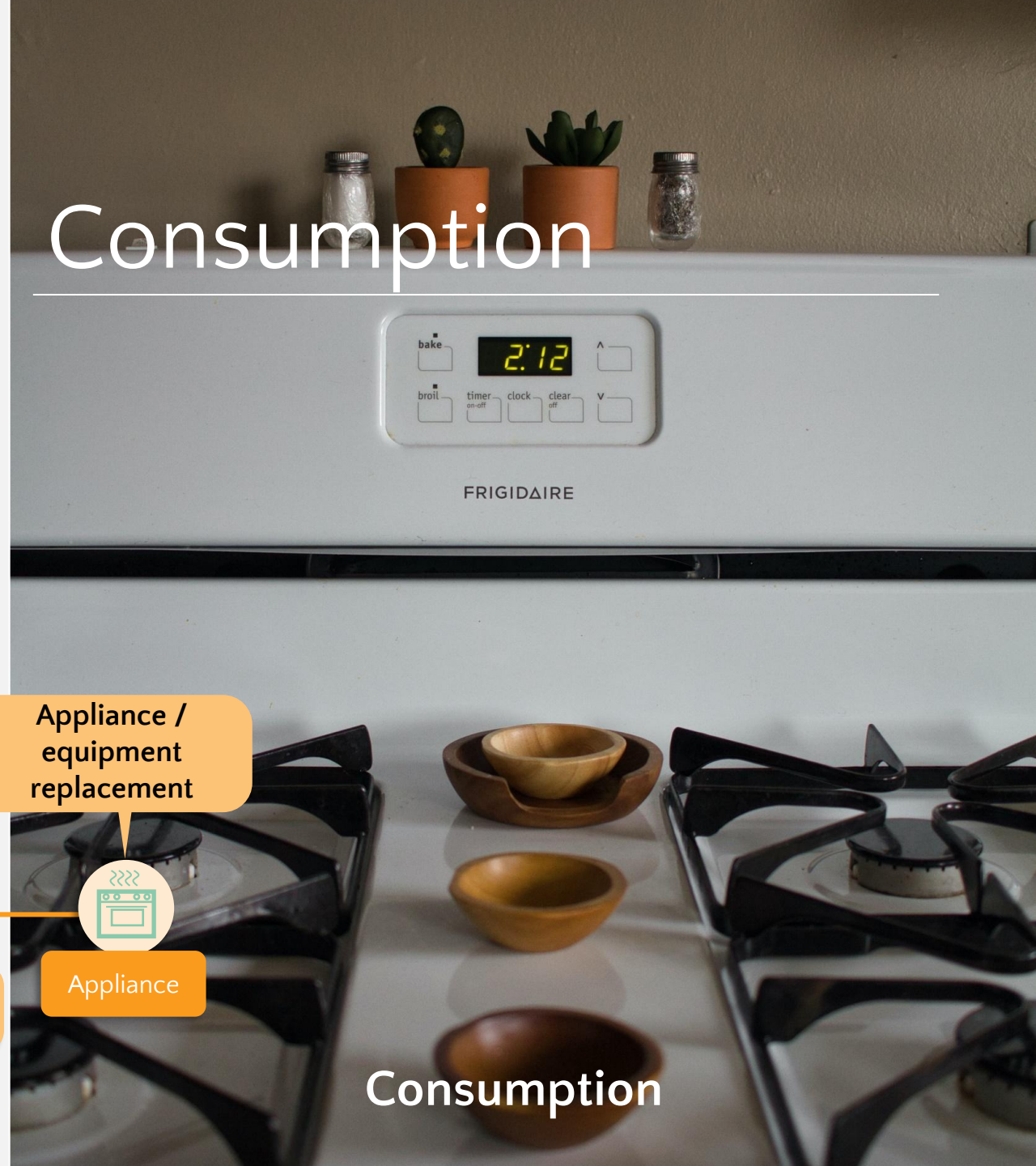
Appliance / equipment replacement



Appliance

Consumption

Consumption

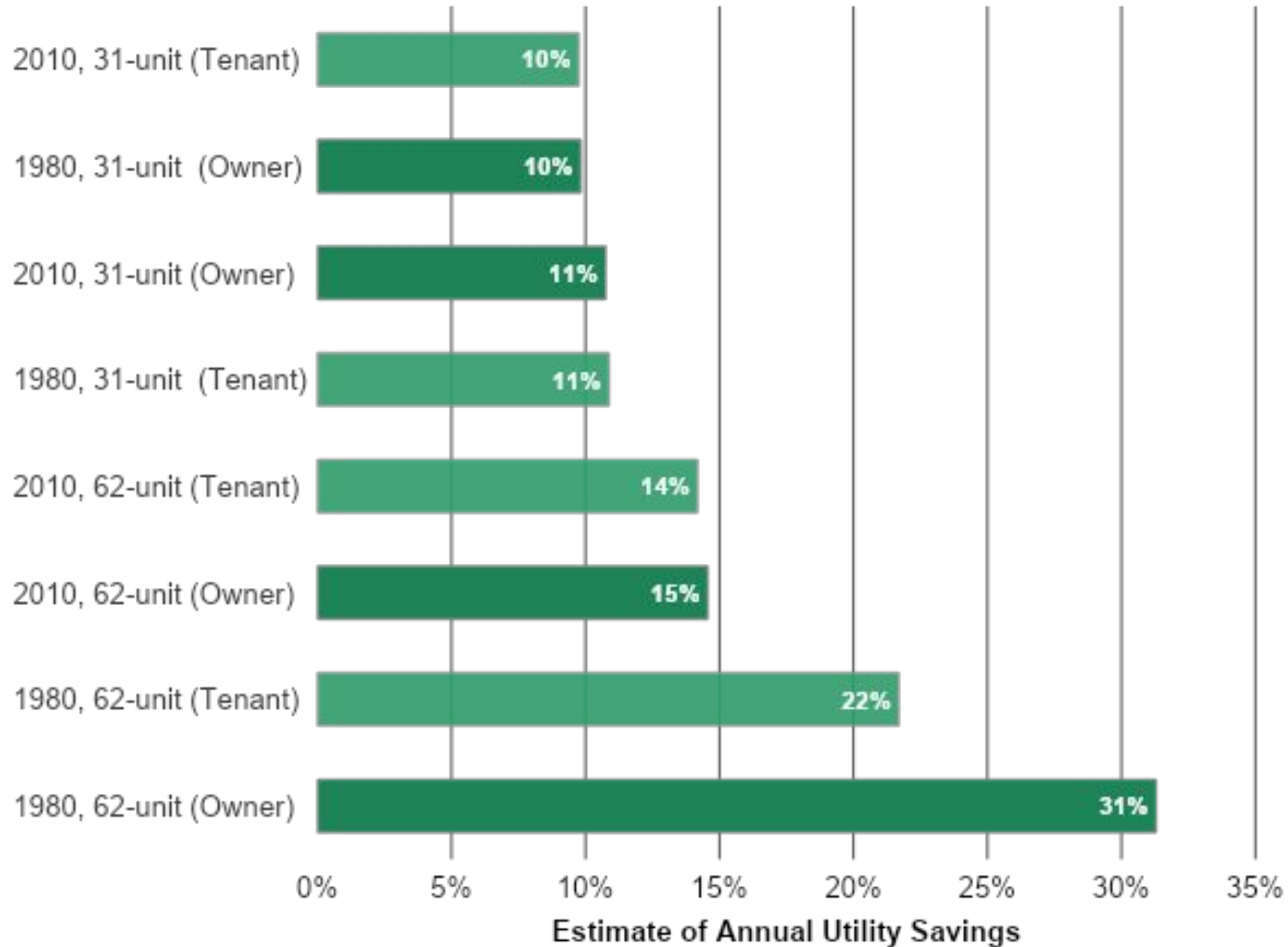




Estimated Savings Summary

All modeled scenarios for each vintage showed an annual utility savings potential for both tenants and owners

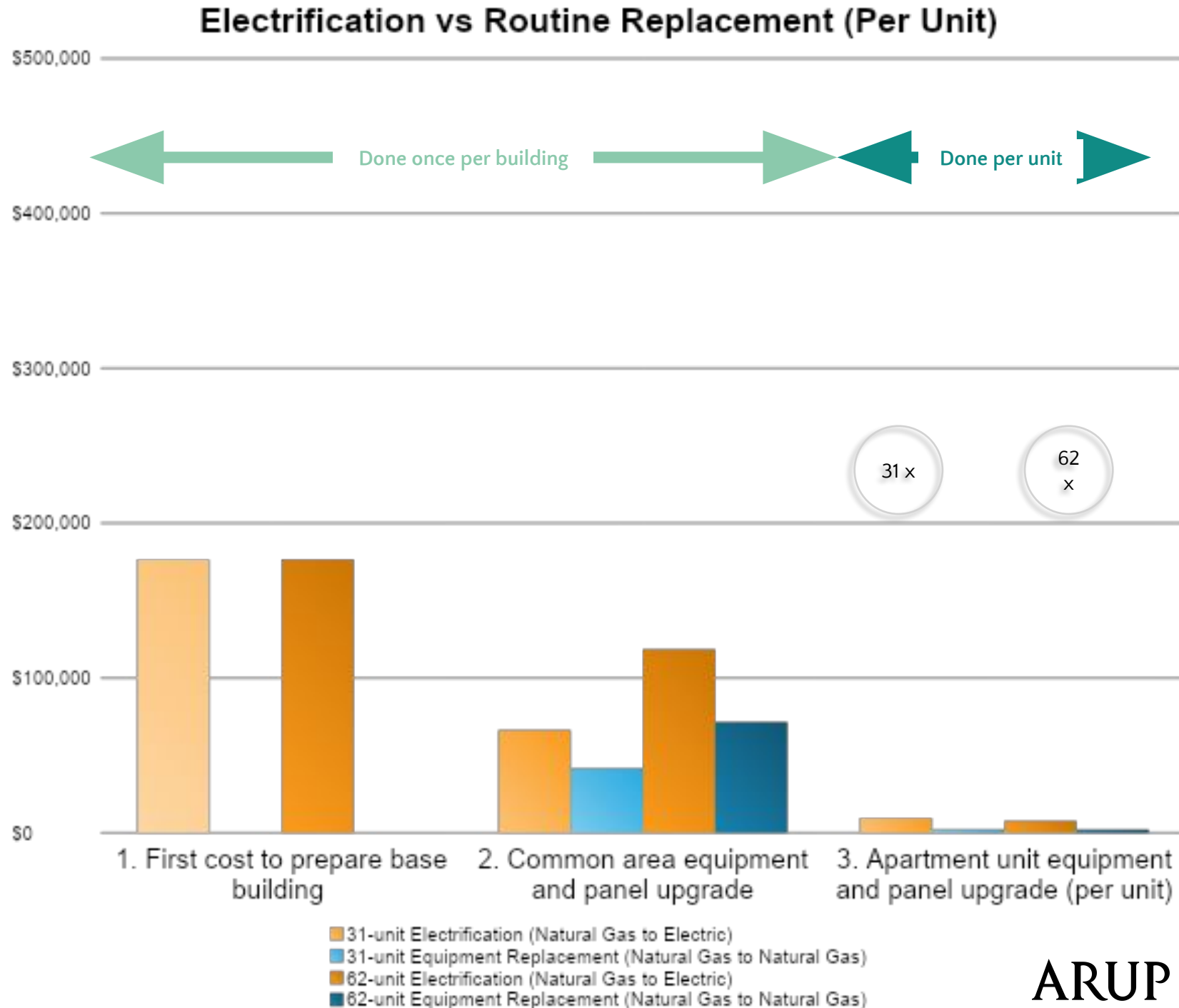
Base Case to Whole Building Electrification





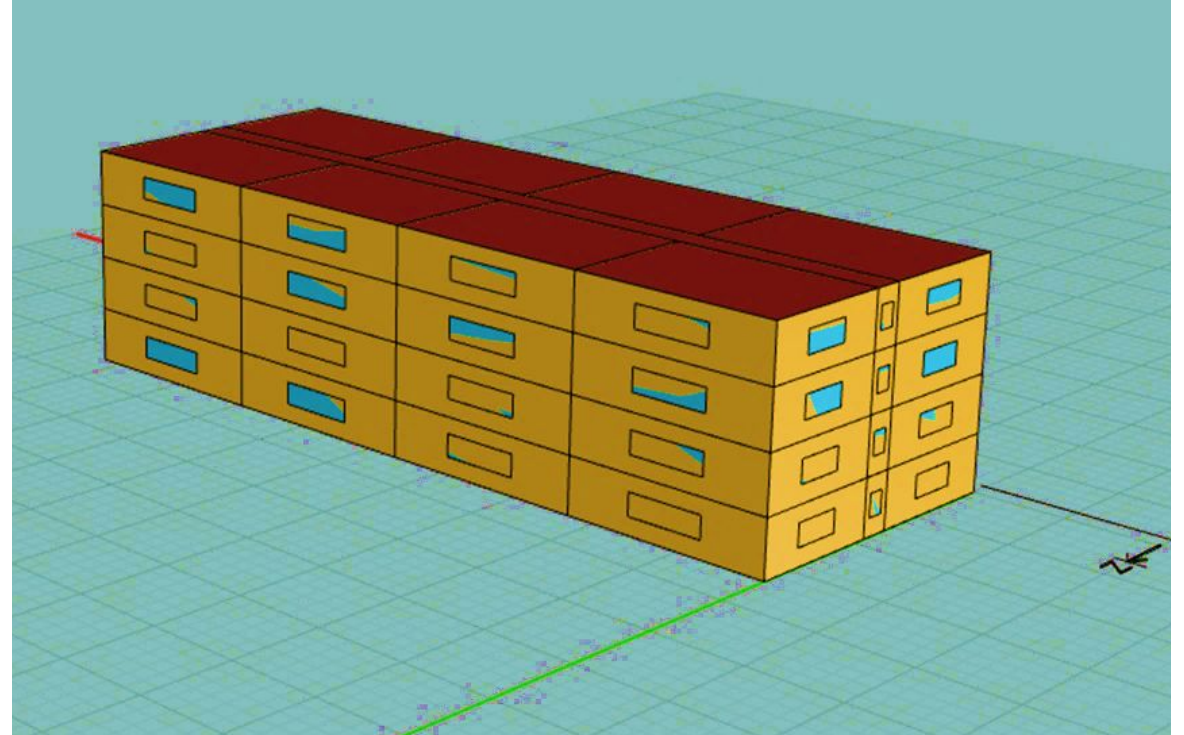
First Costs

1. Upgrade base building electrical systems
2. Update common areas
3. Update each apartment



Key Findings

- Operational savings due to efficiency, but not enough to offset the potential burden of first costs
- The pathway to equitable building decarbonization must be interwoven with affordable housing preservation
- Critical to plan and coordinate with other needed upgrades



How can purpose-built programs decarbonize hard-to-reach affordable housing buildings?



Pathway to Decarbonizing Affordable Housing

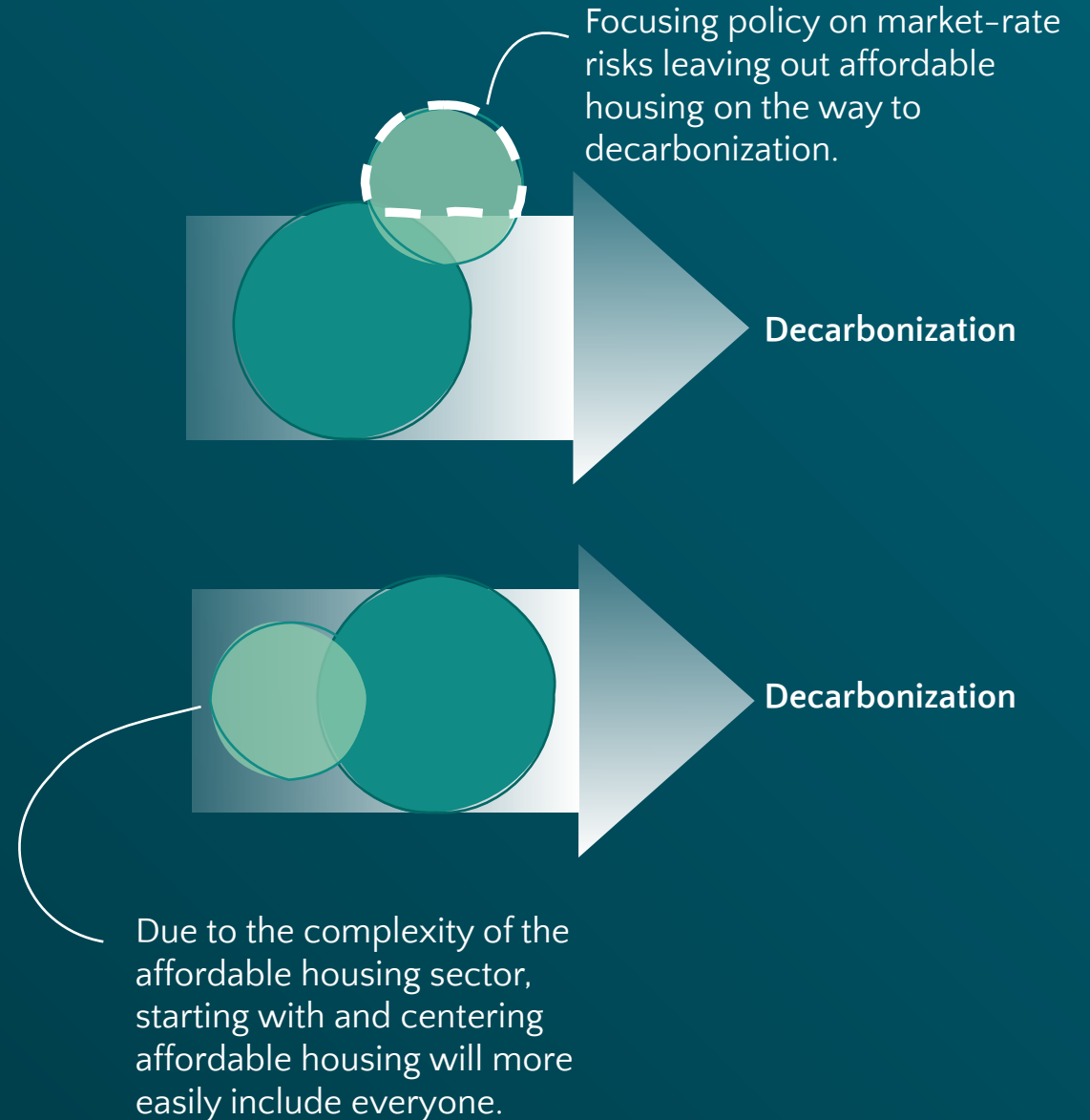
A comprehensive program must be designed specifically to address the financial, regulatory, physical, and social realities of the affordable housing sector.



Changing the Frame

- Bottom-Up Market Transformation

■ Affordable Housing
■ Market rate residential and commercial buildings



Full Report:

<https://www.nrdc.org/sites/default/files/la-affordable-housing-decarbonization-study-phase2-20211108.pdf>

Heather.Rosenberg@Arup.com

Los Angeles Building Decarbonization

Tenant Opportunities and Impact



LA's Ongoing Tenant Crisis



- Escalating market rents
- Lack of affordable housing
 - Shortfall of 184,721 units
- High rates of rent burden
- Rise in corporate ownership
- Harassment, Eviction Displacement

Potential Risks to Tenants



- Greater rent burden
- Displacement of low-income tenants
- Greater corporate ownership of housing



Decarbonization can be expensive

- A decarbonization retrofit can surpass \$20,000
- **Costs:**
 - All electric appliances
 - Building improvements
 - Gas disconnection
 - Electrical panel upgrades
 - Labor

Tenants could foot the bill

Law	Coverage	Provisions on Building Upgrades
Los Angeles Rent Stabilization Ordinance (RSO)	Tenants in buildings constructed on or before Oct. 1, 1978 with some exceptions.	Up to 100% of costs can be passed through under existing cost recovery programs
California AB 1482	Tenants in buildings at least 15 years old and not otherwise covered by RSO with some exceptions.	Tenants can be evicted for substantial remodel with a compensation of one month's rent
NONE	Tenants in buildings constructed in the last 15 years	No protections from rent increases or evictions

Rent-stabilized tenants are better off



- **The Rent Stabilization Ordinance** covers buildings constructed before Oct. 1978
- It protects tenants from rent increases and evictions.
- It's helped preserve affordability, prevent displacement, and keep rents low without subsidies.
- However, landlords can still increase tenants' rent for certain types of building retrofits.

Program	Use	Percentage of cost recovery	Amortization	Maximum monthly rental increase	Duration
Primary Renovation Work Program	Construction work that requires a Tenant Habitability Plan such as insulation improvements, upgrading electrical paneling, and improving cooling and heating systems	100	180 months	10%	Permanent Phased in 50% Year 1 & 50% Year 2
Capital Improvement Program	Exterior painting, landscaping, flooring, fixtures, doors, windows, fences, security items, meter conversions, major appliances, screens, and window coverings	50	60 months	\$55	Temporary 72 months, or until the total amount approved is collected
Rehabilitation Work Program	Mandated work required by a change in the building code or aftermath of natural disaster	100	60 months	\$75	Temporary 60 months or until the total amount approved is collected
Seismic Retrofit Work Program	Mandated work applying to about 12,000 soft story buildings	50	120 months	\$38	Temporary 120 months This time limit can be extended

Decarbonization requirements could put tenants at higher risk of displacement

- The RSO's vacancy decontrol provision allows rents to be reset to market rate after a tenant vacates the unit.
- This creates a financial incentive to replace long-standing tenants



Harassment

- Landlords will use harassing conduct to illegally evict long-standing tenants in order to charge higher rents
- In 2021, the City passed the Tenant Anti-Harassment Ordinance

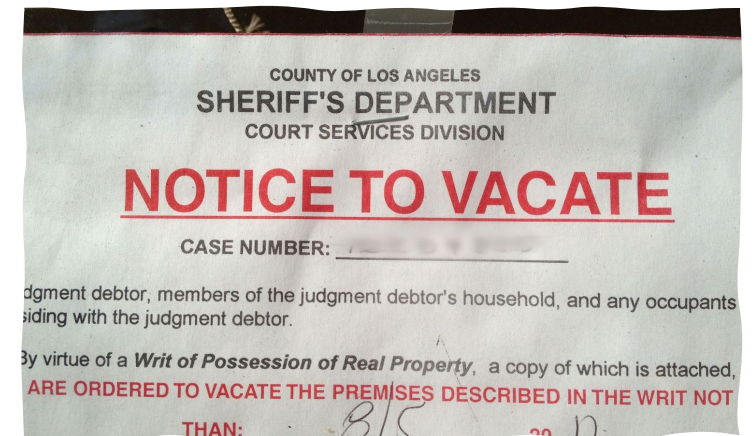
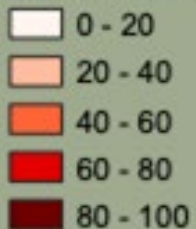


Photo credit: Laist, Flickr, Wikimedia, KNOCK-LA

Corporate Consolidation of L.A.'s Rental Market

- Without targeted subsidies, decarbonization could lead to more corporate ownership of housing
- 67% of rental housing in Los Angeles is owned by investment vehicles
- Corporate landlords evict tenants at higher rates than smaller landlords, perpetuate slum housing conditions, and participate in rent and fee gouging

Corporate Ownership Rate
Rental Housing Units



Opportunities

- Improved Health
- Improved Housing Quality
- Lower Energy Bills



Improved Health



Photo credit: futurity.org

- Natural gas appliances create unhealthy air quality
- Health effects include respiratory problems,
- Eliminating gas directly improves air quality

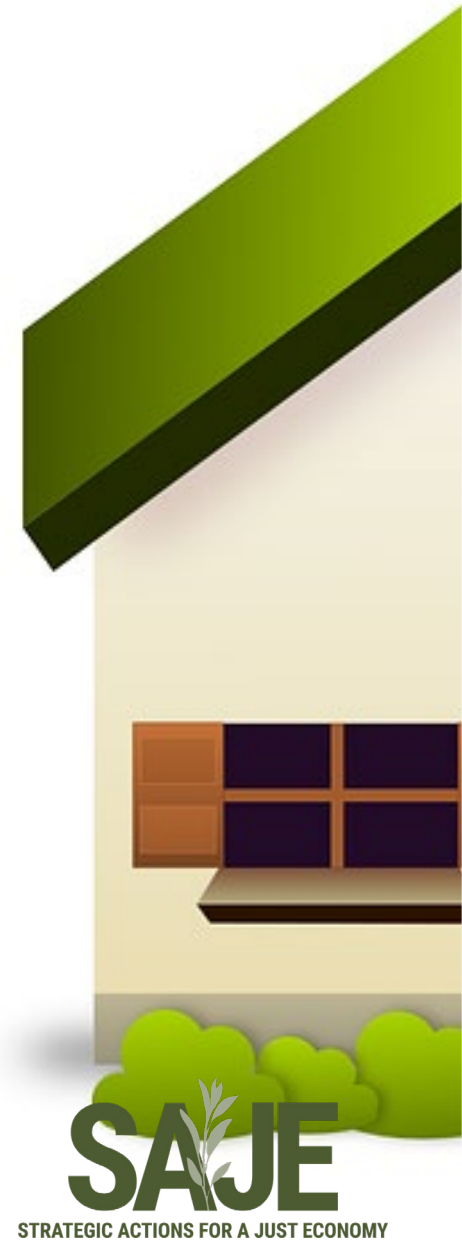
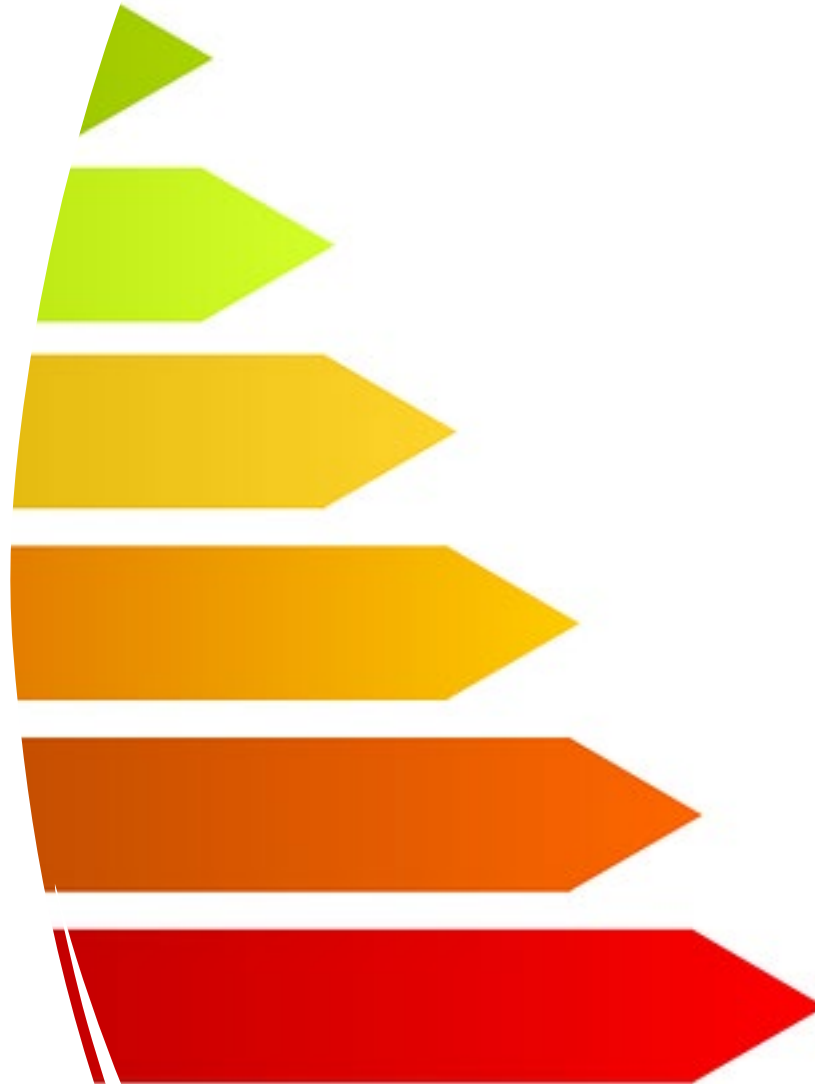
Improved Housing Quality

- Renters suffer disproportionately from housing quality issues that contribute to health problems and disease
- Poor housing quality includes problems like mold, pest infestations and uncomfortable temperatures that cause and exacerbate diseases like asthma
- A holistic approach to decarbonization could include the remediation of indoor health hazards



Lower Energy bills

- 21% of renters are energy burdened
- 11% are severely energy burdened



Findings from the Focus Groups

Greatest Benefit

- Improving health (50%)
- Fighting climate change (38%)
- Climate resilient housing (7%)
- Improving housing quality (4%)

Greatest Concern

- Cost (60%)
- Eviction (26%)
- Harassment (13%)
- Construction (0%)

- 52% reported not having an AC unit in their home
- 56% reported not being able to afford one as the reason
- 78% reported having habitability issues in their home
- 61% reported having unpaid energy bills

Quotes from Focus Groups

- *“I think this is good. Why? So we can help our planet. It helps. But I am concerned about the electric stoves. If electricity is already expensive, imagine if everything is electric.” – Fabiola*
- *“What concerns me is that the owners will take advantage of this and kick us out. They use the excuse of having to construct the apartments to raise our rents. Its beautiful all of this. But the cost is concerning. Its going to affect us.” – Isabel*
- *“Everything sounds nice, but to be honest, we don’t know the economic impact it would take on us. The president said to slow down the climate crisis, but for us, the poor people, to buy the electric stove, imagine the bill. It will be so expensive.” – Rolando*
- *“First and foremost, to take out the heater that we have, we have a very old heater, and put in one that is electrical, there is going to have to be construction. Where I live, everything is older.” – Gloria*
- *“If he is going to install an appliance in the house, and its worth \$5,000, he is going to want me to put \$2,500 down, which is not feasible for me. That is what they did here. They installed pipes underneath, and each tenant had to pay \$500 and there are 30 tenants here.” - Betty*



California
Housing
Partnership

*California's Experts on Affordable
Housing Finance, Advocacy & Policy*

AFFORDABLE HOUSING BUILDING DECARBONIZATION

Blanca de la Cruz,

Sustainable Housing Program Director

California Housing Partnership | chpc.net

AGENDA

1. Key Features of Affordable Housing (subsidized)
2. Insights from the Affordable Housing Building Decarbonization Summit II
3. New Multifamily Decarbonization Programs



Key Features of Affordable Housing (subsidized)

Funding & Ownership

- **Funded by multi-layers of public subsidy programs**
 - Operating rent subsidy (Sec 8) program
 - Assemble federal, state, and local capital subsidy programs
- **Capital subsidies:**
 - Grants, loans and investments like *Low Income Housing Tax Credit (LIHTC)*
 - *Hard and soft loans*
- **Privately owned and operated**
 - Nonprofits & for-profits form LP/LCC

Subsidy Program Rules

- **Affordability term**
 - Mostly 55-year rent restriction through deed-restriction on property
 - Guidelines on tenant incomes, rents, utility allowance
- **Tenant subpopulations**
 - Families, Seniors
 - Rural/Farmworker housing
 - Special needs: Homeless, mental illness, developmental disabilities, HIV/AIDS, domestic violence, emancipated youth
- **Tailored tenant services**

Key Features of Affordable Housing (subsidized)

Setting Rents

- **Capital subsidy projects:**
 - Max rent = 30% of % of Area Median Income (AMI) assuming standardized household size
 - AMI account geographic cost differences
 - Most programs like LIHTC require 60% AMI or below
- **Standard AMI-based definitions:**
 - **Low Income:** 80% AMI
 - **Very low-income:** 50% AMI
 - **Extremely low-income:** 30% AMI

Los Angeles County Income Limits, 2021

	1 Person	2 Persons	3 Persons
20% AMI	\$16,560	\$18,920	\$21,280
30% AMI	\$24,840	\$28,380	\$31,920
35% AMI	\$28,980	\$33,110	\$37,240
40% AMI	\$33,120	\$37,840	\$42,560
45% AMI	\$37,260	\$42,570	\$47,880
50% AMI	\$41,400	\$47,300	\$53,200
60% AMI	\$49,680	\$56,760	\$63,840
80% AMI	\$66,240	\$75,680	\$85,120

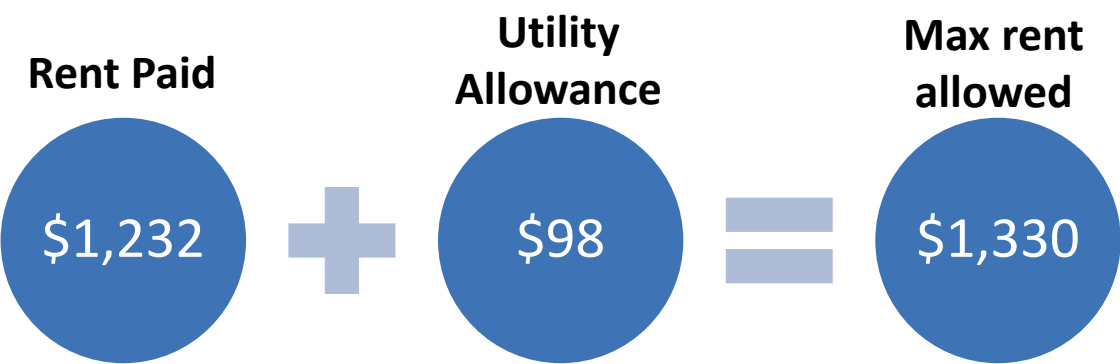
COUNTY GENERAL RENT LIMITS 2021 (effective 04/1/2021)

	Occupancy Factor	0-bedroom	1-bedroom
20% AMI	1.5	\$414	\$443
30% AMI	1.5	\$621	\$665
35% AMI	1.5	\$724	\$776
40% AMI	1.5	\$828	\$887
45% AMI	1.5	\$931	\$997
50% AMI	1.5	\$1,035	\$1,108
60% AMI	1.5	\$1,242	\$1,330
80% AMI	1.5	\$1,656	\$1,774




Key Features of Affordable Housing (subsidized)

Utility Allowance

- Rent + utility allowance (UA) cannot exceed 30% of family income
- Ex. family of 3 earning at 60% AMI



Public Housing Authority of the City of LA

U21	NUMBER OF BEDROOMS	SRO	0	1
	Gas Space Heating	5	8	12
	Gas Cooking	2	3	4
	Gas Water Heating	5	9	13
	Water and Sewer	54	91	127
	Basic Electricity (lights, refrigeration, etc.)	13	22	30
	Electric Space Heating	10	17	24
	Electric Cooking	4	7	10
	Electric Water Heating	10	17	24
	Electricity for Air Conditioning	4	7	10

(UAs by PHA are not property-specific)

Key Features of Affordable Housing (subsidized)

Public Housing Authority Utility Allowances (UAs) matter because:

- UAs are often set **higher than residents' actual utility bills**
- Even if providers want to install energy efficient or renewable technologies, they are **unable to recover the savings** from those upgrades
- **Lowering UAs to reflect electrification upgrades**, would help reduce the split incentive without adversely affecting residents

Affordable Housing Building Decarbonization Summit II

A convening of the GREEN Network of the California Housing Partnership



Insights from Summit Attendees

- **Alignment between decarb mandates and affordable housing programs** is vital so not to put affordable housing at a disadvantage (ex. competitiveness for LIHTC program)
- **Different timelines** for decarbonizing new construction and existing buildings due to **many barriers to electrifying existing buildings**
- **Interim exemptions are needed for existing properties** without capacity/space for electrification technology, historical buildings, and where costs for tenants will rise significantly

Insights from Summit Attendees

- **Covering upfront costs** of electrification retrofits remains a barrier for affordable housing providers
- Providing UAs would help **alleviate the cost barriers for newer electrification technologies**, including heat pump space heaters, heat pump water heaters, and battery storage
- Clean energy programs should **emphasize lowering operating costs and tenant utility bills** to help make the financial case for decarbonization
- **Broad range of experience, internal capacity, and knowledge** around building decarb among affordable housing providers thus needing robust technical assistance

New Multifamily Incentive Programs

	BUILD	CAMR
Launch	March 1, 2022	Q2 2022
Funding Source	Cap and Trade (CEC)	LADWP
Property Eligibility	New construction in SoCalGas, PG&E, SDG&E, Southwest Gas territories	Existing buildings in LADWP territory
Affordability	at least 80% of units at 60% AMI or below or in DAC or eligible census tract	at least 66% of units at 80% AMI or below
Measures	All electric to qualify	Electrification, efficiency upgrades, solar PV, electrical panels
Incentive Range	Robust incentives (\$2M cap per applicant)	TBD highly benefits building electrification
Free Technical Assistance	Free TA	Free TA and energy audit
Contact	bdelacruz@chpc.net	CAMR@ladwp.com



CLIMATE EMERGENCY MOBILIZATION OFFICE

Thank you for joining us!



Contact information

MARTA A. SEGURA, M.P.H.

CEMO Director & Executive Director,
Climate Emergency Mobilization Commission
Board of Public Works • City of Los Angeles

Marta.Segura@lacity.org or
Rebekah.Guerra@lacity.org

**CLIMATE EMERGENCY
MOBILIZATION OFFICE**

Board of Public Works • City of Los Angeles
200 N. Spring Street, Rm 967
Los Angeles, CA 90012
CEMO-Office@lacity.org

We want to hear from you!

Workshop #2 survey: bit.ly/CELA-Survey2

Please complete the brief post-event survey to help us improve our events & gather the community's input as part of the CEMO Blueprint model to co-create equitable climate policy.