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August 21, 2026
To: California Energy Commission
From: Stewards of Affordable Housing for the Future
Re: Docket 24-BPS-01

Comments on Draft California Building Energy Performance Standards Report and Recommendations on Affordable Housing Compliance to the California Energy Commission

Thank you for the opportunity to comment on the California Energy Commission's (CEC) Draft California Building Energy Performance Standards report.

Stewards of Affordable Housing for the Future (SAHF) is a nonprofit collaborative representing 13 of the largest nonprofit affordable housing organizations in the country. Collectively, our members own and operate over 2,000 properties and 160,000 homes in 49 states. Approximately one-quarter of our member portfolio is in the State of California.

We appreciate the CEC's efforts to promote high-performing, electric homes in the state through adoption of a building performance standard (BPS). Additionally, we recognize that the report and recommendations do not address the full depth and complexity of affordable housing compliance with state and local BPS policies. We submit these comments to support the CEC in thinking through their final recommendations to the legislature so that affordable housing has its needs addressed.

Affordable housing organizations require greater levels of support and resources than market-rate multifamily to comply with BPS. Therefore, we urge the CEC to ensure that compliance flexibility, financial assistance, cross-agency collaboration, and technical assistance are all included in the final BPS policy recommendations to ensure that affordable housing organizations have all the resources they need to comply with the policy.

SAHF has direct experience assisting affordable housing owners with BPS compliance in other jurisdictions. Our recommendations below are based on this experience and are focused on the **subsidized** affordable housing sector.

Affordable Housing Needs Alternative Compliance Pathways for BPS

The CEC is proposing a final energy use intensity (EUI) and greenhouse gas intensity (GHGI) standard in 2045. Interim compliance standards are proposed at 5-year intervals. In many ways, this timeline does not work for subsidized affordable housing because the sector operates on capital timelines of 15 years or greater. Practically, this means that properties are unable to take on debt to finance the required upgrades that BPS compliance demands. As a result, properties may be exposed to noncompliance penalties, and so affordable housing properties are punished for complying with regulations that provide affordable housing to low-income residents.

We recommend that the CEC adopt an alternative compliance pathway that accounts for the capital restrictions placed on affordable housing. Specifically, we recommend that any alternative compliance pathway for affordable housing includes all the following elements:

1. A timeline adjustment to final standards to align with recapitalization events
2. An interim standard adjustment that may encourage affordable housing owners to make modest gains in GHGI and EUI prior to a recapitalization event
3. A deferral of all penalties and fines for noncompliance until the property has recapitalized

Penalties Are Counterproductive Mechanisms to Promote Affordable Housing Compliance

SAHF has found that penalties for noncompliance are a counterproductive mechanism to promote compliance with BPS in the affordable housing sector. Based on technical assistance that SAHF conducted in Maryland that analyzed 155 BPS covered properties, SAHF has found that penalties for noncompliance average $16,891 *per property*.[1] Meanwhile, in two California-based electrification case studies of affordable properties, SAHF has found that electrification costs range from $14,300 to $15,500 *per unit*.[2,3] This means that paying the fine becomes the most cost-effective option while also draining affordable housing operating budgets.

To be clear, we do not recommend that the CEC adopt harsh penalties for noncompliance. Rather, we believe that this issue can be resolved via thoughtful creation of an alternative compliance pathway that defers compliance until an affordable housing property has the opportunity to recapitalize, thus avoiding the need to fine properties altogether.

Use Penalties to Finance Upgrades While Also Increasing Incentive Funds

A feature of BPS in other jurisdictions that the CEC has recognized is that collected penalties will be used to fund upgrades in properties experiencing financial hardship (which affordable housing is typically lumped together with). While this approach should be adopted as a means to raise funding for compliance upgrades in affordable housing, it is not an approach that can sufficiently meet the scale of the demand. For example, Boston's Equitable Emissions Investment Fund has allocated $600,000 for the 2026 application cycle.[4] New York City's Affordable Housing

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[1] Westmoreland, L., Jarrah, A., Nedwick, T., & McCullough, M. (2026). *Findings and lessons learned from affordable housing compliance with Maryland building energy performance standards*. American Council for an Energy-Efficient Economy. aceee.org/proceedings/findings-and-lessons-learned-from-affordable-housing-compliance-with-maryland-building-energy-performance-standards

[2] Stewards of Affordable Housing for the Future. (2025). *Using necessary upgrades to electrify a senior property*. sahfnet.org/sites/default/files/documents/BRIDGE-Housing-Foothill-Farms-Case-Study-Final.pdf

[3] Stewards of Affordable Housing for the Future. (2025). *Protecting seniors from extreme heat through energy efficiency*. sahfnet.org/sites/default/files/documents/Mercy-Housing-Monsignor-Lyne-Final.pdf

[4] Boston Environment Department. (2026, June 4). *Equitable emissions investment fund*. boston.gov/departments/environment/equitable-emissions-investment-fund

Reinvestment Fund has raised approximately $1.5 million.[5] Meanwhile, a single electrification project of one 138-unit SAHF member property in California cost approximately $2 million.[6] A better strategy to support the affordable housing sector is to reinvest penalties from BPS noncompliance into properties while working with state and utility incentive program administrators to increase funding availability to the sector.

The CEC recognizes in their draft recommendations that both penalties inflows should be used to assist building owners with compliance and that a successful BPS relies on available monetary incentives. However, based on the experience of other jurisdictions, we encourage the CEC to not overstate the potential of penalty inflows to be sufficient in helping under-resourced buildings (such as affordable housing) comply with a BPS. We also encourage the CEC to recommend to the legislature to increase the program budgets of existing incentive programs. This approach recognizes that the affordable housing sector needs plentiful and flexible capital to comply with BPS while also scaling the level of available capital to actually meet the demand.

Energy Use Intensity Standards Should Promote a Reasonable Standard of Efficiency

The CEC is proposing both a GHGI metric and an EUI metric for its BPS. This approach rightly encourages the efficient electrification of properties in the state. However, an EUI standard that is set too high can be unduly burdensome. For example, SAHF's technical assistance work in Maryland found that only 29 out of 155 properties complied with a now-rescinded EUI standard of 29 kBtu per square foot site. Additionally, only 16 of 56 all-electric properties included in our analysis complied with this high-performance standard.

We recommend that the CEC set an EUI standard that encourages a reasonable standard of efficiency. This approach will weed out inefficient electric equipment that can raise bills for both owners and residents of affordable housing, while also removing the burden of achieving exceptionally high performance in their properties.

Utility Allowances Remain a Split Incentive for Electrification in Multifamily Affordable Housing

Utility allowances and rent setting in affordable housing are inextricably linked. A rise in utility allowances may in some cases necessitate a decrease in property rents and thus present a further strain on operating budgets. Furthermore, utility allowances are sometimes set based on formulaic utility allowance schedules.

Public housing authorities are the entities responsible for drafting utility allowances schedules, and many utility allowance schedules do not recognize the differences between electric

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[5] New York City Department of Buildings. (2026, April 22). *New compliance data shows impact of Local Law 97 to improve sustainability in New York City* [Press release]. nyc.gov/site/buildings/dob/pr-ll97-improve-sustainability.page
[6] Stewards of Affordable Housing for the Future. (2025). Using necessary upgrades to electrify a senior property. sahfnet.org/sites/default/files/documents/BRIDGE-Housing-Foothill-Farms-Case-Study-Final.pdf

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resistance and energy efficient heat pumps for space heating. This means that these two technologies are treated the exact same for the purposes of setting utility allowances despite tangible operational differences. In this context, gas-to-electric conversion in subsidized affordable housing will likely lead to higher utility allowances for residents and thus put downward pressure on rents.

PHAs have the authority to include heat pumps as a space heating source that is separate from electric resistance heating. Thus, we recommend that CEC work closely with PHAs and provide robust technical assistance to them so that they can update their schedules and include heat pumps as a separate line item for space heating in utility allowance schedules. This outcome will reward property owners for electrifying their property with heat pumps, while also having the potential to reduce bills for residents and enhance comfort in their units.

BPS Should Align with California's Qualified Allocation Plan

We suggest that the CEC recommend to the state legislature a provision that directs the CEC to work with the California Tax Credit Allocation Committee (CTCAC) to include BPS requirements in CTCAC's Qualified Allocation Plan. By engaging collaboratively with the agency, the CEC can ensure that new construction projects that are financed with Low-Income Housing Tax Credits are built to standards that already comply with BPS's final standards. This will result in a streamlined compliance and regulatory process for affordable housing owners.

Technical Assistance Must be Proactive

We support the CEC in its recommendation to develop a resource hub that provides technical assistance to building owners. We recommend that the CEC go a step further and suggest proactive technical assistance to affordable housing owners, particularly when it comes to benchmarking. SAHF has found that experience with benchmarking and Energy Star Portfolio Manager ranges widely in the affordable housing sector. A proactive program, where the CEC reaches out to affordable housing owners directly and asks if technical assistance is needed, will ease the burden of collecting utility data and identifying and correcting data errors prior to submission to a third-party verifier or the state.

Thank you for this opportunity to comment on the Draft California Building Energy Performance Standards report. We recommend the CEC refer to SAHF's Building Performance Standards: Multifamily Affordable Housing Sector Impacts report, which may provide additional guidance on the needs of the affordable housing sector.[7] If you have any questions, please contact Alex Jarrah, Energy and Sustainability Manager at SAHF, at ajarrah@sahfnet.org.

[7] Stewards of Affordable Housing for the Future. (2025, May 12). *Building performance standards: Multifamily affordable housing sector impacts*. sahfnet.org/sites/default/files/documents/SAHF-Building-Performance-Standards-and-Affordable-Housing-Report-5.12.25.pdf