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Docket Number:	20-DECARB-01
Project Title:	Building Initiative for Low-Emissions Development (BUILD) Program
TN #:	239879
Document Title:	Julia Branco Comments - Building Initiative for Low-Emissions Development (BUILD) Program
Description:	N/A
Filer:	System
Organization:	Julia Branco
Submitter Role:	Public
Submission Date:	9/30/2021 11:08:48 AM
Docketed Date:	9/30/2021

*Comment Received From: Julia Branco
Submitted On: 9/30/2021
Docket Number: 20-DECARB-01*

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Incentive Reservation. The preliminary program design states the applicant will receive an incentive reservation for an 18-month term while the applicant obtains construction financing for the project. We encourage the CEC to provide applicants with a document showing the reservation is an enforceable funding commitment. Having committed funding is often an important factor in obtaining other funding sources to close the construction funding gap.

Construction Financing Timing. The 18-month reservation term and additional 6-month extension will likely be too short for most developers to identify all construction financing given the backed-up pipeline of projects waiting to receive tax credit allocations. We encourage the CEC to increase the reservation period to 24 months.

Prevailing Wage. We understand that unless a project is already subject to state prevailing wage rates this requirement would increase costs enough to outweigh the BUILD incentive entirely and would eliminate the use of the program for an entire class of projects. We encourage the CEC to explore ways for BUILD funds to conform to one of the exemption options described in the California Labor Code. The CEC might consider mirroring other state programs that allow funding to be structured as a deferred loan or allowing the recipient of the grant funds (the developer) to loan the grant funds as a 0% interest loan to the limited partnership entity (that the developer is a general partner in) that owns the project.

Application and Reporting. We commend the CEC for establishing a comprehensive technical assistance plan and team to help applicants with the program's technicalities. However, we encourage the CEC to make the application and reporting process as simple as possible, as an overly technical program will discourage many developers, particularly those with less resources, to even consider the program.

Liquidated damages: If developers make a good Faith effort to electrify there should be no penalties for not being able to comply. If there is a requirement that funds be paid back, that responsibility should be shared with all entities involved in the project's success, including the IOUS.

Funding Amounts. We have heard from several developers that the proposed per project funding amount is too low, particularly for medium-rise, urban infill projects in very high-cost cities. We encourage the CEC to increase the per project incentive level to a minimum of \$350,000.

Additional Incentives: We encourage the CEC to adopt a "newbie incentive" that

is clear and compelling for affordable housing developers that are building their first all-electric development. We also encourage the CEC to provide additional points to projects in jurisdictions without all-electric mandates and that voluntarily spearheading all electric construction. Projects in jurisdictions that do not yet have all electric requirements have the burden of being early adopters of this new technology in their jurisdictions and regions. At the same time, incentivizing all electric projects in jurisdictions that do not have all-electric requirements yet can both serve as an example of feasibility as well as incentivize jurisdiction to adopt all electric mandates to better compete for available dollars.