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Leverage Direct Installation Program to Renovate and Protect Deeply Affordable Housing

Additional submitted attachment is included below.

To: David Hochschild, Chair, CEC (California Energy Commission)
Chair.Hochschild@energy.ca.gov

Docket Number: 22-DECARB-03

Subject: **Comments on Draft Guidelines for the Equitable Building Decarbonization Direct Install Program**

Date: June 30, 2023

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The CEC (California Energy Commission) *Decarbonization DIrect Install Program)* promises to be a key building block for a state-wide whole home repairs program to preserve California's limited stock of affordable housing. The decarbonization program has the potential to catalyze the remediation and reconditioning of affordable older homes and stabilize their rental prices. It promises to reduce the number of existing affordable homes lost to demolition and replacement by new and more expensive structures, some of which would become more profitable commercial space that houses no one.

To increase the impact of this decarbonization program, these comments address three questions asked in the document TN 249993 prepared by Diana Maneta titled *Staff Questions to Guide Public Input on Draft Equitable Building Decarbonization Direct Install Program Guidelines*. The three responses below address the following questions:

1) Which communities should be included?

2) What home equipment should be eligible for this program to best realize the decarbonization program's potential for bill savings and other program goals?

3) What tenant protections are needed during and after construction?

Suggested revisions to the Decarbonization Direct Install Program to address these three questions include:

1. **Characterize the Potential of a Whole Home Repair Program to Stabilize Affordable Housing for Lower Income Communities**
   1a: Base metrics on the average costs of electrification for a package of properties in similar states of repair in place of an unweighted average of costs for all homes.

2. **Provide all Equipment and Services Needed to Repair a Whole Home Eligible for Funding**
   2a. Demonstrate the potential of including decarbonization in whole home repair programs to preserve low income housing stock and increase the efficiency of water usage for cleaning clothes and dishes, to adequately ventilate all rooms that may serve as bedrooms, and increase resilience to earthquakes, fires and other program and otherwise make homes safer and more healthful (e.g. noise prevention and control and CEQA issues in general).

3. **Include Tenant ProtectionsTo Cover All Additional Expenses Incurred by Low-Income Home Residents During and After Program Construction**
   3a: Guarantee that the Decarbonization DIrect Install Program will pay, for at least five years, any increase in utility bills attributable to decarbonization of participants' homes.
   3b: Pay increased living expenses for those who are temporarily displaced during construction and relocation expenses for those permanently displaced.

1. Characterize the Potential of a Whole Home Repair Program to Stabilize Affordable Housing for Lower Income Communities

1a: Base program metrics on the average costs of electrification for a package of properties in similar states of repair rather than on an unweighted average of costs for all homes.

As program funds will necessarily be insufficient to decarbonize all underresourced communities in the state, include a variety of homes in various states of repair in underresourced communities to estimate the number of homes that could be included in a follow-on statewide program. Clearly defined selection criteria developed with experience on homes from these communities will also enable the CEC staff to better target its marketing of the Decarbonization Plan. These criteria will enable residents with resources already strained by housing to better estimate the potential for a future program to relieve this strain before devoting time to prepare and submit an application.

Including homes with maintenance and structural issues will enable the CEC to develop methods for differentiating between classes of homes that can be cost effectively decarbonized and those which can only be converted to a non-housing use or razed. Scheduling and cost

data for homes with significant repair needs is crucial to defining the criteria for including affordable homes in later programs. (Initial Communities question)

2. Make all Equipment and Services Needed to Repair a Whole Home Eligible for Funding

2a. Demonstrate the potential of decarbonization in whole home repair programs to preserve low income housing stock and increase the efficiency of water usage for cleaning clothes and dishes, to adequately ventilate all rooms that may serve as bedrooms, and increase resilience to earthquakes, fires and other program and otherwise enhance the quality of life in older homes that require significant repairs (e.g. noise prevention and control and CEQA [California Environmental Quality Act] issues in general).

To provide housing equity, affordable homes must be safe from fire, earthquake and flooding, provide healthy air and water and be free of ingestible toxics on surfaces and address other CEQA concerns like noise. Some community CEQA concerns, like parking, are not relevant to restoration and decarbonization of existing homes. Planning and budgeting of follow-on decarbonization work will be most cost effective when considered as part of a whole home restoration program considering all of these factors. Therefore, the decarbonization program should work in conjunction with other state programs to identify the cost and benefits of whole home restoration.

For example, if the home is not structurally sound, will the cost of structural repairs be cost prohibitive? Will it be economically feasible to decarbonize a home that requires major electrical upgrades, replacement of lead pipes, extensive dry rot remediation and replacement of its foundation? To answer these questions, CEC needs to include homes needing significant maintenance in this decarbonization pilot program.

Unless home condition classes are clearly differentiated with separate goals for each class, project managers may preferentially include homes in good condition in their projects. Decarbonization of homes in good condition is much easier to manage than that of homes in poor condition. Thus, without separate goals for homes in different states of repair, the pilot might not generate the cost and schedule data needed to develop selection criteria for follow-up programs that include the poorly maintained homes that disproportionately house the lowest income residents.

3. Include Tenant ProtectionsTo Cover All Additional Expenses Incurred by Low-Income Home Residents During and After Program Construction

3a: Guarantee that the Decarbonization DIrect Install Program will pay, for at least five years, any increase in utility bills attributable to decarbonization of participants' homes.

3b: Pay increased living expenses for those who are temporarily displaced during construction.

The decarbonization program commits itself to designing home repair packages to save residents on utility bills, but only "where possible." (Chapter 2 I-4 Packages of Measures, pg. 15). For a number of reasons, including future increases in electricity demand for electric vehicles and construction of new transmission lines, energy costs may go up for those who replace gas heaters and appliances with electric ones. To make home electrification more equitable and attractive to low income residents, the decarbonization program could guarantee the marketing claim that energy costs would not increase for households participating in whole home repair programs including decarbonization.

The CEC would pay for the difference if energy costs after decarbonization were higher than the guaranteed cap. Otherwise, significant increases in electricity prices may force participating residents out of their homes and complicate marketing of electrification programs to residents of all incomes, but especially those with lower incomes.

The draft program omits a commitment to cap participants' energy bills at their current levels, but does propose the primary metric "Number of homes with increased/reduced bills." Thus it recognizes that energy bills could go up and already plans to collect the information needed to provide a guaranteed cap on rates.

As moderate income participants will be enjoying the many non-monetary benefits of decarbonization without as severe a threat of displacement, a guaranteed cap on electric rates is less likely needed to ensure that they continue to live in their newly decarbonized homes.

By addressing these three comments the decarbonization program can avoid becoming just another inequitable energy, housing and transportation program that addresses the needs of those with more income, wealth and political power and leaves behind those with the least means and and least political power. Instead, it will give millions of Californians living in substandard housing hope that decarbonization and electrification programs will improve their quality of life.

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