

DOCKETED

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Equitable building decarbonization program

Attached

Additional submitted attachment is included below.



June 30th, 2023

California Energy Commission (CEC)
715 P Street
Sacramento, CA 95914

RE: Equitable Building Decarbonization Program, Docket # 22-DECAR-03

The Los Angeles Alliance for a New Economy (LAANE) partners with labor unions and communities to uplift labor justice, community rights, and equity through policy change, such as policies to reduce the impact of climate change. We are optimistic about the Equitable Building Decarbonization (EBD) program's ability to prioritize direct installation retrofits across the state that would achieve substantial reductions in greenhouse gas emissions as well as deliver improvements in air quality and community health, climate resilience, and utility affordability. Below are LAANE's specific recommendations for the EBD program to ensure that equity goals are meaningfully fulfilled.

Chapter 4, Section C: Tenant Protections

The majority of low-income Californians are renters, spending more than one-third of their income on rent and utility bills every month, and are thus vulnerable to evictions and displacement. There is concern that renters will not be able to access decarbonization programs, or that tenants will face unintended economic consequences, such as if landlords pass down costs of decarbonization by increasing rent. To address these concerns, we support the following recommendations as outlined by Strategic Actions for a Just Economy:

It is of utmost importance to incorporate robust tenant protections, including strong rent caps, eviction safeguards, and other measures to prolong the availability of affordable housing units. It is important to recognize that not all tenants enjoy the same level of protection or face identical circumstances, ranging from no protections at all, to minimal state rent stabilization (AB 1482), to stronger local rent stabilization ordinances, to living in affordable housing units (where some units have deed restrictions that expire within the next 20 years). By acknowledging these variations in tenant protections and addressing the specific needs of each group, we can work towards ensuring housing stability and security for all residents across California. The specific recommendations include:

1. Maintain Affordability through Rent Caps and Extended Deed Restrictions

For Affordable Housing Units: In the case of Affordable Housing rental units participating in the program, it is crucial for the CEC to **mandate an extension of any existing deed restrictions by 10 years.**

For private rental housing: A significant portion of the state's affordable housing stock lacks deed restrictions, and property owners of such units have the option to raise rents to cover the costs of decarbonization measures, even if they are protected by local rent stabilization laws. **If a private rental unit participates in the program, they should be subject to a rent cap of 3% for 5-15 years.** This implies that private landlords cannot employ cost recovery programs like LA's Major Capital Improvements Program to justify rent hikes. It is advisable to include a provision that if a tenant vacates during the designated period, the unit maintains the same rental rate for the duration of the rent cap.

2. Restrict evictions

In order to ensure that program participants truly benefit, it is crucial to implement robust eviction protections. We must prevent landlords from exploiting lax eviction laws and the AB1482 loophole, which allows them to easily evict tenants under the pretext of remodel work. To address this concern, if a landlord participates in the program, they must be prohibited from evicting tenants for 15 years for any reason other than nonpayment (where the owed amount must exceed one month of Fair Market Rent (FMR) for the respective unit size) or engaging in criminal activities.

3. Target funding to non-corporate landlords

Prioritization must be given to landlords who experience some form of financial hardship. In Los Angeles, over 67% of rentals are owned by corporate landlords that have access to capital and can afford to decarbonize. With limited public funding, the funding should be targeted to property owners who will struggle to afford to retrofit.

4. Tenant Relocation and Safeguards

The potential need for tenant relocation due to the construction work associated with this program raises concerns that must be addressed. One potential solution is to **allocate funding specifically designated for tenant relocation**. This provision is vital to ensure that tenants do not face undue inconvenience or safety risks during the relocation process. In conjunction with relocation assistance, it is crucial to **establish a robust right-to-return policy**. This policy guarantees that tenants who are displaced due to the construction work will have the opportunity to return to their original units once the work is completed. Implementing such a policy provides tenants with the reassurance of long-term stability and protects their housing rights.

5. Minimize disruption from construction

For quality assurance, direct installation provided by skilled and trained contractors should be the priority. The direct installers should operate with sensitivity to tenants, including consideration giving to the regulation of construction design, length of work (such as, landlords may not terminate tenancies in order to conduct retrofit work), health and safety (assessing scope of work and determining if it's safe for tenant to remain in place or if relocation is necessary), terms of relocation (e.g. within a 2 mile radius of the existing home and of equally suitable accommodations), and providing notice to residents about the upcoming upgrades (including information about the scope of work, expected timeline, and any disruptions that may occur during the construction or installation process).

6. Develop enforcement mechanisms and penalties for violating restrictions.

These could include having the landlord, CBO case manager, and tenant sign an agreement outlining all the requirements and restrictions, continuing work with CBO case managers to ensure education and implementation around this agreement. Another enforcement mechanism could be requiring that each 6 months or year that landlords certify that the same tenant and rent rate exists and make them attach annual registration information with their respective cities, if that is required. In the event of a breach of the agreement, there should be penalties imposed. This could include that the owner reimburse the CEC in the amount equal to all costs of all energy efficiency and electrification measures installed and labor performed on the premises.

7. Need for agency coordination

We understand that the CEC does not have regulatory authority over housing, but we highly recommend that the CEC coordinate with government agencies who do have regulatory oversight to ensure tenant protections are not violated.

Chapter 4, Section D: Workforce Standards and Requirements

Job quality of electrification and decarbonization work to-date is more reflective of a low-road instead of a high-road approach due to lack of focus on equitable workforce development and high-quality job creation, and reductions in natural gas use and development will impact many union jobs. To address this concern, we outline the following recommendations:

- **Ensure strong labor standards on work performed with public dollars.** First preference of this work should be for contractors that commit to using a skilled and trained workforce. If contractors are going to be pre-qualified, at least half of the pre-qualified contractors should be signatory (or have labor agreements) with plumbing, mechanical, and/or electrical unions. Administrators should explore adoption of a Multi-Craft Community Workforce Agreement or Project Labor Agreement negotiated with the Building Trades to cover work funded by this program.
- **Include enforcement mechanisms for applying prevailing wage requirements at every contracting tier.** Contractors shall pay all workers performing construction work a total wage and benefits package that is at least equivalent to the general prevailing wage rate as determined by the Department of Industrial Relations pursuant to Sections 1773 and 1773.9 of the California Labor Code. Contractors shall employ apprentices enrolled in a state-approved apprenticeship program in the same manner and same minimum ratio as set forth in Labor Code section 1777.5 for public works projects.
- **Work should be bid out in bundles** large enough to facilitate participation from high-road contractors, which will enhance quality assurance.
- In the Work Plan, **ensure preference for workforce that is local and historically underrepresented in economic opportunities.** By utilizing apprentices from state-certified apprenticeship programs, particularly those with affirmative action plans, this investment can create long term career paths for disadvantaged workers. Community Workforce Agreements or Project Labor Agreements can include local and targeted hire thresholds that ensure a percentage of the contracted workforce prioritize disadvantaged workers including women, BIPOC, and previously incarcerated individuals.
- **Create sister policies and programs to reduce the worker impact of shifting fuel sources.** Decarbonization policy may decrease demand for good-paying, hard-to-replace union jobs associated with gas infrastructure such as plumbing and pipefitting. The state should consider the negative impacts to these workers and create policies that increase demand for these workers' existing skills while increasing the climate performance of buildings.

These recommendations will ensure that the Equitable Building Decarbonization Program is responsive to and aligned with the needs and priorities of the communities the program intends to target. We believe the most important measure of success for this program is to achieve equitable outcomes for BIPOC and low-income communities across the state.

We thank the CEC for the opportunity to respond to the program draft guidelines as well as its intention to center equity in its building decarbonization programs. We look forward to working more closely with the CEC for any future opportunities as it finalizes the guidelines and begins to implement the program.

Sincerely,

Lauren Ahkiam and Angela Bai, Climate Team
The Los Angeles Alliance for a New Economy