

DOCKETED

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On Title 24 Development

Additional submitted attachment is included below.

The California Energy Commission
Mr. Bill Pennington, Christopher Meyer and Mr. Mazi Shirakh
Building Standards Office
1516 9th Street
Sacramento, CA 95814
(Via U.S. Mail) and email: docket@energy.ca.gov
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September 6, 2017

Re: Docket: 17-BSTD-01 - Comments on Title 24 Development and the Role Renewables Play in Enhancing the Affordability of Housing (Pre-Purchase of the Home) While Meeting California's Carbon and Energy Goals

Dear Mr. Pennington, et al:

The California Asian-Pacific Chamber of Commerce (Chamber) thanks you and your staff for the opportunity to speak at the California Energy Commission's (CEC) August, 22, 2017, workshop. The Chamber provides a voice to over 600,000 Asian Pacific Islander business throughout California and will be significantly affected by 2019 Building Energy Efficiency Standards. We respectfully submit these comments because the imposition of these standards, as currently drafted, will worsen the housing crisis and further slow much-needed economic growth in the State of California.

PRELIMINARY COMMENTS

As publicly discussed at the workshop and contained herein, the Chamber remains very concerned that the actions of the CEC will inadvertently increase the cost of construction of a home by not allowing a homebuilder to choose the least-cost compliance path to achieve the CEC's energy and carbon reduction goals. It should be noted that the CEC's actions should not occur in isolation when there is a full-fledged housing crisis effecting the State of California. Currently, the average home price is ~\$500,000 – twice that of the national average – but the CEC's current approach will only increase this price and make it harder to afford a home. And a recent study performed for the National Association of Home Builders found that for every \$1,000 increase in a California home, 15,000 buyers are priced out of the market. This will translate into 45,000 buyers priced out of the market for every year the code is in place. This causes much heartburn but we believe there is a "win-win" situation whereby the CEC can achieve its energy efficiency goals while mitigating price increase to constructing a home.

CHAMBER'S POSITION

The Chamber supports allowing homebuilders maximum flexibility to achieve energy code compliance to decrease cost of construction, and we **strongly oppose the current CEC's "efficiency first" path**. The **"efficiency first"** path does not create price competition between efficiency and renewables; and it also requires more expensive efficiency measures than relying on renewables to reduce the energy footprint of a home. Specifically, **the Chamber opposes the CEC removing the PV trade-off for energy efficiency in the attic and the walls**. Removal of this trade-off will increase the cost of homes by as much as \$5,000 per home. **Over three years, the CEC's \$5,000 increase cost to a home prices out 75,000 buyers each year, and 225,000 potential homebuyers over a 3-year period**. This is alarming and our members in the financial services industry are concerned about the future of financing new construction in California. Therefore, we respectfully ask the CEC to preserve the PV trade-off for energy efficiency by allowing builders the flexibility to find the most cost-effective compliance path. This will create price competition between solar PV and traditional energy efficiency. **A flexible path will also reduce a builder's cost of compliance unlike the restrictive prescriptions from the CEC**. A reasonable Energy Design Rating, coupled flexibility to builder, will reduce the wasteful, uneconomic, consumption of traditional energy sources while providing the least-cost compliance scenario that is consistent with California law.

Furthermore, the "California Housing Future: Challenges and Opportunities" report shows that California's homeownership rate has fallen below the national level with a significant gap that has persisted since the 1970s. In 2014, the California's rate stood at 53.7 percent — the third-lowest in the nation. Between 2006 and 2014, the number of homes that were owner-occupied fell by nearly 250,000 in California, while the number of renter-occupied units increased by about 850,000. And according to a recent McKinsey Global Institute report, it estimates that California's **housing shortage is costing the state \$143 billion to \$233 billion in lost economic output**, primarily from consumption that's crowded out by high housing costs and lost construction activity. Thus, adding costs to a home merely perpetuates and worsens the housing crisis – not help cure it.

Lastly, the Chamber has heightened concerns related to the lack of transparency of obtaining cost of energy efficiency measures, including but not limited to, insulation (high performance attics and walls) doors, and more costly windows. The Chamber requests that the source of these energy efficiency measures be identified, and the CEC articulate how it arrived at these average costs (i.e., number of vendors that provided that provided costs for materials, etc.).

In conclusion, the Chamber respectfully requests the CEC cure the legal and economic deficiencies outlined above by allowing builders maximum flexibility to meet the energy code. Maximum flexibility with CEC prescribed path(s) will result in most cost-effective compliance path and will be the most beneficial to the housing market, California business, and overall growth of our economy.

Thank you in advance for time and consideration. We look forward to the cost source of efficiency measures and continued participation in the 2019 building code process.

Regards,

Berman Obaldia,
Vice President, Corporate & Government
California Asian Pacific Chamber of Commerce