

February 10, 2023

Energy Efficiency Division
Department of Energy Resources (DOER)
100 Cambridge Street, 9th Floor
Boston, MA 02114

RE: Ten Communities Demonstration Comments

To Whom It May Concern:

Thank you for the opportunity to submit comments on the draft regulation and model rule for the Municipal Fossil Fuel Free Building Demonstration Program.

Our coalition of affordable housing providers and stakeholders appreciate and fully supports the intent of *An Act Driving Clean Energy and Offshore Wind* that requires the Massachusetts DOER to establish a demonstration project in which ten cities and towns may adopt and amend general or zoning ordinances or by-laws that require new building construction or major renovation projects to be fossil fuel-free.

We recommend that DOER take the following additional actions to provide affordable housing and mixed-income housing providers flexibility and support to build fossil fuel free buildings without creating financial hardships for residents or contributing to the potential loss of affordable housing.

Provide funding and technical assistance for affordable housing projects that are already in process.

Affordable housing developments usually have a very long development timeline. For example, the “predevelopment phase” in affordable housing—when developers conceive the project concept, design the building, and identify and secure construction financing—typically takes 3–5 years. This timeline means affordable housing developments expected to break ground between 2025–2027 are already in predevelopment. These developments have spent significant amounts of money, some in the millions of dollars, even before breaking ground.

The demonstration project requirement for affordable housing developments to be fossil fuel free should be paired with funding and technical assistance that facilitates the potential significant changes to the construction scope of work, without creating financial hardships that might threaten the affordable housing development’s viability. Existing definitions for “affordable housing” and “affordable housing developments” could be used for determining which developments receive funding and technical assistance.¹

¹ For example, M.G.L. Chapter 121B, Section 38D, defines “affordable housing” as homeownership or rental housing which is restricted to occupancy by low or moderate income households of 1 or more persons and for which the sale price or rent is affordable as defined by the criteria for inclusion in the department’s subsidized housing inventory or consistent with funding sources. The same section defines

Define “major renovations” to ensure that the fossil fuel free standards will only apply to projects whose scope of work includes replacing mechanical and electrical systems.

The broad definition for major renovations in the draft regulation could impact affordable housing renovation projects where the scope of work does not include addressing existing heating equipment. Decarbonizing an existing multifamily building can be more difficult financially and technically than building a new all-electric multifamily building. These costs would significantly burden affordable housing providers who work to preserve and maintain safe, affordable homes for existing residents.

Specifically, we suggest the definition of “major renovations” be revised as follows:

“any renovation where the work area exceeds 50% or more of major structural components including exterior walls, interior walls, floor area, roof structure, or foundation, or has an increase of 50% or more of floor area, and includes removing and replacing the existing electrical and mechanical systems.”

For major renovations at affordable housing developments that do not include removing or replacing existing electrical or mechanical systems, perhaps because systems have been replaced recently and still have effective useful life, these projects should be allowed to develop a decarbonization plan that specifically identifies when those systems will need to be replaced and how they will be electrified at that point. This aligns with the flexibility that the cities that are implementing carbon intensity reduction regulations are providing affordable housing.²

Create complementary financial and technical assistance programs to support affordable housing providers in adopting high-efficiency, all-electric construction in new and existing affordable housing.

Our Coalition’s proposed \$300 million Zero Carbon Renovation Fund bill ([HD.776/SD.500](#)) and DOER’s forthcoming Low- and Moderate- Income Housing Decarbonization Grant Program will meaningfully contribute to this financial and technical support, with potential instruments such as a Clean Heat Standard providing longer-term funding.

“affordable housing development” as a development of new or rehabilitated affordable housing which may include market-rate housing if such market-rate housing is reasonably necessary for the financial feasibility of construction or operation of the affordable housing.

² For example, Boston’s [Building Energy Reporting and Disclosure Ordinance \(BERDO\)](#) allows for alternative timelines for meeting Emissions standards by affordable housing.

Additional programmatic examples include the following:

- The California Building Initiative for Low-Emissions Development Program (BUILD)³ provides a design award of up to \$100,000 to defray direct design costs for all-electric new construction projects. The program provides free technical assistance to support building owners through all development phases. The program provides a financial incentive of \$150/metric ton of total annual avoided GHG emissions, multiplied by the 30-year effective life of the building and up to \$1,000 per bedroom depending on the energy savings achieved compared to a standard building.
- In New York City, the Department of Housing Preservation and Development Retrofit Electrification Program⁴ provides grant funding to cover the incremental construction cost to electrify domestic hot water heating and/or space heating and cooling systems in affordable multifamily housing. Participating building owners have access to a technical assistance provider to design and scope the electrification project. The program provides up to \$26,300 per apartment if building owners electrify hot water, space heating, and cooking appliances and incorporate comprehensive energy efficiency upgrades.

Create a lower utility rate design for low- and moderate-income residents and affordable housing providers that will see an increase in their utility bills because of the switch from gas to electricity.

Approximately 36% of New England households have difficulty paying for their heating, cooling, and electricity bills.⁵ This insecurity will only increase, particularly for low- and moderate-income households, without a change in utility rate design. For new construction projects, we can assume that they will be built to the Opt-In Specialized Code level of performance so there should not be issues associated with excessive operating costs. However, for retrofit projects where there may not be too many opportunities for envelope upgrades that would significantly improve building performance, updated utility rates will be particularly critical.

We also recommend piloting an operating subsidy program for affordable and moderate-income retrofit buildings that could have ongoing cost increases. Funds from the federal Inflation Reduction Act may be able to help create this program.

Ensure that individual projects located in these communities do not get saddled with exorbitant utility infrastructure upgrade costs or delayed permitting issues.

We understand DOER will be embarking on a process of joint utility planning this year and recommend incorporating into this process a way to fast-track resolution of

³ [Building Initiative for Low-Emissions Development Program | California Energy Commission.](#)

⁴ [HPD-NYSERDA Retrofit Electrification Pilot.](#)

⁵ U.S. Energy Information Administration (May 31, 2018).

infrastructure upgrade issues to ensure housing production is not negatively impacted as a result.

Thank you for considering these recommendations.

Sincerely,

Citizens' Housing and Planning Association

Home Builders and Remodelers Association of Massachusetts

Local Initiatives Support Corporation (LISC) Boston

Planning Office for Urban Affairs