CITY OF OAKLAND

AGENDA REPORT

TO:	Jestin D. Johnson City Administrator	**FROM:**	Joe DeVries Chief Resilience Officer & Deputy City Administrator City Administrator's Office
SUBJECT:	Request for Approval to Accept and Appropriate Funding for Low-Income Home Electrification Consistent with the Equitable Climate Action Plan	**DATE:**	December 12, 2023

City Administrator Approval Jestin Johnson (Dec 27, 2023 12:27 PST) Date: Dec 27, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Accepting And Appropriating Funding For Low-Income Residential Electrification Projects And Related Activities Totaling $99,974.48 From The International Council For Local Environmental Initiatives (ICLEI) And Habitat For Humanity East Bay Silicon Valley To Further The City's Climate, Electrification, And Resilience Goals; And Making Appropriate California Environmental Quality Act Findings.

EXECUTIVE SUMMARY

Approval of the proposed resolution will authorize the City of Oakland (City) to accept funding to implement low-income home electrification upgrades and associated activities in support of Equitable Climate Action Plan (ECAP) goals regarding building electrification, reduced indoor air pollution, and workforce development. These activities, which will support the City's policy to remove natural gas from all buildings by 2040, will be completed through a grant from the International Council for Local Environmental Initiatives (ICLEI) for the Home Electrification Equity Project (HEEP). Specifically, funding will deliver electrification retrofits in low-income homes undergoing health and safety upgrades through the City's Residential Lending Services program. The City is a sub-grantee to prime contractor Habitat for Humanity East Bay Silicon Valley (Habitat). Additional partners are GRID Alternatives, Rebuilding Together, California State University East Bay (CSUEB), and the Cities of Berkeley, Fremont, and Hayward.

BACKGROUND / LEGISLATIVE HISTORY

The City of Oakland is a leader in ambitious and equity-driven climate action. Resolution No. 82129 C.M.S. (2009) directed staff to develop the City's first climate strategy, the 2020 Energy and Climate Action Plan, with greenhouse gas (GHG) emissions reduction targets of 36 percent below 2005 levels by 2020 and 83 percent by 2050.

In 2016, the California Legislature enacted Senate Bill (SB) 32, which built on the 2006 California Global Warming Solutions Act by requiring Statewide GHG emissions to be reduced to 40 percent below 1990 levels by 2030. In 2018, Oakland City Council adopted Resolution No. 87183 C.M.S., establishing a GHG emissions reduction target of 56 percent below 2005 levels by 2030. That same year, City Council adopted Resolution No. 87397 C.M.S., declaring a climate emergency and calling for regional collaboration and a "citywide just transition and urgent climate mobilization effort to reverse global warming ... as quickly as possible towards zero net emissions."

In July 2020, through Resolution No. 88267 C.M.S., City Council adopted the 2030 Equitable Climate Action Plan (ECAP), a comprehensive plan responsive to the abovementioned targets. The ECAP details 40 Actions within the City's regulatory and legal spheres of control to improve Oakland's climate resilience, advance equity, and reduce local GHG emissions on a path projected to exceed Council's adopted targets. The ECAP includes Action B-2, *Plan for All Existing Buildings to be Efficient and All-Electric by 2040*. Alongside the ECAP, City Council adopted Resolution No. 88268 C.M.S., creating a 2045 full carbon neutrality target.

In December 2020, City Council adopted Ordinance No. 13632 C.M.S., mandating that all newly constructed buildings be all electric. The Ordinance fulfilled ECAP Action B-1 (Eliminate Natural Gas in New Buildings), and, together with the 2017 Ordinance (No. 13419, plug-in electric vehicle readiness requirements for new construction) launched the decarbonization transition for buildings.

Infrastructure and energy system standards in existing buildings remain unaddressed through City policies. However, the City provides multiple programs and services, primarily through the Housing and Community Development Department (HCD), which provide rehabilitation and upgrade services for existing residential buildings. These services are publicly funded through the Federal Community Development Block Grant (CDBG), state Strategic Growth Council, Project HomeKey, and other sources. While some of these sources encourage minimal sustainability measures (such as energy efficiency or bike parking), electrification is not a requirement.

ANALYSIS AND POLICY ALTERNATIVES

The ICLEI Climate Action Fund, in partnership with Google.org, was an invitation-only competition to apply for $1,000,000 to support data-driven, replicable, and action-oriented local climate action. Nineteen local governments were invited to apply in partnership with community-based organizations (CBOs). The City successfully led a multi-agency proposal dubbed the Home Electrification Equity Project (HEEP), with Habitat as the lead applicant. Additional project partners are Oakland-based GRID Alternatives, Rebuilding Together, California State University East Bay, and the Cities of Berkeley, Fremont, and Hayward (all of which were among the 19 invited cities). For its share of the project scope, the City will receive $99,974.48 to pilot electrification retrofits in low-income, owner-occupied homes through the City's Residential Lending Service (RLS)

program, in addition to advising the overall project and playing a prominent role in collecting data and assessing benefits.

This project will support Citywide priorities on holistic community safety, housing, economic, and cultural security; vibrant, sustainable infrastructure; and responsive, trustworthy, government. It will lay critical foundations for departmental capacity and expertise to deliver more holistic building electrification services to low-income Oaklanders, furthering the City's climate justice and decarbonization goals within the ECAP.

Specifically, this project will provide the following:

- **Training for City staff and private contractors** on the importance and basics of building electrification for health and safety. This will include the range of, and ways to access, available rebates and incentive programs to facilitate cost-effective electrification retrofits. It will also address opportunities to pursue ongoing training and certification in to more fully participate in utility- and state-funded electrification programs. These technical trainings will be targeted to HCD staff and local residential construction and electrical contractors, and will be offered in two separate sessions to maximize attendance and relevance. The first session will be held in-person on a weekday morning at City Hall, primarily geared toward HCD staff but also open to other City staff and private contractors and building trades professionals. The second session will feature the same content, but will be held virtually on a weekday evening to maximize attendance of small-scale private contractors and trades professionals.
- **Holistic electrification retrofits** for 4-8 low-income, owner-occupied households through HCD's Residential Lending Services program. Holistic electrification can involve a suite of building upgrades including wiring, insulation, and installation of heat pumps and induction cooktops, alongside associated upgrades that facilitate energy affordability and occupant health and comfort. HCD-RLS staff will select the participating households in consultation with the external HEEP partners. The selection process will begin with homeowner interest, and then consider electrification potential, construction and installation costs, health benefits of electrification for occupants, and impacts on the household energy bills.
- **Data and project management criteria** that RLS staff can use to easily assess which electrification measures, including solar and energy storage, will be feasible and cost-effective for a given client in the future. These tools will be created, refined, and vetted through the course of the HEEP project, and thereafter made available to any city in the US and ICLEI network to facilitate efficient integration of electrification with health and safety home rehabilitation programs.

The need is acute:

Electrification is a critical climate and public health goal, yet its delivery is complicated by costs, customer awareness, and competing needs. Meanwhile, most cities have programs akin to Oakland's RLS that address home health and safety upgrades for low-income homeowners. HEEP will facilitate electrification retrofits in 4-8 low-income households, improving indoor air quality and reduce the risk of fires and explosions in participating homes. Simultaneously, RLS will become equipped to offer electrification to clients who otherwise would likely not be able to transition away from gas.

Traditional publicly-funded, low-income health and safety home rehabilitation programs lack the data and mandate to incorporate electrification. These programs are perfectly situated to deliver electrification measures, but program alignment is yet to be proven and funded. HEEP's broad collaboration will help ensure that the most common models for low-income, homeowner-occupied health and safety rehabilitation programs have a shared language and approach for holistic upgrades. Most such programs receive the bulk of their funding from the Federal Community Development Block Grant, and either implement the program in-house (Oakland's model), contract out program administration and implementation through a third party, or fund a third party to support rehab work in the city. The most common third parties are Habitat for Humanity and Rebuilding Together. Coordinating across these parties ensures economies of scale and information sharing that would not occur otherwise. The important role of CSUEB will be to develop a data model that will help project managers identify cost-effective electrification measures for each home; and more easily estimate, report, and track project outcomes.

Program delivery staff are skilled in traditional construction methods and rehabilitation measures, but lack specific electrification training. Many contractors lack the technical knowledge to implement electrification even when their clients request the work. While utilities and other regional agencies have provided electrification trainings, more opportunities are needed for professional education, especially for contractors from under-represented backgrounds.

FISCAL IMPACT

The total funding flowing to the City from the ICLEI Climate Action grant is $99,974.48, all of which will go to HCD for tasks detailed in **Table 1**. The City will provide in-kind support from City staff in HCD and SRD in the form of project oversight, collaboration support with outside agencies, and planning and leading the contractor training.

Table 1: Home Equity Electrification Pilot Budget Overview

Project Task	Type	Budget
Data gathering and synthesis, interviewing, recruiting, and developing materials	Staff time	$7,487.48
Project Evaluation and refinement	Staff time	$12,487
Low-Income Home Renovations	Materials & subcontracts	$80,000
Total Current Funding Amount to HCD		$99,974.48

Funding will be appropriated from the following, under the auspices of HCD:

- Fund 2999 (Miscellaneous Grants)
- Org: 89939 (Municipal Lending)
- Project: TBD

Longer term, this project is expected to result in improved chances of the City advocating for and receiving additional funding to support and expand holistic building electrification services, including through HCD programs funded through the Federal Community Development Block Grant and other sources that have traditionally focused on health and safety, but which have failed to recognize the dramatic health and safety benefits of eliminating gas use in homes.

PUBLIC OUTREACH / INTEREST

As the City works towards full electrification, the City Administrator's Sustainability and Resilience Division (SRD) has collaborated with the Planning and Building Department (PBD), Neighborhood Services Division (NSD), and a raft of CBOs including the Unity Council, East Bay Permanent Real Estate Collaborative, California Interfaith Power and Light, the West Oakland Environmental Indicators Project, Oakland Unified School District, Rising Sun Center for Opportunity, the Building Decarbonization Coalition, Ava Community Energy (formerly East Bay Community Energy), and others to conduct intensive public engagement and education since 2019. Repeatedly, City staff have heard concerns about the cost of the energy transition; the challenge of prioritizing across multiple needs; and the need for building construction and related professionals to be trained in the mechanics of, and public incentives for, electrification. Much of the City's efforts toward electrification have therefore focused on contractor training, workforce development, and building new partnerships to expand access to holistic electrification for low-income households. Community partners have also advised the use of greater health and safety messaging on electrification; hence, increasing coordination between SRD and HCD, as well as increasing the capacity for HCD to collaborate with nearby cities and CBOs doing holistic home electrification work, is critical for the City to achieve its climate equity objectives.

COORDINATION

Staff from the Housing and Community Development Department and the City Administrator's Office / Sustainability and Resilience Division coordinated in scoping the project and crafting preliminary Agreements with ICLEI and Habitat for Humanity. The Department of Race and Equity has been deeply involved in advising the City's climate equity and building electrification strategies from the inception of developing the ECAP, through the ongoing community engagement for holistic building electrification. The Agreement was reviewed by the City Attorney and the Finance Department Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: Acceptance of these funds will allow for additional contractor trainings of under-represented populations on electrification, which will enable future business opportunities and growth in Oakland's green economy. The program will ensure that only electrification measures that, when considered together, reduce or will not increase overall annual energy costs, are installed. Participating residents will therefore likely receive financial benefits through reduced energy and home maintenance bills.

Environmental: Replacing residential methane gas systems with efficient electric alternatives will lower the emission of greenhouse gases from building operations and provide a step forward in implementing the ECAP's building electrification and overall emission reduction priorities. Moreover, HEEP is intended to produce a clear operational template and data tools to enable the City and other municipalities to incorporate electrification into low-income home rehabilitation programs. As a result, this project is likely to result in exponential reductions in residential methane gas usage, with accompanying benefits for GHG emission reductions and indoor air quality improvements.

***Race & Equity**:* This project constitutes an important step in climate justice and economic equity. Immediate health, safety, and potentially financial benefits will accrue to the 4-8 low-income households receiving upgrade services through this funding. RLS staff will select participating households in consultation with HEEP partners as described above. Due to the strict income limitations of the RLS program, it is likely that a majority, if not all, of the participating households will be located in Priority Communities as described by the City's Geographic Equity Toolbox. The City and its project partners aim to reach at least 50 City staff and local contractors through the contractor training, which will prepare participants with important initial knowledge to partake in the electrification workforce. This is intended to result in more jobs and small business opportunities for the local construction and electrical workforce, which includes many BIPOC and blue-collar Oaklanders. Finally, the project will result in improved institutional pathways for cities, including Oakland, to deliver holistic electrification to low-income households through traditional housing, health, and safety program channels. This will lead to increased and more cost-effective services for those who need climate justice benefits (including improved indoor air quality and safety, reduced energy bills, increased energy reliability, and reduced climate threats) the most. Each of these actions is consistent with the racial equity priorities identified for this action in the Racial Equity Impact Assessment and Implementation Guide for the City's ECAP.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This action is exempt from the California Environmental Quality Act (CEQA) because the acceptance and appropriation of the funding at issue will be for the purpose of performing actions for the protection of natural resources (CEQA Guidelines section 15307) and for the protection of the environment (CEQA Guidelines section 15308).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Accepting And Appropriating Funding For Low-Income Residential Electrification Projects And Related Activities Totaling $99,974.48 From The International Council For Local Environmental Initiatives (ICLEI) And Habitat For Humanity East Bay Silicon Valley To Further The City's Climate, Electrification, And Resilience Goals; And Making Appropriate California Environmental Quality Act Findings

For questions regarding this report, please contact Shayna Hirshfield-Gold, Climate Program Manager, at (510) 238-6954.

Respectfully submitted,

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