



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Councilmember Charlene Wang

SUBJECT: Resolution Supporting the Bay Area Air District's Zero Emission Building Appliance Rules

DATE: December 16, 2025

City Administrator Approval

Date:

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution In Support Of The Bay Area Air District's Timely Implementation of Rules 9-4 And 9-6 That Establish Zero-Emission Building Appliance Standards, with Appropriate Flexibility to Ensure Equity and Business Development

EXECUTIVE SUMMARY

In 2023, the Bay Area Air District adopted rules to accelerate adoption of clean, efficient appliances in homes, specifically heat pumps for water heating and space conditioning. The Air District is currently working to amend these rules to clarify the implementation process and include necessary flexibility measures. The accompanying Resolution would encourage the Air District to implement the rules as originally intended, incorporating measures to ensure equity in implementation, specifically avoiding harm to low-income residents, to support Oakland's continued progress toward climate, public health, and environmental justice targets as expressed in Oakland's Equitable Climate Action Plan.

BACKGROUND

In July 2020, through Resolution No. 88267 C.M.S., City Council adopted the 2030 Equitable Climate Action Plan (ECAP), responsive to Council-adopted policies for reducing greenhouse gas (GHG) emissions and transitioning to an equity-driven climate economy as soon as possible. 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. Alongside the ECAP, City Council adopted Resolution No. 88268 C.M.S., creating a 2045 carbon neutrality target.

The Bay Area Air District's (Air District) mandate is to protect public health through rules and regulations reducing air pollution. The Air District adopted groundbreaking standards in 2023 to

help accelerate adoption of efficient electric heat pumps, cutting deadly air pollution and making energy bills more affordable. The standards will only apply to a qualifying project when existing fossil fuel equipment needs replacement, and will phase in gradually starting in 2027 for water heaters and 2029 for furnaces. The Air District is also currently working to amend these rules to include common-sense flexibility measures.

ANALYSIS AND POLICY ALTERNATIVES

Combustion of gas in building equipment such as furnaces and water heaters is one of the largest sources of air pollution in the region, generating a range of pollutants linked to poor health outcomes. These include nitrogen oxides (NOx), fine particulates (PM2.5), carbon monoxide, formaldehyde, and benzene, all of which contribute to breathing problems, cardiovascular issues, and dementia. These pollutants cause up to 85 premature deaths and 15,000 asthma attacks per year, costing the region \$890 million annually in health-related costs from air pollution exposure. The Bay Area Air District adopted groundbreaking standards in 2023 to phase out the sale of residential gas water heaters in 2027 (Rule 9-6), and the sale of gas-furnaces in 2029 (Rule 9-4). The Rules only apply when existing equipment fails or is already being replaced. Both Rules include an implementation working group process that has thus far examined challenges and recommended solutions for the successful, equitable rollout of zero-emission residential water and space heating. Each implementation working group process is being followed by an amendment process to act on recommendations to provide flexibility for residents who might be unduly harmed by the rules.

The Air District's Rules 9-4 and 9-5 directly support Oakland's ECAP, adopted unanimously by Council in July 2020. The ECAP (Action B-2) sets a target for all existing buildings in the city to be efficient and all-electric by 2040, which can only be achieved by ambitious, yet iterative regulations like those adopted by the Air District. Rules 9-4 and 9-6 provide market certainty for the transition to efficient, clean appliances, and send clear signals to the relevant industries and trades to ensure adequate training, supplies, and business capacity to support that transition. The intentional phase-in of the requirements allows building owners, installers, and residents alike the time needed to plan ahead for these upgrades.

The Bay Area is ranked among the worst in the nation in air quality, with nearly 30 consecutive years failing to achieve PM2.5 standards. This pollution disproportionately impacts Black, Indigenous, People of Color, low-income, and immigrant communities because of the multiple sources of pollution and background risk factors that impact these communities.

Gas-fired heating equipment is a major contributor to health-harming emissions. The region's gas-burning appliances in buildings emit more NOx pollution than passenger vehicles, and more than six times as much NOx as all the power plants in the region combined. Estimates are that implementing the Air District Zero-Emission Building Appliance Rules could prevent 15,000 asthma attacks annually and save up to \$890 million annually in healthcare costs due to reduced air pollution exposure across the Bay Area, amounting to roughly \$2,000 of health damage per new gas-fired water heater installed and \$4,000 per new furnace installed.

In addition to health impacts, burning fossil fuels in homes for heating is responsible for roughly 11% of California's statewide climate emissions. Heat pumps reduce lifetime space heating emissions by up to 93% compared to gas equipment in California. Rules 9-4 and 9-6 represent

the best opportunity for Bay Area jurisdictions, including Oakland to reduce fossil fuel emissions from buildings and meet our carbon neutrality targets.

Staff in multiple cities, including Oakland, as well as environmental, housing justice, and economic justice organizations are coordinating to produce a set of simplified recommendations to the Air District for implementing Rules 9-4 and 9-6 in ways that will avoid harm to low-income residents, prevent displacement, and ensure ease of oversight and tracking for municipal Building Departments or Bureaus and the Air District Itself. The Air District has published these proposed measures as part of its working group process.

In recent years, fossil fuel industry advocates have leveraged rulemaking and regulatory oversight processes, such as the one currently being undertaken by the Air District to amend Rules 9-4 and 9-6, to roll back clean air standards. Resolutions of support from Bay Area jurisdictions will bolster the Air District in its efforts to conduct reasoned and fact-based rulemaking and avoid politicization of a critical regulatory effort with consequences for the health and wellbeing of Bay Area residents.

FISCAL IMPACT

No significant fiscal impact.

PUBLIC OUTREACH / INTEREST

This item reflects consensus among numerous city governments, economic and social service advocacy organizations, and environmental agencies in California, as well as consistency with Oakland Equitable Climate Action Plan, which was written with direct input from more than 4,000 Oaklanders.

COORDINATION

This item has been coordinated with the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: Sustainable economic opportunities for this item derive from ensuring certainty in policies for the overall transition to clean (renewable and all-electric) energy, and from providing Oaklanders with advance awareness so that they can plan ahead for long-term energy efficiency and weatherization projects in their homes and businesses. Heat pumps use less than a quarter the energy per unit of heat produced compared to gas-powered appliances. When paired with solar, energy efficiency, and energy storage, they can save building owners and ratepayer money in the medium- to long-term.

Environmental: The resolution expresses support the Air District's Zero Emission Building Appliance Rules, which will have the following impacts if implemented fully:

- Prevention of 15,000 asthma attacks annually and healthcare savings of up to \$890 million annually due to reduced air pollution exposure across the Bay Area, with disproportionate impacts for communities of color and low-income communities.
- Avoidance of roughly 11% of California's statewide climate emissions. Heat pumps reduce lifetime space heating emissions by up to 93% compared to gas equipment in California. The Air District's rules would ensure that as gas-fired heating appliances break or reach the end of their useful lives, they are replaced with zero-emission alternatives like high-efficiency heat pumps. This would likely put Oakland on the path to eliminating the bulk of its greenhouse gas emissions from burning gas in buildings simply by complying with the Air District rules.

Race & Equity: This Resolution recommends flexibility measures that would help to ensure climate action policies, requirements, and resources are implemented in ways that avoid burdening low-income homeowners and renters, while still maximizing progress on reducing climate and air pollution impacts. All of these goals benefit frontline Oaklanders, starting with BIPOC, immigrant, and lowest-income residents, first and foremost. These priority residents are most at risk for housing displacement and also the most adversely impacted by the impacts of climate change and air pollution. Oakland's ECAP prioritizes climate actions that simultaneously reduce outdoor and indoor air pollution, slow climate change, and reduce displacement. The recommended flexibility measures would ensure that beneficial policies remain in place while protecting frontline community members.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution in support of the Bay Area Air District's timely implementation of Rules 9-4 and 9-6 that establish zero-emission building appliance standards, with appropriate flexibility to ensure equity and business development.

For questions regarding this report, please contact Shayna Hirshfield-Gold, Acting Sustainability Director, at 238-6954, or Bridget Ruiz-Rivezzo, Policy Director to Councilmember Wang, at 238.7246.

Respectfully submitted,

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Jestin D. Johnson, City Administrator

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Reviewed by:

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