CITY OF
HAYWARD
HEART OF THE BAY

City Council
March 2, 2011

Residential Energy Conservation Ordinance (RECO)

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Development Services Department

Sustainability Committee and Staff Recommend that Council…

Direct staff to not prepare a RECO for adoption at this time.

RECO Defined

- A Residential Energy Conservation Ordinance would require energy efficiency improvements in some existing single-family and duplex homes.

- The existing Hayward Green Building Ordinance addresses new construction.

Why Consider a RECO?
- State Policy Context

California's Global Warming Solutions Act & Executive Order S-3-05

- Reduce GHG emissions to 1990 levels 2020
- Reduce GHG emissions to 80% below 1990 levels by 2050

California Public Utilities Commission- *Long Term Energy Efficiency Strategic Plan*

- Reduce energy consumption in existing homes by
  - 20% by 2015
  - 40% by 2020
- Recommends that local governments adopt RECOs

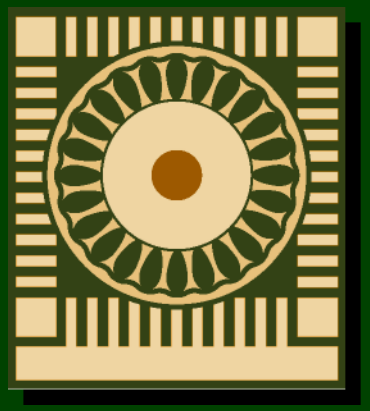
Why Consider a RECO?
- Local Policy Context

Hayward's Climate Action Plan was adopted in 2009

- Reduce GHG emissions by 12.5% below 2005 levels by 2020
- Reduce GHG emissions to 82.5% below 2005 levels by 2050

Climate Action Plan recommends adoption of a RECO

- Save 639 metric tons annually by 2020
- Save 39,000 metric tons annually by 2050



RECO Elements

- Retrofit Measures
- Triggers
- Cost Caps
- Exemptions

Criteria Used to Develop Retrofit Measures

- Installed cost around or below $3,000;
- Simple payback with no incentives ≤ 30 to 35 years;
- GHG reduction in the range of 8% to 9%; and
- Improvement of HERS rating by more than 10%

HERS = Home Energy Rating System

Retrofit Measures

For flexibility, RECO could require 1 of 3 Options.

<u>Option 1</u> – Typically requires specialized contractor.

Do 2 of the following 3:

1. Air Sealing
2. Attic or Roof Insulation
3. Duct Sealing

Retrofit Measures

<u>Option 2</u> - Specialized contractor not needed.
Possible credit for previous work.

Do 2 of the following 7:

1. Attic Insulation
2. Wall Insulation
3. Raised floor insulation
4. Windows
5. Furnace
6. Duct Sealing
7. Water heater

Retrofit Measures

<u>Option 3</u> – Performance Approach. Requires assessment by specialized contractor.

Do 1 of the following 3:

1. HERS – improve building's score by at least 10%
2. Demonstrate an existing HERS score of 120 or less
3. Complete an alternative performance audit and improve score by at least 10%

HERS = Home Energy Rating System

Trigger Options

- **Remodels > $30,000:** RECO improvements would be installed as part of the regular permit process
- **Point of Sale/Time After Sale:** RECO would be met within 2 years after property sale
- **Date Certain**: RECO would be met by a fixed date (e.g., 6 to 12 years after effective date)

Cost Cap Recommendations

- Maximum expenditure by homeowner:
  - **Remodels/Additions > $30,000**: 5% of project cost
  - **Point of Sale/Time After Sale**: 1.0% of sale price
  - **Date Certain:** 1.0% of assessed property value

Exemptions

- Low Income (per Federal guidelines)
- Disabled (per Federal guidelines)
- Foreclosure or Short Sale
- Compliance cannot be completed for less than cost cap
- Compliance is impossible (lack of attic or ducts)

Exemptions (cont.)

Low Energy User:

- Current Owner can obtain exemption by providing two years of utility bill data
- If annual energy use is at least 15% less than the average Hayward home

Effectiveness of Date Certain Trigger

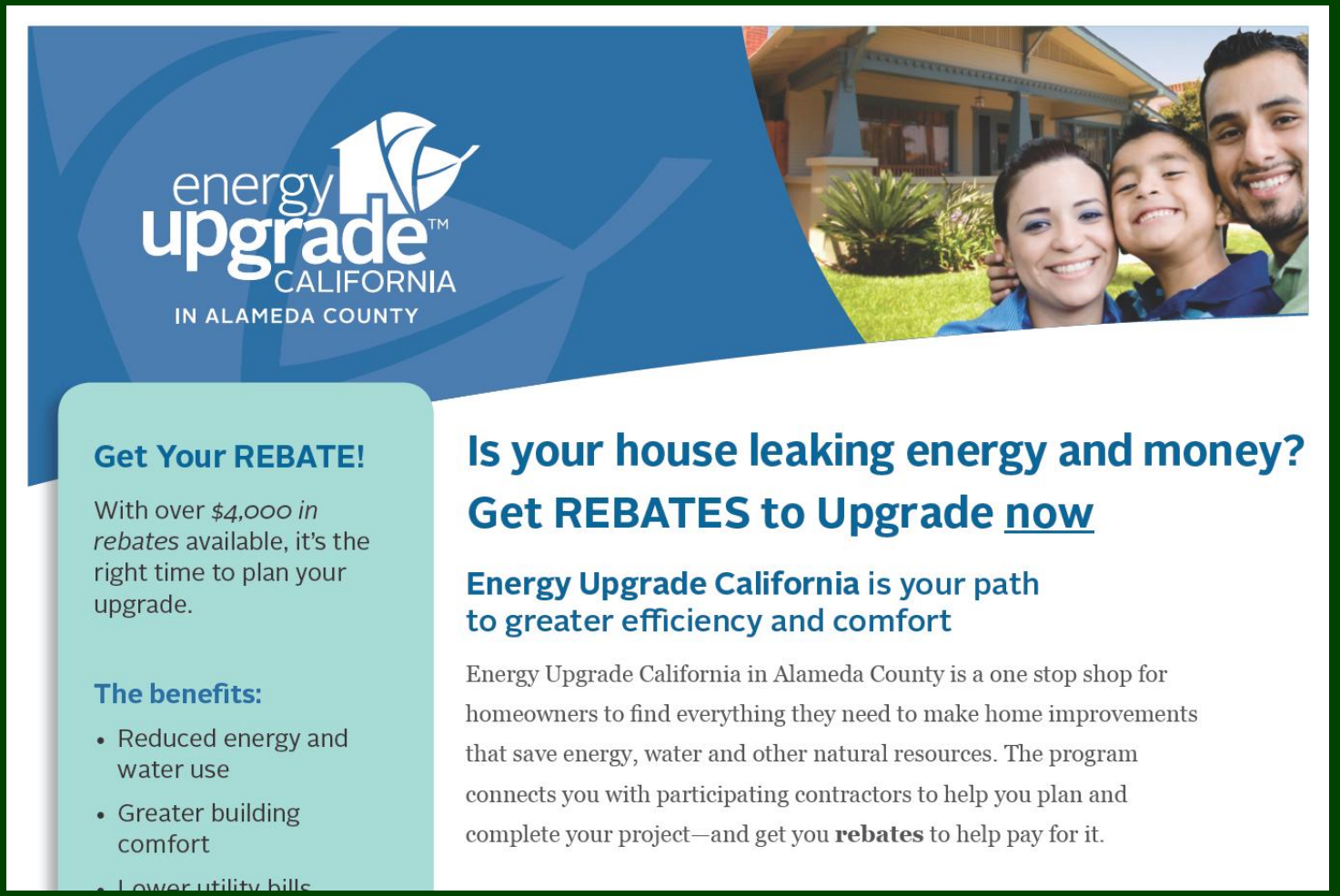
Year Structure Built	Approximate Number of Single Family/Duplex Homes in Hayward	Recommended Compliance Deadlines	Homes in Category to Meet RECO	Average CO_2e Reduction (Metric Tons per Year)
1949 and Earlier	3,074	2018	1,844	757
1950 - 1959	7,483	2020	4,490	1,842
1960 - 1969	4,700	2022	2,820	1,157
1970 - 1977	4,246	2024	2,548	1,045
Total Subject to RECOPre-1978 Homes	19,503		11,702	**4,801**
Total Homes in Hayward	27,805			

Sustainability Committee and Staff Recommend that Council…

Direct staff to:

1. Keep energy efficiency improvements voluntary for now;
2. Work with Stopwaste.org and the other cities in Alameda County to develop a County-wide model ordinance;
3. Emphasize education, outreach, and incentives; and
4. Monitor and measure the success of voluntary efforts.

Incentives



Details on the City's Green Hayward web-page. Or go to:
www.hayward-ca.gov/forums/EnergyIncentive/EnergyResidential.shtm

Basic Upgrade - Costs & Incentives

	Estimated Average Cost	PG&E Rebate	City Rebate (if available)*	Net Cost
Air Sealing + Attic Insulation	$2,600	$0	$750	$1,850
Air Sealing + Duct Sealing	$2,400	$0	$750	$1,650
Air Sealing + Duct Sealing + Attic Insulation	$3,600	$1,000	$750	$1,850

* Until $250,000 in grant funds is depleted – on first come, first served basis.

Advanced Upgrade - Incentives

Advanced Upgrade Package			
Efficiency Improvement	PG&E Rebate	City of Hayward Rebate *	Total Possible Rebate
10%		$1,250	$1,250
15%	$1,500	$1,750	$3,520
20%	$2,000	$2,250	$4,250
25%	$2,500	$2,250	$4,750
30%	$3,000	$2,250	$5,250
35%	$3,500	$2,250	$5,750
40%	$4,000	$2,250	$6,250

* Until $250,000 in grant funds is depleted – on first come, first served basis.

www.hayward-ca.gov/forums/RECO/recoforum.shtm

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CODES, ORDINANCES & FEES
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EMPLOYMENT
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Residential Energy Conservation Ordinance (RECO)

Overview

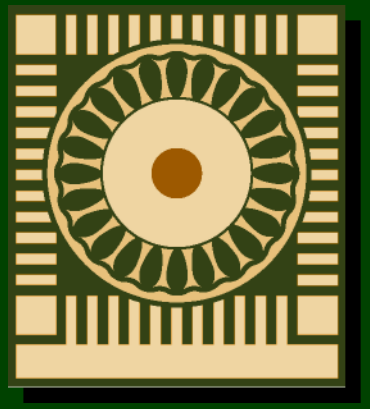
What is a Residential Energy Conservation Ordinance?

- A Residential Energy Conservation Ordinance (RECO) is a policy tool local governments can use to improve the energy efficiency of existing homes.
- RECOs typically require property owners to implement specific measures to reduce energy and water use.
- A RECO can be apply to single family, duplex and/or multi-family buildings.
- The design of the RECO will determine the types of improvements required as well as which properties are subject to the ordinance. "Triggers" for compliance can include, but are not limited to, the point of sale of a property, a significant remodel or addition, or a specific date by which all subject properties must comply. Examples of typical improvements include air sealing and insulation.

Why Develop a RECO?

- Hayward's **Climate Action Plan** (CAP), adopted by the City Council on July 28, 2009, sets the following goals:
  - Reduce greenhouse gas emissions 12.5 percent below 2005 levels by 2020
  - Reduce greenhouse gas emissions 82.5 percent below 2005 levels by 2050
- Hayward's residential buildings produce:
  - 13% of the community's total Greenhouse Gas (GHG) emissions and
  - 37% of the community's non-transportation GHG emissions
- Hayward's CAP calls for the development of a RECO to help meet GHG reduction goals in existing buildings
- The California Public Utilities Commission Long Term Energy Strategic Plan includes a goal to reduce energy consumption in existing homes by 20% by 2015 and 40% by 2020, listing RECOs as a role for local governments in reaching this goal
- Economic benefits:
  - annual energy and cost savings:

Internet 100%



Questions & Discussion