

Proposed Energy Efficient Renovations Ordinance

Frequently Asked Questions (FAQ)

Updated August 1, 2024

What is the purpose of the proposed Energy Efficient Renovations Ordinance?

The proposed ordinance aims to improve energy efficiency in and reduce greenhouse gas (GHG) emissions from existing residential buildings in Santa Cruz as specified in the City's Climate Action Plan 2030 adopted in 2022.

- 26% of our community's carbon emissions come from buildings
- 96% of buildings are residential
- 87% of residential buildings are single-family homes

By targeting existing single-family homes, the ordinance helps Santa Cruz meet its climate goals.

Why are you targeting single-family homes with this ordinance?

The ordinance targets single-family homes for several reasons:

1. **Significant Impact on Energy Usage:** Single-family homes represent a large portion of the residential building stock in Santa Cruz (96% of buildings are residential, and 87% of those are single-family homes). Improving energy efficiency in these homes can significantly reduce our community's overall energy consumption and GHG emissions.
2. **Opportunity for Major Improvements:** Major additions or alterations in single-family homes present an ideal opportunity to incorporate energy-efficient measures.
3. **Long-term Benefits:** Upgrading single-family homes can lead to substantial long-term savings on energy bills for residents, enhance property values, and improve living conditions, for example, enhancing the control, comfort, safety and indoor air quality of single-family homes.
4. **Climate Action Goals:** Decarbonization policies related to existing buildings have the potential to reduce over 17% of the emissions needed to reach the City's 2030 climate action target, to reduce carbon emissions 40% by 2030.

Are new housing developments required to be energy efficient?

Yes, the state's energy code (Title 24) requires new housing to be energy efficient. In addition, the City's new construction energy ordinance adopted in November 2023 require new housing developments to meet stricter energy efficiency standards than Title 24 alone.

What qualifies as a "major" addition or alteration under this policy?

A "major" addition or alteration is defined as:

- An addition of 350 or more square feet of floor area.
- An alteration affecting 350 square feet or more of an existing building's floor area.

What energy efficiency measures will be required?

In addition to the mandatory measures, applicants will need to select any number of the measures in the table below that add up to a total score of 9 or greater. Many combinations are possible, including at least five "cost-effective" combinations.

Measures	Points
LED lamps and Exterior Photocells	Mandatory
Water Heating Package	1
Air Sealing	2
R-49 Attic Insulation	4
Duct Sealing	3
New Ducts + Duct Sealing	6
Windows	4
R-13 Wall Insulation	5
R-19 Floor Insulation	9
R-30 Floor Insulation	10
Heat Pump Water Heater (HPWH)	12
Heat Pump Space Heater	18
Induction Cooktop	1
Heat Pump Clothes Dryer	1
Solar PV + Electric Ready Pre-Wire	13
Panel-related Pre-wiring	Mandatory
Mechanical, Kitchen & Laundry Room Electric Ready Pre-Wire	Mandatory

What does “cost effective” mean?

Two metrics are used to assess the cost-effectiveness of the upgrades. Both metrics consider the incremental costs of the upgrade, and the energy savings associated with each measure over a 30-year analysis period.

On-Bill cost-effectiveness is a customer-based lifecycle cost (LCC) approach that values energy based upon estimated site energy usage and customer utility bill savings using today’s electricity and natural gas utility tariffs.

Long-term Systemwide Cost (LSC) is the California Energy Commission’s LCC methodology for the 2025 Title 24, Part 6 (Title 24) code cycle (previously referred to as Time Dependent Valuation (TDV)), which is intended to capture the long-term projected cost of energy including costs for providing energy during peak periods of demand, carbon emissions, grid transmission and distribution impacts. This is the methodology used by the Energy Commission in evaluating cost-effectiveness for efficiency measures in Title 24 code development.

What is electric readiness?

Electric readiness refers to the installation of electrical circuits (wiring) and/or outlets to support future electric appliances and systems. Here are the scenarios when electric readiness components would be required:

- **Electrical Panel or Service Upgrade:** If the project involves installing a new electrical panel or upgrading the electrical service to 200 amps (200A) pursuant to current California Title 24 requirements, the proposed ordinance would require electric readiness components are installed for future electric space heating and water heating appliances.
- **Utility, Kitchen, or Laundry Spaces:** If the alteration or addition includes work in utility rooms, kitchens, or laundry spaces, the proposed ordinance would require electric readiness components are installed for future electric appliances such as water heaters, space heating, stoves, and clothes dryers.
- **Solar PV Installation:** If the project includes installing a solar photovoltaic (PV) system to comply with the proposed ordinance’s point threshold, the proposed ordinance would also require electric readiness components for future water heating, space heating, and either an energy storage system (battery) or electric vehicle (EV) charger.

Electric readiness ensures that homes are prepared for future energy-efficient and zero-emission electric appliances and systems. California Air Resources Board is currently

considering zero-emission appliance rules starting as early as 2027. However, this proposed ordinance does not require electric appliances.

Will there be requirements for zero-emission appliances?

This proposed ordinance does not require the installation of electric or zero-emission appliances. However, in some cases, the ordinance will require electric readiness for future zero-emission appliances.

California Air Resources Board is currently considering zero-emission appliance rules starting as early as 2027.

Are there any exemptions to the ordinance?

Yes, the proposed ordinance includes several exemptions to ensure flexibility and address specific circumstances. The following are the proposed exemptions:

1. **Repairs:** Routine repairs and maintenance activities are exempt from the ordinance requirements.
2. **Pre-Compliance:** If measures were installed prior to the new alteration or addition project in the existing home, the measures would contribute to compliance with the proposed ordinance. For example, installation of solar PV or a heat pump water heater prior to the project would qualify as measures that comply with the proposed ordinance.
3. **Historic Buildings:** If the project involves a building listed on a local, state, or federal register of historic structures, the applicant may request an exemption from any requirements that would impair the building's historic integrity.
4. **Hazard Mitigation:** Projects focused on hazard mitigation, such as seismic retrofitting, are exempt from the ordinance requirements.
5. **Temporary Structures:** Temporary structures are exempt from the ordinance.
6. **Cost Burden:** If the costs associated with complying with the ordinance exceed 20% of the project's valuation, the Building Official may permit a reduced point threshold for the project compliance where the cost of the measures would be at or under 20% of the project's valuation.
7. **Roof and/or windows:** Projects that involve only the roof, windows, or both are exempt from the ordinance requirements.
8. **Manufactured Homes:** Factory-built housing, manufactured homes, and commercial modular homes are all exempt from the ordinance.

These exemptions are designed to accommodate various unique circumstances while still promoting the overall goal of improving energy efficiency in residential buildings.

What kind of projects would not trigger compliance with this ordinance?

The proposed ordinance is designed to target major alterations or additions as defined by the ordinance. The following types of work do not trigger compliance with the proposed ordinance:

- Appliance replacements
- Window projects
- Roof projects
- Cosmetic changes or small projects, such as flooring, window replacements, or kitchen upgrades
- Work that doesn't require a permit
- Gas stoves or other kitchen appliances

The proposed ordinance does not require electrification.

Are ADUs exempt from the ordinance?

No, Accessory Dwelling Units (ADUs) are not exempt from the ordinance. ADUs must comply with the same energy efficiency requirements as other residential additions or alterations under this policy.

Are manufactured homes exempt from the ordinance?

Factory-built housing, manufactured homes, and commercial modular homes are all exempt from the ordinance.

How much is this proposed ordinance going to cost me in my next addition or alteration project?

The cost of compliance with the proposed ordinance depends on the specifics of your project. Here is an estimate for one project:

- **Median Project Valuation:** \$130,000

- **Estimated Typical Cost of Compliance (excluding rebates or incentives):** \$6,600
- **Percentage Increase in Project Cost:** Approximately 5%

However, while the cost of compliance with the proposed ordinance adds to the overall project cost, there are benefits that help to reduce the cost of compliance:

- **Rebates and Incentives:** Many rebates and incentives are available to help offset the cost of compliance, making the upgrades more affordable.
- **Long-term Savings:** Most energy efficiency upgrades pay for themselves over time through lower energy bills, providing long-term financial benefits.

What is “project valuation” and how is it calculated?

Project valuation is calculated to determine building permit fees. It does not represent the actual construction cost of a project.

Project valuation is determined by a formula developed by International Conference of Building Officials (ICBO) that is based on occupancy, type of construction, square footage, and cost per square foot.

[Visit our website](#) for the current Planning and Community Development fee schedules.

Will there be any financial assistance for complying with the ordinance?

There are many financial assistance programs available. Below is a helpful list of organizations and tools to help you find local, state, and federal programs.

Local Incentives

- [Central Coast Energy Services](#)
- [Central Coast Community Energy](#)

Search Tools

- [Switch is On](#) (search tool to find local, state, and federal incentives)
- [Rewiring America](#) (search tool and calculator for the Inflation Reduction Act tax credits and other free incentives)
- [EnergyStar](#) (rebate finder for energy efficient appliances)
- [DSIRE](#) (search tool to find local, state, and federal incentives)
- [Quit Carbon](#) (personalized home upgrade plans)

Is there help available to navigate compliance with the proposed ordinance or incentives for my home for an upcoming alteration or addition project?

[Quit Carbon](#) and other home upgrade services, most being free, will help you determine your pathway to decarbonize an existing home including navigating equipment selection and rebates. Some contractors or installers will even handle rebates for you.

The [Planning and Community Development public counter](#) is open Monday through Thursday: 7:30 AM to 11:30 AM, walk-ins only. You can visit the counter to ask questions about the ordinance. If the person at the counter can't answer your question, they will investigate a response and get back to you.

How does the proposed ordinance account for people with pacemakers and electric induction cooktops?

The proposed ordinance does not require the installation of electric induction cooktops but may require the project to include electric readiness for a future electric induction cooktop. You should check with your healthcare provider if you have concerns about certain electric appliances.

How can I provide feedback on the proposed ordinance?

Community feedback is encouraged. We hosted a virtual community meeting on July 10 and are meeting with other groups. The slides from meetings are available at the City's Building Decarbonization [website](#).

An online feedback form is also provided at the [website](#). Please read through the proposed ordinance and other materials at the City's Building Decarbonization before providing feedback through the online form.