



**Bill No:** HB 1490— Environment - Building Energy Performance Standards and Greenhouse Gas Emissions Reduction Targets (Clean Buildings Jobs Act of 2020)

**Committee:** Environment and Transportation

**Date:** 3/4/2020

**Position:** Support with Amendments

The Apartment and Office Building Association of Metropolitan Washington (AOBA) support HB 1490 with amendment that allows the State more time to develop regulations, standards and reduction targets. AOBA's members own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's counties.

HB 1490 requires the Department of the Environment, Building Codes Administration and the Maryland Energy Administration to adopt regulations for monitoring and reporting greenhouse gas emissions by January 1, 2021. Beginning January 1, 2021 certain property owners must begin monitoring greenhouse gas emissions. Based on these reports, state agencies will develop greenhouse gas emissions reduction targets and building energy performance standards.

AOBA supports the intent of this legislation. Amid growing concerns about climate change, research shows that existing buildings and energy efficiency are critical to driving down carbon emissions. In Washington D.C., the mandatory building energy performance standards codified in the Energy DC Omnibus Act of 2018 will begin in 2021, while Montgomery County began meeting to develop building energy performance standards in early 2020. There is clearly regional momentum for these types of standards. However, AOBA respectfully submits that the implementation timeline in this bill is impractical and that the proposals put forth in this bill require additional study and analysis. On the same day regulations are due from the State, property owners are expected to begin monitoring their greenhouse gas emissions. Stated another way, should this bill become law on July 1, 2020, housing providers may learn of the regulations the same day they are legally required to comply with them. Also, the implementation timeline established in the bill

grants the State agencies tasked with developing regulations only six months to develop very impactful regulations.

There are also unique challenges and considerations to monitoring emissions and applying energy efficiency standards to multifamily housing or buildings with multiple commercial tenants that cannot be overlooked. Notably, the successful implementation of a building performance program, whether voluntary or mandated by law, is contingent upon tenant participation. The lack of tenant buy-in and cooperation can undermine or handicap the success of even the most well-intentioned program. Housing providers and stakeholders need time to encourage behavior change in residents who have control of the environment in their individual units, or regulations need to take this into account.

HB 1490 exempts state owned buildings and historic buildings from the monitoring requirement and allows certain affordable housing be exempt from compliance with subsequent performance standards. AOBA members question the impact these exemptions may have on reaching the 40% reduction target set for 2030? Specifically, what effect will these exemptions have on the performance standards established for non-exempt buildings in order to meet reduction goals? Also, will the State provide training and technical assistance to property owners that do not know how to measure emissions? If the initial reports are wrong, will the State penalize property owners for non-compliance? AOBA understands that the bill is intentionally vague to allow the named agencies to develop regulations, but the Association believes that there are several questions, concerns and implementation barriers that must be evaluated prior to undertaking this work.

As legislators consider mandating building performance standards, it is critical that we explore, before adoption of standards, a policy approach that is impactful, cost-effective and viable. Per the policy recommendations for building performance standards put forth by the Rocky Mountain Institute (RMI), whose mission is to transform global energy use to create a clean, prosperous and secure low-carbon future, policy designers must analyze and understand factors that could enable or prevent success for building energy reductions. [RMI noted](#) that an effective building standard must identify and incorporate factors such as building stock age, local construction costs, renewable energy potential, cost of utilities, existing renewable/energy efficiency policy efforts and greater access to incentives. When the [New York Buildings Technical Working Group](#) (TWG) developed its building performance standards it identified 21 building types based on use, age and height to identify common effective strategies to reduce energy use and greenhouse gas emissions. The TWG also evaluated the financial and regulatory structures that serve as opportunities and barriers to investing in energy efficiency. The TWG further assessed the operations, maintenance and training necessary to realize the full potential of greenhouse gas reduction. Our neighbors in Washington D.C. established the Building Energy Performance Standards Working Group in 2019 to shape the City's new standards. The workgroup delved into financial resources and incentives to effectuate building energy performance standards; program structure and

implementation; technical assistance and training for property owners to comply with standards; and proven energy efficiency strategies for building owners.

As Washington D.C. and Montgomery County are looking to implement and develop building energy performance standards respectively, the State can take the opportunity to learn from our neighbors in the City and work in concert with a local jurisdiction to create building energy performance standards specific to, and developed, for Maryland. AOBA recommends that Maryland develop a diverse workgroup, that includes industry participation to analyze a multitude of impediments and concerns before implementing the mandatory standards required by this legislation. It is critically important to explore and understand how all involved – owners, operators, residents, tenants, lenders, inspectors - would respond to new performance standards.

For further information contact Erin Bradley, AOBA Vice President of Government Affairs, at 301-261-1460 or [ebradley@aoba-metro.org](mailto:ebradley@aoba-metro.org) .