



**Bill Title:** House Bill 1490, Environment - Building Energy Performance Standards and Greenhouse Gas Emissions Reduction Targets (Clean Buildings Jobs Act of 2020)

**Committee:** Environment & Transportation

**Date:** March 4, 2020

**Position:** Favorable with Amendment

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

House Bill 1490 provides:

I. Covered Buildings:

On or before January 1, 2021, the MDE, in consultation with the Building Codes Administration and the Maryland Energy Administration, shall adopt regulations on monitoring and reporting greenhouse gas emissions from covered buildings. The owner of a covered building with a gross floor area of 50,000 square feet or more shall beginning January 1, 2021, monitor greenhouse gas emissions from the covered building. On or before July 1, 2022, and each July 1 thereafter, report to the Department on the level of greenhouse gas emissions from the covered building during the immediately preceding calendar year. The owner of a covered building with a gross floor area of less than 50,000 square feet shall beginning January 1, 2022, monitor greenhouse gas emissions from the covered building and on or before July 1, 2023, and each July 1 thereafter, report to MDE on the level of greenhouse gas emissions from the covered building during the immediately preceding calendar year,

MMHA's Concerns: While House Bill 1490 exempts government buildings and historic properties and waives requirements for certain affordable housing complexes, House Bill 1490 captures multi-family communities at least 25,000 square feet. With multiple units in a given "covered building," it would be impossible to gauge and monitor the greenhouse gas emissions from all the units in the total property. Residents control their own thermostats and open windows in their own units within the building, making emissions difficult, if not impossible, to accurately monitor. MMHA is also concerned with the exemptions in the bill. How much emissions are not being reduced by exempting state-owned buildings from the very requirements the private sector must adhere to? The bill also leaves little time for education and preparation for compliance. If regulations are adopted on January 1, 2021 and building owners are required



to monitor emissions beginning January 1, 2021, how can the State possibly prepare the public for these requirements?

## II. Greenhouse Gas Emission Reduction

Based on the reports submitted on or before October 1, 2024, the Department, in consultation with the Building Codes Administration and the MEA, shall by regulation establish baselines of the current average median greenhouse gas emissions levels for different categories of building, including commercial, industrial, and residential, 5-year greenhouse gas emissions reduction targets for different sizes and categories of building; and building energy performance standards for different sizes and categories of building, as necessary to achieve the reduction targets established. Based on average regional greenhouse gas emission levels from the building sector in 2006, greenhouse gas emissions reduction targets for covered buildings shall be set with a goal of achieving a 40% reduction in greenhouse gas emissions from covered buildings by 2030; and a 80% reduction in greenhouse gas emissions from covered buildings by 2050. The building energy performance standards shall require that at least 75% of greenhouse gas emissions reductions required under this section be achieved through energy efficiency measures, on-site fuel switching, and building technologies, rather than through the purchase of renewable energy credits or other off-site measures.

MMHA Concerns: MMHA members frequently utilize LED lights, energy efficiency appliances and other measures to reduce greenhouse gas emissions when financially feasible. While achieving further reductions is laudable, we are unsure how these milestones will be reasonably achieved and what additional investments, which would be passed onto the resident, would be required.

## III. Building Performance Standards

The Department of Labor must update the Maryland building performance standards as necessary to conform to the building energy performance standards. The Department may waive compliance with the building energy performance standards on a showing by the owner of a covered building that the owner is bankrupt or in severe financial distress, the covered building has undergone a recent change in ownership, the covered building is vacant subject to major renovation; or subject to pending demolition; or other extenuating circumstances, identified by the department in regulation, exist. The Department may not waive compliance with the building energy performance standards for a period of more than 3 years. The Department may waive compliance with the building energy performance standards for a period longer than 3 years for a residential building containing five or more dwelling units, if use restrictions or other covenants require that at least 50% of the dwelling units be occupied by households with household incomes of less than or equal to 80% of the area median income; or the owner of the building demonstrates that at least 50% of the dwelling units are offered for rent at rates that are affordable for households with household incomes of less than or equal to 80% of the area median income.



MMHA's Concerns: Given the milestones required in this bill, MMHA is concerned that multiple waiver requests will be made.

IV. Incentives and Financial Assistance

The MEA, in consultation with the Department, shall establish a program to provide incentives and financial assistance to qualifying owners of covered buildings in order to meet the building energy performance standards. The incentive and financial assistance program may be paid for with funds from the strategic energy investment fund. On or before October 1, 2021, the MEA shall report to the Governor, the General Assembly on whether additional sources of funding are necessary to implement the incentive and financial assistance program.

MMHA Comments: Should this legislation pass, MMHA supports financial assistance assuming significant funding is available. We believe that the State should further study the costs of requiring that buildings meet certain energy performance standards to determine if the financial assistance will be sufficient.

Recognizing the importance of this issue but given the myriad of concerns associated with the multi-housing industry alone, MMHA urges that House Bill 1490 be amended into a work group.

For these reasons, MMHA therefore respectfully requests a **favorable report with amendment** on House Bill 1490.

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