



RE: Senate Bill 528 - *Climate Solutions Now Act of 2022*
Senate Education, Health, and Environmental Affairs Committee
and Senate Budget and Taxation Committee
February 15, 2022
Oppose

Federal Realty Investment Trust opposes Senate Bill 528 – *Climate Solutions Now Act of 2022*. While we support the overall objective of the bill to address the environmental impact of the built environment, the ban on natural gas water heating is highly problematic in the larger commercial context, and the emissions standards will penalize existing highly efficient buildings.

Federal Realty is a recognized leader in the ownership, operation and redevelopment of high-quality retail-based properties located primarily in major coastal markets from Washington, D.C. to Boston as well as San Francisco and Los Angeles. Headquartered in North Bethesda, Maryland, Federal Realty's expertise includes creating urban, mixed-use neighborhoods like Pike & Rose in North Bethesda, Maryland, Santana Row in San Jose, California, and Bethesda Row in Bethesda, Maryland. Federal Realty's 104 properties include approximately 3,100 retail tenants in 25 million square feet, and approximately 3,400 residential units.

Federal Realty is a longtime supporter of reductions in greenhouse gas emissions (GHG). Federal Realty has a stated goal to reduce portfolio-wide Scope 1 & 2 GHG emissions by 30% by 2025. We have invested \$1.2 billion in LEED certified buildings that have been placed in service with another \$1 billion of buildings targeted to achieve LEED Gold certification in progress and we've invested \$38 million in on-site photovoltaic systems. We have over 240 EV charging stations throughout our portfolio, and we prioritize purchasing green power where available through our supply agreement contracts. Nonetheless, Federal Realty opposes Senate Bill 528 as the technology does not currently exist to meet the standards imposed by the bill for larger commercial buildings and it will penalize existing buildings already designed to high levels of efficiency, a focus of ours over the past decade.

Under the International Energy Conservation Code (IECC) it is extremely difficult to comply with efficiency requirements with electric resistance heating, whether under the prescriptive or performance paths. Several alternatives exist for space heating at the commercial scale, but the sole alternative for domestic hot water heating – gas boilers – would be prohibited by this bill. Other technologies (such as heat pump boilers) do not yet exist at the scale necessary for larger commercial buildings, making compliance with the bill seemingly impossible at any cost.

The bill mandates significant increases in energy efficiency for existing buildings over a very short timeframe. Unlike recognized industry standards such as ASHRAE 90.1, the bill includes no shared baseline against which



building efficiency may be measured. For example, both an unrenovated, inefficient office building and a new LEED gold office building will have to achieve the same energy reduction targets, even though the new building is starting from a far better position. This has the effect of penalizing existing efficient buildings and burdening owners for having built to a higher efficiency in the first place. The financial penalties contemplated in the bill will be passed on to commercial and residential tenants, exacerbating housing affordability in Maryland and making the state a less attractive place to do business. More clarity is needed to ensure that proactive owners who have already built to a high standard are not penalized after the fact.

For these reasons, Federal Realty opposes Senate Bill 528.

Respectfully yours,

A handwritten signature in black ink, consisting of a stylized "GS" followed by a horizontal line and a period.

Geoff Sharpe
Vice President