NAIOP
MARYLAND CHAPTERS
THE ASSOCIATION FOR COMMERCIAL REAL ESTATE

February 28, 2024

The Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
Miller Senate Office Building, 2 West
Annapolis, MD 21401

Oppose: SB 695 – Construction and Renovation of Housing – Electric Vehicle Charging

Dear, Chair Feldman and Committee Members:

NAIOP represents 22,000+ commercial real estate professionals in the United States and Canada. Our Maryland membership is comprised of a mix of local firms and publicly traded real estate investment trusts that have long-standing investments in Maryland but also have experience in national and international markets. NAIOP members deliver office, mixed use, multi-family, and warehouse developments that meet the changing ways that people work, live, shop and play.

On behalf of our member companies, I am writing to oppose SB 695 which requires installation of electric vehicle charging equipment in existing multifamily buildings and new construction. NAIOP supported HB 830 that passed the House in 2023. We saw that bill as addressing our concerns about the costs of reserving power for parking spaces that may not be used for EV charging for some time, and our ability to synchronize installation of infrastructure with consumer adoption of EVs. This bill is considerably different. Our opposition is based on the following considerations:

- Our members recognize the transition to electric vehicles is underway and will meet the needs of their tenants and customers as the market develops. Synchronizing the installation of equipment and reservation of electric capacity with the rise in demand will reduce the opportunity for equipment and electric capacity to go unused while waiting for the market to mature.
- The most recent data posted to The Alliance for Automotive Innovation dashboard shows EV registrations in Maryland as a share of all registered light- duty vehicles is 1.62%. MDE's estimates assume that many manufacturers will use offsets allowed by Advanced Clean Cars II to reduce EV sales during the early years of the program which begins in 2027. The bill requires installations at much higher percentages than near term market penetration.
- The bill's definitions of EV parking spaces are inconsistent with the energy code. The bill omits ***EV Capable*** *spaces* from the definitions. This means there is no defined level of service that can be preinstalled without securing and reserving electric capacity. An investment-grade apartment building will provide 400 spaces of on-stie parking. Bringing additional power to the site and reserving capacity can be costly to building owners and residents. Unused capacity can be withdrawn by utilities.
- There is no phase-in period. The bill applies to building permit applications submitted on or after October 1, 2024. This effective date will apply the bill to buildings that completed electric load calculations and received utility commitments before its introduction.
- The bill applies state-wide, but EV registrations are concentrated in a few central Maryland jurisdictions, most of which have local installation requirements. Ocean City has a year-round population of 3,600 but 30,000 housing units.
- The definition of multifamily does not follow the building code use group categories that differentiate between residential building use types. As a result, the bill applies to mixed-use buildings, hotels, dormitories, and nursing homes in addition to residential apartments and condominium units.

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- The MEA study of multifamily electric vehicle charging estimated the cost of installing equipment at 50% of multifamily parking spaces would be $7.4 billion. The estimated costs did not include the offsite utility costs to bring electricity supply to the location.
- MEA's cost estimates appear to confirm that, for multifamily other than townhouses, the cost to retrofit individual parking spaces with EV charging equipment is roughly $47,000 vs. $43,000 to install in new construction. This would suggest it is cost effective to install equipment as market demand develops vs preinstalling.
- The bill would impose significant costs on multifamily building owners and occupants before providing incentives, and grants at a scale. The MEA study estimated the state Electric Vehicle Supply and Equipment Rebate Program would need to offer $660 million under its current structure to retrofit 50% of existing multifamily parking spaces. The FY24 funding for the program was $2.5 million.
- The electric vehicle charging requirements will coincide with and add compliance costs to building energy performance requirements in the Climate Solutions Now Act. The definition of "major renovation" is inconsistent with the International Building Code and presents an inappropriately low trigger. The building codes require modifications to meet current code provisions when alterations affect 50% or more of the building area. The bill requires installation of EV charging capabilities any time the electric panel capacity is expanded or when repaving or trenching near parking areas.
- This would activate the requirements when multifamily buildings replace fossil fuel heat and hot water equipment to meet the requirements of the Climate Solutions Now Act. Repaving and trenching would trigger installation at repair of a water line or simple resurfacing. These activities do not usually require permits and would be of little use to identify regulated activities. For condominium buildings the cost of installation would necessarily need to be included in reserve studies and funded.
- The national codes adopted by Maryland at the next adoption cycle will contain requirements for EV installation. While we respect the authority of the General Assembly to override building and energy codes, we believe that power should be reserved and used in a limited fashion.

For these reasons NAIOP respectfully requests your unfavorable report on SB 695.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Education, Energy, and the Environment Committee Members
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