All-Electric Major Renovations

San Francisco Board of Supervisors
Land Use and Transportation Committee

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SAN FRANCISCO ENVIRONMENT DEPARTMENT

All-Electric Major Renovations Ordinance

This proposal would expand the all-electric new construction to limited, specific circumstances when a building is renovated or substantially expanded and building systems are replaced.

Installing electric equipment now avoids costly retrofits of new gas systems in the near future.

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How We Got Here

- 100% Renewable Electricity Ordinance - 2019
- Electric Preference Ordinance – 2019
- Chapter 7 of the Env Code - 2020
- All-Electric New Construction Ordinance – 2020
- Chapter 9 of the Env Code – 2021
- *All-Electric Major Renovations - 2025*

Robust Stakeholder Engagement

PHASE I (June 2023-Jan 2024)

- Building Operations Task Force
- Affordable housing developers, building owners, city departments (MOHCD), small contractors, tenants' rights organizations, CBOs

PHASE II (Feb 2024-June 2024)

- Examples: Emerald Fund, SF & Chinese Chambers of Commerce

PHASE III (Jan 2025 – Current)

- Examples: SFAA, HAC, Better Housing Coalition, HMS Associates, Forge, Cordia

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California is going all electric

Zero-NOx Standards (Air District)
Phasing out gas water heaters (2027–2031) and furnaces (2029)

CPUC Gas Decommissioning
Planning long-term gas phase-out

This ordinance aligns with California's broader strategy to phase out fossil fuels

Bay Area Air District

CALIFORNIA
Public Utilities Commission

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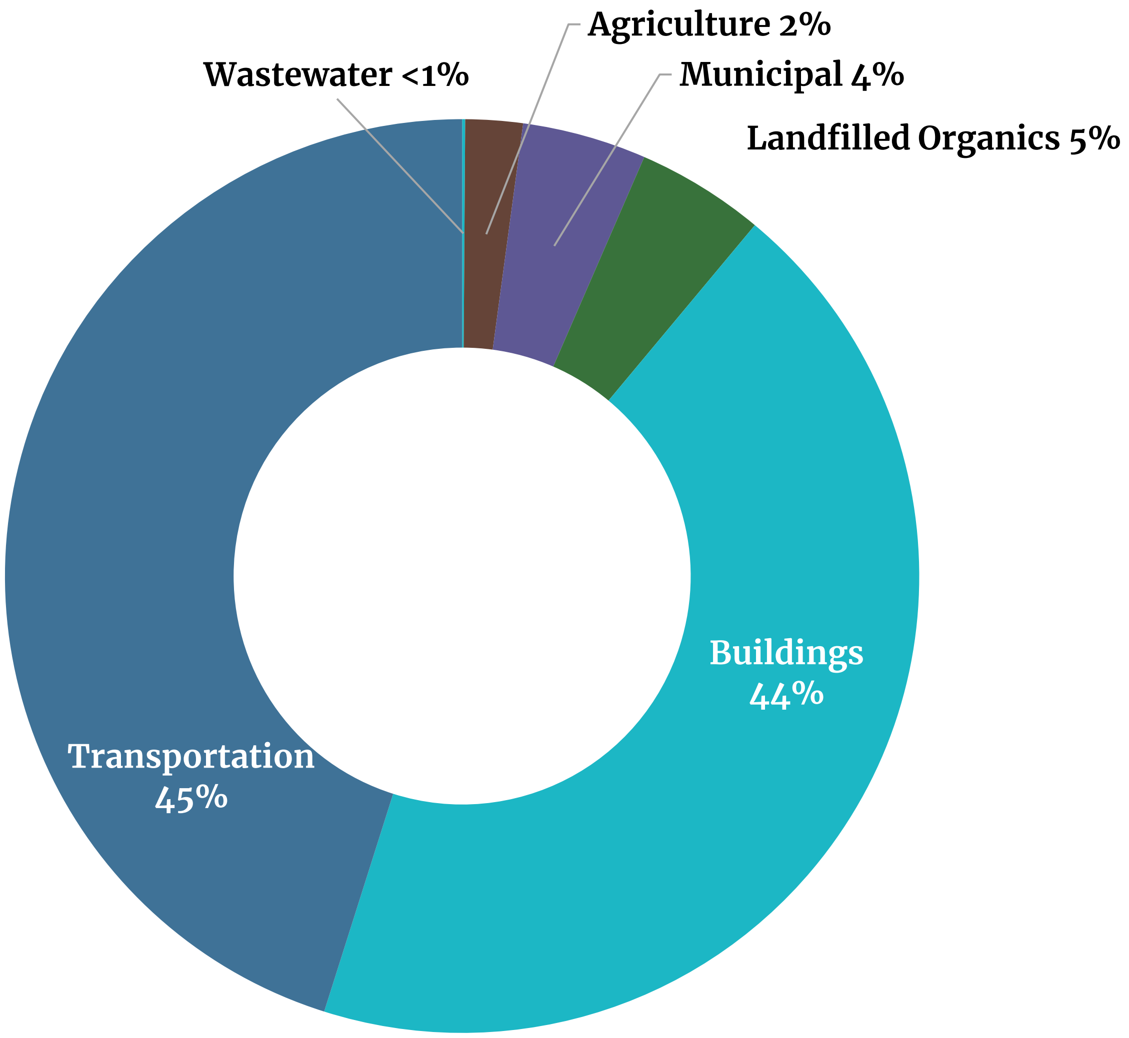
Major Renovations Ordinance: Why Now?

- **Saves Taxpayers Money** – Reduces long-term cost to residents and to the City
- **Protects Public Health** – Reduces chronic disease, premature mortality and healthcare costs
- **Creates a Resilient City** –reduces disaster impacts and fire risks

Climate Action Plan Goal: Net-Zero Emissions by 2040



2022 San Francisco Community-wide Emissions

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New Construction

Mission Rock (Image: SPUR)

Major Renovation

100 Van Ness (Image: SPUR)

Image: Wikimedia Commons

Additions

46-story addition
to historic
Aronsen Building

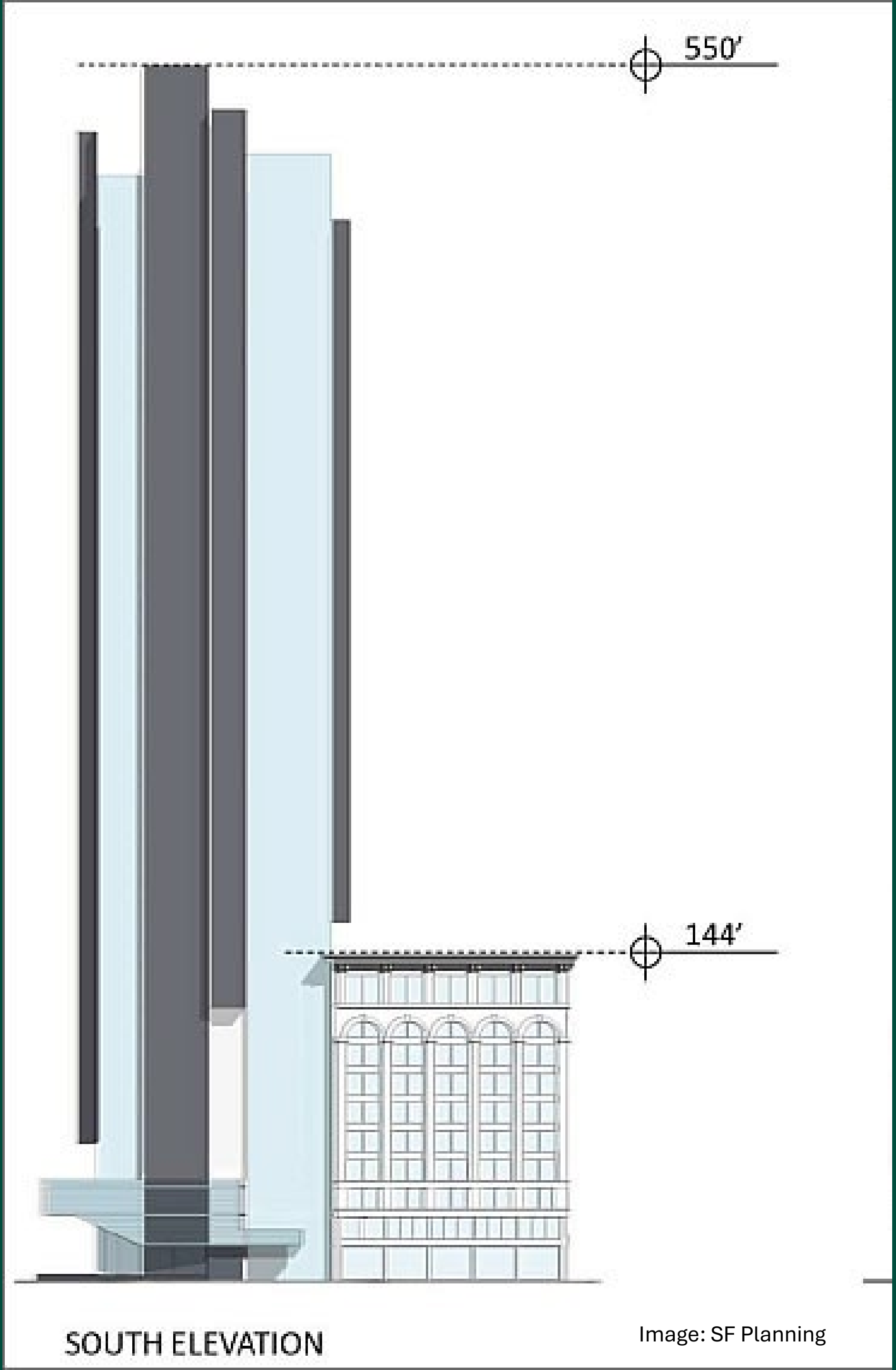

Image: SF Planning

What Qualifies as a Major Renovation?

It is a two-step criteria:

1. A substantial structural alteration or major addition

AND

2. A substantial upgrade to the mechanical systems (i.e., system replacements of hot water and heating)

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Existing Exceptions:

- Physical or technical infeasibility
  Specific restaurant or food service needs
- Contractual obligations established before the ordinance
- State or federal regulations

Exceptions Apply:

- An all-electric design is *not feasible*, and
- Gas use *directly addresses* the identified issue

Key Additional Exemptions for Major Renovations Only

Issue	Approach
Office to Housing	Exempt until 2031
Reuse of Mechanical Systems if < 5yrs	The project can retain for ongoing use an existing water heating or space heating system that serves at least 80% of the area, provided the equipment was installed within the last 5 years
Delay for utility service (infeasibility)	AB 112 will allow DBI and SFE to permit mixed-fuel construction projects when utility service delays would significantly impact project timelines. This provision will be clarified and incorporated under the technical infeasibility exemption.

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Key Additional Exemptions for Major Renovations Only

Issue	Approach
Affordable housing	**Before July 1, 2027 -** Exempt from ordinance requirements **Between July 2027 and December 2030 -** Phase-in period and exemption flexibility exist **On or After January 1, 2031 -** Full ordinance applies

Affordable housing developers face complex financing, tight margins, and strict construction timelines. Supporting best-faith efforts to electrify these projects requires a **clear, accessible off-ramp** in the All-Electric Major Ordinance

The exemption process shall go through the San Francisco Environment Code, Chapter 7 (§§ 700–707), Municipal Green Building Task Force. Section 705 of Chapter 7 outlines conditions under which projects may receive waivers. The waiver types include: emergency, cost prohibitive, alternate compliance and other circumstances. We are proposing to update Chapter 7 to add MOHCD to the Task Force.

Once a request is submitted, the Director is required to respond within 35 days (except for emergency waivers, where a response is required within five business days).

New construction and renovations are cost-efficient opportunities to electrify

Incremental Cost per Square Foot

Use	New Construction and Major Renovations
Single family	-$2.14
Multifamily 2-3 floors	-$0.64
Multifamily 5-10 floors	-$0.47
Office	-$1.19
Retail	$0.00
Small Hotel	-$14.56

Negative numbers indicate construction cost reduction.
Sources: localenergycodes.com/content/resources

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Retrofitting mixed-fuel buildings cost more

Incremental Cost per Square Foot

Use	Existing Building Retrofit – Low	Existing Building Retrofit - Higher
Single family	$2.27	$3.92
Multifamily 2-3 floors	-	$6.92
Multifamily 5-10 floors	-$1.94	$12.12
Office	-	$2.95
Retail	-$0.01	-
Small Hotel	-$2.53	-$0.34

Negative numbers indicate construction cost reduction.
Sources: localenergycodes.com/content/resources

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Incentives to Support the Electrification Transition

Funding Source	Program Name	Funding Amount Per Household	Description
Federal	HEEHRA Multifamily	$14,000	For low- and moderate-income households. Covers 100% and 50% of installation cost, respective
	25C Homeowner tax credit	$3,200 per year	Provides a 30% tax credit for heat pumps and qualified electrical & efficiency upgrades. Expires December 2025.
State	TECH Clean California	$1800 to $8,800	Heat pump water heater rebate program, electric panel upsizing, and low-income households
	GoGreen Home + Equitable Building Decarbonization	0% interest for 10 years	Assists low-income households with energy upgrades, including heat pumps.
Bay Area	BayREN EASE	80% of project cost	Regional program for weatherization, serving households under 120% AMI
City	Climate Equity Hub	$10,000	For income qualified residents towards to cost of a HPWH
	SFPUC Bill Credit	$600 a year	$50 per month bill credit when HPWH installed for 2 year/3 years for low income

Thank you!

San Francisco Environment Department

SFEnvironment.org

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