



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.



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



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



CALIFORNIA

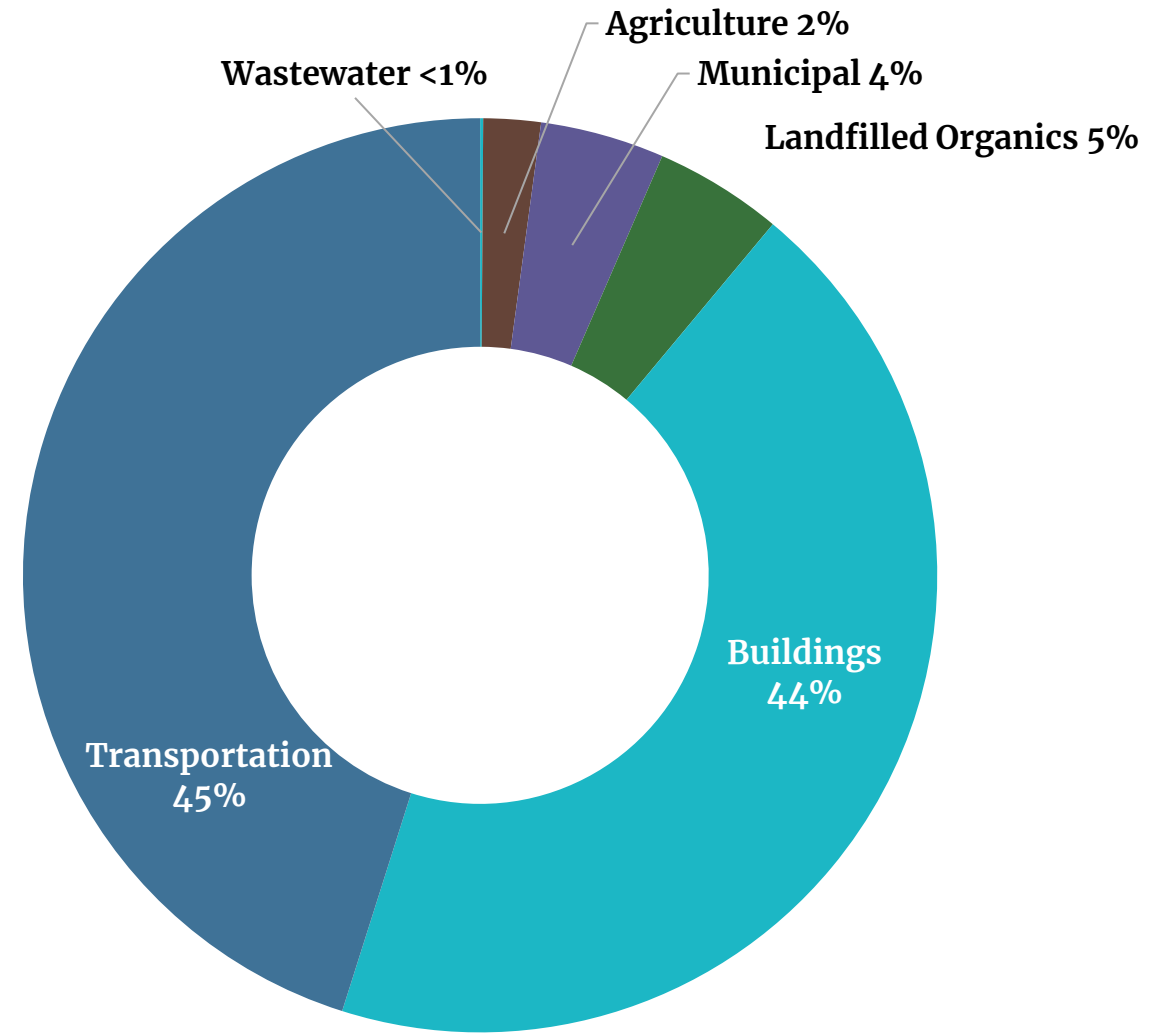
Public Utilities Commission



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



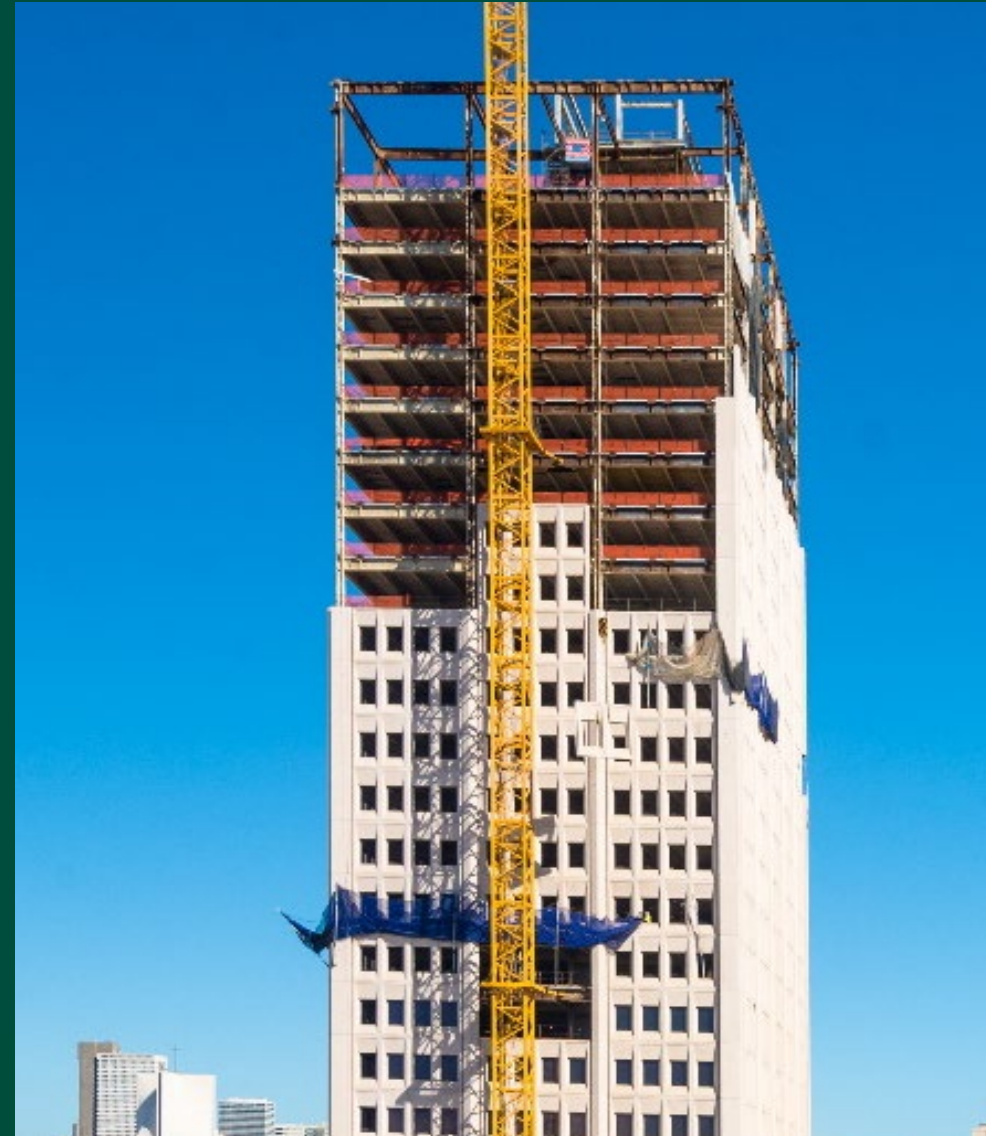
2022 San Francisco Community-wide Emissions

New Construction



Mission Rock (Image: SPUR)

Major Renovation



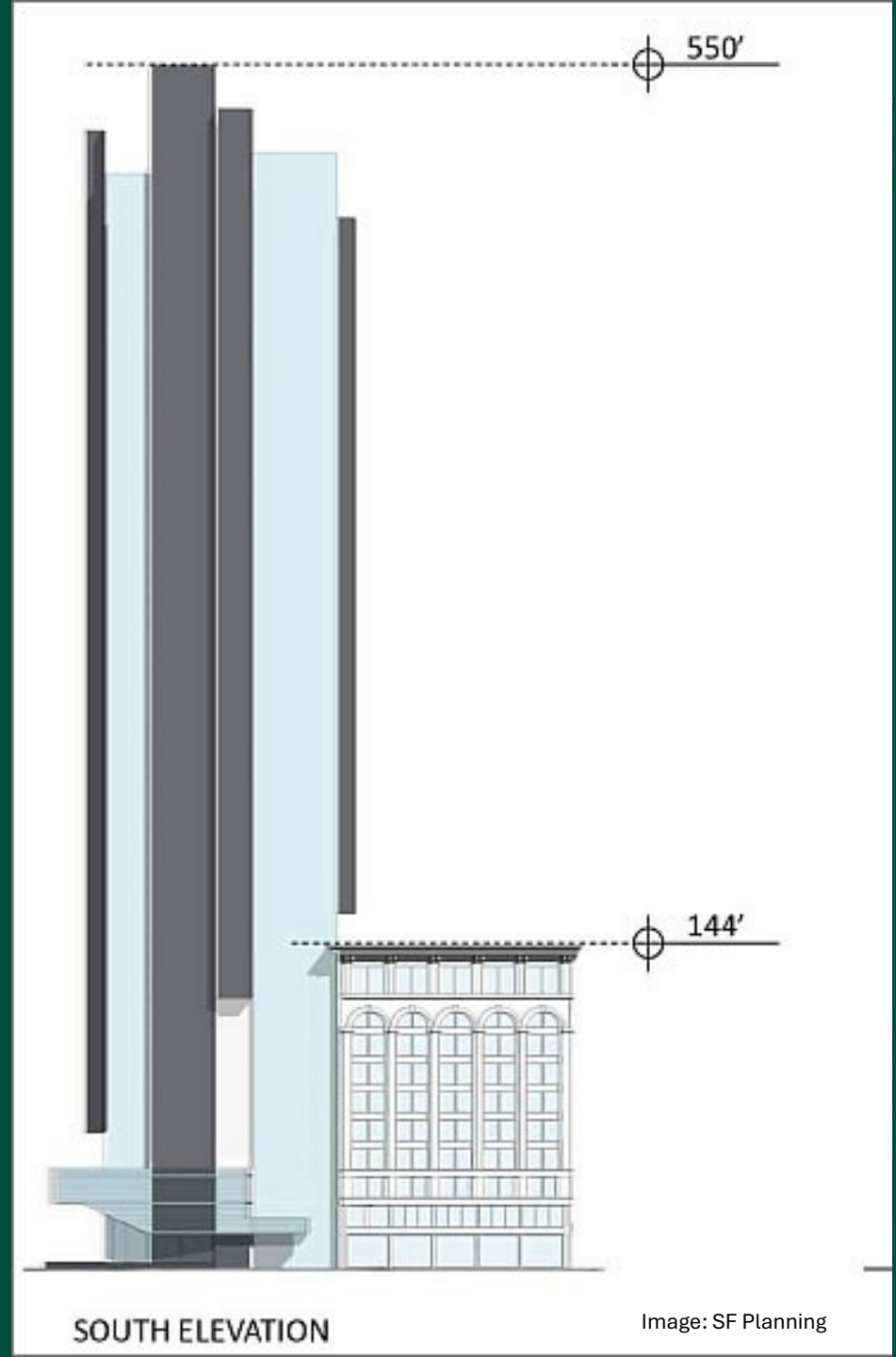
100 Van Ness (Image: SPUR)



Image: Wikimedia Commons

Additions

46-story addition
to historic
Aronsens Building



SOUTH ELEVATION

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)

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.

Key Additional Exemptions for Major Renovations Only

ISSUE

Affordable housing

APPROACH

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

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

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](https://sfenvironment.org)



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