



FILE

**COUNCILMEMBER DONNA FRYE**  
City of San Diego  
Sixth District

**MEMORANDUM**

**DATE:** July 14, 2004

**TO:** Councilmember Scott Peters, Chair, Land Use & Housing

**FROM:** Councilmember Donna Frye *Donna Frye*

**SUBJECT:** Adoption of Energy Efficiency-Based and On-Site Generation Utility Allowance Schedules

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I strongly encourage the City Council to adopt an Energy Efficiency-Based Utility Allowance schedule for the San Diego Housing Commission. This policy would:

- Benefit and reward owner-developers of affordable housing for their investments in energy efficiency by increasing their cash flow
- Help to lower energy bills for affordable housing tenants
- Improve comfort in affordable and senior housing
- Require minimal implementation effort, and
- Contribute to San Diego's energy self-sufficiency

The cost and availability of energy is a major concern for San Diego. The low income community is particularly hard hit by high energy costs. The burden of utility bills on the poor is more than four times the average 4% others pay.

One of the ways that San Diego can help ensure it has sufficient energy at reasonable costs to consumers is to encourage owners and developers of multi-family buildings to adopt design and construction improvements that reduce the wasteful and unnecessary use of energy while improving comfort for the buildings' occupants.

The California Public Utilities Commission (CPUC) funds an energy efficiency program titled ***Designed for Comfort: EFFICIENT AFFORDABLE HOUSING (EAH)***. This program is offered as a public service to housing authorities and owner-developers of affordable housing.

The entity running this program is the Hescong Mahone Group, Inc (HMG). HMG assists housing authorities to develop and adopt utility allowance schedules that recognize the advantages provided to tenants by energy efficiency and by on-site generation. The Energy Efficiency-Based and On-Site Generation Utility Allowance (EEBUA and OGUA) schedules

allow the affordable housing owner-developer to recoup investments in energy efficiency and renewables in both new construction and rehab projects. Both alternative schedules recognize the energy cost savings of efficient construction and on-site generation, and are structured such that these utility savings are shared between the owner and tenants.

To qualify for either adjusted utility allowance schedule, the owner-developer would need to provide the Housing Commission documentation to verify tenants' energy savings. This is the same documentation currently required for owner-developers who take advantage of utility and California Energy Commission incentives.

HMG is offering a high level of assistance to the Housing Commission: assistance with developing utility allowances schedules, support with adopting the policy, establishing implementation procedures, implementation assistance, and marketing the new utility allowance schedules to owner-developers. They are also offering to give the City a computer model for making effortless updates each time the Standard Utility Allowance schedule is revised. Further, the EAH program provides substantial cash incentives to a limited number of affordable property owners for making efficiency improvements. These one or two projects will serve as case studies to confirm for the SDHC that use of the Energy Efficiency-Based Utility Allowance schedule is both easy and effective.

This policy is a win-win-win for affordable housing tenants, owner-developers, and the City of San Diego. Continuing to pursue policies that encourage energy efficiency and renewable energy will bring us that much closer to energy independence, and help maintain the clean environment that makes San Diego so attractive.

I respectfully request that you docket the proposal for consideration by the Land Use and Housing Committee as soon as possible. Thank you for your time and commitment to this issue.

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Cc: Mayor and City Councilmembers  
Betsy Morris, CEO, Housing Commission