

October 30, 2024

Hon. Vanessa Delgado, Chair
South Coast Air Quality Management District Governing Board
21865 Copley Dr.
Diamond Bar, CA 91765

Dear Chair Delgado and Governing Board members –

We are reaching out on behalf of BizFed, the Los Angeles County Business Federation, an alliance of more than 200 business organizations representing more than 400,000 employers in Los Angeles County, including large and small businesses in a wide range of industries throughout the South Coast Air Basin (SCAB).

We are writing once again regarding Proposed Amended Rule (PAR) 1111 and PAR 1121; as stated previously, many of the businesses we represent have or will be writing their own individual comment letters that specifically address the impacts to their industries. Our comments address the impacts on the business community as a whole and include the overarching concerns of our diverse membership.

We appreciated the dialogue around the challenges these potential new rules will pose to homeowners and renters at the October 18 Stationary Source Committee meeting. Of particular note were comments and questions about the construction impacts of these rules on both single-family and multifamily residences.

In our previous correspondence with the Board on PAR 1111 and 1121, BizFed provided detailed cost information on implementation of the proposed rules at two multifamily properties. An additional copy of that presentation is attached as Exhibit A. As a result of Committee member questions regarding the length of time it will take to make the required improvements to the subject properties, BizFed representatives asked the contractor to provide a sample construction schedule for the two properties.

As you will see in Exhibits B and C, the proposed improvements at the subject properties are substantial. In the example of Site #1 (Exhibit B), a more modern, three-story walk-up property, construction will take more than a month to complete. In such a scenario, the landlord could choose to relocate the tenants (in this case, two apartments are retrofitted at the same time) to a hotel. Please note that these costs are not included in the cost estimate we have provided. Alternatively, the landlord could choose to evict the tenants in order to eliminate the temporary relocation costs.

In example #2 (Exhibit C), it is much more likely that the tenants of the much older apartments would be evicted, given the substantial disruption to the property and duration

of the associated improvements. A summary of the current state law on tenant protections provided by your staff to the public for the workshop on August 15, 2024 is attached as Exhibit D.

What is clear from these examples is that the market is not ready for rules of this scope and breadth. The cost implications are astronomical and the disruptions to homeowners and renters alike are breathtaking.

We again urge the Governing Board to take further time to understand the impact(s) these rules will have on the 16 million-plus residents of the South Coast Air Basin region and to initiate a public awareness campaign PRIOR TO consideration of these rules to solicit greater input. We also urge the Governing Board to defer to 2029 the implementation dates included within the most recent versions of each Rule; by doing so, you will be giving time for the market to develop new technologies that could reduce the cost and displacement impacts of these new rules and align them with the District's own 2022 Air Quality Management Plan (AQMP) and the State's planned decarbonization of the electric grid.

Thank you in advance for your attention to these critical issues. We look forward to continuing to collaborate with you to make these proposed rules less onerous and impactful to the homeowners and renters in our region. Thank you for your thoughtful consideration.

Sincerely,



Fran Inman
BizFed 2024 Chair
Majestic Realty



David Fleming
BizFed Founding Chair



Tracy Hernandez
BizFed Founding CEO
IMPOWER, Inc.



David Englin
BizFed President

BizFed Association Members

Action Apartment Association
Advanced Medical Technology Association
Alhambra Chamber
American Beverage Association
Antelope Valley Chamber formerly Lancaster Chamber of Commerce
Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Apartment Association, CA Southern Cities, Inc.
Apartment Association of California
Arcadia Association of Realtors
AREAA North Los Angeles SFV SCV
Armenian American Business Association
Armenian Trade & Labor Association
Arts District Los Angeles
ASCM Inland Empire Chapter
Associated Builders & Contractors SoCal (ABC SoCal)
Associated General Contractors
Association of Independent Commercial Producers
AV Edge California
Azusa Chamber
Bell Chamber
Beverly Hills Chamber
BioCom

Black Business Association
Black Professional Network
Boyle Heights Chamber of Commerce
Bridge Compton Org
Building Industry Association - LA/Ventura Counties
Building Industry Association of Southern California
Building Industry Association- Baldyview
Building Owners & Managers Association of Greater Los Angeles
Burbank Association of Realtors
Burbank Chamber of Commerce
Business and Industry Council for Emergency Planning and Preparedness
Business Resource Group
CalAsian Chamber
CalChamber
California African American Chamber of Commerce
California Apartment Association- Los Angeles
California Asphalt Pavement Association
California Bankers Association
California Black Chamber of Commerce
California Business Properties
California Business Roundtable
California Cleaners Association

California Contract Cities Association
California Council for Environmental & Economic Balance (CCEEB)
California Fuels & Convenience Alliance- Formerly California Independent Oil Marketers Association (CIOMA)
California Gaming Association
California Grocers Association
California Hispanic Chamber
California Hotel & Lodging Association
California Independent Petroleum Association
California Infrastructure Delivery Coalition
California Life Sciences Association
California Manufacturers & Technology Association
California Metals Coalition
California Natural Gas Producers Association
California Restaurant Association
California Retailers Association
California Self Storage Association
California Small Business Alliance
California Travel Association (CalTravel)
California Trucking Association
Californians For Smarter Sustainability
Carson Chamber of Commerce
Carson Dominguez Employers Alliance

Central City Association
 Century City Chamber of Commerce
 Chatsworth Porter Ranch Chamber of Commerce
 Citrus Valley Association of Realtors
 Civil Justice Association of California CJAC
 Claremont Chamber of Commerce
 Commerce Business Council formerly Commercial
 Industrial Council/Chamber of Commerce
 Compton Chamber of Commerce
 Compton Community Development Corporation
 Compton Entertainment Chamber of Commerce
 Construction Industry Air Quality Coalition
 Construction Industry Coalition on Water Quality
 Council of Infill Builders
 Crenshaw Chamber of Commerce
 Culver City Chamber of Commerce
 Downey Chamber of Commerce
 Downtown Alliance
 Downtown Long Beach Alliance
 DTLA Chamber of Commerce
 El Monte/South El Monte Chamber
 El Salvador Corridor Association
 El Segundo Chamber of Commerce
 Employers Group
 Energy Independence Now EIN
 Engineering Contractor's Association
 EXP The Opportunity Engine
 FastLink DTLA
 Filipino American Chamber of Commerce
 Friends of Hollywood Central Park
 FuturePorts
 Gardena Valley Chamber
 Gateway to LA
 Glendale Association of Realtors
 Glendale Chamber
 Glendora Chamber
 Greater Antelope Valley AOR
 Greater Bakersfield Chamber of Commerce
 Greater Coachella Valley Chamber of Commerce
 Greater Downey Association of REALTORS
 Greater Lakewood Chamber of Commerce
 Greater Leimert Park Crenshaw Corridor BID
 Greater Los Angeles African American Chamber
 Greater Los Angeles Association of Realtors
 Greater Los Angeles New Car Dealers Association
 Greater San Fernando Valley Chamber
 Harbor Association of Industry and Commerce
 Harbor Trucking Association
 Historic Core BID of Downtown Los Angeles
 Hollywood Chamber
 Hospital Association of Southern California
 Hotel Association of Los Angeles
 ICBWA- International Cannabis Women Business
 Association
 Independent Cities Association
 Independent Hospitality Coalition
 Industrial Environmental Association
 Industry Business Council
 Inglewood Board of Realtors
 Inland Empire Economic Partnership
 Irwindale Chamber of Commerce
 Kombucha Brewers International
 La Cañada Flintridge Chamber
 LA County Medical Association
 LA Fashion District BID
 LA South Chamber of Commerce
 Larchmont Boulevard Association
 Latin Business Association
 Latino Food Industry Association
 Latino Golfers Association
 Latino Restaurant Association
 LAX Coastal Area Chamber
 Licensed Adult Residential Care Association-
 LARCA
 Long Beach Area Chamber
 Long Beach Economic Partnership
 Long Beach Major Arts Consortium
 Los Angeles Area Chamber
 Los Angeles Economic Development Center
 Los Angeles Gateway Chamber of Commerce
 Los Angeles Latino Chamber
 Los Angeles LGBTQ Chamber of Commerce
 Los Angeles Parking Association
 Los Angeles Regional Food Bank
 MADIA Tech Launch
 Malibu Chamber of Commerce
 Manhattan Beach Chamber of Commerce
 Manhattan Beach Downtown Business &
 Professional Association
 Marina Del Rey Lessees Association
 Marketplace Industry Association
 Monrovia Chamber
 Motion Picture Association of America, Inc.
 MoveLA
 MultiCultural Business Alliance
 NAIOP Southern California Chapter
 NAREIT
 National Association of Minority Contractors
 National Association of Theatre Owners

CA/Nevada
 National Association of Women Business Owners
 National Association of Women Business Owners -
 LA
 National Association of Women Business Owners-
 California
 National Federation of Independent Business
 Owners California
 National Hookah
 National Latina Business Women's Association
 Norwegian American Chamber of Commerce
 Ofiso Community Foundation
 Orange County Business Council
 Orange County Hispanic Chamber of Commerce
 Pacific Merchant Shipping Association
 Panorama City Chamber of Commerce
 Paramount Chamber of Commerce
 Pasadena Chamber
 Pasadena Foothills Association of Realtors
 PGA
 Pharmaceutical Care Management Association
 PhRMA
 Pico Rivera Chamber of Commerce
 Pomona Chamber
 Rancho Southeast REALTORS
 ReadyNation California
 Recording Industry Association of America
 Regional CAL Black Chamber, SVF
 Regional Hispanic Chambers
 San Gabriel Valley Economic Partnership
 San Pedro Peninsula Chamber of Commerce
 Santa Clarita Valley Chamber
 Santa Clarita Valley Economic Development Corp.
 Santa Monica Chamber of Commerce
 Secure Water Alliance
 Sherman Oaks Chamber
 Signal Hill Chamber
 South Bay Association of Chambers
 South Bay Association of Realtors
 South Gate Chamber of Commerce
 Southern California Contractors Association
 Southern California Golf Association
 Southern California Grantmakers
 Southern California KFC Franchise
 Southern California Leadership Council
 Southern California Minority Suppliers
 Development Council Inc.
 Southern California Water Coalition
 Southland Regional Association of Realtors
 Specialty Equipment Market Association
 Structural Engineers Association of Southern
 California
 Sunland/Tujunga Chamber
 Sunset Strip Business Improvement District
 Swiss American Chamber of Commerce
 Thai American Chamber of Commerce
 The Bridge Network
 The LA Coalition for the Economy & Jobs
 The Los Angeles Taxpayers Association
 The Two Hundred for Homeownership
 Torrance Area Chamber
 Tri-Counties Association of Realtors
 United Chambers – San Fernando Valley & Region
 United Contractors
 United States-Mexico Chamber
 Unmanned Autonomous Vehicle Systems
 Association
 Urban Business Council
 US Green Building Council
 US Resiliency Council
 Valley Economic Alliance, The
 Valley Industry & Commerce Association
 Venice Chamber of Commerce
 Vermont Slauson Economic Development
 Corporation
 Veterans in Business
 Vietnamese American Chamber
 Village of Sherman Oaks BID
 Warner Center Association
 West Covina Chamber
 West Hollywood Chamber
 West Hollywood Design District
 West Los Angeles Chamber
 West San Gabriel Valley Association of Realtors
 West Valley/Warner Center Chamber
 Westchester BID
 Western Electrical Contractors Association
 Western Manufactured Housing Association
 Western Propane Gas Association
 Western States Petroleum Association
 Westside Council of Chambers
 Westwood Community Council
 Whittier Chamber of Commerce
 Wilmington Chamber
 World Trade Center
 Yes in My Backyard
 7-Eleven Franchise Owners Association of
 Southern California



Los Angeles
County
Business
Federation

Strengthening the Voice of Business Since 2008

Case Study - October 2024

- ❖ Site #1 Case Study - Rule 1121
- ❖ Site #2 Case Study - Rule 1111 & 1146.2



PROJECT DATA

Site #1

County: Orange

Year Built: 2008

Product Type: Garden, 3 Story

Unit Count: 500+ Units

Density: 24.3 Units / Acre

Hot water heating: Individual gas hot water heaters (Bradford White, 50 gal.)

HVAC: Carrier Split system outdoor condensing units, hydronic First CO fan coils

SITE #1 - SCOPE



Scope:

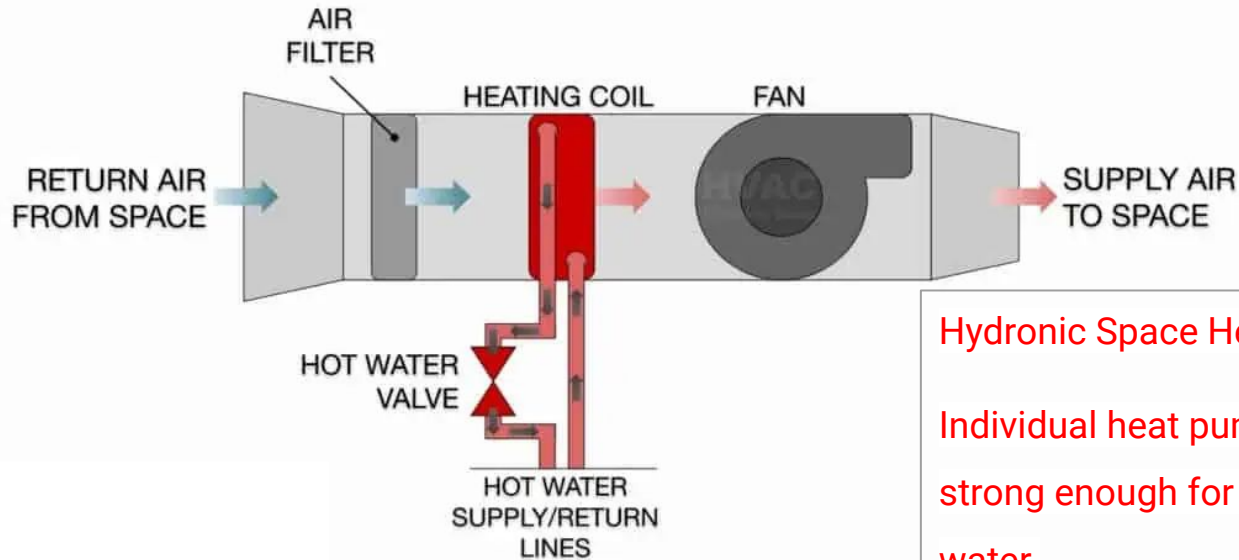
- Replace all hot water heaters, fan coils, and condensers
- Remove & replace drywall and stucco to create new pathways
- Install new electric meter breakers, feeders, and subpanels
- New dedicated circuits to hot water heaters
- Fire rated lineset shafts
- Louvered utility doors
- Provide temporary water heater trailer during construction

SCAQMD - 1121

Compliance date: January 1, 2027

(Proposed)

SITE #1 - HYDRONIC HVAC



Hydronic Space Heating:

Individual heat pump hot water heaters are not strong enough for space heating and domestic hot water.

Result: Remove existing forced air unit and AC condenser and replace both appliances with Heat Pump HVAC, and upgrade power to forced air unit to 208v, if existing is 120v.

SITE #1



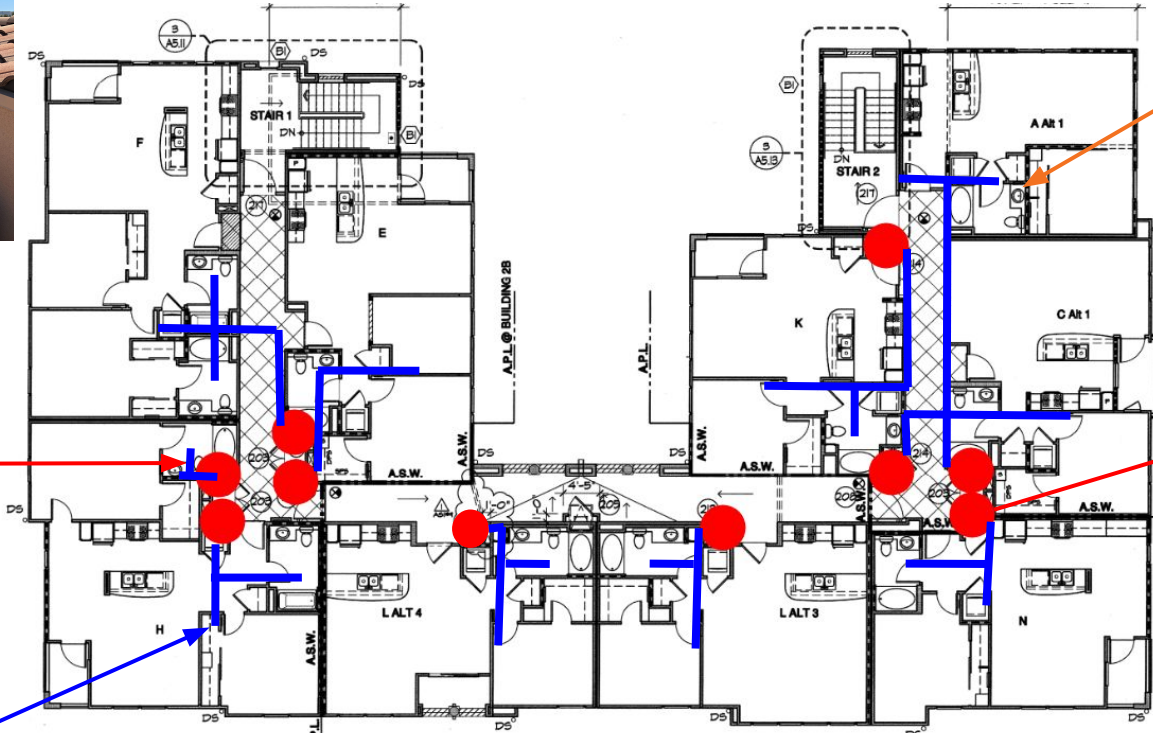
New Heat Pump Condensers with Fire Rated Shafts



New Heat Pump Water Heaters



New Electrical Panels at all units



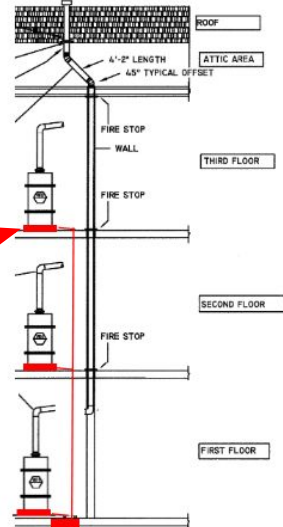
New Heat Pump Hot Water Heater



New Dedicated Electrical Circuit to hot water heater and forced air unit at all units



New Forced Air Unit with Dedicated Electrical Circuits at all units



New Stacked Drain Pans with trench to existing sewer at each stack

SITE #1

Electrical Distribution System



Existing	Transformer Utility Owned	Utility Owned	600A - 800A	600A - 800A	70 Amp	#2-3 AWG	125 Amp	None
Change Required	Utility Providers Option	No	No	No	125 Amp	# 1-2	125 Amp Extra Slots	HWH, FAU



SITE #1 - BUDGET

Estimated Project Budget			
	Total	Unit	%
Construction Costs			
Electrical	4,889,280	9,260	25
HVAC - Condenser	3,093,084	5,858	15
Plumbing - Heat Pump Hot Water Heater	2,523,555	4,780	13
Contractor Fees & Supervision (24 mo)	1,950,216	3,694	10
Drywall and Paint	1,067,856	2,022	6
Framing	865,800	1,640	4
Building Demolition	528,000	1,000	3
Building Clean Up	448,800	850	2
Insurance	207,882	394	1
Total Construction Costs	15,574,473	29,498	79
Design Costs			
Permits & Fees 2%	311,489	590	2
Design	578,000	1,095	3
Construction Consultants	528,000	1,000	3
Total Design Costs	1,417,489	2,685	8
Contingency	2,599,770	4,924	13
Total Project Costs	19,591,733	37,106	100

PROJECT DATA

Site #2

County: Orange

Year Built: 1970s

Product Type: Garden, 2 story

Unit Count: 300+ Units

Density: 14.8 units / acre

Hot water heating: Boiler, tankless instantaneous heating. (Noritz NC199 CR-60)

HVAC: No air conditioning, individual gas furnace heater (Gaffers and Sattler)

Site #2 - SCOPE



Existing:

- Hot water heating via gas-fired, equipment located in common utility closet
- Gas furnace only, no air conditioning

Scope:

- Remove gas furnace, install new electric furnace with dedicated circuit
- Build new heat pump boiler closet on side of building
- R/R existing transformers
- Trench between transformers and residential buildings, and between building closets. Requiring detailed safety practices when trenching adjacent to live underground wires.
- New electrical sub-panel, building panel, feeders, grounds, breakers, meters, meter housing
- Provide temporary water heater trailer during construction

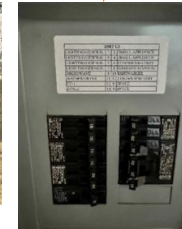
SCAQMD - 1111 & 1146.2

Site # 2

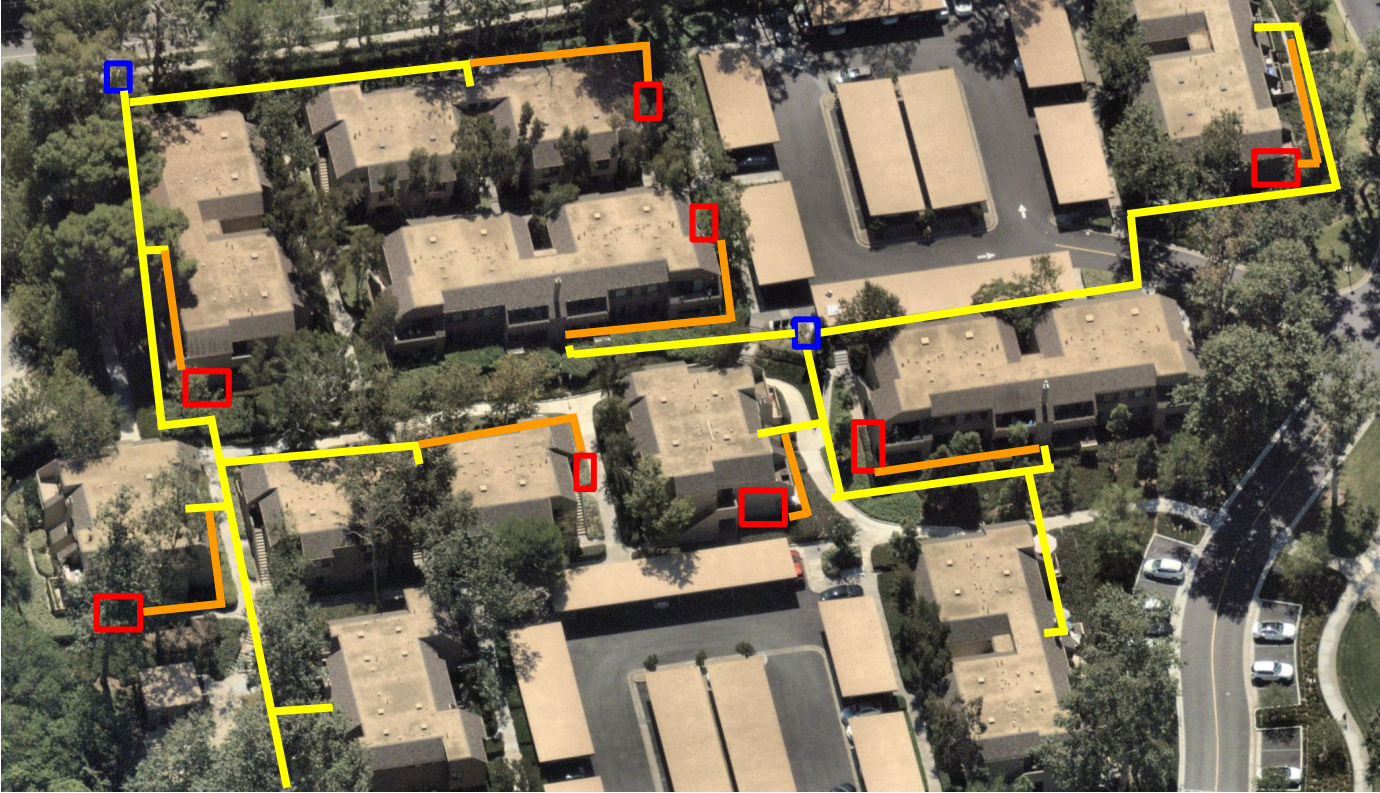
Electrical Distribution System



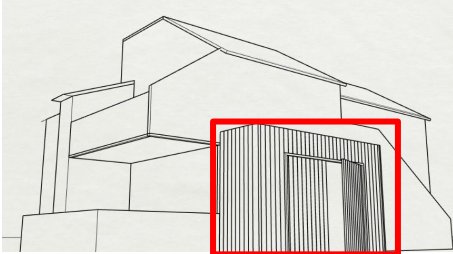
Existing	Transformer Utility Owned	Utility Owned	400-600A	400-600A	75 Amp	#4 AWG	90 Amp	None
Upgrade	Yes	Yes	Yes	600-800A	90 Amp	#1 AWG	125 Amp	FAU



SITE #2 - SITE UPGRADES



New Below Grade Electrical Trenches to All Buildings (Yellow)
New Joint Electrical & Water Trench Between New Closet & Original Closet (Orange)



New Boiler Closet (Red)



New Below Grade Electrical Transformer (Blue)

SITE #2 - BUDGET

Estimated Project Budget			
	Total	Unit	%
Construction Costs			
Plumbing - Heat Pump Hot Water Heater	4,146,240	12,564	17
Trenching & Hardscape Repairs	3,899,000	11,815	16
Electrical	2,953,125	8,949	13
Contractor Fees & Supervision (36 mo)	2,594,415	7,862	10
HVAC - Furnace	1,940,000	5,879	8
Building Demolition	1,746,000	5,291	8
Drywall and Paint	749,325	2,271	3
Landscape	599,500	1,817	2
Building Clean Up	329,800	999	1
Windows, Doors, and Framing	296,400	898	1
Insurance	199,970	606	1
Signage	28,500	86	0
Total Hard Costs	19,482,275	59,037	81
Design Costs			
Permits & Fees 2%	389,646	1,181	2
Design	444,000	1,345	2
Construction Consultants	530,000	1,606	2
Total Design Costs	1,363,646	4,132	6
Contingency	3,189,426	9,655	13
Total Project Costs	24,035,347	72,825	100

RULE RECOMMENDATIONS - 1111 & 1121

Recommendations / Alternative Compliance	Justification
Compliance Date - Existing Buildings	Delay 1111/1121 compliance dates to 1/1/2029 to align with 2022 AQMP (table 4-20) Grid decarbonization 60% renewable sources by 2030
Hydronic HVAC Compliance Date	More complicated & expensive retrofit, suggest 1/1/2033 as compliance date to allow for complexity. (Similar to 1146.2)
Alternative Compliance:	
1.) Heat Pump Availability	Allow for extension if heat pump hot water heaters are back ordered due to demand. (if it was a state, South Coast Air Basin would be fifth largest)
2.) Hardship \$ > \$20,000 per apartment home	Allow for two year extension if competitive bid shows cost to convert is over \$20,000 / unit

2022 Air Quality Management Plan (SCAQMD)



Final 2022 SCAQMD - AQMP reference

- SCAQMD staff is proposing 1/1/2027 (1121) and 1/1/2028 (1111) as the implementation dates for existing buildings, which is contrary to the 1/1/2029 timeframe in the 2022 Air Quality Management Plan adopted by the Governing Board

Chapter 4: Control Strategy and Implementation

TABLE 4-20

ADOPTION AND IMPLEMENTATION SCHEDULE OF STATIONARY SOURCE CONTROL MEASURES

Number	Title [Pollutant]	Proposed Adoption Date	Proposed Implementation Timeframe
South Coast AQMD Stationary Source NO_x Measures:			
Residential Combustion Source Measures:			
R-CMB-01	Emission Reductions from Replacement with Zero Emission or Low NO _x Appliances - Residential Water Heating [NO _x]	2024	2029
R-CMB-02	Emission Reductions from Replacement with Zero Emission or Low NO _x Appliances - Residential Space Heating [NO _x]	2024	2029

Site #1 Illustrative Construction Schedule

Task	Days	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
Electrical	28	Demo: Panel, feeders, & meter breaker. Install: Conduit, wires, breakers, panel, outlet, & city inspection							
Electrical Outage	28	Electrical Outage							
HVAC	31		Demo: Forced air unit, AC condenser, abate refrigerant Install: Line sets in metal conduit, forced air unit, condenser, & city inspections						
HVAC Outage	31		HVAC Outage						
Hot Water	36		Demo: Water heater, pan, earthquake straps, hydronic pipes, cap gas Install: Heat pump water heater with pan drain to sewer, valves, & city inspections						
Hot Water Outage	36		Hot Water Outage						
Drywall / Painting	12							Drywall, city inspection, texture, cleaning & painting	
Complete & Lease Up	1								

•1 apartment example schedule
 (Total project 3 years. \$20 million for 500+ unit property at \$37,000 / unit built in 2000's)

Site #2 Illustrative Construction Schedule

Task	Days	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Site Work	121	Demo:Landscape, concrete, city inspection Install:Transformer, trench, conduit, wires, build back, & city inspection							
Electrical Outage	121	Electrical Outage							
Electrical - Bldg.	120		Demo:Abatement, panel, feeders, & switchgear Install:Conduit, wires, panels, outlet, switchgear, meters, & city inspection						
Electrical Outage	120		Electrical Outage						
HVAC	135		Demo: Abatement, gas furnace, AC condenser, Install: Electric furnace & city inspections						
HVAC Outage	135		HVAC Outage						
Hot Water	135		Demo: Water heater Install: Fencing, heat pump boiler, trench, valves, & city inspections						
Hot Water Outage	135		Hot Water Outage						
Drywall / Painting	60				Drywall, city inspection, texture, cleaning & painting				
Complete & Lease Up	1								

• 1 eight unit apartment building example schedule (5.5 Months)
 (Total project 3 years. \$41 million for 500+ unit property at \$73,000 / unit, built in 1970's)

State Laws for Rental Stabilization and Tenant Protection: Challenges

20

- ▶ Allows landlord to evict tenants to renovate a unit/building for substantial remodels
 - Substantial remodels – any modification that requires a permit or abatement of hazardous materials that cannot be safely accomplished within 30 days
 - Cost of obtaining permits may not deter landlords and costs can be recovered by eviction and relisting with increased rent
- ▶ Owners can reset rents to market rate at vacancy, then resume conforming to annual cap of 5% + inflation

