

BNBA CLCPA Testimony

The Buffalo Niagara Builders Association (BNBA), a chapter of the New York State Builders Association, supports the reduction of greenhouse gas emissions and recognizes the importance of the work of the Climate Action Council in the preparation of a draft scoping plan. The draft plan however does not include an essential requirement that the cost to consumers for mandated changes must be carefully evaluated in a transparent manner. To implement many of the recommended changes because of the significant additional costs to our residents, an economic incentive is critical to adoption. Without a cost analysis prior to adoption, the need for a rebate or credit and the amount of the same cannot be appropriately considered. The cost consequences should not be left as an afterthought. Rather it should be an essential part of the process of implementing change. Whether it is a requirement to use a heat pump or a mandate to include EV charging in new construction or substantial rehabilitation that is the focus of change, both the cost and practical implementation must be considered before adoption. To view code and other construction changes only through an environmental lens extending to 2050 without seriously examining affordability and practical implementation issues does not bring the appropriate balance necessary to effectively decarbonize the built environment. Further, serious examination of the consequences of recommended changes does not derail the objective.

BNBA's comments are directed to establishing an equitable and transparent pathway to adoption of building decarbonization. BNBA supports a balanced approach that achieves the goals in 2050 but maintains affordability, using available technology and materials to reach goals with customer rebates or credits if required to maintain affordability. This is particularly important as new technologies are first introduced.

An analysis of the costs of decarbonization and the need for rebates and credits should be equally applied to both new construction and existing housing. Between 2019 and 2021 in New York state the average annual construction of new privately owned residential units equaled approximately 41,200 units, which is already one of the smallest number of permits in the country. In Erie county there were only 1,059 new single and multi-family residential unit permits issued in 2021. Any policy decision that makes new home construction less favorable to existing housing stock reduces the number of new homes, which are already significantly more energy efficient than existing housing stock. If the sale of new homes is negatively impacted by code and electrification requirements, this would negatively impact the objective of Greenhouse Gas reduction. New homebuyers have a choice between purchasing new and existing housing and cost is a primary consideration in their purchase.

If cost increases for new home construction exceeds the ability of consumers to afford new energy efficient homes, that creates a barrier to home ownership. The National Association of Home Builders calculates that 60% of all US households are unable to afford a median priced home (\$346,577). A thousand dollar increase in price of a median priced home will price an additional 153,967 households out of the market. Without a comparable off-set the new home buyer will be required to borrow more for their mortgage which increases their qualification levels. The added expense will be reflected in their mortgage payments for the term of their loan. Additionally, they will also pay increased property taxes due to higher assessments. The banking industry is not taking into consideration the lower energy costs these new homes will have and the effect on the borrower's monthly expenses.

The scoping plan focuses on the adoption of all electric building codes on an accelerated basis and recommends changes to the code council process for adopting code changes. Currently the code council works from the baseline of the International Code. Changes are made to the International Code by either not accepting recommended changes or adding new provisions which are related to local conditions. The code council's mission would shift to the goals of the CLCPA, not conforming with the national building code standards. Most concerning is that the code council would scrap the requirement that it evaluates code changes from the perspective of a payback in a ten-year period.

The code council should not be driven solely by the goals of decarbonization. Transparency as to cost, payback for code changes and the impact on emissions are critical so that any code changes are carefully considered. This type of analysis is necessary to make decisions on individualized code changes such as the mandatory use of a heat pump. A heat pump would not only be a cost factor but it has not yet proven to be effective in the extreme temperatures of a Western New York winter. And in areas with frequent power outages, backup generators are often relied on for extended periods with natural gas.

Heat pumps, appliances, resilience standards and other code changes taken together represent a significant portion of the cost of a new home. Without a rigorous examination of pay back and additional value added to a new home, the negative consequence on the sale of new homes would be significant. Particularly at a time when lumber, tradespeople, laborers, materials and other costs are exploding. The current NYSERDA rebates are not sufficient to motivate purchasers to select heat pumps much less an electrified home. Rebates cannot be properly considered without accurate cost and pay back information. The enactment of building code requirements cannot avoid the question arising as to how new homebuyers will be able to afford the enormous price increases that would be based on code changes together with continued marked increases for materials and labor. Policy choices no matter how important alone without cost factors cannot dictate outcomes.

The abandonment of natural gas without consideration of alternatives including a mix of energy sources to achieve emission goals is not a reasonable and balanced approach required to reach the goals. Every avenue for change should be examined to achieve the goals in an inclusive and affordable approach. This is especially important in many parts of New York State where the cost of renewable energy is both significant and the timetable for such energy changes continues to be expanded to the point where a majority of such power will not be reliable until at least 2035.

California has established incentive programs to implement building decarbonization. Incentive and rebate programs need to be established in tandem with Building Code adoption. In addition, implementation should be accompanied by consumer education, contractor training and vender training.