

BUILD Program

Introduction:

- In 2018, Senate Bill 1477 (Stern, Chapter 378, Statutes 2018; SB 1477) authorized two building decarbonization programs: (1) Building Initiative for Low-Emissions Development Program (BUILD), and (2) Technology and Equipment for Clean Heating Initiative (TECH).
- BUILD is a GHG emission reduction program and incentives shall be based on whole building GHG performance.
- The BUILD Program will provide incentives for the installation of near-zero emission building technologies in new residential buildings that reduce GHG emissions significantly beyond what otherwise would be expected to result from implementing the prescriptive standards described in Part 6 of Title 24 of the California Code of Regulations (California Energy Code).
- Main technologies would be space heating and water heating but will have a list of prescriptive technology.

Budget and Incentives:

- Program Costs (direct incentives for low-income housing developments): \$60,000,000
- Funding accrues over a four-year period, from Fiscal Year (FY) 2019-2020 to FY 2022-2023. It is a 4-year program, but the program term is from when it starts. So, if it starts in 2022, it will be through 2026.
- BUILD Program Budget Allocation by Natural Gas Territory

Natural Gas Utility Territory	Allocated % of Budget	Approximate Incentive Amount in Millions
Southern California Gas Company	49.26%	\$ 29.5 mn
Pacific Gas and Electric Company	42.34%	\$ 25.4 mn
San Diego Gas and Electric Company	6.77%	\$ 4 mn
Southwest Gas Corporation	1.63%	\$ 1 mn

- For building design features that are additional to those considered in the pre-determined modeled base incentive rate values and represent additional GHG emission reductions, staff propose a small suite of 'kicker' incentives, offered at a flat rate for specific design features on top of prescriptive or modeled incentive levels. These technologies could include induction cooktop, onsite energy storage, heat pump clothes dryer and other technologies. These incentives are only available if all the prescriptive technologies are installed.
- There may be a 3-project cap limit per applicant, but this is a big TBD.

Eligibility:

- Projects must meet the following eligibility criteria, as further described:
 - New residential housing
 - All-electric with EE compliance based on T24
 - Low-income
 - Eligible service territory
- Low Income residential housing can be defined as:
 - A multifamily residential building of at least two rental housing units that is operated to provide deed-restricted low-income residential housing⁶ and that meets one or both of the following conditions:
 - The property is in a disadvantaged community⁷ or low-income community; or
 - At least 80 percent of the households living in the building have incomes at or below 60 percent of the area median income

(OR)

- An individual low-income residence¹⁰ as described in subparagraph (C) of paragraph (3) of subdivision (a) of Section 2852 of the Public Utilities Code.
 - NOTE: Public Utilities Code section 2852 (a)(3)(C) defines low-income residential housing to include: “An individual residence sold at an affordable housing cost to a lower income household that is subject to a resale restriction or equity sharing agreement, for which the homeowner does not receive a greater share of equity than described in paragraph (2) of subdivision (c) of Section 65915 of the Government Code,[11] with a public entity or nonprofit housing provider organized under Section 501(c)(3) of the Internal Revenue Code[12] that has as its stated purpose in its articles of incorporation on file with the office of the Secretary of State to provide affordable housing to lower income households.”
- New residential building eligible for participation in BUILD is defined in D. 20-03-027 as one of the following:
 - A building that has never been used or occupied for any purpose; or
 - Any work, addition to, remodel, repair, renovation, or alteration of any building(s) or structure(s) when 50 percent or more of the exterior weight bearing walls are removed or demolished; or
 - An existing building repurposed for housing, whose original use was not residential.
 - Consistent with this requirement, staff have identified that eligible new residential building types may include:
 - Single-Family homes.
 - Duplexes.
 - Triplexes.
 - Condominiums.
 - Multifamily buildings.
 - Dormitories.
 - Residence hotels.
 - Assisted living facilities.
 - Farmworker housing in agricultural zones.
 - All-electric mixed-use buildings (which include residential occupancies).