

### **Climate Action Council Draft Scoping Plan Public Comment**

NYSAR supports the commitment New York has made to reduce greenhouse gas emissions. Yet, while we and many New Yorkers support this general concept, serious and significant questions remain unanswered about cost and feasibility of some of the recommendations in the Draft Scoping Plan.

An April 2022 poll of 928 New York State residents, conducted by the firm American Strategies, suggests broad support among New Yorkers for solutions to the global problem of climate change. However, this poll also found that when New Yorkers hear more details about proposals to require all buildings to replace their oil or natural gas heating systems with electric ones once they stop working, only 43 percent of New Yorkers are supportive. Furthermore, 76 percent of New Yorkers are very concerned about the costs of retrofitting a home. Given these concerns by an overwhelming majority of New Yorkers, the costs and timeline for any transition away from oil and gas must be transparent to the public.

Unfortunately, the Climate Action Council's Draft Scoping Plan fails to adequately analyze the economic realities faced by New Yorkers and sheds no light on the plan's impact on current and future homeowners and commercial property owners. The adopted plan must not only help the State achieve its emission reduction targets, but it must also ensure that energy supply and delivery are affordable and reliable for consumers. Furthermore, achieving the goal of zero-emissions is pointless if the cost is untenable economic harm to New York's residents and businesses.

In the Spring of 2022, NYSAR commissioned a study (see attached) by an independent, economic consulting firm to quantify the cost of the Council's electrification proposals, which would require nearly 6 million, or 80 percent, of all New York households to transition away from utility gas and oil for home heating. This extensive study provides cost ranges and estimates for upfront construction and retrofitting of single-family and multifamily residential properties, as well as office properties. It referenced a broad range of studies on the cost of electrification to develop these cost estimates.

The study found that single-family homeowners can expect to spend anywhere from \$17,300 to \$31,700 to retrofit their homes using an air source heat pump. The cost of retrofitting a single-family home using a more efficient ground source heat pump is even higher – ranging from \$29,300 to \$50,700. The cost to build all-electric residential housing would range from \$12,000 to \$23,000 for a new single-family home in New York.

Both above cost ranges represent the cost of electrification with an air source heat pump, a full set of electric appliances (including air conditioner, water heater, cooktop range and clothes dryer), and necessary labor and infrastructure costs. With regards to new construction, it does not represent the incremental cost when compared with a newly constructed home that relies on oil or gas for heating

and cooking. Rather, it represents the full building costs of using electric infrastructure and appliances in a new build.

Regarding the cost of retrofitting multifamily housing with air source heat pumps, the cost ranges from \$13,000 to \$30,100 per unit for multifamily properties with fewer than 20 units. For properties with more than 20 units, the cost ranges from \$19,400 to \$42,900. Retrofitting multifamily properties with ground source heat pumps ranges from \$29,600 to \$42,900 per unit for properties under 20 units and \$40,800 to \$56,000 per unit for properties with more than 20 units.

Electrifying office properties in New York State would also be costly. Estimates for retrofitting an office building with an air source heat pump range from \$12-\$21 per square foot. Retrofitting an office building with a ground source heat pump could cost \$17-\$24 per square foot.

The study by the Rosen Group also examined the ongoing cost implications of electrification policies. It found that the average increase in annual energy costs from electrification relative to a home using natural gas could range from \$378 when a homeowner upgrades to more efficient appliances to \$577 when a homeowner upgrades to less efficient appliances. Thus, a single-family homeowner who makes more energy efficient upgrades when retrofitting upfront can expect to have lower annual energy costs over time. However, homeowners relying on oil would likely see annual energy savings of up to \$1,900. Similarly, per unit energy costs would likely decrease annually for multifamily and office properties.

It's clear from these cost figures that the Council's electrification proposals would make homeownership even less affordable for New Yorkers at a time when New York State has the lowest homeownership rate in the country, at 54 percent in 2021, representing a decrease of 3.6 percent since 2005.<sup>i</sup> Furthermore, the current confluence of inflationary pressures and rising interest rates, if coupled with electrification policies, would put homeownership further out of reach for too many New Yorkers. A just transition away from fossil fuels must seriously address the impact of electrification policies on homeownership, housing accessibility and affordability in New York.

Last, NYSAR opposes the Council's recommendations that would require single & multifamily property owners to obtain and disclose prior year energy consumption and energy performance ratings in real estate listings. Energy consumption fluctuates wildly depending on the homeowner or tenant, and disclosure of prior year consumption would provide little insight into expected energy bills while putting a scarlet letter on much of New York's older housing stock.

Thank you for the opportunity to submit written comments.

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<sup>i</sup> <https://ipropertymanagement.com/research/homeownership-rate-by-state>