



Testimony of the  
District of Columbia Building Industry Association  
Before the  
Committee on Transportation & the Environment  
Public Hearing  
on

**B22-904, The CleanEnergy DC Omnibus Amendment Act of 2018**

The John A. Wilson Building  
1350 Pennsylvania Avenue, N.W. Room 120  
Washington, D.C. 20004  
October 9, 2018  
11:00 a.m.

Good afternoon Chairperson Cheh, members of the Committee and staff.

My name is Brad Fennell, I am a long-time resident of the District and Ward 3 homeowner for the past 11 years. I am also the current President of the Board of Directors of the District of Columbia Building Industry Association and Senior Vice President of WC Smith, a DC-based company celebrating its 50<sup>th</sup> anniversary this year. WC Smith has been a leader in the development and management of housing throughout the city, including more than 4,000 affordable units.

As you know, DCBIA represents over 450 organizations and thousands of real estate professionals involved in all areas of real estate development in the District of Columbia. Our members are well versed and our staff are experts in municipality management with respect to its effect on a jurisdiction's economic development trajectory.

We especially appreciate the opportunity to work with you Councilmember Cheh, and we thank you for organizing today's Public Hearing to provide comments on your efforts with respect to the environment and renewable energy.

DCBIA is supportive of the District's goals of increasing the use of clean energy and reducing our carbon footprint, but we must be mindful of the cost burden it places on buildings and the time associated with obtaining the qualified and experienced workforce needed to design, implement and finance these energy efficient measures. In particular, this bill's establishment of building energy performance standards will increase the cost of developing both residential and commercial properties, which inevitably gets passed down and increases the cost of living for DC residents. It also increases the cost of doing business for commercial tenants and hinders development, especially affordable housing overall in the District of Columbia.

We agree with the intent behind creating an energy standard for buildings to follow, but we can't lose sight of the unintended impact. By implementing this legislation, a rapidly expanding percentage of DC's building inventory will face higher costs. These costs impact our ability to finance projects and are in addition to the various infrastructure fees, impervious surface fees, meter fees, clean river fees, inspection fees and the new system availability fees recently enacted by DC Water. All of

this results in an increase in the cost of occupancy for District residents and commercial tenants, and hinders the production and preservation of affordable housing and ancillary development of neighborhoods.

Moreover, development projects that are associated with charitable organizations or contain an affordable housing component already face tremendous hurdles. The proposed building energy performance standards will add yet another challenge. For these projects, budgets are already stretched and resources scarce, forcing delay without government assistance in the form of tax incentives or other offsets.

Keeping these costs in mind, DCBIA would like to offer suggested amendments that are low-cost but have a high impact on the District's clean energy goals. Some examples include: (1) Expanding, not restricting, the places from which renewable energy credits can be purchased; (2) Reducing or eliminating the carve-out for local solar energy in the Renewable Portfolio Standard; (3) Provide for the use of a carbon free options such as nuclear and hydro energy as a tier 2 renewable source in the Renewable Portfolio Standard, or permit the

addition of nuclear energy under certain market conditions; and (4)

Invest more in electric vehicle infrastructure.

To help eliminate some of the costs and negative impact on affordable housing, we should consider exempting rent-controlled properties and affordable housing developments from the mandates of the building energy performance standard program. Moreover, the District should delay the implementation of this program until 2023 in order to give building owners and managers a 5-year window to prepare for their building budget and planning cycles and to allow for further implementation of the Green Bank. Lastly, the District should also consider providing businesses with a tax credit, similar to the federal 179-D Tax Credits, to incentivize deeper decarbonization. Each of these suggested amendments could offer a low-cost method of achieving the District's clean energy goals.

## **Conclusion**

The District of Columbia has witnessed one of the most promising economic renaissances in the nation while also becoming the #1 LEED

Platinum city in the WORLD under our existing standards and fee structures. We support the District's goal of achieving even greater levels of clean and renewable energy, but we must be mindful of the cost and impact on development projects, affordable housing and the overall cost of living in DC.

DCBIA is committed to working with you, the Council and the Mayor in reaching a clean energy goal that works for everyone.

Thank you again for the opportunity to provide comments at this Public Hearing.