

# San Joaquin Valley Pilot (SJV)

## Follow-up Webinar to Split Incentives and Tenant Protection Workshop

February 26, 2019

Presented by PG&E, SCE, and SoCalGas

# Agenda

- Welcome
- Safety
- Decision Language
- Split Incentives and Tenant Protections Workshop Recap
- Updated Tenant Protections Proposal
  - Documents (Affidavit Agreement between Owner and Tenant)
  - Monitoring and Reporting
- Group Discussion

# Language from SJV Pilot Decision

- “A central objective of the pilot is ensuring that all households, including those occupied by tenants, experience bill savings as a result of the pilot and do not suffer negative consequences.”<sup>1</sup>
- “It is reasonable to require all pilot administrators to seek assurance from property owners that they will not significantly increase rents or evict tenants as a result of home improvements for five years following completion of pilot appliance installations.”<sup>1</sup>
- “To address these concerns, the PAs may explore engaging a non-profit entity to administer property owner agreements stemming from the pilot, and such arrangements may be appropriate.”<sup>1</sup>
- “The workshop should at a minimum, consider the federal Weatherization Assistance Program (WAP) and SOMAH property owner-tenant agreement or affidavit models, and other models as suggested by parties.”<sup>1</sup>

<sup>1</sup> Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects, p86.

# Definition: Split Incentives and Tenant Protections

- Split Incentives occur when those responsible for paying energy bills (the tenant) are not the same entity as those making the capital investment decisions (the landlord or building owner).
  - In these circumstances, the landlord may not be inclined to make the necessary upgrades to building services when the benefits associated with the resulting energy savings accrue to the tenant.
- One method of addressing split incentives issues is to provide tenant protections in the landlord agreements.
  - Include language in the agreements that seeks to prevent property owners of rental units (multifamily or single family residences) from increasing rents beyond reasonable market increases and evicting tenants without cause.

# Tenant Protections – Affidavit Agreement Between Owner and Tenant

## Affidavit Agreement

- Affidavit will document, among other specifics:
  - Current rental rate
  - Date and amount of most recent rental increase
  - Existence of any rental agreement currently held by owner and tenant
- Affidavit will establish limitations on:
  - Rental increases for five-year monitoring period
    - Rental increases limited to 5% of current rental rate
  - Evictions for five-year monitoring period
    - No evictions without just cause where legitimate reasons include – but are not limited to – the following:
      - \* Non-payment of rent
      - \* Lease violation
      - \* Property damage
      - \* Illegal activity or drug activity
      - \* Health and safety violation
      - \* Removal of rental unit from the market
- Any current rental agreement that exists between owner and tenant that addresses rental increases and evictions will supersede Pilot Affidavit
- Signatories of the Affidavit are the Owner, Tenant, and Agency with copies being provided to all three parties
- Enforcement of Affidavit handled through local judicial system
- The CPUC Seal/Stamp and complaint contact info will appear on Affidavit

# Tenant Protections – Monitoring and Reporting

## Monitoring

- Monitor for any rent increases and/or evictions for the five-year period
  - Owner informs the Agency of current rental rate once every twelve months for five years post-implementation inspection signoff date
  - Tenant can reach out to Agency in between years to report unexpected and/or significant increases in rent or threats of eviction
- Owner is no longer monitored for rental increases or evictions after five-year period expires

## Reporting

- The Agency will file an annual report with the CPUC and IOUs
  - Monitoring
  - Enforcement
    - Enforcement of Affidavit handled through local judicial system