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Mailing Address: 5662 Calle Real #204, Goleta, CA 93117

Visitor Center: 120 State Street, St F, Santa Barbara, CA 93101

January 6, 2021

Mayor Murillo and City Council
City of Santa Barbara
PO Box 1990
Santa Barbara, CA 93102

RE: Consideration of a Building “Reach Code” Ordinance - OPPOSE

Dear Mayor Murillo and City Council:

The Chamber is concerned about the potential “Reach Code” ordinance that would prohibit the use of natural gas in new commercial and residential development.

We understand that on November 30th, 2020, the Santa Barbara City Council’s Sustainability Committee approved a motion directing staff to proceed with the development of a Reach Code that would prohibit the use of natural gas in new commercial and residential development. The City Council is tentatively scheduled to consider this proposal on January 12th, 2021. We understand this committee’s responsibility to send proposals to the Council, but we ask that the Council strongly consider the unintended consequences of the proposal and delay or deny its progress.

The timing of this proposal is problematic and creates economic hardship on business during their time of need. The City of Santa Barbara’s economy and tax base, which relies heavily on tourism and hospitality, has been devastated by Covid-19. Hundreds of Santa Barbara businesses have closed their doors, and many will likely never re-open. Many Santa Barbara residents have been laid off or furloughed, and it will likely take years for our local economy to fully recover. We ask that the City not impose new costs for businesses and property owners right now. Instead, **we ask to solely focus on policies that matter most to residents right now: protecting public health and getting Santa Barbara businesses to re-open so residents can get back to work.**

We understand that climate change is a pressing issue and that it contributes to extreme weather. Santa Barbara’s economy and business community has been impacted by recent fires, mudslides and heatwaves, so we understand the need to reduce our greenhouse gas emissions. But banning natural gas services in a few dozen commercial and residential developments per year is not the best way to address climate change. That type of proposal has little to no effect on global climate change and only leads to increased building and operating costs. We are willing and interested to

work with the City on sustainability measures that make a real difference and that also support business.

The current proposal is not efficient, because there isn't much new development in Santa Barbara to begin with, and new buildings are required to be built to latest state and local standards. California and Santa Barbara already have some of the highest building standards in the nation. New buildings in Santa Barbara are going to be the most energy efficient and lowest emitting in the City compared to Santa Barbara's older existing building stock. By only focusing on new development, the proposal places those properties at a competitive disadvantage by increasing their costs and making them less attractive to owners and tenants while allowing the vast majority of properties in the City to use natural gas.

In Santa Barbara, natural gas is four to six times cheaper than electricity. According to the CA Building Industry Association, they estimate that swapping out natural gas appliances for all electric alternatives costs the average Southern California household more than \$877 a year in higher energy bills. Those costs are higher for commercial and industrial properties, especially those that rely on natural gas for their core operations like hotels, restaurants, spas and breweries/wineries. This type of policy increases the risk of driving businesses to other cities or regions, which would hurt our economy and the City's tax base.

We believe that banning natural gas in new buildings when the city is facing Public Safety Power Shutoffs, fires, and rolling blackouts also jeopardizes our health and safety. Businesses can't operate if they must rely on an energy system that is becoming increasingly unreliable. While most natural gas equipment manufactured today includes electronic ignition, they can still be manually lit giving businesses and residents the ability to cook food and warm water during a power outage. This issue becomes even more concerning with extended outages that can last for multiple days or weeks. Many of the businesses in Santa Barbara are small businesses that can least afford to install solar systems, battery storage or backup generators to help them get through power outages. Relying on one energy system is risky and makes us all more vulnerable to disasters.

Finally, residents, business owners and tourists prefer cooking and heating with gas. Santa Barbara already has higher than average business costs. If energy costs increase or new property-owners aren't allowed to use the equipment they want, they will be less likely to rent, build or purchase homes. That makes our City less attractive to live and visit. If people aren't allowed to use natural gas to cook outdoors, they may end up using charcoal, propane and wood for fuel, which are dirty sources of fuel and bad for air quality. Restaurants also prefer to use natural gas for cooking. Even if they are exempted from the Reach Code, commercial property developers and owners don't know who will be occupying their buildings when they are built or when leases expire. Restaurants will not be willing to lease a property if they cannot use natural gas to cook.



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Instead of banning natural gas, we are offering to work with the City to focus on encouraging all residents and businesses to conserve and reduce their energy use. Santa Barbara has an older building stock. Providing incentives for owners to weatherize their property and install more energy efficient equipment would result in a greater reduction in energy use and lessen the burden on property owners and tenants.

We appreciate your efforts to make our City more sustainable. Like you, we want to keep Santa Barbara beautiful and an attractive place to live and visit. We believe that banning natural gas is not an effective policy to achieve our mutual goals and that the proposal is poorly timed. We urge you to not proceed with developing a Reach Code and instead focus all efforts on rebuilding Santa Barbara's local economy.

Thank you,

KRISTEN MILLER | President/CEO

SANTA BARBARA SOUTH COAST CHAMBER OF COMMERCE

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