



Administrative Report

N.2., File # 25-0791

Meeting Date: 6/3/2025

To: MAYOR AND CITY COUNCIL
From: LUKE SMUDE, ASSISTANT TO THE CITY MANAGER

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSED AMENDMENTS TO RULES 1111 AND 1121 OF THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT'S GOVERNING BOARD THAT WOULD BAN RESIDENTIAL GAS-FIRED FURNACES AND WATER HEATERS IN THE REGION

EXECUTIVE SUMMARY

The South Coast Air Quality Management District (SCAQMD) Governing Board is holding a public hearing on June 6, 2025 to address amending two rules to reduce emissions and ban residential gas fired furnaces (Rule 1111) and water heaters (Rule 1121) to transition to zero-emission appliances.

BACKGROUND

The SCAQMD recently proposed Rules 1111 and 1121 which require a shift from natural gas furnaces and water heaters to all-electric units for both new and existing buildings. These rules are intended to reduce emissions across Los Angeles, Orange, Riverside and San Bernardino Counties. The Cost of Living Council, an advocacy group focused on the impact of proposed regulations on the cost of living in Southern California, estimates the rule changes could burden consumers with over \$300 million in compliance costs annually, or approximately \$7.7 billion over the projected 25-year life cycle of the new appliances.

Property owners would face significant retrofit expenses (electrical panel upgrades, new plumbing and structural modifications) potentially raising housing costs and straining the electric grid. SCAQMD states that these proposed amended rules would eliminate nitrogen oxide (NOx) emissions from residential heating appliances that burn natural gas and transition the region to using zero-NOx emission appliances.

Several cities and agencies, including the Orange County Council of Governments, San Gabriel Valley and San Bernardino Councils of Governments along with a number of cities including Santa Ana, Fullerton, San Clemente, Anaheim, among others, have expressed concerns with the proposed amendments. These include the cost to retrofit properties with all-electric equipment along with the fear that the region's electric grid cannot deliver enough power to satisfy future demand. Some opponents to the rule changes expressed concern that the actions would reduce the number of affordable multifamily housing units if owners cannot afford costly upgrades and sell units at market rates, an issue of particular importance in Redondo Beach.

Staff is seeking Council direction related to the City's position on the proposed rule changes and how Council would like to express this position if one is taken. Cities, civic organizations, and Councils of Governments that oppose the rule changes have produced letters and resolutions expressing their opposition. Examples of both a resolution and a letter of opposition that were presented to the Fullerton City Council on March 4, 2025 are included for reference. If directed by Council, staff could produce a letter for signature by the Mayor that could be submitted in advance of the June 6, 2025 SCAQMD Governing Board Hearing, and/or prepare a resolution that could be brought back for Council consideration and submitted to SCAQMD at a later date.

COORDINATION

This item was prepared by the City Manager's Office.

FISCAL IMPACT

There is no fiscal impact associated with producing a resolution or letter of support, or opposition, should one, or both, be requested by the City Council.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

Reso - City of Fullerton, March 4, 2025

Letter - City of Fullerton, March 4, 2025