West Hollywood Equitable Building Performance Standard (EBPS)

Expecting a Cleaner, Healthier WeHo

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PRINCIPAL, VCA GREEN

- 15+ years in the Energy Consulting industry
- Previously CFO/VP at New Millennium Homes and Founder/CEO of Green Econome
- Holds an MBA from Pepperdine University and a BA in Business Economics from UCSB
- California Contractors License B & C-10
- Currently serves on USGBC-CA Regional Leadership Advisory Board (RLAB)

JAKE GOLDSTEIN

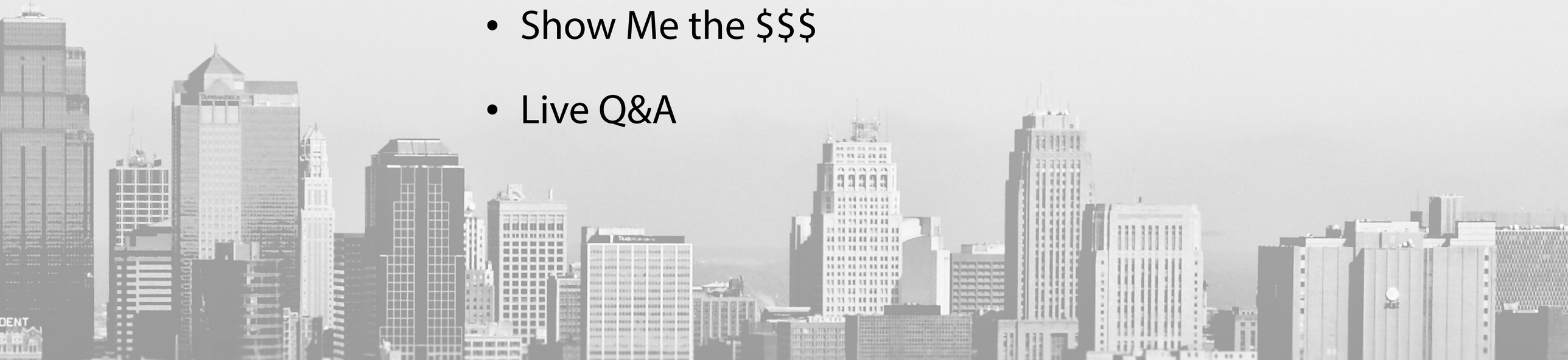
SALES REPRESENTATIVE, VCA GREEN

- Sales Representative since 2024
- B.S. in Business Administration from Chapman University
- Member of Urban Land Institute (ULI) Young Leaders Group Board

- This webinar is being recorded
- Recording and presentation slides will be distributed
- Questions can be submitted via chat throughout the call

Agenda

- Why Building Performance Matters
- West Hollywood Equitable Building Performance Standards (EBPS)
- Show Me the $$$
- Live Q&A



Why Building Performance Matters

Energy is no longer just an operating cost.
It is becoming a strategic factor in asset performance.

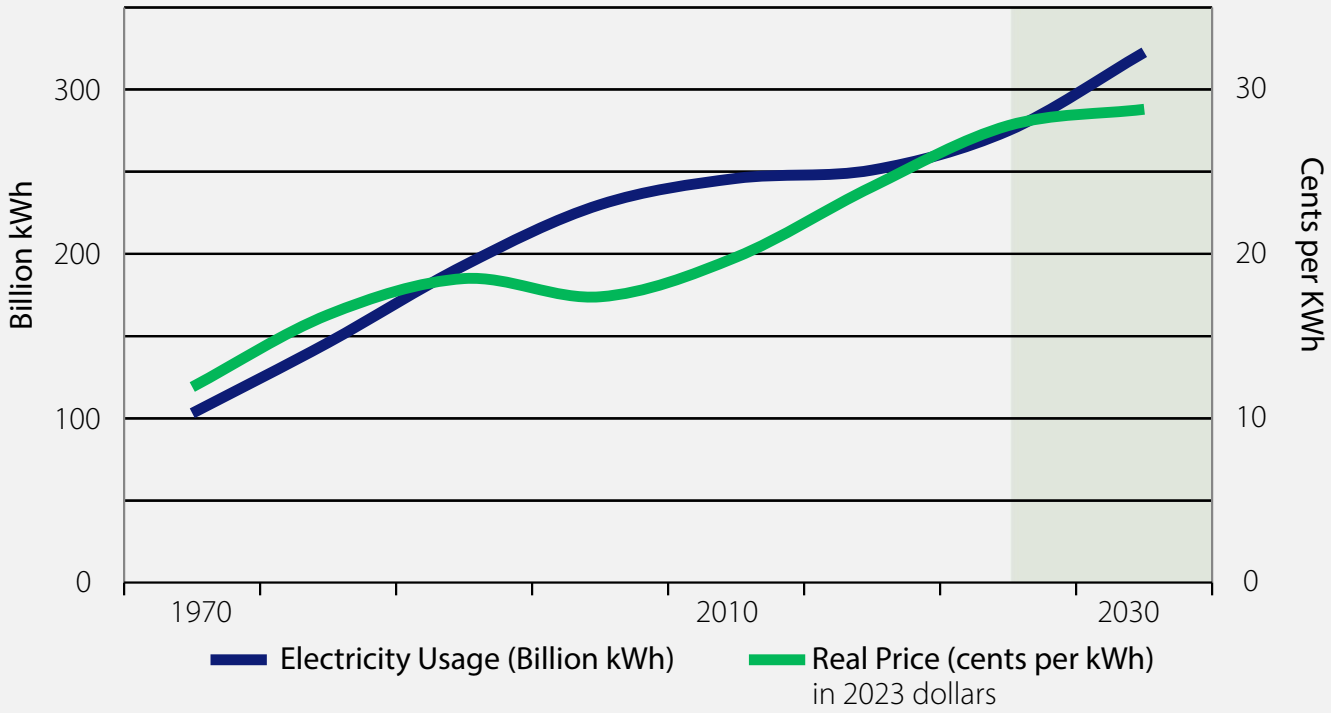
2×
California electricity prices have risen since 2014

50+
Cities now have energy disclosure & Building Performance Standards (BPS)

↑
Investors, lenders, and tenants increasingly track energy performance

Energy Demand and Cost is Permanently Changing.

HISTORIC TO PROJECTED ENERGY USE AND COST IN CALIFORNIA



Electricity is likely to become a more significant operating cost for commercial buildings.

DEMAND GROWTH

Energy is Impacting Commercial Real Estate

1

Rising Electricity Demand

- EV charging infrastructure
- Electrification
  - Heat pump adoption
  - Electric water heating
- AI data centers
- Climate factors

2

Increasing Cost

- Infrastructure demand
- Modernization
- Climate factors
- Market volatility
- Socio-political instability

3

Transparency & Awareness

- Local benchmarking ordinances & Building Performance Standards (BPS)
- Public energy disclosure
  - ESG
  - Corporate climate disclosure
    - CA SB 253
- Underwriting
- Risk assessment
- Valuation Impact

POLICY OVERVIEW

Energy Benchmarking and Building Performance Standards (BPS) are a strategy of a city or state's climate action plan, with the goal of reducing energy use and reaching net zero emissions.

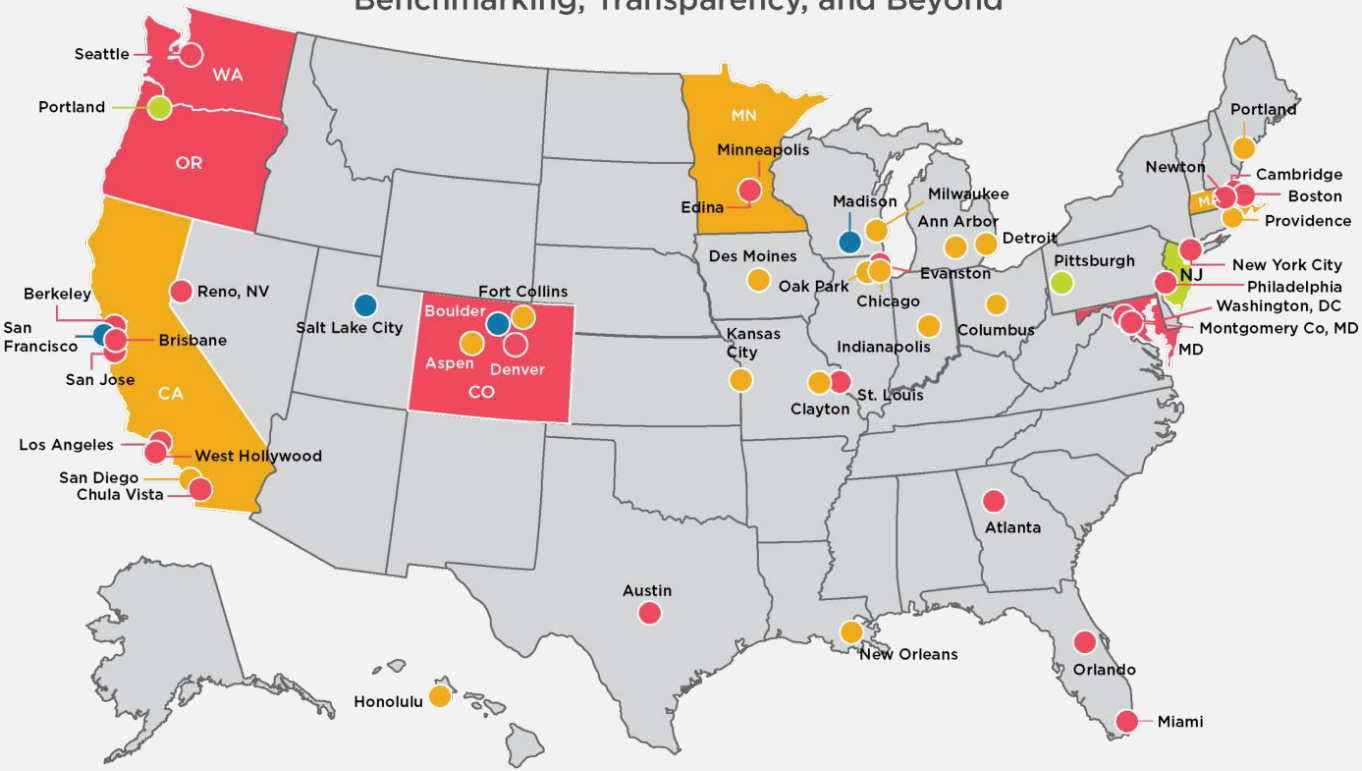
PHASE I

Large existing buildings (usually 20,000 - 50,000+ sq. ft.) **must complete ENERGY STAR® benchmarking annually**,

PHASE II

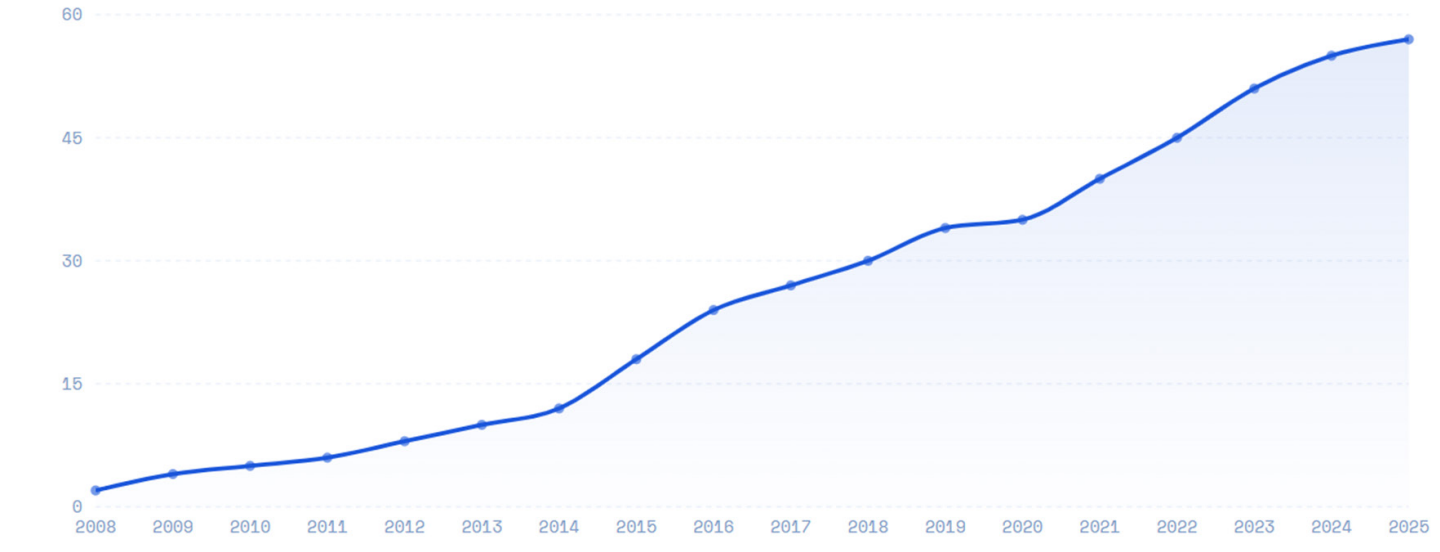
Building Performance Standards (BPS) require buildings to reduce use/GHGi and maintain or improve over time.

U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond



IMT
INSTITUTE FOR MARKET TRANSFORMATION

Growth of Benchmarking & Building Performance Standards (BPS)



2008–2011
Pioneers
Washington DC, NYC, and Seattle led the way
+6 jurisdictions

2012–2015
Early Adopters
East Coast cities + CA build a movement
+14 jurisdictions

2016–2019
Expansion
Midwest & Sun Belt cities; first state laws
+16 jurisdictions

2020–2025
Acceleration
State mandates & BPS surge; **20+ new jurisdictions**

West Hollywood Equitable Building Performance Standards (EBPS)

OVERVIEW

WeHo Equitable Building Performance Standards (EBPS)

WHY

Addresses energy use, public health, and economic opportunity

WHAT

Energy benchmarking disclosure & building performance standards

WHO

Existing commercial & multifamily buildings 20,000 Sq. Ft. or larger

PHASE I

Energy Benchmarking
Third-Party
Data Verification

PHASE II

Building Performance Standards (BPS)
Ongoing maintenance & penalty enforcement

ENERGY STAR® BENCHMARKING

The Vital Signs of Your Building

Benchmarking is the basis for most energy disclosure policy

- Data is King
- Verifying accuracy is Key: garbage in, garbage out.
- Real insight into:
  - Building performance comparison – where do you stand?
  - Consumption trends by source – what are your outliers?
  - Are you heading in the right direction?

73

123 Main Street

Primary Property Type: Distribution Center
Gross Floor Area (ft²): 17,000
Built: 1973

Property Address:
123 Main Street
123 Main Street
Orange, California 92868

Performance Comparison

		Progress		Performance Goals		
	Baseline (Ending Date 2/28/2023)	(Ending Date 12/31/2024)	**% Change**	**Property's Target**	**National Median**	**ENERGY STAR Score of 75**
ENERGY STAR Score	71	73	2.8	76	50	75
Energy						
Site EUI (kBtu/ft²)	11.4	10.5	-8.4	9.7	16.5	10.1
Source EUI (kBtu/ft²)	31.8	29.2	-8.4	27.1	46.1	28.1
Energy Cost ($)	N/A	N/A	N/A	N/A	N/A	N/A
Energy Cost Intensity ()	N/A	N/A	N/A	N/A	N/A	N/A
Total (Location-Based) GHG Emissions						
Total (Location-Based) GHG Emissions (Metric Tons CO2e)	12.86	11.78	-8.4	10.93	18.63	11.33
Total (Location-Based) GHG Emissions Intensity (kgCO2e/ft²)	0.76	0.69	-8.4	0.64	1.1	0.67
Water						
All Water Use (kgal)	256.5	223	-13.1	*	*	*
Indoor Water Use (kgal)	N/A	N/A	N/A	*	*	*
Indoor Water Use Intensity (gal/ft²)	N/A	N/A	N/A	*	*	*
Total Water Cost ($)	N/A	N/A	N/A	*	*	*

WEHO EBPS
Phase I Benchmarking

BENCHMARKING REQUIREMENT
Annually report energy use via ENERGY STAR® Portfolio Manager®.

BENCHMARKING METRICS
- ENERGY STAR Score
- Site EUI (Energy Use Intensity)
- GHGI (Greenhouse Gas Intensity)

DEADLINE
First Deadline is **September 15, 2026**.
Then required annually by May 15.

You can't improve what you don't **accurately** measure.

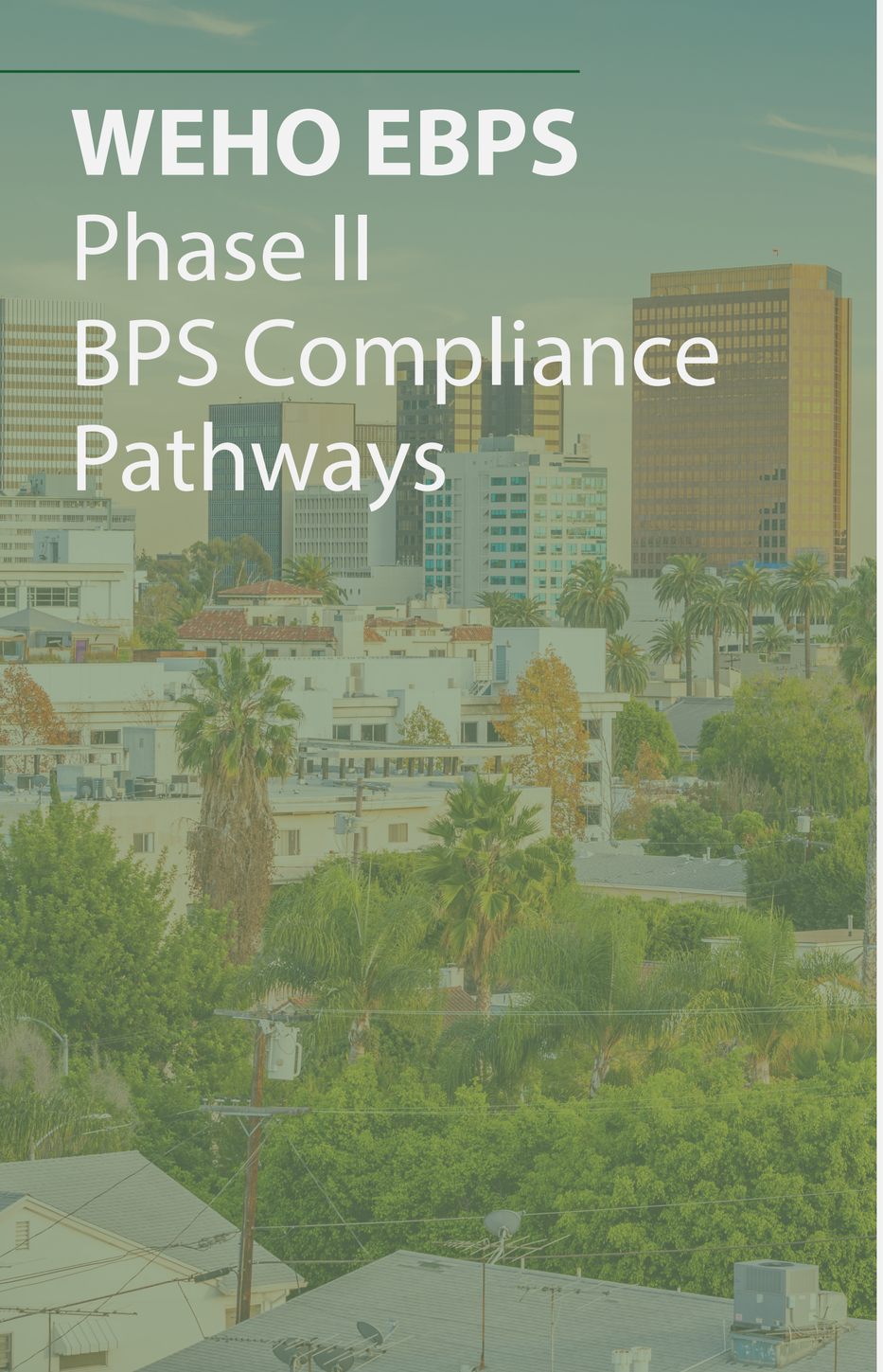
WEHO EBPS
Phase I.5
Data Verification

DATA VERIFICATION REQUIREMENT
Third-party must independently verify your building's benchmarking data.

DEADLINE
Required in 2026 (2025 benchmarking data).

QUALIFIED VERIFIERS
- Certified Energy Manager (CEM)
- Professional Engineer (PE)
- Registered Architect (AE)
- Building Energy Assessment Professional (BEAP)
- Energy Management Professional (EMP)

Builds credible baseline for WeHo to enforce BPS.



WEHO EBPS
Phase II
BPS Compliance Pathways

Note: Specific BPS targets have not yet been published.

BUILDING PERFORMANCE PATHWAY (BPP)

- Must meet Site EUI or GHGI targets.
- Targets are based on building use type.

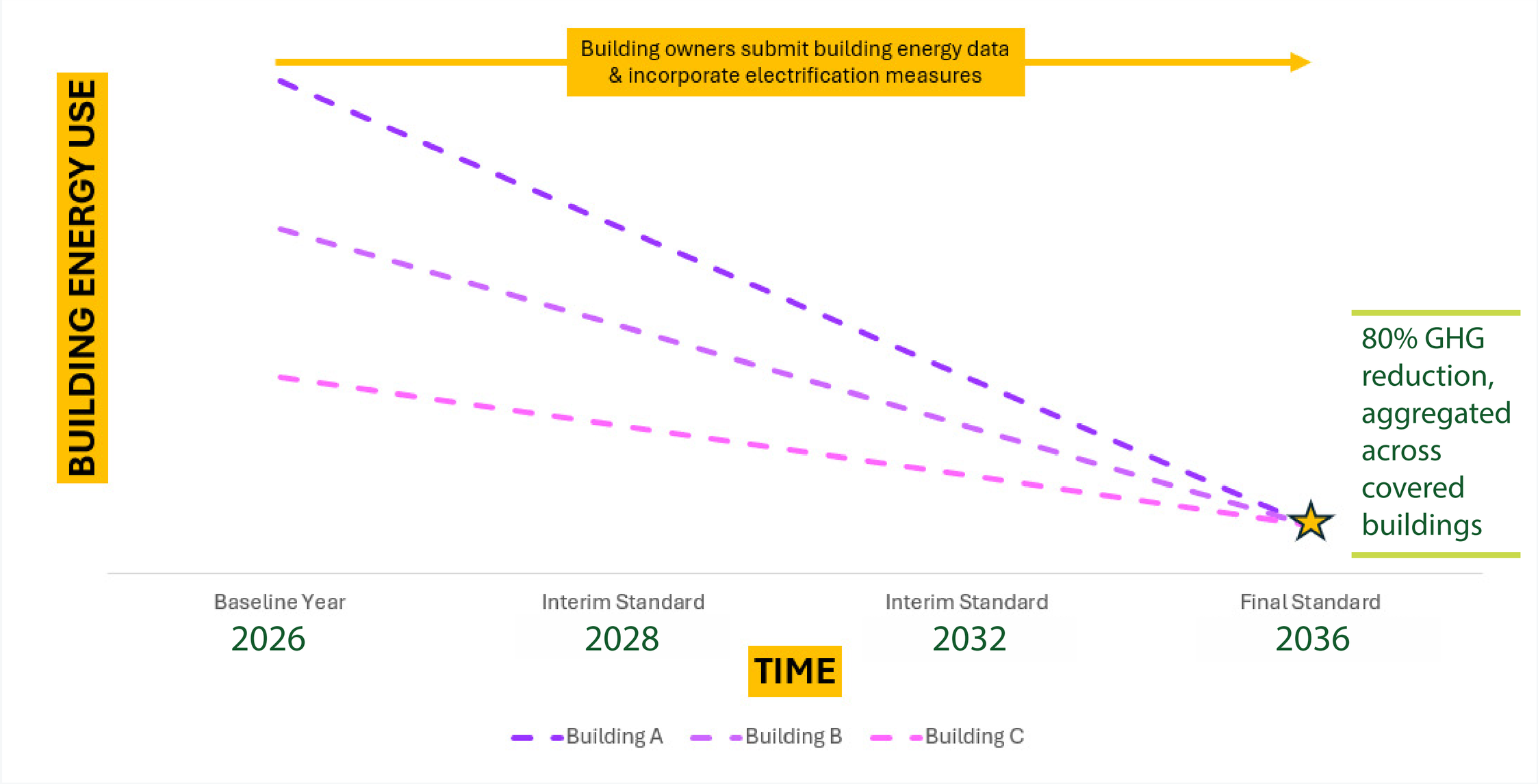
BUILDING PERFORMANCE ACTION PLAN (BPAP)

Buildings that can't meet their target must submit:

- Planned retrofits and timeline to completion
- Current benchmarking report and either an energy audit report or retro-commissioning report
- Distributed Energy Resources Opportunity Report

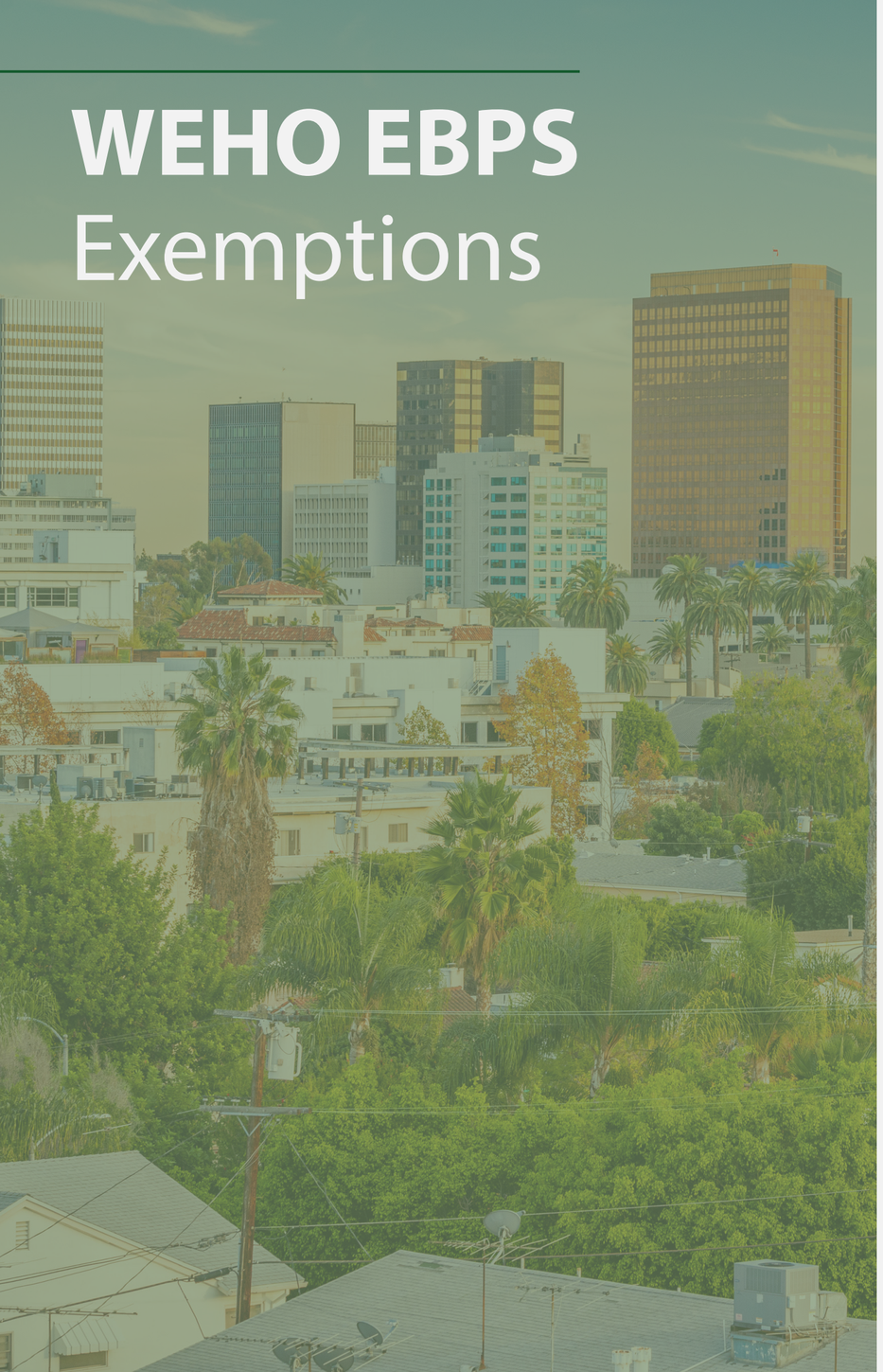
Missing the target = penalties + cost of non-compliance.

Building Performance Standards (BPS)



Source: Engage WeHo

WEHO EBPS
Exemptions



EXEMPTIONS FROM BPS

Owners may apply for exemption from performance standards if their building:

- Did not have a certificate of occupancy for more than half of the baseline year of reporting prior to the performance standard deadline
- Was fully vacant for more than half the calendar year required for annual benchmarking
- Is under financial hardship
- Is a cultural resource
- Is a residential condominium

WEHO EBPS

TIMELINE

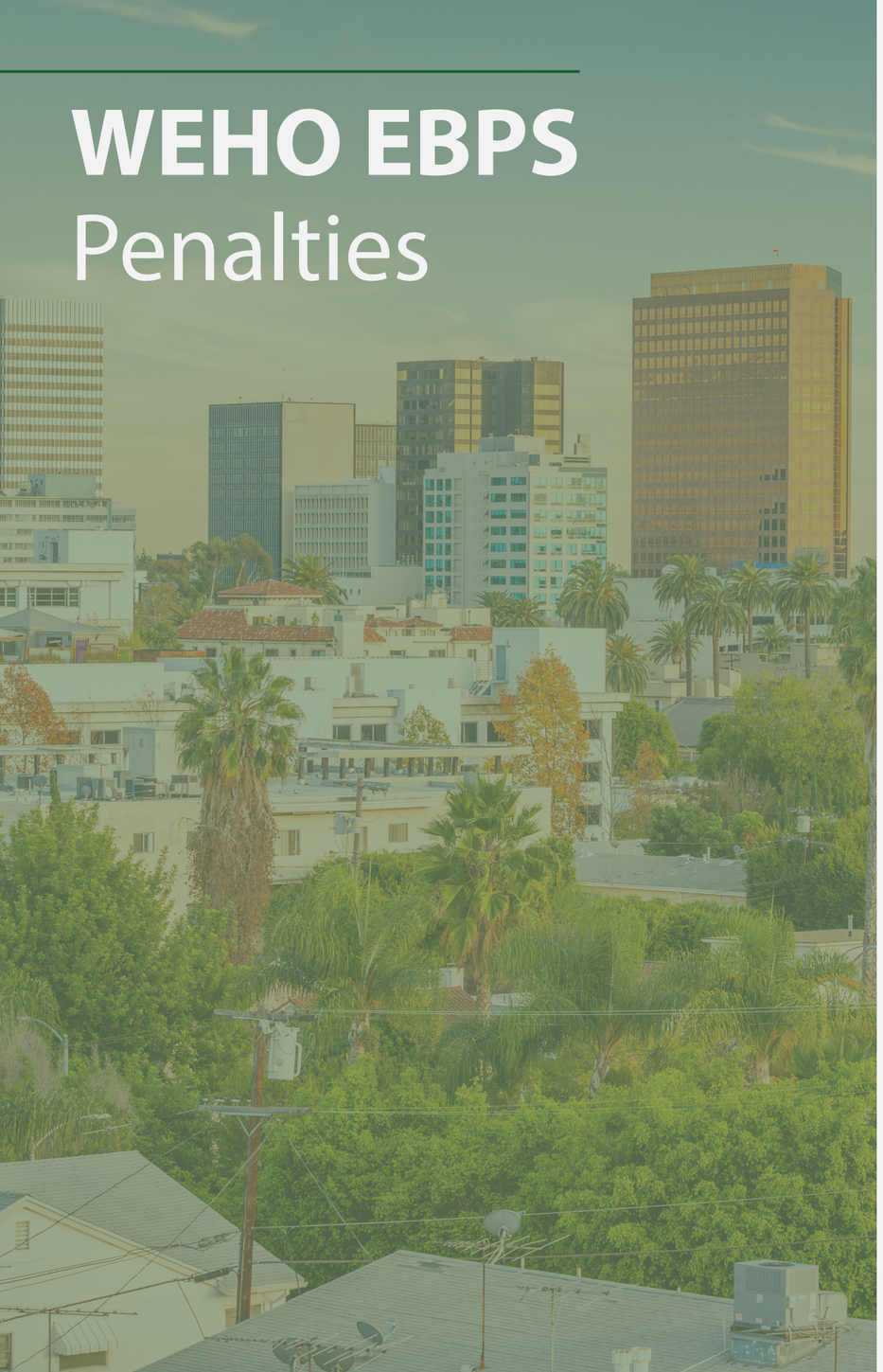
ENERGY STAR Benchmarking

Third-Party Data Verification

Building Energy Performance Targets

Building Performance Action Plan*

*if target cannot be met



WEHO EBPS
Penalties

BENCHMARKING PENALTY
Up to $1,000 per missed annual report.

BPS PENALTY
Fines equal to the Social Cost of Carbon* for each unachieved GHG emission reduction (both interim and final performance standards).

TOTAL NON-COMPLIANCE PENALTY
$10 per square foot of gross floor area (GFA) for failure to benchmark and comply with BPS.

INACCURACY PENALTY
Inaccurate data or discrepancies of 50% or more between self- reported data and 3rd party verified data will result in a $1,000 fine.

**The EPA mid-level estimate is $190 per metric ton of CO2e.*

VCA GREEN | ENERGY STRATEGY

1
Report & Verify
Building performance

- Benchmarking Disclosure Compliance
- Third-Party Data Verification
- Benchmarking Consultation
- Building Performance Dashboard

2
Plan
Energy improvements

- Building Performance Standards (BPS) Compliance
- ASHRAE Level 1-3 Audits & RCx Reports
- Data Analysis
- Energy & Water Consulting
- Owner's Rep Services

3
Capture
Incentives & tax benefits

- Incentive Management
- Tax Credits & Deductions
- Project Financing

4
Maintain
Performance targets

- Post project M&V
- Ongoing benchmarking
- Utility Bill Analysis
- Energy Monitoring

Show Me the $$$

Real Cost of Non-Compliance

Operating Costs

Higher electricity costs increase operating expenses, reducing NOI and asset valuation.

Capital Spend

Poor-performing buildings may require significant retrofit investments, straining capital budgets.

Occupant & Investor Interest

Tenants, investors, and lenders are prioritizing efficiency, sustainability, and climate-related risk.

Building Valuation

Aging assets depreciate in value, and curb appeal. Energy efficiency adds value.

The "EQUITABLE" in EBPS

West Hollywood is utilizing several programs to support **better buildings.**

WeHo has grant funding through Clean Power Alliance to support:

- Free or subsidized energy audits or retro-commissioning
- Technical advising on energy upgrades
- Assistance with Building Performance Action Plans
- Direct installation of select energy improvements (such as heat pumps, electrical upgrades, and insulation)

Funding is limited and prioritized for equity-eligible buildings, including rent-stabilized and affordable housing.

USING PACE FINANCING TO PAY FOR:

1. YOUR RETROFIT	2. AS PART OF YOUR CAPITAL STACK	3. SEISMIC RETROFITS

BENEFITS

- **No cash out of pocket for retrofits - project cost covered by energy savings**
- Pay Assessment on property taxes
- Off-book financing for energy projects & seismic retrofits
- Loan terms range from 10 - 30 years

HURDLES

- Senior lender must approve PACE as first position

Assessment transfers with property if you sell (Benefit *and* Hurdle).

CASE STUDY
LED RETROFIT
VALUATION INCREASE*
$895,043

*Assumes a 7% cap rate.

Building Type
Office

Scope
LED Lighting Retrofit

Total Investment
$ 187,184

Annual Cost Savings
$ 62,653

136,505 KWh
Energy Reduction

$ 47,777
Energy Cost Savings

$ 6,650
Maintenance Savings

$ 8,226
HVAC Savings

3 Years
The project pays back in 3 years.

ROI

32%
This is the return on investment over analysis period.

NPV

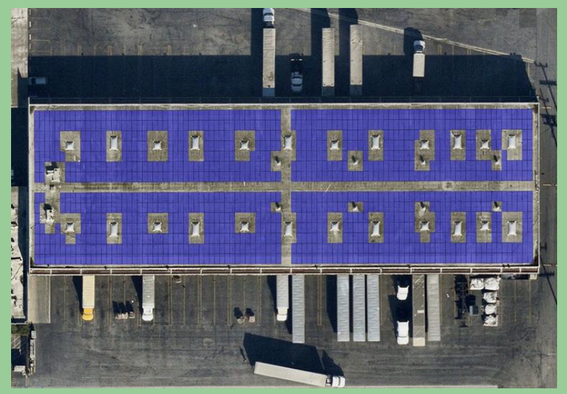
$432,424
This is used in budgeting to analyze profitability of investment.

IRR

30%
This is the metric used to measure profitability of potential investment.

CASE STUDY
SOLAR PV
VALUATION INCREASE*
$ 619,620

*Assumes a 5% cap rate

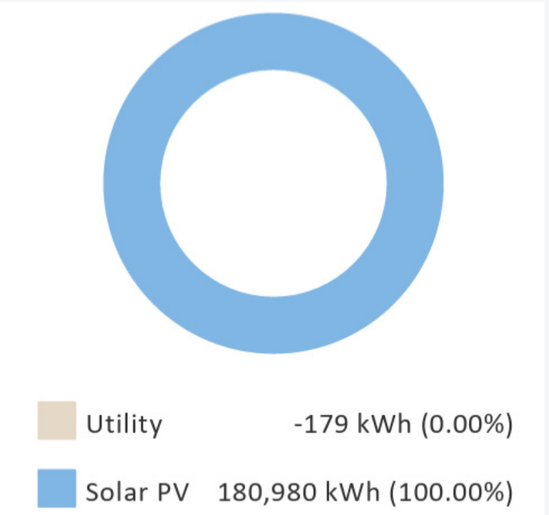


Property Type
Distribution Center

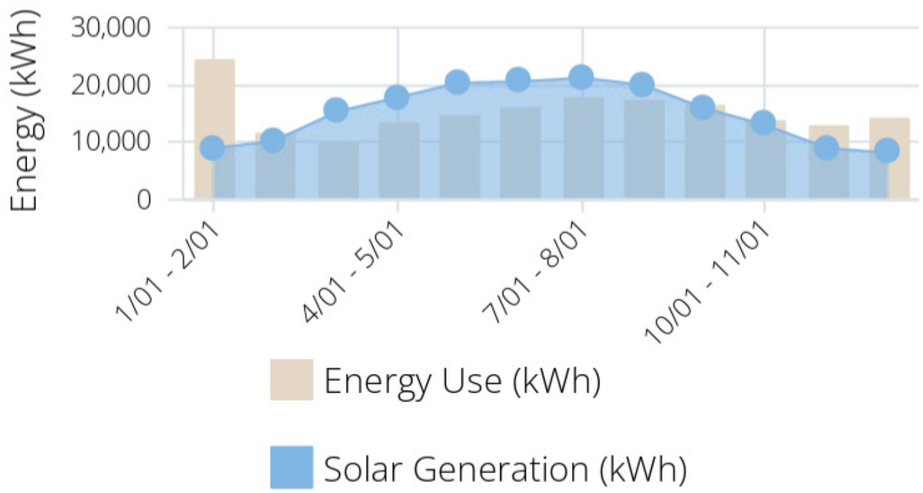
Property Size
52,000 Sq.Ft.

Project Scope
Solar PV (120.0 kW-DC)

Energy Consumption Mix



Monthly Energy Use vs Solar



Solar PV System

Solar PV System Cost	**$340,000**
Federal Tax Credit (ITC)	**-30%**
Federal - MACRS Bonus Depreciation**	**-20%**
State (CA) 10-Yr Depreciation**	**-10%**
IRA Community Tax Credit Bonus	**-10%**

** Assumes a 24% Federal, and 10% state tax rate

Net Solar PV System Cost	**$88,400**
Payback Period	**3.7 Years**
First Year Electricity Savings	**$30,981**
Savings Over 25 Years	**$1,414,414**

Q & A

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Upcoming Webinars

ENERGIZE DENVER
April 8, 2026

SEATTLE
April 22, 2026