

**APPENDIX B**

*TECH Initiative Tenant Protection Agreement*

## **APPENDIX B**

### *TECH Initiative Tenant Protection Agreement*

The Technology and Equipment for Clean Heating (TECH) Initiative implementer (“TECH Implementer”) and the undersigned property owner seeking or receiving building electrification incentives (“Property Owner”) through the TECH Initiative hereby agree that the Property Owner’s participation in the TECH Initiative shall be subject to the terms set forth below.

#### Recitals

Assembly Bill (AB) 157 (Gabriel, Chapter 994, Statutes 2024) directed \$40 million from the Aliso Canyon Recovery Account towards the TECH Initiative for sole use in Southern California Gas Company’s service territory. The bill directed, amongst other things, that the expenditure of funds shall not cause the displacement of tenants in upgraded rental housing units and shall be used to limit cost impacts on tenants. There is a strong public policy in favor electrification, but there are also strong public policies of not shifting electrification costs to Tenants and not evicting Tenants for reasons tied to any electrification retrofit. This Tenant Protection Agreement (Agreement) is not limited to Property Owners who received funds under AB 157; rather, it applies to all Property Owners participating in the TECH Initiative. In cases where a rental housing unit may be subject to another Tenant Protections Agreement, the TECH Implementer will coordinate with ED staff on the best approach forward to eliminate redundancies.

#### Definitions

“Property Owner” refers to a property owner whether an individual, a corporation, a limited liability company, a partnership, or other entity seeking or receiving building electrification incentives through the TECH Initiative. The term also refers to any property manager serving as an agent of said property owner, regardless of whether a principal-agent agreement exists. The term also refers to a new buyer of the Property/Dwelling, provided that the Property/Dwelling remains subject to the terms of this Agreement, as described below.

“Property” and “Dwelling” refer to residential property for which the Property Owner is seeking or receiving, or previously sought or received, building electrification incentives through the TECH Initiative. If the residential property at issue is a multi-unit building, the term Property and Dwelling applies only to the specific unit(s) for which the Property Owner is seeking or receiving, or previously sought or received, building electrification incentives through the TECH Initiative. The Property and Dwelling shall remain subject to the terms of this Agreement

beginning on the effective date this Agreement and ending five years after completion of the installation of the subsidized electrification improvements or until the TECH Initiative sunsets– whichever occurs first.

“Tenant” refers to a person who resides on a Property that is subject to the terms of this Agreement, even if the person’s name does not appear on the lease or rental agreement governing the Property or any unit therein.

### Terms

As explained below, this Agreement prohibits Property Owners from shifting electrification costs to Tenants or evicting Tenants for reasons tied to any electrification retrofit.

#### 1. Rent Increases

Beginning on the effective date of this Agreement and for a period of five years following the completion of installation of the subsidized electrification improvements or until the TECH Initiative sunsets – whichever occurs first, the Property Owner agrees not to increase any Tenant’s rent because of the electrification retrofit or upgrade.

If the Property Owner increases the rent beyond three percent per year, there will be a rebuttable presumption that the rent increase was due to the electrification retrofit or upgrade. The three percent per year rent increase follows the Equitable Building Decarbonization Program Guidelines adopted by the California Energy Commission.

A Property Owner may be able to rebut this presumption by proving to the TECH Initiative implementer that the rent increase, even if it exceeded the annual percentage, was not due to the electrification retrofit or upgrade, but, rather, was due to unrelated reasons, including but not limited to increases in property taxes, increases in insurance premiums, operating and maintaining costs, or amortizing costs of other improvements, etc. A Property Owner wishing to prove that a rent increase was due to unrelated reasons (and not due to the electrification retrofit or upgrade), must provide documentary evidence showing the amounts of increased expenses were unrelated to electrification.

#### 2. Evictions

Beginning on the effective date of this Agreement and for a period of five years following the completion of installation of the subsidized electrification improvements or until the TECH Initiative sunsets – whichever occurs first, the Property Owner agrees not to evict any Tenant from the Dwelling for reasons based on the building retrofits conducted as a result of participating in the TECH Initiative.

Furthermore, the Property Owner agrees that the building retrofits conducted pursuant to the TECH Initiative, or any other activity related to the electrification program, shall not form the basis for just cause for eviction.

In the event the Property Owner provides a demand letter to a Tenant, or any other person residing in the Dwelling, that mentions eviction as a potential consequence of failure to respond to the demand, the Property Owner must serve a courtesy copy of the demand letter on the TECH Initiative implementer. Additionally, in the event the Property Owner files an unlawful detainer action (eviction) against a Tenant or any person residing in the Dwelling, the Property Owner must serve a courtesy copy of the unlawful detainer pleadings on the TECH Initiative implementer. The serving of these courtesy copies will assist with tracking and monitoring of evictions. The TECH Initiative may also notify a partner community-based organizations (if applicable) for purposes of assisting with tracking and monitoring of these evictions.

### 3. Remedies and Enforcement

The TECH Initiative implementer who is a signatory to this Agreement will have the authority to investigate complaints made by the Tenant and, based on reviewing the evidence, determine if the Property Owner violated the Agreement. In the event of the Property Owner's breach of this Agreement, the Property Owner will not be eligible for future participation in the TECH Initiative. The TECH Initiative implementer may revoke or deny future participation. Additionally, the TECH Initiative implementer may, in the implementer's discretion, attempt to recover all financial incentives previously disbursed to the Property Owner, plus reasonable attorneys' fees and costs associated with such recovery.

The parties acknowledge that the Tenant is the intended beneficiary of this Agreement and may have a private right of action against the Property Owner for a breach of this Agreement.

Enforcement is limited to participation in the TECH Initiative, a program of the California Public Utilities Commission (CPUC). Neither the CPUC nor the TECH Initiative implementer displaces or supersedes any local, state, or federal landlord-tenant laws, and all other additional tenant remedies and protections remain available under those authorities.

### 4. Avoid or Mitigate Temporary Displacement and Disruption

If temporary displacement is needed to enable electrification retrofits, the Property Owner must notify the TECH Initiative implementer of the displacement, so the temporary displacement is tracked and monitored. The TECH Initiative may also notify a partner community-based organizations (if applicable) for purposes of assisting with tracking and monitoring of these temporary displacements.

Moreover, following the completion of installation of the subsidized electrification improvements, the Property Owner shall grant the Tenant the right to return to the same unit under the same rental rate and terms that existed prior to the electrification project. The Tenant shall have ten (10) days to decide, in writing, whether to exercise this right of return; and, upon exercising this right of return, the Tenant shall have up to thirty (30) additional days to occupy the Property and resume their tenancy.

#### Notice

Property Owners applying for incentives for units that are tenant-occupied are required to provide the Property's address in order for the TECH Initiative implementer to provide a written or digital notice to Tenants. This notice shall describe the TECH Initiative and explain that owners or property managers cannot evict or raise rents for reasons tied to the Property's participation in the TECH Initiative. The notice will direct Tenants to contact the TECH Initiative implementer if an owner or property manager allegedly violates these tenant protections. The notice will also serve to inform Tenants that, as third-party beneficiaries to this Agreement, Tenants may be able to use a breach of this Agreement (such as shifting electrification costs to Tenants by increasing rent because of the electrification retrofit or upgrade; or evicting Tenants for reasons tied to any electrification retrofit), as a cause of action or defense in any unlawful detainer proceeding.

#### Other Agreements

This Agreement does not constitute the entire agreement of the parties. The Property Owner may be required to enter into other contracts and agreements with the TECH Initiative implementer as part of the Property Owner's participation in the TECH Initiative. There may be other agreements and conditions for eligibility for seeking or receiving building electrification incentives. This Agreement is a stand-alone, separate agreement that provides benefits to non-parties by establishing Tenants as third-party beneficiaries to this Agreement.

#### Effective Date

This Agreement shall be effective immediately on the date the parties sign below, or, if the parties sign on separate dates, it shall be effective on the latter date. The Agreement shall remain in full force and effect for a term ending five years after completion of the installation of the subsidized electrification improvements or until the TECH Initiative sunsets – whichever occurs first.

THE PARTIES HAVE READ AND UNDERSTOOD THE FOREGOING TERMS AND AGREE TO THEM. PROPERTY OWNER UNDERSTANDS THAT ENTERING INTO THIS AGREEMENT IS A CONDITION OF SEEKING OR RECEIVING BUILDING

ELECTRIFICATION INCENTIVES THROUGH THE TECH INITIATIVE. PROPERTY OWNERS AGREES TO BE LIABLE, JOINTLY AND SEVERALLY, FOR ALL OBLIGATIONS UNDER THIS AGREEMENT.

TECH INITIATIVE IMPLEMENTER

Implementer Name: \_\_\_\_\_

Address:

Telephone:

Email:

Dated:

Signature:

Name of Signer: \_\_\_\_\_

Title:

PROPERTY OWNER

Property Address:

All Applicable Units (if different than address):

Property Owner Name:

Address:

Telephone:

Email:

Dated:

Signature:

Name of Signer: \_\_\_\_\_

Title:

**(END OF APPENDIX B)**