

Costly and Dangerous Bureaucratic Regulations Will Push Housing Costs Even Higher

Say NO to Rule 1111 & 1121

Southern California's cost of living crisis is crushing working families and small businesses with record-breaking taxes and housing and electricity costs — leading to the highest poverty rate in the country. California's cost of living is 42% higher than the national average. **Unless defeated, Proposed Amended Rules 1111 and 1121 would be the costliest regulations SCAQMD has ever undertaken.**

THE PROBLEM

The South Coast Air Quality Management District (SCAQMD), a single-issue un-elected regulatory agency representing Los Angeles, Orange, Riverside, and San Bernardino counties, is currently revising two regulations (Rules 1111 & 1121) that would drive up your costs to replace all water heaters and furnaces powered by natural gas. Combined, both regulations will impact more than 17 million people and 10 million units in single-family homes, mobile home parks, multi-family residences, office buildings, grocery stores, and other small businesses. SCAQMD staff developed the proposed regulations behind closed doors without transparency including public education or review.

SCAQMD Amended Rules 1111 and 1121 mandate higher costs on consumers. Both amended regulations will force consumers to choose a much more expensive option of "all-electric" space and water heaters that cost thousands more than natural gas appliances, or require consumers to pay a fee to continue using natural gas space and water heaters.

The amendments to Rules 1111 and 1121 were unworkable before the most recent wildfires. Now they are insensitive, impractical, and even more harmful to all Californians.



Say NO to Rule 1111 & 1121 Amendments

Hurts Working Families & Small Businesses

The amendments to Rules 1111 and 1121 would impose a significant financial burden on Southern Californians when we can least afford it.

- **Higher Costs for Homeowners, Renters, and Small Businesses.** LA County has the highest concentration of small, minority, and women-owned businesses in the country. The proposed changes will burden consumers with over \$300 million annually or \$7.7 billion over the 25-year life of these appliances.
 - The proposed amendments will hit Latinos, African Americans, and economically challenged families and small businesses the hardest.
- **Skyrocketing Energy Bills.** Residential energy bills have already increased by more than 86% for Southern California Edison (SCE) customers since 2014. These rule modifications would further increase costs for SCE customers and those serviced by municipally owned utilities.
- **Electrical System Upgrades for Older Properties.** Dated properties may require a complete electrical system upgrade to support the mandated switch to all-electric furnaces and heaters. The cost varies significantly (between \$4,910 and \$80,000) depending on the appliance and electrical panel/wiring upgrades.
- **Higher Housing and Rental Costs.** The proposed rule changes would impose tens of thousands of dollars in upfront costs per housing unit and require expensive electrical panel upgrades. These rules not only add to the cost of homeownership but could also lead to higher rents or force small landlords to sell their property, reducing the availability of affordable rental housing in the already housing-challenged four-county area.
- **Expensive Appliances.** All-electric appliances are costlier to purchase and more expensive to operate. One option will cost consumers more than \$47,000 to switch to all-electric space and water heaters, while the other will cost at least \$1,500 more.

Puts Strain on Aging Electrical Grid & Infrastructure

Southern California's energy infrastructure is already struggling to meet increasing demand. The new amendments to Rules 1111 and 1121 will only make matters worse:

- **Existing Strain on the Power Grid.** Southern California's aging electricity grid has been unable to meet current demand, with many new residential and retail projects forced to wait years for power to be made available. Communities across Southern California have been impacted by rolling blackouts and service interruptions because of strain on the system which is made worse during heatwaves, high winds, and wildfires.
- **Projected Electrical Load Increases.** Modifying Rules 1111 and 1121 will significantly increase electrical demand beyond existing capacity.

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Puts Public Safety & Health at Risk

SCAQMD staff's proposed changes to Rules 1111 and 1121 take a narrow view of public safety and health impacts, ignoring the significant risks they may create.

- **Increased Wildfire Risk.** Straining an already vulnerable electrical infrastructure could lead to more wildfires caused by exposed power lines. Since 2015, power lines have sparked six of the state's 20 most destructive wildfires, resulting in hundreds of deaths and more than \$28 billion in damages.*
- **Health Impacts from Wildfires.** Particle pollution from electricity-caused wildfires triggers asthma attacks, heart attacks, strokes, and even death. Children exposed to wildfire smoke suffer from increased coughing, bronchitis, colds, and hospital visits.

A Flawed Scheme with Little Scientific Evidence

SCAQMD staff's cost-benefit analysis for consumers is inadequate and unacceptable.

- For decades, the SCAQMD's rulemaking was technology neutral. Staff set emissions limits and allowed the market to determine which product or fuel would best meet those limits.
- Today, District staff have arbitrarily decided to force consumers to pay a fee if they do not want full electrification. The "amended" rules present consumers with a false choice: either buy expensive all-electric water heaters and furnaces or pay more for natural gas-powered appliances — a true "lose-lose" situation for already struggling consumers.
- A better approach to reducing NOx emissions would be to implement ultra-low NOx emission standards for natural gas appliances which would make them even more environmentally friendly at no additional cost to consumers.

**Does not include 2025 wildfires*

Join Our Coalition Today.

Say NO to Proposed Amended Rules 1111 & 1121



**COST OF LIVING
COUNCIL**
Committed to a More Affordable Future