



Commonwealth of Massachusetts
**EXECUTIVE OFFICE OF HOUSING &
LIVABLE COMMUNITIES**

Maura T. Healey, Governor ◆ Kimberley Driscoll, Lieutenant Governor ◆ Edward M. Augustus Jr., Secretary

PHN 2024-11

To: All Local Housing Authority (LHA) Executive Directors, RCAT Staff
From: Greg Abbe, Sustainability Program Developer
Re: Replacement Policy for Fossil-Fuel Fired Equipment
Date: July 24, 2024

This Public Housing Notice provides guidance to Local Housing Authorities (LHAs) with respect to the phaseout of fossil fuel-fired equipment in state-aided public housing developments.

Need to Know

1. EOHLC capital funding will no longer fund, with some exceptions, replacement of fossil-fuel fired equipment in state-aided public housing.
2. This moratorium in effect for projects created after July 25, 2024, with review of in-process projects
3. New Heat deduction schedule to support residents with cost of electric heating

Fossil Fuel Equipment Phaseout

To meet the Commonwealth's climate goals, EOHLC will expand its moratorium on the installation of fossil fuel-fired equipment. For the past few years, EOHLC disallowed state-aided Public Housing from using EOHLC funding to install oil and propane-fired equipment. Effective as of the date of this notice, EOHLC will expand this moratorium to include natural gas-fired equipment to support Commonwealth goal of [net-zero greenhouse gas emissions by 2050](#).

Wherever possible, EOHLC will require that LHAs replace natural gas-fired equipment with electric at the end of the current equipment's useful life. In addition, EOHLC will scrutinize capital projects which replace gas and steam lines, as investing in infrastructure which may be abandoned in the near future may not be a prudent use of funds. EOHLC will consider factors that make electrifying equipment impractical at this time, including emergencies, local grid constraints, lack of practical technology given the site, and other considerations.

Electrified equipment will provide public housing residents health benefits like improved air quality and This equipment will also provide more climate benefits from an increasingly clean electric grid; as more renewables are brought online, all electric equipment will emit fewer greenhouse gasses.

Guidance on Fossil Fuel Phaseout Implementation

EOHLC Capital Planning

EOHLC will not fund installation of new fossil fuel-fired equipment, absent extenuating circumstances mutually agreed to by the LHA and EOHLC, beginning July 25, 2024. EOHLC will not approve the use of capital (competitive or formula) funding to install fossil-fuel fired equipment. EOHLC will fund electrification wherever practicable. Example projects include but are not limited to HVAC replacements, cooking appliances, and dryers.

In the interim, EOHLC will work with LHAs to determine whether in-process projects receiving EOHLC funding to install fossil fuel equipment may shift to electric equipment. EOHLC will review all fossil fuel equipment projects that do not have approved schematic design.

In some cases, the capital cost of electrifying equipment is greater than installing “status-quo” fossil fuel equipment, in which case EOHLC will work with LHAs to close the gap, as availability of Sustainability or other funds allows. The Mass Save program and others will be important resources for LHAs to explore when designing fuel-switching capital projects. EOHLC received an \$18M increase to total \$23M in sustainability and resiliency funding in the [FY25 Capital Investment Plan](#), and with that funding and Mass Save anticipates that LHAs will have sufficient funding to replace fossil fuel equipment with electric on a rolling basis.

Transition Support

This expanded fossil fuel phaseout, while building on previous policy, represents a significant departure from status quo designs of capital projects. While EOHLC has previewed this policy in several forums, EOHLC recognizes the need for support and education. There will be educational webinars for LHA staff and residents in the coming months to explain the policy and answer questions. LHAs that have fossil fuel-fired equipment nearing end of useful life are encouraged to connect with their EOHLC Project Manager and begin working with their electric utility to understand local grid capacity.

Supporting Residents with Cost of Utilities

While projections anticipate a future tipping point at which electricity will cost less than gas, currently, electrification of heating components may lead to an increase in utility costs. This shift can impose financial hardship on public housing residents who pay their own electric bill. While converting from oil- and propane-fired heat to electricity typically results in cost savings, converting from natural gas-fired to electric heat may result in a modest utility cost increase.

To offset any negative impact of electric conversion, EOHLC [recently released](#) an updated Heat Deduction Schedule with an added deduction for residents who pay electric heat. Not only does this updated Heat Deduction Schedule double the values of the previous Schedule, which had not been updated since 1993, but the added deduction for electric heat will cover the potential modest utility cost increase residents may experience when converting from natural gas to electric heat.

The updated Heat Deduction Schedule was included as [Attachment C](#) of the PHN announcing the June 7th Amendments to 760 CMR 6.00, and is copied below. EOHLC will also release a new lease addendum specifying the heating source and which party pays for it, to aid LHAs in administering this heat deduction.

Bedrooms	Standard Heat Deduction (All Programs, Tenant Pays Heat)	Electric Heat Increment (Addition to Standard Deduction)		Total Deduction w/ Electric Heat	
	All Programs	c.200 and c.667	c.705	c.200 and c.667	c.705
0	\$600	\$200	\$200	\$800	\$800
1	\$800	\$400	\$600	\$1,200	\$1,400
2	\$1,000	\$800	\$1,500	\$1,800	\$2,500
3	\$1,200	\$1,000	\$1,900	\$2,200	\$3,100
4	\$1,400	\$1,200	\$2,300	\$2,600	\$3,700
5	\$1,600	\$1,400	\$2,700	\$3,000	\$4,300