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# CITY OF CAMBRIDGE

Community Development Department

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**IRAM FAROOQ**

Assistant City Manager for  
Community Development

**SANDRA CLARKE**

Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**

Deputy Director  
Chief Planner

## MEMORANDUM

TO: Louis A. DePasquale, City Manager

FROM: Iram Farooq, Assistant City Manager for Community Development

Date: November 4, 2021

RE: Building Energy Use Disclosure Ordinance – Proposed Amendments

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Please find attached proposed amendments to the Building Energy Use Disclosure Ordinance. The Building Energy Use Disclosure Ordinance (BEUDO) was adopted in 2014 and requires energy and water reporting from commercial properties over 25,000 square feet and residential properties over 50 units. This regulates approximately 1,100 buildings in Cambridge which are responsible for approximately 75% of the building sector greenhouse gas (GHG) emissions.

The ordinance has successfully increased transparency and awareness of energy and water consumption by the regulated buildings. BEUDO includes a provision requiring that the Community Development Department review the impact of the ordinance on energy performance of covered properties, and recommend amendments to improve building energy performance if it has not improved significantly. Analysis performed in 2018 concluded that energy performance of covered properties had not improved significantly and therefore CDD initiated a performance requirement policy development process with participation of over 35 unique entities, representing private commercial and residential building owners, universities, affordable housing providers, and green building professionals. The attached proposal is the result of this collaborative process.

These proposed BEUDO amendments are intended to introduce GHG performance requirements for BEUDO properties and achieve science-based GHG reductions consistent with other leading cities including Boston, New York, and Washington D.C. The performance requirements:

- Eliminate GHG emissions from regulated properties by 2050, with the following intermediate targets compared to an individual 2018-2019 baseline for most buildings:
  - 20% by 2025
  - 40% by 2030

- 60% by 2035
  - 80% by 2040
  - 90% by 2045
- Provide multiple compliance pathways including energy efficiency improvements, electrification, on-site renewable energy, off-site renewable energy, electricity grid improvements, and alternative compliance payments.
- Provide flexibility including an optional early baseline to account for early action, alternative compliance timeframes for laboratories and affordable housing, and portfolio level compliance for campus owners and affordable housing.
- Leverage technical support and access to state and federal financial incentives through the existing Building Energy Retrofit Program.

The attached proposal for amendments to BEUDO represents an essential step in Cambridge's commitment to achieve carbon neutrality. The Net Zero Action Plan adopted in 2015 and updated in 2021 identifies BEUDO performance requirements as an integral part of a comprehensive suite of actions which together will phase out GHG emissions from new buildings, many existing buildings, and much of the energy supply system in Cambridge. This Plan has been created and updated by a Net Zero Task Force representing stakeholders throughout the community and is being overseen by the Climate Protection Advisory Committee. Both stakeholder groups have urged the prompt advancement of strong BEUDO performance requirements.

We are pleased to present these amendments to move forward the discussion of emission reductions from the largest buildings in Cambridge based on a comprehensive and collaborative stakeholder engagement process.