

**Joint Comments on
Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing:
Preliminary Determination**

Docket FR-6271-N-01

August 7, 2023

Thank you for the opportunity to comment on the preliminary determination to update energy efficiency requirements for federally financed housing. The undersigned energy efficiency, affordable housing, consumer, business, and environmental organizations support the proposed positive determination and urge you to finalize and implement it as quickly as possible.

The covered Department of Housing and Urban Development (HUD) and Department of Agriculture (USDA) mortgages and programs provide essential support for new affordable homes, a critical national need. Yet these homes waste energy, resulting in high energy costs and climate and air pollution. The long overdue update to these requirements will save low- and moderate-income Americans money and reduce climate-warming emissions.

Thus, we support the agencies' analysis and conclusions:

The proposed update would improve the affordability of covered homes. Affordability depends on the ability to pay the total cost of owning a home, including energy bills as well as the down payment, mortgage payments, and other costs. Most of the covered homes have very low down payments that would increase only slightly due to the added initial cost of meeting the requirements. Building energy codes greatly reduce the ongoing energy costs—the proposed requirements of the 2021 International Energy Conservation Code and the ANSI/ASHRAE/IES Standard 90.1-2019 save almost 30% compared to the current requirements. But states have been slow to adopt the codes. Thus more than 10,000 new homes a month under the current federal requirements will have unnecessarily high energy bills for decades, which can threaten the ability of low-income owners and renters to remain in their homes. Updating the requirements will help protect these households.

The proposed update would not harm the availability of covered homes. Nothing in the model codes would prevent builders from building homes that receive federal support. The codes are based on widely available, commercial technologies and provide multiple pathways for complying. According to Pacific Northwest National Laboratory's analysis, the cost of meeting the codes is minimal for high-rise multifamily buildings and is only 2% of the average cost of a new FHA-insured home. With the 45L tax credit it may be even cheaper to build to higher ENERGY STAR or Zero Energy Ready Homes levels. In return, the homes are more attractive to buyers, promising low monthly costs and greater health and comfort. And the builders get access to a large pool of buyers who cannot afford larger down payments, and multifamily developers get access to HUD assistance.

The proposed update would cut climate-warming emissions. Poorly constructed new homes waste energy for decades, and that waste is responsible for significant carbon dioxide emissions. This update not only will improve years of covered new homes (the 2015 determination still applies today) but also will spur improvements in additional new homes that builders hope will be eligible for the programs and will encourage more states to adopt up-to date codes.

HUD and USDA should finalize the determination and implement the updates as soon as possible.

Every month of further delay means thousands of homes are built to codes that are about 15 years old (the 2015 update was out of date when it was issued). We urge the agencies to finalize the determination and implement the updates for each program as soon as possible. Effective implementation also is critical. The agencies should conduct training of builders, many of which may not be familiar with the most recent code updates. They should also monitor compliance to determine what further training and enforcement may be needed. And we support deeming green building standards as demonstrating compliance if they do in fact require at least as much energy savings.

HUD and USDA should work with other agencies to expand the housing affordability and climate

benefits. The current model codes and the homes under the requirements are an important start. The ultimate goal, in line with the Biden-Harris Administration Building Codes Initiative, is affordable, zero emissions, healthy, resilient homes and other buildings throughout the country. HUD and USDA should continue applying higher ENERGY STAR or green building requirements to specific programs that support new construction. They should assist the Department of Veterans Affairs in applying the new statutory requirement to follow this determination for veterans home loans. And they should work with Fannie Mae, Freddie Mac, the Federal Housing Finance Agency, and other agencies to apply similar protections for new homes and buildings they support.

We urge the agencies quickly to take a significant step toward affordable, climate-friendly homes with this determination.

Alliance to Save Energy

American Council for an Energy-Efficient Economy

California Efficiency + Demand Management Council

Cellulose Insulation Manufacturers Association

Elevate

EPS Industry Alliance

Evergreen Action

Fresh Energy

Housing Assistance Council

Institute for Market Transformation

Insulation Contractors Association of America

Lincoln Institute of Land Policy

Midwest Building Decarbonization Coalition

Midwest Energy Efficiency Alliance

National Consumer Law Center, on behalf of our low-income clients

New Buildings Institute

North American Insulation Manufacturers Association

Northeast Energy Efficiency Partnerships (NEEP)

Northwest Energy Efficiency Alliance

NRDC (Natural Resources Defense Council)
Polyisocyanurate Insulation Manufacturers Association
Rewiring America
Sierra Club
Slipstream
Southwest Energy Efficiency Project
Spray Polyurethane Foam Alliance
Structural Insulated Panel Assn. (SIPA)
Union of Concerned Scientists
U.S. Green Building Council