

March 22, 2024

Director Shalanda Young
Office of Management and Budget
1600 Pennsylvania Ave NW
Washington, DC 20500

RE: Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Assisted Housing

Dear Director Young,

On behalf of 22 consumer protection, housing affordability, energy efficiency, and climate justice signatory organizations, we thank you for your continued work to secure healthy, affordable, and efficient housing for all residents. We write today to reinforce our support and excitement for the final determination from the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA) on the adoption of updated energy efficiency standards for new construction of HUD- and USDA-assisted housing. Increasing energy efficiency will improve housing affordability, generating significant cost-savings for low-income households and positively contributing to the economy. HUD analysis also shows that actions to improve energy efficiency would not significantly impact housing availability. We urge you to expeditiously finalize the determination and move forward with implementation.

Affordable housing availability and ongoing housing affordability are of paramount importance across the country, and energy costs and utility bills are significant contributing factors to sector-wide and individual household affordability. More than 1 in 4 households—and nearly 1 in 2 low-income households—struggle to pay their energy bills, and 1 in 5 households forego basic necessities like food or medicine to pay their energy bills.¹

These affordability issues can, thankfully, be addressed through energy efficiency and conservation measures. These are most affordably delivered at the point of construction and equitably enforced through programs and practices like minimum energy efficiency standards. HUD's May 2023 preliminary determination found that the IECC 2021 and ASHRAE 90.1 2019 energy codes will generate significant cost-savings for low-income households and not significantly harm housing affordability and availability. The agency highlighted that the proposed update will save residents of single-family homes \$752 a year in energy costs, resulting in a range of net lifetime savings from \$7,536 to \$46,836 for single family homes depending on the region while multifamily households would net lifetime savings between \$4,064 and \$15,452.² Indeed, the annual energy savings from the energy efficiency gains in the code deliver a net-positive cash flow for the household beginning as soon as year two of home

¹ <https://www.eia.gov/consumption/residential/data/2020/#household>

² <https://www.hud.gov/sites/dfiles/CPD/documents/6271-N-01-HUD-USDA-Energy-Codes-Preliminary-Determination-RIA-2023-03-24.pdf>

ownership. The energy savings more than pay for the projected increased upfront costs of the new code amortized through the monthly mortgage and added as a small percentage in the down-payment.

Since the preliminary determination was released, further progress and analysis across the industry has only made clearer the necessity and underlying support for the preliminary determination. Nearly 20 states³ have already adopted or are in the process of adopting IECC 2021, demonstrating the viability and achievability of the code. However, while such state progress is laudable, many states are lagging behind in adoption. Efforts to weaken energy codes create market inconsistencies that could lead to low-income households in some parts of the country facing more volatile utility bills. A final determination from HUD and the White House would help alleviate those potential issues for a critical market segment.

Moreover, the emergence of new funding and incentives to assist with the adoption and implementation of energy codes as well as with the construction of new energy efficient homes makes the successful implementation of a final determination all the more feasible.⁴ The preliminary determination's analysis does not incorporate sizeable new tax credits and home efficiency rebates for builders and residents made available through the Inflation Reduction Act of 2022 (IRA) that can substantially reduce the estimated upfront costs to meet and go beyond the proposed efficiency requirements.

Finally, more evidence has emerged that energy codes, such as those evaluated in the preliminary determination by HUD, provide critical benefits and safeguards beyond straightforward insulation against volatile utility bills. Specifically, energy codes will also reduce climate risk to residents and to bank portfolios. New research from DOE and the national laboratories⁵ shows that adopting the proposed code could increase the habitability of homes in the event of power outages. For example, the proposed code would increase the days a resident can safely stay in their home in the heat in Atlanta from 3 to 7. Further still, as a driver of energy demand reduction and increased building performance, energy codes can deliver health benefits as they help avoid and reduce onsite and upstream pollution, including smog-forming nitrogen dioxides, particulate matter, carbon monoxide, and more. These kinds of co-benefits are vital to families and communities.

This is a critical moment and opportunity to support the affordable housing market and ensure that new HUD- and USDA-assisted housing will deliver quality homes to families that will combat increasing utility bills, insulate families from increased climate and severe weather risk, and help reduce pollution. Absent new energy standards, low-income households will unnecessarily endure decades of higher energy bills and live in homes that are less safe in the

³ Eleven additional states have adopted the 2021 IECC, in some cases with weakening amendments: Connecticut, Virginia, New Jersey, Ohio, Florida, Utah, Maryland, Oregon, Montana, Louisiana, and Illinois. Seven other states are in the process of adopting 2021 IECC or a version of 2021 IECC, including Massachusetts, Nevada, Minnesota, Maine, Michigan, New Mexico, and Pennsylvania

⁴ <https://rmi.org/pathways-to-equity-and-savings-for-low-income-households/>

⁵ <https://www.energycodes.gov/energy-resilience>

face of extreme heat and cold. We encourage you to support a final determination for new HUD- and USDA-assisted housing to be built to IECC 2021 and ASHRAE 90.1 2019 standards.

Thank you for your consideration.

Sincerely,

Debra Little
AjO

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