



October 18, 2023

Honorable Charles Schumer
Majority Leader, U.S. Senate
Washington, D.C. 20510

Honorable Mitch McConnell
Minority Leader, U.S. Senate
Washington, D.C. 20510

Honorable Martin Heinrich
Chair, U.S. Senate Appropriations Subcommittee-
on Agriculture, Rural Development, Food and
Drug Administration, and Related Agencies
Washington, D.C. 20510

Honorable John Hoeven
Ranking Member, U.S. Senate Appropriations-
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Washington, D.C. 20510

Honorable Brian Schatz
Chair, U.S. Senate Appropriations Subcommittee-
on Transportation, Housing and-
Urban Development, and Related Agencies

Honorable Cindy Hyde-Smith
Ranking Member, U.S. Senate Subcommittee on-
Transportation, Housing and-
Urban Development, and Related Agencies

Honorable Chris Coons
Chairman, U.S. Senate Bipartisan-
Climate Solutions Caucus
Washington, D.C. 20510

Honorable Mike Braun
Chairman, U.S. Senate Bipartisan-
Climate Solutions Caucus
Washington, D.C. 20510

RE: Proposed Amendment (Rubio AMDT #1237) to Fiscal year 2024 Military Construction and Veterans Affairs; Agriculture, Rural Development, and Food and Drug Administration (FDA); and Transportation, Housing and Urban Development Minibus

Dear Majority Leader Schumer, Minority Leader McConnell, Chairs Heinrich, Schatz, Coons and Braun, and Ranking Members Hoeven and Hyde-Smith:

The Alliance to Save Energy, a bipartisan nonprofit coalition of business, government, environmental, and consumer leaders, writes to urge your support for the [Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA- Financed Housing](#), pursuant to the recent preliminary determination by both agencies. An amendment has been filed (Rubio AMDT #1237) to the *Fiscal year 2024 Military Construction and Veterans Affairs; Agriculture, Rural Development, and Food and Drug Administration (FDA); and Transportation, Housing and Urban Development* minibus, that would limit agency authority to proceed with the determination. The action of the agencies is overdue, and is necessary to ensure that affordable housing meets relevant standards to reduce energy burden while also reducing carbon emissions.

As an advocate for energy efficiency policies in low-income and disadvantaged communities, the Alliance appreciates that some are concerned that the action by HUD and USDA could make affordable housing less available. However, one of the goals of the determination is to show that the codes are cost effective, and that

energy efficiency measures pay for themselves with energy cost savings on a life-cycle basis. Moreover, as the Alliance articulated in its submitted comment to the Notice, “Delaying adoption or not finalizing the Proposal cannot be the solution to increasing affordable housing access.” Energy efficiency is an indispensable tool for reducing or eliminating energy burden, which is three times higher for low-income households versus non-low-income.¹ Moreover, energy efficiency is directly linked to positive health outcomes for low-income and disadvantaged communities.²

The Alliance recognizes that there could exist initial cost challenges for low-income consumers with the introduction of the new codes. That said, the solution to the cost challenges cannot result in *siloing* low-income families into less efficient housing. Instead, policymakers should identify strategies that reduce initial upfront cost. For example, the agencies could aggressively educate developers about various existing incentives that are purposely designed to help lower the cost of building energy efficient housing, such as Section 45L of the Internal Revenue Code.

The agencies could also steer developers toward the Greenhouse Gas Reduction Fund (GGRF), which also pushes building energy efficiency above 2021 IECC, and targets net-zero emissions buildings. The GGRF provides flexible capital when meeting relevant program guidelines, including forgivable loans, no-interest loans, low-interest loans, partially forgivable loans, etc. These strategies could positively lower development *and* purchase costs, particularly when also extended to the low-income homebuyer. Finally, the agencies could also identify other solutions to remove increased costs for developers, builders, and purchasers, including lower interest financing types to make up any cost differences that result from energy code adoption.

In brief, the solution to the availability of affordable housing in the context of higher energy efficiency building codes is not for HUD and USDA to do nothing— and to continue supporting less efficient housing for low-income consumers. Instead, the agencies and Congress must develop solutions to eliminate the challenge. There are existing available solutions in current law that could help in lowering cost hurdles, including 45L and GGRF— and existing agency authority should also be explored to identify other solutions as well.

Failing to move the affordable housing market into the energy transition and expansion also places the U.S. at a significant disadvantage in its efforts to address the climate challenge. According to the International Energy Agency (IEA), 40% of the emission reductions required by the Paris Agreement can be achieved by energy efficiency alone. Additionally, but for the energy efficiency investments made since 1980, carbon emissions would be 78% higher, based on 2021 data.³ Also, based on the recent [Lawrence Berkely National Laboratory-Brattle study](#) on energy efficiency and building decarbonization, the U.S. will need to make immediate and accelerated investments in building energy efficiency, or the energy transition and expansion could be prohibitive.

The Alliance urges your continued support for affordable housing and low-income and disadvantaged communities— and we urge the Senate to find solutions that keep affordable housing abundantly available, accessible, and energy efficient, pursuant to the HUD-USDA determination or better. We greatly appreciate the

¹ U.S. Department of Energy, *Low-Income Community Energy Solutions*, <https://www.energy.gov/scep/slsc/low-income-community-energy-solutions#:~:text=According%20to%20DOE%27s%20Low%2DIncome,be%20as%20high%20as%2030%25>.

² U.S. Department of Energy, *Low-Income Community Energy Solutions*, <https://www.energy.gov/scep/slsc/low-income-community-energy-solutions#:~:text=According%20to%20DOE%27s%20Low%2DIncome,be%20as%20high%20as%2030%25>.

³ [Energy Efficiency Impact Report](#).

concerns about the possibility of losing affordable housing stock, which may be the impetus for Rubio AMDT #1237, and we look forward to working with the Senate to ensure those concerns are eliminated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vincent Barnes', written in a cursive style.

Vincent Barnes

Senior Vice President, Policy, Research and Analysis

Alliance to Save Energy

CC: Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies; Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies; Senate Bipartisan Climate Solutions Caucus; Senate Committee on Energy and Natural Resources.