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**Comments on Preliminary Affordability Determination—Energy Efficiency Standards
(HUD FR-5647-N-01/USDA RIN 0575-ZA00)**

May 30, 2014

We appreciate the opportunity to comment on the preliminary determinations regarding the affordability and availability of new homes with federal mortgages and public housing under updated energy efficiency requirements, specifically the 2009 International Energy Conservation Code (IECC) and ASHRAE Standard 90.1-2007, as required by the Energy Independence and Security Act of 2007.

We support the proposed positive determinations and urge you to finalize the determinations, implement the code requirements for covered housing, and proceed to the required determinations on further code updates as quickly as possible.

The preliminary determination sets forth a compelling basis for the conclusion that updating the energy efficiency requirements would help homeowners and renters afford the total cost of housing and would not harm the availability of housing. We also offer the following points for your consideration:

Affordability: These codes lower the total cost of housing for homeowners and renters. Utility expenses are usually one of the largest costs of owning a home after the mortgage principal and interest payment (often greater than property taxes, homeowners insurance, and other housing expenses). As noted in the Federal Register notice, the Department of Energy estimated that the 2009 IECC would save the average homeowner \$3,000 compared with the previous 2006 IECC (discounted net present value including the modest added cost of the efficiency measures). Because the code requirements vary with climate, the savings are positive in every climate zone, ranging from \$1,900 in zone 3 (mid-South) to \$9,100 in zone 8 (far North). While those savings accrue over thirty years, a homeowner with 10% down payment on average would come out ahead---would receive back the extra down payment and be saving additional money each month—after just 1.4 years. And those homeowners will enjoy a more comfortable home and less variability in their utility expenses as well. While there is not a similar comprehensive cost-benefit analysis of 90.1-2007 for high-rise multi-family housing, the benefits also are clear (if somewhat smaller), and the cost-effectiveness appears similar.

Availability: These codes represent “state-of-the-shelf” technologies and practices. Well over a million homes have been built in more than thirty states and many cities that require all new homes to meet these codes, including hundreds of thousands of multi-family units. Tens of thousands of homes in other states have been built to the current criteria of Energy Star New Homes, which are designed to achieve

20% greater efficiency than the 2009 IECC. While meeting the codes does require use of better building components and practices, the products and skills are widely available around the country. Setting these modest efficiency requirements for new homes purchased using federal loan programs will likely increase the availability of higher-quality housing by helping to ensure good building techniques used to meet the requirements become standard throughout the country.

Sustainability: These codes bring important additional public benefits beyond consumer savings.

Increasing the energy efficiency of housing is good for jobs, the economy, and the environment, as well as for federal loan programs. Much of the additional cost of meeting the codes supports local construction and domestic manufacturing. And consumers' savings from lower utility bills are plowed back into the economy, resulting in job creation for many years to come. The energy savings also result in air quality benefits and lower greenhouse gas emissions. And they reduce pressure on the electric grid and fuel infrastructure—utilities in more than half the states are spending billions of dollars to reduce demand, which is most cheaply and effectively done when a house is built. Moreover, the savings should deliver value to the HUD and USDA programs—there is substantial evidence that more efficient homes have higher property values as well as lower borrower expenses, both of which should yield better loans.

Implementation and Follow-Through: HUD and USDA can help the nation reap the large benefits of these codes. Although building homes that meet the 2009 IECC and ASHRAE Standard 90.1-2007 provides large benefits to homeowners, renters, and the public, both adoption of and compliance with the codes are spotty. HUD and USDA can help and protect homeowners by ensuring that more homes meet up-to-date codes. We urge you to:

- Finalize this determination and incorporate the codes into the loan processes as soon as possible—it is already several years since these updated code versions were adopted,
- Move quickly to complete a determination on the 2012 IECC and 90.1-2010, which have already been determined by DOE to save energy, and which have been shown to be very cost-effective, and
- Help and encourage builders to comply with the new requirements—HUD and USDA education and quality assurance efforts would help ensure that builders successfully provide the quality, affordable, energy-efficient homes required under the law.

We commend HUD and USDA for your analysis that accounts for the many relevant factors and values at stake and for making a determination that will lead to substantially better, more affordable housing. We thank you again for the opportunity to provide these comments, and we urge you to consider the more detailed comments filed separately by some of us. We stand ready to help ensure that federal mortgage loan and public housing programs help create housing stock that does not leave homeowners and renters with unaffordable monthly expenses.