

VIA E-MAIL

June 24, 2021

The Honorable Marcia Fudge
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

The Honorable Tom Vilsack
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

RE: Update of Energy Code Requirements for Federally Backed New Home Mortgage Products

Dear Secretary Fudge and Secretary Vilsack:

We represent stakeholders who champion more energy-efficient homes. Building to updated model energy codes makes our homes energy efficient and more resilient to weather events. Leadership by federal agencies embracing current model energy code compliance is a key to helping our country meet the ambitious climate goals set by President Biden. Energy-efficient homes also improve housing affordability as a result of lower heating and cooling costs.

We write today to ask that the Department of Housing and Urban Development (“HUD”) and the Department of Agriculture (“USDA”) move quickly to bring current their standards and to require that new homes secured by Federal Housing Administration (“FHA”) and USDA mortgage products and new homes under other HUD programs comply with the current 2021 International Energy Conservation Code (“IECC”) or ASHRAE Standard 90.1-2019 for multifamily units.

President Biden recently issued an Executive Order on climate-related financial risk and tasked HUD and USDA to “consider approaches to better integrate climate-related financial risk into underwriting standards, loan terms and conditions, and asset management and servicing procedures, as related to their Federal lending policies and programs.” We believe the appropriate first action is to update energy code requirements for the new home mortgage products that you administer. Taking such action fulfills the intent of the Executive Order on three fronts: (1) to mitigate the effect of climate change through readily available energy efficiency improvements; (2) to make homes more resilient in the face of severe weather events and prolonged power interruptions; and (3) to promote a more secure financial future for the occupants of these homes for generations to come through lower utility bills.

The Energy Independence and Security Act of 2007 requires HUD and USDA to adopt the most current model energy code as a requirement for FHA and USDA new home mortgages and programs assisting new construction, provided the new code does not harm the availability or affordability of such homes. Both agencies last updated the code requirement in 2015 and

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currently require compliance with the 2009 IECC and ASHRAE Standard 90.1-2007. Four energy code cycles have now passed, with the 2021 IECC and ASHRAE Standard 90.1-2019 as the current model energy codes. The 2021 IECC delivers at least 35 percent more energy efficiency than the 2009 IECC in covered uses, with significant energy cost savings to home occupants.

Updating the energy code requirements for federally backed new home mortgages will help deliver on the core priorities of the Biden Administration. The attached analysis by the American Council for an Energy-Efficient Economy underscores the substantial reduction in greenhouse gas emissions, robust job creation and improved affordable housing access that can be delivered by taking such action. With responsibility over two of the largest mortgage programs in the country, HUD and USDA have a tremendous opportunity to be government leaders in substantially realizing these benefits.

Thank you for considering our request.

Sincerely,

Alliance to Save Energy
American Institute of Architects
American Chemistry Council
American Council for an Energy-Efficient Economy
Cellulose Insulation Manufacturers Association
EPS Industry Alliance
Institute for Market Transformation
Insulation Contractors Association of America
National Association of State Energy Officials
National Insulation Association
Natural Resources Defense Council
New Buildings Institute
North American Insulation Manufacturers Association
Polyisocyanurate Insulation Manufacturers Association
Responsible Energy Code Alliance
Spray Polyurethane Foam Alliance
Structural Insulated Panel Association
U.S. Green Building Council

Enclosure

cc: Gina McCarthy, White House National Climate Advisor
Brian Deese, National Economic Council Director