

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Green and Resilient Retrofit

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	-	-	-	-	-	-
2021 Appropriation	-	-	-	-	-	-
2022 President's Budget	250,000	-	-	250,000	99,000	89,000
Change from 2021	250,000	-	-	250,000	99,000	89,000

#### PROGRAM PURPOSE

The Green and Resilient Retrofit Program will provide funding to the owners of multifamily-assisted properties to rehabilitate these properties to be more energy efficient, healthier, and more resilient to extreme weather events. This increased investment will improve the stock of affordable housing available to many low- and extremely low-income families, often from marginalized communities. This program will support resiliency and energy efficiency and will reduce the likelihood of catastrophic damage from future disasters. In addition, the program will yield additional savings by reducing energy and water consumption, improving indoor air quality by following industry best practices for multifamily properties.

#### BUDGET OVERVIEW

The 2022 President's Budget requests \$250 million, which is \$250 million more than the 2021 enacted level. This includes:

- \$212.5 million for grants and direct loan subsidy which will provide for energy retrofits, green investments, and climate resilience improvements for approximately 15,000 units at approximately 150 project-based rental assisted properties nationwide.
- \$25 million for Energy-Efficiency Benchmarking data collection and systems. This will improve future investments in "green" retrofits.
- \$12.5 million for administrative contract expenses.

#### JUSTIFICATION

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes \$800 million to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. HUD's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation), and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These investments are crucial to assist

communities throughout the country to mitigate and prepare for the worst effects of climate change. Please see the “Climate Initiative” justification for more details.

### **Energy Retrofit, Green Investment, and Climate Resilience Projects – \$225 million**

The Green and Resilient Retrofit Program is modeled after the American Recovery and Reinvestment Act of 2009 (ARRA) Green Retrofit Program, which successfully rehabilitated nearly 20,000 units in over 200 properties (HUD-assisted properties under Section 202, Section 811, and Section 8 Project-Based Rental Assistance). While ARRA’s Green Retrofit program focused exclusively on energy efficiency, grants and loans for this program can also be used to address climate resilience, for example, by making the HVAC systems in a supported property able to continue working during a flood.

The Budget provides a combination of direct loan subsidy and grants to support improvement projects for approximately 15,000 affordable housing units at approximately 150 assisted properties nationwide, serving families most vulnerable to the effects of climate change. The loan subsidy will support up to \$106 million in direct loans. Participating properties will complete rehabilitation to a standard that will save approximately 20 percent on utilities. Improvements may include the installation of solar or other renewable energy systems at the affordable properties.

### **Utility Benchmarking – \$25 million**

Rising utility costs, aging property infrastructure, and increasingly frequent and intense weather events all threaten the affordability, financial viability, and habitability of assisted housing. By retrofitting properties to be more energy efficient, healthier, and more resilient, HUD can ensure the safety, affordability, and availability of housing. Despite spending nearly \$7 billion annually on utilities across its programs, HUD does not currently have data on how assisted properties in the portfolio perform relative to industry norms for utility consumption. HUD’s ability to target technical assistance, resources and programs to improve the worst performing properties in our portfolios, to reward the highest performers and improvers, and to set performance standards and targets for our portfolios, will be dependent upon having a reliable, baseline snapshot of how properties currently perform relative to industry standards. Further, because the utility consumption data collected through benchmarking is the same data upon which HUD utility allowances are sized, benchmarking should also result in the right-sizing of utility allowances giving each property owner the correct energy subsidy.

The Budget supports the development of utility-consumption benchmarking and the establishment of utility baseline data for properties assisted under Sections 8 (project-based), 202, and 811. This data will inform HUD’s efforts to improve the overall energy performance of the Multifamily assisted housing portfolio. Leveraging the methodology used for EPA’s Portfolio Manager (the industry standard benchmarking tool), the requested funding would establish utility benchmarking nationally, focused initially on larger properties. Data collection will be accomplished by contracting with one or more energy assessment firms to undertake benchmarking nationally for approximately 7,500 of the 20,000 properties assisted under Sections 8 (project-based), 202, and 811.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Grants and Direct Loans	-	-	-	-	-	-	-	212,500
Administrative Contract Expense	-	-	-	-	-	-	-	12,500
Data Collection/Benchmarking	-	-	-	-	-	-	-	25,000
Total	-	-	-	-	-	-	-	250,000

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

None.

**APPROPRIATIONS LANGUAGE**

The 2022 President's Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

*For a demonstration program to improve the energy efficiency and climate resilience of multifamily properties modeled after the Green Retrofit Program for Multifamily Housing, \$250,000,000, to remain available until September 30, 2025: Provided: That such amounts shall be for grants or for the cost of direct loans to properties receiving project-based assistance pursuant to section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), or section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et. seq), or properties converting to a project-based Section 8 housing assistance payments contract through the Rental Assistance Demonstration: Provided further, That the costs of such loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such amounts are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$106,000,000: Provided further, That up to \$12,500,000 of the amount made available under this heading shall be for administrative contract expenses, including to carry out property and energy assessment, due diligence, and underwriting functions for such grant and direct loan program: Provided further, That up to \$25,000,000 of the amount made available under this heading shall be for data collection and energy consumption benchmarking of such properties, including for the development of information technology systems necessary for the collection and analysis of such data: Provided further, That such grants or loans may be provided through the policies, procedures, contracts, and transactional infrastructure of the authorized programs administered by the Office of Multifamily Housing Programs, Office of Housing, of the Department of Housing and Urban Development: Provided further, That the Secretary may waive or specify alternative requirements for any provision of any statute or regulation in connection with the use of the amounts made available under this heading (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding that such a waiver is necessary to expedite or facilitate the use of such amounts. (Department of Housing and Urban Development Appropriations Act, 2021.)*