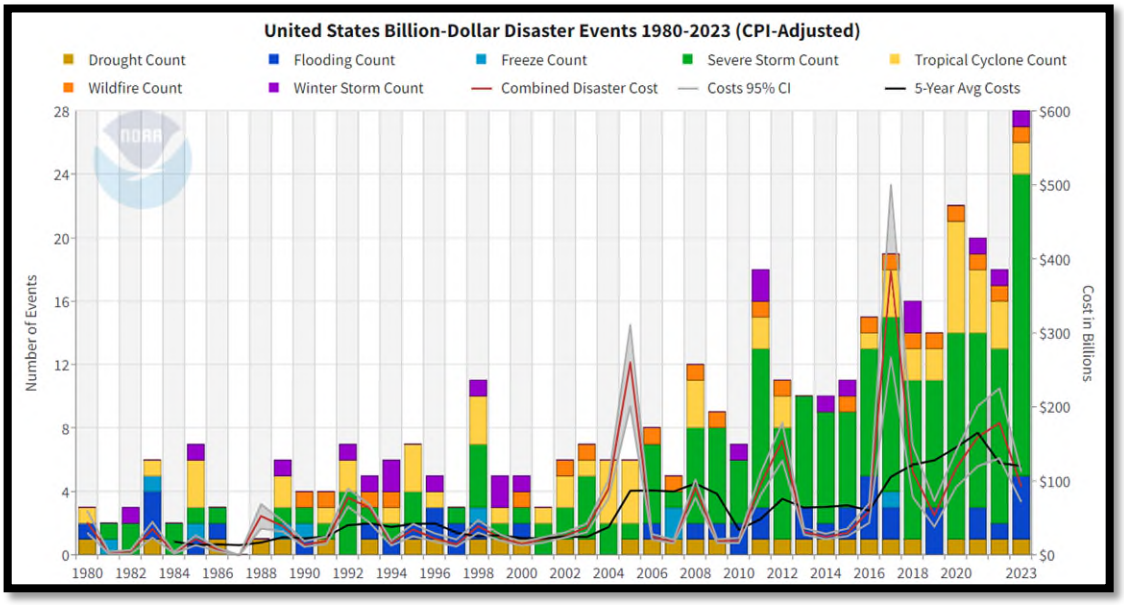
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Resilience and Climate Initiatives

OVERVIEW

The increasing frequency, intensity, and duration of natural disasters and severe weather events due to climate change present a growing risk to the health and safety of HUD-assisted households, as well as the physical assets financed or subsidized by HUD through a wide range of formula and competitive grants, rental assistance, and mortgage insurance programs.[1] In Calendar Year 2023, the U.S. saw 28 weather and climate disasters with losses exceeding $1 billion. These events, indicated in the table below, caused at least 492 direct or indirect fatalities as well as serious economic losses.[2, 3]



Communities served by HUD programs, which often have a significant share of low- to moderate-income households and people of color, are often more vulnerable to climate change due to their locations, aging infrastructure, and historic disinvestment. HUD's 2025 President's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 2.2 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. This work is aligned with HUD's comprehensive Climate Action Plan, released in November 2021.[4]

2025 BUDGET

The Budget requests $407 million for targeted investments to improve the quality of housing through climate resilience and energy and water efficiency. As part of the Administration's whole-of-Government approach to the climate crisis, the Department is committed to expanding efficient and

[1] See HUD's recently published *Climate Resilience Toolkit,* https://www.hudexchange.info/news/resource-available-hud-community-resilience-toolkit/.
[2] NOAA National Centers for Environmental Information (NCEI). *U.S. Billion-Dollar Weather and Climate Disasters (2024).* https://www.ncdc.noaa.gov/billions/time-series
[3] https://www.climate.gov/news-features/blogs/beyond-data/2023-historic-year-us-billion-dollar-weather-and-climate-disasters
[4] HUD's Climate Action Plan, https://www.hud.gov/climate.

resilient housing options in public and other HUD-assisted housing. Proposed funding will support existing programs and fund initiatives within existing programs, such as the Rental Assistance Demonstration, Public Housing, Native American Housing, and Choice Neighborhoods.

HUD will continue to invest in efforts to incorporate a robust set of measures to strengthen minimum codes and standards for building energy and resilience, incentivize and facilitate investments in energy efficiency and renewable energy, and provide technical assistance to help HUD partners implement proven measures around resilience planning, disaster risk mitigation, and building decarbonization. Key ongoing efforts include collaboration with Federal Agency partners on the National Initiative to Advance Building Codes and the development of an Equitable Decarbonization Framework for HUD's portfolio that will allow the Department to set and pursue emissions reduction goals in line with the President's direction to pursue a whole-of-government effort on climate action. HUD's climate efforts will continue aligning with and advancing Departmental and the President's Environmental Justice goals and priorities.

Climate investments are proposed in the following program areas:

Program Office	Budget Activity	2025 President's Budget Request for Climate Initiatives
Public and Indian Housing	Native American Programs	$150 million
Public and Indian Housing	Choice Neighborhoods	$140 million
Housing (Multifamily) and Public and Indian Housing	Rental Assistance Demonstration	$112 million
PD&R	Research on energy efficiency, disaster preparedness, recovery and resilience	Up to $5 million
Total		**$407 million**

Public and Indian Housing

- Native American Programs: $150 million for the Indian Housing Block Grant (IHBG) competitive program, which focuses on projects that spur construction and rehabilitation of housing units. The grants would prioritize projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period. This will modernize existing housing, reduce harmful emissions and consumption of energy, and reduce utility costs in Tribal housing.

- Choice Neighborhoods: $140 million for the Choice Neighborhoods program, which helps communities develop and implement locally driven comprehensive neighborhood plans to transform underserved neighborhoods. The program advances climate resilience and environmental justice by redeveloping and replacing distressed public housing and HUD-assisted multifamily housing and neighborhood amenities with resilient and energy-efficient structures. All housing built with Choice Neighborhoods funds must meet Energy Star requirements and achieve certification from a nationally recognized green energy rating program, such as Leadership in Energy and Environmental Design (LEED) or National Green Building Standards. Grantees must implement their plans to lessen the impact on the natural environment and mitigate the impact of natural disasters and manmade hazards, in line with goals for environmental justice. Grantees have implemented innovative measures,

such as: developing green gardens to collect run-off and eliminate flooding; raising the level of housing above flood levels; introducing bioswales; planting tree cover and indigenous plantings; building connectors for areas cut-off by freeways or railroads; and working to eliminate contamination in partnership with the Environmental Protection Agency's (EPA) Brownfields program.

Multifamily Housing

- Rental Assistance Demonstration (RAD) Program: $112 million to transition approximately 30,000 public housing units and 3,000 Section 202 units to a more sustainable platform – this includes $62 million under the Project-Based Rental Assistance Program (PBRA) and $50 million under the Tenant-Based Rental Assistance Program (TBRA). As part of the conversion to either PBRA or TBRA, properties undergo an extensive environmental review and mitigation/improvement process, including to improve their energy and water efficiency and decrease their carbon footprint. This conversion process preserves and improves these affordable properties and will enable public housing authorities and multifamily owners to holistically address critical property needs, environmental hazards, and energy inefficiencies.

Policy Development and Research

- Climate-Related Research: Up to $5 million to fund research on energy efficiency, disaster preparedness, recovery, and resilience, to be administered by the Office of Policy Development and Research. This research would support HUD's efforts to mitigate the effects of climate change and natural disasters on assisted populations and the affordable housing stock.

As noted above, HUD released a comprehensive Climate Action Plan in November 2021. That plan can be accessed at: https://hud.gov/climate.

HUD supports approximately 2.2 million low-income families in existing public and assisted housing units and plays a key role in the development and preservation of affordable housing through a wide range of programs. Estimates from 2021 show that HUD's annual outlays on utilities (energy and water) in this housing stock consume as much as 14 percent of the agency's total budget and, according to an internal HUD analysis, produce an estimated 13.6 million metric tons of carbon emissions.[5] Improving the energy performance of HUD assets will play a significant role in reducing spending on utilities – allowing for more funds to be spent on housing instead – and simultaneously lowering carbon emissions across HUD's public and assisted housing portfolio.

KEY INITIATIVES

Current and previous energy and water conservation initiatives demonstrate the potential for achieving energy savings and carbon reduction with the right mix of incentives, direct financial support, and/or technical assistance. The 2025 Budget will help continue and/or enhance the some of the initiatives listed below:

- Energy Performance Contracts (EPCs) in public housing have benefitted about 250,000 units (about a quarter of the current public housing stock) through approximately 315 EPCs approved since the 1980s, including 38 EPCs approved since 2018 affecting 82,954 units,

[5] Preliminary internal HUD estimate of carbon emissions, March 2021. Assisted multifamily and Housing Choice Voucher unit counts from *Characteristics of HUD-Assisted Renters and Their Units in 2017* (2020) and public housing unit counts from PIC database were used to estimate total BTU consumption for each subsidy type by Census Region, using per-household annual BTU consumption rates from the Residential Energy Consumption Survey (RECS).

with an estimated savings of $710,786,040 over the contract term. The Rate Reduction Incentive (RRI), which provides incentive eligibility to the PHAs that have taken significant effort to reduce utility rates, provided a $86 million in incentive in 2023 for 104 requests for the RRI operating fund eligibility (68 percent increase since 2020). The newest incentive program through the Operating Fund, the Small Rural Frozen Rolling Base (SRFRB) program, launched in 2020 for housing authorities which are classified as rural and have less than 550 units, has provided 68 housing authorities $525,237 in utility savings since the program started.

In addition, the Budget includes a legislative proposal that will change the EPC to allow PHAs to use Capital Funds in an EPC and to include savings generated by the energy conservation measures paid for with Capital Funds in the cash flow of the EPC. With access to this additional funding source, PHAs will be able to include deeper green energy conservation measures in the EPC program. For more details on this proposal, see the Public Housing Fund justification.

- HUD requests authority to spend up to $7 million in carryover funds in the Manufactured Housing Programs (OMHP). HUD proposes to use this carryover to establish and implement a non-competitive grant program for States and other entities to help offset costs associated with implementation and enforcement of new energy conservation standards for manufactured housing, including those finalized by the Department of Energy. This will align with the Administration's initiatives to modernize building codes, improve climate resilience, and reduce energy costs. This program would provide up to $7 million in funding for cooperative educational and training programs that are designed to implement and facilitate compliance and uniform enforcement of energy conservation standards for manufactured homes. Through the program, HUD will be able to continue supporting overall quality, safety, durability, and resilience of manufactured housing while preserving its affordability.

- The Green Mortgage Insurance Premium (Green MIP) provides a strong incentive for FHA multifamily borrowers to adopt one of several approved green building standards. A total of $61.5 billion in multifamily mortgage insurance for green projects has been endorsed for 2,275 developments with approximately 431,972 units of multifamily housing since the Green MIP was introduced in 2016. Green MIP borrowers must also commit to benchmarking utilities and achieve a minimum 75 Energy Star score in the EPA Portfolio Manager for the life of the loan.

GREEN MIP BY YEAR

Year	Endorsements	Volume ($)	Units
2016	33	$1,161,773,800	7,690
2017	150	$4,554,443,900	32,750
2018	242	$6,927,075,500	49,263
2019	222	$5,992,005,700	43,418
2020	429	$10,950,515,400	82,561
2021	659	$16,953,418,740	125,129
2022	385	$10,605,988,855	64,559
2023	155	$4,382,019,100	26,602
Grand Total	**2275**	**$61,527,240,995**	**431,972**

- The Better Buildings Multifamily Sector is a partnership with the Department of Energy (DOE) that supports multifamily housing organizations who voluntarily commit to reducing their portfolio-wide energy consumption and greenhouse gas emissions. Better Buildings Challenge multifamily sector partners commit to reducing their energy consumption by 20 percent over 10 years, a goal that has already been met by 14 partners. The Better Climate Challenge, launched in 2022, builds on the Better Buildings Challenge platform, calling on leading multifamily organizations to commit to portfolio-wide reductions in carbon emissions of 50 percent over 10 years. Combined the Better Buildings Multifamily Sector includes over 90 partners with around 700,000 units of housing nationwide, three quarters of which are Public and affordable housing. This initiative will continue to be supported by HUD's Community Compass Technical Assistance (TA) going forward.

In addition to HUD's 2025 Budget for $407 million for energy-efficient and climate resilient investments, HUD will continue a robust set of measures as described in the Climate Action Plan to strengthen minimum codes and standards, incentivize investments in energy-efficient, high-performance building, pilot or demonstrate advanced building decarbonization, and provide technical assistance to HUD partners to implement proven measures such as utility benchmarking to lower energy use and carbon emissions in their properties.

Increasing Community Resilience to Climate Change

Low- and moderate-income communities served by HUD's formula grant and rental assistance programs are especially and increasingly vulnerable to climate-related threats, including but not limited to extreme weather events, extreme heat, coastal flooding, wildfires, and diminished air quality. Several HUD programs play a critical role in helping communities rebuild and implement long-term recovery plans after Presidentially-declared natural disasters. Ongoing programs and investments outlined in the 2025 Budget in these areas will bolster the resilience of HUD's inventory of public and assisted housing against these increasingly likely severe natural disasters.

Investments in Risk and Resilience in HUD Programs

HUD will continue to use its funds to focus on grantees limiting their climate risk and building in a resilient manner. With the Green and Resilient Retrofit Program, enacted in the Inflation Reduction Act, HUD is using grants and loans to upgrade Multifamily HUD-assisted properties to be more energy efficient and resilient to natural disasters. With the increasing prevalence of natural disasters, it is critical for HUD to strengthen the HUD-assisted multifamily portfolio so that it is better prepared to protect tenants, reduce property damage, and mitigate the impact of these events on the low- and extremely low-income residents living in HUD-assisted housing. In addition, the program yields additional savings and reduces carbon emissions by reducing energy and water consumption within HUD's assisted portfolio through both grant and loan program assistance, as well as through utility benchmarking of assisted properties. HUD's 2025 Budget for the PBRA and TBRA programs includes $112 million for RAD to enable the preservation and renovation of HUD-assisted housing, including improving the energy and water efficiency of the housing.

HUD is working to embed climate resilience in all its programs. It is an active participant in the Climate Working Group under the Federal Credit Policy Council evaluating how to better integrate climate-related financial risk into underwriting standards, loan terms and conditions, and asset management and servicing procedures for Federal lending programs at HUD and the Departments of Agriculture and Veterans Affairs. Through the Indian Housing Block Grant competitive program, the Budget provides $150 million to Native American Tribes to help them build and rehabilitate housing on tribal lands and prepare for the effects of climate change. Choice Neighborhoods grants are designed to revitalize neighborhoods in an energy-efficient and resilient manner. HUD's Office of Policy Development and Research has ongoing research studying how best to encourage resilient communities, including housing technology research, which has produced important information on

cost effective building technologies and on building technologies that make the housing stock more energy efficient and resilient.

Since 2017, the Congress has appropriated about $16 billion to HUD specifically for mitigation efforts that help reduce the risk from future climate events.[6] These types of anticipatory investments pay for themselves many times over: the National Institute of Building Sciences estimates $6 in savings for every $1 spent through Federal mitigation grants funded and a benefit-cost ratio of 11:1 for investments in model building codes.[7] In addition, effective adaptation can also enhance social and economic well-being, including improving economic opportunity and job creation, health, equity, security, education, social connectivity, and sense of place, as well as safeguarding cultural resources and environmental quality.

Sustainability and Decarbonization Investments in HUD Operations

HUD recognizes great opportunity to integrate climate action and sustainability with agency operations. Through this commitment over the next several years, HUD will build on actions designed to reduce emissions and increase sustainable practices and climate resilience within HUD's Headquarters building, field offices, and with the HUD leased vehicle fleet. HUD will also continue to implement measures to reduce its Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions, increase sustainable procurement, transition to a zero-emission vehicle fleet, and develop a robust climate and sustainability training program for HUD employees.

Coordination and Collaboration

HUD's Climate Action Plan contains over 100 concrete actions related to climate adaptation and resilience, energy efficiency and greenhouse gas reduction, and environmental justice. The Climate Action Plan serves as a mechanism for coordinating and tracking continued progress toward administration climate priorities.

HUD's concurrent investments and dedicated coordination efforts across programs will allow for climate resilience and sustainability to be implemented simultaneously at the project, community, and regional levels, achieving important synergies, and minimizing disruption. HUD's Department-wide Climate and Environmental Justice Council, chaired by Secretary Fudge, continues to manage the comprehensive Climate Action Plan, and focus and coordinate HUD's work internally across program offices. HUD has also increased collaboration with other agencies to increase awareness of the importance of climate investments in communities HUD serves and to help eliminate barriers and challenges to those investments. Recognizing the important need to connect climate science and research with social impact, HUD has engaged with the United States Global Change Research Program (USGCRP) and science agencies to coordinate and support research needs and provide HUD's expertise. Working with the FEMA, DOE, EPA, DOT, HHS, Treasury, and other Agencies, HUD is helping to ensure individuals, buildings, communities, and regions most at risk from climate change are more prepared and better able to recover when extreme weather and disasters, engaged with the clean energy transition, and involved in climate research and data investments.

[6] HUD Exchange, Congressional Appropriations by Year, https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#congressional-appropriations-by-year.
[7] National Institute of Building Sciences, *Natural Hazard Mitigation Saves,* 2019 Report. https://www.nibs.org/files/pdfs/NIBS_MMC_MitigationSaves_2019.pdf.