

# Energy Action Plan



Energy Efficiency and  
Conservation at HUD:  
Implementing the President's  
National Energy Policy



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# President George W. Bush:



White House by Eric Draper

“...We need to be more **self reliant and self-sufficient**. It is in our nation’s national interest that we develop more energy supplies at home... It is in our **national interest** that we **conserve more**. It is in our national interest that we **modernize** the energy infrastructure of America.”

*October 26, 2001*

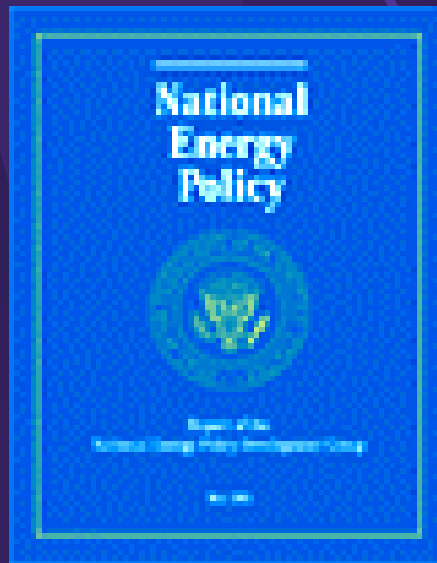
# Secretary Mel Martinez

“Improving the energy efficiency of the nation’s housing stock is an important part of our efforts. As one of the largest housing expenses after mortgage payments, the rapid rise of energy costs is making things difficult for both renters and homeowners.”

June 11, 2001



# National Energy Policy:



“Conservation and energy efficiency are crucial components of a national energy plan. Greater energy efficiency helps the United States reduce the likelihood of energy shortages, emissions and the volatility of energy prices.”

*May 2001*

# Energy Use in Homes and HUD

- Americans spend \$131 billion each year on household energy
- HUD spends some \$4 billion each year on energy – almost 15% of entire budget
  - Directly through operating grants or utility allowances
- Almost 5 million HUD-assisted renters and homeowners
  - 5% of all households

# HUD-Financed Housing

## ● Public Housing

- 1.2 million units
- HOPE VI - 6,000 units/year

## ● Rental Assistance

- Section 8 vouchers – 1.8 million units
- Assisted Multifamily – 1.6 million units
  - 800 new multifamily mortgages/year

## ● Homeownership

- FHA single family mortgages – 1 million/year
  - 10 percent new construction

# HUD-Financed Housing

- Block Grants – CDBG and HOME
  - 174,000 units rehabbed/each year
  - 13,000 new construction/each year.
- Senior Housing
  - Section 202 units – 300,000 units
  - 5,000 units/year



# Significant Potential Savings in Public Housing

- Approximately \$1.1 billion spent on energy in public housing alone
- Potential savings - \$165 million per year

# Barriers to Energy Efficiency at HUD

- Lack of strong incentives to conserve
- Declining technical expertise in field
- Lower property standards than most states - 1992 Model Energy Code
- Lack systems for tracking progress, setting benchmarks on energy efficiency
- Split incentives in rental housing

# Current Incentives for Energy Efficiency

## ● Public Housing

- Retention of Savings
- “Rate Reduction” Incentive
- “Frozen Base” Incentive
- “Additional Subsidy” Incentive

## ● FHA

- Energy Efficient Mortgages (EEMs)
- Energy Efficient Homes (EEHs)
- Weatherization mortgage insurance

## ● Section 202 and 811

- Energy Efficient Construction

## Charge to Task Force from Deputy Secretary Jackson

- Improve energy efficiency and conservation in HUD-assisted rental housing.
- Expand the use of Energy Efficient Mortgages, consistent with sound underwriting principles.
- Provide technical assistance on energy issues to nonprofits and faith-based organizations.
- Research and development of new energy efficient technologies.

## 21 Actions in Six Key Areas

1. Interagency partnerships with DOE and EPA
2. *Information, training and technical assistance*
3. Rewards and incentives for energy efficiency
4. *Energy standards and program requirements*
5. Management and monitoring of HUD's energy programs
6. *Policy analysis and technology research*

# 1. Implement Partnerships with DOE and EPA

*Establish partnerships with DOE and EPA: Energy Star and weatherization assistance*



# Implement Partnerships with DOE and EPA

**Action 1:** Work with EPA to distribute Energy Star information to HUD customers and clients.

**Action 2:** Initiate HUD-DOE weatherization partnerships in at least 5 states. N.Y.

**Action 3:** Formalize these partnerships through MOUs or partnership agreements.

## 2. Provide information, training and technical assistance

*Provide better information and training to HUD's customers and clients in a cost-effective and coordinated manner.*





## *Provide information, training and technical assistance*

**Action 4:** Coordinate department-wide workshops and standardize information

**Action 5:** Sponsor training for assisted housing managers and maintenance staff

**Action 6:** Encourage greater energy efficiency through CDBG and HOME

**Action 7:** Work with Center for Faith-Based and Community initiatives to assist non-profits and faith-based organizations

### 3. Strengthen Rewards and Incentives

*Strengthen rewards and incentives to HUD customers and clients to reduce energy costs in their buildings*



## *Strengthen Rewards and Incentives*

**Action 8:** Streamline energy performance contracting in public housing.

**Action 9:** Feature Energy Efficient Mortgage as a priority loan product.

**Action 10:** Simplify regulatory requirements for Energy-Efficient Mortgages

**Action 11:** Award priority rating points in competitive grant programs

## 4. Strengthen energy standards and program requirements

*Strengthen HUD's current energy efficiency standards and improve compliance with program regulations.*



# *Strengthen energy standards and program requirements*

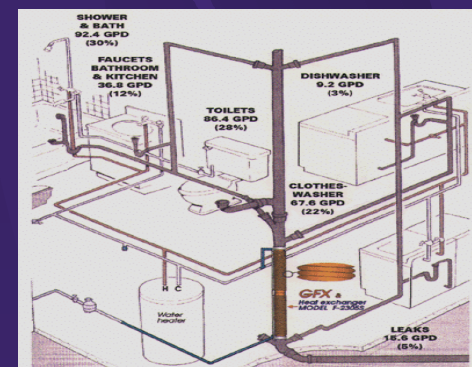


**Action 12:** Require housing authorities to purchase Energy Star equipment when cost effective.

**Action 13:** Establish HOPE VI as a leader in cost-effective energy-efficient new construction (Require Energy Star label)

## 5. Improve energy program management and monitoring

*Better coordinate, organize and staff HUD's energy programs, and improve tracking and monitoring of energy use*





## *Improve energy management and monitoring*

**Action 14:** Assign agency-wide responsibility for coordinating HUD's energy programs

**Action 15:** Include energy efficiency performance measures in Annual Performance Plan

**Action 16:** Improve tracking and monitoring of energy use in public & assisted housing

**Action 17:** Improve tracking and evaluate the performance of Energy-Efficient mortgages

## 6. Technology development and policy analysis

*Undertake additional policy analysis and, where needed, research and development of energy efficiency technologies*





# Technology development and policy analysis

**Action 18:** Conduct energy-related policy analysis and research

**Action 19:** Research, test and demonstrate innovative technologies

**Action 20:** Promote the use of Combined Heat and Power (CHP)

**Action 21:** Develop integrated approaches to energy and environmental retrofits

# PD&R Initiatives

- Study of Energy Star in HOPE VI projects
- Revised, web-based HUD Energy Efficient Rehab Guidelines
- Study of mortgage markets and energy efficiency (Fannie and Freddie)
- Alternative model for calculating utility allowances

## Next Steps

- Develop implementation plan
  - Two-year time horizon
  - Coordinated by Task Force
- Agreements with DOE and EPA
- Outreach to customers and clients
- Implement organizational changes



# E-Mail recommendations

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