



National Housing  
& Rehabilitation  
Association

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### Mission Statement

Owners and managers of the nation's affordable housing stock are on the front lines of the heightened awareness of the need for energy efficiency in America. With buildings comprising roughly 40% of the nation's energy usage, addressing consumption by the existing housing stock must be an important part of any strategy.

There are roughly 99 million occupied, non-mobile housing units in the United States. Almost 6 million of these units are in some way federally assisted.<sup>1</sup> Furthermore, the government expends substantial public funds in paying the utility costs for these subsidized units. The nearly \$5 billion annually spent from the HUD budget on energy and utility costs represents nearly 15% of the *total* HUD budget, and as energy costs rise, this share could grow larger. Investments in energy efficiency for federally subsidized housing units will result in substantial savings for the government, building owners and residents.

At the same time, the HUD-assisted housing portfolio is aging. A large proportion of these units were built between the late 1960s and the early 1980s with only limited consideration given to energy efficiency. The Harvard University Graduate School of Design *Public Housing Operating Cost Study* notes that 80% of the HUD assisted housing stock is 15 to 30 years old. Over 65% of public housing stock was built before 1970.<sup>2</sup>

HUD and Congress recognize the need and the potential. HUD adopted an Energy Action Plan in 2002. Subsequently, Congress passed the Energy Policy Act of 2005 (119 Stat. 650). Under Section 154 of this Act, the Secretary is required to “develop and implement an integrated strategy to reduce utility expenses through cost-effective energy conservation and efficiency measures and energy-efficient design and construction of public and assisted housing.” While HUD is to be commended for having taken this mandate seriously and launching a number of initiatives, it is clear that much more remains to be done.

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<sup>1</sup> This number is found by adding the total of conventional public housing units to the total of HUD assisted units from the following table: <http://www.huduser.org/publications/xls/fahtable.xls>

<sup>2</sup> Harvard University Graduate School of Design *Public Housing Operating Cost Study*, Final Report (June 2003) p. 77.

It is timely for owners of HUD-assisted housing to join together in a Council for Energy Friendly Affordable Housing (CEFAH) that will advance the goal of implementing and achieving the full energy savings potential of these important national assets. Despite HUD's efforts and intentions to date, a number of rules, regulations, practices and in some cases, laws, that were designed to address important aspects of creating and financing these properties present obstacles to making them more energy efficient.

CEFAH will immediately undertake analyzing such obstacles, identifying changes needed to be made to most sensibly incentivize all stakeholders to achieve energy efficiency, and set about to persuade the necessary parties to implement these changes.

Current Steering Committee members of CEFAH include David Abromowitz (Goulston & Storrs), Larry Curtis (Winn Development), Barbara Tyrell, John Mackey (Reznick Group). CEFAH will put forward ideas that recognize the importance of owners and others having a stake in reducing consumption of energy and other resources, rather than being regulated into compliance with arbitrary goals. CEFAH will operate as an independent council under the auspices of National Housing & Rehabilitation Association (NH&RA), a national trade group comprised of affordable housing developers and professionals. NH&RA was formed in 1971 and is a leading networking and advocacy organization for the affordable housing development community.

**Our immediate agenda includes:**

1) Identifying the existing barriers to cost effective energy efficiency renovations and retrofitting. What are the HUD rules, regulations and practices that reduce or even reverse incentives to owners to make changes that would yield economically attractive paybacks over a reasonable time period?

2) Design and promote sensible changes that overcome such barriers. Generally, we expect to advance ideas that would address the following areas:

A. Decreasing Energy Costs and Increasing Cash Flow

B. Drawing Needed Capital for Renovations from Existing Reserves

C. Unlocking Additional Private Capital for More Substantial Energy-related Improvements

D. Permitting Improvements Owned by Third Parties or Affiliates

E. Entering Energy Service Agreements with Third Parties or Affiliates

3) Codifying needed changes in policy, regulation and law in ways that recognize the realities and challenges facing owners and managers

4) Educating members of the Council on tools for implementing energy efficiency programs at their properties.