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	Net Outlays
2021 Appropriation	-	-	-	-	-	-
2022 Annualized CR	-	-	-	-	-	-
2023 President's Budget	250,000	-	-	250,000	245,000	112,000
Change from 2022	250,000	-	-	250,000	245,000	112,000

a/ 2023 Total Resources include $5 million that will be transferred to the Information Technology (IT) Fund.

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 and water efficient, healthier, and more resilient to natural hazard events. 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 will yield additional savings 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.

BUDGET OVERVIEW

The 2023 President's Budget requests $250 million for the Green and Resilient Retrofit program, which is $250 million more than the 2022 annualized CR level. This includes:

- $207.5 million, for grants and direct loan subsidy which will provide for green retrofits and climate resilience improvements for approximately 5,000 to 10,000 units at assisted multifamily properties nationwide.
- $31.5 million for utility benchmarking data collection and systems, including up to $5 million for IT investments. This will improve future investments in green retrofits.
- $11 million for administrative contract costs.

JUSTIFICATION

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes $1.065 billion in targeted investments across programs 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.

Green and Climate Resilient Retrofits – $207.5 million

The Green and Resilient Retrofit Program (GRRP) builds upon the American Recovery and Reinvestment Act of 2009 (ARRA) Green Retrofit Program (GRP), 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 GRP focused exclusively on greening and efficiency improvements to these properties, GRRP grants and loans will also fund retrofits that increase properties' resilience to natural hazard events and retrofits that utilize new, innovative greening strategies. Considering the program's expanded purpose, GRRP is expected to invest in deep energy and resilience retrofits, having a significant impact at a smaller cohort of properties.

The Budget provides a combination of direct loan subsidy and grants to support improvement projects for approximately 5,000 to 10,000 affordable housing units at assisted properties nationwide. Considering that this program will be the first HUD-administered program to examine resiliency needs in multifamily housing, the number of units to be assisted through the program will depend on the extent to which selected properties require a significant level of improvements. Properties receiving assistance under Section 8 Project Based Rental Assistance (PBRA), Section 202, and Section 811 programs are eligible for participation, as well as properties converting to Section 8 PBRA through the Rental Assistance Demonstration (RAD). This funding will support an estimated $67.5 million in direct loan subsidy as well as an estimated $140 million in grants.

As with ARRA's GRP, HUD expects these GRRP investments to be leveraged with private financing to increase program impact. The investment in green updates at these properties will preserve affordability while reducing energy and water costs, improving indoor air quality, and supporting community well-being through capital investment across assisted properties. In addition to improving and preserving affordable housing for many low- and extremely low-income families, the program's targeted focus on resilience will help reduce these families' exposure to imminent hazards, property destruction, power outages, and the need for short or long-term relocation following disaster events.

Additionally, in the decade since the implementation of the GRP, energy and water efficient products have become the industry standard. Therefore, this program also provides a renewed opportunity to leverage public investment to drive innovative strategies for increasing resilience, reducing carbon emissions, and increasing renewable energy generation in multifamily housing, potentially spurring owner and industry implementation beyond GRRP.

Utility Benchmarking – $31.5 million

Rising utility costs, aging property infrastructure, and increasingly frequent and intense natural hazard events all threaten the affordability, financial viability, and habitability of assisted housing. By retrofitting properties to be more energy and water efficient, healthier, and more resilient, HUD can ensure the safety, affordability, and availability of housing. HUD does not currently have complete, actionable data on how assisted properties in the multifamily 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, reward the highest performers and improvers, and set performance standards and targets, will depend upon having a reliable baseline of how properties currently perform relative to industry standards. Further, HUD can use the utility consumption data collected through benchmarking to better size utility allowances for HUD-assisted properties.

Of the total $31.5 million for benchmarking activities, $26.5 million will fund contracts with one or more energy assessment firms to support the development of ongoing utility-consumption reporting and the establishment of utility baseline data for approximately 480,000 of the approximately 1.4 million multifamily units assisted under Sections 8 (project-based), 202, and 811. This funding would allow HUD to benchmark about 33 percent of the units in its multifamily assisted portfolio. This data will inform HUD's efforts to improve the overall energy performance of the multifamily assisted housing portfolio. Relying on the methodology used for EPA's Portfolio Manager (the industry standard benchmarking tool), the requested funding will help establish utility benchmarking nationally. Together with the 17 percent of the portfolio that already collects and reports this data, this would ensure that at least half of the multifamily assisted portfolio would have undertaken benchmarking efforts. With this data, HUD will be able to improve policies and procedures to further optimize the energy and water efficiency of the nation's assisted housing stock.

The remaining $5 million will be used to support upgrades to HUD's information technology (IT) systems to ensure comprehensive and consistent tracking of utility benchmarking across all pertinent HUD programs. The multifamily utility benchmarking effort will inform HUD efforts to reduce utility consumption across the portfolio and to better corroborate mechanisms for determining utility allowances. Building upon this effort, the IT funds are necessary to develop a system or compatible systems for seeing year-over-year trends in utility costs and consumption, verifying utility expenditures, managing utility cost reduction incentives, tallying carbon emissions, understanding building performance on an aggregate and granular level, identifying physical and operational improvement needs, tracking progress toward utility consumption goals, and generating reports with statistics and visualizations across all of HUD's multifamily programs.

Administrative Costs – $11 million

HUD is requesting administrative costs in order to support this new grant and direct loan program as well as to develop program infrastructure for this extensive utility benchmarking effort. In particular, GRRP will require dedicated resources for the creation of a resilience assessment tool for multifamily housing nationwide. Additionally, this request for administrative costs includes funding for HUD to enter into cooperative agreements with Participating Administrative Entities (PAEs), that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) ("MAHRAA"), to provide direct support and technical assistance to owners participating in the grant and loan program. These PAEs will commission capital needs, resilience, and renewable energy assessments and environmental reviews on behalf of owners.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Grants	-	-	-	-	-	-	-	140,000
Direct Loans	-	-	-	-	-	-	-	67,500
Utility Consumption Benchmarking	-	-	-	-	-	-	-	26,500
Demonstration Program - Adminstrative Costs	-	-	-	-	-	-	-	11,000
Transfer to IT Fund	-	-	-	-	-	-	-	5,000
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250,000**

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriations language listed below.

For a demonstration program to improve the energy or water efficiency or climate resilience of multifamily properties modeled after the Green Retrofit Program for Multifamily Housing, $250,000,000, to remain available until September 30, 2026: Provided, That such demonstration program 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), section 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) (excluding section 8(o)(13) of such Act), or properties converting to a project-based subsidy contract under section 8 of the United States Housing Act of 1937 (excluding section 8(o)(13) of such Act) 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 the Secretary may subsidize gross obligations for the principal amount of direct loans not to exceed $400,000,000, to remain available until September 30, 2026: Provided further, That up to $31,500,000 of the amount made available under this heading shall be for data collection and utility consumption benchmarking of properties eligible for grants or direct loans under this demonstration program, of which $5,000,000 may be transferred to and merged with amounts made available under the heading "Information Technology Fund" for information technology systems and tools necessary for the collection and analysis of such utility benchmarking data: Provided further, That up to $11,000,000 of the amount made available under this heading shall be for administrative contract costs for the demonstration program and benchmarking, including for carrying out property and energy or water assessment, due diligence, and underwriting functions for such demonstration program: Provided further, That such amounts may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) ("MAHRAA") to provide direct support and technical assistance for owners on *conditions established by the Secretary for any grant or loan authorized under this heading: Provided further, That grants or loans authorized under this heading 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 that the Secretary administers in connection with the use of the amounts made available under this heading for the demonstration (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts.*

Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.