

# THE HFA INSTITUTE 2025

## U.S. Department of Housing and Urban Development

Office of Environment and Energy



National Council of  
State Housing Agencies



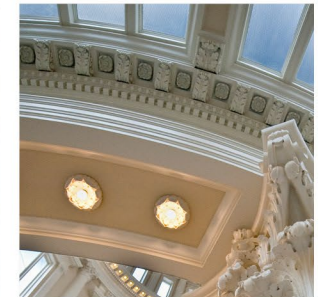
**MRBs and  
Other Federal  
Homeownership  
Programs**  
JANUARY 15 – 17



**Housing Credit**  
JANUARY 14 – 16



**Section 8 and  
Other Federally  
Assisted  
Multifamily  
Housing**  
JANUARY 15 – 17



**HOME and  
Housing Trust  
Fund**  
JANUARY 12 – 14



# Agenda

- Minimum Energy Standards for HUD-USDA Financed Housing
- HUD's Radon Policy Notice
- Part 55 and Federal Flood Risk Management Standard (FFRMS)
- Q&A

## Presenters

- **Lauren Hayes Knutson**, Environmental Planning Division Director – HUD Office of Environment and Energy
- **Andrew Poling**, Program Analyst – HUD Office of Environment and Energy

# Housekeeping

- Session will be 60 minutes
  - 45 minutes of presentation | 15 minutes at end for Q&A
- Slides will be available after the training

# Minimum Energy Standards for HUD-USDA Financed Housing

HOME and Housing Trust Fund

# Background: Statutory Requirements



The Energy Independence and Security Act of 2007 (EISA) amends Section 109 Cranston Gonzalez to require HUD and USDA to jointly adopt the most recently published energy standards subject to a housing “affordability and availability” test. HUD and USDA currently require 2009 IECC and ASHRAE 90.1-2007.



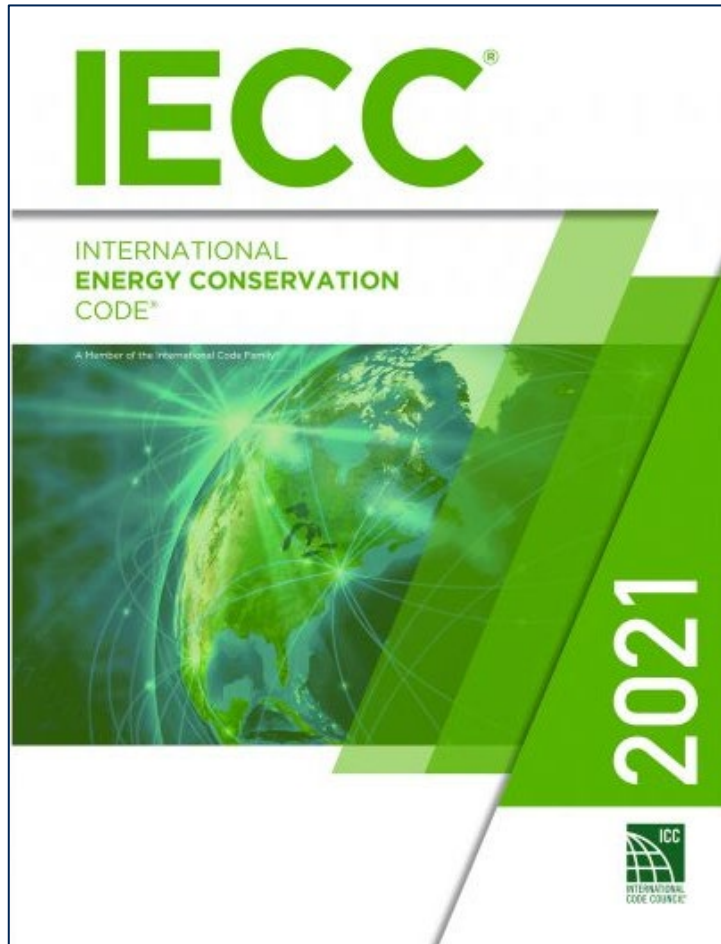
This notice brings HUD and USDA into compliance by adopting 2021 IECC and ASHRAE 90.1-2019 as minimum energy standards.



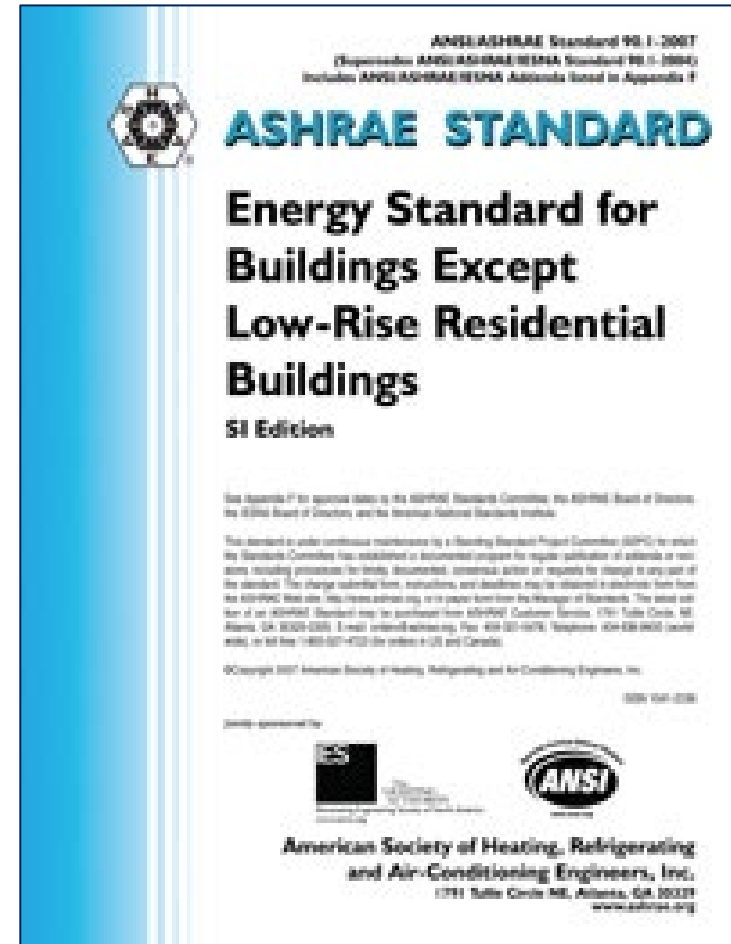
This notice impacts new construction only.

The updated energy code does not apply to FHA-insured or USDA mortgage financing for existing housing or manufactured housing.

# Two Codes Specified in Statute

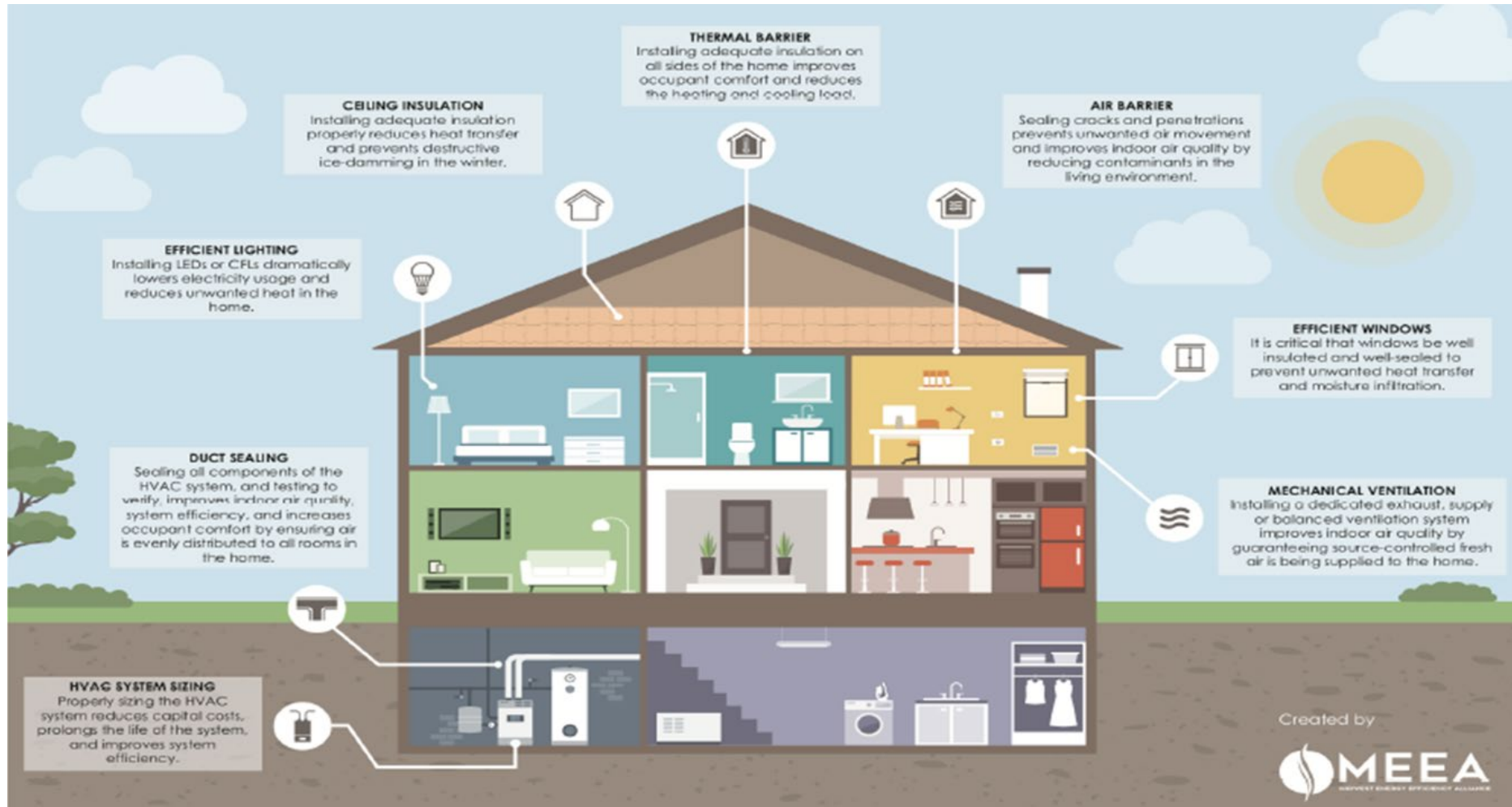


Single Family + Low Rise Multifamily



Multifamily 4+ Stories

# How the Energy Code Improves a Home



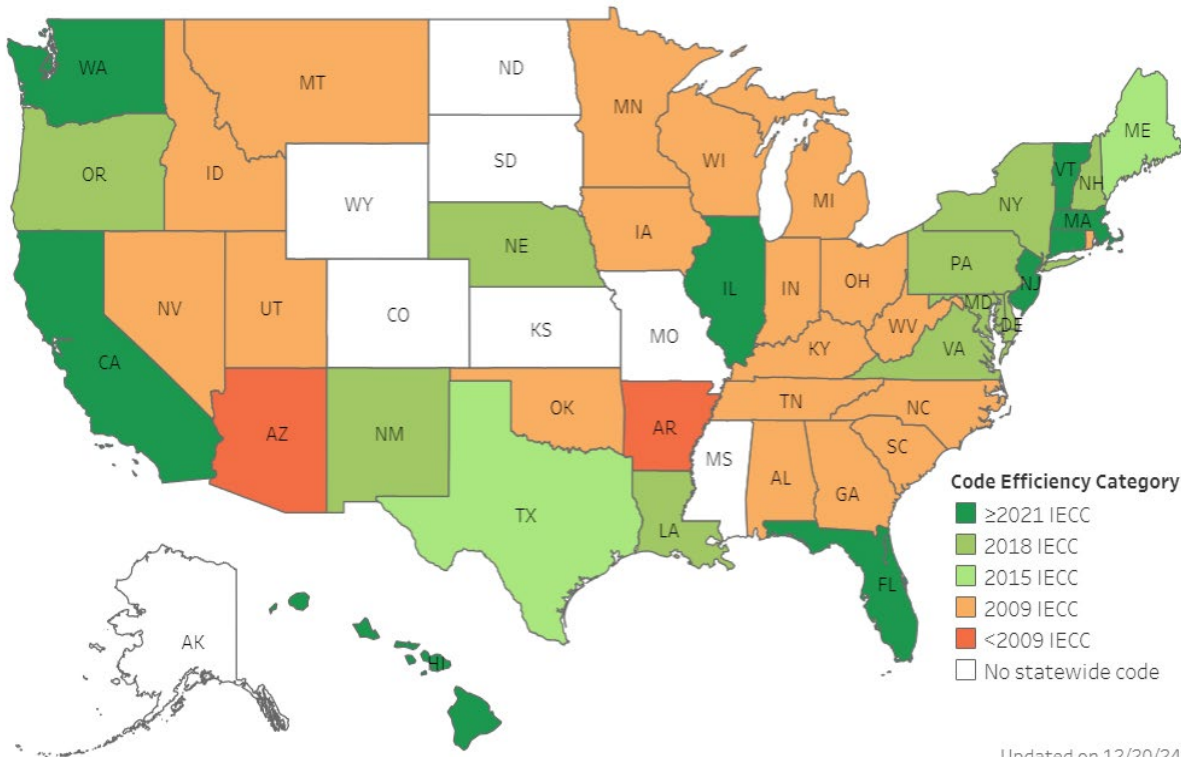
# Importance of Updating Energy Standards

<p>Set baseline energy efficiency requirements for new construction</p>	<p>Energy standards are a subset of building codes; when updated, they set minimum efficiency requirements for new and renovated buildings.</p>
<p>Lower energy burden</p>	<p>Updated energy standards reduce energy bills and costs. Low- and moderate-income households have a disproportionately high energy burden: median spending on energy is 8.1% of household income for these households vs. national average of 3.1%.</p>
<p>Reduce carbon emissions</p>	<p>These standards will generate an estimated reduction of as much as 6.35 million metric tons in carbon emissions over 30 years, the equivalent of taking 46,000 cars off the road every year. This equates to annual societal cost savings of \$13.9 million.</p>
<p>Help address extreme heat and cold</p>	<p>Energy efficient homes are more comfortable and have improved passive survivability. They enable families to survive in homes longer during extreme heat or cold events and power outages.</p>
<p>Residential health</p>	<p>Evidence shows weatherized, energy efficient homes contribute to lower asthma rates, respiratory symptoms, and other beneficial health impacts.</p>

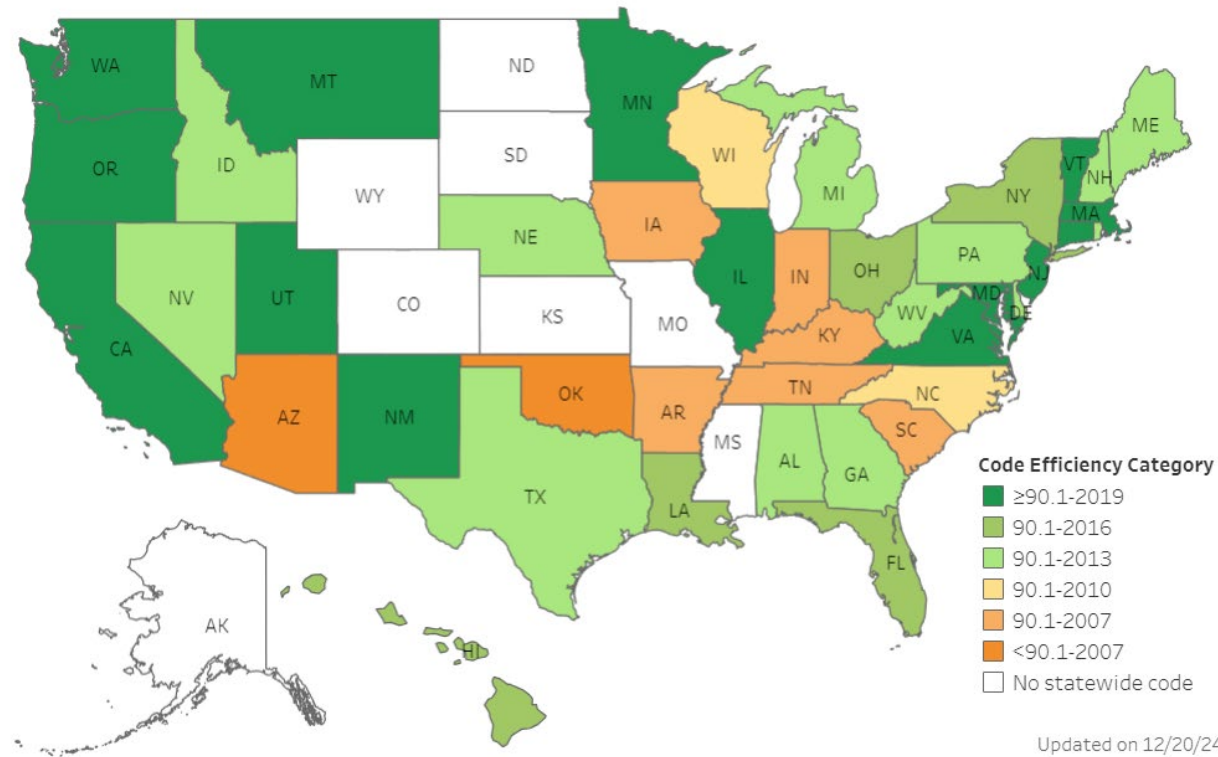
# Current State Code Adoption

**IECC:**  
 Single Family/Low-rise Multifamily  
 - 9 states currently require 2021 IECC

**ASHRAE 90.1:**  
 Multifamily 4+ stories  
 - 15 states + DC currently require ASHRAE 90.1-2019



Updated on 12/20/24



Updated on 12/20/24

# Significance of the Final Determination

## Energy Savings

- 2021 IECC is 34.3% more efficient than the 2009 standard.
- ASHRAE 90.1-2019 is 22.5% more efficient than the 2007 standard.

## Cost Benefits

- For the IECC, aggregate cost savings are estimated at \$73 million per year or \$1.48 billion over 30 years.
  - Per single family household, this equates to nearly \$1,000 in annual energy savings and \$15,000 in net life-cycle savings.
- For ASHRAE, aggregate energy savings are estimated at \$2.1 million per year or \$44 million over 30 years.

## Impacted Units

- This update will impact approximately 165,000 units per year.
- For HOME, HUD estimates 5,000 single family or low-rise multifamily units and 2,000 high-rise multifamily units will be impacted each year.
- For Housing Trust Fund, HUD estimates 550 single family or low-rise multifamily units and 300 high-rise multifamily units will be impacted each year.

# Implementation Timelines: HUD and USDA Programs

Program	Event	Final Determination (Current)
<b>HOME/Housing Trust Fund (HTF)</b>	<b>Participating Jurisdictions or HTF Grantee Funding Commitment</b>	<b>180 days after effective day (6 months) or November 28, 2024*</b>
FHA-Insured Multifamily	Pre-application submitted to HUD	12 months after effective date or May 28, 2025
FHA-Insured Single Family USDA Single Family Direct, Guaranteed, and Self-Help Loans	Building Permit Application	18 months after effective date or November 28, 2025
Public Housing (Capital Fund, Project Based Vouchers)	HUD approvals of development proposals for new Capital Fund or mixed finance projects	12 months after effective date or May 28, 2025
Competitive Grants (Choice Neighborhoods, Section 202, Section 811)	NOFO Publication	Next published NOFO after effective date
Rental Assistance Demonstration	N/A	Already effective by Federal Register Notice July 27, 2023
All programs, persistent poverty rural areas	Based on program-specific event above	24 months after effective date or May 28, 2026

\*If HOME/HTF funding layered with other HUD funds, the later program compliance date applies.

# Compliance Oversight

- The grantee or PJ is responsible for related compliance as well as obtaining and maintaining proper documentation.
- As the grantee or PJ conducts construction inspection(s) as required by the program, consider any applicable energy standard elements.
- Local jurisdictions are required to certify project-specific compliance with energy codes through:
  - A third-party home energy rater,
  - An architect or engineer, or
  - A local building inspector or code official.

# Alternative Compliance Pathways

- HUD recently published a list of acceptable alternative compliance pathways for compliance. These standards meet or exceed the energy efficiency of the 2021 IECC or ASHRAE 90.1-2019.
- Pathways include:
  - EPA ENERGY STAR Single Family New Homes Version 3.2 and Multifamily New Construction Version 1.2,
  - DOE Zero Energy Ready Homes Single Family Version 2 and Multifamily Version 2,
  - 2024 IECC and ASHRAE 90.1-2022, and
  - Multiple third-party high performance building standards.
- The full list can be found online at:  
[www.hud.gov/program\\_offices/comm\\_planning/environment\\_energy/mes\\_notice](https://www.hud.gov/program_offices/comm_planning/environment_energy/mes_notice).

# Training and Technical Assistance

- Technical assistance for builders, developers, and other key stakeholders will include:
  - An online resource page (<https://www.hudexchange.info/programs/minimum-energy-standards/>),
  - State compliance guides, and
  - Informational webcasts.
- *Appraisal Gap*. HUD technical assistance will help educate appraisers and lenders about acceptable methods and techniques for appraising energy efficient homes financed with an FHA-insured mortgage.
- DOE received \$1.2 billion in IRA and BIL funds to support energy codes. HUD and USDA are coordinating with DOE to leverage these resources in support of this notice.

# HUD's Radon Policy Notice

Community Planning and Development

Office of Grant Programs/Office of Environment and Energy

## Background and Purpose

- Purpose: to provide consistent minimum requirements for Departmentwide consideration of radon as a contaminant.
  - A 2020 OIG evaluation found inconsistency in program offices' approaches to radon.
- The policy notes that radon must be considered as part of environmental reviews for certain activities where contamination analysis is required, such as major rehabilitation and capital improvements.
  - *This policy requires consideration of radon gas as part of the contamination analysis but does not require radon testing.*
- This policy will improve HUD's ability to increase awareness of and mitigation for radon hazards.

# Options for Determining Radon Levels

- The Notice provides four options for determining radon levels in a building:

## **Preferred, Best Practice:**

1. Follow ANSI/AARST radon testing and mitigation standards.

## **Alternative strategies** (if testing not otherwise required by state or local law/reg):

2. Do-It-Yourself (DIY) Testing: Use of individual DIY home radon test kits for single family housing
3. Continuous Radon Monitoring Devices: for use by trained local government staff in remote areas
4. Review of available science-based data on radon in the area where the project site is located

# Applicability and Implementation

- The policy applies only to HUD projects that are subject to HUD’s contamination regulations at Parts 50 and 58
  - All projects at the “Categorically Excluded Subject to” (CEST), Environmental Assessment (EA), or Environmental Impact Statement (EIS) levels of NEPA review will be subject to the policy.\*
- Effective 90 days after publication for most HUD REs, recipients, and applicants
  - Effective 2 years after publication for all Tribes.

\*Projects subject to the FHA MAP Guide and Healthcare Mortgage Insurance Program Handbook are subject to the policy, but the policy does not supersede the stricter radon requirements under these guidance documents.

# Mitigating High Radon Levels

- **Important Note:** Although testing is the *only* way to identify specific radon levels within a building, the policy encourages, but does not require testing.
- Evaluation of radon and mitigation, when applicable, must be documented as part of the project environmental review.
  - HUD recipients may use their existing HUD funds to cover costs for radon testing and mitigation.
    - For example, CDBG funds can be used to support radon testing and mitigation systems as part of housing rehabilitation activities.
    - For new construction, evaluation of radon is done after construction.
- If indoor radon levels are at or above 4.0 pCi/L, then the RE, grantee, or HUD staff must document and implement a radon mitigation plan.

# Implementation, Education, and Further Steps

- Technical Assistance for REs and recipients
  - Live, recorded webinar and Q&A document available on the [HUD Exchange](#)
- Internal coordination on an action plan for Tribal outreach, engagement, and collaboration during the two-year extended implementation date for Tribes.
- Continued coordination with federal, state, and NGO partners through the National Radon Action Plan Leadership Council to increase testing and mitigation capacity and develop policy solutions to address residential radon exposure risk.

# Flood Risk and Part 55

Federal Flood Risk Management Standard (FFRMS)

24 CFR Part 55

## Background – Flooding Risk in the U.S.

From 1996-2019, **99 percent** of U.S. counties were impacted by a flooding event. Both flood risk and flood disasters are expected to increase as a result of climate change.

Since 2017, the U.S. has seen eight separate flooding events costing \$1 billion or more, which NOAA estimates to have cost in total over \$30 billion dollars.

While flooding and severe storms affect all communities, it is more difficult for socially vulnerable populations such as low-income and minority communities to recover from flooding impacts.

The estimated loss potential from just a 1-inch flood ranges from \$10,000 to \$27,000 in a home.

Estimated that the expected annual flood damages in 2020 to homes with federally backed mortgages was \$9.4B. It is estimated that those annual damages will increase a third to \$12.8B in 2050.

## Intent of HUD's Final Rule – Better Address Flood Risk

Increased flood resilience means families will be able to recover more quickly after a flood, reducing the need and cost for temporary housing, loss of personal possessions and significant personal impact.

Nationally, over a 40-year period, HUD estimates the total cost savings from the rule will total between \$56.4 million and \$324.3 million annually in losses and displacement avoided.

By adopting a future flood risk model, HUD will increase the Nation's resilience to flooding, particularly in low- and moderate-income communities, reduce the risk of flood losses, minimize the impact of floods on households across the country, and protect federal investments against future risk and increased harm.

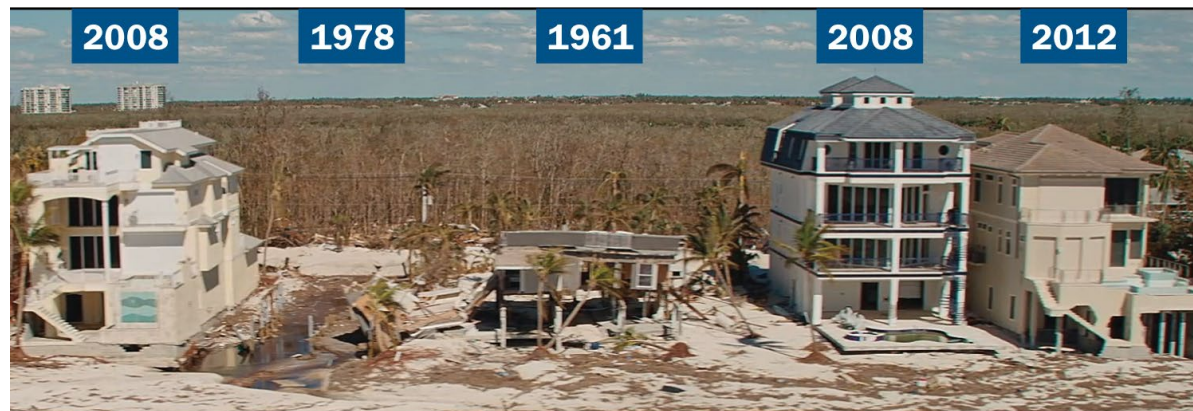
Studies have shown that higher standards, including elevations of homes in areas of flood risk, reduce the damages to those houses when a flood event occurs.

The losses avoided by federally funded riverine flood mitigation projects far exceed the money spent (with a 7x return on investment according to FEMA's Hazard Mitigation Reports). In some coastal locations subject to hurricane surge, it can be cost effective to build the first floor up to 10 feet above base flood elevation, in some places saving more than \$12 per \$1 of added cost.

# Building and Elevation Codes Reduce Damages

This rule will implement requirements found in EO 13690 - Establishing a Federal Flood Risk Management Standard (2015) and EO 14030 – Climate Related Financial Risk (2021) by updating:

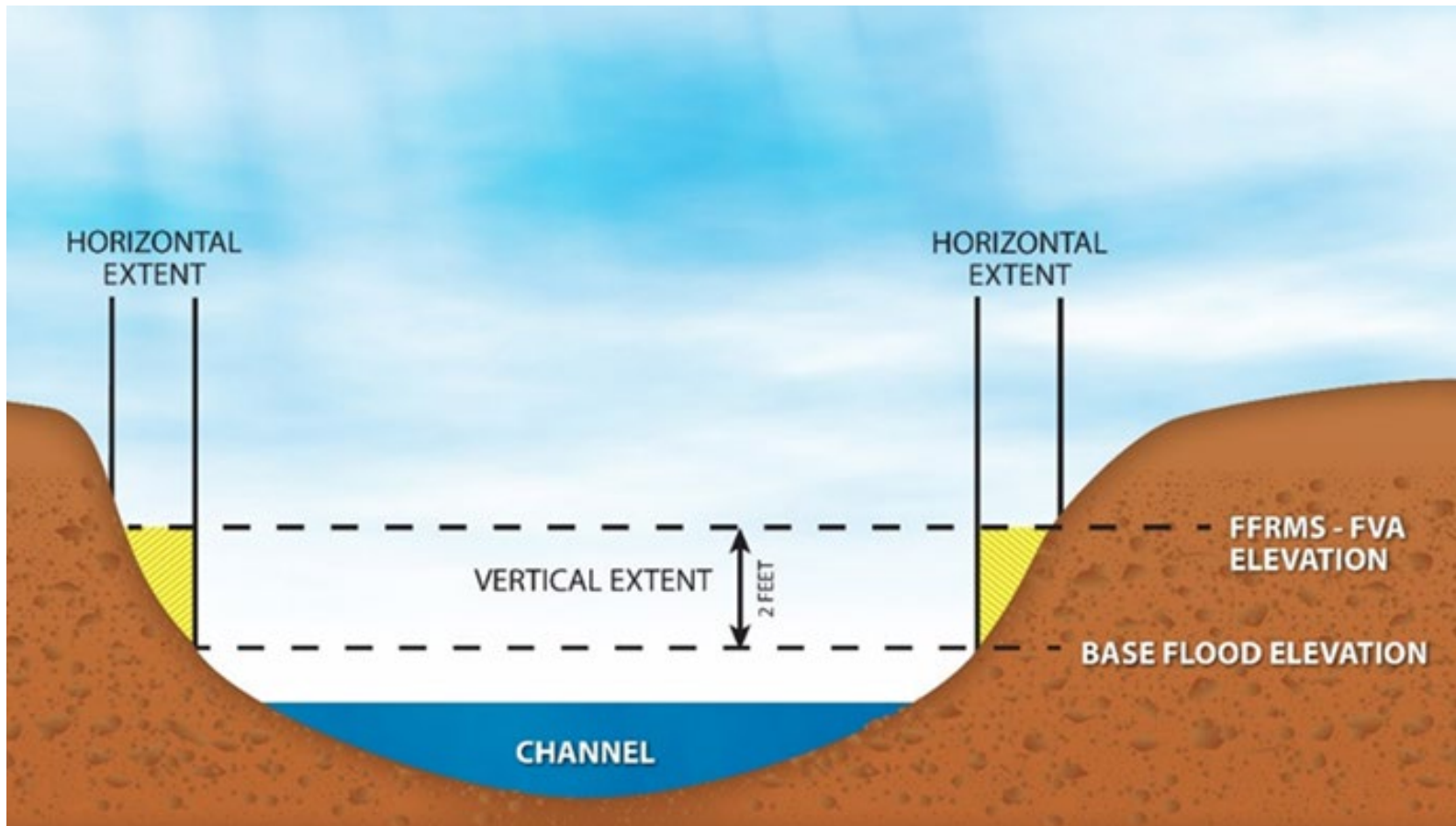
- **Part 55**, Floodplain Management and Protection of Wetlands: Applies to all HUD Programs that trigger NEPA/environmental review requirements
- **Part 200**, Minimum Property Standards: Applies to single-family housing under HUD mortgage insurance



*Bonita Springs, FL – Different standards impacted by storm surge/flood event*

# The FFRMS Floodplain

Under this rule, HUD will regulate based on the “FFRMS floodplain,” which defines an expanded floodplain that takes future flood risk into account for Part 55 programs.



# Major Improvements Under the Rule

*Specifically, the rule:*

- **Redefines the floodplain of concern for Part 55:**
  - Regulates to a newly defined, expanded FFRMS Floodplain instead of the 100-year Floodplain to account for increased flood risk over time
  - Will protect more residences and critical facilities by requiring additional elevation
- **Increases the required elevation for new construction** across all applicable programs and **substantially improved structures** (for grant programs and multifamily FHA-insured projects)
- **Strengthens public notice and clarifies flood insurance requirements** to increase awareness of flood risk to renters and homeowners
- **Incorporates flexibilities in allowing HUD assistance** for specific properties in floodways when specific criteria are met

# FFRMS: Modernizing the Regulatory Floodplain

## Floodplain of Concern (Former Part 55 Standard)

Based on FEMA’s Flood Insurance Rate Maps (FIRMs)

- Floodplain of concern was the 1% annual chance flood or 100-year floodplain
- 8-step for projects in the 500-year floodplain was limited to critical actions only

## FFRMS Floodplain (New Part 55 Requirements)

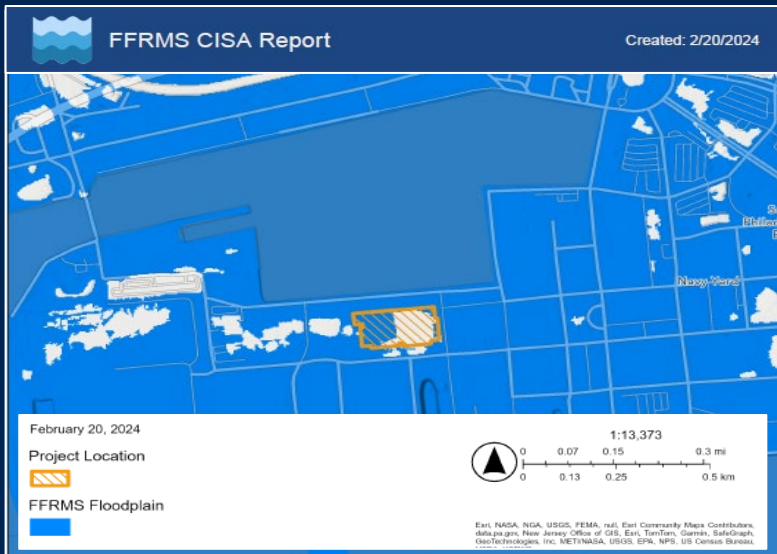
8-step and elevation requirements triggered for the FFRMS floodplain as determined using 1 of 3 methods:

1. Climate-Informed Science Approach (CISA)
2. 0.2-Percent-annual-chance Flood Approach (0.2PFA) – All new construction and substantial improvements within the 0.2 percent-annual-chance floodplain trigger 8-step and elevation requirements
3. Freeboard Value Approach (FVA)

# FFRMS: Mapping

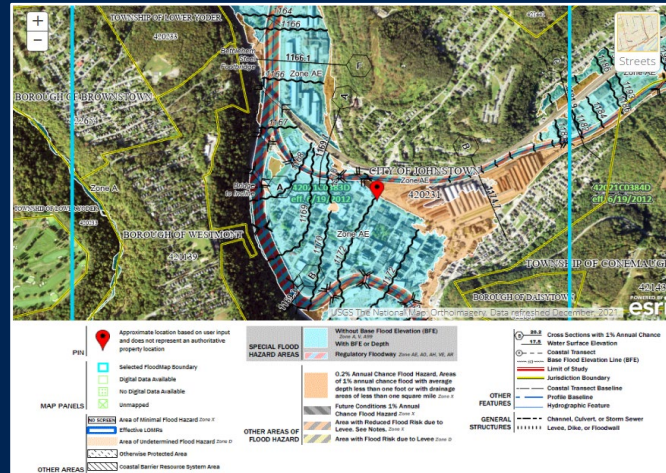
## CISA

The elevation and flood hazard area resulting from using the best-available, actionable hydrologic data and methods that integrate current and future changes in flooding based on climate science



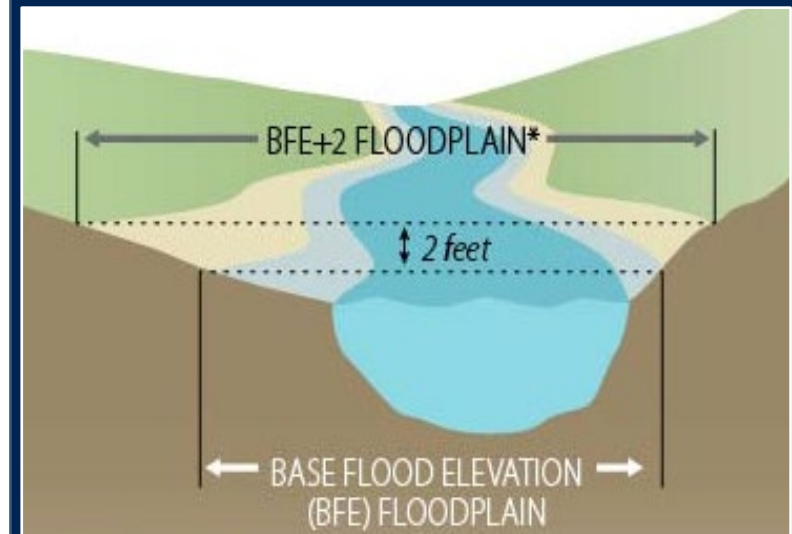
## 0.2PFA

The building elevation must, at least, meet the 500-year, or 0.2 percent-annual-chance, flood elevation

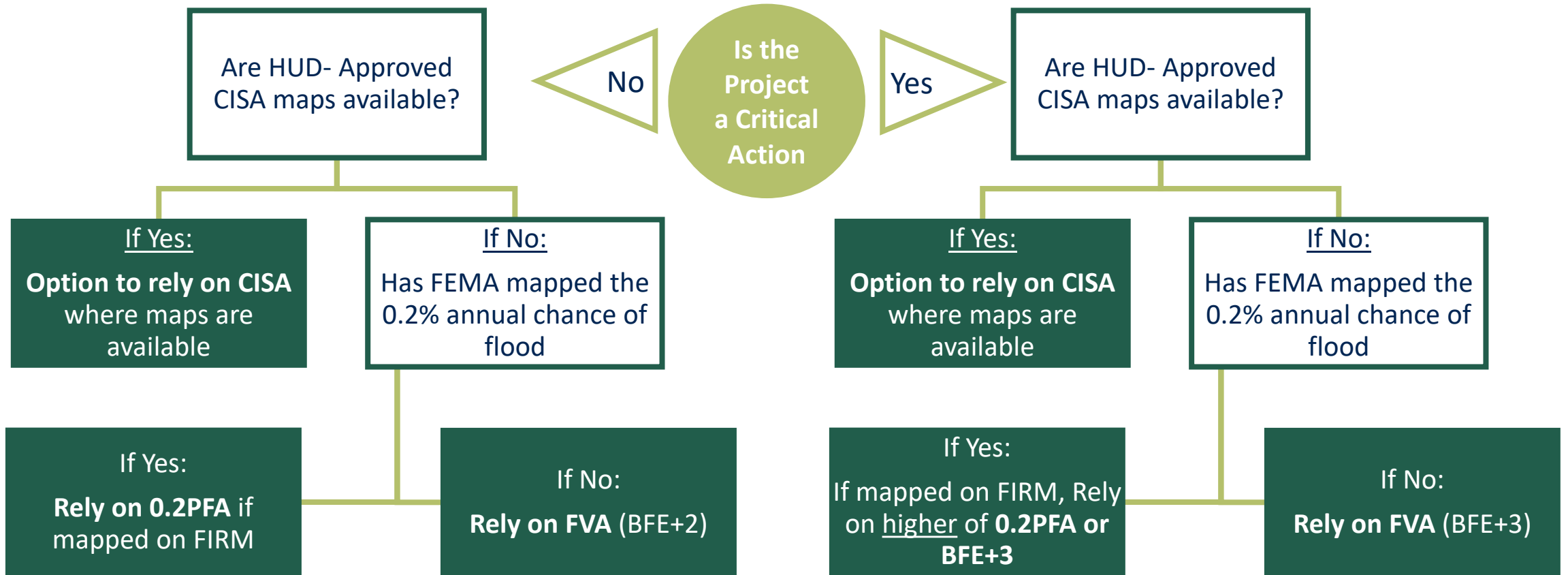


## FVA

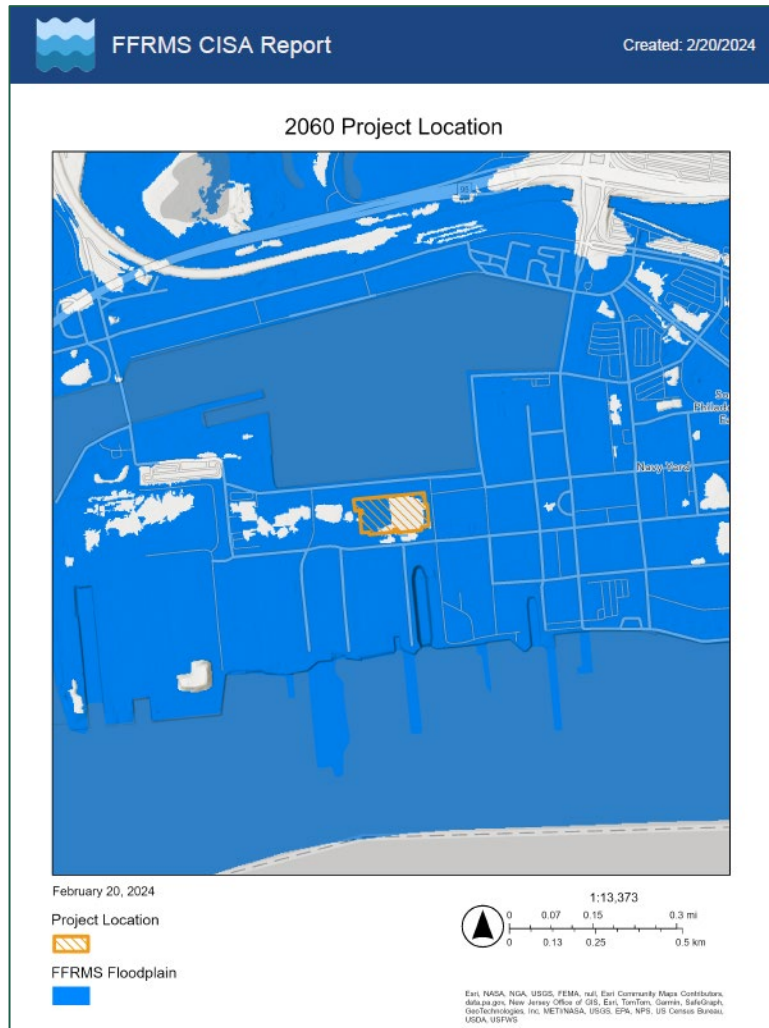
The building, at least, must be two or three feet of elevation, depending on the criticality of the use, above the 100-year, or one percent-annual-chance, flood elevation



# Identifying the FFRMS Floodplain



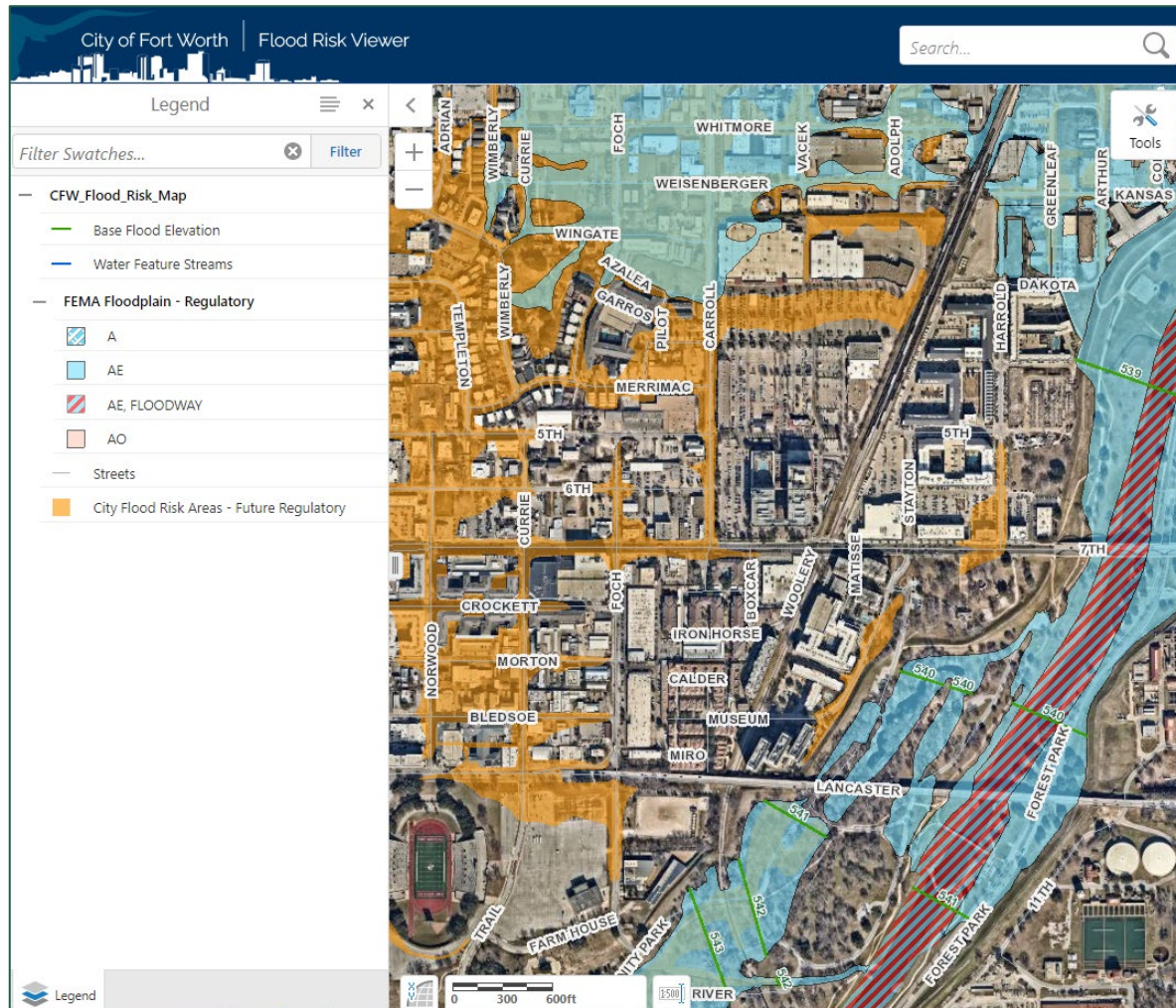
# Identifying the FFRMS Floodplain – CISA Maps



## [Federal Flood Standard Support Tool \(FFSST\)](#)

- Developed by the National Climate Task Force’s Flood Resilience Interagency Working Group (IWG) and co-led by:
  - White House Council on Environmental Quality (CEQ),
  - Office of Management and Budget (OMB),
  - Federal Emergency Management Agency (FEMA),
  - Flood Resilience IWG’s Science Subgroup,
  - White House Office of Science and Technology Policy (OSTP),
  - National Oceanic and Atmospheric Administration (NOAA), and
  - U.S. Department of Housing and Urban Development (HUD)
- **NOTE:** HUD has not yet formally adopted the tool/resource in a Federal Register notice with comment, but the tool may be used by HUD applicants and recipients on an optional basis (where elevation is at least as high as the lower of the 0.2PFA or FVA).

## Identifying the FFRMS Floodplain – Local CISA Maps



- REs may voluntarily define FFRMS floodplain utilizing CISA when State, Tribal, or local government has formally adopted, through code or other formal adoption measures, a tool resource, or other written standards.
- HUD will permit use of local CISA data, if it is at least as high as the lower of the 0.2PFA or FVA.

# Flood Insurance

The new 55.5 clarifies flood insurance requirements in the context of part 55.

Flood insurance is required within the SFHA

REs must provide a FEMA FIRM where available to confirm the project site location in reference to SFHA

The Rule also includes new language clarifying that HUD or a responsible entity may require flood insurance beyond the minimums established in the FDPA when necessary to minimize financial risk.

Under part 55, HUD **encourages** but does **not require** flood insurance outside the SFHA, within the FFRMS.

## Part 200 – Minimum Property Standards

- Under the rule HUD is updating the Minimum Property Standards (MPS) under 24 CFR 200.926 through 200.926e.
  - These are the standards are required to make a single-family property eligible for HUD insurance on its mortgage and ensure the property meets basic livability and safety standards and is code compliant.
  - The MPS are eligibility standards **NOT** permit or environmental review standards
- New elevation standard of BFE +2 is required for all newly constructed single-family homes (with a mortgage insured by HUD) within the 100-year floodplain.
  - This **does not apply** to the expanded horizontal area of the FFRMS floodplain.
  - This elevation standard **does not apply** to substantial improvement activities.

# FFRMS Rule Implementation

**HUD final publication in the Federal Register on April 23, 2024.**

**Compliance with the rule was required by June 24, 2024 (most programs).**

- Compliance with the rule is required 60 days after publication for most HUD programs subject to Part 55.
  - Compliance with the rule's amendments to the Minimum Property Standards and with Part 55 for certain multifamily and mortgage insurance programs is now required as of **January 1, 2025**.
- Engagement Strategy/Technical Assistance:
  - Creation of online FFRMS Guidebook and [FAQs](#)
  - Regular TA and updates to regional environmental review training
  - Two-part webinar series: Part 55 and Part 200 for Grantees, sub-grantees, and interested partners
  - Updates to HUD systems to reflect regulatory revisions (e.g., HEROS, WISER)
  - Updates to the [HUD Exchange](#) and [HUD.gov](#) pages on floodplains and wetlands

# Questions?