

113TH CONGRESS  
2D SESSION

# H. R. 5004

To improve the energy efficiency of multifamily housing in the United States,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2014

Mr. HIMES (for himself, Mr. DELANEY, Mr. WELCH, and Mr. CARTWRIGHT)  
introduced the following bill; which was referred to the Committee on Fi-  
nancial Services

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## A BILL

To improve the energy efficiency of multifamily housing in  
the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Multifamily Housing  
5 Energy Efficiency Improvement Act of 2014”.

6 **SEC. 2. STUDY OF RELATIONSHIP BETWEEN ENERGY SAV-**  
7 **INGS IMPROVEMENTS AND MORTGAGE PER-**  
8 **FORMANCE.**

9 (a) STUDY.—Not later than 90 days after the date  
10 of the enactment of this Act, the Secretary of Housing

1 and Urban Development, in coordination with the Director  
2 of the Federal Housing Finance Agency and in consulta-  
3 tion with the Secretary of Energy, shall commence a study  
4 to analyze the relationship between energy savings im-  
5 provements to homes and buildings, utility and energy ex-  
6 penses, and mortgage performance, which shall include an  
7 analysis of—

8 (1) the likely increase in value of homes or  
9 buildings from energy savings improvements;

10 (2) the effect of energy savings improvements  
11 on mortgage default rates; and

12 (3) the risks of financing energy savings im-  
13 provements through property assessments and the  
14 risks associated with providing energy efficiency  
15 products with senior liens on buildings or homes.

16 (b) PROTECTION OF INFORMATION.—In conducting  
17 the study required under subsection (a), the Secretary  
18 shall ensure that data shared with any third-party or pub-  
19 lished does not contain any personally identifiable infor-  
20 mation.

21 (c) PUBLICATION.—Not later than one year after the  
22 date of the enactment of this Act, the Secretary of Hous-  
23 ing and Urban Development shall—

24 (1) publish the results of the study required  
25 under subsection (a) on the publicly available

1 website of the Department of Housing and Urban  
2 Development; and

3 (2) submit a report regarding the results of the  
4 study required under subsection (a) to the Com-  
5 mittee on Financial Services of the House of Rep-  
6 resentatives and the Committee on Banking, Hous-  
7 ing, and Urban Affairs of the Senate.

8 (d) EVALUATION.—Not later than 12 months after  
9 the completion of the study required by subsection (a), the  
10 Secretary and the Director of the Federal Housing Fi-  
11 nance Agency shall evaluate departmental procedures and  
12 policies to assess if they accurately reflect the energy ex-  
13 penses and benefits of energy savings improvements for  
14 homeowners and building owners.

15 **SEC. 3. IMPROVEMENTS TO EXISTING MULTIFAMILY HOUS-**  
16 **ING ENERGY EFFICIENCY PROGRAMS.**

17 (a) GREEN REFINANCING.—Section 223 of the Na-  
18 tional Housing Act (12 U.S.C. 1715n) is amended by add-  
19 ing at the end the following new subsection:

20 “(h) GREEN REFINANCING.—The Secretary shall, by  
21 regulation, establish a green refinancing program for mul-  
22 tifamily housing projects insured under subsection (f)  
23 under which any dollar amount limitations which would  
24 otherwise apply with respect to a project may be increased  
25 by up to 20 percent for the cost of residential energy con-

1 servation measures for the project, but the Secretary shall  
2 only insure residential energy conservation measures pur-  
3 suant to this subsection if the Secretary verifies that—

4           “(1) a third-party assessment procured by the  
5 lender or borrower has been conducted of the  
6 project’s physical needs, including an energy audit  
7 and identification of cost-effective opportunities for  
8 increasing energy and water efficiency and achieving  
9 a reduction in energy and water costs, and such as-  
10 sessment indicates that such energy conservation  
11 measures will be cost-effective over the life of the  
12 conservation measure; and

13           “(2) such energy conservation measures will be  
14 verified and monitored over the life of the mortgage,  
15 using such method as the Secretary determines ap-  
16 propriate.

17 For purposes of this subsection, the term ‘energy con-  
18 servation measure’ has the meaning given such term in  
19 section 221(k)(3) (12 U.S.C. 1715l(k)(3)).”.

20           (b) VERIFICATION OF COST-EFFECTIVENESS OF  
21 RESIDENTIAL ENERGY CONSERVATION MEASURES.—  
22 Subsection (k) of section 221 of the National Housing Act  
23 (12 U.S.C. 1715l(k)) is amended—

24           (1) by striking “and will be cost-effective over  
25 the life of the measure”;

1           (2) by striking “(k) With respect to any  
2 project” and inserting the following:

3           “(k) FINANCING OF SOLAR ENERGY SYSTEMS AND  
4 RESIDENTIAL ENERGY CONSERVATION MEASURES.—

5           “(1) AUTHORITY.—Subject to paragraph (2),  
6 with respect to any project”; and

7           (3) by adding at the end the following new  
8 paragraphs:

9           “(2) VERIFICATION REGARDING RESIDENTIAL  
10 ENERGY CONSERVATION MEASURES.—The Secretary  
11 may increase the dollar amount limitations pursuant  
12 to paragraph (1) with respect to a project due to  
13 residential energy conservation measures for the  
14 project only if the Secretary—

15           “(A) verifies that in the case of a mortgage  
16 insured under this section financing new con-  
17 struction of the project, such measures will be  
18 cost-effective over the life of the measures;

19           “(B) in the case of a mortgage insured  
20 under this section financing repair and rehabili-  
21 tation of the project, verifies that a third-party  
22 assessment procured by the lender or borrower  
23 has been conducted of the project’s physical  
24 needs, including an energy audit and identifica-  
25 tion of cost-effective opportunities for increas-

1           ing energy and water efficiency and achieving a  
2           reduction in energy and water costs, and such  
3           assessment indicates that the energy conserva-  
4           tion measures to be installed will be cost-effec-  
5           tive over the life of the measures; and

6                   “(C) ensures that the project is provided  
7           information that will enable the project to verify  
8           and monitor the energy savings achieved by the  
9           energy conservation measures on a voluntary  
10          basis.

11           “(3) DEFINITION OF ENERGY CONSERVATION  
12          MEASURE.—For purposes of this subsection, the  
13          term ‘energy conservation measure’ means, with re-  
14          spect to a project, any measure that will result in a  
15          reduction in energy, water, or gas consumption for  
16          the project.”.

17          (c) IMPLEMENTATION.—

18           (1) GUIDANCE.—The Secretary of Housing and  
19          Urban Development shall issue guidance to imple-  
20          ment the amendments made by this section not later  
21          than the expiration of the 12-month period begin-  
22          ning on the date of the enactment of this Act.

23           (2) ANNUAL REPORT ON ENERGY EFFICIENCY  
24          IMPROVEMENTS.—The Secretary of Housing and  
25          Urban Development shall, on an annual basis, make

1 available on a publicly available website of the De-  
2 partment a report describing the implementation of  
3 the amendments made by this section and the pro-  
4 grams for financing residential energy conservation  
5 measures under sections 221(k) and 223(h) of the  
6 National Housing Act (12 U.S.C. 1715l(k),  
7 1715n(h)) as amended by such amendments.

8 **SEC. 4. MULTIFAMILY HOUSING ENERGY EFFICIENCY IN-**  
9 **NOVATION.**

10 (a) MULTIFAMILY HOUSING ENERGY INNOVATION  
11 PLAN.—The Secretary of Housing and Urban Develop-  
12 ment shall carry out a program to be known as the Multi-  
13 family Housing Energy Innovation Plan to make grants  
14 to eligible entities to establish or expand an energy savings  
15 plan that uses innovative approaches to reduce energy,  
16 water, and/or gas consumption in multifamily housing.

17 (b) SUBMISSION AND SELECTION OF MULTIFAMILY  
18 HOUSING ENERGY INNOVATION PLANS.—

19 (1) APPLICATION.—To be eligible to receive a  
20 grant under this section, an eligible entity shall sub-  
21 mit an application to the Secretary at such time, in  
22 such manner, and containing such information as  
23 the Secretary may require, which shall include—

24 (A) a description of the energy savings  
25 plan established or expanded using amounts

1 from a grant under this section that includes  
2 goals of the plan, use of grant funds, and the  
3 anticipated outcome of the plan;

4 (B) the amount of grant funds needed for  
5 such plan and the amount and sources of other  
6 funding, including matching funds required  
7 under subsection (d)(1); and

8 (C) a description of how implementing  
9 such plan will comply with the energy savings  
10 requirement under subsection (c)(2).

11 (2) SELECTION.—The Secretary shall establish  
12 criteria for selection of applications submitted under  
13 paragraph (1) to receive grants under this section  
14 and shall select eligible entities to receive grants  
15 based on such criteria. Such criteria shall be based  
16 upon—

17 (A) the relevant experience and capacity of  
18 the eligible entity to carry out the energy sav-  
19 ings plan to be assisted with grant amounts and  
20 to achieve the stated goals of such plan;

21 (B) the extent to which such plan provides  
22 an innovative approach to reducing energy con-  
23 sumption in multifamily housing;

24 (C) the ability of such plan to be replicated  
25 by others; and



1 (D) such other factors as the Secretary de-  
2 termines to be appropriate.

3 (3) PRIORITY.—In awarding grants under this  
4 section, the Secretary shall give priority to applica-  
5 tions based on—

6 (A) the extent of funding for the energy  
7 savings plan secured by the eligible entity from  
8 private, nonprofit, or government sources in ad-  
9 dition to the matching funds required under  
10 subsection (d)(1);

11 (B) the extent of the proposed benefit of  
12 the energy savings plan to low-income families;  
13 and

14 (C) the extent to which the energy savings  
15 plan would reduce budgetary expenses for the  
16 Department of Housing and Urban Develop-  
17 ment.

18 (c) USE OF GRANT FUNDS.—

19 (1) ELIGIBLE ENERGY SAVINGS PLANS.—  
20 Amounts from grants under this section may be  
21 used only for energy savings plans that—

22 (A) are financing demonstrations for mul-  
23 tifamily housing, including for financing  
24 through credit enhancements, revolving loan  
25 funds, loan loss reserves, interest rate subsidies,

1 loan insurance, or other financing methods ap-  
2 proved by the Secretary;

3 (B) create green jobs, including in the  
4 fields of construction, property management,  
5 and technical analysis, that directly promote the  
6 adoption of energy savings measures in multi-  
7 family housing, including energy savings plans  
8 that create green jobs for low-income families;

9 (C) acquire and analyze data on the costs,  
10 benefits, challenges, and opportunities associ-  
11 ated with retrofitting multifamily housing for  
12 energy efficiency; or

13 (D) research and implement a demonstra-  
14 tion project that—

15 (i) creates retrofit or repair strategies  
16 that use readily available technologies to  
17 reduce or increase the efficiency of energy,  
18 water, and gas consumption that are not  
19 typically used for multifamily housing;

20 (ii) addresses the split incentive prob-  
21 lem, including implementing changes to  
22 methods for utility metering in multifamily  
23 housing;

24 (iii) creates a system for  
25 benchmarking, tracking, and sharing en-

1                   energy consumption statistics for multifamily  
2                   housing; or

3                   (iv) achieves another goal as approved  
4                   by the Secretary.

5                   (2) ENERGY SAVINGS REQUIREMENT.—

6                   Amounts from a grant under this section may be  
7                   used only to carry out an energy savings plan de-  
8                   scribed in paragraph (1) that will result in at least  
9                   a 20-percent reduction in the energy, water, or gas  
10                  consumption of multifamily housing and a descrip-  
11                  tion of the methodology to be used to compute the  
12                  reduction in energy consumption.

13                  (d) OTHER REQUIREMENTS.—

14                  (1) MATCHING FUNDS.—An eligible entity that  
15                  receives a grant under this section shall contribute  
16                  towards the energy savings plan amounts from pri-  
17                  vate, nonprofit, or government sources that are not  
18                  less than the amount of the grant.

19                  (2) DURATION.—Grants shall be awarded for a  
20                  period not to exceed 24 months.

21                  (3) ELIGIBLE ENTITY REPORT.—Not later than  
22                  12 months after the date on which the grant period  
23                  of an eligible entity that received a grant under this  
24                  section ends, each such eligible entity shall submit to  
25                  the Secretary a report on the performance of energy

1 savings plans carried out pursuant to this section  
2 that shall contain such information as the Secretary  
3 shall require.

4 (e) DEFINITIONS.—In this section the following defi-  
5 nitions shall apply:

6 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
7 ty” means a partnership between 2 or more of the  
8 following entities:

9 (A) A State or unit of local government.

10 (B) A provider of utility services.

11 (C) A community housing development or-  
12 ganization as defined in section 104 of the  
13 Cranston-Gonzalez National Affordable Hous-  
14 ing Act (42 U.S.C. 12704).

15 (D) A public housing agency as defined in  
16 section 3(b) of the United States Housing Act  
17 of 1937 (42 U.S.C. 1437a(b)).

18 (E) A non-profit or for-profit entity whose  
19 primary business is management of multifamily  
20 housing.

21 (2) ENERGY SAVINGS PLAN.—The term “energy  
22 savings plan” means a program, project, or activity  
23 for energy savings or water and gas efficiency in  
24 multifamily housing.

1           (3) LOW-INCOME FAMILIES.—The term “low-in-  
2           come families” has the meaning given that term in  
3           section 3(b) of the United States Housing Act of  
4           1937 (42 U.S.C. 1437a(b)).

5           (4) MULTIFAMILY HOUSING.—The term “multi-  
6           family housing” means a residence consisting of 5 or  
7           more dwelling units.

8           (5) SECRETARY.—The term “Secretary” means  
9           the Secretary of Housing and Urban Development.

10          (6) SPLIT INCENTIVE PROBLEM.—The term  
11          “split incentive problem” means, with respect to  
12          multifamily housing, a situation in which—

13                 (A) the occupant of a dwelling unit in the  
14                 housing does not pay for energy, water, or gas  
15                 consumption for such unit and is not  
16                 incentivized to implement an energy savings  
17                 measure; or

18                 (B) the owner does not pay for energy,  
19                 water, or gas consumption for dwelling units in  
20                 the housing and is not incentivized to imple-  
21                 ment an energy savings measure.

22          (7) STATE.—The term “State” means each of  
23          the several States, the District of Columbia, and any  
24          territory or possession of the United States.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to the Secretary  
3 \$25,000,000 for fiscal year 2015, \$20,000,000 for fiscal  
4 year 2016, \$15,000,000 for fiscal year 2017, and  
5 \$10,000,000 for fiscal year 2018 to carry out this section.

6 **SEC. 5. GREEN PRESERVATION EXPANSION.**

7 During the 5-year period beginning on the date of  
8 the enactment of this Act, the Secretary of Housing and  
9 Urban Development may waive any statutory or regu-  
10 latory requirement regarding the eligibility of multifamily  
11 properties for an existing risk-sharing agreement entered  
12 into under section 542 of the Housing and Community  
13 Development Act of 1992 (12 U.S.C. 1715z–22), but only  
14 if such waiver facilitates the adoption of energy or water  
15 conservation measures in such properties.

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