

Washington Offering States \$1.2 Billion to Adopt More Stringent Energy Codes

The Biden Administration has launched several federal initiatives to reduce greenhouse gas emissions and improve the energy efficiency of buildings. Two are specifically designed to encourage state and local governments to update their building energy codes. These efforts represent an immediate and intense push for widespread energy code updates that is expected to continue at least through 2029.

Between now and then, countless municipalities will be considering or beginning to adopt increasingly stringent energy codes which will drive up construction costs and home prices. **Members and HBAs need to be vigilant and steer them in the right direction.** Are you ready?

1. The **Infrastructure Investment and Jobs Act (IIJA)**, or **Bipartisan Infrastructure Law (BIL)**, signed in November 2021, provides \$225 million (\$45 million per year from FY22 through FY26) for the Department of Energy's **Resilient and Efficient Codes Implementation (RECI)** program.
 - Funding is available to states or other entities in partnership with states, such as state/local code departments, builders/HBAs or others.
 - Although broadly focused on the cost-effective implementation of **updated** energy codes, there are an array of eligible activities, including:
 - a) **State and local code adoption**; conducting impact studies around code updates or to better understand benefits; and aligning code updates with broader state and local energy, sustainability, resilience, or climate goals.
 - b) **Workforce development/energy code training programs**; advanced training on high-performance and zero-net-energy buildings, as well as underlying building science and resulting economic benefits; and tools and resources to support efficient and advanced construction practices.
 - c) **Improving implementation and compliance** through developing and implementing performance-based energy codes or compliance tools; research and validation studies; and implementing stretch codes, zero-energy and zero-carbon codes, or zoning ordinances that go beyond minimum energy codes in a sustainable fashion.
 - To be eligible for 2023 funding, concept Papers must be submitted to the U.S. Department of Energy (DOE) by Jan. 31, 2023. Full Applications are due by Mar. 27, 2023. For complete details go to <https://eere-exchange.energy.gov/> and click on DE-FOA-0002813.
2. The **Inflation Reduction Act (IRA)**, signed into law in August 2022, provides \$1 billion to support state and local governments' adoption of **the most recent** energy codes.
 - \$300 million will be distributed through DOE to support the adoption of residential and commercial building energy codes that meet or exceed the 2021 International Energy Conservation Code (IECC), the ASHRAE Standard 90.1-2019, or some combination of those codes.

- \$670 million will be available for the adoption of building codes that meet or exceed the zero-energy provisions in the 2021 IECC.
- Funding will likely be available to states or other entities in partnership with states, such as state/local code departments, builders/HBAs or others.
- These grants are intended to be available through 2029.
- The specific DOE Guidelines for the IRA grants are still in development.

Given the dollar amount of these incentives, many jurisdictions will find it difficult to ignore and will likely consider adopting energy code upgrades. And they will have plenty of help, as a number of groups are already taking steps to prepare jurisdictions to successfully obtain these federal dollars.

- The International Code Council, in collaboration with other groups, formed the Strategic Energy Code Implementation Team (SECIT), which will support state and local governments seeking competitive grant funding.
- The National League of Cities, along with other local government leaders, developed the Local Infrastructure Hub, which is aimed at helping cities and towns develop competitive funding applications. It estimates that 2,000 smaller communities will benefit from this assistance over the next two years.
- The New Hampshire Municipal Association (and presumably others like it) provides advice and guidance on how to access IIJA funds.

The efforts to improve the energy efficiency of new buildings by increasing energy code requirements through these programs and others is not expected to go away any time soon. Members and HBAs need to understand where the pressure is coming from, develop an outreach and action plan, and be prepared to participate with information, data, and technical support to direct the efforts of their state/local jurisdictions and advocate for workable outcomes.

Above all, state and local governments need to be reminded that the adoption of more recent **energy codes will increase prices of new homes, especially if they choose to adopt the 2021 IECC.**

But if a state must take grant money, **NAHB encourages state and local governments to apply for IIJA (RECI) money rather than IRA money because the infrastructure bill funding does not mandate the adoption of the 2021 edition of the IECC.**

NAHB is Ready to Help

NAHB is committed to providing members and HBAs with the information, resources and support to preserve housing affordability and housing choice for American families.

NAHB has assembled a dedicated team of staff experts to help HBAs advocate for affordability and workable energy codes. The team is available to assist on policy, political relations and public affairs. NAHB's website includes many resources to assist HBAs, including updated Code Adoption Kits, which include information and justification for making code amendments, compliance options, construction cost impact studies and information on how increased construction costs impact housing affordability, and additional resources are under development that will provide suggestions on how to partner with state policy makers to ensure funding is set aside to benefit homebuilders and prospective home buyers, such as subsidies to offset anticipated construction cost increases, permit/plan review discounts and/or providing free contractor training, among others.

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