NATIONAL HOUSING TRUST

ACEEE
American Council for an Energy-Efficient Economy

Green, Resilient, Efficient, and Affordable Homes for Tenants (GREAHT) Act

Overview

To recover from the ongoing public health and economic crises, our nation must invest in modern, sustainable infrastructure to create quality jobs, including equitable investments in the nation's affordable rental housing, which keeps struggling families and communities safe and connects them with opportunities and resources. The GREAHT Act would provide grants and loans to eligible private owners of federally subsidized and naturally occurring affordable multifamily rental housing to make buildings energy-efficient and resilient and reduce fossil-fuel use while preserving long-term housing affordability for under-resourced renters and investing in disadvantaged communities. The goals of GREAHT are to:

- Retrofit at least 8 million affordable housing units over a decade;
- Cut carbon emissions by more than 100 million tons;
- Create more than 500,000 net new jobs (job-years);
- Reduce the energy burden of residents and affordable housing providers;
- Reduce reliance on fossil fuel through solar and electrification upgrades;
- Create healthier homes by reducing indoor air pollutants that can cause respiratory and other illnesses;
- Protect renters from hazardous climate impacts through resiliency improvements; and
- Preserve the long-term affordability of essential affordable housing.

GREAHT would establish a new Office of Climate Resiliency at HUD to oversee the funding. Federal funds would be distributed according to a formula allocation per state based on the number of low-income households residing in multifamily housing, with the state Housing Finance Agency (HFA) (or HUD if that agency chooses not to participate) reviewing and selecting the specific properties to receive grants or loans. Eligible uses of the funds will include energy and water efficiency, renewable energy, electrification, health and safety, and resilience.

Examples of Eligible measures

- Energy and water efficiency measures such as building insulation, window, lighting and controls, and appliance upgrades
- Renewable energy including solar panels and battery storage
- Electrification measures such as super-efficient heat pumps
- Health and safety enhancements
- Climate resilience improvements

Eligible recipients of grants and loans

- Ultimate recipients:
    - Private owners of federally subsidized properties, including all private recipients of federal project-based rental assistance and Low-Income Housing Tax Credits; and
    - Private owners of naturally occurring affordable housing (NOAH), including any multifamily building in which rent levels for two-thirds of all dwelling units rent at no more than 80% of the HUD fair market rent.

- State HFAs that choose to participate will receive federal funds and distribute them to ultimate recipients. In other states HUD will administer.
- Geographic scope: 50 states, District of Columbia, Puerto Rico, and territories.

Manner of allocation:

- Equitable formula allocation per state based on the number of low-income renters occupying multifamily housing in the State bears to the number of low-income renters occupying multifamily housing in all States.
- State HFA or HUD will review and select the specific properties to receive grants or loans through either a competitive or first-come first-served process, as determined by HUD or the state HFA.
- Participating state HFAs must demonstrate how it will award grants and loans in a manner that promotes geographic, social, racial, and economic equity, in keeping with the Biden Administration's commitment to target 40 percent of spending on climate change to disadvantaged communities.

Requirements for ultimate recipients

- Funded energy efficiency measures are expected to reduce energy usage by 20 percent or more.
- Property owners must submit utility data for the 12-month pre-retrofit and post-retrofit periods and pass a physical inspection and financial feasibility assessment to be eligible for either a grant or a loan. If utilities are tenant-paid, owners also must allow HUD or its designee to obtain aggregate energy consumption data for the building from each utility if available or obtain releases from a sampling of residents so that HUD can obtain information about tenant utility consumption.
- Owners of federally assisted properties will be required to ensure at least 15 additional years of affordability at current levels for current and future tenants.
- Owners of unassisted properties must agree to preserve the affordability of two-thirds of their property's units, at rent levels no more than 80 percent of the HUD fair market rent (as above). The Secretary will determine the affordability duration based on the federal investment, between eight and 15 years.

Types of assistance:

- Grants or loans. Loans can be repaid from a portion of Surplus Cash or from sale and refinancing proceeds.
- Either HUD or the state HFA will provide the grant or loan to the private property owners.
- Additional owner incentives to help cover the owner's preparatory costs and encourage completion of the retrofits (amounts to be determined by HUD or the HFA).

Federal Funding

- $75 B authorized to be appropriated to cover a ten-year term.
- Up to $7.5B of this is for administration of the program (by HUD and by State HFAs).

Please contact Ellen Lurie Hoffman for more information or to provide feedback on the proposal.