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# Campaign for Lower Home Energy Costs



## **FACT SHEET: Why Up-to-date Energy Requirements for Federally-backed Loans Will Lower Costs For Residents**

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### **Overview:**

In a significant victory for American homeowners and tenants and renters, the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA) have determined that new homes they back will meet the latest building energy codes. This landmark decision will substantially reduce energy costs for homeowners nationwide.

Now, the Federal Housing Finance Agency (FHFA) can require Fannie Mae and Freddie Mac to implement the updated energy codes for new homes. These include the 2021 International Energy Conservation Code or ANSI/ASHRAE/IES Standard 90.1-2019.

**Here's the bottom line: These updates are critical for reducing housing and energy costs for hardworking homeowners and renters while mitigating climate change impacts.**

**Here is what you need to know:**

**Saves Families Money:**

- Energy standards and efficiency improvements [will cut energy costs in single-family homes by almost \\$1000 per year](#).
- Most upfront costs for these improvements can be incorporated into the mortgage, enabling families to save around **\$400 every year – \$15,000 per family over a 30-year-mortgage**.
- In new multifamily housing that is four stories and above these standards will **save households \$224 per apartment per year**.
- **The FHFA can further amplify these savings** by extending these standards to approximately **70% of new homes** (combined with HUD and USDA).

### **Affordability and Fairness:**

- Updated energy codes are essential for promoting home affordability and fairness, particularly benefiting low-income and minority households that face disproportionately higher energy costs.
- Implementing these standards can alleviate financial burdens and ensure equitable access to energy efficiency benefits.

### **Resilience:**

- Adopting up-to-date building energy codes **can lower housing costs, including utility costs, and even save lives during extreme weather events**.

### **Climate and Economic Benefits:**

- Save residents almost **\$3 billion, after added costs, and avoid 15 million metric tons (MMT) of CO2 emissions**, for homes built in the first year alone.
- As codes strengthen over time, they will save residents a net of **\$19 billion**, reduce CO2 emissions by almost 200 MMT, and add **590,000 jobs** (measured in job-years)

### **Financial Security:**

- Research shows that homes built to updated energy standards help people to stay in their homes longer, with [lower delinquency rates for loans](#) and [significantly lower default risks](#).
- Homes financed through Fannie Mae and Freddie Mac programs that meet modern energy codes contribute to housing stability and financial security for both homeowners and lenders.

### **Conclusion**

Adopting up-to-date building energy codes is a critical step towards lowering housing costs, enhancing resilience, and promoting financial stability. It is imperative that FHFA and other federal housing agencies follow HUD and USDA's lead to extend these benefits nationwide.

### **Background**

- In May, more than 125 affordable housing, consumer, energy, health, manufacturing, and environmental organizations released a letter urging the Federal Housing Finance Agency (FHFA) to require homes with mortgages backed by Fannie Mae and Freddie Mac to meet modern energy code requirements.
- A group of [U.S. Representatives](#), [Senator Jeanne Shaheen](#), and [Senator Chris Van Hollen](#) have also recently called upon FHFA to act.

### **Further Resources**

- [The Campaign for Lower Home Energy Costs](#)
- [Fact sheet](#)