

GREEN RESOURCES FOR ENERGY EFFICIENT HOUSING  
ACT OF 2010

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SEPTEMBER 22, 2010.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

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Mr. FRANK of Massachusetts, from the Committee on Financial  
Services, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2336]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 2336) to encourage energy efficiency and conservation and development of renewable energy sources for housing, commercial structures, and other buildings, and to create sustainable communities, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:  
 Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Green Resources for Energy Efficient Neighborhoods Act of 2010” or the “GREEN Act of 2010”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Definitions.
- Sec. 3. Implementation of energy efficiency participation incentives for HUD programs.
- Sec. 4. Basic HUD energy efficiency standards and standards for additional credit.
- Sec. 5. Energy efficiency and conservation demonstration program for multifamily housing projects assisted with project-based rental assistance.
- Sec. 6. Consideration of energy efficiency under FHA mortgage insurance programs and Native American and Native Hawaiian loan guarantee programs.
- Sec. 7. Energy-efficient mortgages and location-efficient mortgages education and outreach campaign.
- Sec. 8. Collection of information on energy-efficient and location-efficient mortgages through Home Mortgage Disclosure Act.
- Sec. 9. Ensuring availability of homeowners insurance for homes not connected to electricity grid.
- Sec. 10. Mortgage incentives for energy-efficient multifamily housing.
- Sec. 11. Energy-efficient certifications for manufactured housing with mortgages.
- Sec. 12. Assisted housing energy loan pilot program.
- Sec. 13. Making it green.
- Sec. 14. Residential energy efficiency block grant program.
- Sec. 15. Including sustainable development and transportation strategies in comprehensive housing affordability strategies.
- Sec. 16. Grant program to increase sustainable low-income community development capacity.
- Sec. 17. HOPE VI green developments requirement.
- Sec. 18. Consideration of energy efficiency improvements in appraisals.
- Sec. 19. Housing Assistance Council.
- Sec. 20. Rural housing and economic development assistance.
- Sec. 21. Loans to States and Indian tribes to carry out renewable energy sources activities.
- Sec. 22. GAO reports on availability of affordable mortgages.
- Sec. 23. Public housing energy cost report.
- Sec. 24. Insurance coverage for loans for financing of renewable energy systems leased for residential use.
- Sec. 25. Green guarantees.
- Sec. 26. Green dividend program for federally assisted rental housing.
- Sec. 27. Use of residual receipts and reserve for replacements funds for green retrofits of federally assisted rental housing.
- Sec. 28. Study on building codes effects on construction and installation of distributive energy generation measures and water efficiency measures.
- Sec. 29. Community building code administration grants.

**SEC. 2. DEFINITIONS.**

For purposes of this Act, the following definitions shall apply:

(1) **ENERGY-EFFICIENT MORTGAGE.**—The term “energy-efficient mortgage” means—

(A) a mortgage loan under which the income of the borrower, for purposes of qualification for such loan, is considered to be increased by not less than \$1 for each \$1 of savings projected to be realized by the borrower as a result of cost-effective energy-saving design, construction or improvements (including use of renewable energy sources, such as solar, geothermal, biomass, and wind, super-insulation, energy-saving windows, insulating glass and film, and radiant barrier) for the home for which the loan is made; or

(B) such other mortgage loan that recognizes such savings as the Secretary may provide.

(2) **GREEN BUILDING STANDARDS.**—The term “green building standards” means standards to require use of sustainable design principles to reduce the use of nonrenewable resources, encourage energy-efficient construction and rehabilitation and the use of renewable energy resources, minimize the impact of development on the environment, and improve indoor air quality.

(3) **HUD.**—The term “HUD” means the Department of Housing and Urban Development.

(4) **HUD ASSISTANCE.**—The term “HUD assistance” means financial assistance that is awarded, competitively or noncompetitively, allocated by formula, or provided by HUD rental assistance, direct loan, or capital grant.

(5) **LOCATION-EFFICIENT MORTGAGE.**—The term “location-efficient mortgage” means—

- (A) a mortgage loan under which—
- (i) the income of the borrower, for purposes of qualification for such loan, is considered to be increased by not less than \$1 for each \$1 of savings projected to be realized by the borrower because the location of the home for which loan is made will result in decreased transportation costs for the household of the borrower; or
  - (ii) the sum of the principal, interest, taxes, and insurance due under the mortgage loan is decreased by not less than \$1 for each \$1 of savings projected to be realized by the borrower because the location of the home for which loan is made will result in decreased transportation costs for the household of the borrower; or
- (B) such other mortgage loan that recognizes such savings as the Secretary may provide.
- (6) **NONRESIDENTIAL STRUCTURE.**—The term “nonresidential structures” means only nonresidential structures that are appurtenant to single-family or multifamily housing residential structures, or those that are funded by the Secretary of Housing and Urban Development through the HUD Community Development Block Grant program.
- (7) **SECRETARY.**—The term “Secretary”, unless otherwise specified, means the Secretary of Housing and Urban Development.

**SEC. 3. IMPLEMENTATION OF ENERGY EFFICIENCY PARTICIPATION INCENTIVES FOR HUD PROGRAMS.**

- (a) **IN GENERAL.**—Not later than 180 days after the date of the enactment of this Act, the Secretary shall issue such regulations as may be necessary to establish annual energy efficiency participation incentives consistent with this Act to encourage participants in programs administered by the Secretary, including recipients under programs for which HUD assistance is provided, to achieve substantial improvements in energy efficiency.
- (b) **REQUIREMENT FOR APPROPRIATION OF FUNDS.**—The requirement under subsection (a) for the Secretary to provide annual energy efficiency participation incentives pursuant to the provisions of this Act shall be subject to the annual appropriation of necessary funds.

**SEC. 4. BASIC HUD ENERGY EFFICIENCY STANDARDS AND STANDARDS FOR ADDITIONAL CREDIT.**

- (a) **BASIC HUD STANDARD.**—
- (1) **RESIDENTIAL STRUCTURES.**—A residential single-family or multifamily structure shall be considered to comply with the energy efficiency standards under this subsection if—
- (A) the structure complies with the applicable provisions of the American Society of Heating, Refrigerating, and Air-Conditioning Engineers Standard 90.1–2007, as such standard or successor standard is in effect for purposes of this section pursuant subsection (c);
  - (B) the structure complies with the applicable provisions of the 2009 International Energy Conservation Code, or the requirements of a standard that provides equal or greater energy savings, as such standard or successor standard is in effect for purposes of this section pursuant subsection (c);
  - (C) in the case only of an existing structure, where determined cost effective, the structure has undergone rehabilitation or improvements, completed after the date of the enactment of this Act, and the energy consumption for the structure has been reduced by at least 20 percent from the previous level of consumption, as determined in accordance with energy audits performed both before and after any rehabilitation or improvements undertaken to reduce such consumption; or
  - (D) the structure complies with the applicable provisions of such other energy efficiency requirements, standards, criteria, or ratings systems as the Secretary may adopt and apply by regulation, as may be necessary, for purposes of this section for specific types of residential single-family or multifamily structures or otherwise, except that the Secretary shall make a determination regarding whether to adopt and apply any such requirements, standards, criteria, or rating system for purposes of this section not later than the expiration of the 180-day period beginning upon the date of receipt of any written request, made in such form as the Secretary shall provide, for such adoption and application.

In addition to compliance with any of subparagraphs (A) through (D), the Secretary shall by regulation require, for any newly constructed residential single-family or multifamily structure to be considered to comply with the energy efficiency standards under this subsection, that the structure have appropriate

electrical outlets with the facility and capacity to recharge a standard electric passenger vehicle, including an electric hybrid vehicle, where such vehicle would normally be parked.

(2) **NONRESIDENTIAL STRUCTURES.**—For purposes of this section, the Secretary shall identify and adopt by regulation, as may be necessary, energy efficiency requirements, standards, criteria, or rating systems applicable to nonresidential structures that are constructed or rehabilitated with HUD assistance. A nonresidential structure shall be considered to comply with the energy efficiency standards under this subsection if the structure complies with the applicable provisions of any such energy efficiency requirements, standards, criteria, or rating systems identified and adopted by the Secretary pursuant to this paragraph, as such standards are in effect for purposes of this section pursuant to subsection (c).

(3) **EFFECT.**—Nothing in this subsection may be construed to require any structure to comply with any standard established or adopted pursuant to this subsection, or identified in this subsection, or to provide any benefit or credit under any Federal program for any structure that complies with any such standard, except to the extent that—

(A) any provision of law other than this subsection provides a benefit or credit under a Federal program for compliance with a standard established or adopted pursuant to this subsection, or identified in this subsection; or

(B) the Secretary specifically provides pursuant to subsection (c) for the applicability of such standard.

(b) **ENHANCED ENERGY EFFICIENCY STANDARDS FOR PURPOSES OF PROVIDING ADDITIONAL CREDIT UNDER CERTAIN FEDERALLY ASSISTED HOUSING PROGRAMS.**—

(1) **PURPOSE AND EFFECT.**—

(A) **PURPOSE.**—The purpose of this subsection is to identify energy efficiency and conservation standards and green building standards that—

(i) provide for greater energy efficiency and conservation in structures than is required for compliance with the energy efficiency standards under subsection (a) and then in effect;

(ii) provide for green and sustainable building standards not required by such standards; and

(iii) can be used in connection with Federal housing, housing finance, and development programs to provide incentives for greater energy efficiency and conservation and for green and sustainable building methods, elements, practices, and materials.

(B) **EFFECT.**—Nothing in this subsection may be construed to require any structure to comply with any standard established pursuant to this subsection or to provide any benefit or credit under any Federal program for any structure, except to the extent that any provision of law other than this subsection provides a benefit or credit under a Federal program for compliance with a standard established pursuant to this subsection.

(2) **COMPLIANCE.**—A residential or nonresidential structure shall be considered to comply with the enhanced energy efficiency and conservation standards or the green building standards under this subsection, to the extent that such structure complies with the applicable provisions of the standards under paragraph (3) or (4), respectively (as such standards are in effect for purposes of this section, pursuant to paragraph (7)), in a manner that is not required for compliance with the energy efficiency standards under subsection (a) then in effect and subject to the Secretary's determination of which standards are applicable to which structures.

(3) **ENERGY EFFICIENCY AND CONSERVATION STANDARDS.**—The energy efficiency and conservation standards under this paragraph are as follows:

(A) **RESIDENTIAL STRUCTURES.**—With respect to residential structures:

(i) **NEW CONSTRUCTION.**—For new construction, the Energy Star standards established by the Environmental Protection Agency, as such standards are in effect for purposes of this subsection pursuant to paragraph (7);

(ii) **EXISTING STRUCTURES.**—For existing structures, a reduction in energy consumption from the previous level of consumption for the structure, as determined in accordance with energy audits performed both before and after any rehabilitation or improvements undertaken to reduce such consumption, that exceeds the reduction necessary for compliance with the energy efficiency standards under subsection (a) then in effect and applicable to existing structures.

(B) **NONRESIDENTIAL STRUCTURES.**—With respect to nonresidential structures, such energy efficiency and conservation requirements, standards, criteria, or rating systems for nonresidential structures as the Secretary shall

identify and adopt by regulation, as may be necessary, for purposes of this paragraph.

(4) GREEN BUILDING STANDARDS.—The green building standards under this paragraph are as follows:

(A) The national Green Communities criteria for residential construction that provides criteria for the design, development, and operation of affordable housing, as such criteria or successor criteria is in effect for purposes of this section pursuant to paragraph (7).

(B) The LEED for Neighborhood Development rating system for the LEED for New Construction rating system, the LEED for Homes rating system, the LEED for Core and Shell rating system, as applicable, as such systems or successor systems are in effect for purposes of this section pursuant to paragraph (7).

(C) The Green Globes assessment and rating system of the Green Buildings Initiative.

(D) For manufactured housing, Energy Star rating with respect to fixtures, appliances, and equipment in such housing, as such standard or successor standard is in effect for purposes of this section pursuant to paragraph (7).

(E) The 2008 National Green Building Standard (ICC 700).

(F) Any other requirements, standards, criteria, or rating systems for green building or sustainability as the Secretary may identify and adopt by regulation, as may be necessary for purposes of this paragraph, except that the Secretary shall make a determination regarding whether to adopt and apply any such requirements, standards, criteria, or rating system for purposes of this section not later than the expiration of the 180-day period beginning upon date of receipt of any written request, made in such form as the Secretary shall provide, for such adoption and application.

(5) GREEN BUILDING.—For purposes of this subsection, the term “green building” means a building that meets the green building standards under paragraph (4).

(6) ENERGY AUDITS.—The Secretary shall establish standards and requirements for energy audits for purposes of paragraph (3)(A)(ii) and, in establishing such standards, may consult with any advisory committees established pursuant to section 5(c)(2) of this Act.

(7) APPLICABILITY AND UPDATING OF STANDARDS.—

(A) APPLICABILITY.—Except as provided in subparagraph (B), the requirements, standards, criteria, and rating systems referred to in this subsection that are in effect for purposes of this subsection are such requirements, standards, criteria, and systems as are in existence upon the date of the enactment of this Act.

(B) UPDATING.—For purposes of this section, the Secretary may adopt and apply by regulation, as may be necessary, future amendments and supplements to, and editions of, the requirements, standards, criteria, and rating systems referred to in this subsection.

(c) AUTHORITY OF SECRETARY TO APPLY STANDARDS TO FEDERALLY ASSISTED HOUSING AND PROGRAMS.—

(1) HUD HOUSING AND PROGRAMS.—The Secretary of Housing and Urban Development may, by regulation, provide for the applicability of the energy efficiency standards under subsection (a), the enhanced energy efficiency and conservation standards and green building standards under subsection (b), or, in the case of deconstruction, any applicable provisions of and points provided under the LEED for New Construction and Major Renovation rating system, or any combination thereof, with respect to any covered federally assisted housing described in paragraph (3)(A) or any HUD assistance.

(2) RURAL HOUSING.—The Secretary of Agriculture may, by regulation, provide for the applicability of the energy efficiency standards under subsection (a), the enhanced energy efficiency and conservation standards and green building standards under subsection (b), or, in the case of deconstruction, any applicable provisions of and points provided under the LEED for New Construction and Major Renovation rating system, or any combination thereof, with respect to any covered federally assisted housing described in paragraph (3)(B) or any assistance provided with respect to rural housing by the Rural Housing Service of the Department of Agriculture.

(3) COVERED FEDERALLY ASSISTED HOUSING.—For purposes of this subsection, the term “covered federally assisted housing” means—

(A) any residential or nonresidential structure for which any HUD assistance is provided; and

(B) any new construction of single-family or multifamily housing (other than manufactured homes) subject to mortgages insured, guaranteed, or made by the Secretary of Agriculture under title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.).

(d) DECONSTRUCTION.—The Secretary of Housing and Urban Development and the Secretary of Agriculture, as applicable, shall require that any deconstruction activity conducted under or pursuant to any provision of this Act or any amendment made by this Act complies with such deconstruction standards as such Secretaries shall establish for purposes of this section, taking into consideration the applicable provisions of and points provided under the LEED for New Construction and Major Renovation rating system. Such standards may be updated and revised from time to time, by regulation.

**SEC. 5. ENERGY EFFICIENCY AND CONSERVATION DEMONSTRATION PROGRAM FOR MULTIFAMILY HOUSING PROJECTS ASSISTED WITH PROJECT-BASED RENTAL ASSISTANCE.**

(a) AUTHORITY.—For multifamily housing projects for which project-based rental assistance is provided under a covered multifamily assistance program, the Secretary shall, subject to the availability of amounts provided in advance in appropriation Acts, carry out a program to demonstrate the effectiveness of funding a portion of the costs of meeting the enhanced energy efficiency standards under section 4(b). At the discretion of the Secretary, the demonstration program may include incentives for housing that is assisted with Indian housing block grants provided pursuant to the Native American Housing Assistance and Self-Determination Act of 1996, but only to the extent that such inclusion does not violate such Act, its regulations, and the goal of such Act of tribal self-determination.

(b) GOALS.—The demonstration program under this section shall be carried out in a manner that—

- (1) protects the financial interests of the Federal Government;
- (2) reduces the proportion of funds provided by the Federal Government and by owners and residents of multifamily housing projects that are used for costs of utilities for the projects;
- (3) encourages energy efficiency and conservation by owners and residents of multifamily housing projects and installation of renewable energy improvements, such as improvements providing for use of solar, wind, geothermal, or biomass energy sources;
- (4) creates incentives for project owners to carry out such energy efficiency renovations and improvements by allowing a portion of the savings in operating costs resulting from such renovations and improvements to be retained by the project owner, notwithstanding otherwise applicable limitations on dividends;
- (5) promotes the installation, in existing residential buildings, of energy-efficient and cost-effective improvements and renewable energy improvements, such as improvements providing for use of solar, wind, geothermal, or biomass energy sources;
- (6) tests the efficacy of a variety of energy efficiency measures for multifamily housing projects of various sizes and in various geographic locations;
- (7) tests methods for addressing the various, and often competing, incentives that impede owners and residents of multifamily housing projects from working together to achieve energy efficiency or conservation; and
- (8) creates a database of energy efficiency and conservation, and renewable energy, techniques, energy-savings management practices, and energy efficiency and conservation financing vehicles.

(c) APPROACHES.—In carrying out the demonstration program under this section, the Secretary may—

- (1) enter into agreements with the Building America Program of the Department of Energy and other consensus committees under which such programs, partnerships, or committees assume some or all of the functions, obligations, and benefits of the Secretary with respect to energy savings;
- (2) establish advisory committees to advise the Secretary and any such third-party partners on technological and other developments in the area of energy efficiency and the creation of an energy efficiency and conservation credit facility and other financing opportunities, which committees shall include representatives of homebuilders, realtors, multifamily housing development and management areas, architects, nonprofit housing organizations, environmental protection organizations, renewable energy organizations, and advocacy organizations for the elderly and persons with disabilities; any advisory committees established pursuant to this paragraph shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.);
- (3) approve, for a period not to exceed 10 years, additional adjustments in the maximum monthly rents or additional project rental assistance, or additional

Indian housing block grant funds under the Native American Housing Assistance and Self-Determination Act of 1996, as applicable, for dwelling units in multifamily housing projects that are provided project-based rental assistance under a covered multifamily assistance program, in such amounts as may be necessary to amortize all or a portion of the cost of energy efficiency and conservation measures for such projects;

(4) develop a competitive process for the award of such additional assistance for multifamily housing projects seeking to implement energy efficiency, renewable energy sources, or conservation measures; such competitive process shall not be limited to assess the first costs, but shall assess the degree to which applicants will meet each of the goals of the demonstration program under subsection (b); and

(5) waive or modify any existing statutory or regulatory provision that the Secretary administers that would otherwise impair the implementation or effectiveness of the demonstration program under this section, including provisions relating to methods for rent adjustments, comparability standards, maximum rent schedules, and utility allowances; notwithstanding the preceding provisions of this paragraph, the Secretary may not waive any statutory requirement relating to fair housing, nondiscrimination, labor standards, or the environment, except pursuant to existing authority to waive nonstatutory environmental and other applicable requirements.

(d) REQUIREMENT.—During the 5-year period beginning on the date of the enactment of this Act, the Secretary shall carry out demonstration programs under this section with respect to not fewer than 50,000 dwelling units.

(e) SELECTION.—

(1) SCOPE.—In order to provide a broad and representative profile for use in designing a program which can become operational and effective nationwide, the Secretary shall carry out the demonstration program under this section with respect to dwelling units located in a wide variety of geographic areas and project types assisted by the various covered multifamily assistance programs and using a variety of energy efficiency and conservation and funding techniques to reflect differences in climate, types of dwelling units and technical and scientific methodologies, and financing options. The Secretary shall ensure that the geographic areas included in the demonstration program include dwelling units on Indian lands (as such term is defined in section 2601 of the Energy Policy Act of 1992 (25 U.S.C. 3501), to the extent that dwelling units on Indian land have the type of residential structures that are the focus of the demonstration program.

(2) PRIORITY.—The Secretary shall provide priority for selection for participation in the program under this section based on the extent to which, as a result of assistance provided, the project will comply with the energy efficiency standards under subsection (a), (b), or (c) of section 4 of this Act.

(f) USE OF EXISTING PARTNERSHIPS.—To the extent feasible, the Secretary shall—

(1) utilize the Partnership for Advancing Technology in Housing of the Department of Housing and Urban Development to assist in carrying out the requirements of this section and to provide education and outreach regarding the demonstration program authorized under this section; and

(2) consult with the Secretary of Energy, the Administrator of the Environmental Protection Agency, and the Secretary of the Army regarding utilizing the Building America Program of the Department of Energy, the Energy Star Program, and the Army Corps of Engineers, respectively, to determine the manner in which they might assist in carrying out the goals of this section and providing education and outreach regarding the demonstration program authorized under this section.

(g) LIMITATION.—No amounts made available under the American Recovery and Reinvestment Act of 2009 (Public Law 111–5) may be used to carry out the demonstration program under this section.

(h) REPORTS.—

(1) ANNUAL.—Within 2 years after the date of the enactment of this Act, and for each year thereafter during the term of the demonstration program, the Secretary shall submit a report to the Congress annually that describes and assesses the demonstration program under this section.

(2) FINAL.—Not later than 6 months after the expiration of the 4-year period described in subsection (d), the Secretary shall submit a final report to the Congress assessing the demonstration program, which—

(A) shall assess the potential for expanding the demonstration program on a nationwide basis; and

(B) shall include descriptions of—

- (i) the size of each multifamily housing project for which assistance was provided under the program;
- (ii) the geographic location of each project assisted, by State and region;
- (iii) the criteria used to select the projects for which assistance is provided under the program;
- (iv) the energy efficiency and conservation measures and financing sources used for each project that is assisted under the program;
- (v) the difference, before and during participation in the demonstration program, in the amount of the monthly assistance payments under the covered multifamily assistance program for each project assisted under the program;
- (vi) the average length of the term of the such assistance provided under the program for a project;
- (vii) the aggregate amount of savings generated by the demonstration program and the amount of savings expected to be generated by the program over time on a per-unit and aggregate program basis;
- (viii) the functions performed in connection with the implementation of the demonstration program that were transferred or contracted out to any third parties;
- (ix) an evaluation of the overall successes and failures of the demonstration program; and
- (x) recommendations for any actions to be taken as a result of the such successes and failures.

(3) **CONTENTS.**—Each annual report pursuant to paragraph (1) and the final report pursuant to paragraph (2) shall include—

- (A) a description of the status of each multifamily housing project selected for participation in the demonstration program under this section; and
- (B) findings from the program and recommendations for any legislative actions.

(i) **COVERED MULTIFAMILY ASSISTANCE PROGRAM.**—For purposes of this section, the term “covered multifamily assistance program” means—

- (1) the program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) for project-based rental assistance;
- (2) the program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for assistance for supportive housing for the elderly;
- (3) the program under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) for supportive housing for persons with disabilities;
- (4) the program under section 236 of the National Housing Act (12 U.S.C. 1715z–1) for assistance for rental housing projects;
- (5) the program for mortgage insurance under section 221(d)(3) of the National Housing Act (12 U.S.C. 1715l(d)(3)) for rental housing projects;
- (6) the program under section 515 of the Housing Act of 1949 (42 U.S.C. 1485) for rural rental housing; and
- (7) the program for assistance under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111).

(j) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section, including providing rent adjustments, additional project rental assistance, and incentives, \$50,000,000 for each fiscal year in which the demonstration program under this section is carried out.

(k) **REGULATIONS.**—Not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the Secretary shall issue any regulations necessary to carry out this section.

**SEC. 6. CONSIDERATION OF ENERGY EFFICIENCY UNDER FHA MORTGAGE INSURANCE PROGRAMS AND NATIVE AMERICAN AND NATIVE HAWAIIAN LOAN GUARANTEE PROGRAMS.**

(a) **FHA MORTGAGE INSURANCE.**—

- (1) **REQUIREMENT.**—Title V of the National Housing Act is amended by adding after section 542 (12 U.S.C. 1735f–20) the following new section:

**“SEC. 543. CONSIDERATION OF ENERGY EFFICIENCY.**

“(a) **UNDERWRITING STANDARDS.**—The Secretary shall establish a method to consider, in its underwriting standards for mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are insured under this Act, the impact that savings on utility costs has on the income of the mortgagor.



“(b) GOAL.—It is the sense of the Congress that, in carrying out this Act, the Secretary should endeavor to insure mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 such that at least 50,000 such mortgages are insured during the period beginning upon the date of the enactment of such Act and ending on December 31, 2012.”

(2) REPORTING ON DEFAULTS.—Section 540(b) of the National Housing Act (12 U.S.C. 1735f–18(b)) is amended by adding at the end the following new paragraph:

“(3) With respect to each collection period that commences after December 31, 2011, the total number of mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are insured by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such mortgages during such period, the percentage of the total of such mortgages insured during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such mortgages compared to the overall rate for such period of defaults and foreclosures on mortgages for single-family housing insured under this Act by the Secretary.”

(b) INDIAN HOUSING LOAN GUARANTEES.—

(1) REQUIREMENT.—Section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a) is amended—

(A) by redesignating subsection (l) as subsection (m); and

(B) by inserting after subsection (k) the following new subsection:

“(l) CONSIDERATION OF ENERGY EFFICIENCY.—The Secretary shall establish a method to consider, in its underwriting standards for loans for single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed under this section, the impact that savings on utility costs has on the income of the borrower.”

(2) REPORTING ON DEFAULTS.—Section 540(b) of the National Housing Act (12 U.S.C. 1735f–18(b)), as amended by subsection (a)(2) of this section, is further amended by adding at the end the following new paragraph:

“(4) With respect to each collection period that commences after December 31, 2011, the total number of loans guaranteed under section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a) on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such loans during such period, the percentage of the total of such loans guaranteed during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such loans compared to the overall rate for such period of defaults and foreclosures on loans for single-family housing guaranteed under such section 184 by the Secretary.”

(c) NATIVE HAWAIIAN HOUSING LOAN GUARANTEES.—

(1) REQUIREMENT.—Section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13b) is amended by inserting after subsection (l) the following new subsection:

“(m) ENERGY-EFFICIENT HOUSING REQUIREMENT.—The Secretary shall establish a method to consider, in its underwriting standards for loans for single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed under this section, the impact that savings on utility costs has on the income of the borrower.”

(2) REPORTING ON DEFAULTS.—Section 540(b) of the National Housing Act (12 U.S.C. 1735f–18(b)), as amended by the preceding provisions of this section, is further amended by adding at the end the following new paragraph:

“(5) With respect to each collection period that commences after December 31, 2011, the total number of loans guaranteed under section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13b) on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such loans during such period, the percentage of the total of such loans guaranteed during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such loans compared to the overall rate for such period of defaults and foreclosures on loans for single-family housing guaranteed under such section 184A by the Secretary.”

**SEC. 7. ENERGY-EFFICIENT MORTGAGES AND LOCATION-EFFICIENT MORTGAGES EDUCATION AND OUTREACH CAMPAIGN.**

Section 106 of the Energy Policy Act of 1992 (12 U.S.C. 1701z-16) is amended by adding at the end the following new subsection:

“(g) EDUCATION AND OUTREACH CAMPAIGN.—

“(1) DEVELOPMENT OF ENERGY- AND LOCATION-EFFICIENT MORTGAGES OUTREACH PROGRAM.—

“(A) COMMISSION.—The Secretary, in consultation and coordination with the Secretary of Energy, the Secretary of Education, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, shall establish a commission to develop and recommend model mortgage products and underwriting guidelines that provide market-based incentives to prospective home buyers, lenders, and sellers to incorporate energy efficiency upgrades and location efficiencies in new mortgage loan transactions.

“(B) REPORT.—Not later than 24 months after the date of the enactment of this Act, the Secretary shall provide a written report to the Congress on the results of work of the commission established pursuant to subparagraph (A) and that identifies model mortgage products and underwriting guidelines that may encourage energy and location efficiency.

“(2) IMPLEMENTATION.—After submission of the report under paragraph (1)(B), the Secretary, in consultation and coordination with the Secretary of Energy, the Secretary of Education, and the Administrator of the Environmental Protection Agency, shall carry out a public awareness, education, and outreach campaign based on the findings of the commission established pursuant to paragraph (1) to inform and educate residential lenders and prospective borrowers regarding the availability, benefits, advantages, and terms of energy-efficient mortgages and location-efficient mortgages made available pursuant to this section, energy-efficient and location-efficient mortgages (as such terms are defined in section 2 of the GREEN Act of 2010), and other mortgages, including mortgages for multifamily housing, that have energy improvement features or location efficiency features and to publicize such availability, benefits, advantages, and terms. Such actions may include entering into a contract with an appropriate entity to publicize and market such mortgages through appropriate media.

“(3) RENEWABLE ENERGY HOME PRODUCT EXPOS.—The Congress hereby encourages the Secretary of Housing and Urban Development to work with appropriate entities to organize and hold renewable energy expositions that provide an opportunity for the public to view and learn about renewable energy products for the home that are currently on the market.

“(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this subsection \$5,000,000 for each of fiscal years 2010 through 2014.”.

**SEC. 8. COLLECTION OF INFORMATION ON ENERGY-EFFICIENT AND LOCATION-EFFICIENT MORTGAGES THROUGH HOME MORTGAGE DISCLOSURE ACT.**

(a) IN GENERAL.—Section 304(b) of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2803(b)) is amended—

(1) in paragraph (3), by striking “and” at the end;

(2) in paragraph (4), by striking the period at the end and inserting a semicolon; and

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

“(5) the number and dollar amount of mortgage loans for single-family housing and for multifamily housing that are energy-efficient mortgages (as such term is defined in section 2 of the GREEN Act of 2010); and

“(6) the number and dollar amount of mortgage loans for single-family housing and for multifamily housing that are location-efficient mortgages (as such term is defined in section 2 of the GREEN Act of 2010).”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to the first calendar year that begins after the expiration of the 30-day period beginning on the date of the enactment of this Act.

**SEC. 9. ENSURING AVAILABILITY OF HOMEOWNERS INSURANCE FOR HOMES NOT CONNECTED TO ELECTRICITY GRID.**

(a) CONGRESSIONAL INTENT.—The Congress intends that—

(1) consumers shall not be denied homeowners insurance for a dwelling (as such term is defined in subsection (c)) based solely on the fact that the dwelling is not connected to or able to receive electricity service from any wholesale or retail electric power provider;

(2) States should ensure that consumers are able to obtain homeowners insurance for such dwellings;

(3) States should support insurers that develop voluntary incentives to provide such insurance; and

(4) States may not prohibit insurers from offering a homeowners insurance product specifically designed for such dwellings.

(b) **INSURING HOMES AND RELATED PROPERTY IN INDIAN AREAS.**—Notwithstanding any other provision of law, dwellings located in Indian areas (as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103)) and constructed or maintained using assistance, loan guarantees, or other authority under the Native American Housing Assistance and Self-Determination Act of 1996 may be insured by any tribally owned self-insurance risk pool approved by the Secretary of Housing and Urban Development.

(c) **DWELLING.**—For purposes of this section, the term “dwelling” means a residential structure that—

(1) consists of one to four dwelling units;

(2) is provided electricity from renewable energy sources; and

(3) is not connected to any wholesale or retail electrical power grid.

**SEC. 10. MORTGAGE INCENTIVES FOR ENERGY-EFFICIENT MULTIFAMILY HOUSING.**

(a) **IN GENERAL.**—The Secretary of Housing and Urban Development shall establish incentives for increasing the energy efficiency of multifamily housing that is subject to a mortgage to be insured under title II of the National Housing Act (12 U.S.C. 1707 et seq.) so that the housing meets the energy efficiency standards under section 4(a) of this Act and incentives to encourage compliance of such housing with the energy efficiency and conservation standards, and the green building standards, under section 4(b) of this Act, to the extent that such incentives are based on the impact that savings on utility costs has on the operating costs of the housing, as determined by the Secretary.

(b) **INCENTIVES.**—Such incentives may include, for any such multifamily housing that complies with the energy efficiency standards under section 4(a)—

(1) providing a discount on the chargeable premiums for the mortgage insurance for such housing from the amount otherwise chargeable for such mortgage insurance;

(2) allowing mortgages to exceed the dollar amount limits otherwise applicable under law to the extent such additional amounts are used to finance improvements or measures designed to meet the standards referred to in subsection (a); and

(3) reducing the amount that the owner of such multifamily housing meeting the standards referred to in subsection (a) is required to contribute.

**SEC. 11. ENERGY-EFFICIENT CERTIFICATIONS FOR MANUFACTURED HOUSING WITH MORTGAGES.**

Section 526 of the National Housing Act (12 U.S.C. 1735f–4(a)) is amended—

(1) in subsection (a)—

(A) by striking “, other than manufactured homes,” each place such term appears;

(B) by inserting after the period at the end the following: “The energy performance requirements developed and established by the Secretary under this section for manufactured homes shall require Energy Star rating for wall fixtures, appliances, and equipment in such housing.”;

(C) by inserting “(1)” after “(a)”; and

(D) by adding at the end the following new paragraphs:

“(2) The Secretary shall require, with respect to any mortgage for manufactured housing insured under this Act, that any approval or certification of the housing for meeting any energy efficiency or conservation criteria, standards, or requirements pursuant to this title and any approval or certification required pursuant to this title with respect to energy-conserving improvements or any renewable energy sources, such as wind, solar energy geothermal, or biomass, shall be conducted only by an individual certified by a home energy rating system provider who has been accredited to conduct such ratings by the Home Energy Ratings System Council, the Residential Energy Services Network, or such other appropriate national organization, as the Secretary may provide, or by licensed professional architect or engineer. If any organization makes a request to the Secretary for approval to accredit individuals to conduct energy efficiency or conservation ratings, the Secretary shall review and approve or disapprove such request not later than the expiration of the 6-month period beginning upon receipt of such request.

“(3) The Secretary shall periodically examine the method used to conduct inspections for compliance with the requirements under this section, analyze various other approaches for conducting such inspections, and review the costs and benefits of the current method compared with other methods.”; and

(2) in subsection (b), by striking “, other than a manufactured home.”.

**SEC. 12. ASSISTED HOUSING ENERGY LOAN PILOT PROGRAM.**

(a) **AUTHORITY.**—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall develop and implement a pilot program under this section to facilitate the financing of cost-effective capital improvements for covered assisted housing projects to improve the energy efficiency and conservation of such projects.

(b) **LOANS.**—The pilot program under this section shall involve not less than three and not more than five lenders, and shall provide for a privately financed loan to be made for a covered assisted housing project, which shall—

(1) finance capital improvements for the project that meet such requirements as the Secretary shall establish, and may involve contracts with third parties to perform such capital improvements, including the design of such improvements by licensed professional architects or engineers;

(2) have a term to maturity of not more than 20 years, which shall be based upon the duration necessary to realize cost savings sufficient to repay the loan;

(3) be secured by a mortgage subordinate to the mortgage for the project that is insured under the National Housing Act; and

(4) provide for a reduction in the remaining principal obligation under the loan based on the actual resulting cost savings realized from the capital improvements financed with the loan.

(c) **UNDERWRITING STANDARDS.**—The Secretary shall review underwriting requirements for loans made under the pilot program under this section, which shall—

(1) require the cost savings projected to be realized from the capital improvements financed with the loan, during the term of the loan, to exceed the costs of repaying the loan;

(2) allow the designer or contractor involved in designing capital improvements to be financed with a loan under the program to carry out such capital improvements; and

(3) include such energy, audit, property, financial, ownership, and approval requirements as the Secretary considers appropriate.

(d) **TREATMENT OF SAVINGS.**—The pilot program under this section shall provide that the project owner shall receive the full financial benefit from any reduction in the cost of utilities resulting from capital improvements financed with a loan made under the program.

(e) **COVERED ASSISTED HOUSING PROJECTS.**—For purposes of this section, the term “covered assisted housing project” means a housing project that—

(1) is financed by a loan or mortgage that is—

(A) insured by the Secretary under—

(i) subsection (d)(3) of section 221 of the National Housing Act (12 U.S.C. 1715l), and bears interest at a rate determined under the proviso of section 221(d)(5) of such Act; or

(ii) subsection (d)(4) of such section 221;

(B) insured or assisted under section 236 of the National Housing Act (12 U.S.C. 1715z–1); or

(C) is assisted with a capital advance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) or a loan under such section (as in effect before October 1, 1991);

(2) at the time a loan under this section is made, is provided project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), or project rental assistance under section 202 of the Housing Act of 1959, as applicable, for 50 percent or more of the dwelling units in the project; and

(3) is not a housing project owned or held by the Secretary, or subject to a mortgage held by the Secretary.

**SEC. 13. MAKING IT GREEN.**

(a) **PARTNERSHIPS WITH TREE-PLANTING ORGANIZATIONS.**—The Secretary shall establish and provide incentives for developers of housing for which any HUD financial assistance, as determined by the Secretary, is provided for development, maintenance, operation, or other costs, to enter into agreements and partnerships with tree-planting organizations, nurseries, and landscapers to certify that trees, shrubs, grasses, and other plants are planted in the proper manner, are provided adequate maintenance, and survive for at least 3 years after planting or are replaced. The financial assistance determined by the Secretary as eligible under this section shall take into consideration such factors as cost effectiveness and affordability.

(b) **MAKING IT GREEN PLAN.**—In the case of any new or substantially rehabilitated housing for which HUD financial assistance, as determined in accordance with subsection (a), is provided by the Secretary for the development, construction, maintenance, rehabilitation, improvement, operation, or costs of the housing, including fi-

nancial assistance provided through the Community Development Block Grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), the Secretary shall require the development of a plan that provides for—

(1) in the case of new construction and improvements, siting of such housing and improvements in a manner that provides for energy efficiency and conservation to the extent feasible, taking into consideration location and project type;

(2) minimization of the effects of construction, rehabilitation, or other development on the condition of existing trees;

(3) selection and installation of indigenous trees, shrubs, grasses, and other plants based upon applicable design guidelines and standards of the International Society for Arboriculture;

(4) post-planting care and maintenance of the landscaping relating to or affected by the housing in accordance with best management practices; and

(5) establishment of a goal for minimum greenspace or tree canopy cover for the housing site for which such financial assistance is provided, including guidelines and timetables within which to achieve compliance with such minimum requirements.

(c) PARTNERSHIPS.—In carrying out this section, the Secretary is encouraged to consult, as appropriate, with national organizations dedicated to providing housing assistance and related services to low-income families, such as the Alliance for Community Trees and its affiliates, the American Nursery and Landscape Association, the American Society of Landscape Architects, and the National Arbor Day Foundation.

**SEC. 14. RESIDENTIAL ENERGY EFFICIENCY BLOCK GRANT PROGRAM.**

Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) is amended by adding at the end the following new section:

**“SEC. 123. RESIDENTIAL ENERGY EFFICIENCY BLOCK GRANT PROGRAM.**

“(a) IN GENERAL.—To the extent amounts are made available for grants under this section, the Secretary shall make grants under this section to States, metropolitan cities and urban counties, Indian tribes, and insular areas to carry out energy efficiency improvements in new and existing single-family and multifamily housing.

“(b) ALLOCATIONS.—

“(1) IN GENERAL.—Of the total amount made available for each fiscal year for grants under this section that remains after reserving amounts pursuant to paragraph (2), the Secretary shall allocate for insular areas, for metropolitan cities and urban counties, and for States, an amount that bears the same ratio to such total amount as the amount allocated for such fiscal year under section 106 for Indian tribes, for insular areas, for metropolitan cities and urban counties, and for States, respectively, bears to the total amount made available for such fiscal year for grants under section 106.

“(2) SET ASIDE FOR INDIAN TRIBES.—Of the total amount made available for each fiscal year for grants under this section, the Secretary shall allocate not less than 1 percent to Indian tribes.

“(c) GRANT AMOUNTS.—

“(1) ENTITLEMENT COMMUNITIES.—From the amounts allocated pursuant to subsection (b) for metropolitan cities and urban counties for each fiscal year, the Secretary shall make a grant for such fiscal year to each metropolitan city and urban county that complies with the requirement under subsection (d), in the amount that bears the same ratio such total amount so allocated as the amount of the grant for such fiscal year under section 106 for such metropolitan city or urban county bears to the aggregate amount of all grants for such fiscal year under section 106 for all metropolitan cities and urban counties.

“(2) STATES.—From the amounts allocated pursuant to subsection (b) for States for each fiscal year, the Secretary shall make a grant for such fiscal year to each State that complies with the requirement under subsection (d), in the amount that bears the same ratio such total amount so allocated as the amount of the grant for such fiscal year under section 106 for such State bears to the aggregate amount of all grants for such fiscal year under section 106 for all States. Grant amounts received by a State shall be used only for eligible activities under subsection (e) carried out in nonentitlement areas of the State.

“(3) INDIAN TRIBES.—From the amounts allocated pursuant to subsection (b) for Indian tribes, the Secretary shall make grants to Indian tribes that comply with the requirement under subsection (d) on the basis of a competition conducted pursuant to specific criteria, as the Secretary shall establish by regulation, for the selection of Indian tribes to receive such amount.

“(4) INSULAR AREAS.—From the amounts allocated pursuant to subsection (b) for insular areas, the Secretary shall make a grant to each insular area that complies with the requirement under subsection (d) on the basis of the ratio of the population of the insular area to the aggregate population of all insular areas. In determining the distribution of amounts to insular areas, the Secretary may also include other statistical criteria as data become available from the Bureau of Census of the Department of Labor, but only if such criteria are set forth by regulation issued after notice and an opportunity for comment.

“(d) STATEMENT OF ACTIVITIES.—

“(1) REQUIREMENT.—Before receipt the receipt in any fiscal year of a grant under subsection (c) by any grantee, the grantee shall have prepared a final statement of housing energy efficiency objectives and projected use of funds as the Secretary shall require and shall have provided the Secretary with such certifications regarding such objectives and use as the Secretary may require. In the case of metropolitan cities, urban counties, units of general local government, and insular areas receiving grants, the statement of projected use of funds shall consist of proposed housing energy efficiency activities. In the case of States receiving grants, the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.

“(2) PUBLIC PARTICIPATION.—The Secretary may establish requirements to ensure the public availability of information regarding projected use of grant amounts and public participation in determining such projected use.

“(e) ELIGIBLE ACTIVITIES.—

“(1) REQUIREMENT.—Amounts from a grant under this section may be used only to carry out activities for single-family or multifamily housing that are designed to improve the energy efficiency of the housing so that the housing complies with the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010, including such activities to provide energy for such housing from renewable sources, such as wind, waves, solar, biomass, and geothermal sources.

“(2) PREFERENCE FOR COMPLIANCE BEYOND BASIC REQUIREMENTS.—In selecting activities to be funded with amounts from a grant under this section, a grantee shall give more preference to activities based on the extent to which the activities will result in compliance by the housing with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act.

“(f) REPORTS.—Each grantee of a grant under this section for a fiscal year shall submit to the Secretary, at a time determined by the Secretary, a performance and evaluation report concerning the use of grant amounts, which shall contain an assessment by the grantee of the relationship of such use to the objectives identified in the grantees statement under subsection (d).

“(g) APPLICABILITY OF CDBG PROVISIONS.—Sections 109, 110, and 111 of the Housing and Community Development Act of 1974 (42 U.S.C. 5309, 5310, 5311) shall apply to assistance received under this section to the same extent and in the same manner that such sections apply to assistance received under title I of such Act.

“(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants under this section \$2,500,000,000 for fiscal year 2010 and such sums as may be necessary for each fiscal year thereafter.”

**SEC. 15. INCLUDING SUSTAINABLE DEVELOPMENT AND TRANSPORTATION STRATEGIES IN COMPREHENSIVE HOUSING AFFORDABILITY STRATEGIES.**

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

- (1) by striking “and” at the end of paragraph (19);
- (2) by striking the period at the end of paragraph (20) and inserting “; and”;
- (3) and by inserting after paragraph (20) the following new paragraphs:

“(21) describe the jurisdiction’s strategies to encourage sustainable development for affordable housing, including single-family and multifamily housing, as measured by—

“(A) greater energy efficiency and use of renewable energy sources, including any strategies regarding compliance with the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 and with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act;

“(B) increased conservation, recycling, and reuse of resources;

“(C) more effective use of existing infrastructure;

“(D) use of building materials and methods that are healthier for residents of the housing, including use of building materials that are free of added known carcinogens that are classified as Group 1 Known Carcinogens by the International Agency for Research on Cancer; and

“(E) such other criteria as the Secretary determines, in consultation with the Secretary of Energy, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, are in accordance with the purposes of this paragraph; and

“(22) describe the jurisdiction’s efforts to coordinate its housing strategy with its transportation planning strategies to ensure to the extent practicable that residents of affordable housing have access to public transportation.”.

**SEC. 16. GRANT PROGRAM TO INCREASE SUSTAINABLE LOW-INCOME COMMUNITY DEVELOPMENT CAPACITY.**

(a) **IN GENERAL.**—The Secretary may make grants to nonprofit organizations to use for any of the following purposes:

(1) Training, educating, supporting, or advising an eligible community development organization or qualified youth service and conservation corps in improving energy efficiency, resource conservation and reuse, design strategies to maximize energy efficiency, installing or constructing renewable energy improvements (such as wind, wave, solar, biomass, and geothermal energy sources), and effective use of existing infrastructure in affordable housing and economic development activities in low-income communities, taking into consideration energy efficiency standards under section 4(a) of this Act and with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of this Act.

(2) Providing loans, grants, or predevelopment assistance to eligible community development organizations or qualified youth service and conservation corps to carry out energy efficiency improvements that comply with the energy efficiency standards under section 4(a) of this Act, resource conservation and reuse, and effective use of existing infrastructure in affordable housing and economic development activities in low-income communities. In providing assistance under this paragraph, the Secretary shall give more preference to activities based on the extent to which the activities will result in compliance with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of this Act.

(3) Such other purposes as the Secretary determines are in accordance with the purposes of this subsection.

(b) **APPLICATION REQUIREMENT.**—To be eligible for a grant under this section, a nonprofit organization shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(c) **AWARD OF CONTRACTS.**—Contracts for architectural or engineering services funded with amounts from grants made under this section shall be awarded in accordance with chapter 11 of title 40, United States Code (relating to selection of architects and engineers).

(d) **MATCHING REQUIREMENT.**—A grant made under this section may not exceed the amount that the nonprofit organization receiving the grant certifies, to the Secretary, will be provided (in cash or in-kind) from nongovernmental sources to carry out the purposes for which the grant is made.

(e) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

(1) The term “nonprofit organization” has the meaning given such term in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704).

(2) The term “eligible community development organization” means—

(A) a unit of general local government (as defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704));

(B) a community housing development organization (as defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704));

(C) an Indian tribe or tribally designated housing entity (as such terms are defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103)); or

(D) a public housing agency, as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437(b)).

(3) The term “low-income community” means a census tract in which 50 percent or more of the households have an income which is less than 80 percent of the greater of—

(A) the median gross income for such year for the area in which such census tract is located; or

(B) the median gross income for such year for the State in which such census tract is located.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section \$10,000,000 for each of fiscal years 2010 through 2014.

**SEC. 17. HOPE VI GREEN DEVELOPMENTS REQUIREMENT.**

(a) MANDATORY COMPONENT.—Section 24(e) of the United States Housing Act of 1937 (42 U.S.C. 1437v(e)) is amended by adding at the end the following new paragraph:

“(4) GREEN DEVELOPMENTS REQUIREMENT.—

“(A) REQUIREMENT.—The Secretary may not make a grant under this section to an applicant unless the proposed revitalization plan of the applicant to be carried out with such grant amounts meets the following requirements:

“(i) GREEN COMMUNITIES CRITERIA.—All residential construction under the proposed plan complies with the national Green Communities criteria for residential construction and rehabilitation that provides criteria for the design, development, and operation of affordable housing, as such criteria are in effect for purposes of this paragraph pursuant to subparagraph (D) at the date of the application for the grant, or any substantially equivalent standard or standards as determined by the Secretary, as follows:

“(I) The proposed plan shall comply with all items of the national Green Communities criteria for residential construction and rehabilitation that are identified as mandatory.

“(II) The proposed plan shall comply with such other nonmandatory items of such national Green Communities criteria so as to result in a cumulative number of points attributable to such nonmandatory items under such criteria of not less than—

“(aa) 25 points, in the case of any proposed plan (or portion thereof) consisting of new construction; and

“(bb) 20 points, in the case of any proposed plan (or portion thereof) consisting of rehabilitation.

“(ii) GREEN BUILDINGS CERTIFICATION SYSTEM.—All nonresidential construction under the proposed plan complies with all minimum required levels of the green building rating systems and levels identified by the Secretary pursuant to subparagraph (C), as such systems and levels are in effect for purposes of this paragraph pursuant to subparagraph (D) at the time of the application for the grant.

“(B) VERIFICATION.—

“(i) IN GENERAL.—The Secretary shall verify, or provide for verification, sufficient to ensure that each proposed revitalization plan carried out with amounts from a grant under this section complies with the requirements under subparagraph (A) and that the revitalization plan is carried out in accordance with such requirements and plan.

“(ii) TIMING.—In providing for such verification, the Secretary shall establish procedures to ensure such compliance with respect to each grantee, and shall report to the Congress with respect to the compliance of each grantee, at each of the following times:

“(I) Not later than 6 months after execution of the grant agreement under this section for the grantee.

“(II) Upon completion of the revitalization plan of the grantee.

“(C) IDENTIFICATION OF GREEN BUILDINGS RATING SYSTEMS AND LEVELS.—

“(i) IN GENERAL.—For purposes of this paragraph, the Secretary shall identify rating systems and levels for green buildings that the Secretary determines to be the most likely to encourage a comprehensive and environmentally sound approach to ratings and standards for green buildings. The identification of the ratings systems and levels shall be based on the criteria specified in clause (ii), shall identify the highest levels the Secretary determines are appropriate above the minimum levels required under the systems selected. Within 90 days of the completion of each study required by clause (iii), the Secretary shall review and update the rating systems and levels, or identify alternative systems and levels for purposes of this paragraph, taking into account the conclusions of such study.



“(ii) CRITERIA.—In identifying the green rating systems and levels, the Secretary shall take into consideration—

“(I) the ability and availability of assessors and auditors to independently verify the criteria and measurement of metrics at the scale necessary to implement this paragraph;

“(II) the ability of the applicable ratings system organizations to collect and reflect public comment;

“(III) the ability of the standards to be developed and revised through a consensus-based process;

“(IV) An evaluation of the robustness of the criteria for a high-performance green building, which shall give credit for promoting—

“(aa) efficient and sustainable use of water, energy, and other natural resources;

“(bb) use of renewable energy sources;

“(cc) improved indoor and outdoor environmental quality through enhanced indoor and outdoor air quality, thermal comfort, acoustics, outdoor noise pollution, day lighting, pollutant source control, sustainable landscaping, and use of building system controls and low- or no-emission materials, including preference for materials with no added carcinogens that are classified as Group 1 Known Carcinogens by the International Agency for Research on Cancer; and

“(dd) such other criteria as the Secretary determines to be appropriate; and

“(V) national recognition within the building industry.

“(iii) 5-YEAR EVALUATION.—At least once every 5 years, the Secretary shall conduct a study to evaluate and compare available third-party green building rating systems and levels, taking into account the criteria listed in clause (ii).

“(D) APPLICABILITY AND UPDATING OF STANDARDS.—

“(i) APPLICABILITY.—Except as provided in clause (ii) of this subparagraph, the national Green Communities criteria and green building rating systems and levels referred to in clauses (i) and (ii) of subparagraph (A) that are in effect for purposes of this paragraph are such criteria and systems, and levels as in existence upon the date of the enactment of the Green Resources for Energy Efficient Neighborhoods Act of 2010.

“(ii) UPDATING.—The Secretary may, by regulation, adopt and apply, for purposes of this paragraph, future amendments and supplements to, and editions of, the national Green Communities criteria, any standard or standards that the Secretary has determined to be substantially equivalent to such criteria, and the green building ratings systems and levels identified by the Secretary pursuant to subparagraph (C).”.

(b) SELECTION CRITERIA; GRADED COMPONENT.—Section 24(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437v(e)(2)) is amended—

(1) in subparagraph (K), by striking “and” at the end;

(2) by redesignating subparagraph (L) as subparagraph (M); and

(3) by inserting after subparagraph (K) the following new subparagraph:

“(L) the extent to which the proposed revitalization plan—

“(i) in the case of residential construction, complies with the non-mandatory items of the national Green Communities criteria identified in paragraph (4)(A)(i), or any substantially equivalent standard or standards as determined by the Secretary, but only to the extent such compliance exceeds the compliance necessary to accumulate the number of points required under such paragraph; and

“(ii) in the case of nonresidential construction, complies with the components of the green building rating systems and levels identified by the Secretary pursuant to paragraph (4)(C), but only to the extent such compliance exceeds the minimum level required under such systems and levels; and”.

**SEC. 18. CONSIDERATION OF ENERGY EFFICIENCY IMPROVEMENTS IN APPRAISALS.**

(a) APPRAISALS IN CONNECTION WITH FEDERALLY RELATED TRANSACTIONS.—

(1) REQUIREMENT.—Section 1110 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3339) is amended—

(A) in paragraph (1), by striking “and” at the end;

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following new paragraph:

“(2) that such appraisals be performed in accordance with appraisal standards that require, in determining the value of a property, consideration of any renew-

able energy sources for, or energy efficiency or energy-conserving improvements or features of, the property;”.

(2) REVISION OF APPRAISAL STANDARDS.—Each Federal financial institutions regulatory agency shall, in accordance with sections 1107 and 1111 (12 U.S.C. 3336, 3340) and in coordination with Federal officials, including the Secretary of Energy, the Administrator of the Environmental Protection Agency, and the Administrator of the General Services Administration, revise its standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of the agency to comply with the requirement under the amendments made by paragraph (1) of this subsection.

(b) ENSURING CONSIDERATION OF ENERGY-EFFICIENT FEATURES WHEN REACHING CONCLUSIONS OF MARKET VALUE.—Section 1110 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3339), as amended by subsection (a) of this section, is further amended—

(1) in paragraph (3) (as so redesignated by subsection (a)(1)(B) of this section), by striking the period and inserting “; and”; and

(2) by inserting after such paragraph (3) the following:

“(4) that State-certified and licensed appraisers have timely access, whenever practicable, to information from the lender relevant to an appraisal of the energy and water efficiency or conserving improvements or features of a property, such as labels or ratings of buildings and installed appliances, blueprints, construction costs, incentives regarding energy- and water-efficient components and systems installed in a property, and third-party verifications or representations of energy and water efficiency performance of a property, observing all financial privacy requirements adhered to by certified and licensed appraisers, including section 501 of the Gramm–Leach–Bliley Act (15 U.S.C. 6801); unless the property owner consents to the lender, an appraiser shall not have access to the commercial of financial information of the owner that is privileged or confidential.”.

(c) TRANSACTIONS REQUIRING STATE CERTIFIED APPRAISERS.—Section 1113 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3342) is amended—

(1) in paragraph (1), by inserting before the semicolon the following: “or any real property with energy-efficiency or energy-conserving improvements or features”; and

(2) in paragraph (2) by inserting after “complexity” the following: “(such as identifying and supporting the contribution to market value of energy-efficiency or energy-conserving improvements or features)”.

#### SEC. 19. HOUSING ASSISTANCE COUNCIL.

The Secretary shall require the Housing Assistance Council—

(1) to encourage each organization that receives loan assistance from the Council with any amounts made available from the Secretary to provide that any structures and buildings developed or assisted under projects, programs, and activities funded with such amounts complies with the energy efficiency standards under section 4(a) of this Act; and

(2) to establish incentives to encourage each such organization to provide that any such structures and buildings comply with the energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act.

#### SEC. 20. RURAL HOUSING AND ECONOMIC DEVELOPMENT ASSISTANCE.

The Secretary shall—

(1) require each tribe, agency, organization, corporation, and other entity that receives any assistance from the Office of Rural Housing and Economic Development of the Department of Housing and Urban Development to provide that any structures and buildings developed or assisted under activities funded with such amounts complies with the energy efficiency standards under section 4(a) of this Act; and

(2) establish incentives to encourage each such tribe, agency, organization, corporation, and other entity to provide that any such structures and buildings comply with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act.

#### SEC. 21. LOANS TO STATES AND INDIAN TRIBES TO CARRY OUT RENEWABLE ENERGY SOURCES ACTIVITIES.

(a) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a fund, to be known as the “Alternative Energy Sources State Loan Fund”.

(b) EXPENDITURES.—

(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary such amounts as the Secretary determines are necessary to provide loans under subsection (c)(1).

(2) ADMINISTRATIVE EXPENSES.—Of the amounts in the Fund, not more than 5 percent shall be available for each fiscal year to pay the administrative expenses of the Department of Housing and Urban Development to carry out this section.

(c) LOANS TO STATES AND INDIAN TRIBES.—

(1) IN GENERAL.—The Secretary shall use amounts in the Fund to provide loans to States and Indian tribes to provide incentives to owners of single-family and multifamily housing, commercial properties, and public buildings to provide—

(A) renewable energy sources for such structures, such as wind, wave, solar, biomass, or geothermal energy sources, including incentives to companies and businesses to change their source of energy to such renewable energy sources and for changing the sources of energy for public buildings to such renewable energy sources;

(B) energy-efficiency and energy-conserving improvements and features for such structures; or

(C) infrastructure related to the delivery of electricity and hot water for structures lacking such amenities.

(2) ELIGIBILITY.—To be eligible to receive a loan under this subsection, a State or Indian tribe, directly or through an appropriate State or tribal agency, shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(3) CRITERIA FOR APPROVAL.—The Secretary may approve an application of a State or Indian tribe under paragraph (2) only if the Secretary determines that the State or tribe will use the funds from the loan under this subsection to carry out a program to provide incentives described in paragraph (1) that—

(A) requires that any such renewable energy sources, and energy-efficiency and energy-conserving improvements and features, developed pursuant to assistance under the program result in compliance of the structure so improved with the energy efficiency standards under section 4(a) of this Act; and

(B) includes such compliance and audit requirements as the Secretary determines are necessary to ensure that the program is operated in a sound and effective manner.

(4) PREFERENCE.—In making loans during each fiscal year, the Secretary shall give preference to States and Indian tribes that have not previously received a loan under this subsection.

(5) MAXIMUM AMOUNT.—The aggregate outstanding principal amount from loans under this subsection to any single State or Indian tribe may not exceed \$500,000,000.

(6) LOAN TERMS.—Each loan under this subsection shall have a term to maturity of not more than 10 years and shall bear interest at annual rate, determined by the Secretary, that shall not exceed interest rate charged by the Federal Reserve Bank of New York to commercial banks and other depository institutions for very short-term loans under the primary credit program, as most recently published in the Federal Reserve Statistical Release on selected interest rates (daily or weekly), and commonly referred to as the H.15 release, preceding the date of a determination for purposes of applying this paragraph.

(7) LOAN REPAYMENT.—The Secretary shall require full repayment of each loan made under this section.

(d) INVESTMENT OF AMOUNTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall invest such amounts in the Fund that are not, in the judgment of the Secretary of the Treasury, required to meet needs for current withdrawals.

(2) OBLIGATIONS OF UNITED STATES.—Investments may be made only in interest-bearing obligations of the United States.

(e) REPORTS.—

(1) REPORTS TO SECRETARY.—For each year during the term of a loan made under subsection (c), the State or Indian tribe that received the loan shall submit to the Secretary a report describing the State or tribal alternative energy sources program for which the loan was made and the activities conducted under the program using the loan funds during that year.

(2) REPORT TO CONGRESS.—Not later than September 30 of each year that loans made under subsection (c) are outstanding, the Secretary shall submit a report to the Congress describing the total amount of such loans provided under

subsection (c) to each eligible State and Indian tribe during the fiscal year ending on such date, and an evaluation on effectiveness of the Fund.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund \$5,000,000,000.

(g) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) INDIAN TRIBE.—The term “Indian tribe” has the meaning given such term in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103).

(2) STATE.—The term “State” means each of the several States, the Commonwealth of Puerto Rico, the District of Columbia, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, the Trust Territories of the Pacific, or any other possession of the United States.

**SEC. 22. GAO REPORTS ON AVAILABILITY OF AFFORDABLE MORTGAGES.**

(a) STUDY.—The Comptroller General of the United States shall periodically, as necessary to comply with subsection (b), examine the impact of this Act and the amendments made by this Act on the availability of affordable mortgages in various areas throughout the United States, including cities having older infrastructure and limited space for the development of new housing.

(b) REPORTS.—The Comptroller General shall submit reports under this subsection to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that shall include—

(1) a detailed statement of the most recent findings pursuant to subsection (a); and

(2) if the Comptroller General finds that this Act or the amendments made by this Act have directly or indirectly resulted in consequences that limit the availability or affordability of mortgages in any area or areas within the United States, including any city having older infrastructure and limited space for the development of new housing, any recommendations for any additional actions at the Federal, State, or local levels that the Comptroller General considers necessary or appropriate to mitigate such effects.

The first report under this subsection shall be submitted not later than the expiration of the 3-year period beginning on the date of the enactment of this Act and thereafter, the Comptroller General shall submit a report pursuant to a joint request for such a report made by the Chairman and Ranking Members of the Committee on Financial Services of the House of Representatives and of the Committee on Banking, Housing, and Urban Affairs of the Senate.

**SEC. 23. PUBLIC HOUSING ENERGY COST REPORT.**

(a) COLLECTION OF INFORMATION BY HUD.—The Secretary of Housing and Urban Development shall obtain from each public housing agency, by such time as may be necessary to comply with the reporting requirement under subsection (b), information regarding the energy costs for public housing administered or operated by the agency. For each public housing agency, such information shall include the monthly energy costs associated with each separate building and development of the agency, for the most recently completed 12-month period for which such information is available, and such other information as the Secretary determines is appropriate in determining which public housing buildings and developments are most in need of repairs and improvements to reduce energy needs and costs and become more energy efficient.

(b) REPORT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress setting forth the information collected pursuant to subsection (a).

**SEC. 24. INSURANCE COVERAGE FOR LOANS FOR FINANCING OF RENEWABLE ENERGY SYSTEMS LEASED FOR RESIDENTIAL USE.**

(a) PURPOSES.—The purposes of this section are—

(1) to encourage residential use of renewable energy systems by minimizing up-front costs and providing immediate utility cost savings to consumers through leasing of such systems to homeowners;

(2) to reduce carbon emissions and the use of nonrenewable resources;

(3) to encourage energy-efficient residential construction and rehabilitation;

(4) to encourage the use of renewable resources by homeowners;

(5) to minimize the impact of development on the environment;

(6) to reduce consumer utility costs; and

(7) to encourage private investment in the green economy.

(b) **AUTHORITY.**—The Secretary of Housing and Urban Development may, upon application by an authorized renewable energy lender and in accordance with such terms and conditions as the Secretary may prescribe, consistent with the purposes of this section, make commitments to insure, and insure, loans made by such lenders to homebuilders, renewable energy installers or manufacturers, public or private corporations or partnerships, associations, trusts, or other qualified persons or entities, to finance the acquisition of renewable energy systems for lease to homeowners for use at their residences.

(c) **EFFECTIVE DATE OF INSURANCE.**—Insurance provided pursuant to this section for a loan shall become effective only upon the expiration of the 5-year period beginning upon the original execution of a renewable energy system lease (as such term is defined in subsection (o)) for the renewable energy system.

(d) **LIMITATION ON PRINCIPAL AMOUNT.**—

(1) **LIMITATION.**—The principal amount of the loan insured under this section shall not exceed the residual value of the renewable energy system.

(2) **RESIDUAL VALUE.**—For purposes of this subsection—

(A) the residual value of a renewable energy system shall be the amount that is equal to the fair market value of the future revenue stream from the sale of the expected remaining electricity production from the system, pursuant to the easement granted in accordance with subsection (e); and

(B) the fair market value of the future revenue stream for each year of the remaining life of the renewable energy system shall be determined based on the net present value of the renewable energy system manufacturer's power output production warranty for the system and the forecast of regional residential electricity prices made by the Energy Information Administration of the Department of Energy.

(e) **EASEMENT FOR SALE OF REMAINING ELECTRICITY.**—The Secretary may not insure a loan for financing of renewable energy systems under this section unless the borrower under the loan ensures, in accordance with such requirements as the Secretary shall establish, consistent with the purposes of this section, that the systems financed will be leased only to homeowners that grant easements sufficient to provide for the sale of remaining electricity production from the system to a wholesale or retail electrical power grid.

(f) **DISCOUNT OR PREPAYMENT.**—To encourage utilization of renewable energy systems, the Secretary shall ensure that a homebuilder's or other investor's discount or prepayment of a homeowner's renewable energy system lease shall not adversely affect that homeowner's mortgage requirements.

(g) **ELIGIBILITY OF LENDERS.**—The Secretary may not insure a loan under this section unless the lender making the loan—

(1)(A) is an institution that qualifies as a green banking center pursuant to section 8(x) of the Federal Deposit Insurance Act (12 U.S.C. 1818(x)) or section 206(x) of the Federal Credit Union Act (12 U.S.C. 1786(x)); or

(B) meets such other requirements as the Secretary shall establish for participation of renewable energy lenders in the program under this section; and

(2) meets such qualifications as the Secretary shall establish for all lenders for participation in the program under this section and is approved by the Secretary as meeting such qualifications.

(h) **CERTIFICATE OF INSURANCE.**—Insurance of a loan under this section shall be evidenced by a certificate of insurance coverage issued by the Secretary to the lender under the loan. Such certificate shall set forth the fair market value of the future revenue stream for each year of the remaining life of the renewable energy system as determined in accordance with subsection (d).

(i) **PAYMENT OF INSURANCE.**—

(1) **IN GENERAL.**—The Secretary shall provide for the filing of claims for insurance under this section and the payment of such claims. A claim may be paid only upon a default under the loan insured under this section and the assignment, transfer, and delivery to the Secretary of all rights and interests arising under the loan and all claims of the lender or the assigns of the lender against the borrower or others arising under the loan transaction.

(2) **LIEN.**—Upon payment of a claim for insurance of a loan under this section, the Secretary shall be granted a lien on the underlying renewable energy system assets and any associated revenue stream from use of that system, which shall be superior to all other liens on such assets, and the residual value of that system and the revenue stream shall be at least equal to the unpaid balance of the loan amount covered by the certificate of insurance. The Secretary shall be entitled to any revenue generated by the renewable energy system from selling electricity to the grid when an insurance claim has been paid out.

(j) **ASSIGNMENT AND TRANSFERABILITY OF INSURANCE.**—The holder of insurance provided under this section may assign or transfer the insurance in whole or in

part, to another lender, subject to such requirements as the Secretary may prescribe.

(k) PREMIUMS AND CHARGES.—

(1) INSURANCE FEE.—The Secretary shall fix and collect premiums for insurance of loans under this section, that shall be paid by the qualified applicant at the time of issuance of the certificate of insurance to the lender and shall be adequate, in the determination of the Secretary, to cover expenses and probable losses, including any costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of loan insurance under this section. In no event may such premium exceed 3 percent of the principal obligation of the loan being insured.

(2) PROHIBITION ON OTHER CHARGES.—Except as provided in paragraph (1), the Secretary may not assess any fees, including user fees, insurance premiums, or charges in connection with loan insurance provided under this section.

(l) FULL FAITH AND CREDIT.—The certificate of insurance issued by the Secretary under this section shall be backed by the full faith and credit of the United States of America.

(m) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to carry out this section. The Secretary shall issue final or interim final regulations not later than the expiration of the 180-day period beginning on the date of the enactment of this Act.

(n) INELIGIBILITY FOR PURCHASE BY FEDERAL FINANCING BANK.—Notwithstanding the provisions of the Federal Financing Bank Act of 1973 (12 U.S.C. 2281 et seq.) or any other provision of law, no debt obligation that is insured or committed to be insured by the Secretary under this section shall be subject to the provisions of such Act.

(o) DEFINITIONS.—For purposes of this section, the following definitions apply:

(1) RENEWABLE ENERGY SYSTEM LEASE.—The term “renewable system energy lease” means an agreement between a qualified investor in a renewable energy system and a homeowner pursuant to which the homeowner grants an easement to the investor to install, maintain, use, and otherwise access the renewable energy system and leases the use of that system from the qualified investor for a specified term.

(2) RENEWABLE ENERGY SYSTEM.—The term “renewable energy system” means a system that generates energy from naturally replenished energy sources such as sunlight, wind, rain, tides or geothermal heat.

(3) RENEWABLE ENERGY MANUFACTURER.—The term “renewable energy manufacturer” means a manufacturer of renewable energy systems.

**SEC. 25. GREEN GUARANTEES.**

(a) AUTHORITY TO GUARANTEE “GREEN PORTION” OF ELIGIBLE MORTGAGES.—

(1) IN GENERAL.—The Secretary of Housing and Urban Development may make commitments to guarantee under this section and may guarantee, the repayment of the portions of the principal obligations of eligible mortgages that are used to finance eligible sustainable building elements for the housing that is subject to the mortgage.

(2) AMOUNT OF GUARANTEE.—A guarantee under this section by the Secretary in connection with an eligible mortgage shall not exceed a percentage of the green portion (as such term is defined in subsection (g)) of the mortgage, as shall be established by the Secretary and may be established on a regional basis as the Secretary determines appropriate.

(b) ELIGIBLE MORTGAGES.—To be considered an eligible mortgage for purposes of this section, a mortgage shall comply with all of the following requirements:

(1) ACQUISITION OR CONSTRUCTION OF HOUSING.—The mortgage shall be made for the acquisition or construction of single- or multifamily housing and repayment of the mortgage shall be secured by an interest in such housing.

(2) FINANCING OF ELIGIBLE SUSTAINABLE BUILDING ELEMENTS THROUGH GREEN PORTION OF MORTGAGE.—A portion of the principal obligation of the mortgage, which meets the requirements under subsection (c), shall be used only for financing the provision of eligible sustainable building elements for the housing for which the mortgage was made.

(3) MAXIMUM MORTGAGE AMOUNT.—The principal obligation of the mortgage (including the eligible portion of such mortgage, and such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) may not exceed the following amounts:

(A) SINGLE-FAMILY HOUSING.—Such dollar amounts for single-family housing as the Secretary shall establish, which may be established on the basis of the number of dwelling units in the housing, as the Secretary considers appropriate.

- (B) MULTIFAMILY HOUSING.—Such dollar amounts for multifamily housing as the Secretary shall establish, which may be established on the basis of the number of dwelling units in the housing and the number of bedrooms in such dwelling units, as the Secretary considers appropriate.
- (4) REPAYMENT.—The mortgage meets such requirements as the Secretary shall establish to ensure that there is a reasonable prospect of repayment of the principal and interest on the obligation by the mortgagor.
- (5) MORTGAGE TERMS.—The mortgage shall meet such requirements with respect to loan-to-value ratio, mortgagor credit scores, debt-to-income ratio, and other underwriting standards, term to maturity, interest rates and amortization, including amortization of the green portion of the mortgage, and other mortgage terms as the Secretary shall establish.
- (c) LIMITATIONS ON GREEN PORTION OF MORTGAGE.—The requirements under this subsection with respect to the green portion of an eligible mortgage are as follows:
- (1) PERCENTAGE LIMITATION.—Such portion shall not exceed, in the case of single-family or multifamily housing, 10 percent of the total principal obligation of the mortgage.
- (2) DOLLAR AMOUNT LIMITATION.—Such portion shall not exceed—
- (A) in the case of single-family housing, such maximum dollar amount limitation as the Secretary shall establish, which may be established on the basis of the number of dwelling units in the housing, as the Secretary considers appropriate; and
- (B) in the case of multifamily housing, such maximum dollar amount limitation as the Secretary shall establish, which limitation may be established on the basis of the number of dwelling units in the housing and the number of bedrooms in such dwelling units, as the Secretary considers appropriate.
- (3) COST-EFFECTIVENESS LIMITATION.—Such portion shall not exceed the total present value of the savings (as determined in accordance with subsection (d)) attributable to the incorporation of the eligible sustainable building elements to be financed with the green portion of the mortgage that are to be realized over the useful life of such elements.
- (d) ELIGIBLE SUSTAINABLE BUILDING ELEMENTS.—The Secretary may not guarantee any eligible mortgage under this section unless the mortgagor has demonstrated, in accordance with such requirements as the Secretary shall establish, the amount of savings attributable to incorporation of the sustainable building elements to be financed with the green portion of the mortgage, as measured by the National Green Building Standard for all residential construction developed by the National Association of Home Builders and the U.S. Green Building Council, and approved by the American National Standards Institute, as updated and in effect at the time of such demonstration.
- (e) GUARANTEE FEE.—
- (1) ASSESSMENT AND COLLECTION.—The Secretary shall assess and collect fees for guarantees under this section in amounts that the Secretary determines are sufficient to cover the costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of such guarantees.
- (2) AVAILABILITY.—Fees collected under this subsection shall be deposited by the Secretary in the Treasury of the United States and shall remain available until expended, subject to such other conditions as are contained in annual appropriations Acts.
- (f) PAYMENT OF GUARANTEE.—
- (1) DEFAULT.—
- (A) RIGHT TO PAYMENT.—If a mortgagor under a mortgage guaranteed under this section defaults (as defined in regulations issued by the Secretary and specified in the guarantee contract) on the obligation under the mortgage—
- (i) the holder of the guarantee shall have the right to demand payment of the unpaid amount of the guaranteed portion of the mortgage, to the extent provided under subsection (a)(2), from the Secretary; and
- (ii) within such period as may be specified in the guarantee or related agreements, the Secretary shall pay to the holder of the guarantee, to the extent provided under subsection (a)(2), the unpaid interest on, and unpaid principal of the portion of guaranteed portion of the mortgage with respect to which the borrower has defaulted, unless the Secretary finds that there was no default by the borrower in the payment of interest or principal or that the default has been remedied.
- (B) FORBEARANCE.—Nothing in this paragraph precludes any forbearance by the holder of an eligible mortgage for the benefit of the mortgagor which may be agreed upon by the parties to the mortgage and approved by the Secretary.

## (2) SUBROGATION.—

(A) IN GENERAL.—If the Secretary makes a payment under paragraph (1), the Secretary shall be subrogated to the extent of such payment to the rights of the recipient of the payment as specified in the guarantee or related agreements including, if appropriate, the authority (notwithstanding any other provision of law)—

(i) to complete, maintain, operate, lease, or otherwise dispose of any property acquired pursuant to such guarantee or related agreements; or

(ii) to permit the mortgagor, pursuant to an agreement with the Secretary, to continue to occupy the property subject to the mortgage, if the Secretary determines such occupancy to be appropriate.

(B) ALLOCATION OF RIGHTS AND RESPONSIBILITIES.—In the event of a payment under paragraph (1), the rights of the Secretary, with respect to any property acquired pursuant to a guarantee or related agreements, shall be superior to the rights of any other person with respect to the property, except that as long as amounts remain due to the recipient of the payment under the terms of the eligible mortgage and as long as the recipient diligently pursues collection of all amounts due under the eligible mortgage, all decisions with respect to the eligible mortgage, including efforts to collect the unpaid amounts, shall be made by the recipient, *Provided*, That any amounts collected by the recipient less reasonable out-of-pocket costs of collection shall be shared with the Secretary in the same ratio as the guaranteed portion bears to the original principal amount of the eligible mortgage.

(C) TERMS AND CONDITIONS.—A guarantee agreement shall include such detailed terms and conditions as the Secretary determines appropriate to protect the interests of the United States in the case of default.

(3) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees issued under this section with respect to principal and interest.

(g) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) ELIGIBLE MORTGAGE.—The term “eligible mortgage” means a mortgage that meets the requirements under subsection (b).

(2) GREEN PORTION.—The term “green portion” means, with respect to an eligible mortgage, the portion of the mortgage principal referred to in subsection (b)(2) that is attributable, as determined in accordance with regulations issued by the Secretary, to the increased costs incurred in financing provision of sustainable building elements for the housing for which the mortgage was made, as compared to the costs that would have been incurred in financing the provision of other building elements for the housing for the same purposes that are commonly or conventionally used but are not sustainable building elements.

(3) GUARANTEED PORTION.—The term “guaranteed portion” means, with respect to an eligible mortgage guaranteed under this section, the green portion of the mortgage that is so guaranteed.

(4) MORTGAGE.—The term “mortgage” has the meaning given such term in section 201 of the National Housing Act (12 U.S.C. 1707).

(5) MULTIFAMILY HOUSING.—The term “multifamily housing” means a residential property consisting of five or more dwelling units.

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

(7) SINGLE-FAMILY HOUSING.—The term “single-family housing” means a residential property consisting of one to four dwelling units.

(8) SUSTAINABLE BUILDING ELEMENT.—The term “sustainable building element” means such building elements, as the Secretary shall define, that have energy efficiency or environmental sustainability qualities that are superior to such qualities for other building elements for the same purposes that are commonly or conventionally used.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of guarantees under this section \$500,000,000 for each of fiscal years 2010 through 2014.

(i) REGULATIONS.—The Secretary shall issue any regulations necessary to carry out this section.

**SEC. 26. GREEN DIVIDEND PROGRAM FOR FEDERALLY ASSISTED RENTAL HOUSING.**

(a) AUTHORITY.—The Secretary shall establish a program under this section to provide green dividends to owners of covered federally assisted housing projects who



undertake utility cost-saving measures that result in utility cost savings for such housing.

(b) GREEN DIVIDENDS.—

(1) IN GENERAL.—A green dividend under this section with respect to a covered federally assisted housing project shall be an annual distribution, to the owner of the project, of an amount of the surplus project funds that is equal to the sum of—

(A) 50 percent of the annual utility cost savings resulting from the utility cost-saving measures conducted for the project; and

(B) any reasonable costs, as determined by the Secretary pursuant to subsection (d)(4), incurred by the owner in carrying out the utility cost-saving measures, including required reporting and monitoring costs and financing costs incurred by the owner or a third party, in compliance with guidelines established pursuant to subsection (d)(3).

(2) ADDITIONAL TO STANDARD DISTRIBUTION.—Notwithstanding any other law or regulation relating to a limitation on distributions for a covered federally assisted housing project, a green dividend under this section shall be in addition to the standard distribution that the owner of the project is authorized to receive from the project pursuant to the regulations of the Secretary.

(c) STANDARDS FOR MEASUREMENT AND MONITORING.—In carrying out the program under this section, the Secretary shall establish and utilize the following standardized methods:

(1) Methods that an owner of a covered federally assisted housing project may use to accurately measure the baseline utility use of the project before undertaking the utility cost-saving measures for the project.

(2) Methods that an owner of a covered federally assisted housing project may use to effectively monitor reductions in the utility use of the project resulting from the completed utility cost-saving measures for the project.

(3) Methods that an owner of a covered federally assisted housing project may use to track, and that the Secretary may use to verify, utility cost savings resulting from the utility cost-saving measures for the project that account for the effect of changes in utility costs and such other factors that the Secretary considers necessary or appropriate.

(d) OTHER REQUIREMENTS.—

(1) APPLICATION AND SELECTION.—The Secretary shall establish requirements for owners of covered federally assisted housing projects to apply for participation in the program under this section and shall select among such applications based upon selection criteria, which the Secretary shall establish.

(2) COST-EFFECTIVENESS.—The Secretary shall establish guidelines to ensure that any utility cost-saving measures undertaken pursuant to the program under this section are cost-effective in relation to the utility cost savings resulting from the measures and the green dividend provided under this section to the owner.

(3) ENERGY PERFORMANCE CONTRACTS.—The Secretary shall establish guidelines for the use of energy performance contracting in carrying out utility cost-saving measures pursuant to the program under this section.

(4) FINANCING COSTS.—The Secretary shall establish guidelines for the financing of the reasonable costs incurred by an owner of a covered federally assisted housing project in carrying out utility cost-saving measures under the program under this section, and whether such costs, whether financed by the limited dividend owner or a third party, shall be repayable from project funds.

(5) REPORTING.—

(A) TO SECRETARY.—The Secretary shall require each owner of a covered federally assisted housing project for which a green dividend is provided pursuant to the program under this section to submit to the Secretary such reports regarding the project, the utility cost-saving measures undertaken for the project, and the utility cost savings of the project in accordance with such requirements as the Secretary shall establish.

(B) TO CONGRESS.—The Secretary shall submit reports to the Congress describing the implementation and operation of the program under this section, as follows:

(i) INITIAL REPORT.—The Secretary shall submit reports describing the initial implementation and operation of the program not later than the expiration of the 180-day period beginning upon the date of the enactment of this Act.

(ii) ANNUAL REPORTS.—Not later than the expiration of the 12-month period that begins upon the expiration of the period specified clause (i), and upon the expiration of each successive 12-month period thereafter,

the Secretary shall submit a report describing the ongoing operation of the program.

(e) **PREEMPTION OF CONFLICTING STATE LAWS LIMITING DISTRIBUTIONS.—**

(1) **IN GENERAL.—**Except as provided in paragraph (2), no State or political subdivision of a State may establish, continue in effect, or enforce any law, regulation, or administrative requirement that limits or restricts, to an amount that is less than the sum of the amounts provided for under paragraphs (1) and (2) of subsection (b), the amount of surplus project funds accruing after the date of the enactment of this section that may be distributed from any covered federally assisted housing project.

(2) **EXCEPTION AND WAIVER.—**Paragraph (1) shall not apply to any law or regulation to the extent such law or regulation applies to—

(A) a State-financed covered federally assisted housing project; or

(B) a covered federally assisted housing project for which the owner has elected to waive the applicability of paragraph (1).

(f) **DEFINITIONS.—**For purposes of this section, the following definitions shall apply:

(1) **COVERED FEDERALLY ASSISTED HOUSING PROJECT.—**The term “covered federally assisted housing project” means any multifamily rental housing project that—

(A) is provided any rental assistance, subsidy, or other financial assistance by the Secretary; and

(B) that is subject to a limitation on distributions to the owner, whether for-profit or non-for-profit, of project funds under section 200.106(a), 236.1(c), 880.205(a) or (b), 881.205(a) or (b), or 883.306(a) or (b) of title 24 of the Code of Federal Regulations, or any other statute or regulation applicable to the project.

(2) **SECRETARY.—**The term “Secretary” means the Secretary of Housing and Urban Development.

(3) **SURPLUS PROJECT FUNDS.—**The term “surplus project funds” means, with respect to a covered federally assisted housing project, the net revenue of the project after all project expenses have been paid, or funds have been set aside for the payment thereof, and any reserve requirements applicable to the project have been met.

(4) **UTILITY COST SAVINGS.—**The term “utility cost savings” means, with respect to utility cost-saving measures undertaken for a covered federally assisted housing project, the difference between—

(A) the energy or water costs that would have been incurred for the project if such utility cost-saving measures were not completed; and

(B) the actual energy or water costs for the project after completion of the utility cost-saving measures.

(5) **UTILITY COST-SAVING MEASURES.—**The term “utility cost-saving measures” means, with respect to a covered federally assisted housing project, any rehabilitation, renovation, retrofit, improvement, or alteration for the project that incorporates any technology, equipment, fixture, or material, or promotes any practice, designed to reduce the energy or water consumption of the project. Such measures shall utilize Energy Star or WaterSense rated products or devices at a minimum. In cases in which there is no Energy Star or WaterSense designated product or device, the Secretary shall designate the minimum standards.

(g) **REGULATIONS.—**Not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the Secretary shall issue any regulations necessary to carry out this section.

**SEC. 27. USE OF RESIDUAL RECEIPTS AND RESERVE FOR REPLACEMENTS FUNDS FOR GREEN RETROFITS OF FEDERALLY ASSISTED RENTAL HOUSING.**

The Secretary of Housing and Urban Development shall—

(1) review the regulations and agreements of the Department of Housing and Urban Development concerning residual receipts accounts in federally assisted rental housing that is subject to a limitation on distributions, to the owner, of project funds under section 200.106(a), 236.1(c), 880.205, 881.205, or 883.306 of title 24 of the Code of Federal Regulations, or any other statute or regulation applicable to the project, to clarify whether the use of such funds for other project purposes includes activities related to the energy efficiency at properties with such residual receipts accounts; and

(2) revise its policies with regard to the use of reserve for replacement funds to encourage the use of such reserves, where practical, for energy efficiency items.

**SEC. 28. STUDY ON BUILDING CODES EFFECTS ON CONSTRUCTION AND INSTALLATION OF DISTRIBUTIVE ENERGY GENERATION MEASURES AND WATER EFFICIENCY MEASURES.**

(a) **STUDY.**—The Comptroller General of the United States shall conduct a study to analyze to what extent provisions of State and local building codes create obstacles or otherwise conflict with efforts to enable and encourage the construction and installation in such projects of distributive energy generation measures and water efficiency measures.

(b) **PROVISION OF INFORMATION TO ENERGY INFORMATION ADMINISTRATION.**—The Comptroller General shall provide any information collected in conducting the study under this section to the Secretary of Energy to supplement information collected and maintained by the Energy Information Administration of the Department of Energy regarding residential energy consumption.

(c) **REPORT.**—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress and to the Secretary of Energy setting forth the results and conclusions of the study under this section.

**SEC. 29. COMMUNITY BUILDING CODE ADMINISTRATION GRANTS.**

(a) **SHORT TITLE.**—This section may be cited as the “Community Building Code Administration Grant Act of 2009”.

(b) **GRANT PROGRAM AUTHORIZED.**—

(1) **GRANT AUTHORIZATION.**—The Secretary of Housing and Urban Development shall, to the extent amounts are made available for grants under this section, provide grants to local building code enforcement departments.

(2) **COMPETITIVE AWARDS.**—The Secretary shall award grants under paragraph (1) on a competitive basis pursuant to the criteria set forth in subsection (f), but also taking into consideration the following:

(A) The financial need of each building code enforcement department.

(B) The benefit to the jurisdiction of having an adequately funded building code enforcement department.

(C) The demonstrated ability of each building code enforcement department to work cooperatively with other local code enforcement offices, health departments, and local prosecutorial agencies.

(3) **MAXIMUM AMOUNT.**—The maximum amount of any grant awarded under this subsection shall not exceed \$1,000,000.

(c) **REQUIRED ELEMENTS IN GRANT PROPOSALS.**—In order to be eligible for a grant under subsection (b), a building code enforcement department of a jurisdiction shall submit to the Secretary the following:

(1) A demonstration of the jurisdiction’s needs in executing building code enforcement administration.

(2) A plan for the use of any funds received from a grant under this section that addresses the needs discussed in paragraph (1) and that is consistent with the authorized uses established in subsection (d).

(3) A plan for local governmental actions to be taken to establish and sustain local building code enforcement administration functions, without continuing Federal support, at a level at least equivalent to that proposed in the grant application.

(4) A plan to create and maintain a program of public outreach that includes a regularly updated and readily accessible means of public communication, interaction, and reporting regarding the services and work of the building code enforcement department to be supported by the grant.

(5) A plan for ensuring the timely and effective administrative enforcement of building safety and fire prevention violations.

(d) **USE OF FUNDS; MATCHING FUNDS.**—

(1) **AUTHORIZED USES.**—Amounts from grants awarded under subsection (b) may be used by the grant recipient to supplement existing State or local funding for administration of building code enforcement. Such amounts may be used to increase staffing, provide staff training, increase staff competence and professional qualifications, or support individual certification or departmental accreditation, or for capital expenditures specifically dedicated to the administration of the building code enforcement department.

(2) **ADDITIONAL REQUIREMENT.**—Each building code enforcement department receiving a grant under subsection (b) shall empanel a code administration and enforcement team consisting of at least 1 full-time building code enforcement officer, a city planner, and a health planner or similar officer.

(3) **MATCHING FUNDS REQUIRED.**—

(A) **IN GENERAL.**—To be eligible to receive a grant under this section, a building code enforcement department shall provide matching, non-Federal funds in the following amount:

(i) In the case of a building code enforcement department serving an area with a population of more than 50,000, an amount equal to not less than 50 percent of the total amount of any grant to be awarded under this section.

(ii) In the case of a building code enforcement department serving an area with a population of between 20,001 and 50,000, an amount equal to not less than 25 percent of the total amount of any grant to be awarded under this section.

(iii) In the case of a building code enforcement department serving an area with a population of less than 20,000, an amount equal to not less than 12.5 percent of the total amount of any grant to be awarded under this section.

**(B) ECONOMIC DISTRESS.—**

(i) **IN GENERAL.**—The Secretary may waive the matching fund requirements under subparagraph (A), and institute, by regulation, new matching fund requirements based upon the level of economic distress of the jurisdiction in which the local building code enforcement department seeking such grant is located.

(ii) **CONTENT OF REGULATIONS.**—Any regulations instituted under clause (i) shall include—

(I) a method that allows for a comparison of the degree of economic distress among the local jurisdictions of grant applicants, as measured by the differences in the extent of growth lag, the extent of poverty, and the adjusted age of housing in such jurisdiction; and

(II) any other factor determined to be relevant by the Secretary in assessing the comparative degree of economic distress among such jurisdictions.

(4) **IN-KIND CONTRIBUTIONS.**—In determining the non-Federal share required to be provided under paragraph (3), the Secretary shall consider in-kind contributions, not to exceed 50 percent of the amount that the department contributes in non-Federal funds.

(5) **WAIVER OF MATCHING REQUIREMENT.**—The Secretary shall waive the matching fund requirements under paragraph (3) for any recipient jurisdiction that has dedicated all building code permitting fees to the conduct of local building code enforcement.

(e) **RATING AND RANKING OF APPLICATIONS.**—Eligible applications will be rated and ranked according to the criteria under subsection (f). All complete applications shall be compared to one another and points shall be assigned on a continuum within each criteria with the maximum points awarded to the application that best meets the criteria.

(f) **CRITERIA.**—The criteria under this subsection are as follows:

(1) **NEED AND COMMUNITY BENEFIT FROM CODE ENFORCEMENT GRANT FUNDS.**—The degree to which the application demonstrates the intent and means to ensure cooperative and effective working relationships between local building code enforcement officials and other local agencies, as well as a community-oriented approach to building code enforcement, with points awarded as follows:

Description	Maximum Points
A detailed description of the capital expenditures to be acquired with grant funds and a demonstration that the items' costs are reasonable.	0-10
The jurisdiction's need for the capital expenditure and how the grant funds will fulfill this need.	0-10
The joint benefits provided by the proposed expenditure for the following groups or activities. Provide a brief explanation of the benefit. (1 point will be awarded for each response, 5 points maximum). 1. Code enforcement program. 2. Community or jurisdiction. 3. Interdisciplinary code enforcement team. 4. Housing preservation, rehabilitation programs, or neighborhood improvement programs. 5. Special needs groups (disabled, elderly or low or very-low income, etc.).	0-5
Does the proposed capital expenditure provide a cost savings benefit to the jurisdiction? Provide a brief explanation of the cost savings.	0-5.

(2) **CURRENT CODE ENFORCEMENT AND HOUSING CONSERVATION PLAN.**—Whether the local legislative body in which the applicant resides has adopted a plan that addresses residential structure conservation and building code enforce-

ment. Points shall be awarded, based on which of the descriptions from the following list best reflects such jurisdiction’s plan for building code enforcement activities, as follows:

Description	Maximum Points
The plan provides for proactive code enforcement (not just responding to complaints), an interdisciplinary approach, and includes funding options for repairs and rehabilitation.	10
The plan only provides for proactive code enforcement (not just responding to complaints) and calls for an interdisciplinary approach and does not address funding options for repairs and rehabilitation.	8
The plan provides for some type of proactive code enforcement (other than just responding to complaints) but doesn’t address coordinated interdisciplinary activities with other local public agencies or funding options.	6
The plan provides for only reactive code enforcement.	4
The plan only refers to a need to preserve and/or improve existing housing stock, without any code enforcement program.	2
No existing plan.	0.

(3) **COMMUNITY-ORIENTED OR INTERDISCIPLINARY CODE ENFORCEMENT.**—The degree to which the application demonstrates the intent and means to ensure cooperative and effective working relationships between building code enforcement officials and other local agencies, as well as a community-oriented approach to code enforcement, with points awarded as follows:

Description	Maximum Points
Identify current or proposed interdisciplinary code enforcement programs or activities and the team members (example: code enforcement, police, local prosecutors, health department, building and planning, fire, etc.). Provide a description of the team’s code enforcement and coordination procedures, activities and services provided. If the current programs or resources are limited in scope, explain how receipt of the grant will be used to improve the program.	0–10
Identify current or proposed community-oriented code enforcement programs, activities, or services. (Examples: community clean-ups, Neighborhood Watch programs, community meetings, door-to-door code enforcement knock and talks, etc.). If the current programs or resources are limited in scope, explain how receipt of the grant will be used to improve the program.	0–10.

(4) **PROACTIVE CODE ENFORCEMENT ACTIVITIES.**—The effectiveness of the proposed or existing proactive activities and programs operated by any existing building code enforcement program, which shall include points awarded as follows for any such activities or programs:

Description	Maximum Points
Encourages repairs and preservation, rather than demolition or abandonment, of substandard residences.	0–5
Abatement of (a) lead hazards and lead-based paints, (b) toxic molds and dampness, and (c) displacement or relocation of residents.	0–5
Community clean-up campaigns. This may include recycling dates, free or reduced disposal rates at dumpsite, public clean-up days that encourage removal of unwanted or excess debris by making available extra trash pick-ups, dumpsites or trash/recycling containers on specific dates to dispose of household debris, inoperable vehicles, tires, toxic materials, etc.	0–5
Resource or referral programs for Federal, State, local, and private funds and other resources available in your jurisdiction that can assist with housing rehabilitation and repairs to rectify code violations.	0–5
Public education programs on housing issues. These could include community housing meetings dealing with homeownership, tenant/landlord issues, housing code enforcement, school age children’s programs with coloring books or handouts, housing safety pamphlets, etc.	0–5
Programs that encourage community involvement with groups; such as schools, church non-profits, community service groups, utility companies, local stores, housing agency banks, etc.	0–5.

(5) **CAPACITY TO FINANCIALLY AND TECHNICALLY SUPPORT PROPOSED CAPITAL EXPENDITURES.**—The degree to which the application demonstrates the jurisdiction’s financial and technical capacity to properly use and successfully support the proposed capital expenditure during the term of the grant, with points awarded as follows:

Description	Maximum Points
The anticipated ongoing program funding for the duration of the grant program is adequate to financially support the use of the grant-financed equipment. Include details of funding and technical support sources for the capital expenditure (examples: insurance, paper, maintenance, training, supplies, personnel, monthly billing costs, etc.).	0-5
The jurisdiction has the technical capabilities to use and support equipment (examples: adequately trained staff or resources to provide training to operate technical equipment, local service provider for cell phones or 2-way radios, trained personnel to operate equipment, etc.).	0-5.

## (g) EVALUATION AND REPORT.—

## (1) IN GENERAL.—Grant recipients shall—

(A) be obligated to fully account and report for the use of all grants funds; and

(B) provide a report to the Secretary on the effectiveness of the program undertaken by the grantee and any other criteria requested by the Secretary for the purpose of indicating the effectiveness of, and ideas for, refinement of the grant program.

## (2) REPORT.—The report required under paragraph (1)(B) shall include a discussion of—

(A) the specific capabilities and functions in local building code enforcement administration that were addressed using funds received under this section;

(B) the lessons learned in carrying out the plans supported by the grant; and

(C) the manner in which the programs supported by the grant are to be maintained by the grantee.

## (3) CONTENT OF REPORTS.—The Secretary shall—

(A) require each recipient of a grant under this section to file interim and final reports under paragraph (2) to ensure that grant funds are being used as intended and to measure the effectiveness and benefits of the grant program; and

(B) develop and maintain a means whereby the public can access such reports, at no cost, via the Internet.

## (h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BUILDING CODE ENFORCEMENT.—The term “building code enforcement” means the enforcement of any code, adopted by a State or local government, that regulates the construction of buildings and facilities to mitigate hazards to life or property. Such term includes building codes, electrical codes, energy codes, fire codes, fuel gas codes, mechanical codes, and plumbing codes.

(2) BUILDING CODE ENFORCEMENT DEPARTMENT.—The term “building code enforcement department” means an inspection or enforcement agency of a jurisdiction that is responsible for conducting building code enforcement.

(3) JURISDICTION.—The term “jurisdiction” means a city, county, parish, city and county authority, or city and parish authority having local authority to enforce building codes and regulations and to collect fees for building permits.

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

## (i) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated \$20,000,000 for each of fiscal years 2010 through 2014 to the Secretary of Housing and Urban Development to carry out the provisions of this section.

(2) RESERVATION.—From the amount made available under paragraph (1), the Secretary may reserve not more than 5 percent for administrative costs.

(3) AVAILABILITY.—Any funds appropriated pursuant to paragraph (1) shall remain available until expended.

## PURPOSE AND SUMMARY

The purpose of H.R. 2336, the “Green Resources for Energy Efficient Neighborhoods Act of 2010” or the “GREEN Act” is to reduce the harmful effects that buildings have on the environment by encouraging energy-efficiency and conservation and the development and installation of renewable energy sources for housing and commercial buildings, thereby creating sustainable communities. The GREEN Act also is designed to improve the energy efficiency of

buildings within very low, low and moderate income communities, which will lower the utility costs and negative health factors affecting single and multi-family dwellings.

#### BACKGROUND AND NEED FOR LEGISLATION

Efforts to promote energy-efficiency have taken on new urgency in light of escalating demand for energy and rising fuel costs. According to the Department of Energy (DOE), the building sector is responsible for 39 percent of total U.S. carbon dioxide emissions. Furthermore, both the DOE and the U.S. Environmental Protection Agency (EPA) have stated that improving energy efficiency in our homes, businesses, schools, governments, and industries, which together consume more than 70 percent of the natural gas and electricity used in the country, is one of the most constructive, cost-effective ways to address the challenges of high energy prices, energy security and independence, air pollution, and global climate change. Analysis by both the DOE and EPA has concluded that increased investment in energy efficiency in homes, buildings, and industries can lower energy bills, reduce demand for fossil fuels, help stabilize energy prices, enhance electric and natural gas system reliability, and help reduce air pollutants and greenhouse gases.

A joint five-year initiative carried out by the United States Department of Housing and Urban Development (HUD) and DOE concluded that significant energy and cost savings for both residents and the Federal Government can be realized by improving the energy efficiency of public and assisted housing. It also found that alternative sources of financial assistance for energy improvements were shown to be available, helping to refute the perception that energy-efficient housing is expensive. The findings indicated that energy efficiency is a key element in assuring the creation and maintenance of truly affordable housing for low- and moderate-income households.

Moreover, in testimony before the Subcommittee on Housing and Community Opportunity on the GREEN Act last year, HUD Deputy Secretary Ron Sims stated that HUD's own budget is directly affected by utility costs. Deputy Secretary Sims noted that HUD spends an estimated \$5 billion on energy, either directly in the form of public housing operating subsidies or indirectly through utility allowances and Section 8 contracts in assisted multifamily housing, adding that this is an area where significant cost savings are possible, freeing revenue for other important capital investments or rental assistance needs. He gave the example that achieving a savings of just 5 percent per year could generate a savings of \$1 billion over the next 5 years.

Analysis by HUD on the cost of utilities in public and federally-assisted housing further demonstrates the value and cost savings that can be achieved through energy efficiency activities. In public housing, HUD data shows that the overall cost of utilities (including water and sewer charges) in 2006 totaled \$1.85 billion, including an estimated \$421 million that was spent through utility allowances on tenant-paid utilities. In federally-assisted housing, utility costs have also increased. According to HUD data, average owner-paid per-unit utility costs increased by 28 percent between 2000 and 2005. Furthermore, HUD spent an estimated \$3.2 billion on

project- and tenant-based utility allowances in 2007. The average tenant-based Section 8 utility allowance is now \$1,467 per year.

Congress has taken a number of steps in recent years to promote energy efficiency and lower utility costs for HUD rental assistance housing programs. In 2007, Congress approved the Energy Independence and Security Act of 2007, which was signed into law (P.L. 110–140) by the President on December 19, 2007. That Act required the Department of Housing and Urban Development to update energy efficiency standards for all public and assisted housing. More recently, Congress passed the American Recovery and Reinvestment Act of 2009, which was signed into law (P.L. 111–5) by the President on February 17, 2009. That Act established a \$250 million competitive grant/loan program to provide incentives to owners of multi-family housing to undertake energy efficiency retrofits.

The GREEN Act builds on these laws by establishing programs within HUD and the Rural Housing Service (RHS) of the United States Department of Agriculture, that are designed to make residences energy efficient to the 2009 International Energy Conservation Code (IECC), which contains energy efficiency criteria for residential and commercial buildings and additions to existing buildings. The bill also provides HUD and RHS, as well as state, tribal and local governments, with additional tools and incentives to undertake important energy efficiency activities, reduce utility costs, and create jobs. Indeed, a study by the American Institute of Architects estimates that the bill will save or create approximately 140,000 jobs per year.

Following are some of the ways the GREEN Act seeks to promote energy efficiency, reduce utility costs and create jobs:

#### ENERGY EFFICIENCY AND CONSERVATION DEMONSTRATION PROGRAMS

The GREEN Act authorizes the establishment of an energy efficiency and conservation demonstration program for multi-family housing projects assisted with project-based rental assistance. The demonstration program would be conducted by HUD over a four-year period, and would include no less than 50,000 multi-family homes. The Committee notes, however that this section does not include the multi-family units in the demonstration project authorized under the American Recovery and Reinvestment Act. HUD's demonstration program will evaluate the effectiveness of funding a portion of the costs for carrying out energy efficiency, conservation, and sustainability measures for multi-family housing. The HUD Secretary will have the discretion to include incentives in the demonstration program for housing that is assisted with the Native American housing block grant provided pursuant to the Native American Housing Assistance and Self Determination Act of 1996. The demonstration program will include rural housing as well as urban housing.

The GREEN Act also establishes a pilot program for energy-efficiency and conservation capital improvements for assisted living housing projects. It is the Committee's expectation that the energy cost savings realized at a project will fully amortize the costs of the capital improvements, including a reasonable fee to the project owner for incurring the debt and supervising the energy retrofit work.



The GREEN Act further authorizes HUD to provide grants to nonprofit organizations to train, educate and advise eligible community development organizations in effective design strategies to maximize the energy efficiency of existing infrastructure in affordable housing and low income communities.

#### RENEWABLE ENERGY SYSTEMS

The up-front cost to acquire renewable energy systems is often prohibitively expensive for the average homeowner. Consequently, the bill seeks to spur private sector capital investment to make renewable energy leasing readily accessible for the average American by authorizing the HUD Secretary to insure loans for the financing of renewable energy systems leased for residential use. The bill provides this insurance to minimize the initial cost of installing and utilizing renewable energy sources such as solar panels.

Under the bill, the HUD Secretary may insure loans made by lenders to solar equipment owners such as homebuilders, public or private corporations and other qualifying persons and entities for the acquisition of renewable energy systems to lease to homeowners. The insurance provided through HUD is effective no earlier than five years beginning from the original date the renewable energy lease was executed and insures an amount up to the residual value of the renewable energy system.

Additionally, the principal amount of the loan insured under this section shall not exceed the residual value of the renewable energy system. The residual value of a renewable energy system shall be the amount that is equal to the fair market value of future energy production from the system. Upon entering into a lease agreement, the homeowner will grant an easement on the area of the home where installation is required.

The Committee notes that this section is not intended to effect the calculation of the sales price of the home equipped with a renewable energy system. Moreover, it is the Committee's intent for the Secretary to make clear that any lien granted to the Secretary in the renewable energy system as a result of the payment of an insurance claim is granted separate and apart from any first or subordinate security interest(s) that may exist or come to exist in the residential real property. Furthermore, the lien granted to the Secretary is granted only for the renewable energy system and the revenue stream generated from the energy it produces.

The Committee also notes that this section is not intended to undermine the homeowners' obligations on the mortgage instrument, or the security interest of any party or parties in the residential real property and associated contracts. The guidelines adopted by the Secretary shall recognize the separate nature of the renewable energy systems leasing and power purchase agreements.

#### RESIDENTIAL ENERGY EFFICIENT BLOCK GRANT PROGRAM

The GREEN Act establishes a residential energy efficient block grant program, which is modeled on the distribution formula of the Community Development Block Grant Program. Grants will be provided to states, cities, counties, Native American tribes, and other municipal entities to carry-out energy efficiency improvements for single-family and multi-family housing to meet the 2009 International Energy Conservation Code standards. Grants also will be

provided to non-profits to help community organizations improve their energy efficiency and economic development in low-income communities by training, educating and providing loans to their communities. In addition to the grant program, the bill establishes a loan fund aimed at states and Native American tribes for renewable energy sources activities.

#### HOME APPRAISALS

The GREEN Act also updates the home appraisal process. Bank regulators would be responsible for developing consistent guidelines for lenders and underwriters, designed to ensure appraisals consider renewable energy sources or energy conserving improvements.

#### GREEN MORTGAGES

The bill also provides HUD with authority to guarantee a green portion of eligible mortgages. Under this provision, the Secretary may make commitments to repay portions of the principal obligations of mortgages that are used to finance eligible sustainable building elements. This section is one of several in the GREEN Act creating new financing mechanisms for energy efficient improvements in the marketplace.

#### FINANCING FOR MULTIFAMILY GREEN RETROFITS

The GREEN Act authorizes the HUD Secretary to establish incentives to increase the energy efficiency of multi-family homes, including a discount on the chargeable premiums for the mortgage insurance. The bill also establishes a green dividend program for owners of federally-assisted multi-family housing projects who undertake utility cost-saving measures that result in utility cost-savings measures and establishes incentives for owners of HUD-assisted multifamily housing projects to undertake energy efficiency retrofits.

The Committee has determined that residual receipts constitute a potential untapped source of funds to pay for energy retrofits on those properties that have accumulated substantial residual receipts while also ensuring the continued long-term affordability of these properties. As such, the GREEN Act includes a section authorizing the Secretary to promulgate guidance to encourage and facilitate the use of these funds in this manner.

#### HEARINGS

The Subcommittee on Housing and Community Opportunity held a hearing on June 11, 2009, on “H.R. 2336, the GREEN Act of 2009” (part one). The following witnesses testified:

#### WITNESS LIST

##### *Panel One*

Mr. Gerald M. Howard, President, National Association of Homebuilders

Mr. Doug Gatlin, Vice President, Market Development, U.S. Green Building Council

Ms. Doris Koo, President and Chief Executive Officer, Enterprise Community Partners, Inc.

Mr. Scott Bernstein, President, Center for Neighborhood Technology

Mr. Edward Mazria, Architecture 2030

Mr. Roy Willis, Executive Vice President, Lennar Urban (Southern California division)

Mr. David Wluka, Director, National Association of Realtors

The Subcommittee on Housing and Community Opportunity held a subsequent hearing on June 16, 2009, on “H.R. 2336, the GREEN Act of 2009” (part two). The following witness testified:

#### WITNESS LIST

The Honorable Ron Sims, Deputy Secretary, U.S. Department of Housing and Urban Development

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on April 22, 2010, and ordered H.R. 2336, Green Resources for Energy Efficient Neighborhoods Act of 2009 or the GREEN Act of 2009, as amended, favorably reported to the House by a voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken in conjunction with the consideration of this legislation. A motion by Mr. Frank to report the bill, as amended, to the House with a favorable recommendation was agreed to by a voice vote. During consideration of the bill, the following amendments were considered:

An amendment by Mr. Perlmutter (and Mrs. Biggert), No. 1, a manager’s amendment, was agreed to by a voice vote.

An amendment by Mr. Cleaver, No. 2, relating to deconstruction standards, was agreed to by a voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held hearings and made findings that are reflected in this report.

#### PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The purpose of H.R. 2336 is to reduce the harmful effects that buildings have on the environment by encouraging energy-efficiency and conservation and the development and installation of renewable energy sources for housing and commercial buildings, thereby creating sustainable communities. The Act also is designed to improve the energy efficiency of buildings within very low, low and moderate income communities, which will lower the utility

costs and negative health factors affecting single and multi-family dwellings.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX  
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

JUNE 30, 2010.

Hon. BARNEY FRANK,  
*Chairman, Committee on Financial Services,*  
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2336, the GREEN Act of 2010.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Chad Chirico.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

*H.R. 2336—GREEN Act of 2010*

Summary: H.R. 2336 would define minimum energy efficiency standards for properties that are assisted by the Department of Housing and Urban Development (HUD) and authorize a number of programs to encourage residential energy efficiency and conservation. CBO estimates that implementing H.R. 2336 would cost about \$10 billion over the 2011–2015 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

H.R. 2336 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt underwriting laws and regulations established by public housing finance authorities. CBO estimates the cost of complying with the mandate would be small and would fall well below the threshold established in UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation).

H.R. 2336 would impose a mandate on the private sector as defined in UMRA. It would increase the reporting requirements on mortgage lenders for certain loans. CBO estimates that the aggregate cost of complying with this mandate would not exceed the threshold established by UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2336 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 600 (income security).

	By fiscal year, in millions of dollars—					
	2011	2012	2013	2014	2015	2011–2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Residential Energy Efficiency Block Grants:						
Estimated Authorization Level .....	2,500	2,525	2,552	2,582	2,621	12,780
Estimated Outlays .....	25	650	1,957	2,427	2,503	7,562
Green Guarantees:						
Authorization Level .....	500	500	500	500	0	2,000
Estimated Outlays .....	500	500	500	500	0	2,000
Alternative Energy Sources State Loan Fund:						
Estimated Authorization Level .....	100	0	0	0	0	100
Estimated Outlays .....	8	14	24	20	12	78
Energy Efficiency and Conservation Demonstration Program:						
Authorization Level .....	50	50	50	50	50	250
Estimated Outlays .....	17	34	50	50	50	201
Community Building Code Administration Grants:						
Authorization Level .....	20	20	20	20	0	80
Estimated Outlays .....	5	15	20	20	15	75
Sustainable Community Development Capacity Grants:						
Authorization Level .....	10	10	10	10	0	40
Estimated Outlays .....	2	6	10	10	8	36
Energy-Efficient Mortgages Education and Outreach Campaign:						
Authorization Level .....	5	5	5	5	0	20
Estimated Outlays .....	1	5	5	5	4	20
HOPE VI Green Developments:						
Estimated Authorization Level .....	15	15	15	16	16	77
Estimated Outlays .....	*	1	3	6	9	19
Total Changes:						
Estimated Authorization Level .....	3,200	3,125	3,152	3,183	2,687	15,347
Estimated Outlays .....	558	1,225	2,569	3,038	2,601	9,991

Note: \* = less than \$500,000.

Basis of estimate: For this estimate, CBO assumes that H.R. 2336 will be enacted by the end of fiscal year 2010, that amounts authorized and estimated to be necessary will be appropriated near the beginning of each fiscal year, and that outlays will follow historical spending patterns for similar programs. Components of the estimated costs are described below.

#### *Residential energy efficiency block grants*

Section 14 would authorize the appropriation of \$2.5 billion for the first year and such sums as may be necessary for subsequent years for HUD to make grants to state and local governments to encourage energy efficiency improvements in single-family and multifamily residences. CBO estimates that the program would continue at the \$2.5 billion per year level, adjust for anticipated inflation. Implementation of the new program, including the formula used to distribute funding, would be similar to HUD's Community Development Block Grant (CDBG) program. Based on historical ex-

penditures for CDBG and other similar federal programs, CBO estimates that implementing this provision would cost about \$7.6 billion over the 2011–2015 period.

*Green guarantees*

Section 25 would authorize HUD to guarantee the repayment of the portion of a mortgage that is used to finance energy efficiency or environmental sustainability elements for the housing that is subject to the mortgage. Such guarantees could not exceed 10 percent of the total principal obligation of the mortgage. The bill would authorize \$500 million for each of fiscal years 2011 through 2014 for the subsidy cost of such guarantees. Assuming appropriation of the authorized amounts beginning in 2011, CBO estimates that implementing this section would cost \$2.0 billion over the 2011–2015 period.

*Alternative energy sources state loan fund*

Section 21 would authorize appropriations for an Alternative Energy Sources State Loan Fund in the Department of the Treasury. The bill would allow HUD to use the fund for the cost of making direct loans to states and Indian tribes to provide incentives for property owners to use renewable energy sources, build infrastructure, and undertake energy efficiency and conservation projects. Loans would be for a term of no longer than 10 years and would bear interest at a rate not to exceed the primary credit rate charged by the Federal Reserve Bank (also known as the discount rate). Based on historical defaults in other direct loan programs for states and Indian tribes and CBO's projected interest rates, CBO estimates that the subsidy rate for these loans would vary between 1 percent and 10 percent over the next five years. Due to the limited experience of the states with this type of program and the large amount of grant funding recently provided to the states for similar purposes, we expect the demand for loans would be low in the first few years of the program (between \$1 billion and \$2 billion over the first five years). CBO estimates the subsidy cost of providing that level of loans and the administrative costs associated with such loans under this section would total \$78 million over the 2011–2015 period.

*Energy efficiency and conservation demonstration program*

Section 5 would authorize the appropriation of \$50 million each year to implement a demonstration program to assist properties that receive project-based rental assistance to meet new energy efficiency standards. The demonstration program would assist not fewer than 50,000 units over the five-year period after the date of enactment. Assuming appropriation of the authorized amounts, CBO estimates that implementing this section would cost \$201 million over the 2011–2015 period.

*Community building code administration grants*

Section 29 would authorize the appropriation of \$20 million for each of fiscal years 2011 through 2014 for HUD to make grants to local departments that enforce building codes. Funding would be used to increase staff levels, provide training and accreditation, and cover capital expenditures related to department administra-

tion. Based on historical spending patterns for similar federal programs, CBO estimates that implementing this provision would cost \$75 million over the 2011–2015 period.

*Sustainable community development capacity grants*

Section 16 would authorize the appropriation of \$10 million for each of fiscal years 2011 through 2014 for HUD to make grants to nonprofit organizations that work on affordable housing to improve energy efficiency and conservation. Funds would be used to cover no more than half of the cost of providing education and training programs, direct loans, grants, and other support to local governments, community housing development organizations, Indian tribes, and public housing agencies. Based on historical spending patterns for similar federal programs, CBO estimates that implementing this provision would cost \$36 million over the next five years.

*Energy-efficient mortgages education and outreach campaign*

Section 7 would authorize the appropriation of \$5 million for each of fiscal years 2011 through 2014 to establish a commission to develop and recommend model mortgage products and underwriting guidelines to provide incentives to incorporate energy efficiency upgrades as a component of new mortgage transactions. Assuming appropriation of the authorized amounts beginning in 2011, CBO estimates that implementing this section would cost \$20 million over the 2011–2015 period.

*HOPE VI green developments*

Section 17 would require that HOPE VI grant recipients comply with the national Green Communities criteria checklist, which sets certain standards for residential construction and rehabilitation. Based on information from HUD and industry groups, CBO estimates that meeting the Green Communities criteria would increase the cost of HOPE VI construction by between 5 percent and 10 percent. In 2010, \$200 million was appropriated for the HOPE VI program. Assuming that annual appropriations are increased accordingly, and adjusting for inflation, CBO estimates that implementing this provision would result in outlays of \$20 million over the 2011–2015 period.

*Insurance for loans for financing of renewable energy systems*

Section 24 would authorize HUD to guarantee loans to third parties that finance the acquisition and installation of residential renewable energy systems and lease those systems to homeowners. The amount of such guarantees would be limited to the residual value of renewable energy systems as defined by the bill. Specifically, a system's residual value would reflect the estimated fair market value of electricity (based on price forecasts by the Energy Information Administration) that could be sold during a system's remaining useful life.

To cover the subsidy cost of the proposed loan guarantees, the bill would direct HUD to charge lenders an upfront premium of not more than 3 percent of the principal of the loan being insured. Consistent with the Federal Credit Reform Act, HUD's authority to

issue loan guarantees would be subject to limits on loan levels specified in annual appropriation acts.

CBO estimates that allowing HUD to charge premiums of up to 3 percent would enable the agency to charge fees that, on average, would offset the program's subsidy costs, resulting in no significant net cost or savings to the federal government. That estimate is based on information from industry experts about the credit worthiness of homeowners and firms likely to participate in transactions that would be guaranteed by the federal government. For purposes of this estimate, CBO assumes that underlying contracts, warranties, and property insurance related to covered renewable energy systems would minimize technology risk faced by the federal government. CBO also assumes that each loan guaranteed would finance multiple residential installations, thereby spreading risk across a wide portfolio of properties.

Pay-as-you-go considerations: None.

Estimated impact on State, local, and tribal governments: Under current law, public housing finance authorities can establish regulations, including underwriting policies, that apply to borrowers who receive state and federal resources. The bill would preempt state and local laws that limit the amount of funds that may be distributed to certain borrowers of federal housing funds. However, because the preemption would simply limit the application of state and local laws, CBO estimates that it would not impose significant costs and would fall well below the threshold established in UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation).

Estimated impact on the private sector: H.R. 2336 would impose a private-sector mandate as defined in UMRA, on mortgage lenders, particularly those lenders who support projects that increase the energy efficiency of housing units.

The bill would require all lenders subject to the Home Mortgage Disclosure Act to report both the number and dollar amount of loans, for single-family and multifamily housing, that are either energy-efficient mortgages or location-efficient mortgages. The initial direct cost of complying with this mandate, which would be higher than the continuing cost, would be to begin collecting, compiling, and reporting such information in addition to what is already reported.

CBO estimates that the direct cost of this mandate would be less than UMRA's threshold of \$141 million in 2010, adjusted annually for inflation.

Estimate prepared by: Federal Costs: Chad Chirico, Megan Carroll, and Dan Hoople; Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum; Impact on the Private Sector: Sarah Axeen.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.



## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation

## CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

## APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

## EARMARK IDENTIFICATION

H.R. 2336 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Sec. 1. Short title and table of contents*

This section sets forth the short title and table of contents.

This Act may be cited as the “Green Resources for Energy Efficient Neighborhoods Act of 2009” or the “GREEN Act of 2009”.

*Sec. 2. Definitions*

This section establishes definitions for various terms, including: “green building standards,” “HUD,” “HUD Assistance,” “Nonresidential Structure,” “Secretary”. Specifically, “green building standards” are building standards based on renewable energy design principals to reduce the use of nonrenewable resources, encourage energy-efficient construction and rehabilitation and the use of renewable energy resources, minimize the impact of development on the environment, and improve indoor air quality.

*Sec. 3. Implementation of energy efficiency participation incentives for HUD programs*

This section authorizes the Secretary of HUD, not later than 180 days of enactment, to establish annual energy efficiency participation incentives within the programs under HUD jurisdiction.

*Sec. 4. Basic HUD energy efficiency standards and standards for additional credit*

Subsection (a) establishes minimum HUD energy efficiency standards. This section serves as a reference for the rest of the bill.

- For new single-family or multi-family structures, the applicable provisions of the American Society of Heating, Refrigerating, and Air-Conditioning Engineers Standard (ASHRAE) and the ap-

plicable provisions of the 2009 International Energy Conservation Code (IECC) will apply. These approved standards cover the buildings, ceilings, walls, floors, foundations, and the mechanical, lighting and power systems.

- For existing structures to comply with energy efficiency goals when undergoing rehabilitation or improvements, a 20 percent reduction in energy consumption must be accomplished. The percentage reduction is determined by an energy audit.

The Secretary shall review the adoption of any such requirements, standards, checklists, or rating systems for purposes of this section no later than 180-day period beginning upon the date of receipt of any written request.

For nonresidential structures, the Secretary will adopt regulation for energy efficiency requirements that are constructed or rehabilitated with HUD assistance.

Subsection (b) establishes enhanced energy efficiency standards for residential or nonresidential structures to receive additional credit.

- For the new construction of residential structures, the standard for additional credit will be Energy Star Standards.

- For existing residential structures, a reduction in energy consumption above 20 percent will comply for additional credit.

- For nonresidential structures, the following standards will apply: the national Green Communities; the LEED for New Construction rating system, the LEED for Homes rating system and the LEED for Core and Shell rating system; and the Green Globes assessment and rating system of the Green Building Initiative.

- For manufactured housing, the Energy Star rating with respect to fixtures, appliances, and equipments will comply for additional credit.

- The National Green Building Standard will also apply.

This section also authorizes the Secretary to update by regulation the requirements, standards, criteria and rating systems.

This section further directs the Secretary to review the adoption of any such requirements, standards, criteria, or rating systems for purposes of this section no later than 180-day period beginning upon the date of receipt of any written request.

*Sec. 5. Energy efficiency and conservation demonstration program for multifamily housing projects assisted with project-based rental assistance*

This section authorizes HUD to conduct a section 8 demonstration program comprised of 50,000 units for four years to demonstrate the effectiveness of funding a portion of the costs for carrying out energy efficiency and conservation and sustainability measures for multi-family housing.

The Secretary shall conduct this project subject to the availability of amounts provided in advance in appropriation Acts. There will be additional project rental assistance or additional assistance under the Native American Housing Assistance and Self-Determination Act of 1996. The Secretary will work with home-builders, realtors, nonprofit housing organizations, environmental protection organizations, renewable energy organizations, and advocacy organizations for the elderly and persons with disabilities for advisement. The goals of the project will be to encourage energy

efficient improvements, and the installation of renewable energy sources such as solar, wind, geothermal, or biomass sources.

*Sec. 6. Consideration of energy efficiency under FHA mortgage insurance programs and Native American and Native Hawaiian loan guarantee programs*

This section directs the Secretary to develop underwriting standards for single-family housing to capture the impact that savings on utility costs has on the income of the mortgager for mortgages insured under this act. The bill encourages the Secretary to insure, through FHA, at least 50,000 mortgages, which meet the energy-efficient standards set forth in the bill, by December 31, 2012. The Secretary shall apply the same underwriting standards to Indian and Native Hawaiian housing loan guarantees.

Data will be collected after December 31, 2011, on the number of mortgages meeting the energy-efficient standards that went into default or foreclosure. The percentage of such mortgages experiencing default or foreclosure will be gathered, along with the rate of such mortgages compared to the overall rate of single-family housing mortgages experiencing default or foreclosure. The Secretary shall apply the same data collection methods to Indian and Native Hawaiian housing loan guarantees.

*Sec. 7. Energy efficient mortgages and location-efficient mortgages education and outreach campaign*

This section directs the Secretary, in consultation with other government officials, to establish a commission to develop and recommend market-based incentives to prospective home buyers, lenders, and sellers to incorporate energy efficiency upgrades in new mortgage loan transactions. Not later than 24 months after the date of enactment the commission will provide a written report to Congress on the work of the commission. After submission of the report the Secretary in consultation with other government officials shall carry out a public awareness, education and outreach campaign based on the findings of the commission.

*Sec. 8. Collection of information on energy-efficient and location efficient mortgages through home mortgage disclosure act*

This section amends the Home Mortgage Disclosure Act to provide for the collection of information on the number of, and dollar amount of, mortgage loans for single family and multi-family homes that are energy efficient and location efficient.

*Sec. 9. Ensuring availability of homeowners insurance for homes not connected to electricity grid*

This section ensures that consumers will not be denied homeowners insurance for a dwelling based solely on the fact that the dwelling is not connected to or able to receive electricity service from any wholesale or retail electric power provider.

*Sec. 10. Mortgage incentives for energy efficient multifamily housing*

This section authorizes the HUD Secretary to establish incentives to increase the energy efficiency of multi-family homes. Incentives will include a discount on the chargeable premiums for the mortgage insurance.

*Sec. 11. Energy efficiency certifications for manufactured housing with mortgages insured by FHA*

This section establishes minimum energy efficiency standards for manufactured homes. Specifically, manufactured homes must comply with the energy star ratings for wall fixtures, appliances and equipment. The Secretary shall require individuals who have been accredited by the home energy ratings system council, the residential energy services network, or other appropriate national organization to certify any single or multi-family housing seeking to meet energy efficiency criteria.

*Sec. 12. Assisted housing energy loan pilot program*

This section authorizes the HUD Secretary to establish a program for energy efficiency and conservation for assisted living housing projects. The Secretary shall develop a pilot program that is available to service debt and provide appropriate owner incentives in an amount equal to the total savings through lower utility bills. The requirements will be set by the Secretary and the work may be contracted out if necessary.

*Sec. 13. Making it green*

This section authorizes the HUD Secretary to establish a minimum goal where assistance is provided in consultation with national organizations in the low-income housing community and the arbor community. The bill includes incentives for developers to enter into agreements with tree planting and landscaping organizations.

*Sec. 14. Residential energy efficiency block grant program*

This section authorizes the HUD Secretary to establish a residential energy efficiency block grant program. Grants will be given to states, cities, counties, and Indian tribes, to carry-out energy efficiency improvements for single-family and multi-family housing that complies with the International Energy Conservation Code standards. The formula used for distribution will be the same as the community development block grant. Grantees are required to prepare a statement of energy-efficiency objectives and projected use of funds for the HUD Secretary. Grantees must also meet non-discrimination standards and Davis-Bacon laws.

*Sec. 15. Including sustainable development and transportation strategies in comprehensive housing affordability strategies*

This section amends the Cranston-Gonzalez National Affordability Act to encourage greater energy efficiency and use of renewable energy sources in single-family and multi-family housing as part of a jurisdiction's strategies. The strategies suggest increased conservation, recycling, reuse of resources and more effective use of existing infrastructure.

*Sec. 16. Grant program to increase sustainable low-income community development capacity*

This section authorizes the HUD Secretary to provide grants to nonprofit organizations to train, educate, and advise eligible community development organizations in effective design strategies to maximize the energy efficiency of existing infrastructure in afford-

able housing and low income communities. Loans and grants may also be used to carry out energy efficiency improvements that comply with the standards set forth in the bill. Applications and matching requirements will exist prior to distribution of the funds.

*Sec. 17. HOPE VI green developments*

This section establishes new requirements for HOPE VI construction projects. Specifically, the bill requires that new HOPE VI construction must comply with the mandatory items in the national Green Communities criteria. For non-mandatory items on the checklist, points must be accumulated (25 points for new construction and 20 points for rehab). The Secretary is authorized to identify rating systems and levels for green buildings that will encourage a comprehensive and environmentally sound approach. The systems and levels must meet certain criteria for green building, public comment, and verification.

*Sec. 18. Consideration of energy-efficiency improvements in appraisals*

This section authorizes banking regulators to develop consistent guidelines for lenders and underwriters to ensure that renewable energy sources or energy-conserving improvements are accounted for in appraisals. This bill also elevates appraiser qualifications to require that any real property with energy efficiency features be appraised by a State Certified appraiser who has met higher minimum education, experience and testing requirements.

*Sec. 19. Housing assistance council*

This section requires the Housing Assistance Council to encourage entities that use federal assistance from the Council to develop or assist structures and buildings to comply with the 2009 International Energy Conservation Code standards. This section also requires the Council to establish incentives to encourage entities that receive federal assistance from the Council to meet such standards.

*Sec. 20. Rural housing and economic development assistance*

This section provides incentives to tribes, agencies, organizations, and corporations receiving any assistance from HUD's Office of Rural Housing and Economic Development to assist in the compliance of the energy efficiency requirements under the bill.

*Sec. 21. Loans to States and Indian Tribes to carry out renewable energy sources activities*

This section establishes an alternative energy sources revolving fund in the Department of Treasury. The fund will provide loans to states and Indian tribes, which in turn will provide assistance to owners of single-family and multi-family housing to provide renewable energy sources and energy efficiency improvements and features.

*Sec. 22. GAO report on availability of affordable mortgages*

This section directs the Comptroller General to submit a report to Congress on how the amendments made by this Act have directly or indirectly resulted in consequences that limit the availability or affordability of mortgages in any area.

*Sec. 23. Public housing energy cost report*

This section authorizes the HUD Secretary to collect information from each public housing agency regarding the energy costs for the housing administered by the agency. The information will include the monthly energy costs and such information the Secretary determines is appropriate.

*Sec. 24. Insurance coverage for loans for financing of renewable energy systems leased for residential use*

This section authorizes the HUD Secretary to insure loans made by qualified energy lenders to homebuilders, renewable energy installers or manufacturers, public or private corporations or partnerships, associations, trusts, or other qualified persons or entities, to finance the acquisition of renewable energy systems for lease to homeowners for use at their residences.

*Sec. 25. Green guarantees*

This section authorizes the HUD Secretary to make commitments to guarantee the repayment of a portion of the principal obligations of mortgages that are used to finance eligible sustainable building elements. Eligible mortgages shall be made for the construction of single or multi-family housing.

*Sec. 26. Green dividend program for Federally assisted rental housing*

This section authorizes the HUD Secretary to establish a program to provide green dividends to owners of federally assisted housing projects to undertake energy, water, and utility cost-saving measures that result in utility cost savings.

*Sec. 27. Use of residual receipts and reserve for replacement funds for green retrofits of Federally assisted rental housing*

This section authorizes the HUD Secretary to study whether residual receipts may be used to undertake activities related to energy efficiency and to revise its policies with respect to the use of reserve for replacement funds to encourage the use of such reserves, where practicable, for energy efficiency.

*Sec. 28. Study on building codes effects on construction and installation of distributive energy generation measures and water efficiency measures*

This section directs the GAO Comptroller General to undertake a six-month study to determine to what extent provisions of state and local building codes create obstacles or otherwise conflict with efforts to enable and encourage the construction and installation of distributive energy generation measures and water efficiency measures.

*Sec. 29. Community building code administrative grants*

This section authorizes the HUD Secretary to establish a competitive, matching grant program to provide incentives to local governments to update and enforce local building codes.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**NATIONAL HOUSING ACT**

\* \* \* \* \*

**TITLE V—MISCELLANEOUS**

\* \* \* \* \*

**MINIMUM PROPERTY STANDARDS**

SEC. 526. (a)(1) To the maximum extent feasible, the Secretary of Housing and Urban Development shall promote the use of energy saving techniques through minimum property standards established by him for newly constructed residential housing[, other than manufactured homes,] subject to mortgages insured under this Act. Such standards shall establish energy performance requirements that will achieve a significant increase in the energy efficiency of new construction. Such requirements shall be implemented as soon as practicable after the date of enactment of this sentence. Following the effective date of this sentence, the energy performance requirements developed and established by the Secretary under this subsection for newly constructed residential housing[, other than manufactured homes,] shall be at least as effective in performance as the energy performance requirements incorporated in the minimum property standards that were in effect under this subsection on September 30, 1982. *The energy performance requirements developed and established by the Secretary under this section for manufactured homes shall require Energy Star rating for wall fixtures, appliances, and equipment in such housing.*

(2) *The Secretary shall require, with respect to any mortgage for manufactured housing insured under this Act, that any approval or certification of the housing for meeting any energy efficiency or conservation criteria, standards, or requirements pursuant to this title and any approval or certification required pursuant to this title with respect to energy-conserving improvements or any renewable energy sources, such as wind, solar energy geothermal, or biomass, shall be conducted only by an individual certified by a home energy rating system provider who has been accredited to conduct such ratings by the Home Energy Ratings System Council, the Residential Energy Services Network, or such other appropriate national organization, as the Secretary may provide, or by licensed professional architect or engineer. If any organization makes a request to the Secretary for approval to accredit individuals to conduct energy efficiency or conservation ratings, the Secretary shall review and approve or disapprove such request not later than the expiration of the 6-month period beginning upon receipt of such request.*

(3) *The Secretary shall periodically examine the method used to conduct inspections for compliance with the requirements under this section, analyze various other approaches for conducting such in-*

*spections, and review the costs and benefits of the current method compared with other methods.*

(b) The Secretary may require that each property[, other than a manufactured home,] subject to a mortgage insured under this Act shall, with respect to health and safety, comply with one of the nationally recognized model building codes, or with a State or local building code based on one of the nationally recognized model building codes or their equivalent. The Secretary shall be responsible for determining the comparability of the State and local codes to such model codes and for selecting for compliance purposes an appropriate nationally recognized model building code where no such model code has been duly adopted or where the Secretary determines the adopted code is not comparable.

\* \* \* \* \*

INFORMATION REGARDING EARLY DEFAULTS AND FORECLOSURES ON INSURED MORTGAGES

SEC. 540. (a) \* \* \*

(b) CONTENTS.—

(1) \* \* \*

\* \* \* \* \*

(3) *With respect to each collection period that commences after December 31, 2011, the total number of mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are insured by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such mortgages during such period, the percentage of the total of such mortgages insured during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such mortgages compared to the overall rate for such period of defaults and foreclosures on mortgages for single-family housing insured under this Act by the Secretary.*

(4) *With respect to each collection period that commences after December 31, 2011, the total number of loans guaranteed under section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a) on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such loans during such period, the percentage of the total of such loans guaranteed during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such loans compared to the overall rate for such period of defaults and foreclosures on loans for single-family housing guaranteed under such section 184 by the Secretary.*

(5) *With respect to each collection period that commences after December 31, 2011, the total number of loans guaranteed under section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b) on single-family housing meeting the energy efficiency standards under section 4(a)*



*of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed by the Secretary during the applicable collection period, the number of defaults and foreclosures occurring on such loans during such period, the percentage of the total of such loans guaranteed during such period on which defaults and foreclosure occurred, and the rate for such period of defaults and foreclosures on such loans compared to the overall rate for such period of defaults and foreclosures on loans for single-family housing guaranteed under such section 184A by the Secretary.*

\* \* \* \* \*

**SEC. 543. CONSIDERATION OF ENERGY EFFICIENCY.**

*(a) UNDERWRITING STANDARDS.—The Secretary shall establish a method to consider, in its underwriting standards for mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are insured under this Act, the impact that savings on utility costs has on the income of the mortgagor.*

*(b) GOAL.—It is the sense of the Congress that, in carrying out this Act, the Secretary should endeavor to insure mortgages on single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 such that at least 50,000 such mortgages are insured during the period beginning upon the date of the enactment of such Act and ending on December 31, 2012.*

\* \* \* \* \*

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**HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992**

**TITLE I—HOUSING ASSISTANCE**

\* \* \* \* \*

**Subtitle E—Homeownership Programs**

\* \* \* \* \*

**SEC. 184. LOAN GUARANTEES FOR INDIAN HOUSING.**

**(a)** \* \* \*

\* \* \* \* \*

*(1) CONSIDERATION OF ENERGY EFFICIENCY.—The Secretary shall establish a method to consider, in its underwriting standards for loans for single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed under this section, the impact that savings on utility costs has on the income of the borrower.*

**[(1)] (m) DEFINITIONS.—For purposes of this section:**

**(1)** \* \* \*

\* \* \* \* \*

**SEC. 184A. LOAN GUARANTEES FOR NATIVE HAWAIIAN HOUSING.**

(a) \* \* \*

\* \* \* \* \*

(m) *ENERGY-EFFICIENT HOUSING REQUIREMENT.*—*The Secretary shall establish a method to consider, in its underwriting standards for loans for single-family housing meeting the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 that are guaranteed under this section, the impact that savings on utility costs has on the income of the borrower.*

\* \* \* \* \*

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**SECTION 106 OF THE ENERGY POLICY ACT OF 1992**

**SEC. 106. ENERGY EFFICIENT MORTGAGES PILOT PROGRAM.**

(a) \* \* \*

\* \* \* \* \*

(g) *EDUCATION AND OUTREACH CAMPAIGN.*—

(1) *DEVELOPMENT OF ENERGY- AND LOCATION-EFFICIENT MORTGAGES OUTREACH PROGRAM.*—

(A) *COMMISSION.*—*The Secretary, in consultation and coordination with the Secretary of Energy, the Secretary of Education, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, shall establish a commission to develop and recommend model mortgage products and underwriting guidelines that provide market-based incentives to prospective home buyers, lenders, and sellers to incorporate energy efficiency upgrades and location efficiencies in new mortgage loan transactions.*

(B) *REPORT.*—*Not later than 24 months after the date of the enactment of this Act, the Secretary shall provide a written report to the Congress on the results of work of the commission established pursuant to subparagraph (A) and that identifies model mortgage products and underwriting guidelines that may encourage energy and location efficiency.*

(2) *IMPLEMENTATION.*—*After submission of the report under paragraph (1)(B), the Secretary, in consultation and coordination with the Secretary of Energy, the Secretary of Education, and the Administrator of the Environmental Protection Agency, shall carry out a public awareness, education, and outreach campaign based on the findings of the commission established pursuant to paragraph (1) to inform and educate residential lenders and prospective borrowers regarding the availability, benefits, advantages, and terms of energy-efficient mortgages and location-efficient mortgages made available pursuant to this section, energy-efficient and location-efficient mortgages (as such terms are defined in section 2 of the GREEN Act of 2010), and other mortgages, including mortgages for multifamily housing, that have energy improvement features or location efficiency features and to publicize such availability, benefits, advantages, and terms. Such actions may include entering into a*

*contract with an appropriate entity to publicize and market such mortgages through appropriate media.*

*(3) RENEWABLE ENERGY HOME PRODUCT EXPOS.—The Congress hereby encourages the Secretary of Housing and Urban Development to work with appropriate entities to organize and hold renewable energy expositions that provide an opportunity for the public to view and learn about renewable energy products for the home that are currently on the market.*

*(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this subsection \$5,000,000 for each of fiscal years 2010 through 2014.*

\* \* \* \* \*

**SECTION 304 OF THE HOME MORTGAGE DISCLOSURE ACT OF 1975**

**MAINTENANCE OF RECORDS AND PUBLIC DISCLOSURE**

SEC. 304. (a) \* \* \*

(b) Any item of information relating to mortgage loans required to be maintained under subsection (a) shall be further itemized in order to disclose for each such item—

(1) \* \* \*

\* \* \* \* \*

(3) the number and dollar amount of home improvement loans; [and]

(4) the number and dollar amount of mortgage loans and completed applications involving mortgagors or mortgage applicants grouped according to census tract, income level, racial characteristics, and gender[.];

(5) the number and dollar amount of mortgage loans for single-family housing and for multifamily housing that are energy-efficient mortgages (as such term is defined in section 2 of the GREEN Act of 2010); and

(6) the number and dollar amount of mortgage loans for single-family housing and for multifamily housing that are location-efficient mortgages (as such term is defined in section 2 of the GREEN Act of 2010).

\* \* \* \* \*

**HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974**

**TITLE I—COMMUNITY DEVELOPMENT**

\* \* \* \* \*

**SEC. 123. RESIDENTIAL ENERGY EFFICIENCY BLOCK GRANT PROGRAM.**

(a) *IN GENERAL.—To the extent amounts are made available for grants under this section, the Secretary shall make grants under this section to States, metropolitan cities and urban counties, Indian tribes, and insular areas to carry out energy efficiency improvements in new and existing single-family and multifamily housing.*

(b) *ALLOCATIONS.—*

(1) *IN GENERAL.*—Of the total amount made available for each fiscal year for grants under this section that remains after reserving amounts pursuant to paragraph (2), the Secretary shall allocate for insular areas, for metropolitan cities and urban counties, and for States, an amount that bears the same ratio to such total amount as the amount allocated for such fiscal year under section 106 for Indian tribes, for insular areas, for metropolitan cities and urban counties, and for States, respectively, bears to the total amount made available for such fiscal year for grants under section 106.

(2) *SET ASIDE FOR INDIAN TRIBES.*—Of the total amount made available for each fiscal year for grants under this section, the Secretary shall allocate not less than 1 percent to Indian tribes.

(c) *GRANT AMOUNTS.*—

(1) *ENTITLEMENT COMMUNITIES.*—From the amounts allocated pursuant to subsection (b) for metropolitan cities and urban counties for each fiscal year, the Secretary shall make a grant for such fiscal year to each metropolitan city and urban county that complies with the requirement under subsection (d), in the amount that bears the same ratio such total amount so allocated as the amount of the grant for such fiscal year under section 106 for such metropolitan city or urban county bears to the aggregate amount of all grants for such fiscal year under section 106 for all metropolitan cities and urban counties.

(2) *STATES.*—From the amounts allocated pursuant to subsection (b) for States for each fiscal year, the Secretary shall make a grant for such fiscal year to each State that complies with the requirement under subsection (d), in the amount that bears the same ratio such total amount so allocated as the amount of the grant for such fiscal year under section 106 for such State bears to the aggregate amount of all grants for such fiscal year under section 106 for all States. Grant amounts received by a State shall be used only for eligible activities under subsection (e) carried out in nonentitlement areas of the State.

(3) *INDIAN TRIBES.*—From the amounts allocated pursuant to subsection (b) for Indian tribes, the Secretary shall make grants to Indian tribes that comply with the requirement under subsection (d) on the basis of a competition conducted pursuant to specific criteria, as the Secretary shall establish by regulation, for the selection of Indian tribes to receive such amount.

(4) *INSULAR AREAS.*—From the amounts allocated pursuant to subsection (b) for insular areas, the Secretary shall make a grant to each insular area that complies with the requirement under subsection (d) on the basis of the ratio of the population of the insular area to the aggregate population of all insular areas. In determining the distribution of amounts to insular areas, the Secretary may also include other statistical criteria as data become available from the Bureau of Census of the Department of Labor, but only if such criteria are set forth by regulation issued after notice and an opportunity for comment.

(d) *STATEMENT OF ACTIVITIES.*—

(1) *REQUIREMENT.*—Before receipt of the receipt in any fiscal year of a grant under subsection (c) by any grantee, the grantee shall have prepared a final statement of housing energy efficiency objectives and projected use of funds as the Secretary

*shall require and shall have provided the Secretary with such certifications regarding such objectives and use as the Secretary may require. In the case of metropolitan cities, urban counties, units of general local government, and insular areas receiving grants, the statement of projected use of funds shall consist of proposed housing energy efficiency activities. In the case of States receiving grants, the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.*

*(2) PUBLIC PARTICIPATION.—The Secretary may establish requirements to ensure the public availability of information regarding projected use of grant amounts and public participation in determining such projected use.*

*(e) ELIGIBLE ACTIVITIES.—*

*(1) REQUIREMENT.—Amounts from a grant under this section may be used only to carry out activities for single-family or multifamily housing that are designed to improve the energy efficiency of the housing so that the housing complies with the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010, including such activities to provide energy for such housing from renewable sources, such as wind, waves, solar, biomass, and geothermal sources.*

*(2) PREFERENCE FOR COMPLIANCE BEYOND BASIC REQUIREMENTS.—In selecting activities to be funded with amounts from a grant under this section, a grantee shall give more preference to activities based on the extent to which the activities will result in compliance by the housing with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act.*

*(f) REPORTS.—Each grantee of a grant under this section for a fiscal year shall submit to the Secretary, at a time determined by the Secretary, a performance and evaluation report concerning the use of grant amounts, which shall contain an assessment by the grantee of the relationship of such use to the objectives identified in the grantees statement under subsection (d).*

*(g) APPLICABILITY OF CDBG PROVISIONS.—Sections 109, 110, and 111 of the Housing and Community Development Act of 1974 (42 U.S.C. 5309, 5310, 5311) shall apply to assistance received under this section to the same extent and in the same manner that such sections apply to assistance received under title I of such Act.*

*(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants under this section \$2,500,000,000 for fiscal year 2010 and such sums as may be necessary for each fiscal year thereafter.*

\* \* \* \* \*

**SECTION 105 OF THE CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT**

**SEC. 105. STATE AND LOCAL HOUSING STRATEGIES.**

**(a) \* \* \***

(b) CONTENTS.—A housing strategy submitted under this section shall be in a form that the Secretary determines to be appropriate for the assistance the jurisdiction may be provided and shall—

(1) \* \* \*

\* \* \* \* \*

(19) for any housing strategy submitted for fiscal year 1994 or any fiscal year thereafter and taking into consideration factors over which the jurisdiction has control, describe the jurisdiction’s goals, programs, and policies for reducing the number of households with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually), and, in consultation with other appropriate public and private agencies, state how the jurisdiction’s goals, programs, and policies for producing and preserving affordable housing set forth in the housing strategy will be coordinated with other programs and services for which the jurisdiction is responsible and the extent to which they will reduce (or assist in reducing) the number of households with incomes below the poverty line; **[and]**

(20) describe the jurisdictions activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies**[.]; and**

(21) *describe the jurisdiction’s strategies to encourage sustainable development for affordable housing, including single-family and multifamily housing, as measured by—*

*(A) greater energy efficiency and use of renewable energy sources, including any strategies regarding compliance with the energy efficiency standards under section 4(a) of the Green Resources for Energy Efficient Neighborhoods Act of 2010 and with the enhanced energy efficiency and conservation standards, and the green building standards, under section 4(b) of such Act;*

*(B) increased conservation, recycling, and reuse of resources;*

*(C) more effective use of existing infrastructure;*

*(D) use of building materials and methods that are healthier for residents of the housing, including use of building materials that are free of added known carcinogens that are classified as Group 1 Known Carcinogens by the International Agency for Research on Cancer; and*

*(E) such other criteria as the Secretary determines, in consultation with the Secretary of Energy, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, are in accordance with the purposes of this paragraph; and*

(22) *describe the jurisdiction’s efforts to coordinate its housing strategy with its transportation planning strategies to ensure to the extent practicable that residents of affordable housing have access to public transportation.*

\* \* \* \* \*



SECTION 24 OF THE UNITED STATES HOUSING ACT OF 1937

SEC. 24. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND TENANT-BASED ASSISTANCE GRANTS FOR PROJECTS.

(a) \* \* \*

\* \* \* \* \*

(e) APPLICATION AND SELECTION.—

(1) \* \* \*

(2) SELECTION CRITERIA.—The Secretary shall establish criteria for the award of grants under this section and shall include among the factors—

(A) \* \* \*

\* \* \* \* \*

(K) the extent to which the plan gives to existing residents priority for occupancy in dwelling units which are public housing dwelling units, or for residents who can afford to live in other units, priority for those units in the revitalized community; **[and]**

(L) the extent to which the proposed revitalization plan—

(i) in the case of residential construction, complies with the nonmandatory items of the national Green Communities criteria identified in paragraph (4)(A)(i), or any substantially equivalent standard or standards as determined by the Secretary, but only to the extent such compliance exceeds the compliance necessary to accumulate the number of points required under such paragraph; and

(ii) in the case of nonresidential construction, complies with the components of the green building rating systems and levels identified by the Secretary pursuant to paragraph (4)(C), but only to the extent such compliance exceeds the minimum level required under such systems and levels; and

**[(L)]** (M) such other factors as the Secretary considers appropriate.

\* \* \* \* \*

(4) GREEN DEVELOPMENTS REQUIREMENT.—

(A) REQUIREMENT.—The Secretary may not make a grant under this section to an applicant unless the proposed revitalization plan of the applicant to be carried out with such grant amounts meets the following requirements:

(i) GREEN COMMUNITIES CRITERIA.—All residential construction under the proposed plan complies with the national Green Communities criteria for residential construction and rehabilitation that provides criteria for the design, development, and operation of affordable housing, as such criteria are in effect for purposes of this paragraph pursuant to subparagraph (D) at the date of the application for the grant, or any substantially equivalent standard or standards as determined by the Secretary, as follows:

(I) *The proposed plan shall comply with all items of the national Green Communities criteria for residential construction and rehabilitation that are identified as mandatory.*

(II) *The proposed plan shall comply with such other nonmandatory items of such national Green Communities criteria so as to result in a cumulative number of points attributable to such nonmandatory items under such criteria of not less than—*

*(aa) 25 points, in the case of any proposed plan (or portion thereof) consisting of new construction; and*

*(bb) 20 points, in the case of any proposed plan (or portion thereof) consisting of rehabilitation.*

(ii) *GREEN BUILDINGS CERTIFICATION SYSTEM.—All nonresidential construction under the proposed plan complies with all minimum required levels of the green building rating systems and levels identified by the Secretary pursuant to subparagraph (C), as such systems and levels are in effect for purposes of this paragraph pursuant to subparagraph (D) at the time of the application for the grant.*

(B) *VERIFICATION.—*

(i) *IN GENERAL.—The Secretary shall verify, or provide for verification, sufficient to ensure that each proposed revitalization plan carried out with amounts from a grant under this section complies with the requirements under subparagraph (A) and that the revitalization plan is carried out in accordance with such requirements and plan.*

(ii) *TIMING.—In providing for such verification, the Secretary shall establish procedures to ensure such compliance with respect to each grantee, and shall report to the Congress with respect to the compliance of each grantee, at each of the following times:*

*(I) Not later than 6 months after execution of the grant agreement under this section for the grantee.*

*(II) Upon completion of the revitalization plan of the grantee.*

(C) *IDENTIFICATION OF GREEN BUILDINGS RATING SYSTEMS AND LEVELS.—*

(i) *IN GENERAL.—For purposes of this paragraph, the Secretary shall identify rating systems and levels for green buildings that the Secretary determines to be the most likely to encourage a comprehensive and environmentally sound approach to ratings and standards for green buildings. The identification of the ratings systems and levels shall be based on the criteria specified in clause (ii), shall identify the highest levels the Secretary determines are appropriate above the minimum levels required under the systems selected. Within 90 days of the completion of each study required by clause (iii), the Secretary shall review and update the rating*



systems and levels, or identify alternative systems and levels for purposes of this paragraph, taking into account the conclusions of such study.

(ii) *CRITERIA.*—In identifying the green rating systems and levels, the Secretary shall take into consideration—

(I) the ability and availability of assessors and auditors to independently verify the criteria and measurement of metrics at the scale necessary to implement this paragraph;

(II) the ability of the applicable ratings system organizations to collect and reflect public comment;

(III) the ability of the standards to be developed and revised through a consensus-based process;

(IV) An evaluation of the robustness of the criteria for a high-performance green building, which shall give credit for promoting—

(aa) efficient and sustainable use of water, energy, and other natural resources;

(bb) use of renewable energy sources;

(cc) improved indoor and outdoor environmental quality through enhanced indoor and outdoor air quality, thermal comfort, acoustics, outdoor noise pollution, day lighting, pollutant source control, sustainable landscaping, and use of building system controls and low- or no-emission materials, including preference for materials with no added carcinogens that are classified as Group 1 Known Carcinogens by the International Agency for Research on Cancer; and

(dd) such other criteria as the Secretary determines to be appropriate; and

(V) national recognition within the building industry.

(iii) *5-YEAR EVALUATION.*—At least once every 5 years, the Secretary shall conduct a study to evaluate and compare available third-party green building rating systems and levels, taking into account the criteria listed in clause (ii).

(D) *APPLICABILITY AND UPDATING OF STANDARDS.*—

(i) *APPLICABILITY.*—Except as provided in clause (ii) of this subparagraph, the national Green Communities criteria and green building rating systems and levels referred to in clauses (i) and (ii) of subparagraph (A) that are in effect for purposes of this paragraph are such criteria and systems, and levels as in existence upon the date of the enactment of the Green Resources for Energy Efficient Neighborhoods Act of 2010.

(ii) *UPDATING.*—The Secretary may, by regulation, adopt and apply, for purposes of this paragraph, future amendments and supplements to, and editions of, the national Green Communities criteria, any standard or standards that the Secretary has determined to be sub-

*stantially equivalent to such criteria, and the green building ratings systems and levels identified by the Secretary pursuant to subparagraph (C).*

\* \* \* \* \*

**FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989**

\* \* \* \* \*

**TITLE XI—REAL ESTATE APPRAISAL REFORM AMENDMENTS**

\* \* \* \* \*

**SEC. 1110. FUNCTIONS OF THE FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES RELATING TO APPRAISAL STANDARDS.**

Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of each such agency or instrumentality. These rules shall require, at a minimum—

(1) that real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation; **[and]**

*(2) that such appraisals be performed in accordance with appraisal standards that require, in determining the value of a property, consideration of any renewable energy sources for, or energy efficiency or energy-conserving improvements or features of, the property;*

**[(2)]** (3) that such appraisals shall be written appraisals**[,]**; and

*(4) that State-certified and licensed appraisers have timely access, whenever practicable, to information from the lender relevant to an appraisal of the energy and water efficiency or conserving improvements or features of a property, such as labels or ratings of buildings and installed appliances, blueprints, construction costs, incentives regarding energy- and water-efficient components and systems installed in a property, and third-party verifications or representations of energy and water efficiency performance of a property, observing all financial privacy requirements adhered to by certified and licensed appraisers, including section 501 of the Gramm–Leach–Bliley Act (15 U.S.C. 6801); unless the property owner consents to the lender, an appraiser shall not have access to the commercial of financial information of the owner that is privileged or confidential.*

\* \* \* \* \*

**SEC. 1113. TRANSACTIONS REQUIRING THE SERVICES OF A STATE CERTIFIED APPRAISER.**

In determining whether an appraisal in connection with a federally related transaction shall be performed by a State certified ap-

praiser, an agency or instrumentality under this title shall consider whether transactions, either individually or collectively, are of sufficient financial or public policy importance to the United States that an individual who performs an appraisal in connection with such transactions should be a State certified appraiser, except that—

(1) a State certified appraiser shall be required for all federally related transactions having a value of \$1,000,000 or more or any real property with energy-efficiency or energy-conserving improvements or features; and

(2) 1-to-4 unit, single family residential appraisals may be performed by State licensed appraisers unless the size and complexity (such as identifying and supporting the contribution to market value of energy-efficiency or energy-conserving improvements or features) requires a State certified appraiser.

\* \* \* \* \*

## ADDITIONAL VIEWS

Republicans support the stated goals of H.R. 2336, which are to encourage energy efficiency and conservation and the development of renewable energy sources for housing, commercial structures, and other buildings, and to create sustainable communities. However, as in previous iterations of the bill, some of H.R. 2336's provisions could impede rather than encourage green building, making it more costly rather than more affordable. H.R. 2336 also authorizes billions of dollars in new Federal spending during a time of record debts and deficits. Accordingly, we believe that changes to the legislation are necessary before it is considered by the full House.

The Congressional Budget Office (CBO) estimates that H.R. 2336 will cost \$10 billion from 2011–2015. Included in the bill is a \$5 billion revolving loan fund to promote energy efficiency improvements in single and multifamily dwellings; a \$2.5 billion Residential Energy Efficient block grant program; and a \$5 million outreach campaign to pay for energy efficiency mortgage education. The legislation also includes a provision that sets the Federal Housing Administration (FHA) on a path to insure 50,000 green mortgages. FHA is already under considerable financial strain, with its capital reserve ratio near zero, and now is not the time to be placing additional demands on its limited resources.

Another concern for Committee Republicans is the overall cost to taxpayers from promoting “green” lending without meaningful evidence from government regulators or industry experts as to the viability of these loans. For example, the Federal Housing Finance Agency (FHFA) suspended purchases of certain energy retrofit loans by Fannie Mae and Freddie Mac on July 6, 2010, citing “the absence of robust underwriting standards to protect homeowners and the lack of energy retrofit standards to assist homeowners, appraisers, inspectors, and lenders [in] determine [ing] the value of retrofit products.” FHFA also questioned whether certain home improvements actually produce meaningful reductions in energy consumption. For these reasons, FHFA believes these loans pose safety and soundness issues for the GSEs. Until these loans can be prudently and uniformly underwritten to the satisfaction of one arm of the federal government, other arms should not rush to start funding them. These loans must be properly valued and judged for volatility and environmental impact before taxpayers are exposed to losses from potential defaults in these new programs.

Although the GREEN Act allows some flexibility, the standards set forth in the bill may still limit innovation in green building. Green building requires continuous tests of new practices and products in order to determine the most efficient and viable strategies. The constantly evolving green building marketplace has numerous systems currently in development that may be more suitable for

the energy efficiency projects. More regionally appropriate methods can be implemented only when green legislation is flexibly crafted. At issue is whether the energy efficiency standards in the bill would impede rather than encourage green building, as well as whether the bill's massive new spending can be justified at a time of ballooning federal deficits.

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