

Priority Actions for America's Buildings

Recommendations for the Biden-Harris Administration to drive a just and equitable recovery, accelerate the transition to a clean energy economy, and secure a healthy, resilient future for all.

America's buildings are more than just walls and equipment. They're where we live and work, raise our families, and learn and grow. It is time to launch a new era in which buildings sustain the world around them and the people inside them.

Decarbonizing America's buildings is critical for expanding the clean energy economy, reaching ambitious climate goals, and securing a resilient, prosperous future for all. Although buildings are responsible for about a third of greenhouse gas emissions nationally, policy progress aimed at fixing them has been slow and patchy. The Biden-Harris administration should ensure that all buildings make substantial progress toward maximizing their operations and transitioning to low- and zero-carbon energy, dramatically improving the health and wellbeing of Americans across the country. The Institute for Market Transformation (IMT) recommends the following priority actions.

1. Resource local officials—they know their people and buildings best.

Develop a national place-based funding vehicle to advance climate strategies.

- Establish a funding vehicle that puts resources in the hands of local government by supporting: building performance policy design and implementation; private sector partnerships; demonstration of grid-interactive efficient building technologies; and energy code adoption and enforcement.
- Fund nonprofits and trade organizations best equipped to support cities, such as the Urban Sustainability Directors Network and equity-focused organizations.

Provide technical assistance and tools for building performance standards (BPS)—the most powerful

tool for capping emissions from buildings—building on existing U.S. Department of Energy (DOE) grant programs and more effectively harnessing the analytical muscle of the national labs:

- Assist local jurisdictions—using the national labs or competitive awards—to conduct technical and market analysis needed to set ambitious yet realistic carbon targets for existing buildings as well as strategies for achieving them.
- Model the environmental, economic, and equity impacts of BPS adoption scenarios to calibrate local policy design and outcomes. The Office of Energy Efficiency & Renewable Energy's (EERE) Strategic Priorities and Impact Analysis Office can lead the analysis with support from the Building Technologies Office, Weatherization and Intergovernmental Programs Office, Solar Energy Technologies Office, Vehicle Technologies Office, and Office of Electricity.
- Enable accurate carbon measurement by funding the Environmental Protection Agency (EPA) to improve ENERGY STAR Portfolio Manager. DOE should support the private sector's development of software and data management solutions that enhance BPS-aligned functionality, regulatory reporting, and tracking of buildings' real-time carbon emissions.

Establish a federal advisory committee of local government officials,

as a local complement to the heavily leaned-upon State Energy Advisory Board, to give local officials an official channel to voice how DOE could most effectively support them.

Develop and fund local workforce development programs for building operators and managers, service providers and installers, energy auditors, and real estate asset managers to advance building decarbonization. Prioritize recruitment of people of color and others from communities disproportionately disadvantaged by climate change.

2. Incentivize business action, promote climate disclosure, and celebrate private sector innovation.

Streamline and strengthen financial incentives for building decarbonization.

- Appoint a task force comprised of multiple federal agencies as well as private sector representatives to align tax, lending, insurance, and reporting systems to incentivize high-performing buildings and community investment.
- Assess and assign favorable financing terms, via the Federal Housing Administration, the Department of Agriculture, Veterans Affairs, Fannie Mae, and Freddie Mac, based on compliance with established levels of building performance. Ensure appraisals reflect the value of building performance.
- Increase funding for community development financial institutions (CDFIs), expand tax credits that incentivize energy efficiency, and lock in the financial terms for longer time horizons to increase uptake.

Leverage federal regulation to bring transparency to corporate climate commitments and action.

- Create guidance and rules on the disclosure of real estate climate risks, to be issued by Treasury and the Securities and Exchange Commission, and other regulators—potentially including BPS metrics. Such disclosures could be applied either directly to publicly traded real estate companies or to large equity and debt holders.

Spur, recognize, and replicate private sector innovation.

- Convene industry, state and local government officials, and communities to re-envision DOE's Better Buildings recognition program—extending beyond energy efficiency to include renewable energy, energy storage, grid interactivity, investor pressure, community contributions, and equitable outcomes.
- Fund deployment projects through DOE that demonstrate the efficiency and cost-effectiveness of high-performance building equipment as well as building-grid integration and real-time energy and carbon measurement.

3. Leverage federal leadership to lock in energy savings through codes, standards, and best practices for building ownership and operation.

Assess long-term pathways to integrate BPS-aligned carbon performance provisions

in national model energy codes and standards. DOE should issue recommendations to national codes and standards bodies including International Code Council and ASHRAE.

Conduct research at national labs to support model energy codes

that result in low- to no-carbon buildings; work with states and local jurisdictions to adopt most recent codes; support local governments in enforcing adopted code.

Lead by example in federally owned and leased buildings.

As a major landlord and tenant the federal government—through the actions of the General Services Administration, Department of Housing and Urban Development (HUD), and the White House's Council on Environmental Quality's Office of Federal Sustainability—is positioned to drive private market action by establishing, modeling, and holding itself accountable to higher standards of building performance.

- Set a building performance standard for all federal buildings to achieve high-efficiency and zero-carbon standards before 2030, transitioning to all-electric buildings where technically and economically feasible.
- Use federal buildings to test new technologies—particularly those that enable grid-interactivity and flexibility—and use them as case studies to showcase viability and deployment of market-ready yet under-adopted technologies.
- With a \$5 billion annual utility bill for federally subsidized housing, HUD must implement a BPS-aligned program to measure and reduce energy consumption and climate impacts. Energy, health, and economic impacts should be assessed and publicized.
- Adopt green lease language for all federally leased buildings. Showcase and replicate success with DOE's Green Lease Leaders recognition program.

Give new life to DOE's successful appliance and equipment standards programs,

picking up where the Obama administration left off in setting tough efficiency standards for appliances and equipment to lock in decades of future energy savings.

4. Ensure an equitable energy transition through federal leadership.

Direct DOE and EPA to collaborate on air quality standards and market incentives that will improve health outcomes of the communities suffering disproportionately from air pollution—setting more stringent regulations for on-site combustion and focusing tax incentives in the communities and geographies with the greatest need.

Fund EPA, HUD, DOE, and national labs—and through Executive Order require their collaboration—to improve the healthiness of buildings by addressing indoor air quality and other health risks in housing owned, operated, subsidized, or weatherized by the federal government. Measure health outcomes. Publish results and best practices.

Direct stimulus funding to retrofit the buildings identified by communities as highest priority (e.g., schools, hospitals, community centers, etc.) to extend beyond energy efficiency—expanding ambition and eligibility to include indoor air quality, climate resilience, and passive survivability in instances of climate disaster.

Expand the eligibility of health- and housing-purposed funds (e.g., stimulus funds, EPA and HUD grants, etc.) for building upgrades that improve energy and indoor air quality.

Work with states to develop model practices for measuring and incorporating non-energy benefits of building decarbonization into regulatory decision-making, and improving the outcomes of programs for low-income customers.

Encourage state utility regulators to develop plans for transitioning energy supply away from gas and other fossil fuels—with protections for lower income customers, who are financially unable to transition to fully-electric buildings systems and without regulatory protections would be left bearing the cost of stranded gas utility assets.