

MBA SUMMARY

Final Determination: Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Multifamily Housing FINAL RULE

[Link](#)

April 25, 2024

Compliance date: The new rule requires adherence to the 2021 IECC (or the 2024 IECC) and ASHRAE 90.1-2019 energy codes (or 2022), starting with pre-applications submitted on May 26, 2025, for new construction. FHA-Insured Multifamily, and November 26, 2025, for USDA loans.

Summary of the Rule: The rule requires compliance with one of two standards: the International Energy Conservation Code (IECC) and ANSI/ASHRAE/IES Standard 90.1.3. The IECC standard applies to single family homes and multifamily low-rise buildings (up to 3 stories), while the ASHRAE 90.1 standard applies to multifamily residential buildings with 4 or more stories. For both agencies, applicability is limited to newly constructed housing and does not include the purchase or repair of existing housing.

To date, only 5 states have adopted IECC 2021 (none have adopted the recently passed 2024). Only 10 states (and DC) have adopted ASHRAE 90.1 (and none have adopted 2022). FHA multifamily properties will be subject to significantly higher building codes than the vast majority of states require.

HUD acknowledges that contractors and inspectors educated and trained in the higher energy standards may be challenging to find, especially in rural areas. HUD and USDA are preparing training and technical support to try and combat this issue. This will include training in blower door testing and duct leak testing skills. Additionally, USDA is exploring the feasibility of and potential for remote-hybrid inspections with RESNET and others, in which third-party verification may be completed remotely with the on-site assistance of individuals who have received minimum training to perform testing tasks such as blower door testing, duct leakage testing and infrared camera techniques but who may not yet be fully certified home raters.

Available Tax Credits: Both the Energy Star for New Homes and Zero Energy Ready Home (ZERH) tax credits are available for multifamily new construction. A \$500 per unit tax credit is available for homes certified to eligible ENERGY STAR Multifamily New Construction (MFNC) program requirements, with a larger tax credit (\$2,500 per unit) available when prevailing wage requirements are met. For ZERH homes, the tax credit is \$1,000 per dwelling unit, unless the project meets prevailing wage requirements, in which case the 45L tax credit is \$5,000 per dwelling unit. In addition to these tax credits for new construction, the Section 179(d) commercial building tax credits for multifamily buildings may also be available, which provides a maximum deduction from \$1.88 to \$5 per square foot and cannot exceed the cost of the improvement. However, the taxpayer must meet the prevailing wage and apprenticeship requirements.

There are also Home Energy and Appliance Rebates from the Department of Energy that provide \$4.5 billion in rebates for certain energy efficiency and electrification measures such as heat pumps, upgraded electrical service, or solar panels that may be leveraged to lower the first cost of construction for these measures. These funds will be administered by the states and are expected to become available in most states in 2024 or 2025. More information can be found [here](#).

EPA also has tax credits and financing available for properties which create renewable energy such as wind or solar. Information on the EPA National Green Investment Fund can be found [here](#).