Climate Adaptation Plan

2022 Progress Report

Agency	Department of Housing and Urban Development (HUD)
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Agency Climate Adaptation Webpage	www.hud.gov/Climate

SECTION 1: UPDATES ON PRIORITY ACTIONS

1. Priority action progress summary

Priority Action Progress			
Sub-goal	**Current Status**	**Estimated date of completion**	**Brief Description of Progress**
1.1 Collect data and map climate risk	In progress	June 2023	HUD is undertaking multiple assessments on portfolio-level climate risk. The assessment of both existing and potential data sources will help forecast and manage climate-related risk and the need for resilience measures.
1.2 Conduct research on climate resilience	In progress	December 2022	Assessments are underway on needs for capacity-building around disaster-related buyouts and resettlement, building efficiency and resilience codes, resilience funding cost effectiveness and best practices.
2.1 Reduce climate-related financial risk	In progress	June 2025	Ginnie Mae is exploring enhanced Environmental, Social and Governance (ESG) data in securities disclosures and flexibilities for pooling, issuance and reporting that support ESG objectives. The Office of Housing and the Federal Housing Administration (FHA) are exploring new or enhanced loan products and underwriting standards including energy efficient and resilient building code requirements that incentivize climate resilience/hazard mitigation. HUD's Policy Development

			and Research (PD&R) is assessing capacity-building needed for advancing these goals.
3.1 Update Community Development Block Grant-Disaster Recovery (CDBG-DR) requirements to promote resilience and environmental justice	In progress	March 2023	A Consolidated Notice with guidance for 2020 Disasters CDBG-DR grantees that increased emphasis on equity and stakeholder engagement, and climate resilience was published in February. The Universal Notice is on track to be published in early 2023.
3.2 Enable sustainable recovery for Puerto Rico and the U.S. Virgin Islands	In progress	Ongoing	HUD's Community Planning and Development (CPD) office is working with CDBG-DR and CDBG-Mitigation grantees on action planning and preparing to provide technical assistance.
3.3 Strengthen flood resilience standards	In progress	March 2023	HUD is working with the Office of Management and Budget (OMB) to develop a proposed update to floodplain management and wetlands protection regulations to implement Federal Flood Risk Management Standard (FFRMS) and otherwise increase flood resilience standards in HUD projects.
4.1 Provide climate resilience and environmental justice training	Not Started	Ongoing	Development of these trainings will begin once the relevant regulations have been updated.
4.2 Create community resilience and sustainability resources	In progress	Ongoing	HUD is developing and piloting a range of guidance and technical assistance resources to help grantees, communities, homebuilders and developers incorporate best practices in equitable resilience planning, hazard mitigation, and disaster recovery into their ongoing operations.

2. Priority Action Progress Examples

1. The Office of Housing has published updated FHA mortgage standards to allow "stretch ratios" and recognize the energy cost savings of a Manufactured Home certified as Energy Star when qualifying a borrower.[1] This means that purchasers of Manufactured Homes are more easily able to qualify for financing, because FHA recognizes that the energy efficiency features of the home will save consumers money month after month on utility bills.

[1] See https://www.hud.gov/sites/dfiles/SFH/documents/sfh_hb_4000_1_redline_10_26_21.pdf, pp. 341.

2. HUD's Community Planning and Development Office of Block Grant Assistance (responsible for overseeing CDBG-DR and CDBG-MIT funds) has published a Resilient Building Codes toolkit (https://www.hudexchange.info/programs/cdbg-dr/resilient-building-codes/) and produced an accompanying webinar series to help HUD customers incorporate resilience measures and stronger building codes when rebuilding after a disaster.

3. HUD partnered with the Department of Energy (DOE) to launch the Better Climate Challenge Multifamily Sector, which asks organizations to commit to reducing greenhouse gas emissions across their entire portfolios over ten years. So far 11 partners have signed on to the Challenge, representing approximately 53.8 million square feet and 67,000 housing units, 80% of which are affordable. HUD and DOE are now working to develop technical assistance to help these partners meet their goals and in so doing light the path toward decarbonization of the entire multifamily sector.

4. HUD published a Federal Register notice governing the use of $2 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds for electric power system enhancements and improvements for Puerto Rico and the U.S. Virgin Islands. The publication of this notice is one of many HUD actions to support equitable and resilient recovery and renewal in Puerto Rico and the USVI. Grantees are required to describe how the funds will be used to address the needs of vulnerable populations, protected classes, and underserved communities; how the funded activities primarily benefit low- and moderate-income persons; and how the planned improvements will be designed and implemented to address the impacts of climate change.

SECTION 2: UPDATES ON OTHER INITIAL PLAN TOPICS

1. Climate-Risk Reduction

HUD is undertaking multiple assessments on portfolio-level climate risk and existing and potential data sources that will help forecast and manage climate-related risk and the need for resilience measures. Assessments are also underway on capacity-building needs related to disaster-related buyouts and resettlement, building efficiency and resilience codes, and resilience funding cost effectiveness and best practices.

HUD is a participant in the Interagency Policy Committee on Climate-Related Financial Risks and is working closely with partners at the United States Department of Agriculture (USDA) and United States Department of Veterans Affairs (VA) on better understanding and incorporating climate risks into policies using a whole-of-government approach and doing so in a way that reduces harms to already-disadvantaged or vulnerable communities.

2. Climate Vulnerability Assessments

In 2015 HUD developed an interim assessment of vulnerabilities related to four main categories of climate-related hazards: extreme weather events, temperature shifts, hydrological/precipitation

changes, and sea level rise. Within each of these sections there is a discussion of the risks and vulnerabilities pertaining to the types of hazards in general, and then subsets of specific hazards such as flooding, permafrost melt, and wildfires.

HUD is reviewing implementing guidance released August 31, 2022 for Executive Order 14057, and will soon begin developing and implementing updated vulnerability assessments across HUD's programs. For example, the Office of Policy Development & Research is conducting cost effectiveness research on CDBG-DR resilience funding with the goal of generating guidance on best practices for vulnerability assessments and an improved evaluative framework.

3. Climate Literacy

HUD's principal-level Climate and Environmental Justice Council and staff-level Climate and Environmental Justice Working Group are important conduits for raising fluency in climate-related issues and policies among personnel working across the organization. Working group members include participants from HUD Headquarters and Regional and Local Field Offices. The working group meets monthly to share best practices and lessons learned related to climate adaptation and resilience, including best practices for sharing this information across HUD's workforce.

HUD's 2022 Sustainability Plan (currently being drafted) includes commitments to ensure Office of Facilities Management Services staff continue to regularly attend energy and environmental management training; develop an agency-wide climate and sustainability education plan during FY 2023; and add training for climate and sustainability priorities to the onboarding curriculum for new employees.

4. Tribal Engagement

HUD recognizes the unique legal and political relationship that exists between the United States and Tribal governments. The Department also recognizes the history of environmental inequities that has created barriers to achieving climate resilience in Tribal communities. The Climate Adaptation Plan emphasizes HUD's goal to help Tribal communities achieve safe, resilient housing and infrastructure through improved access to data, technical support, and funding opportunities.

HUD consults with American Indian and Alaska Native governments, Tribally Designated Housing Entities (TDHEs) and national Native organizations when developing legislation, regulations and policies that affect tribes, including climate and resilience policies. This commitment includes consultation with Alaska Native Corporations (ANCs), the entities created by the Alaska Native Claims Settlement Act of 1971 to receive land and monetary compensation in settlement of aboriginal land claims by Alaska Natives. However, HUD recognizes and distinguishes the Federal relationship to ANCs, from the government-to-government relationship with each federally recognized American Indian and Alaska Native tribe. HUD's commitment to include ANCs does not diminish in any way that relationship and the consultation obligations towards federally recognized American Indian and Alaska Native tribes.

5. Environmental Justice

Addressing climate and environmental justice is at the core of HUD's mission to create strong, sustainable, inclusive communities. In the agency Climate Adaptation Plan, HUD commits to a variety of actions to empower communities to achieve climate resilience, facilitate economic opportunities, and eliminate health risks caused by environmental injustices. HUD has established environmental justice as a budget and strategic plan priority, ensuring that both HUD staff and its external stakeholders are aware of the significance of avoiding and reversing environmental inequities.

HUD strongly supports the Administration's whole-of-government effort to ensure that at least 40 percent of overall Federal investments in climate and clean energy are delivered to disadvantaged communities. Because of its unique focus on supporting low-income communities, HUD anticipates that most of its programs already exceed this goal. Nonetheless, HUD will strive to maximize investments in low-income communities, communities of color, and other disadvantaged and historically underserved communities.

6. Partnerships

HUD has strengthened interagency partnerships on climate Adaptation and Resilience, including participation and leadership in several Interagency Policy Committees such as the Climate-Related Financial Risk Interagency Policy Committee with the Department of Homeland Security, Department of Labor, OMB, Treasury, USDA, and VA. HUD also is an active participant in the National Climate Task Force and related working groups including interagency efforts focused on flood resilience, and community driven relocation efforts. Additionally, HUD is an active participant in the White House Environmental Justice Interagency Council.

SECTION 3: NEW TOPICS FROM E.O. 14057

HUD is making significant progress toward the following climate and adaptation related requirements. HUD is working toward a goal of promoting climate resilient investment that advances adaptation to climate change and protects public health and the environment for all communities; conducting climate adaptation analysis and planning for climate-informed financial and management decisions and program implementation; identifying and reforming any agency policies and funding programs that are maladaptive to climate change; and developing and enhancing tools that assess climate change impacts and support climate adaptation planning and implementation. Please see below for initial progress on relevant sub-goals.

1. Policy Review:

HUD's Plan includes a commitment to collect complete and accurate building-level data across HUD programs to map existing climate risks and environmental justice concerns. Comprehensive and modernized data collection can help inform how to best address climate impacts to protect HUD-assisted assets and their occupants, with a focus on underserved communities, tribal communities, communities of color, and individuals with disabilities. Accurate and easily available data will enable HUD, grantees, borrowers, and the public to conduct vulnerability assessments and develop resilience

plans addressing climate impacts. HUD is making steady progress on the collection and analysis of this data, and is looking forward to using that information for policy decisions in the coming months and years.

2. **Climate Scenario Analysis:**

HUD mortgage financing programs, primarily its insurance programs, enable billions of dollars of capital to fund the purchase, refinance, construction, and rehabilitation of single- and multifamily housing, assisted housing, and healthcare facilities around the country. Per the Executive Order on Climate-Related Financial Risk (EO 14030), HUD is collaborating with the Departments of Veterans Affairs and Agriculture to consider approaches to better integrate climate-related financial risk into underwriting standards, loan terms and conditions, and asset management and servicing procedures. HUD is also exploring market strategies to incentivize both energy and water efficiency and climate-resilient building practices.

Approved and accepted for U.S. Department of Housing and Urban Development:

Marcia L. Fudge _____ Date: 10/04/2022

Secretary Marcia L. Fudge