



The Real Estate Roundtable

Building Performance Standards: Federal, Local, and NGO-Driven Energy

Summary

The federal ENERGY STAR program must be preserved as a voluntary, non-regulatory public-private partnership. Proposed budget cuts and agency staff reorganizations from the Trump administration indicate that it may eliminate the program. Commercial, residential, and manufacturing stakeholders all rely on the program heavily and are united in advocating for its preservation.

Meanwhile, a number of progressive cities and states ([map](#)) have enacted building performance standards (BPS) mandates—with widely varying rules on emissions, electrification, and compliance timelines. The regulatory specifics vary from jurisdiction to jurisdiction—making compliance exceedingly complex and expensive. To help bring consistency to the nationwide “patchwork” of BPS regulations, **RER has developed a peer-reviewed [policy guide](#) outlining 20 key considerations for any jurisdiction adopting a BPS law.**

In addition, non-governmental organizations (NGOs) have developed their own BPS-type standards and climate accounting frameworks—chief among them the Science Based Targets Initiative (SBTi) and the World Resources Institute’s Greenhouse Gas (GHG) Protocol. These NGO standards increasingly influence both regulatory policy and private capital markets. Many real estate lenders and equity investors have adopted SBTi and GHG Protocol frameworks to align with their ESG investment principles.

Key Takeaways

- **Voluntary, non-regulatory federal guidelines like ENERGY STAR recognizing “high performance” real estate remain critical.** These programs help quantify energy savings, attract capital, place less strain on the grid, and promote innovation in U.S. buildings.
- More than 330,000 buildings—representing nearly 25 percent of U.S. commercial building floor space—utilized [EPA’s Portfolio Manager](#) software last year.
- ENERGY STAR-certified buildings achieve an average of 35 percent less energy usage compared to similar non-certified buildings. The [program](#) has saved businesses and families nearly \$200 billion in utility bills since 1992, including \$14 billion in 2024 alone.
- States and cities are adopting BPS mandates that often impose rigid electrification or net zero emissions targets. These laws vary significantly and frequently penalize buildings already recognized as high-performance assets under federal programs.

Background

Building Performance Standards

- No federal agency has authority from Congress to regulate private sector buildings through a national building performance standard (BPS).
- State and local governments are increasingly adopting BPS laws that impose energy and climate performance mandates on real estate.
- These laws typically set annual limits on how much energy buildings can use and how much greenhouse gases (GHGs) they can emit, with an ultimate goal of reaching net zero emissions around 2050.
- Failing to meet local BPS requirements can result in fines and penalties on buildings.
- The Trump administration’s April 8, 2025 [Executive Order](#) on “Protecting American Energy from State Overreach” reflects the administration’s view that “American energy dominance is threatened when State and local governments seek to regulate energy beyond their constitutional or statutory authorities.



Recommendations

Defend ENERGY STAR: Programs like EPA's [ENERGY STAR](#) and "NextGen" certified buildings and DOE's [Better Buildings](#) initiative signify "high performance" real estate and are critical to unleashing America's energy dominance.

- **ENERGY STAR helps "unleash American energy dominance" aligned with President Trump's priorities.** It is key to the "all of the above" national energy strategy because it is the main U.S. government program focused on avoiding energy waste. It provides the federal standard to use all energy resources efficiently regardless of fuel source.
- ENERGY STAR is a **voluntary federal program**. It is a non-regulatory public-private partnership. It is embedded in how residential and commercial owners operate buildings and has supported the commercial real estate industry for more than 30 years.
- ENERGY STAR has always been **widely bipartisan**. On multiple occasions, big majorities of Congress during both Republican and Democratic administrations have authorized and funded the program.
- U.S. commercial building owners use ENERGY STAR to save money and earn profit. For RER, ENERGY STAR is all about the "business case" for energy efficiency. The program has saved families and businesses:
 - \$200 billion in utility bills since inception; and \$14 billion in energy cost savings in 2024 alone.
- ENERGY STAR assists real estate companies in helping their **renter families and business tenants lower their utility bills**. It gives owners the tools to effectively quantify and communicate how much energy tenants use in the spaces they lease.
- ENERGY STAR **improves grid reliability**. It quantifies how buildings can free-up capacity on the electric grid needed to grow AI, crypto markets, and U.S. manufacturing.
 - ENERGY STAR certified buildings—including data centers—use 35 percent less energy compared to similar buildings in their asset class.
 - In 2024, ENERGY STAR helped buildings and plants save kWh equal to about 92 percent of all electricity used in the state of Florida in a single year.
- The U.S. real estate industry needs ENERGY STAR to attract investment capital—especially from overseas. We use ENERGY STAR to push back against unrealistic "net zero" requirements from Europe and elsewhere.
- We need ENERGY STAR to **counter state and local laws that ban natural gas in buildings**. If ENERGY STAR is not preserved, we lose a major tool to protect against "state and local regulatory overreach" identified by the Trump administration's [Executive Order](#). In fact, RER has worked with DOE and EPA to structure ENERGY STAR to **allow** highly efficient use of gas appliances in buildings.
- It is critical to **keep Portfolio Manager up and running** to avoid regulatory chaos. If Portfolio Manager goes away, commercial and residential building owners would have no consistent, standard tool to comply with the "patchwork" of state and local building laws.
 - 330,000 buildings—or 25 percent of U.S. commercial floor space—use Portfolio Manager.
- HUD-financed buildings rely on ENERGY STAR as a **contractual obligation in multifamily mortgages**. Apartment owners get a reduction on HUD-required mortgage insurance—up to 40 basis points—by using Portfolio Manager.
- Real estate is **aligned with the manufacturing sector**. We support ENERGY STAR with the appliance-side of the program, and are pursuing joint advocacy to Congress and the federal agencies.

Ensure Fair and Reasonable BPS Laws: States and localities should ensure their building performance mandates reflect the 20 points raised in RER's peer-reviewed policy guide, which provides extensive guidance and detailed stakeholder input.



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- Chief among these points: US-EPA and US-DOE guidelines should offer compliance pathways with state/local BPS laws. Uniform federal criteria can bring rationality and consistency to the [chaotic “patchwork”](#) of BPS regulatory mandates across the country.
- No city or state BPS law should fine or penalize a “high performance” building recognized by US-EPA or US-DOE partnerships.
- Policymakers must also consider how BPS regulations impact key points such as:
 - Affordability and supply of housing for low-income and working class families;
 - Availability of debt, equity, and incentives to pay for all of the retrofit projects induced by BPS laws;
 - Reliability of local grids to provide electricity, if power infrastructure is strained by all of the extra loads caused by building electrification;
 - Achievability of goals to reduce overall emissions, if the community’s electric grid relies heavily on fossil fuels; and
 - Accessibility of market-based programs (e.g., [RECs](#)) to purchase clean power to help achieve an “all of the above” energy strategy.

Increase Federal Oversight on BPS Mandates: The U.S. government should not award federal grants to induce states and localities to enforce BPS regulations on the real estate industry.

- Our system of federalism gives states and localities the right to develop BPS laws. If a jurisdiction chooses to do so, its laws should not be supported by U.S. taxpayer-funded grants resulting in costly, burdensome regulations.
- The U.S. government should not award BPS grants for local laws levying fines on buildings that the U.S. government itself lauds as “high performers”—such as through the US-EPA ENERGY STAR program.
- Congress should oversee federal BPS grant awards and examine how states and localities are spending this money supported by U.S. taxpayers.