The Real Estate Roundtable

July 31, 2026

Submitted via www.regulations.gov
and email to: BldgEnergyCodesMethodology2026BC0034@ee.doe.gov

Re: **Request for Information: *Updating and Improving the Methodology for Assessing Affordability and Cost Effectiveness of Building Energy Codes.* EERE-2026-BT-BC-0034; 91 Fed. Reg. 23,982 (May 4, 2026)**

The Real Estate Roundtable (www.rer.org) ("RER")[1] appreciates this opportunity to provide information regarding the U.S. Department of Energy (DOE) methodology for evaluating the energy and economic performance of building energy codes.

Our comments primarily address DOE's Methodology for Evaluating Commercial Energy Code Updates (Dec. 2024) ("Commercial Methodology"), intended for income-producing commercial real estate including large multifamily residential buildings. The Energy Conservation and Production Act (ECPA) requires DOE to ensure updates to ASHRAE 90.1 and similar standards are energy efficient and cost effective.

Building codes have played a significant role in improving the quality, durability, safety, and efficiency of the nation's real estate stock. Many states and local governments have adopted progressively more efficient energy codes modeled after ASHRAE 90.1 to improve occupant comfort, increase resilience, lessen strain on electric infrastructure, lower utility bills over time, encourage technological innovation, and contribute to long-term environmental objectives. These are legitimate public policy goals.

Another key objective in responsible codes development is for policy makers to explain and underscore that higher levels of energy efficiency usually require increased upfront investment costs for businesses, and immediate impacts to household budgets. Compliance with the most updated building codes is expensive. It raises prices of homes, squeezes affordability of rents, and constrains a building's profitability through increased costs ultimately borne by consumers and businesses. The challenges are:

- Not whether to improve building performance – but how to determine if additional regulatory requirements produce benefits that justify increasingly greater expenses.

[1] Addendum 3 to this letter provides more information on RER and real estate's impact to the U.S. economy.

- Not whether energy efficiency should be pursued as policy or business practice – but whether more stringent codes are supported by sound federal-level economic analyses that incorporate regional nuances and market realities.

- Not whether building technologies should innovate – but whether consumers understand that expensive equipment investments may only yield dollar savings long after they sell the home, rent the space, or own the asset.

We believe there are opportunities to improve the Commercial Methodology to increase transparency, and more fully and fairly evaluate these trade-offs.

TOPLINE POINTS

For private sector buildings, the Commercial Methodology's "primary" metric estimating the fiscal burdens and benefits of model code updates is a 30- and 40-year lifecycle cost ("LCC") framework. This analytical approach spanning multiple decades skews heavily in favor of ***always*** deeming ASHRAE 90.1 updates as "cost efficient."

- ***"Cost":*** Upfront construction costs borne by commercial building owners, developers, and investors are concrete and immediate. These parties assume investment risks and pay the price – at the point when buildings are built – for materials, capital financing, labor, permitting, and fees to install the equipment and systems necessary to meet ASHRAE 90.1 and similar standards. As model codes become more stringent from one version to the next, their initial compliance costs increase on an ever-climbing upward trajectory.

- ***"Efficient":*** The Commercial Methodology gauges code "efficiency" by modeling and speculating as to future energy savings. Such savings projected over 30- and 40-year "lifecycle" timelines do not reflect standard commercial real estate ownership horizons or typical lending terms. Moreover, there is a mismatch between anticipated energy savings – and who receives their benefits. Private sector commercial owners and investors paying for upfront compliance do not typically "hold" buildings for the decades in DOE's lifecycle horizons, over which utility savings theoretically materialize.

- ***Shorter-term payback horizons warrant consideration by DOE:*** 30- to 40-year LCC analyses should not be the dispositive "primary" metric of cost effectiveness. Rather, in addition to using the LCC approach, the Department should balance its analyses and also consider paybacks over a range of more realistic timeframes (e.g., 3-, 5-, 10-, 15- and 20-year timelines). Using multiple time spans would support greater transparency in DOE's methodology, reveal a deeper understanding of energy performance across commercial asset classes, and track the kinds of investment decisions occurring in the marketplace across varying risk tolerances sustained by large institutional and small business owners and financiers of buildings.

- ***Multiple discount rate scenarios would better reflect "real world" net present values.*** DOE is correct to factor the time value of money and assess the risk of energy investments through a cash flow analysis that discounts projected future utility bill savings to their net present value**.** However, the Department should not rely on a single "one size fits all" discount rate, as per the

current Commercial Methodology. Rather, DOE should use several discount rates that are sensitive to the costs for various financing products in the typical "capital stack" for commercial buildings, thereby evaluating multiple scenarios of investment risks and expected returns.

- ***Lengthy depreciation timelines amplify upfront economic burdens from energy codes:*** Real estate businesses can only fully recover their construction costs over 39 years for commercial properties and 27.5 years for multifamily properties, pursuant to the U.S. tax code's depreciation rules. DOE's "cost" effectiveness methods should stress that upfront financial impacts of ASHRAE 90.1 are magnified because tax deductions to recoup the price for most building efficiency measures can only generally be claimed over lengthy time periods.

- ***Make transparent electricity forecasting methods and regional variations:*** Estimated utility bill savings – spanning decades after owners pay upfront construction costs – are principal assumptions of the Commercial Methodology's lifecycle scenarios. Relatively small changes in electricity price forecasts, which vary significantly across U.S. regions, can substantially alter the projected benefits of an ASHRAE 90.1 update. Going forward, we urge DOE to make transparent its data sources and methods to forecast future electricity prices while accounting for regional variations.

- ***Establish a public database with specific sources, market costs, and assumptions:*** DOE should create an online public database of key inputs and assumptions used in codes cost effectiveness determinations. Such a database would go a long way to improve stakeholders' trust in the Commercial Methodology.

- ***Test modeled energy performance against DOE's actual building performance data:*** DOE has a wealth of data on actual building energy performance from Energy Star Portfolio Manager and the Buildings Performance Database. It should use these datasets to test the Commercial Methodology's assumptions regarding modeled performance.

- ***Rely on Energy Star Portfolio Manager's building classifications:*** The Commercial Methodology's list of "prototype buildings" should be synchronized with Energy Star's list of "property types in Portfolio Manager." Energy Star's categories reflect the industry's standard asset types used in commercial real estate ownership, operations, and financing, and DOE should embed them in its assessments of energy code cost effectiveness.

- ***Rent control inhibits cost recovery of energy investments in multifamily assets:*** DOE's RFI seeks information regarding cumulative regulatory burdens on real estate development projects. In this regard, we emphasize that rent control laws directly restrict rental income flows – and thus affect significantly the timing, financing, and means of payment for energy efficiency investments by multifamily owners, builders, and financiers.

- ***Building Performance Standards (BPS) and energy codes should be equally subject to DOE's cost effectiveness methods:*** DOE should evaluate consumer affordability and economic impact of state, local, and model Building Performance Standards (BPS) using the Commercial Methodology it applies to energy codes. We believe this recommendation is compelled by the fact that DOE has provided funding and technical support for both BPS laws and building energy codes under the same statutory authorities.

Detailed responses to DOE's RFI are attached as **Addendum 1.** Please contact Duane Desiderio (ddesiderio@rer.org), Senior Vice President and Counsel with The Real Estate Roundtable, for further information regarding these comments.

Sincerely,

Jeffrey D. DeBoer
President and Chief Executive Officer

The Real Estate Roundtable

ADDENDUM 1

SPECIFIC ANSWERS FROM THE REAL ESTATE ROUNDTABLE TO DOE's INFORMATION REQUESTS

DOE RFI: **Suggestions for potential thresholds for payback periods; data and studies that demonstrate the appropriate length of time applicable to energy efficiency measures; and better methods of evaluating consumer benefits. (Q1, 8)**

- **RER Response:** ***DOE should assess energy code cost effectiveness by publishing results over a range of different payback time periods, reflecting marketplace practices for how long commercial real estate is typically held, financed, and refinanced.***

  - ***Lifecycle cost analysis should inform – but not determine – code cost effectiveness.***

Lifecycle cost (LCC) analysis is currently DOE's "primary metric … to evaluate whether a particular code change is cost effective."[2] For privately owned buildings, the current Commercial Methodology assesses return of initial compliance costs with energy savings over ***a 30-year study period*** ("Scenario 2, or "Privately-Owned Method"), and ***a 40-year study period*** ("Scenario 3 – Scalar Method" established by ASHRAE 90.1's project committee).[3]

We recommend that DOE not treat LCC as its sole, dispositive "primary metric" for cost effectiveness. The current Commercial Methodology appears to justify 30- and 40-year analysis periods simply because commercial buildings last a long time.[4] That does not reflect the economic reality of commercial real estate financing and business decision-making in the marketplace. Using 30- and 40-year horizons will virtually ***always*** deem a code revision cost effective. Decades-long LCC analysis periods obscure whether consumers ever experience meaningful cost-saving benefits from energy efficient equipment. For example, a measure may have positive 30-year net present value ***for the building***. But it may take 15–20 years before cumulative savings ***for the consumer*** exceed initial and on-going operational costs.

  - ***DOE should supplement 30- and 40-year lifecycle costs with first-cost analyses accounting for typical real estate financing horizons and more reasonable payback periods.***

A code update might be cost effective over 30 years. But it is probably not cost effective over 10 years or less. We thus encourage DOE to report on energy code cost effectiveness by publishing results over a range of years – *e.g.*, 3-, 5-, 10-, 15-, 20- and 30-year results.

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[2] Commercial Methodology, § 4.2, "Economic Metrics," at p. 20
[3] Id., § 4.1.2.2, "Study Period," at p. 19.
[4] Id., § 4.3.4.1, "Economic Study Period," at p. 27 ("Commercial buildings will typically last 50 years or more").

Commercial owners, tenants, developers, lenders, and investors typically operate on far shorter "hold" periods than 30 or 40 years. Code analyses stretching over decades disregard the economic impact of upfront costs borne by the businesses paying for and investing in construction in the "here and now." Because the parties paying the costs for upfront code compliance often do not own the building long enough to realize a substantial portion of the projected energy savings, DOE's 30- to 40-year LCC methodology can exaggerate the practical economic benefits experienced by the actual businesses that are building and paying for the project.

The Commercial Methodology diminishes simple payback methods. It declares they are ***not*** DOE's "primary metric"[5] and improperly concludes simple payback "does not measure cost effectiveness."[6] Yet a study conducted by Lawrence Berkeley National Laboratory (LBNL) that interviewed commercial building owners, developers, operators, tenants, and investors found ***simple payback is "almost always" important to CRE stakeholders*** – and the most commonly-preferred payback periods ***"fall in the three- to five-year range."***[7] According to LBNL's study:[8]

- ✓ "Virtually all of our interviewees brought up simple payback period as a key factor in the evaluation of energy projects" to evince a meaningful rate of return on energy efficiency investments.

- ✓ "The most common responses fell in the three- to five-year range, and a couple mentioned that their organizations' payback thresholds had actually decreased from previous practice (e.g., where five years had been acceptable ten years ago, three was now the cut-off)."

Furthermore, "real world" practices for typical commercial building lending undermine the Commercial Methodology's current approach. DOE's assumptions mistakenly ***treat loan payments as "constant payments" across every year of its 30- to 40-year study period.***[9] However, income-producing commercial buildings are typically financed with mortgages maturing in far less than 30 years.

Permanent commercial mortgages are typically ***amortized*** over 25 to 30 years, but carry a much shorter ***term*** of 5 to 10 years. The result is that only a fraction of principal is repaid during the loan's life, with the large remaining "balloon" balance due at maturity — forcing a sale or refinancing on a 5-to-10-year cycle, not a 30-to-40-year one. Common structures for commercial real estate loans across the Federal Reserve System[10] typically span:

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[5] Id., § 4.2.4, "Simple Payback Period," at pp. 22-23.
[6] Id., § 4.2.5, "Economic Metric Summary," Table 5, at p. 23. DOE's methodology reports a simple payback perspective "for informational purposes only, not as the basis for concluding a particular code, standard or proposal is cost effective." Id. § 4.2.4, "Simple Payback Period," at p. 23
[7] LBNL and RMI, *Energy Efficiency and the Real Estate Lifecycle*, p. 4
[8] Id., p. 13.
[9] Commercial Methodology, § 4.3.2, "Scenario 2: Privately Owned Method Parameters," p. 25
[10] Board of Governors of the Federal Reserve System, *Senior Loan Officer Opinion Survey on Bank Lending Practices* (SLOOS) (released quarterly); Federal Reserve Bank of New York, Staff Report, *Extend-and-Pretend in the U.S. CRE Market* (rev. June 2026); Federal Reserve Bank of St. Louis, *Commercial Real Estate in Focus* (May 30, 2024); Federal Reserve Bank of St. Louis, "Flow of Funds" data; Federal Reserve Bank of Richmond, Economic Brief, *Understanding the Surge in Commercial Real Estate Lending* (Aug. 2017); See also Office of the Comptroller of the Currency (OCC), *Commercial Real Estate Lending* (Comptroller's Handbook) (March 2022); Mortgage Bankers Association, *Annual*

- ***2 to 5 years*** for construction and development loans, to align with project completion deadlines;

- ***5 to 10 years*** for permanent commercial mortgages, often structured as interest-only followed by a balloon payment of principal requiring the asset's refinancing or sale upon maturity; and

- ***5 to 15 years*** for unsubsidized multifamily loans for assets with stable rental income streams.

Furthermore, DOE "assum[es] a single owner keeps the property throughout the analysis period" for 30 years – and thus presumes the party paying upfront costs for updated code measures in Year 1 will recoup long-term energy saving benefits.[11] Again, this does not reflect economic reality. A substantial portion of projected energy savings usually accrues to ***future*** owners and tenants rather than the entity actually paying for initial code compliance. Building owners, lenders, and equity investors evaluate investments by considering near-term cash flow, debt-service coverage, refinancing prospects, and property value at the time of sale or loan maturity—not on energy savings projected decades into the future.

Accordingly, RER recommends that DOE should supplement 30- and 40-year LCC analysis with evaluations based on more reasonable payback periods as per the LBNL study discussed above, as well as typical commercial loan horizons. We encourage DOE to assess energy code cost effectiveness by publishing results over a range of years – *e.g.*, 3-, 5-, 10-, 15-, 20-, and 30-year results. This would avoid a "one size fits all" methodology, allowing policymakers and stakeholders to better understand how a code's costs and benefits are distributed across different commercial building ownership structures, financing horizons, and asset types. Our suggestion better reflects economic decisions faced by private sector businesses – and job creators – responsible for financing and complying with building energy codes.

DOE RFI: **Input on appropriate discount rates. (Q8)**

- **RER Response:** ***DOE should assess energy code cost effectiveness using several alternative discount rates that better reflect the typical "capital stack" for commercial real estate financing.***

The discount rate selected by DOE is a critical assumption in LCC code analysis because it determines how much weight is given to future energy bill savings relative to current compliance costs. A lower discount rate makes future savings look more valuable. For example, a code measure that saves $1,000 per year for 30 years may appear highly cost effective at a 5% discount rate – but much less attractive at an 8%, 10%, or 15% rate.

Commercial/Multifamily Loan Maturity Volumes; Crestmont Capital, *How to Predict Future Loan Payments if Rates Rise: The Complete Guide for Business Owners* (Nov. 18, 2025); First National Realty Partners, *"Why Commercial Real Estate Investments Require a 5-10 Year Holding Period;"*; Moody's, The State of CRE Lending; Private Equity Realty Investments (PERI) Capital Group, *CRE 101 – Investment Lifecycle of CRE Investments*; and CBRE sources cited at fn. 18.

[11] Id., § 4.3.4.1, § "Economic Study Period," at p. 27. See also Id. § 4.3.2, p. 26 (loan interest payments begin on "year 1" and "assumed continue through the end of the 30-year analysis period").

For Scenario 2 (the "Privately-Owned Method"), ***"DOE intends to set the nominal discount rate to be equivalent to the selected commercial loan interest rate."***[12] DOE never states directly what these rates are. Piecing together various sections of the Commercial Methodology, DOE appears to use a "discount rate" of 5% or 8% under Scenario 2.[13]

In any event, selecting a "one-size-fits-all" discount rate (at 5% or 8%) does not reflect reality in real estate debt and equity markets. Different parties face different costs of capital. For example, 5.12% is the current rate for 30-year Treasuries[14] and 4.65% is the current rate for 10-year Treasuries.[15] Over DOE's selected 30-year timeline, even moderate inflation would significantly degrade investments at these levels.[16] Furthermore, financing terms vary by asset type. Interest rates, maturities, and other loan conditions are not the same across the board for office, multifamily, retail, industrial, hotel, etc. Selecting a single 5% or 8% discount rate for a 30-year investment (or for that matter, even a 10-year horizon) does not reflect rational business decision-making because it would crush building owners' purchasing power in the energy efficiency investments they make today.

As noted, a 5% discount rate approximates current U.S. Treasury borrowing costs for 30-year notes.[17] Commercial building owners, developers, and investors, however, do not finance non-subsidized private projects at risk-free Treasury rates. They borrow in the private market at higher rates that include a risk premium over the Treasury baseline. Real estate projects are typically financed through a "capital stack" of initial construction loans, usually wrapped into "permanent" commercial mortgages in "first lien" position on an asset after construction is completed – plus subordinated mezzanine debt and equity investments that assume more risk and thus come with higher interest rates and expected returns.[18, 19]

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[12] Commercial Methodology, § 4.3.4.5, p. 29.
[13] For Scenario 2, "DOE intends to use" the loan interest rate selected by ASHRAE. (Id., § 4.3.4.3, p. 28.). ASHRAE uses a "loan interest rate" of 5%. (Id., § 4.3.3, Table 9, p. 26.). Thus, if DOE's "discount rate" is equal to the "loan rate," both are apparently 5%. Yet, "Appendix C – Cost effectiveness Parameter," states DOE uses an 8% nominal discount rate. DOE should be clear as to what rate it uses, and how it selected that rate.
[14] https://www.cnbc.com/quotes/US30Y/ (accessed July 27, 2026).
[15] https://www.cnbc.com/quotes/US10Y (accessed July 27, 2026).
[16] Federal Reserve Bank of Cleveland, Inflation Expectations; J.P. Morgan Research, Global Inflation Forecast.
[17] Supra note. 14.
[18] The table on p. 5 was prepared based on studies and analysis from leading commercial real estate analytics, investment, and advisory firm, CBRE. See Institutional Valuation and Advisory Services, *"Debt Valuation Methodology Overview Q2 2026"*); CBRE Research "*Commercial Real Estate Investment Volume Surges, Lending Conditions Improve*" (Q1 2026) (April 30, 2026); "*Eyeing Real Estate Returns Over a 10 Year Horizon*" (Feb. 19, 2026); CBRE Research, "*2026 North American Investor Intentions Survey*" (Jan. 29, 2026); CBRE Econometric Advisors, Debt Monitor (July 2025); CBRE Investment Mgmt., *U.S. Real Estate House View (H2 2025)*; CBRE Research, *Some Distress Will Emerge Amid Wall of Loan Maturities* (May 8, 2024); CBRE Research, "*Debt funding gap arises in multifamily sector*" (Oct. 25, 2023); CBRE Research, "*A financing gap is no longer the concern, but a cash trap might be*" (June 13, 2023).
[19] Data in the table on p. 5 is further supported by the following: First National Realty Partners, *Measuring Private Equity Real Estate Returns*; IRC Partners, *Commercial Real Estate Financing Rates: What $10M+ Sponsors Need to Know Before Approaching Institutional Lenders* (May 1, 2026); Janover, *Commercial Real Estate Loan Rates* (July 2026); Janover, *Mezzanine Loans for Apartment and Multifamily Properties*; Mortgage Bankers Ass'n, Commercial/Multifamily Real Estate Finance Database; Met Life Investment Mgm't, *Real Estate Debt: Navigating the New Frontier* (July 10, 2024); Select Commercial Funding LLC, *Commercial Mortgage Rates – Current Rates as of*

Capital Source	Position/ Risk	Interest Rate/ Targeted IRR	Maturity	Comments
Construction Loan	Senior during development, lease-up	8% - 11%	2-3 year initial term; extensions commonly provide up to 4-5 year total term	Commonly floating rate and interest only. Wrapped into permanent loan when construction ends.
Permanent Senior Mortgage	1st lien after property's stabilization	6%-8%	5-10 years	Non-subsidized
Mezzanine Debt	Behind senior debt	10% - 18% (selected higher risk transactions at 20% or above)	3 – 10 years (matures at or before the senior loan)	Generally tied to same "exit event" (sale or refinance) as senior financing.
Private Equity	Last in line	6% - 20% targeted Internal Rate of Return	5 – 10 year "hold period"	Rates ranging from "core" to higher-risk "opportunistic" investment

The layering of risk is why interest rates and required returns rise dramatically moving down the capital stack. For example, because mezzanine financing and equity capital generally carry substantially higher costs than senior mortgage debt, the economic burden imposed by a code-required expenditure will exceed direct equipment costs incurred at the time of construction. There is a significant difference between the initial incremental cost of $500K for an HVAC upgrade financed with a first-position mortgage at 6% – versus the real economic cost of $500K paid with a mezzanine loan at 12%, or with equity investors targeting a 15% (or more) opportunistic return. These differences can dramatically affect whether a code measure appears cost effective.

The current Commercial Methodology's selected discount rate overstates the present value of future energy savings relative to the actual financing costs borne by building owners and developers, paying for a project to "meet code" ***today***. Accordingly, RER urges:

- DOE should not rely on ASHRAE's process to set the "commercial loan rate," which is then used to establish the Commercial Methodology's "discount rate." Instead, DOE should consult sources with expertise in bank lending rates – e.g., the U.S. Treasury Department, the Federal Reserve, the Office of the Comptroller of the Currency, other federal financial regulatory agencies, and leading financial firms and organizations – to establish the "commercial loan" and "discount" rates used to assess code cost effectiveness.

- DOE should likewise consult with Treasury, the federal financial regulatory agencies, and institutional lenders for research and data to ascertain going rates for first-position commercial loans, construction loans, mezzanine/unsecured loans, and rates expected by private equity investors. These are all key components of the "capital stack" for privately-owned commercial real estate.

July 12, 2026; Valiance Capital, *Understanding the Differences Between: Core, Core Plus, Value-Add, and Opportunistic Investments*

- DOE should thereafter publish a range of cost effectiveness scenarios with different discount rates sensitive to various sources of capital reflected in the table above – e.g., low-, medium- and high-risk – to evaluate real-world economic impacts of proposed code revisions.

DOE RFI: **Suggestions for data and analysis approaches that more accurately reflect economic benefits to consumers. (Q4)**

- **RER Response:** ***DOE should conisder the effects of federal tax depreciation rules when evaluating the economic impacts of commercial and multifamily building energy code updates.***

The Commercial Methodology states, "[t]he discount rate is chosen to represent the desired perspective for the economic analysis … ***in a post-tax context.***"[20] In this regard, another reason for DOE to place greater emphasis on first-cost impacts is the application of federal tax depreciation rules relative to energy code-related building equipment and systems.

Under the IRS tax code, the standard cost recovery ("depreciation") period for residential rental property is **27.5 years**, and for non-residential commercial property is **39 years**.[21] Land value cannot be depreciated. Only structural and non-structural building improvements – like the systems and equipment covered by ASHRAE 90.1's energy efficiency standard – generally qualify for depreciation deductions claimed by private sector real estate owners.

Because many energy efficiency improvements must be recovered through long depreciation schedules, building owners frequently incur immediate compliance costs while realizing tax benefits very slowly and gradually over decades. Commercial code window or roofing measures that cost $500,000 today, but must be recovered over a 39-year depreciation schedule, impose a substantially greater economic burden than a measure whose costs are immediately deductible. Simply put, a dollar spent on a code-required upgrade typically does not create an immediate dollar-for-dollar tax deduction.

We note RER's longstanding position that federal tax policymakers should enact simplified "accelerated depreciation" rules as a meaningful incentive for owners to more quickly recoup costs of building energy efficiency components (rather than over 27.5 or 39 years). Both the *Tax Cuts and Jobs Act of 2017* and the *One Big Beautiful Bill Act of 2025* emphasized "bonus depreciation" as a key strategy to spur sound and responsible business investments, economic growth, and job creation.[22] Similar treatment should be afforded to commercial and multifamily building investments in high efficiency systems and equipment pertinent to ASHRAE 90.1. Such a change, however, would require an act of Congress.[23]

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[20] Commercial Methodology, § 4.3.4.5, "Discount Rate," at 29.
[21] 26 U.S.C. § 168(c).
[22] E.g., IRS, "*Tax Cuts and Jobs Act: A comparison for businesses*" (heading under "Deductions, depreciation and expensing"); IRS, "*Treasury, IRS issue guidance on the additional first year depreciation deduction amended as part of the One, Big, Beautiful Bill*."
[23] RER led a coalition of other real estate groups and NGO advocates in supporting bipartisan legislation introduced in the 117th Congress, H.R. 2346, *The Energy Efficiency Qualified Improvement Property (E-QUIP) Act*. (See May 8, 2019 letter to Senate Finance Committee and House Ways & Means Committee leadership). The *E-QUIP Act* aimed to

In any event, ignoring the timing of extant depreciation deductions understates the economic burden of immediate expenses incurred from code compliance ***now***. DOE's 30-year lifecycle framework assumes a continuity of ownership that generally does not exist in commercial real estate markets. As a result, the Department is overstating the economic attractiveness of code-required investments whose tax benefits accrue over periods longer than typical ownership horizons.

In sum: DOE's cost effectiveness analysis should account for tax depreciation periods applicable to energy code upgrades because depreciation rules affect the timing and magnitude of economic burdens on building owners. Costs for most building efficiency measures associated with ASHRAE 90.1 can only be recovered over lengthy depreciation periods, delaying tax benefits and magnifying the cost impacts of immediate compliance.

DOE RFI: **Suggestions for data and metrics on energy costs that more accurately reflect costs paid by the consumer, and the appropriateness of considering regional differences in energy costs for national-level analyses. (Q5)**

- **RER Response:** ***We encourage DOE to supplement its national cost effectiveness methods with regional analyses that reflect variations in local costs for prices of materials, labor, energy, and other key inputs. Transparency is especially warranted regarding DOE's approach to forecast future energy savings—because this assumption is easily manipulated and critical to the soundness of any determination that a building code update is "cost effective."***

  - ***Regional Cost Differences on Materials and Labor:***

DOE should evaluate the economic impacts of building energy code changes using regionally adjusted construction cost assumptions, rather than relying solely on national averages. A code's economic impact will be drastically different across U.S. real estate markets because construction, labor, and permitting costs vary widely region-by-region. A $1 per square foot increase in construction costs may be absorbed more readily in a high-rent urban "gateway" market, but could materially affect project feasibility in secondary or tertiary markets.[24] Illustrative non-proprietary sources to assess regional cost variations include:

- ✓ The RSMeans City Cost Index localizes national average construction costs to a specific city. It considers local differences in material prices, equipment costs, labor costs, and contractor overhead.

- ✓ The federal sam.gov webpage provides prevailing wage rates for commercial and residential trade workers in specific geographic areas (usually counties) across the U.S. While there is no requirement that workers must be paid prevailing wages on all private sector construction

address the 27.5-year (multifamily) and 39-year (commercial) depreciations periods with simplified, uniform 10-year straight-line depreciation treatment for high efficiency equipment. However, Congress rejected this approach and did not pursue *E-QUIP* accelerated depreciation in the *Inflation Reduction Act of 2022*.

[24] Equity Multiple, *Glossary for Investors*, "Gateway Market;" MetLife Investment Mgm't, *Gateway Markets and Core Property Types: Not What They Used to Be* (Feb. 20, 2024)

jobs, sam.gov is a reference for regional differences in labor costs for the workers that install, maintain, and operate building equipment and systems complying with ASHRAE 90.1.

- ***Regional Differences on Energy Costs and Forecasting:***

DOE should be particularly sensitive to regional variations in energy prices and forecasts, because its Cost Methodology hinges on an evaluation of consumers' utility bill savings spanning across decades.[25]

DOE must not treat modeled utility bill savings as equivalent to cash-in-hand. Energy prices are inherently volatile. Projections of energy saving benefits that may accrue over 30-years are uncertain and highly sensitive to estimates regarding price inflation. Meanwhile, the incremental construction costs imposed by code updates must be financed from Day 1; they are much more certain and immediate. Relatively small changes in electricity price forecasts can substantially alter the estimated benefits of an ASHRAE 90.1 model code update. Going forward, we urge DOE to make transparent its data sources and methods to forecast future electricity prices. This is critical to improve stakeholders' trust in the Cost Methodology.

In addition, the same energy code provision can generate dramatically different consumer costs and savings depending on localized variations in utility rates. A code measure that saves electricity is worth more in areas with high utility rates compared to areas with low rates. Northeastern, West Coast, and Mid-Atlantic markets often have high electricity prices, while U.S. interior and Southeastern markets generally have relatively lower prices.[26] The U.S. Energy Information Administration (EIA) provides a wealth of data regarding state and regional variations in residential and commercial energy prices.[27] DOE's Cost Methodology should state which EIA sources it uses – and how it uses them – to assess regional variations in building energy code cost effectiveness, especially regarding electricity price forecasts.

Electricity prices 30 to 40 years in the future are wholly uncertain and affected by numerous factors outside the control of building owners. DOE should thus avoid treating a single electricity price forecast as determinative of cost effectiveness. Instead, DOE should present a range of outcomes demonstrating how alternative electricity price trajectories affect the economic justification for proposed code updates. RER requests that DOE supplement its code cost effectiveness methods with sensitivity analyses using alternative pricing forecasts. The Department should employ low-, medium-, and high-electricity price scenarios rather than relying on a single forecast trajectory.

DOE RFI: **The appropriateness of developing and maintaining a publicly available database that estimates real market costs to consumers from building energy codes. (Q2)**

[25] Commercial Methodology, § 4.2, "Economic Metrics," at p. 20
[26] E.g., US-EIA, Regional Wholesale Markets: April 2026.
[27] E.g., US-EIA, Electric Power Monthly; *State Electricity Profiles*

- **RER Response:** ***A public database identifying specific sources, market costs, and assumptions used in codes cost effectiveness determinations would be very helpful to promote transparency and improve stakeholders' understanding of DOE's methods.***

RER encourages DOE to develop, maintain, and periodically update a publicly available database of the costs and assumptions associated with codes cost effectiveness determinations. Ideally, the database should go beyond engineering estimates and modeled incremental costs to include actual market data reflecting equipment prices, labor costs, permitting expenses, commissioning costs, interest borrowing rates, regional cost variations, and energy prices and forecasts.

Such a resource can also help stakeholders ensure that future code determinations are grounded in current and verifiable market data rather than generalized national averages or outdated assumptions. A transparent and publicly accessible database would improve the accuracy, credibility, and ability to replicate and test the validity of DOE's analyses.

- ***Data to Check Modeled Against Actual Performance: ENERGY STAR Portfolio Manager and DOE's Building Performance Database***

DOE should explore how it may use energy "benchmarking" information from actual buildings to test the performance assumptions and models in the Commercial Methodology. Stakeholders' trust can be improved if model code evaluations are grounded not only in engineering simulations, but also checked against observed and quantified building performance.

DOE already has a wealth of actual building performance data at its fingertips. The Department should use aggregated benchmarking information derived from Energy Star Portfolio Manager (PM) and the Building Performance Database (BPD) to validate assumptions in the Commercial Methodology about commercial real estate energy use. Energy Star and BPD data can provide valuable insight into actual consumption patterns – across building types, geographic regions, and operating conditions – and test the energy usage savings predicted over 30-year LCC and the more realistic cost-benefit time horizons recommended above.[28]

***DOE RFI*: Suggestions for adding new or reconfiguring existing prototype buildings to better evaluate affordability and reflect the housing and buildings market (Q06).**

- **RER Response:** ***Energy Star Portfolio Manager building classifications should supplement prototype buildings used in the Commercial Methodology.***

We encourage DOE to evaluate building energy code revisions aligned with Portfolio Manager's property classifications.[29] These are the categories commercial owners, lenders, appraisers, investors, and policymakers rely on to measure and benchmark building performance for a variety of investment, regulatory, and other business purposes.

[28] Supra notes 10, 18, and 19 and accompanying text.
[29] Energy Star Portfolio Manager, U.S. Property Types, Definitions, and Use Details (Oct. 2024).

Because building energy use varies substantially by occupancy, operating hours, equipment intensity, and building function, reliance on a limited number of prototype buildings does not adequately capture the diversity of U.S. commercial real estate. Portfolio Manager's typologies offer a well-established framework for differentiating among buildings. They provide a valuable reference point to capture fuller representations of asset categories compared to the current Commercial Methodology's more limited range of buildings.[30]

DOE RFI: **Input on broader issues of regulatory burden caused by permitting delays and localized regulatory costs. (Q11)**

- **RER Response:** ***DOE should assess cumulative regulatory burdens on building development, construction, and operations—not solely the incremental cost of an individual ASHRAE 90.1 measure. In particular, the Commercial Methodology should consider that rent control laws can materially affect the ability of multifamily owners to finance and recover their costs to comply with heightened energy performance standards.***

We appreciate DOE's information request regarding the extent of regulatory burdens driving up costs of housing and commercial development. DOE's information request tracks a 2025 RFI on "Deregulation" from the White House Office of Management and Budget (OMB).[31] We echo the comments to OMB's 2025 RFI from our allied organizations in the real estate industry.[32] Their submissions assess dozens of regulations in the energy, financial services, environment, labor, and housing arenas. In the aggregate, the combined impact of all these regulations stifle innovation, slow growth, and hinder real estate projects from generating more tax revenues for communities and creating more jobs.

In the "building codes" universe alone – for the safety, well-being, and productivity of families, business tenants, occupants, and communities – commercial real estate development and construction must comply with: mechanical, electrical, and plumbing (MEP) codes; fire codes; accessibility codes; zoning codes; and energy codes. Then, there are additional regulatory layers of grid interconnection requirements; land-use regulations like impact fees; state and local NEPA-type environmental assessments; and procedures and approvals needed to conserve specific resources like wetlands, endangered species habitats, and historic properties. Along the way, economic development projects are frequently stalled (or stopped) by extensive public hearing processes and citizen suits motivated by NIMBY sentiments.[33]

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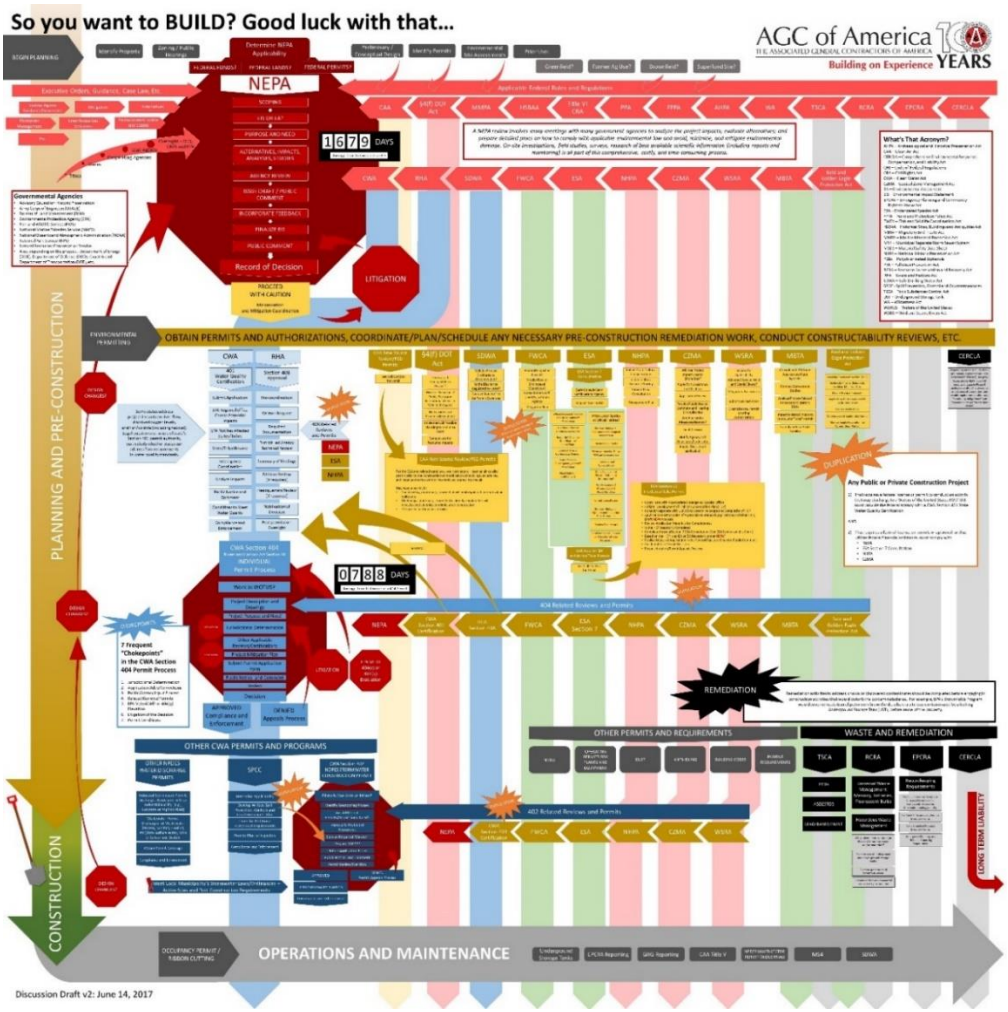
[30] DOE, Building Energy Codes Program, Prototype Building Models.
[31] White House Office of Management and Budget, *Request for Information: Deregulation*, 90 Fed. Reg. 15,481 (April 11, 2025).
[32] E.g., Comments from the National Association of Home Builders, and joint comments from the National Multifamily Housing Council and National Apartment Association.
[33] See, e.g., N.R. Brouwer and Jessica Trounstine, "*NIMBYs, YIMBYs, and the Politics of Land Use in American Cities*," Annual Review of Political Science (July 2024).

Sources regarding cumulative regulatory burdens on land development and construction include the Wharton Residential Land Use Regulatory Index,[34] the Terner Housing Policy Simulator,[35] National Association of Home Builder (NAHB) analyses on the price of government regulation,[36] and studies from Harvard University's Joint Center for Housing Studies.[37] The Associated General Contractors of America (AGC) has produced a compelling graphic. It depicts the maze of development and construction approvals ***just at the federal level*** that economic development projects must frequently navigate[38]:



[34] Wharton-University of Pennsylvania, Samuel Zell & Robert Lurie Real Estate Center, *A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential land Use Regulatory Index*, Working Paper #558.
[35] U.C. Berkeley, Terner Center for Housing Innovation, *How Local Market Conditions Shape Housing Policy Outcomes: Terner Housing Policy Simulator* (May 14, 2026).
[36] NAHB, *Government Regulation in the Price of a New Home: 2026* (June 8, 2026).
[37] E.g., Harvard University, Joint Center for Housing Studies, *The State of the Nation's Housing 2026*; *Making Apartments Affordable Starts with Understanding the Costs of Building Them* (May 5, 2020).
[38] AGC-The Construction Association, Environmental Review and Permitting Process Flowchart.

- ***Rent Control***

Rent control is a genre of regulation warranting discussion. We urge DOE to compare its national maps for building energy codes[39] and building performance standards (BPS),[40] with a map of states and localities that have adopted rent control laws.[41] There is significant overlap. Jurisdictions with dense regulatory frameworks around building energy performance are frequently the same jurisdictions with the most stringent rent restrictions on multifamily housing.

Regulators narrowly focusing on energy codes and BPS laws generally assume that economic returns generated by the asset – that is, rental income paid by tenants – will support associated investments in high efficiency equipment and building electrification. Meanwhile, housing regulators imposing rent restrictions and limiting apartment turn-over rates operate in ***their*** distinct arena, giving minimal or no thought to the costs of energy code compliance. Multifamily businesses are thus left in a Catch-22. Building owners have reduced cash-flow without a corresponding opportunity to charge rents at market rates to help finance upgrades in HVAC, lighting, building controls, insulation, windows, and related systems.

We urge DOE to account for this dilemma in the Commercial Methodology. Of course, the Department's mission is not to evaluate the merits of rent control policies. However, DOE's analyses should recognize that rent controls directly restrict income and thus affect the timing, financing, and recoverability of efficiency investments and, therefore, the real-world economic impacts of code updates and BPS laws on multifamily owners, builders, and financiers.

In July, Congress passed the most consequential housing legislation in a generation by impressively bipartisan margins.[42] The new law's overriding goals are to address the nation's housing shortage, increase supply, and make home prices and rents more affordable.[43] Expensive energy codes and rent control laws form a negative feedback loop that undermines bipartisan policy priorities to address the nation's housing affordability crisis. Cost effectiveness analyses for energy codes should not assume rent-controlled apartments receive unrestricted income streams to pay for heightened efficiency measures.

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[39] https://www.energycodes.gov/state-portal.
[40] https://www.energycodes.gov/BPS.
[41] https://naahq.org/advocacy/policy/issues/rent-control
[42] *21st Century Road to Housing Act.* The Senate approved the final package 85–5 on June 22, followed by a 358–32 vote in the House of Representatives on June 23.
[43] In a joint statement, Senate Banking Committee Chairman Tim Scott (R-SC) and Ranking Member Elizabeth Warren (D-MA**)** called the Senate's bipartisan vote "an important step toward addressing America's housing affordability crisis" and said the bill reflects years of work with the White House, Senate, and House to increase supply and expand access to affordable housing. Senate Banking Committee Press Release, June 22, 2026.

DOE RFI: **Suggestions for updating existing cost analysis approaches that more accurately reflect the real market costs paid by consumers. (Q9)**

- **RER Response:** ***DOE should evaluate the affordability and economic impact of state, local, and model Building Performance Standards (BPS) using the same Commercial Methodology it applies to energy codes. This recommendation is compelled by the fact that DOE provides funding and technical support for both BPS laws and building energy codes under the same statutory authorities.***

We urge DOE to apply its energy code Commercial Methodology to assess cost effectiveness and affordability of BPS laws. DOE has relied on the same federal statutes authorizing grants for "zero energy" and "stretch" building codes to also provide grants supporting BPS development. If DOE provides federal financial ***benefits*** to both codes and BPS laws, it follows that DOE should likewise assess ***costs*** of both types of building regulations under the same economic impact framework.[44]

RER's peer reviewed 20-Point BPS Policy Guide explains our perspectives on state and local BPS laws.[45] The end goal of many BPS laws and model frameworks is for buildings to strive for and attain a "net zero" emissions standard. Typically, "net zero" targets can only be achieved through energy efficiency levels that are too idealistic for many buildings to achieve, and/or through electrification requiring expensive retrofits that may be impracticable for many existing buildings. In short: reaching a "net zero" BPS mandate usually requires renter households, small business tenants, and building owners to eventually stop using gas appliances and switch to equipment that runs on electricity instead.

Many states and localities adopting BPS laws have not assessed fully the economic impacts on consumers before they enact "net zero" building mandates. To the extent some BPS cost-benefit analyses have been completed, they mirror many of the same problems with DOE's current Commercial Methodology discussed in these comments. **Addendum 2** summarizes analyses from the States of Colorado, Maryland, and Montgomery County, MD regarding their respective BPS mandates. Each of these assessments fails to account for immediate housing affordability or utility bill impacts on consumers; explain how electricity prices are forecasted and adjusted for inflation; or measure investment payback with BPS compliance over realistic time horizons reflecting real estate market practices.

BPS studies reviewed in Addendum 2 also cite to tax and other incentives in the abstract that, in theory, might help building owners defray costs with BPS compliance. Yet, the reports are illusory in

[44] For example, in 2024 DOE announced over a quarter of a billion dollars in grants to support state and local development and enforcement of BPS laws. In issuing these BPS grants, DOE relied upon *Inflation Reduction Act* §§ 50131 (a), (c) (pp. 225-226 here), which expressly authorized grants to assist states and localities for "stretch" "building energy codes" and "zero energy codes" – not BPS laws. While RER believes these BPS grants are illegal, for purposes of these comments, if DOE funds energy codes and BPS laws as equivalent regulations it should subject them to the same treatment cost effectiveness analyses. See letter from RER to Congressional Republican and Democratic Committee Leaders (Feb. 26, 2025).

[45] The Real Estate Roundtable, *Lessons Learned to Shape Fair and Reasonable Building Performance Standards: 20-Point Policy Guide* (Oct. 2024).

this regard, because they cite incentives that have since been phased-out by Congress. DOE should certainly review any state- and local-level BPS analyses that may have received federal support, with a critical eye against citations to federal tax benefits that do not exist.[46]

An analysis earlier this year from the New York State Energy Research and Development Authority (NYSERDA) assessed the consumer impacts of the state's *Climate Leadership and Community Protection Act (CLCPA)*. This legislation sets targets to lower New York State economy-wide GHG emissions 40% by 2030, and by at least 85% by 2050. We commend NYSERDA for its plain, straightforward, and transparent explanation that full compliance with the CLCPA's 2030 clean energy goals could:

- Increase gasoline prices by $2.23 per gallon on top of current prices; and
- Increase household energy prices in excess of $4,000 per year.[47]

Policymakers should – but to date, do not – estimate similar consumer impacts when they promote and develop BPS laws.[48] When DOE funds or otherwise supports state and local "net zero" BPS mandates, we urge it to apply the same cost effectiveness treatment it affords to building energy codes.

# # #

Please contact Duane Desiderio (ddesiderio@rer.org), Senior Vice President and Counsel with The Real Estate Roundtable, if you require further information or have questions regarding these comments.

[46] Id., Point 20: "Jurisdictions Must Evaluate and Offer Actual, Not Theoretical, Incentives to Help Building owners Coply with BPS Targets."
[47] NYSERDA, "Likely Costs of CLCPA Compliance" (Feb. 26, 2026).
[48] RER 20-Point BPS Policy Guide, Point 3: "Jurisdictions Should Ensure Their BPS Laws Will Not Undermine Housing Affordability Goals or Efforts to Revitalize Struggling Buildings and Communities"; Point 4: "Jurisdictions Should Conduct an Economic Impact Analysis of their BPS Laws."

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ADDENDUM 2

Summary of Selected BPS Law Economic Impact Analyses

- ***Colorado:*** Colorado has a statutory goal of 90% reductions in GHG emissions by 2050 (from a 2005 baseline).[49] A statewide BPS known as Regulation 28 is intended to drive buildings toward this goal with caps on energy use and emissions.[50] Reportedly, "many owners of older buildings can't hit [these caps] without ripping out gas appliances for electric ones."[51]

  - Regulation 28's economic impact report states that, "***over the timeframe of 2024-2050,****"* the rule's implementation will achieve an estimated $4.57 billion in electricity savings; $577.5 million in natural gas savings; the "reduction costs from the inclusion of the ***social cost of carbon*** account for $1,239,234,731.12"; and "energy savings along with the ***avoided social cost of GHG emissions*** is estimated at $6,393,832,373."[52]

  - As with DOE's current Commercial Methodology, Colorado's fiscal analysis of Regulation 28's overstates remote and speculative modeled benefits and underestimates more immediate and concrete affordability impacts on consumers and businesses.

  - In the marketplace, commercial building owners, developers, and financiers cannot use avoided global climate damages or use a "social cost of carbon" analysis to service debt, obtain financing, improve cash flow, or recover the incremental costs imposed by stringent BPS mandates.

- ***Maryland:*** The *Climate Solutions Now Act of 2022* set a statewide requirement to reach net-zero by 2045, with an interim goal of 60% reduction (below 2006 emissions) by 2031.[53] To further those ambitions, the law also established a statewide BPS mandate on the buildings sector to "reduce onsite energy use and greenhouse gas emissions over time and reach net-zero emissions by 2040."[54]

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[49] Colorado General Assembly, HB19-1261 (2019 Regular Session), "Climate Action Plan To Reduce Pollution"; Colorado Greenhouse Pollution Roadmap, Executive Summary.
[50] Colorado Dep't of Public Health and Environment, press release, *"Colorado establishes new standards for large buildings to use less energy, reduce costs for owners and tenants"* (Aug. 17, 2023).
[51] The Denver Gazette, Editorial Board, *"Will feds spare Colorado from its own electrification agenda?"* (June 25, 2026).
[52] Colorado Department of Public Health and Environment, Air Pollution Control Division, Regulatory Analysis, "Regulation Number 28: Building Benchmarking and Performance Standards," Section IV, fns. 12 and 13 (Aug. 10, 2023). This analysis is linked in the press release cited in note 40 but is no longer active. RER could not locate this analysis online but we maintain a hard copy.
[53] Maryland General Assembly website, *Climate Solutions Now Act of 2022*.
[54] Maryland Energy Administration website, *"Building Energy Performance Standards."*

- Emissions and economic modeling explained in the state's technical BPS support document estimates billions will be spent in upgrade costs, with many buildings facing net costs even after long-terms savings might result.[55]

- Maryland is moving forward with its statewide BPS even after "[r]esults from a 2024 study by the U.S. Department of Energy's Lawrence Berkeley and Pacific Northwest National Laboratories demonstrate[d] that ***during BEPS implementation (2025-2040),*** under the current regulations that include emissions standards … ***all covered buildings will spend more on efficiency measures ($205 million) and electrification measures ($5.53B) than the energy cost savings accrued in this period ($1.2B).***"[56]

- The ratio between modeled costs and savings gets even worse for businesses and consumers once Maryland adopts BPS efficiency targets. "During BEPS implementation ***(2025-2040)***, under a future regulation that includes emissions ***and*** EUI standards, ***all covered buildings will spend more on efficiency measures ($8.8B) and electrification measures ($6.4B) than the energy cost savings accrued in this period ($8.96B).***"[57]

- Maryland's technical document cites to a federal tax deduction that in theory might help business owners defray compliance costs with its statewide BPS.[58] Aside from the fact that private sector owners have been unable to use the referenced 179D tax deduction for myriad reasons beyond the scope of these comments, ***the 179D deduction has now expired.*** It was phased-out under the *One Big Beautiful Bill Act* that became law on July 4, 2025.[59] As RER stated in our 20-Point BPS Policy Guide, jurisdictions conducting fair and responsible analyses of BPS cost effectiveness "must evaluate and offer actual, not theoretical, incentives to help buildings comply with BPS targets." [60]

- ***Montgomery County, MD:*** Montgomery County's climate action plan is even more ambitious than Maryland's. It aims to reduce GHG emissions by 80% by 2027, and achieve zero emissions by 2035.[61] The County's BPS mandate sets interim and final performance standards for building site EUI and GHG targets. [62] The law's technical analysis[63] states:

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[55] Maryland Dep't of the Environment, "Technical Support Document for COMAR 26.28 – Building Energy Performance Standards" (July 2024).
[56] Id., p. 6.
[57] Id.
[58] Id. ("Significant funding from the federal Bipartisan Infrastructure Law and the Inflation Reduction Act is expected to reduce costs of compliance with BEPS for Maryland's affected sources and speed their return on investments. For example, the federal Energy Efficient Commercial Building Tax Deduction provides up to $5 per square foot for projects that reduce energy usage intensity, including electrification projects").
[59] See RER Fact Sheet, "Clean Energy Tax Incentives and the OB3 Act – What CRE Should Know" (Aug. 27, 2025); RER Fact Sheet, "Inflation Reduction Act of 2022 – Clean Energy Tax Incentives Relevant to U.S. Real Estate" (updated July 31, 2023).
[60] See RER's 20-Point BPS Policy Guide, Point 20.
[61] Montgomery County's Climate Action Plan, Fiscal Year 2025 Annual Report.
[62] See https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-158205.
[63]Steven Winter Associates, Inc., Building Energy Performance Standards Development – Technical Analysis, Montgomery County, MD (Feb. 2022).

- The law's Zero Net Carbon Goal ***"require[s] the elimination of most on-site fuel burning.***"[64] "[T]he reduction of on-site emissions through fossil fuel efficiency and eventual electrification may be the only way to achieve carbon neutrality."[65]

- ***Investments with a "Less-than-Five-Year Payback Package" will not satisfy the County's long-term efficiency and emissions goals.***[66] "[F]urther work is needed in most cases to meet the [energy efficiency] targets and in all cases to meet the [zero net carbon] target."[67]

- "In general, ***the highest energy savings correspond with relatively high upfront cost,*** with that cost mostly driven by electrification measures in fossil-fuel heated buildings."[68]

- Even with installing electrification measures, ***"annual dollar savings per square foot are more modest due to the relatively higher cost of electricity compared to natural gas today.***"[69]

- "[T]he ZNC target was met via measures that had significant costs, and with a low ROI, especially where electrification would be required to meet the target."[70]

- "***The SNC target would force nearly complete electrification of buildings subject to the BEPS policy. It would be technically attainable, although for some buildings the costs and level of effort, including inside tenant spaces, would be significant.***"[71]

- Incentives from utilities, tax credits or depreciation, or preferred green financing rates "may improve the financial performance of the investment" – but the report refers to them in the abstract and cites no specific incentives that are widely available to actually help commercial and residential owners with BPS compliance.[72]

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[64] Id. at p. 4.
[65] Id. at p. 7.
[66] Id.
[67] Id. at p. 8.
[68] Id.
[69] Id.
[70] Id. at p. 11
[71] Id.
[72] Id. at p. 8. See also supra notes. 46, 59.

The Real Estate Roundtable

ADDENDUM 3

About The Real Estate Roundtable

www.rer.org

The Real Estate Roundtable is an invitation-only organization whose members are the Chairs, Presidents, and CEOs of top public and privately-owned real estate entities and trade associations, across every segment of the commercial real estate industry – as well as the Managing Directors of major national and international financial, pension, and lending entities. Roundtable members also include significant local and regional real estate leaders and advisors, along with the elected leaders of 18 national real estate trade associations.

Members of The Real Estate Roundtable work closely with Washington lawmakers and regulators to produce meaningful results on key national issues that affect the industry. The organization is committed to fact-based analysis of issues and sound, asset-related policies that have a positive impact on economic growth, job-creation, and local communities.

Real Estate's Impact on the U.S. economy:
(*See* Commercial Real Estate by the Numbers: 2026)

- **$26.8 trillion:** Total value of investable commercial real estate in the U.S.
- **$2.5 trillion:** Real estate's contribution to U.S. GDP
- **14.2 million:** U.S. jobs directly supported by real estate
- **$630 billion:** Yearly property taxes paid by CRE owners to local governments
- **$900 billion:** Amount invested in U.S. real estate by pension funds, educational endowments, and charitable foundations