

## **Single-Family Home Sustainability Initiative**

1. **Purpose.** The purpose of this Circular is to define the Department of Veterans Affairs (VA) support for the Single-Family Home Sustainability Initiative. This Circular introduces voluntary above-code wind hazard resilience standards, an above-code water efficiency standard, and reiterates VA's energy efficiency programs and incentives available to Veteran home loan borrowers.

2. **Background.** The increase in the number of extreme weather events, seismic activity in some areas, and flooding in both coastal and inland areas highlights the urgency of planning and building in the most resilient ways that are economically feasible, protect life and property, and reduce federal disaster resource demands. The President's Climate Action Plan encourages federal agencies to implement strategies that reduce energy and water usage, and strengthen hazard preparedness in the properties we touch. Efforts to address building safety, energy and water efficiency, and hazard resilience are ongoing through public and private initiatives. Lenders, borrowers, and other participants in the VA Home Loan program are encouraged to pursue the most energy efficient, water efficient, and hazard resilient homes feasible, and to seek the benefits of doing so, where available. VA permits, but does not require, any of the following recommended standards, activities or equipment.

3. **Wind Hazard Resilience.** The gaps in the regulation of our buildings are perhaps most acute for single-family homes located in high wind hazard areas. Building, or retrofitting, single-family homes to a stronger wind standard would increase likelihood of community resilience to wind storm events.

a. The Federal Emergency Management Agency (FEMA) has published excellent resources for property owners and builders to mitigate wind hazards, including:

(1) P-804, Wind Retrofit Guide for Residential Buildings (<https://www.fema.gov/media-library/assets/documents/21082>), and

(2) P-320, Taking Shelter from the Storm: Building a Safe Room for Your Home or Small Business (<https://www.fema.gov/fema-p-320-taking-shelter-storm-building-safe-room-your-home-or-small-business>).

(LOCAL REPRODUCTION AUTHORIZED)

4. FORTIFIED Home™. There is a robust resilient building and retrofitting standard called FORTIFIED Home™. FORTIFIED Home™ was developed by the Insurance Institute for Business & Home Safety (IBHS) through careful research of home construction performance in their testing laboratory, and in the field during and after natural disasters. FORTIFIED Home™ is a third-party validated designation which has been recognized by federal programs for mitigation of risks to single- and two-family homes from hurricane, high wind, and hail events. Lenders, borrowers, and other participants in the VA Home Loan program are permitted to pursue homes with the FORTIFIED Home™ designation for new construction or retrofits of single-family homes in wind-prone areas. VA also encourages participants to pursue other opportunities for resilient construction or retrofits that may reduce natural hazard risk, where appropriate, and which may result in lowered future costs. For more information, please visit <https://disastersafety.org/fortified/>.

5. Water Efficiency. The United States Environmental Protection Agency's WaterSense® is a water-saving (and energy-saving) program. Water and sewer costs are rising nationally, representing an increasing share of property expenses. Products with the WaterSense® label have been third-party certified to be at least 20 percent more efficient than average, without sacrificing performance. VA permits lenders and borrowers to promote the use of WaterSense® fixtures in all residential bathroom construction, rehabilitation, and fixture replacements. Homeowners and borrowers that want to go further can apply for the whole home WaterSense® label, which goes beyond fixtures to include design strategies to minimize energy intensity and heat loss of water distribution, and landscape irrigation. Some states, localities, and water utilities offer rebates for installation of water-saving fixtures. The WaterSense® website maintains information on rebates available to property owners that utilize labeled products in each state: [https://www3.epa.gov/watersense/rebate\\_finder\\_saving\\_money\\_water.html](https://www3.epa.gov/watersense/rebate_finder_saving_money_water.html).

6. Energy Efficiency. Energy efficiency has gained traction in the marketplace as consumer awareness and demand have increased. From sealing, caulking, and insulating to replacing windows and even adding solar panels, Americans are increasingly interested in reducing utility bills through energy conservation strategies. VA continues to promote energy efficiency through its Energy Efficient Mortgage option (EEM). More information about EEM can be found in Chapter 7 of the VA Lender's Handbook. The VA Lenders Handbook can be found at [http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp).

7. Benefits of Building or Retrofitting to Sustainable Standards. This focus on sustainability, and the introduction of the FORTIFIED Home™ and WaterSense® standards, will contribute to more efficient and resilient homes, and financially safer loans. Property owners with more sustainable properties are less susceptible to energy cost spikes, and less vulnerable to natural disasters that may lead to loss of life or property, lost wages due to displacement, and potential loan defaults as a result. Building or retrofitting to a recognized resilience standard can potentially increase property value and result in hazard insurance premium reductions, tax rebates, streamlined permitting, among other benefits. For example, recent academic research indicated that the FORTIFIED Home™ designation increased the resale value of homes by nearly 7 percent. Additionally, some states require that insurers provide insurance discounts for structures that meet resilience standards. FORTIFIED Home™ is recognized by the insurance industry, creating potential savings from reduced hazard insurance premiums. While insurance

rate setting is under the jurisdiction of each state's insurance commission, there generally are not prohibitions on insurance companies developing and offering reductions for hazard resilient homes. Program participants are encouraged to research the availability of hazard insurance premium reductions. There are organizations in parts of the country that assist homeowners with efficiency and/or resilience retrofits, with the costs repaid from future savings. These groups will often complete needs assessments, arrange and oversee the retrofits, and finance the improvements at no up-front cost to the homeowner. FEMA provides funding to states, which offer grants to homeowners for cost effective resilience retrofits under the Hazard Mitigation Assistance (HMA) program, including the Hazard Mitigation Grant program and the Pre-Disaster Mitigation program: <http://www.fema.gov/hazard-mitigation-assistance>. Another resource for homeowners is <http://www.dsireusa.org/>, which features energy-related incentives and rebates offered by states and municipalities.

8. These programs are strictly voluntary and should not be considered as a VA requirement, though VA permits use of the program.

9. Rescission: This Circular is rescinded October 1, 2018.

By Direction of the Under Secretary for Benefits

Jeffrey F. London  
Acting Director  
Loan Guaranty Service

Distribution: CO: RPC 2022  
SS (26A1) FLD: VBAFS, 1 each (Reproduce and distribute based on RPC 2022)