



February 6, 2025

Indiana Housing and Community Development Authority (IHCDA)
30 S. Meridian Street
Indianapolis, IN 46204

Re: Draft 2026-27 Indiana Qualified Allocation Plan (QAP)

The Midwest Building Decarbonization Coalition (Midwest BDC) was founded in 2019 to achieve equitable decarbonization of the building sector in eight Midwest states (Illinois, Iowa, Wisconsin, Minnesota, Missouri, Indiana, Ohio, and Michigan) by 2050. Recognizing the shared challenges these cold climate states have in decarbonizing their building sectors, Midwest BDC has helped coordinate efforts across the region, facilitated sharing of best practices, and connected community-based groups with larger resources and expertise, centering equity along the way. Midwest BDC and signing organizations submit the following comments on Indiana Housing and Community Development Authority's (IHCDA) draft Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) program.

Upon review of the draft 2026-27 QAP released on January 23, we believe there are important steps IHCDA can take to encourage developers to incorporate higher levels of energy efficiency and decarbonization measures that can deliver significant benefits to future tenants.

1. Require new construction projects to be at least electrification-ready and award points for electrification.

Moving to all-electric homes powered by increasingly clean electricity will deliver enormous economic and health benefits to communities across Indiana and allow communities to tackle a major source of indoor and outdoor air pollution. High-efficiency electric solutions, like heat pumps for space heating and cooling, are efficient and cost-effective and lead to more comfortable indoor temperatures and better access to affordable heating and cooling.¹ All-electric homes also shield low-income housing residents from fuel price volatility and inflation that exacerbates energy burden. For instance, the average residential gas rates in Indiana for December 2022 and January 2023 were 70-75% higher than the average rate in December 2017 and January 2018.² Residential electric rates in Indiana over that same period stayed much more consistent, rising at half the rate when comparing those same winter months.³ Additionally, a Roosevelt Institute study indicates that in 2021-22 energy-related expenses accounted for as much as 70% of household cost inflation, largely due to fossil fuel cost

¹<https://www.nrdc.org/experts/alex-hillbrand/thinking-buying-air-conditioner-consider-heat-pump>

²[Indiana Price of Natural Gas Delivered to Residential Consumers \(Dollars per Thousand Cubic Feet\)](#)

³[Electricity data browser - Average retail price of electricity](#)

increases. Lower-income households were harder hit by these price spikes, and experienced a 3% increase in household energy burden compared to 0.3% for high-income households.⁴ The Energy Information Administration (EIA) forecasts indicate that IHCD should plan on natural gas prices continuing to be volatile and not reverting back to previous lows when considering what types of design measures will keep housing units truly affordable. Due to the wider variety of fuels, including renewables, used in electricity generation, electric heating customers are more shielded from energy cost spikes. The historical and expected impacts on electricity and gas prices indicate that switching to electric appliances can help households in low-income housing keep their utility bills stable and protect them from rising gas prices.

Another often overlooked component of electrification is the elimination of gas-burning stoves.⁵ We spend about 90 percent of our time indoors, meaning indoor air quality heavily influences health. Elevated levels of nitrogen dioxide⁶ and carbon monoxide⁷ are associated with gas stoves but *not* electric stoves. Studies show that gas flames without any cooking activities emit twice as many small particles (PM_{2.5}) as electric stoves.⁸ These negative effects are also more harmful to more vulnerable residents- a comprehensive meta-analysis concluded that children living in homes with a gas stove are 42% more likely to experience asthma symptoms and 24% more likely to be diagnosed with asthma by a doctor compared to those living in homes with electric stoves.⁹ Additionally, lower-income communities and racial-ethnic minorities in the US are systemically exposed to disproportionately high levels of pollutants.¹⁰ For example,¹¹ residential gas combustion is a large source of relative PM_{2.5} exposure disparities for Black, Hispanic, and Asian Americans.¹² And although ventilation is always recommended as a partial solution, it cannot eliminate air pollutant exposure because some buildings do not have kitchen ventilation. Of those that do, many exhaust hoods don't reduce pollution to healthy levels, and instead just recirculate pollution without removing it, and are seldom used when needed.¹³

Along with benefits to tenants, IHCD should be mindful that incorporating all-electric heating, water heating, and cooking can be up to four times more cost-effective during new construction than making the switch from fossil fuel appliances as a retrofit or future end-of-life replacement. This is primarily due to costs (estimated to range from \$1,000 to \$5,000 in single-family homes) associated with upgrading panels and outlets that were not sized or located with electric heating and water heating appliances in mind.¹⁴ However, for projects that still opt to design around natural gas as their initial primary heating fuel, implementing "electric-ready" measures such as:

- panels sized for future heat pumps, induction cooktops, and electric vehicle chargers
- 240V outlets for future heat pump water heaters
- solar-ready conduits

can typically be included during initial construction for minimal upfront cost increases (and at fractions of the cost of performing future electric system retrofits).¹⁵ Electric-ready units would have the added benefit of making participation in the Home Electrification and Appliance

⁴https://rooseveltinstitute.org/wp-content/uploads/2022/05/RI_EnergyPriceStability_IssueBrief_202205.pdf

⁵<https://pubs.acs.org/doi/10.1021/acs.est.1c08298>

⁶<https://cfpub.epa.gov/ncea/isa/recordisplay.cfm?deid=194645>

⁷<https://www.epa.gov/indoor-air-quality-iaq/carbon-monoxides-impact-indoor-air-quality>

⁸<https://www.osti.gov/biblio/1172959>

⁹<https://academic.oup.com/ije/article/42/6/1724/737113>

¹⁰<https://www.lung.org/clean-air/outdoors/who-is-at-risk/disparities>

¹¹<https://rmi.org/insight/decarbonizing-homes/>

¹²<https://www.science.org/doi/10.1126/sciadv.abf4491>

¹³https://www.aceee.org/files/proceedings/1990/data/papers/SS90_Panel4_Paper20.pdf#page=1

¹⁴[PNNL-32183.pdf](#)

¹⁵[BuildingDecarbCostStudy.pdf \(newbuildings.org\)](#)

Rebates currently being rolled out by EGLE¹⁶, or future state and/or utility-sponsored heat pump incentive programs, much more accessible to future tenants and property owners.

One option to introduce electric-readiness into the QAP would be for IHCD to also set DOE's Zero-Energy Ready Home standard (or referenced electric-readiness provisions) as the minimum project requirement. This could complement IHCD's previous proposal to revamp the minimum energy efficiency requirements by referencing Energy Star. Since Midwest BDC and our partners submitted comments on the 2024 QAP, DOE has released Multi-Family Version 2 of the ZERH standard¹⁷ which, along with the previous single-family standard, should make it suitable for the full range of projects receiving LIHTCs. Utilizing ZERH would also have the added benefit of aligning Indiana's QAP with the current highest tier of federal 45L residential new construction tax credits for low-rise multi-family projects (up to \$5,000/unit), giving developers an additional tool for keeping down any additional incremental costs.

If IHCD chooses to incentivize developers to go fully electric from the outset, they will have existing examples to draw from. Currently, eight states and the District of Columbia require or award points for all-electric systems.¹⁸ For example, Massachusetts and Connecticut each provide three additional points for electrification of heating, cooling, and hot water. We strongly support Indiana adopting similar incentives in addition to requirements for electric-readiness.

2. Increase points for more efficient Third Party Green Building Standards

The current QAP Draft indicates that IHCD is not changing minimum thresholds or optional points for green building certifications. As currently written, developers can receive two points for exceeding the minimum green standards and receiving either LEED Gold, Gold National Green Building Standards, Enterprise Green Communities, or Passive House certifications. However, Enterprise Green Communities is also listed as one of the required certifications for all new construction buildings. The simplest way to rectify this situation may be to specify "Enterprise Green Communities 5.2b Moving to Zero Energy: Near Zero Certification" as one of the certifications developers can receive additional points, as opposed to listing basic Enterprise Green Communities certification both places.

Additionally, the current certifications developers can achieve and receive additional points for do not require the same level of energy efficiency. IHCD should look to the sustainability and energy efficiency sections of recently adopted QAPs in Minnesota and Wisconsin as models that appropriately recognize the differing levels of energy efficiency required by current green building certifications and encourage developers to consider going further on energy efficiency by offering attainable steps up in performance that send a clear signal that focusing on reducing tenant energy costs will make applications more competitive:

- Wisconsin Housing and Economic Development Authority overhauled the Energy Efficiency and Sustainability scoring section for their 2025-26 QAP^{19,20}, with a new tiered

¹⁶[Home Energy Rebates](#)

¹⁷ [DOE Releases Zero Energy Ready Home Multifamily Version 2 | Department of Energy](#)
[electrification-info-brief-final-formatted-updated.pdf \(nationalhousingtrust.org\)](#)

¹⁸ [2025-26-qap.pdf](#)

²⁰ [wheda-2025-multifamily-application-v25.1.9.xlsx](#)

points system for green building certifications. In addition to the minimum threshold level, projects can achieve 10 optional points for identified “Advanced Certifications” or 20 optional points for identified “Stretch/Net-Zero Certifications” (out of a total 204 points). Additionally, projects at the minimum threshold or advanced certification level can add 2-8 points if their project also incorporates certain renewable energy measures.

- In their 2024-25 QAP, Minnesota Housing already utilized a tiered point system for green building certifications but, similar to the current MSHDA Green Policy, it only allowed projects to score a maximum of 5 points in the category. The new QAP that was adopted last year for 2026-27²¹, addresses feedback from developers about why there had not been significant uptake of the higher tiers, doubling the points given for each level and allowing a new maximum of 12 points in the category.

3. Require new construction projects to be at least PV-ready and award points for onsite renewable energy generation.

As more funding and incentives are becoming available at the federal and state level, deployment of onsite renewable energy is becoming more accessible and equitable for affordable housing developers and low-income residents. Onsite renewable energy can offset property operating costs and lower tenants’ monthly utility bills. Renewable energy is also clean, dependable, and costs are not as volatile as we are seeing with fossil fuel energy sources. IHCD should require or encourage new construction projects to be Solar PV-ready as many other HFAs²² are doing to ensure Indiana residents are able to take advantage of all the benefits associated with renewable energy such as financial savings, climate impact, and tenant health. As previously mentioned, IHCD may find it easiest to base new requirements or points on the U.S. Department of Energy’s existing Zero-Energy Ready Home (ZERH) standard which includes solar or photovoltaic (PV)-, Electric Vehicle (EV)-, and Electric-ready requirements and qualifies for the 45L Zero Energy Ready Homes tax credits.

Nationally, many housing finance agencies have also been successful in encouraging on-site renewable energy generation located at low-income housing through partnerships with existing city or statewide initiatives. Incorporating renewable energy systems can provide immediate energy burden benefits to residents, mitigate energy burden concerns associated with all-electric projects, and ensure the long-term resiliency of projects by insulating them from volatile and inflationary energy prices. Usually, points are awarded to new construction or rehabilitation projects that incorporate renewable energy to offset residential or common area energy load. The requirements HFAs set forth for renewables vary by renewable energy systems allowed (solar photovoltaic, solar thermal, wind power, or geothermal, etc.) and whether renewable energy systems are required to offset a minimum level of energy load, either common area load or tenant load, and the percentage required.^{23 24} In addition to the models already referenced above, other examples include:

²¹ 2024-2025 HTC QAP

²² <https://nationalhousingtrust.org/sites/default/files/documents/renewable-energy-final-formatted-updated.pdf>

²³ <https://nationalhousingtrust.org/sites/default/files/documents/Renewable-Energy--5-29-24.pdf>

²⁴ https://assets.ctfassets.net/ntcn17ss1ow9/7r1ftuS6Ep6ExJ09xGCSeN/0627f8bb57b3cd1a304da7082ec83153/Energy_Efficiency_Strategies_in_LIHTC_properties.pdf

- The Nebraska Investment Finance Authority awards three points to projects that include a geothermal (ground source) heat pump system or active solar system that meets at least 25% of the total energy loads for each unit.
- The Washington D.C. Department of Housing and Community Development awards points to projects that exceed the minimum threshold Green Building Act requirements and commit to achieving Enterprise Green Communities Criteria 5.2b Advanced Certification: Nearing Net Zero or Petal Certification under the Living Building Challenge program. Projects that pursue these points must incorporate solar photovoltaics to maximize their rooftop generation potential to the maximum extent as allowable by District codes and regulations.

We thank IHCD for their consideration of these comments and their dedication to advancing energy efficiency and decarbonization in Indiana's affordable housing. Questions or follow-up discussion regarding these comments can be directed to Jacob Serfling. (serfling@midwestdecarb.org).

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