High-Efficiency Electric Construction

NATIONAL HOUSING TRUST

Creating and preserving resilient Housing Credit properties through electrification of new and existing affordable homes.

High-efficiency electric equipment is becoming a critical lever for resilient, affordable housing.

As states seek to create more resilient and affordable housing, transitioning buildings to highly energy-efficient electric equipment is emerging as a critical part of the solution. Affordable housing is in short supply and high demand, so it is increasingly important to ensure that existing units provide safe, healthy, and resilient homes for low-income residents.

The following analysis examined 53 Qualified Allocation Plans (QAPs)* released before August 2025, providing insight into how state and local housing finance agencies (HFAs) are furthering the use of highly efficient electric equipment in Low-Income Housing Tax Credit properties. **We found that 13 HFAs encourage high-efficiency electric construction. This is an increase from 9 HFAs in 2023.**

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HOUSING FINANCE AGENCIES

encourage high-efficiency electric construction in Housing Credit properties.

Three ways HFAs encourage high-efficiency electric in their QAPs.

01 Individual systems & appliances.

Incentivize or require electrification of individual building systems or appliances.

02 Electric-ready buildings.

Incentivize or require sufficient electric load capacity and physical space to convert buildings to all-electric in the future.

03 All-electric baseline.

Incentivize or require all-electric baseline construction standards across the property.

* The QAPs reviewed are from all 50 states, plus Washington, D.C., New York City, and Chicago.

The most common way HFAs encourage high-efficiency electric construction is by awarding more points to projects that include individual electric systems or appliances than to those with fossil-fuel-burning systems or appliances. This can include installing electric domestic hot water heaters, space heating, and appliances such as dryers and ovens.

While encouraging the use of high-efficiency individual systems and appliances can create meaningful outcomes, some states go even further by including incentives and requirements for projects to be all-electric, meaning all systems and appliances are electric with no onsite fossil-fuel equipment. Others require or incentivize electric-ready construction, meaning the building is designed with sufficient electric load capacity and physical space to convert to all-electric in the future.

SELECTED EXAMPLES

WASHINGTON, D.C.

Awards points to projects that are all-electric.

RHODE ISLAND

Awards points for projects that have all-electric systems and appliances, and meet state energy efficiency requirements.

MAINE

Requires electric heating, cooling, ventilation, heat recovery, and domestic hot water for all new construction and adaptive reuse.

MARYLAND

Requires new construction to be all-electric and awards points for domestic hot water heat pumps.

NEVADA

Awards additional points if projects include electric heat pumps for hot water.

COLORADO

Notes that all-electric projects are the most competitive for Housing Credit awards.

See Table 1 for more details on these and other states that incorporate all-electric or electric-ready approaches.

— STATE SPOTLIGHT · NEW YORK

New York's all-electric affordable housing.

New York's Climate Action Council has proposed measures that would greatly expand requirements for highly efficient electric systems across the state — mandates that certain new residential buildings be all-electric, restrictions on the purchase of fossil-fuel appliances, and bans on non-renewable energy sources. Some of these efforts are reflected in the state's QAP.

> FROM NEW YORK'S QAP
>
> Developers are required to utilize high-performance all-electric heating/cooling and domestic hot water equipment and other in-unit or shared appliances.
>
> FOR BOTH NEW CONSTRUCTION & ADAPTIVE REUSE PROJECTS

ALL-ELECTRIC CONSTRUCTION IN THIRD-PARTY GREEN BUILDING STANDARDS

HFAs can also encourage all-electric, high-efficiency equipment by awarding points to projects that meet third-party high-performance energy standards. Under **Enterprise Green Communities**, developers earn additional points if the project is all-electric or all-electric-ready. The **International Living Future Institute** has several certification pathways under the Living Building Challenge 4.0 that require all-electric appliances or construction. For more information on how HFAs incorporate third-party green building standards into their QAPs, see our infobrief on the subject at nationalhousingtrust.org/strengthening-low-income-housing-tax-credit-allocations.

— THE ELECTRIC VEHICLE (EV) WAVE

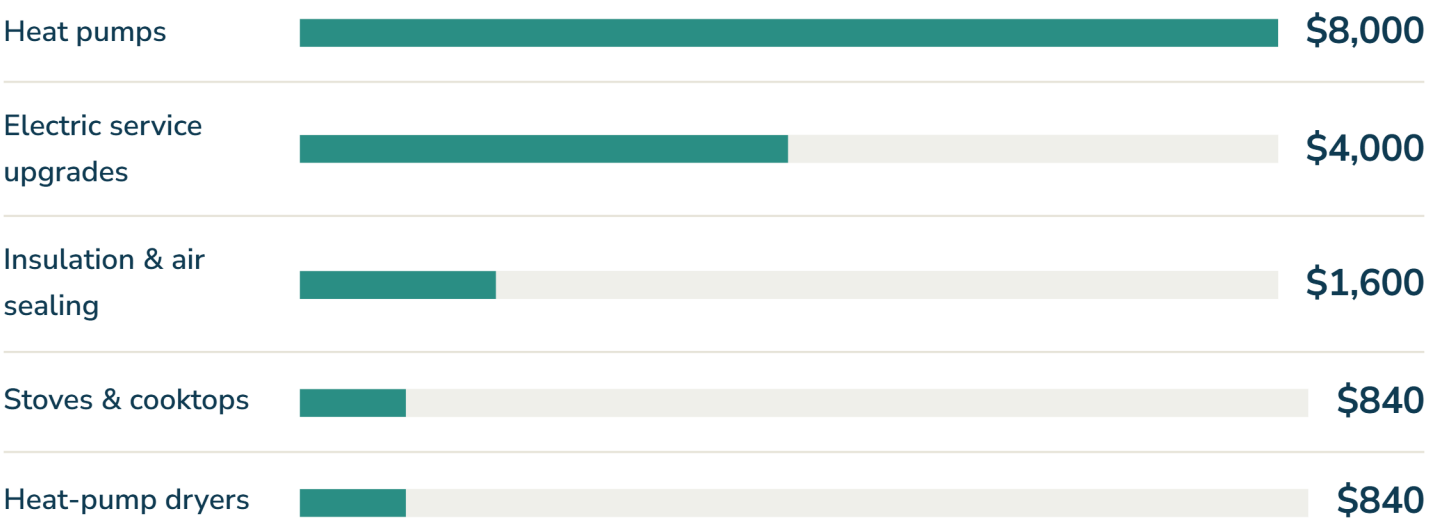
Ten HFAs include EV provisions in their 2025 QAPs.

As of August 2025, at least ten QAPs — Chicago, Colorado, Maryland, Maine, Michigan, Minnesota, New York, Oregon, Texas, and Utah — include provisions around electric vehicles. Requirements and incentives are consistent across new construction, adaptive reuse, and rehabilitation. Of these ten states and jurisdictions:

- Four QAPs incentivize developers to include EV-charging stations in their projects.
- Six have requirements and point incentives detailing the number of EV-charging stations per number of parking spots at the property.

FUNDING FOR HIGH-EFFICIENCY ELECTRIC CONSTRUCTION

The Inflation Reduction Act funded the Department of Energy's High-Efficiency Electric Home Rebate (HEEHR) program. HEEHR provides appliance-based rebates for both new construction and retrofit projects, covering up to 100% of project costs for households at or below 80% AMI, with a maximum rebate of $14,000 per unit. As of May 2026, 12 states and the District of Columbia have launched HEEHR.[†] Recently, the Department of Energy changed HEEHR guidance to exclude funding for fuel-switching (e.g., replacing a gas furnace with an electric heat pump). It is restricted to replacing existing electric appliances with more efficient electric models.



CONCLUSION

Safer, healthier homes.

High-efficiency electric construction in Housing Credit properties helps ensure affordable units provide safe, healthy, and resilient homes for low-income residents. Combining electric systems with other energy-efficiency upgrades and renewable energy can reduce household utility bills and the overall cost of housing for residents — as well as operating costs for owners. HFAs can support these objectives by incentivizing developers to build to high-efficiency standards.

Learn more about how QAPs can accelerate the affordability, opportunities, and sustainability of affordable housing on our QAP analysis home page.

[†] Arizona, California, Colorado, Georgia, Indiana, Maine, Michigan, New Mexico, New York, North Carolina, Rhode Island, and Wisconsin.

REFERENCE TABLE

Agency strategies to require and incentivize high-efficiency electric construction.

HFA	INCENTIVIZED	REQUIRED	INFORMATION IN QAP OR SUPPORTING DOCUMENTS
Chicago		✓	For new construction, all residential units and common spaces must be all-electric, and the building electrical service must be sized to accommodate all-electric appliances.
Colorado	✓		Prioritizes electric-ready or all-electric applications, especially highly energy-efficient projects and those certified as net-zero carbon or net-zero carbon-ready.
Connecticut	✓		Developers can receive points if projects are all-electric.
D.C.	✓		The District awards points for buildings that are electric with no on-site combustion.
Delaware	✓		Developers can earn points for rehabilitation projects by converting existing gas appliances and mechanical systems to all-electric systems.
Indiana	✓		Indiana offers up to 6 points for including all-electric heating, water heating, and cooking.
Massachusetts	✓		Massachusetts awards points for the electrification of heating, cooling, and hot water.
Maryland	✓	✓	Maryland requires new construction to be all-electric and awards points for domestic hot water heat pumps.
Maine		✓	Maine requires all-electric heating, air-conditioning, ventilation, heat recovery, and domestic hot water production for all new construction and adaptive reuse projects.
Minnesota	✓		Developers can earn points for each system designed to be all-electric-ready.
Nevada	✓		Nevada awards additional points if projects include electric heat pumps for hot water.
New York		✓	Developers must follow the all-electric baseline for new construction and adaptive reuse, including all-electric heating and cooling systems, hot water equipment, and appliances. Rehabilitation projects must include specific all-electric appliances and systems.
Rhode Island	✓		Developers may earn points for projects that are fully electric, have all-electric systems and appliances, and meet certain energy-efficiency requirements.

✓ Incentivized via points ✓ Required by QAP

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