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Air and Radiation Docket and Information Center
U.S. Environmental Protection Agency
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Docket ID No. EPA-HQ-OAR-2011-0354
RIN 2060-AQ98

Please accept the comments of the National Multi Housing Council (NMHC) and the National Apartment Association (NAA) in the matter of the "Protection of Stratospheric Ozone: Adjustments to the Allowance System for Controlling HCFC Production, Import, and Export."

NMHC and NAA represent the nation's leading apartment firms. Our combined memberships are engaged in all aspects of the industry, including ownership, development, management and finance. NMHC represents the principal officers of the industry's largest and most prominent firms. NAA is the largest national federation of state and local apartment associations with 170 state and local affiliates comprised of more than 50,000 members. Together we represent approximately six million apartment households across the Nation.

Since the publication of the interim allocation figures for the manufacture and importation of R-22 earlier this year, we have received numerous inquiries from property management and service providers expressing concern over the EPA's action and its immediate effect on the price and availability of R-22. Several of our members have said that long-standing service contracts have been voided by the Agency's action; contractors are not able to guarantee continued supply at the price that had been contracted for, if at all. Others have been told that the price of the refrigerant has more than doubled and will likely go higher until EPA establishes a final allocation figure. For providers of affordable housing, this price volatility has serious consequences. Property owners are not able to pass along these costs to their residents in the near term nor are they likely able to access the capital (on such short notice) to replace existing equipment throughout their properties without having planned in advance. In certain climate zones, air conditioning is regarded as an integral comfort feature of housing at all price points in the market.

The apartment industry is aware that R-22 refrigerant is being phased out and that after 2020, only recycled product will be available to service existing equipment. We understand that EPA has been engaged in a process over many years to establish allocation levels aimed at phasing out the use of the refrigerant; we are however extremely concerned about the market distortions which appeared to be fueled not by environmental concerns but by manufacturers who are concerned about the market price of R-22. Although from our perspective, while R-22 prices have steadily risen over the years, this was accelerated last year when certain manufacturers expressed concerns that the availability of product in the market place kept prices low. They recommended that the Agency consider a 20% reduction in the allocation figure.

Given the lifecycle of products, many apartment owners and managers began the transition to higher performing equipment with alternative refrigerants. Many apartment properties had however existing equipment that relied on R-22 and were not positioned to change out their equipment due to capital constraints on themselves and their residents. In fact, our industry's experience with products offered as alternatives to R-22 has been mixed. Although products such as 410A have been touted as alternatives, many owners have reported less than satisfactory results having made the costly switch in refrigerants.

We call upon EPA to promulgate the final rule within 60 days to ease supply disruptions and facilitate routine maintenance of equipment before the nationwide peak demand for air conditioning. We further urge the Agency to consider that the perturbations in the housing sector and the economy at large have made it extremely challenging for property owners and the residents they serve to meet the added costs that the Agency's interim allocation announcement have triggered. Establishing an allocation figure that provides for a steady supply of R-22 to meet the servicing needs of existing equipment at an affordable price should be the Agency's goal.

Sincerely,



Cindy V. Chetti
Senior Vice President of Government Affairs
National Multi Housing Council



Gregory Brown
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