

HIGHER COSTS, LONGER PAYBACKS

CODES DECREE WILL NEEDLESSLY WORSEN THE HOUSING AFFORDABILITY CRISIS

- Studies show building to the 2021 IECC can add up to \$31,000 to the price of a new home and take up to 90 years for a home buyer to realize a payback on the added cost of the home.
- This unreasonable trade-off for a new home buyer will do little to offer meaningful energy savings for residential homes and apartments.
- HUD and USDA are meant to help the most vulnerable home buyers.

WHY IT MATTERS

Without adequate review and consideration of how it will affect potential home buyers, the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture have rammed through a rule where they will insure mortgages for new homes only if they are built to the 2021 International Energy Conservation Code (IECC). This federal overreach will exacerbate the housing affordability crisis by raising the cost of new homes – most notably in the starter market – and limiting access to mortgage financing while providing little benefit to new home buyers.

Mandating a new national codes requirement will do little to curb overall electricity use in the U.S. but will guarantee a more cumbersome and expensive mortgage process. This ill-conceived policy will also act as a deterrent to new construction at a time when the nation desperately needs to boost its housing supply to lower shelter inflation costs.

Moreover, homes built to modern energy codes are already energy efficient. According to the National Renewable Energy Laboratory, upgrades to the existing housing stock – 130 million homes that were built before the introduction of modern energy codes – could yield a projected reduction of 5.7% of the total annual U.S. electricity consumption in 2030.

SOLUTION

Congress can reverse this poor policy that will put homeownership out of reach for many middle-class households by putting a provision in the fiscal year 2025 Transportation, Housing and Urban Development, and Related Agencies appropriations bill to prevent HUD from using federal funds to implement this costly national codes mandate.

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