

ADOPTING REASONABLE, COST-EFFECTIVE BUILDING CODES

THE ISSUE

New homes are resilient and energy efficient, yet there continues to be a push to mandate the use of restrictive, costly energy codes that raise housing costs while providing little energy savings to consumers. The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture recently finalized a decision that requires them to insure mortgages for new single-family homes only if they are built to the 2021 International Energy Conservation Code (IECC) and HUD-financed multifamily housing be built to 2021 IECC or ASHRAE 90.1-2019.

Energy efficiency is important, but it must be achieved in a cost-effective, reasonable way.

The 2021 IECC can **add as much as \$31,000 to the price of a new home**, according to a study by the Home Builders Association of Greater Kansas City. And it would require **up to 90 years for a home buyer to realize a payback** on the added cost of the home, according to a Home Innovation Research Labs study.

That's not a reasonable trade-off for a new home buyer and clearly would do very little to provide meaningful energy savings for residential homes and apartments.

THE SOLUTION

The Trump administration can reverse this poor policy that will put homeownership out of reach for many middle-class households. All codes are adopted at the state and local level, and these types of federal mandates create direct compliance conflicts and block home owners from accessing financing. NAHB looks forward to working with the administration to prevent an energy mandate that harms housing affordability and availability.

Any policy that aims to make a significant difference on energy efficiency must focus on the existing housing stock, particularly older homes built before the introduction of modern energy codes.

Roughly **90% of the nation's housing stock – 130 million homes – were built before 2010**. Improving the structure and infrastructure of older homes built before national model codes existed or built to codes that are now outdated will be more impactful.

Policymakers also have to update appraisal practices to ensure that appraisers recognize the value of energy efficient and other green and innovative features in new homes.