

Congress of the United States

Washington, DC 20515

August 6, 2024

Director Sandra L. Thompson

Constitution Center
400 7th Street, SW
Washington, D.C. 20219

Dear Director Thompson,

We write in strong opposition to the Federal Housing Finance Agency (FHFA) imposing new energy efficiency requirements for homes to qualify for financing through Fannie Mae and Freddie Mac. This proposed mandate, which aligns with the recent Final Determination by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA), raises significant concerns about its potential impact on housing affordability and availability, as well as the broader implications of federal overreach.

The Biden Administration's push to impose the 2021 International Energy Conservation Code (2021 IECC) or ANSI/ASHRAE/IES Standard 90.1-2019 on newly constructed homes exemplifies its broader pattern of regulatory overreach. This decision, based on incomplete analysis, highlights a concerning lack of consideration for the economic challenges faced by Americans. Such a move risks worsening the housing affordability crisis and placing additional regulatory burdens on homebuilders and potential homeowners.

The cost implications of adhering to the 2021 IECC are far from "relatively modest," as claimed by HUD and USDA. The NAHB estimates that a \$7,200 increase in home prices, resulting from these new requirements, would price an additional 724,525 households out of the housing market.¹ This is particularly concerning for lower-income families who are already struggling to afford a home. Currently, 103.5 million households, or 77 percent of all U.S. households, are unable to afford a median-priced new home.² Such a substantial increase in costs would only deepen this crisis, pushing homeownership further out of reach for many Americans.

The Biden Administration's heavy-handed approach disregards the principle that building codes, including energy codes, have traditionally been adopted and implemented at the state and local

¹ Na Zhao, Ph.D., Special Study for Housing Economics, Economics and Housing Policy, National Association of Home Builders, June 2024.

² Na Zhao, Ph.D., Special Study for Housing Economics, Economics and Housing Policy, National Association of Home Builders, March 2024.

levels. This decentralized approach allows for the flexibility to address regional differences and local needs. Imposing a de facto national energy code through the mortgage financing system undermines this principle and is a blatant intrusion of federal authority. Most jurisdictions have not adopted the 2021 IECC or ASHRAE 90.1-2019, and mandating compliance at the federal level would create significant disruptions in the housing market.

Additionally, the availability of new housing units is at risk. Builders are accustomed to working within the parameters of locally adopted codes. A sudden shift to the 2021 IECC would necessitate a period of adjustment, during which new home construction could stagnate. For example, Kansas City, Missouri, experienced a three-month halt in new single-family housing permits after adopting the 2021 IECC.³ If this pattern is repeated nationally, it could exacerbate the current shortage of 1.5 million homes, further limiting housing options for Americans.

The FHFA's consideration of aligning with HUD and USDA in imposing the 2021 IECC or ASHRAE 90.1-2019 standards is ill-advised. Such a policy would disrupt the housing market, reduce affordability, and place undue strain on builders and homebuyers. It is crucial to respect state and local authorities in adopting building codes and to consider the broader economic impacts of such regulatory changes.

We urge you to reconsider this course of action and to focus on policies that promote housing affordability and availability without imposing onerous federal mandates. We must prioritize the needs of American families and ensure that homeownership remains an achievable goal for all.

Sincerely,



Rick W. Allen
Member of Congress



Warren Davidson
Member of Congress



Randy K. Weber, Sr.
Member of Congress



Jeff Duncan
Member of Congress

³ Daniel H. Dugan, How Catholic Charities in Kansas City can help Afghan refugees, The Kansas City Star (September 17, 2021), <https://www.kansascity.com/opinion/readers-opinion/guest-commentary/article288254390.html>.



Byron Donalds
Member of Congress



Kelly Armstrong
Member of Congress



Dan Meuser
Member of Congress



Harriet Hageman
Member of Congress



Greg Pence
Member of Congress



Ralph Norman
Member of Congress



Richard Hudson
Member of Congress



Michael Lawler
Member of Congress



Roger Williams
Member of Congress



John Rose
Member of Congress