

May 23, 2024

## Energy & Commerce Subcommittee Republicans Spotlight Impact of Biden Administration Green Building Policies on Affordable Housing.

On Wednesday (May 22), the House Energy & Commerce Subcommittee on Energy, Climate, & Grid Security held a [hearing](#) titled, “Green Building Policies: Jeopardizing the American Dream of Homeownership.”

### Witnesses:

- [Mr. Phil Bonnell](#), President, PABCO Building Products
- [Mr. Shawn Woods](#), President, Ashlar Homes LLC, (on behalf of National Association of Home Builders)
- Howard
- [Mr. Mike Casper](#), President and CEO, Jo-Carroll Energy Inc.(on behalf of American Public Gas Association)
- [Mr. Rob Howard](#), President of Howard Building Science

### Key Takeaways.

- The hearing was well-attended on both sides and partisan in tone, with Republicans criticizing Biden administration energy efficiency policies and Democrats coming to their defense.
- Specifically, Republicans attributed the rising costs of residential construction and development to Biden administration green energy policies, particularly the transition to the 2021 International Energy Conservation Code (IECC). Republicans specifically criticized recently finalized standards for HUD- and USDA-financed housing and plans to ban fossil fuels in federal buildings by 2030.
  - Rep. Bucshon (R-IN) also expressed concern with the impact of Department of Energy (DoE) energy efficiency standards on the availability and affordability of manufactured housing, touting his Affordable HOMES Act to prevent DoE enforcement.
- Republicans also criticized Biden administration efforts to “coerce” states and localities to adopt the 2021 IECC through Inflation Reduction Act and Bipartisan Infrastructure Law grant funding.
- Democrats and their witness, Rob Howard, generally defended the Biden administration policies, while some also acknowledging the need to balance energy efficiency and affordability concerns.
- Democrats generally underscored that 2021 IECC adoption is voluntary for states and localities and praised funding from IRA and BIL to aid in the transition, highlighting homebuyer and taxpayer savings over the long-term.
- **Other Topics Discussed.** DoE Energy Efficient Appliance Mandates; Cost of EV Charging Stations; and Rising Property Insurance Costs.

- **Next Steps.** The House has acted to overturn certain Biden administration energy efficiency policies via the Congressional Review Act (CRA), with a particular focus thus far on appliance mandates. We anticipate additional House action on these issues this year, though any CRA measures are unlikely to be taken up by the Senate or signed into law while President Biden wields the veto pen. We could also see some attempts to enact policy through the FY25 appropriations process, with varying chances for success.

Our detailed summary of the hearing follows below. As always, please reach out with any questions.

## Member Opening Statements.

**Chair Duncan (R-SC)** stated the purpose of the hearing is to examine the “radical energy and building policies of the Biden administration,” which he stated are jeopardizing Americans’ ability to own homes, increasing energy costs, straining the electric grid and putting our energy security at risk. He noted that if South Carolina were to adopt the new 2021 model code, the average cost of a new home would increase by up to \$31,000. He stated a view that energy savings over time “really don’t matter if the borrower can’t afford to buy the home in the first place.” He stated that these policies are exacerbating the affordable housing crisis.

**Full Committee Ranking Member Pallone (D-NJ)** called Republicans attack on energy efficiency standards “extreme.” He stated a view that building codes are saving Americans thousands of dollars on their energy bills, adding that buildings account for 40% of total energy consumption and building codes are critical to saving Americans money and also reducing overall energy consumption and climate pollution. Pallone underscored the building codes are voluntary and there is no federal mandate for states to adopt certain building codes, noting that the BIL and IRA provided grant funding to states for adoption.

**Full Committee Ranking Member McMorris Rodgers (R-WA)** stated that the Biden administration’s “war on American energy is pervading every aspect of our lives.”

**Subcommittee Ranking Member DeGette (D-CO)** noted that building codes are mostly the purview of state and local governments, not the federal government. She stated that building codes are a “win win” for efficiency, lower energy costs, fewer emissions, and cheaper for the building and home owners.

## Witness Opening Statements.

### **Phil Bonnell, President, PABCO Building Products**

Bonnell spoke to his company’s experiences with energy costs and policies, noting the significant increase in energy costs over the past five years, attributing it to the closure of coal-powered plants and the increased reliance on natural gas and renewables. He expressed concern about the proposal to ban natural gas in residential building, arguing that it would limit the diversity of energy sources and put more strain on the electrical grid. He concluded by underscoring that energy costs have significantly impacted his company, with cost increases approaching 30% in the last four years.

### **Shawn Woods, President, on behalf of National Association of Home Builders**

Highlighted that 77% of households cannot afford the median price of a new home and half of all renters are cost-burdened. Woods expressed concern over recent federal pushes for stringent energy codes, such as the 2021 International Energy Conservation Code, which he argued significantly raise construction costs and exacerbate the housing affordability crisis. He also criticized efforts to reduce greenhouse gas emissions by banning natural gas and propane in new

constructions, arguing that these mandates are costly and impractical. Woods concluded by emphasizing the need to increase the housing supply to improve affordability, and expressed concern that government mandates for green building could have the opposite effect.

#### **Rob Howard, President of Howard Building Science**

Howard shared his experience building sustainable, affordable housing and his belief in building homes that are not just affordable to buy, but also affordable to own and operate. He argued that building to code can make houses more affordable in the long run, as the energy savings can offset the initial costs. He also emphasized the importance of energy efficiency in the appraisal process and shared his current project of building a pocket neighborhood of small, energy-efficient homes.

#### **Mike Casper, President and CEO, on behalf of American Public Gas Association**

Casper discussed the potential negative impacts of certain energy policies on community-owned gas utilities and their customers. He expressed concern about policies that limit consumer choice, such as building codes that restrict the use of gas appliances and Department of Energy efficiency standards that favor electric appliances. Casper also criticized a recent rule that restricts the use of natural gas in federal buildings, arguing that it could increase energy costs and strain the electric grid. He emphasized the importance of natural gas for energy diversity and reliability and raised concerns about the impact of these policies on military installations and homeowners. He concluded by expressing support for bills that would reverse these appliance efficiency standards.

### **Member Q&A.**

**Chair Duncan (R-SC)** cited a \$1 billion DoE grant program to “coerce states” into adopting new building codes even if it raises home prices. He also noted new efficiency mandates for FHA and USDA-backed mortgages even when they are not required by state building codes. He also noted DoE’s ban on fossil fuels in federal buildings starting in 2030, even for military installations and family housing, and noted that the EPA is planning to eliminate natural gas appliances from the EnergyStar program. He noted that many of the Biden administration’s rules and regulations restrict the use of natural gas and asked Casper whether such policies will increase the cost of living. Casper stated yes. Duncan acknowledged that building codes are adopted by state and localities but asked whether there is an “aggressive push” from the Biden administration toward adoption. Woods agreed, noting that the Biden administration is using grant money to push states and localities to adopt the new code.

**Ranking Member Degette (D-CO)** cited claims that the codes the administration is pursuing would add \$22,000-31,000 to the price of a new house, noting those estimates are more than HUD and DOE have estimated. Howard stated he has not seen those types of cost increases in his developments, adding he has seen closer to \$6,000-\$7,000. Degette noted Republican member comments on federal building standards, stating “under the 2007 Energy Independence and Security Act, signed into law by George W. Bush, that requires the DoE to develop and finalize a regulation that phases out fossil fuel consumption in federal buildings,” and that the recent rule completes this statutory requirement.”

**Full Committee Chair McMorris Rodgers (D-WA)** asked whether sheet rock, asphalt, shingles, or paper products without natural gas. Bonnell responded that it is possible but it is not commercially feasible. McMorris Rodgers suggested this would lead to higher domestic prices and more dependence on Chinese products. Bonnell agreed. McMorris Rodgers asked how the 2021 IECC is working. Woods noted that the cost estimated have been grossly underestimated given the need to reengineer the way the home is built to meet the codes, for instance with regard to insulation and stick built versus trussed roofs, adding “it’s a total change in the production style of the house,” which has led to “drastic cost increases.” McMorris Rodgers asked about the impact on the supply of new homes

when federal and state policies conflict. Woods reiterated there is a “drastic reduction in production.” McMorris Rodgers noted that some constituents had homes destroyed by wildfires and now are being told they can’t connect to natural gas as they rebuild. Woods stated “that is counterproductive.”

**Full Committee Ranking Member Pallone (D-NJ)** asked Howard to speak to the feasibility of building energy efficient homes in contrast to some of the other witness comments. Howard noted they are smaller homes, so that reduces costs, but also noted other enhancements that shorten the turn times. Pallone asked what federal incentives are available. Howard pointed to the 45L tax credit that provides \$2,500-\$5,000 when building to certain energy standards, which he stated, “comes close to offsetting the additional costs.” Pallone asked whether these tax credits were difficult to obtain, to which Woods replied, “not at all.” Pallone asked about the discrepancies between cost estimates. Woods noted that costs can vary.

**Rep. Latta (R-OH)** asked how additional costs to comply with the 2021 IECC impact middle class and first-time buyers. Woods stated that “for every \$1,000 we add to the price, 106,000 households are priced out...you’re taking a huge chunk of borrowers out of the market if you put these building codes on top.” Latta noted rhetorically that most regulators do not have experience in construction, citing the recent regulators for FHA- and USDA-financed housing. Latta asked what the impact would be on older homes. Woods stated he is unsure how they would comply if they wanted to use a USDA loan.

**Rep. Peters (D-CA)** noted the importance of building housing near transit. Peters asked how to reduce the upfront cost of compliance with these updated codes to ensure that the homes remain affordable. Howard noted that “industry adapts,” and noted the promise of off-site construction methods. Peters noted that building codes also play a part in property insurance in terms of resiliency. Peters lamented the fact that this hearing is being held after the rule was finalized and “we should take these issues up from a legislative perspective.”

**Rep. Griffith (R-VA)** advocated for the Bird Safe Buildings Act as something more practical than the ban on fossil fuels in federal buildings.

**Rep. Fletcher (D-TX)** noted that energy efficient homes are more resilient, while also acknowledging affordability concerns. Fletcher asked how the appraisal process could be improved to recognize the value of energy efficiency improvements. Howard noted that the ability exists today to rate homes and it’s “grossly underutilized.” He added that the Appraisal Institute allows appraisers to recognize the value of energy efficiency features that is also “grossly underutilized.”

**Rep. Bucshon (R-IN)** noted that the Department of Energy recently finalized efficiency standards that fail to take into consideration the design and factory construction techniques of manufactured homes and similarly drive up the cost of housing for working class Americans. He noted that he introduced, and Committee Republicans passed, the Affordable HOMES Act, which would rescind the provision in the 2007 Energy Independence and Security Act that directed the DOE to develop these standards. He underscored that the manufactured home industry is “substantial in the affordable space, and that will also be dramatically affected by some of these regulations.” Bucshon noted the importance of energy reliability and affordability, and those should win out over efficiency. He stated his view that efficiency is important but not at the expense of someone being able to afford a home, adding “this will be devastating on manufactured homes, which is sometimes what people can afford.”

**Rep. Matsui (D-CA)** underscored the importance of increasing building energy efficiency. Matsui asked Howard whether he agreed with NAHB’s cost estimates. Howard noted he is seeing much lower costs, underscoring the ability to find efficiencies in things like off-site construction. Matsui asked about the cost of adding in EV chargers, which Howard indicated was feasible through wiring conduit.

**Rep. Palmer (R-AL)** stated his view that the solution is not to build smaller homes as Howard is doing. Howard noted that these size homes are not appropriate for every household. Palmer noted that natural gas is critical for manufacturing. Casper, Woods, and Bonnell agreed, and noted other techniques would not be feasible.

**Rep. Tonko (D-NY)** discussed the issue of energy insecurity faced by millions of Americans, highlighting the importance of retrofitting existing homes to improve energy efficiency and affordability. He mentioned federal programs such as LIHEAP and the Weatherization Assistance Program that help Americans struggling with home energy affordability. Tonko asked Howard about the consideration of certain features in home building that would make homes more affordable to own and operate. Howard responded that it is a significant focus for him, emphasizing the importance of making homes affordable not only to buy but also to own and operate. Tonko then asked Howard about his views on raising the minimum energy codes for homes financed by HUD and USDA. Howard agreed that raising the floor from the 2009 code to the 2021 code would deliver significant savings.

**Rep. Weber (R-TX)** expressed concerns about the current administration's plan to build 500,000 electric vehicle charging stations around the country, arguing that the existing grid is not equipped to support the current demand, let alone the increased demand that would result from such an initiative. He also highlighted the unreliability of renewable energy sources, noting that the sun does not always shine, and the wind does not always blow. Weber then asked Bonnell about the impact of unreliable energy markets on the construction of new homes. Bonnell responded that unreliable energy markets could significantly increase the cost of building materials, potentially doubling the cost of wallboard and asphalt roofing. He also noted that if mandates were followed that put more strain on the electrical grid, it would be challenging to replace the 46% of electricity currently generated by natural gas. When asked if he was looking for cheaper materials outside the country, Bonnell stated that his company is a proud U.S. manufacturer and would not source from outside the country.

**Rep. Castor (D-FL)** emphasized the importance of energy efficiency and the role of building energy codes in saving money and reducing pollution. She criticized the GOP for spreading fear about energy efficiency and highlighted the popularity of energy-efficient appliances and buildings among Americans. Castor also discussed the Inflation Reduction Act, which recommends new policies to save money and reduce pollution and included various tax credits and incentives for energy-efficient home improvements and commercial buildings. She also addressed the rising costs of the climate crisis, including increased property insurance and flood insurance costs. She argued that these costs are real considerations for homebuyers and suggested the burning of fossil fuels as a driver of these costs. Castor asked Howard about the innovations in home building that excite him and give him hope for the future. Howard responded by discussing the advancements in heat pump technology, which he believes are helping to reduce energy bills.

**Rep. Pence (R-IN)** discussed his experience in distributing petroleum products and energy, and his efforts to understand the implementation of administration mandates through roundtable discussions with various stakeholders in Indiana. He raised concerns about the strain on the power grid due to the installation of electric vehicle (EV) charging stations in homes, and the potential need for new transformers. Pence asked Bonnell if he had heard of insurance companies dropping homeowners insurance where they're installing EV chargers. Bonnell said he had not heard of that specific issue but noted that insurance companies in California were withdrawing due to wildfire risks. Pence then asked Woods about the insurance issue. Woods confirmed he had heard of people losing their home insurance due to fires caused by EV chargers. Pence asked Howard the same question, who responded that he had not heard of such an issue. Pence asked Casper about the insurance issue,



and Casper also said he had not heard of it, but acknowledged the strain on the grid system due to the increase in EVs.

**Rep. Schrier (D-WA)** discussed a study by the Pacific Northwest National Laboratory (PNNL) on the cost-effectiveness of the 2021 International Energy Conservation Code Standards for residential and commercial buildings. She highlighted that the study took a fuel-neutral approach and concluded that homeowners would see a net cost-benefit over a 30-year period, factoring in construction costs, new building materials, interest rates, and more. She also noted that these savings were returned on average within 10 and a half years. Schrier then asked Howard why there is a significant difference in the cost increase estimates provided by different sources. Howard responded that he could not explain the large discrepancy, but acknowledged that costs would vary depending on the location of the building. Schrier also asked Howard about the most impactful changes homeowners could make for cost-effectiveness. Howard suggested focusing on the building envelope, including increasing insulation levels, improving air sealing details, and installing better windows and doors.

**Rep. Allen (R-GA)** expressed concerns about the rising costs of construction and development, attributing them to energy policies and regulations. He argued that these policies are causing financial strain for the American people and questioned the feasibility of the administration's plans for energy efficiency. Allen asked Woods about the impact of the 2021 International Energy Conservation Code (IECC) on construction costs. Woods responded that the 2021 energy code has made building more expensive, ranging from an additional \$8,000 to \$30,000. He also mentioned that only a small percentage of his customers choose energy upgrades due to the high upfront costs. Allen then asked Bonnell about how he is dealing with the volatility in pricing due to green energy policies. Bonnell explained that they are buying futures gas strips to protect against future volatility and spikes, and curtailing production, both of which result in higher prices.

**Rep. Cárdenas (D-CA)** discussed concerns about the “misunderstanding” of the Department of Energy's building code grant programs, emphasizing that they are not mandates but voluntary programs that states can adopt. He highlighted the Bipartisan Infrastructure Law and the Inflation Reduction Act, which provide financial support for states and local governments to implement updated building energy codes. Cárdenas asked Howard to explain how choice is embedded into these grant programs and how they support the localized needs of communities. Howard explained that there are both prescriptive and performance paths to code, and that using the performance path can often result in cost savings. Cárdenas then asked if it is a common business practice to consider both initial costs and long-term savings. Howard agreed, stating that it is important to keep homes affordable both upfront and in the long term. Cárdenas asked if these programs are a one-size-fits-all approach or if there is flexibility for states and local entities to adopt codes that best suit their needs. Howard confirmed that there is a lot of flexibility in the code. Finally, Cárdenas asked Howard to explain how the Department of Energy grant programs will help improve efficiency and ensure long-term affordability. Howard mentioned the 45L tax credit as an example, stating that it helps offset the additional costs of achieving high performance standards.

**Rep. Balderson (R-OH)** asked Bonnell and Casper to elaborate on their concerns about the Department of Energy's impact on grid reliability and why a reliable grid is essential to their businesses and customers. Casper responded by emphasizing the efficiency of natural gas, stating that direct use of natural gas is 90% or more efficient. He expressed concern about the increased demand for natural gas to generate electricity due to the push for electrification. Bonnell highlighted the strain on the energy situation in the western half of the United States, mentioning the retirement of coal production and the volatile cost situation due to the interruptible nature of renewables. He also pointed out the high cost of natural gas, which adds to the cost of their products. Balderson then asked about the cost savings and affordability associated with natural gas, and how the removal of the option for natural gas and propane home hookups would impact rural constituents. Casper

responded by emphasizing the importance of fuel diversity and consumer choice, and mentioned an energy detective tool they use to evaluate what's best for their member consumers.

**Rep. Veasey (D-TX)** expressed concern about the increasing energy consumption in the United States, particularly in rapidly growing states like Texas. He noted the potential of building energy codes to provide significant energy savings and reduce carbon pollution. He asked Woods about his views on the voluntary adoption of these codes and the potential negative consequences of implementing a national energy code without considering local conditions. Woods responded that while the Department of Energy has provided grants for code adoption, these often require the code to be adopted unamended, limiting local flexibility. Veasey also questioned Woods about his claim that compliance with these codes could add up to \$31,000 per home. Woods confirmed this figure, stating that while it varies by location and house size, the additional costs often outweigh the energy savings for homeowners. Veasey then invited other panelists to share their views on the DOE's actions and the International Energy Conservation Code (IECC), but the responses were limited due to lack of expertise or time.

**Rep. Pfluger (R-TX)** asked **Casper** about the role of natural gas in the country's energy demand in the next 10 to 20 years and the predicted demand for electricity in the same period. Casper responded that the demand for electricity is expected to increase significantly, with data centers alone potentially adding the equivalent of four additional Chicago loads. He also stated that natural gas is not going away, with 40% of it currently being used for electric generation in the U.S. Pfluger then asked about the impact of banning natural gas in various localities on consumers and the economy. Casper emphasized the importance of reliability and consumer choice, noting that such bans could negatively affect those on fixed incomes who may not be able to afford alternatives. Finally, Pfluger asked about the potential impact of policies banning natural gas and mandating electric vehicles on the U.S.'s competitiveness with other countries. Casper warned that focusing solely on building renewables could harm the country's reliability and economy in the future.