

Remarks by Don DeLess
Chair, National Association of Home Builders' Energy Subcommittee
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Thank you all for joining us here at the Department of Energy to discuss an important energy effort: voluntary programs that can help builders, utilities and other groups create more energy-efficient new homes.

Since the oil crisis of the 1970s, the Federal government and state regulatory agencies have focused on increasing the energy efficiency of the nation's housing stock, mostly through regulation. Today's recognition of five programs by DOE marks a departure of sorts. DOE is endorsing market-driven approaches, which we applaud.

In the last 25 years, energy efficiency of new homes has doubled. Homes built today are 100% more energy-efficient than home built in the 1970s.

But Federal regulators continue to push for higher levels of efficiency. They have focused primarily on new homes because homebuilding can be regulated through state building codes. It is much more difficult to improve the energy efficiency of the existing housing stock, which is at least three times large as the new home stock.

The Energy Policy Act of 1992 requires each state to certify to the Secretary of Energy that it has reviewed the provisions of its residential building code regarding energy efficiency, and made a determination as to whether it is appropriate to revise the code to meet or exceed the 1992 CABO Model Energy Code (MEC).

Some states have adopted the Model Energy Code as part of their residential building codes; other have not; a few states are in the process of rescinding the MEC in order to determine if voluntary compliance measures might work better for both home builders and their buyers.

In the early 1990s NAHB, concerned about the cost and difficulty of MEC compliance and the possibility of even more stringent energy efficiency regulations being enacted, reached an informal agreement with the Federal government. We agreed to support and promote Voluntary energy efficiency programs that could meet the goal of increasing the energy efficiency of the nation's housing stock.

Today the Federal government is recognizing our efforts, which have resulted in more than 300,000 new energy efficient homes being built.

We did this for a variety of reasons, but one of the most important was to present an alternative to regulations. It is our belief that regulations and costs to new home construction and adding costs through regulations can impact housing affordability. For example, on a nationally average basis, each \$1,000 added to the cost of a new home can disqualify as many as 400,000 potential buyers.

NAHB believes voluntary programs can make homes more energy-efficient at a lower cost. The Comfort Home program, for example, can cut home energy use by up to 40 percent for an incremental \$500-700 per home. That's half the cost of MEC compliance.

We are seeing builders combining a variety of construction techniques to produce houses that cost as little as a dollar a day to heat and cool – and buyers snap them up.

Voluntary programs give both builders and buyers more flexibility – and this helps homes sell. Some buyers value energy efficiency – and use it as a marketing advantage. They can take advantage of the financial and marketing incentives offered by utilities, government agencies, and other groups promoting energy efficiency.

To help finance energy efficiency upgrades in new homes, energy-efficient mortgages (EEMs) are an option. An EEM factors in energy savings along with principal, interest, taxes, and insurance which allows buyers to purchase more expensive homes. The Edison Electric Institute's E Seal mortgage is an example of how EEMs can help buyers.

NAHB believes that voluntary, market-driven initiatives can provide an effective means toward significantly increasing the energy efficiency of the nation's housing stock. Programs that benefit buyers, builders, and lenders stand the best chance of succeeding because the market acts as a driving force to create change.

On behalf of NAHB, I'd like to thank DOE for their recognition of the Edison Electric Institute E Seal, Comfort Home, Energy Star, Johns Manville Performance Home and Alaska Craftsman programs. We look forward to working with the Bush Administration to continue this effort.