

Resolution No. 5

Date: February 12, 2008

City: Orlando, Florida

NAHB Resolution

Title: Cost-Effective and Affordable Energy Codes and Standards
Original Sponsor: Construction, Codes and Standards Committee

WHEREAS, the National Association of Home Builders supports energy codes and standards if the provisions are cost-effective for home buyers in all areas of the country, and, in effect, minimize total homeownership costs;

WHEREAS, NAHB supports reliable and verifiable studies intended to determine levels of energy efficiency that are cost-effective and the development of methods that simplify compliance with energy codes and standards;

Whereas NAHB's analysis of the most recent Department of Energy Residential Energy Consumption Survey shows that, on a per square foot basis, the voluntary efforts of the nation's homebuilding industry have resulted in a reduction of two-thirds in the energy consumption of core HVAC uses controllable by builders when compared to housing constructed in the decade preceding the survey;

WHEREAS, codes and standards that are not explicitly based on cost-effectiveness criteria may place an undue and unmerited financial burden on home owners and result in housing that is less affordable;

WHEREAS, a simple payback period, defined as the initial cost divided by the first-year savings, provides a method for evaluating the costs and benefits associated with energy efficiency that is relatively easy to apply in practice and easy for housing consumers to understand;

WHEREAS, consumer research conducted by NAHB and other organizations produces results that vary but indicate a payback period for first-time home buyers that ranges between five and ten years;

WHEREAS energy efficiency changes must be evaluated on an incremental basis where the cost and savings for each change are calculated independently, and added successively to a baseline that includes existing energy provisions as well as the other changes in a particular proposal;

WHEREAS energy efficiency changes are often bundled together in proposals that do not take into account interactive affects (e.g., savings from proposed changes to the thermal envelope that are offset by simultaneously proposed changes for higher efficiency heating, ventilation and air conditioning (HVAC equipment) and, when considered together, are not cost-effective;

WHEREAS, Congress is considering legislation requiring all States to adopt an energy code that meets or exceeds the most recent editions of the International Energy Conservation Code (IECC) or American Society of Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE) 90.1 for all new home construction;

WHEREAS, efforts to increase energy efficiency through the codes & standards development processes are ongoing;

WHEREAS, the levels of energy efficiency required by the codes and standards are frequently arbitrary and are not based on cost-effective criteria as defined by NAHB policy; and

WHEREAS, a buyer of a home who qualifies to purchase the home before the addition of the increased energy efficiency provisions should still qualify to purchase the same home after the initial cost of the energy-saving construction features is added.

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders will support only those energy codes, standards, and legislation that are cost-effective and affordable;

BE IT FURTHER RESOLVED that NAHB defines increases in energy efficiency provisions of energy codes and standards to be “affordable” only if principal, interest, taxes, and insurance, plus utilities, will be no greater after the inclusion of the cost of the additional energy-efficiency features required by any new energy code or standard provision than before;

BE IT FURTHER RESOLVED that NAHB considers increases in energy efficiency provisions to be “cost-effective” only where the initial cost and annual savings to home buyers meet the following criteria:

1. Are analyzed from the perspective of first-time home buyers, who are typically characterized by modest incomes and limited resources for down payments;
2. Are based on the final cost to the home buyer rather than the change in costs to the Builder;
3. Are estimated using methods and data that are reliable and verifiable;
4. Result in a simple payback (initial cost divided by first-year savings) to the home buyer that does not exceed ten years;
5. Are evaluated on an incremental basis where the cost and savings for each change are calculated independently, and added successively to a baseline that includes existing energy provisions as well as the other changes in a particular proposal;

BE IT FURTHER RESOLVED that where the federal government mandates energy codes and standards for federally insured or guaranteed housing, such codes and standards must be cost-effective and affordable,

BE IT FURTHER RESOLVED that NAHB continue to develop compliance tools and conduct educational programs that will help builders and code officials understand and correctly apply the provisions of the energy codes and standards (i.e., International Residential Code (IRC), International Energy Conservation Code (IECC) and American Society of Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE)).

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