

# United States Senate

WASHINGTON, DC 20510

July 16, 2024

The Honorable Denis R. McDonough  
Secretary of Veterans Affairs  
810 Vermont Ave NW  
Washington, DC 20420

Dear Secretary McDonough,

We write to raise significant concerns about the Department of Housing and Urban Development's (HUD) and Department of Agriculture's (USDA) recently adopted revised energy standards for newly constructed homes insured or guaranteed by their respective Departments.

We are particularly concerned with the impact of the agencies' final determination, implementing the 2021 version of the International Energy Conservation Code (IECC), on veteran homebuyers. By only financing new homes if they are built to the 2021 IECC standards, HUD and USDA describe the potential for a market where "new construction for Federal Housing Administration borrowers would decline."<sup>1</sup> If adopted by the Department of Veterans Affairs (VA), we are concerned that the revised standards could negatively affect the availability, affordability, and competitiveness of VA home loans for veterans.

Recent estimates indicate that even a one thousand dollar increase in home prices would price over one hundred thousand Americans out of the housing market.<sup>2</sup> As mortgage rates hover around seven percent, the revised standards could lead prospective homeowners to pay tens of thousands of dollars more over the course of a 30-year mortgage. Included in the Regulatory Impact Analysis, HUD and USDA rightly recognize that "lower-income households are less willing than higher-income ones to accept longer payback periods for energy-efficient investments." Declining to finance any loans for new homes that do not meet these increased requirements, the agencies put accessible homeownership in jeopardy for thousands of veterans.

---

<sup>1</sup>Regulatory Impact Analysis for the Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing: Preliminary Determination (May 30, 2023) <https://downloads.regulations.gov/HUD-2023-0034-0005/content.pdf>

<sup>2</sup> "Households Priced-Out by Higher House Prices and Interest Rates," National Association of Home Builders (2024) <https://www.nahb.org/news-and-economics/housing-economics/housings-economic-impact/households-priced-out-by-higher-house-prices-and-interest-rates>

Both rental and housing costs have risen at the fastest rates in decades, and any proposals that raise the cost of home building must be meticulously examined. Additionally, it is our duty to ensure that veterans have robust access to VA-financed home loans. In turn, we respectfully call your attention to a directive included in the Senate's Fiscal Year 2025 Military Construction and Veterans Affairs Appropriations Committee Report on the revised energy standards and look forward to VA's evaluation of how adoption would impact costs for veteran homebuyers, including the availability, affordability, and competitiveness of VA home loans.

Sincerely,



Jerry Moran  
United States Senator



John Boozman  
United States Senator



James Lankford  
United States Senator



Marsha Blackburn  
United States Senator



Kevin Cramer  
United States Senator



Mike Braun  
United States Senator