

Updates from NAHB

High-priority topics NAHB is Addressing this Summer:

- *The shortage of distribution transformers aggravating the nation's housing affordability crisis;*
- *Making the right choice on energy codes; and*
- *Investing in workforce development programs to help the industry build the pipeline of new workers needed to meet the demand for new housing.*

Builders Speak Out Against Proposed Transformer Rule

At NAHB's urging, a bipartisan group of 64 House lawmakers have sent a letter to Sec. Jennifer Granholm urging the Department of Energy (DOE) to withdraw its proposed rule to regulate energy conservation standards for distribution transformers.

<https://harshbarger.house.gov/sites/evo-subsites/harshbarger.house.gov/files/evo-media-document/quill-letter-19828-doe-distribution-transformer-letter-version-3-04-03-2023-09-15-am-jg2.pdf>

At a time when the home building industry is facing a severe shortage of electrical transformers, the proposed rule would dictate that manufacturers increase the efficiency of distribution transformers by a mere tenth of a percentage point. In order to achieve this nominal increase in efficiency, the proposed rule would require manufacturers to transition to a different type of steel that would add months to a lengthy order cycle that already takes more than 16 months to produce and deploy new transformers.

The letter stated that “prolonged lead times and the lack of availability have made it difficult for utilities to provide transformers to home builders, city planners, and economic developers to get power to end users in new development areas.”

Lawmakers emphasized that demand for transformers was far outstripping supply before DOE issued its proposed rule and that this regulation would only make a bad situation worse.

“A new efficiency regulation that completely overhauls the manufacturing process will further exacerbate the significant delays in delivering distribution transformers,” the House letter stated. “Until the industry receives the regulatory certainty it needs, the production backlog will only worsen.”

NAHB has also sent comments to DOE stating how this proposed rule will not only exacerbate the current nationwide shortage of electrical transformers, but also fuel delays in home construction projects across the country as well as aggravating the nation's housing affordability crisis.

NAHB continues to work with lawmakers to seek additional congressional funding aimed solely at boosting production of distribution transformers to meet market demand.

Keeping Local Control over the Energy Code Adoption Process and Protecting Housing Affordability

NAHB supports a provision in H.R. 1 that repeals Section 50131 of the Inflation Reduction Act which provides \$1 billion to pressure state and local governments to adopt costly and restrictive energy codes. While NAHB supports the adoption of cost-effective, modern energy codes, we oppose these grant programs that limit amendments to the energy code that accommodate local conditions. Moreover, NAHB is exceedingly concerned with the \$670 million set aside in the grant program that promotes the adoption of the zero-energy provisions of the 2021 International Energy Conservation Code (IECC). These zero-energy targets are not realistic or cost-effective for many jurisdictions.

Forcing the adoption of costly and restrictive energy codes to qualify for these grants will exacerbate the current housing affordability crisis and limit energy choices for consumers. Adoption of the 2021 IECC can cost a homebuyer as much as \$31,000 in additional costs and can take as long as 90 years for homeowners to see a payback from these investments. This comes at a time when NAHB data indicate that a \$1,000 increase in the median new home price would price 140,436 households out of the market. Implementation of these grants will result in fewer families being able to achieve the American dream of homeownership.

Congress should repeal Section 50131 of the Inflation Reduction Act to keep the energy code adoption process focused on local conditions while also protecting housing affordability.

A Workforce that Promotes Prosperity

The housing industry is critical to the American economy, and a skilled and capable workforce that is adequate to meet demand is vital to the nation's home builders and to housing affordability. Unfortunately, with 73% of NAHB members reporting in a January survey that availability and cost of workers is one of the most significant challenges they expect to face in 2023.

NAHB supports domestic workforce development through its affiliate educational arm, the Home Builders Institute (HBI), and student chapters that encourage young people to pursue careers

in residential construction. HBI is also the largest national contractor with the federal Job Corps program, which trains young people for careers in the trades through residential education programs.

The construction industry had been experiencing a severe skilled labor shortage long before the pandemic brought the issue to the forefront. Housing is well-positioned to lead our nation's economic recovery, but for us to do so, we need to have an available, trained workforce of skilled construction professionals.

Even in a tight labor market, workers need new opportunities for employment, and residential construction businesses and related trades are hiring. But our workforce requires specialized skills training to safely and effectively carry out responsibilities on the job site. Now is the time for Congress to make meaningful investments in our nation's education system to prepare students for careers in the construction industry, better fund federal workforce development programs that serve our most vulnerable job seekers, and explore opportunities to provide new funding and incentives for workforce education.

The Workplace Innovation and Opportunity Act (WIOA) needs reauthorization, and there is a bipartisan interest in passing meaningful workforce legislation. NAHB urges Congress to invest the necessary resources in developing America's workforce, including through the Job Corps program.

Take Action:

- Pass legislation reauthorizing WIOA to meet the residential construction industry's severe workforce needs.
- Fully fund the Job Corps program, which is a vital source of skilled labor for our industry