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## HUD and USDA Rescind Biden-Era Rule They Say Added \$20,000 to \$31,000 to New Home Costs

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The U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture have rescinded a 2024 federal determination that required new homes to meet specific energy code standards to qualify for certain government-backed mortgages, with officials citing increased construction costs and reduced housing availability.

The announcement was made Tuesday by Scott Turner and Brooke Rollins, who said the policy had significantly raised the cost of building new homes.

The 2024 Final Determination, issued under former President Joe Biden, made newly constructed homes ineligible for Federal Housing Administration or USDA-backed mortgage loans unless they complied with the 2021 International Energy Conservation Code, commonly referred to as the 2021 IECC. According to federal officials, the standard has only been implemented in a limited number of states.

Officials said estimates showed that enforcing the 2021 IECC nationwide would increase home construction costs by between \$20,000 and \$31,000. They also stated that the requirement could reduce new home production, complicate construction processes, and lengthen permitting and inspection timelines.

“By rescinding this mandate, we are removing a significant regulatory barrier that added tens of thousands of dollars to the cost of a new home,” said Secretary Turner. “The Trump Administration’s focus is to facilitate new housing supply and ensure that every American family has a path to homeownership without being sidelined by bureaucratic red tape.”

Secretary Rollins said the decision aligns with broader federal housing priorities. “Affordable rural housing is a top priority for the Trump Administration, and we are focused on removing all the unnecessary restrictions that artificially drive up new home prices,” she said. “We launched the Rural Revival Agenda at USDA to bring rural communities to the forefront of our actions, and this joint determination restores common sense to our programs and ensures that we can continue bringing new affordable housing supply online for Americans.”

Since taking office, the Trump Administration had already taken steps to delay implementation of the 2024 determination. The compliance date was extended multiple times, including a February 3, 2026 notice published by U.S. Department of Housing and Urban Development, which pushed the deadline for HUD programs to December 31, 2026.

In July 2025, HUD and the U.S. Department of Agriculture issued a Request for Information seeking public comment to guide their review of the 2024 policy.

Following what officials described as an extensive review of stakeholder input, both agencies issued a joint determination rescinding the 2024 Final Determination in its entirety.

As a result, FHA and USDA loan programs will revert to the energy efficiency standards that were in place before the 2024 policy was introduced.

Federal officials said the decision is also consistent with a recent ruling by the U.S. District Court for the Eastern District of Texas, which found that the Biden-era determination would decrease housing availability.