

[Congress Working to Regulate the Housing Market Even More](#)

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Great news-Congress is trying to create new regulations for the housing market. Their latest attempt comes in the form of the SAVE Act (Sensible Accounting to Value Energy). This act would force lenders to account for 'savings' from energy saving features when underwriting loans. The bill will also require appraisers to include savings when determining the value of a house. Mark Calabria at the Cato Institute, [writes about this more extensively](#):

It seems like death and taxes are not the only constants in life, you can add the seemingly endless attempts of Congress to micromanage the housing market. The latest [installment](#) is the introduction of a bill, the SAVE Act (Sensible Accounting to Value Energy), sponsored by Sens. Michael Bennet (D-Colo.) and Johnny Isakson (R-Ga.).

The SAVE Act would require lenders to take into account, when underwriting the loan, potential savings from various energy savings features of the house. If a new appliance reduced your electric bill, Congress would require that the lender allow that "savings" to be used to bid for a higher priced house. The impact of the bill would be to allow for even higher debt-to-income ratios on the part of borrowers, as if high mortgage to income payments has had nothing to do with the mortgage crisis we are in.

Perhaps worse the bill would also direct appraisers to include energy savings into the value of the house. Sadly this is anything but "sensible accounting". As any decent appraiser knows, a house is worth what someone will pay for it, not what the value of various improvements are. That's why most residential appraisals are based upon comparable sales, and not simple cost or revenue accounting (marginal theory of value, anyone?).