

Energy Tax Credit to Generate \$6 Billion in Remodeling Jobs

Energy Star has published [comprehensive information](#) on how the housing industry and consumers can take advantage of the federal tax credits for energy-efficient home improvements in the new economic stimulus package.

Congressional economists project that the new provisions will generate an estimated \$6 billion in remodeling work by the end of 2010.

The credits will be the centerpiece of new marketing efforts for remodeler Scott Sevon, [CGR](#), [GMB](#), [CAPS](#), [GMR](#), [CGP](#) of [Sevconco Inc.](#) in Palatine, Ill. “We will be featuring information for consumers on our Web site, brochures and other promotional materials,” he said. “We want to make sure they can come to us for accurate information.”

Remodelers trained in and experienced with making energy-efficient upgrades are well-positioned to take advantage of increased consumer interest in consuming less power. They can also use the tax credits to encourage home owners to undertake a more complete renovation that can be certified under the National Green Building Standard as part of [NAHBGreen](#), the NAHB National Green Building Program.

The Internal Revenue Code Section 25C for existing homes, which had expired at the end of 2007, was reinstated as part of the economic rescue package passed by the Bush Administration last fall. Installing energy-efficient windows, doors, roofing and insulation as well as furnaces, air conditioners and heat pumps all qualified for the credit.

But remodelers found that the terms of the 25C credit — equal to only 10% of the cost of each product and with a lifetime cap of \$500 — weren't quite strong enough to get home owners off the fence and into a contract.

Under the stimulus legislation signed by President Obama, the percentage of the cost and lifetime cap have been tripled to 30% and \$1,500, respectively, and the deadline for installing them has been extended through the end of 2010.

In addition to expanding the 25C tax credit, the IRS 25D credit for renewable energy products has also been expanded and is even more generous for specific improvements — including geothermal heat pumps, solar panels, solar hot water heaters, small wind energy systems and fuel cells. The 30% tax credit applies to these products but there is no cap on their cost through 2016. In addition, these credits also apply to new construction, as well as to remodeling and renovation projects.

The newly expanded tax credits are in alignment with industry research showing that remodeling and retrofitting the nation's older homes will have a far more significant impact on reducing residential energy consumption than meeting even the most aggressive efficiency goals for new homes, according to Greg Miedema, [CGR](#), [CGB](#), [CAPS](#), chairman of [NAHB Remodelers](#).

A December 2008 survey by [Whirlpool Corporation](#) revealed that 84% of consumers said that energy efficiency is significantly more important than water use or other potential savings when it comes to home appliance efficiency. Seventy-two percent of respondents seek the Energy Star label when making purchasing decisions. (Click [here](#) to read a related story from Nation's Building News.)

“These new tax credits are another way that the home building industry can combat the potential effects of global climate change by encouraging home owners to make energy-efficient improvements to their homes,” said Miedema.

A 2008 California study showed that homes built before 1983 were responsible for 70% of the greenhouse gas emissions related to single-family envelope energy consumption.

The study also found that spending \$10,000 to retrofit a 1960s home could save 8.5 tons of carbon at a cost of \$588 to \$1,176 per ton, depending on existing tax credits and incentives. By comparison, increasing the energy efficiency of a new home 35% over current state requirements would cost about \$5,000 and would reduce emissions by 1.1 tons at a cost of \$4,545 per ton.

The bottom line is that retrofitting existing homes with energy-efficient features is four to eight times more carbon- and cost-efficient than adding further energy-efficiency requirements to new housing, the study showed.

Tax Credit How-to

Details on qualifying improvements are available on the [Energy Star Web site](#).

Remodelers should familiarize themselves with the model types and products that qualify for the tax credit so they can advise their customers. However, they do not need to give their clients the product sales receipts to verify the claim. Certification statements in the manufacturer's product information may suffice.

Home owners can claim the 25C and 25D credits on [Form 5695](#) when they prepare their income tax returns. They should also retain records that include:

- Name and address of the manufacturer
- Identification of the component
- Make, model or other appropriate identifiers
- Statement that the component meets the 25C standards
- Climate zones for which the criteria are satisfied
- Additional information for storm windows, if applicable
- A declaration that the certification statement is true

For more information, e-mail Calli Schmidt (cschmidt@nahb.com) at NAHB, or call her at 800-368-5242 x8132.

Planning for Aging-in-Place Remodeling on the Rise

April 13, 2009 - More remodeling clients are planning ahead and opting to alter their homes for aging-in-place, according to recent data gathered by the National Association of Home Builders' Remodelers. Seventy percent of remodelers surveyed reported making universal design home modifications, a significant bump from 60 percent in 2006.

"Home owners are asking for remodeling improvements to make their homes more comfortable as they age because they don't want to move or lose independence," said NAHB Remodelers Chairman Greg Miedema, CGR, CGB, CAPS, CGP, a remodeler from Tucson, Ariz. "These modifications can make a home more stylish and convenient for the aging population."

The aging-in-place modifications most frequently purchased by homeowners, according to remodelers, include:

- Adding grab bars (78 percent)
- Installing higher toilets (71 percent)
- Upgrading to a curb-less shower (60 percent)
- Widening doorways (57 percent)
- Constructing ramps or lower thresholds (45 percent)

- Enhancing lighting and task lighting (45 percent)

NAHB's survey also found that consumers are becoming increasingly aware of aging-in-place options, with remodelers saying that 84 percent of homeowners have at least some knowledge of universal design solutions. Seventy-four percent of remodelers also note an increase in requests for these types of features.

While remodelers say the bulk of jobs for aging-in-place come from clients age 55 and older, a growing number of consumers are not requesting aging-in-place remodeling solely for themselves. Often such improvements address age-related disabilities of visiting older relatives, or modifications to make it easier for parents to share living space with grown children. Seventy percent of homeowners started remodeling projects for aging-in-place because they were planning ahead for such future needs.

For more information about aging-in-place remodeling, visit www.nahb.org/aginginplace.