

**Massachusetts
ENERGY STAR Homes
&
The Federal Tax Credit**

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MA ENERGY STAR Homes

Although most builders will tell you they build energy efficient homes, surprisingly many do not. Many homes built today lack certain energy features that could save the homeowner thousands of dollars in energy costs.

In MA, we offer 3 paths for improving the energy efficiency of new homes;

- Performance/HERS Rating
- Prescriptive/Builder Option Package(BOP)
- Energy Savings Measures (EMU)
 - Duct Sealing & CFLs

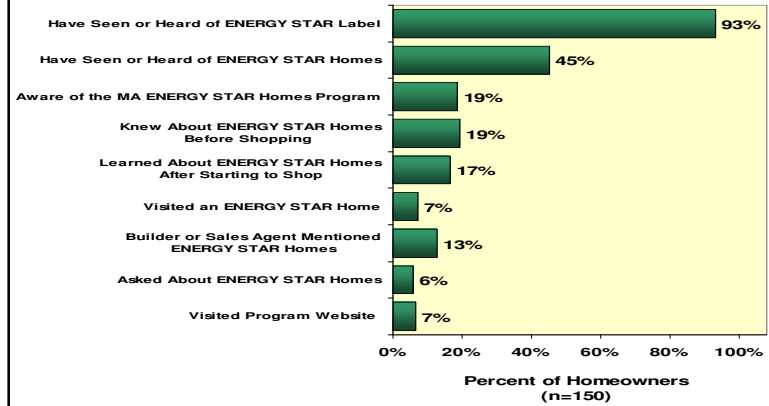
MA ENERGY STAR Homes

Home Energy Rating (HERS Rating): A flexible performance path that allows builders to “trade off” aspects of a home’s energy efficiency features using the Home Energy Rating System (HERS). The performance path is currently the only way to verify successful compliance for the \$2000 federal tax credit application. There are two other software packages that can be used.

Builder Option Packages (BOP): A simple prescriptive path that gives builders a set of fixed standards/measures which must be installed to comply with Energy Star standards. This path does not require a HERS rating. Work has begun on developing a Tax Credit BOP in 2006.

Energy Measure Upgrade (EMU): This option is available for projects that do not achieve Energy Star Home qualifications or that do not apply for the label. Currently available measures include tight ductwork and Energy Star CFL installations. All CFLs installed through the program come with a 2 year warranty, for free replacement.

MA ENERGY STAR Awareness



MA - Current Conditions

- \$2000 Tax Credit - requires 50 % improvement HVAC
- Maximum MA HERS Rating – 94
- **Average MA HERS Rating – 89**
- Minimum Energy Star Home HERS Rating – 86
- MA Code HERS Rating – 83
- 2004 IECC/National Code HERS Rating - 80

Massachusetts & Tax Credit

- There has been considerable interest in the Tax Credit.
- Hesitancy once the specific requirements are made clear to the builder.
- Currently, MA is only providing paperwork for Tax Credit documentation.
- Tax Credit may be of interest to the more efficient builders (Cusp & Zero Energy).
- MA builders tend to be smaller (build fewer homes).

Tax Credit Outside MA – Recent Research

- Asked - As you probably know, there is a recently enacted \$2000 federal tax credit for builders building a new energy efficient home that achieves 50 percent energy savings for heating and cooling over the 2004 International Energy Conservation Code (IECC). How do you think this will affect builders' willingness to build efficient homes?

Tax Credit Outside MA – Recent Research

- Las Vegas - It will have a positive impact. We are seeing builders at the platinum level say it is not that far a reach or stretch to qualify for the tax credit. Pulte Homes in Las Vegas is going for the tax credit for all their homes; 4K – 5K homes this year.

Note: Homes builds in MA, but Environments for Living is not currently spending time on the Northeast market. They are focusing more in the banana belt — California, Nevada, Texas, Carolinas, Florida.

Tax Credit Outside MA – Recent Research

- EPA - No impact. It is a reward for the high tier performance of ENERGY STAR homes. The reward is for homes way beyond current market practices. Tax credit is for homes more efficient than ENERGY STAR homes, so it is for niche builders wanting to go higher. It is not for production builders. Builders may need to redesign the whole envelope system—can't get all the necessary products from their regular distributors. Subcontractors need to do things differently and architects may have to make design changes.

Where is MA Heading

- Continue working with HVAC industry/providers
 - Coordination with CoolSmart & Gas Networks
- Developing Basement Insulation Pilot
 - Bring HVAC System inside building envelope
- Investigating developing a preferential construction loan product for ENERGY STAR Home builders.
 - Targeted to progressive builders

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