

For Release: Immediate
Monday, September 15, 2008

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SMITH BILL TO OFFER INCENTIVE FOR ENHANCED ENERGY EFFICIENT HOMES APPROVED IN COMMITTEE

BRICK – A bill sponsored by Senator Bob Smith, Chair of the Senate Environment Committee, which would create a program for down-payment assistance for home buyers looking to purchase enhanced energy efficient homes was approved by the Senate Economic Growth Committee today by a vote of 3-0, with one abstention.

“I think many homebuyers today have become more sophisticated about the long-term costs of maintaining their homes,” said Senator Smith, D-Middlesex and Somerset. “As a result, Energy Star appliances are becoming more prevalent, and proper insulation and weather sealing are becoming more important to those in the housing market. New Jersey should encourage and promote energy efficiency to not only reduce our State’s collective carbon footprint, but also to drive the cost of energy down in the Garden State.”

The bill, S-702, would authorize the Board of Public Utilities (BPU) to establish a program, in consultation with the Department of Community Affairs (DCA) and the Housing and Mortgage Finance Association, to provide down-payment assistance for home buyers looking to purchase a home which meets enhanced energy conservation standards. The bill stipulates that assistance would be made available to home buyers earning up to 110 percent of the county median income. Under the legislation, down-payment assistance is intended to offset the increased costs that may be attributed to the enhanced energy efficient standards.

DCA officials have estimated that housing built to 110 percent of the median income level makes up about 10 percent of the new homes construction market in New Jersey, or 2,400 homes. The average additional cost to build a home to Energy Star standards is \$1,084 per home. Using these estimates, the overall cost of the home buying assistance program to the State would most likely be slightly more than \$2.6 million.

“For a relatively minor investment, New Jersey can promote cleaner, greener and less expensive energy efficient homes,” said Senator Smith. “Homebuyers will spend, on average, an extra \$60 more per year on the mortgages for their energy efficient homes. In contrast, they will save approximately \$900 a year on their home energy bills.”

The bill also authorizes the Commissioner of Community Affairs to amend the State’s Uniform Construction Code’s energy sub-code to establish enhanced energy-saving construction requirements. The Commissioner would be restricted to only adopting those enhanced requirements whose additional cost will be recovered in less than seven years by the resultant reduction in energy consumption. To guide the Commissioner in amending the energy sub-code, an academic institution would be required to perform 10-year energy price projections.

“As the cost of energy efficient technologies goes down, and the cost benefits continue to increase, we need to explore changes to the energy sub-code to make the most of our existing energy resources,” said Senator Smith. “New Jersey has a reputation as a leader in combating global warming and promoting renewable and alternative energy. By shifting our energy code standards to reflect energy efficiency, we can continue to make progress towards a greener tomorrow for future generations of State residents.”

The bill now heads to the Senate Budget and Appropriations Committee before going to the full Senate for consideration.