

For Release: Immediate
Thursday, June 11, 2009

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

TRENTON – 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 Budget and Appropriations Committee today by a vote of 8-4, with 3 abstentions.

“As homebuyers are trying to stretch every penny to the limit, energy efficient construction is becoming a major selling point in the struggling real estate market,” said Senator Smith, D-Middlesex and Somerset. “I think many homebuyers recognize that, while they may have to pay a little bit more up front for an energy efficient home, overall, they will be saving bundles on their home energy and heating bills. This bill would make energy efficient homes even more attractive for environmentally aware and cost-savvy homebuyers, and enhance the State’s conservation and emission control efforts.”

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, and could be paid using existing funds established to promote energy conservation within the Board of Public Utilities (BPU).

"By conforming to enhanced energy efficient standards, a homeowner may pay \$60 more a year on their mortgage," said Senator Smith. "However, these homeowners would save nearly \$900 a year in direct energy savings, while doing their part to reduce energy consumption in the State. With the additional down-payment assistance incentive, it really makes fiscal sense for homeowners to go green and reduce their environmental impact."

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. Under the amended version of the bill, the revised energy sub-code would be based on national model codes or the International Energy Conservation Code.

"New Jersey has a long history as a national leader in terms of energy conservation and reducing our State's collective carbon footprint," said Senator Smith. "An energy sub-code which makes provisions for enhanced energy efficiency is one of the most important things we can do to ensure a cleaner, greener future for the Garden State. Through this bill, we would be giving the Commissioner of Community Affairs the ability to make sure that New Jersey's newest construction projects are built meeting the highest energy efficiency standards available, both nationally and internationally."

The bill now heads to the full Senate for consideration.