



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

**PLANNING & DEVELOPMENT COMMITTEE
PUBLIC HEARING
TESTIMONY
March 18, 2019**

To: Chairman Cassano, Chairwoman McCarth-Vahey, Ranking Members Zawistowski, Champagne and distinguished Members of the Planning & Development Committee

From: Jim Perras, CEO

Re: **TESTIMONY IN SUPPORT OF H.B. No. 7366 (RAISED) AN ACT CONCERNING INCENTIVES FOR ENERGY EFFICIENT CONSTRUCTION.**

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) is a professional trade association with over eight hundred business members statewide, employing tens of thousands of Connecticut residents. Our association of small businesses is comprised of residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry. We build between 70% to 80% of all new homes and apartments in Connecticut each year and engage in countless home remodeling projects.

Thank you, for the opportunity to provide testimony in strong support of **HB 7366**. If enacted, this bill would provide a one-time state tax credit \$2500 (single filers) or \$5000 (joint filers) to Connecticut residents that purchase a newly constructed home with a Home Energy Rating (HERS) of 60 or better, for taxable years starting 2019 through 2022.

What is the Home Energy Rating System (HERS)?

A home energy rating is an analysis of a home's energy efficiency; as per the Home Energy Rating System (HERS) Index. The HERS Index is the nationally recognized scoring system for measuring a home's energy performance. Based on the results, as by a certified RESNET Home Energy Rater, an energy-rated home will receive a HERS Index Score. The HERS Index Score can be described as a sort of miles-per-gallon (MPG) sticker for houses, giving prospective buyers and homeowners an insight as to how the home ranks in terms of energy efficiency.¹

What does a HERS rating of 60 mean for Connecticut homeowners?

A typical resale home represents 130 on the HERS Index while a reference home (a standard new home built in 2006 based on 2006 codes and standards) is rated at 100. This means that the standard resale home is 30% less efficient and new home built to achieve a HERS rating of 60 is 40% more efficient than a standard new home.²

MoveOn.org identifies ranks Connecticut the 4th most expensive state regarding utility costs (surpassed only by #1 Hawaii, #2 Alaska, #3 Rhode Island). Connecticut has this dismal ranking, in large part, because of its electricity

¹ <http://www.resnet.us/energy-rating>

² <http://www.resnet.us/energy-rating>

costs (avg. \$187.29 per month) and its natural gas costs (avg. \$114.11 per month).³ Assuming optimistically, the average house in Connecticut has a HERS score of 100. Simply applying a 40% savings to these two average utility costs would amount to a monthly savings of \$195.47 or \$2,345.71 a year.

What would the passage of HB 7366 mean to Connecticut's energy infrastructure?

The Connecticut Global Warming Solutions Act mandates that greenhouse gas emissions drop to 10 percent below 1990 levels by 2020 and 80 percent below 2001 levels by 2050.⁴ The typical homeowner may not realize it, but their home's greenhouse gas emissions are a greater source of pollution than even their car. According to ENERGY STAR[®]:⁵

- American homes are responsible for 21% of the nation's energy use.
- The average home releases twice as much harmful greenhouse gas into the atmosphere as the average vehicle.
- The residential sector contributes 335 million metric tons of carbon to the atmosphere each year.
- The typical American household spends \$1,900 per year on energy bills, half of which are for heating and cooling costs.

Given the fact that our homes are major contributors to the emission of green house gasses. We can make some of the greatest strides as a state by focusing on retrofitting older homes to meet energy efficiency goals and simultaneously incentivizing new homes to be built beyond code to encourage the smallest carbon footprint possible. In doing so, we'll make significant strides towards meeting our goal of drastically reducing green house gas emissions by 2050. Not only might this tax incentive change consumer behaviors and considerations of prospective homebuyers but it may also change a developer's behavior when determining the design and construction of a new home in order to cater to those new consumer behaviors. Achieving multiple positive outcomes and changing perspectives to the public benefit is the hallmark of good public policy.

What would this mean to Connecticut Taxpayers and the Connecticut economy?

Beyond the stated environmental benefits, if House Bill 7366 were passed, there would be a tremendous benefit to our economy as well. The residential construction industry has been experiencing a housing depression for over ten years now. New single-family construction permits have hovered just below 2500 permits a year since 2009. In normal times our industry averages nearly 10,000 single-family housing starts a year. Based on a NAHB Housing Policy Department study titled, "The Economic Impact of Home Building in Connecticut: Income, Jobs, and Taxes Generated" For every 100 new single-family homes built would generate:

- 334 new jobs
- \$29.5 million in wages, and
- \$4.7 million in taxes, fees and charges paid to state and local government – in the first year alone

In the end, a tax incentive will pay for itself, homeowners will see significant savings throughout the life of their homes, and we'll be doing our part to help Connecticut achieve its goals of reduced greenhouse gas emissions. Attached, please find a recently published article about an HBRA developer who is currently building energy efficient homes as a part of her company's business model.

For these reasons and more, the **HBRA-CT strongly supports the passage of House Bill 7366.**

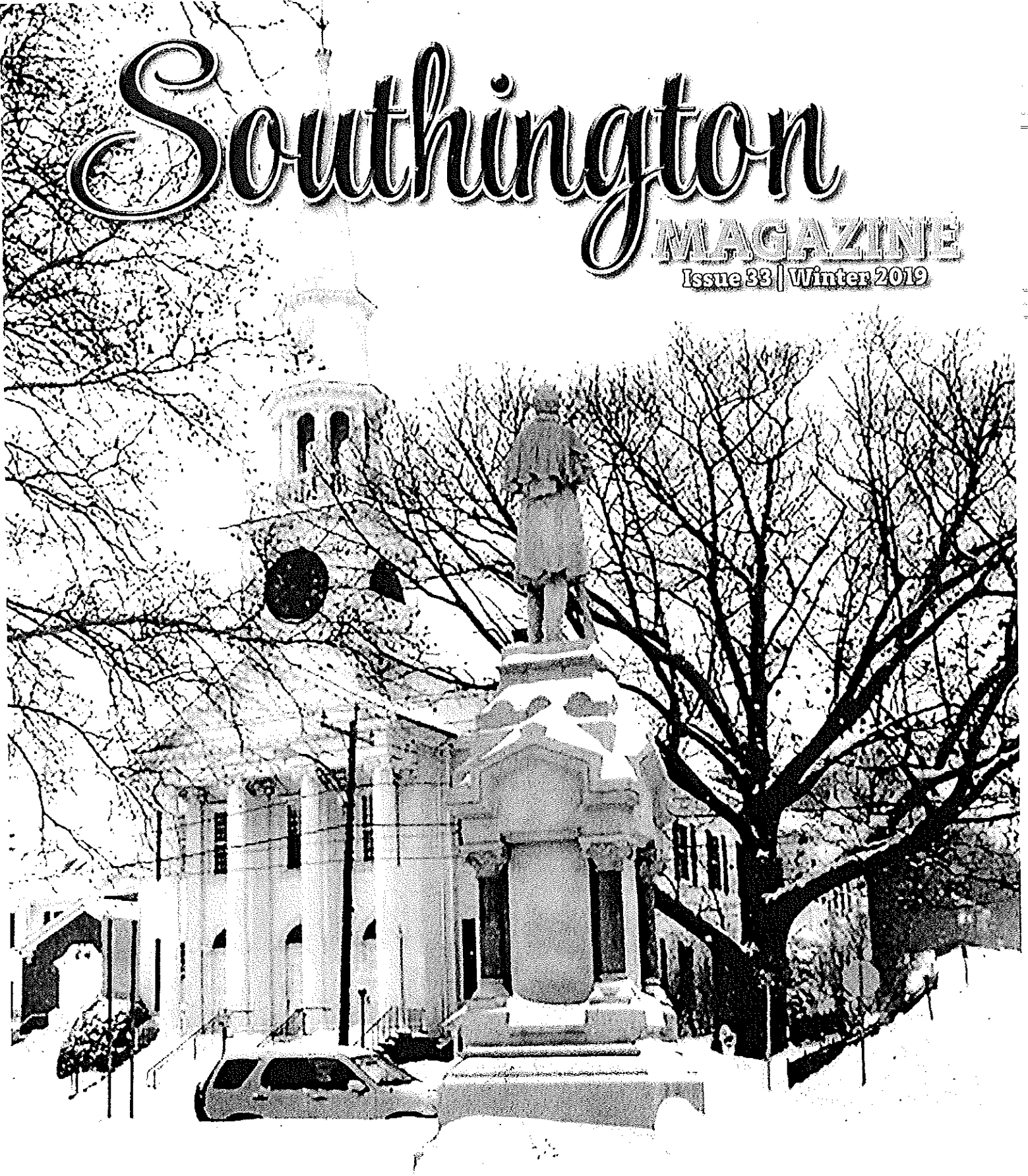
³ <https://www.move.org/which-states-pay-most-utilities/>

⁴ <https://www.ct.gov/deep/cwp/view.asp?a=4423&q=530290>

⁵ <http://www.resnet.us/library/cutting-homes-greenhouse-gas-emissions/>

Southington

MAGAZINE
Issue 33 | Winter 2019



SOUTHINGTON'S PREMIER PUBLICATION



BUILDING CODES AND ENERGY EFFICIENCY

By Ken Mita, Construction Manager, Hillcrest Village

Building codes continuously evolve over time. Current building code requirements are much more rigorous than those in place just 10 years ago, resulting in new home construction that is safer and significantly more energy efficient than the average resale house.

From a safety standpoint, current building standards require several additional components in new houses that were not required in years past. One notable change is the requirement to install arc fault circuit interrupters. An arc fault circuit interrupter (AFCI) is an advanced circuit breaker that, as a way to reduce electrical fire threats, breaks the circuit when it detects a dangerous electric arc in the circuit that it protects, much the same way the more familiar ground fault circuit interrupter (GFCI) does when it detects moisture in the circuit. Prior to 2016, these breakers were only installed in select areas of a home. Now, these AFCI breakers are now installed throughout the house, providing additional protection against a potential fire outbreak.

Southington Building Official Jeff Pooler says that people frequently ask about safety features in the building code. "Two common questions we get about the building code involve provisions for smoke and CO detectors and the required placement to ensure the safety in case of a fire."

Current building code also calls for additional safety protection in rooms with

wet surfaces such as tubs or showers, by requiring windows be fitted with safety glass if they are located within 60 inches from the shower or tub. Because the risk of a slip or fall is higher on wet surfaces such as ceramic tile, safety glass would prevent severe cuts from broken glass if a resident were to have a fall in a bathroom and hit a window.

Another safety measure built into current building code is the requirement for fire resistant floor structures in residential construction. Plywood i-joists are commonly used in residential construction because of their increased strength, span and stability when compared to traditional lumber. Unfortunately, these plywood i-joists are also quicker to fail in the event of a fire, creating a hazard for firefighters who might fall through a floor while fighting a fire. Current code calls for a variety of options to construct a floor system that is more fire-resistant, making for a safer environment for firefighters.

Some of the most significant changes to the building code concern energy efficiency. One of the most visible is the requirement for additional insulation in walls, ceilings and floors. Current houses built at Hillcrest in Southington use R-21 fiberglass in exterior walls and blown in insulation in attics giving an R value of 49. This amounts to 20 inches of attic insulation, a significant increase compared to what was required by

code only a few years ago.

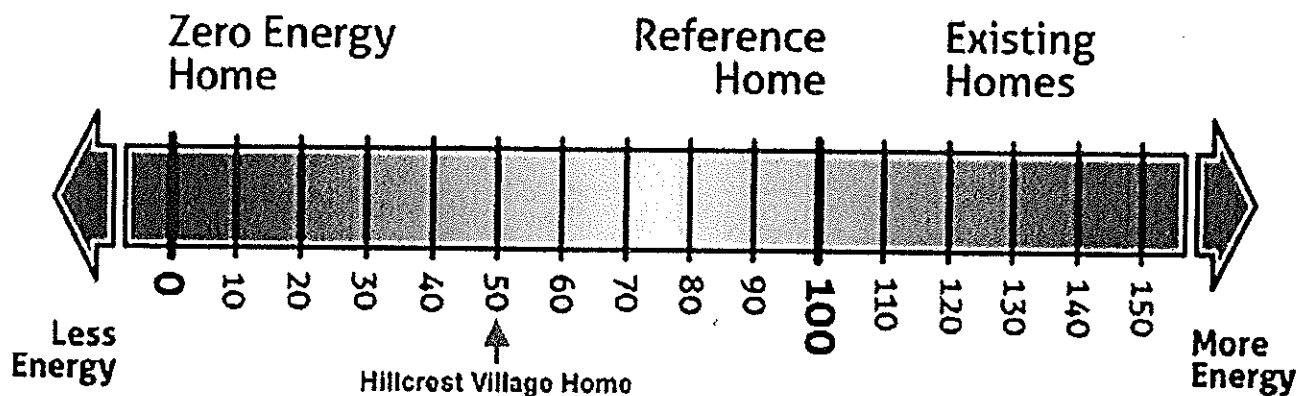
Somewhat harder to see by eye are the numerous changes to construction practice that builders put in place to achieve the current code requirement that a house is air tight enough to score less than three air changes per hour. Before 2016, the 2009 building code requirement was seven air changes per hour or less. Prior to the 2009 code, there was no requirement to measure air tightness in residential construction.

Most consumers know anecdotally that a drafty old house is less efficient and more expensive to heat and cool than a new house. Now, metrics exist to quantify a home's efficiency. Most prominently, the Home Energy Rating System (HERS) examines various elements that contribute to a home's overall energy efficiency and gives

low 70s. At Hillcrest Village, the target test score is 50.

What does this mean for new home energy performance? A home with a HERS Index Score of 70 is 30 percent more energy efficient than the 2006 reference home. A home with a HERS Index Score of 130 is 30 percent less energy efficient than the 2006 reference home. A Hillcrest Village home with a score of 50 is **80 percent more efficient** than a typical re-sale house, resulting in significant savings by reducing utility costs.

According to the U.S. Department of Energy buying a house with a score of 50 will save the typical homebuyer \$2,514 every year in energy savings versus the average re-sale house. That is more than \$75,400 over 30 years!



a score so that homeowners can gauge just how well their house performs (the HERS Index Score). The lower the number, the more energy efficient the home. The U.S. Department of Energy has determined that a typical resale home scores, at a minimum, a 130 on the HERS Index, although this score can be much higher dependent upon the overall energy performance of the home. A home built to the 2006 International Energy Conservation Code is awarded a rating of 100 as the reference baseline. Current code required building practices result in houses with HERS index scores in into the 60s and

Nick Jones is the Energy Efficiency Program Leader for Residential New Construction at Eversource Energy. Nick observes that "The homes that we build today, are expected to last for a century. Not only will these new homes have higher levels of efficiency and lower costs, but they will also provide equally important auxiliary benefits including better indoor air quality, improved comfort, and conditions for improved occupant health."

A new construction home built to today's construction standards offers significant safety and energy efficiency improvements