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NATIONAL ASSOCIATION OF HOME BUILDERS

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## TAX CREDITS BOOST INCENTIVE FOR GREENING AMERICAN HOMES

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**February 18, 2009** - Expanded tax credits for energy-efficient home improvements in the new economic stimulus package puts more money in consumers' pockets by providing financial incentive for home owners to go green on their renovation projects in 2009 and 2010. While more efficient homes save on water and energy bills, these tax credits will make such home upgrades even more affordable.

The Internal Revenue Code section 25C tax credit 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. Homeowners could be rewarded for installing energy-efficient windows, doors, roofing and insulation as well as furnaces, air conditioners and heat pumps.

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

Now, the credit rate and lifetime cap have been tripled -- to 30 percent and \$1,500, respectively -- the list of eligible improvements expanded, and the deadline for applying has been extended through the end of 2010. Congressional estimates indicate that the new rules for the tax incentive will increase aggregate remodeling activity by more than \$6 billion.

"The new tax credit also aligns with industry research indicating that even the most aggressive efficiency goals for new homes won't make a dent in overall energy consumption. Instead, remodeling and retrofitting the nation's older homes is by far the more efficient solution," said NAHB Remodelers Chairman Greg Miedema, CGR, CGB, CAPS, a remodeler from Tucson, Ariz.

"These new tax credits are another way that 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 revealed that 70 percent of the greenhouse gas emissions related to single-family envelope energy consumption can be attributed to homes built before 1983.

The bottom line: 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 will soon be available at the IRS Web site (<http://www.irs.gov>). It is expected that homeowners will need to complete Form 5695 (Residential Energy Credits) and submit as part of their 2009 income tax returns to claim the credit. Further, homeowners should retain for their own records information that includes:

- 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 about remodeling, visit [www.nahb.org/remodel](http://www.nahb.org/remodel).

**ABOUT NAHB REMODELERS:** NAHB Remodelers is America's home for professional remodelers, representing more than 20,000 remodeling industry members of the National Association of Home Builders (NAHB). Founded in 1982, the organization provides information, education and designation programs to improve the business and construction expertise of its members and to enhance the professional image of the industry. Its membership incorporates 145 local councils in 43 states. Learn more about remodeling at [www.nahb.org/remodel](http://www.nahb.org/remodel).