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Investing in Residential Energy Efficiency: Leveraging Private Capital

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(August 25, 2009, Washington, D.C.) – The Energy Programs Consortium released a report today calling on the federal government to support a national program to increase residential energy efficiency across the nation. The report found that a modest federal investment averaging \$1,500 a unit could 3.75 to 15 times their value in private capital to fund the national retrofit program, or approximately \$5 billion for every \$1 billion in federal funds

The value of energy savings when applied to an energy loan would result in a net savings to the borrower as well as pay the full cost of the measures installed. For a low-income family, the annual energy savings in the first year would be \$642 (including the value of carbon sales), resulting in a net savings of \$124 a year under a fifteen-year loan and \$180 a year under a thirty-year mortgage. For a middle-income family, the annual savings would be \$56 for an energy efficiency loan and \$262 for a mortgage loan.

The report also noted that the design of a national energy efficiency retrofit program must also take into account the situation of low-income households. These households occupy 35 percent of the nation's housing units, and account for 31 percent of total national residential energy consumption. A large majority of these low-income households have overwhelmingly high housing costs – 29 percent spend more than 60 percent of their income on housing costs alone. As such the report recommends that the subsidy be tiered with grants of up to \$2,000 for low income, \$1,000 for middle income and \$500 for high income.

A copy of the report can be downloaded from the EPC website:

<http://www.energyprograms.org/briefs/082509-EnergyEfficiencyFinanceRept.pdf>

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