



Your Home: Make It the Energy-Efficient Center of Your Eco-Conscious Lifestyle

Have you made a commitment to living an eco-conscious lifestyle? Or do you have an interest in reducing utility costs, increasing your comfort, and adding to the long-term value of your home? If so, you're probably aware that cutting down on energy use in your home is one of the most effective ways to live an environment-friendly life that can benefit your bottom line, too.

"There are easy steps you can take right away – like replacing incandescent light bulbs with LEDs and sealing up drafty windows with caulking," says Jennifer Amann with the American Council for an Energy-Efficient Economy (ACEEE). "Also, assess the efficiency of your home's appliances. For example, replacing an aging refrigerator with a new high-efficiency model—or getting rid of the extra fridge in the garage or basement—can save a substantial amount of energy and reduce your utility bills."

According to a 2015 Nielsen Insights study, 76 percent of consumers plan to do something to make their home more energy-efficient in the next three years, and they plan to cumulatively spend up to \$240 billion.¹

Aim for the easy fixes first

Clearly, in most households, small jobs that help reduce home energy bills are the first steps toward energy efficiency. Small changes can make a big difference. ENERGY STAR's "Energy Savings at Home" tips point out these compelling facts²:

- It costs almost \$20 a year to leave one light on for eight hours a day.
- Homeowners typically save up to \$200 a year in heating and cooling costs by air sealing their homes and adding insulation.
- If all refrigerators sold in U.S. were ENERGY STAR-certified, greenhouse gas emissions would be reduced by 19 billion pounds per year.

There are additional energy improvements to consider, such as installing insulated windows or updating heating and air conditioning systems. These types of projects can save you a lot of money on utility bills. People who live in a cold climate typically spend about half of their energy dollars on heating their homes. Combined, homeowners in the U.S. spend more than \$15 billion on electricity for home air conditioning.³

Major energy improvement projects can make your home more comfortable, too – no cold drafts in the winter, and less discomfort on sweltering summer days.



Integrate energy efficiency into planned improvements

Of course, more involved energy conservation efforts take longer and can cost quite a bit more than making minor repairs or buying new fridge. That's why it's a good idea to have a plan and prioritize your efforts. Making a home truly energy-efficient is a process!

"At ACEEE, we encourage people to hire a professional to provide a full home performance assessment to identify opportunities to improve comfort and save energy. Many energy and comfort upgrades can be made along with other home improvements," said Amann. "A good example would be to include upgrades to windows, insulation and heating and cooling systems with other remodeling work, like an updated kitchen or bathroom. Make energy-efficiency considerations an integral part of your plan."

Build on the value of your home

Given the costs, time and effort involved, you may also be wondering what energy-efficient upgrades do for the long-term value of your home.

Over the last 10 years, the building and real estate industries have begun preliminary research on the impact of green features to a home's value. While there are no large-scale results yet, some researchers are finding that energy efficiency does have an impact on sales and home values in the locales they studied. For example, Earth Advantage Institute found that ENERGY STAR-certified homes in certain counties in Washington and Idaho had higher sales prices than homes that were not certified.⁴

A UC Berkeley/UCLA study of home transactions also found that green labeling improved selling price. Controlling for all other factors, researchers found that the 4,321 certified energy-efficient homes sold at an average price premium of 9 percent.⁵

The 2016 Cost vs. Value Report from Remodeling magazine found that the average attic air-seal and fiberglass insulation job costs \$1,268, with an added value to the home at resale within a year of completion of \$1,482 – a 116 percent return on investment.

Investing money to save money

Since making major upgrades is a big decision, you will want to ask yourself some important questions before you start. How much will energy-efficient improvements cost? Should I borrow the money or pay cash? How much money can I borrow?

ACEEE's website, SmarterHouse.org, offers insights into the costs of home improvements and suggestions for working with contractors who are certified with the Building Performance Institute, a nonprofit organization that sets technical standards for home energy auditing and energy efficiency upgrades.



When it comes to paying for the work you have in mind, a home equity line of credit (HELOC), which allows homeowners to tap into the available equity in their home, can be a good choice. In fact, while not restricted to these uses, home improvements and remodeling have traditionally been among the most common reasons homeowners take out a line of credit.

One of the advantages of a HELOC is flexibility. Once the line of credit is opened, the borrower draws out funds as needed up to a pre-determined credit limit. For convenience, most financial institutions give you checks that can be used to pay directly from your HELOC for services used (for example, a contractor) and purchases made (for materials, appliances, etc.) – or you can use secure online banking to transfer funds from a HELOC to your checking account to pay for home improvements.

Other advantages of a home equity line of credit include interest rates that are typically much lower than credit card rates. And, ask your financial advisor whether a HELOC's flexibility would offer you tax advantages.

To get an idea of how much you may be able to borrow, you'll need to know the estimated value of your home and how much you still owe on your mortgage. You can visit the [Bank of America Real Estate Center](#), type in your home's street address and instantly see an estimated range of what your home is worth. You generally are able to borrow a portion of your home's equity (defined as your appraised home value less what is owed). Your next step: talk with a loan professional to get more specifics. Don't forget to compare fees and other costs associated with getting a line of credit since some lenders charge these and others don't.

Whether you want to save on utility costs, increase your home's comfort level, or make your home more appealing for future sale, embracing effective ways to save energy is a great idea. You can do right by the environment and enjoy an eco-conscious and more comfortable lifestyle!

Source materials:

1. Consumers want energy efficiency but what will they do about it? Nielsen Insights. Web. 30 September 2015. <http://www.nielsen.com/us/en/insights/news/2015/consumers-want-energy-efficiency-but-what-will-they-do-about-it.html>
2. Energy Savings at Home. ENERGYSTAR.gov. <https://www.energystar.gov/campaign/waysToSave>
3. Home Systems+Energy. SmarterHouse.org. <http://smarterhouse.org/home-systems-energy/building-envelope>



4. Home Valuation Study. October 2015. The Market Valuation of Energy Efficient and Green Certified Northwest Homes. With support from the Northwest Energy Efficiency Alliance. <http://www.earthadvantage.org/policy-research/published-reports.html>
5. The Value of Green Labels in the California Housing Market. UCLA Institute of the Environment and Sustainability.
6. <http://www.environment.ucla.edu/newsroom/the-value-of-green-labels-in-the-california-housing-market>