



## Industry Watch

By Rich Walker, Architectural Manufacturers Association

# The Best Opportunity for High-Performance Fenestration

In last August's edition of this column, I noted that many potential homebuyers, leery about the economy and unable to sell their undervalued homes, are turning to remodeling and staying put.



Statistics confirm that a growing number of Americans are spending more on home renovations, at the rate of an estimated \$115.9 billion in the year ended June 2011, according to the Joint Center for Housing Studies at Harvard University. That's a 4.6 percent jump from the year ended March 2011 and the largest increase in more than five years. In addition, according to permit tracker BuildFax, the number of residential remodeling permits jumped 24 percent in July 2011 compared to July 2010—the highest level since 2004.

However, while market dynamics continue to favor remodeling and replacement, the National Association of Home Builders' Remodeling Market Index dropped to 41.7 in the third quarter in reaction to renewed threats of a double-dip recession, down from 43.9 in the second quarter, after reaching a four-year high of 46.5 in the first quarter. Fortunately, the fear of further downturn in home remodeling most likely is nearing an end as activity in home improvement spending slowly climbs to higher ground next year. Jonathan Smoke, executive director for market intelligence for Hanley Wood, forecasts that remodeling will see 6 percent growth in 2012 and 9 percent in 2013.

### ENERGY RENOVATIONS DRIVE THE SEGMENT

According to the Department of Energy, when replacing single pane windows, property owners reduce their heating and cooling costs by \$126 to \$465 a year. This poten-

tial benefit has driven much of the remodeling expenditure toward fenestration upgrades.

The 30 percent tax credit (up to a \$1500 maximum) that expired at the end of 2010 provided additional incentive. According to Internal Revenue Service estimates for individual income tax returns filed for 2009, more than 6.7 million homeowners claimed to have purchased and installed credit-qualifying, energy-efficient home products during 2009.

Windows, doors and skylights certainly got their fair share. Of the 6.7 million homeowners claiming a credit, an estimated 34 percent included claims for purchases of windows and skylights, while 27 percent declared purchases of energy-efficient exterior doors. Of the \$25.1+ billion spent on non-business, energy-efficient products during 2009, more than \$8.5 billion was spent on credit-qualifying windows and skylights, and \$2.2 billion was spent on energy-efficient exterior doors.

Given this positive influence and the energy-saving benefits of high-performance fenestration, AAMA has joined other industries in urging a resumption of the tax credits, as much work remains to realize the full energy-saving potential of high-performance products.

### THE ROLE OF ENERGY STAR

These tax credits were, and future credits are likely to be, tied to performance levels dictated by the Energy Star program, which continues to tighten its requirements.

In October, the EPA released the Energy Star for Windows, Doors, and Skylights Version 6.0—originally referred to as Phase 2—Product Specification Framework Document for stakeholder input—essentially a road-map and schedule for the next itera-

tion of Energy Star qualifying criteria, slated to take effect in fall 2013.

In addition to the predictable tighter U-factors and SHGCs, some of the new program elements being considered for Energy Star 6.0 are:

➤ Certification to NAFS structural requirements. The Environmental Protection Agency expresses concerns that requiring NAFS certification may result in a backlog at labs and inundation of industry resources. In response, AAMA has stated that it “advocates testing and certifying to the code-required NAFS standard and believes that our current network of accredited laboratories will be able to meet the needs of additional product testing.”

➤ Air leakage testing, rating, certification and labeling, keyed to the 2010 IECC, with requirements of an air leakage rating of  $\leq 0.3$  cfm/ft<sup>2</sup> for windows, sliding doors and skylights or  $\leq 0.5$  cfm/ft<sup>2</sup> for swinging doors.

➤ Mandatory online posting of detailed installation instructions.

To help support the use of high-performance residential windows, doors and skylights in the promising renovation and replacement market, AAMA will continue to remind Congress to reinstate the 30 percent/\$1,500 25(c) tax credit of 2009 and 2010. And, recognizing that a window's beauty is more than U-value deep, we will also continue to advocate for Energy Star products that are high performance in all aspects and are certified to validate that performance. ☐

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