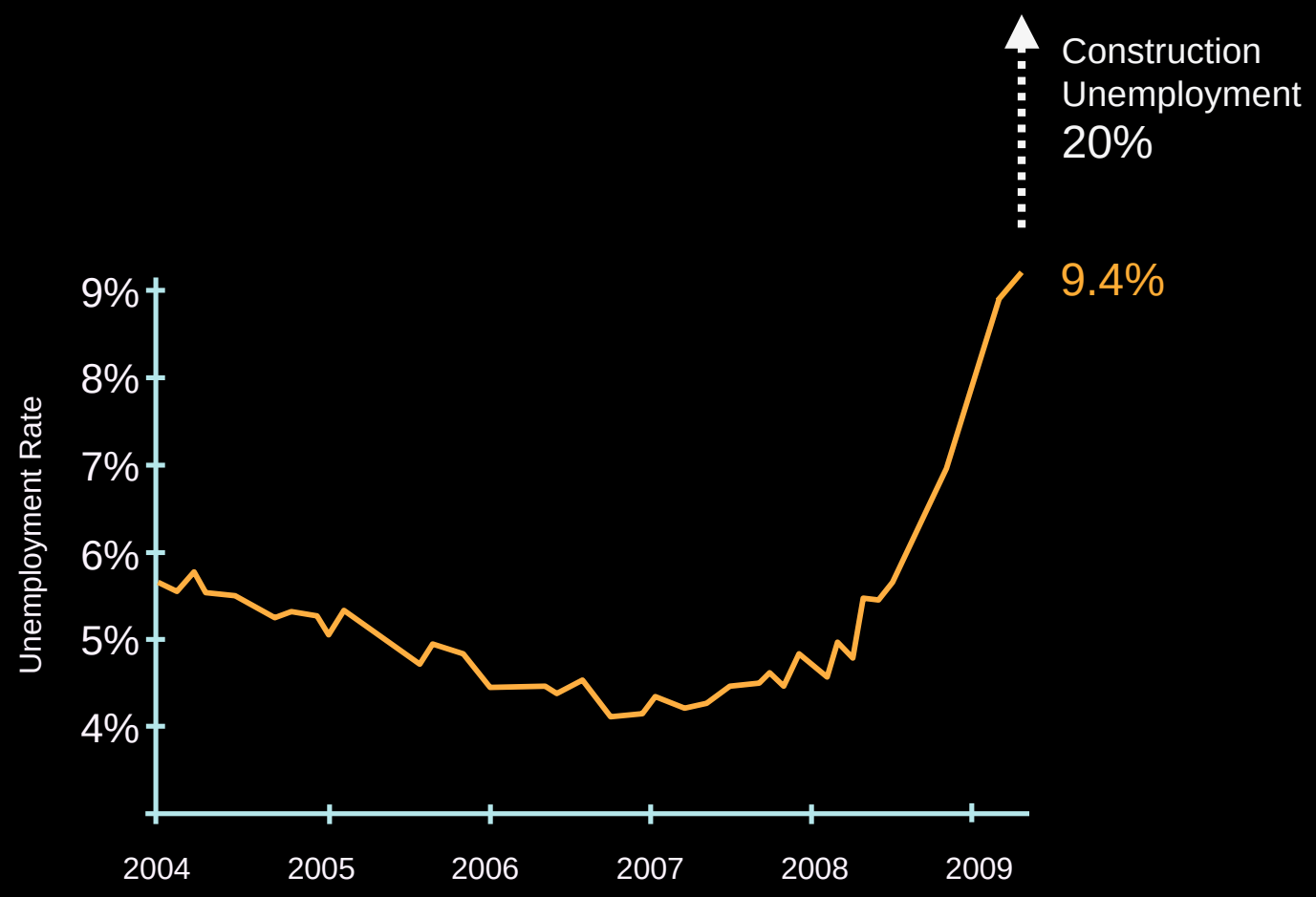
SELF-SUSTAINING, MARKET-BASED JOBS vs. "HANDOUTS"

Edward Mazria, 2030 Inc. / Architecture 2030

Thursday, June 11, 2009, 2:00 p.m.

House Financial Services Subcommittee on Housing and Community Opportunity



US Unemployment

125 YEARS
BUREAU OF LABOR STATISTICS

There are over 1.7 million construction workers out of a job.

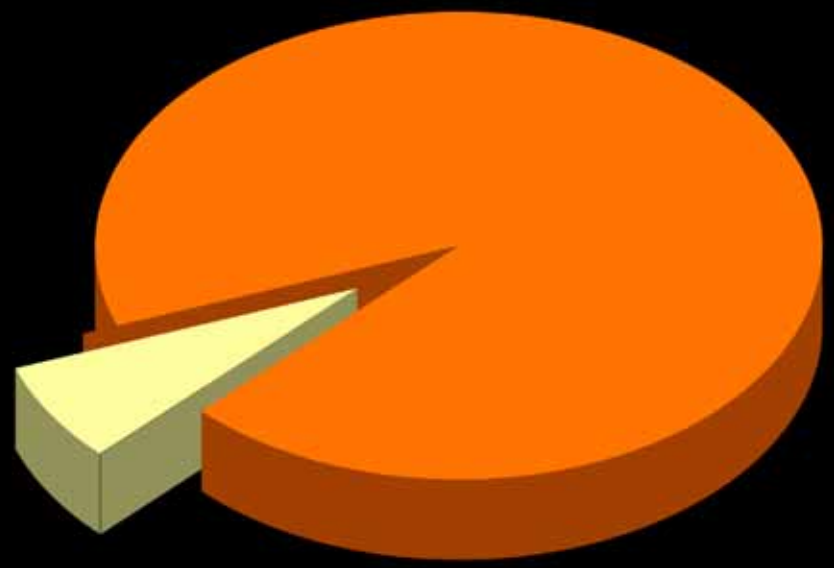
The average annual salary for residential construction workers is $35,000.

What does all this have to do with the GREEN Act?
architecture 2030

US Building Construction

Private Building Sector

93%



Public Building Sector

7%

US Building Construction

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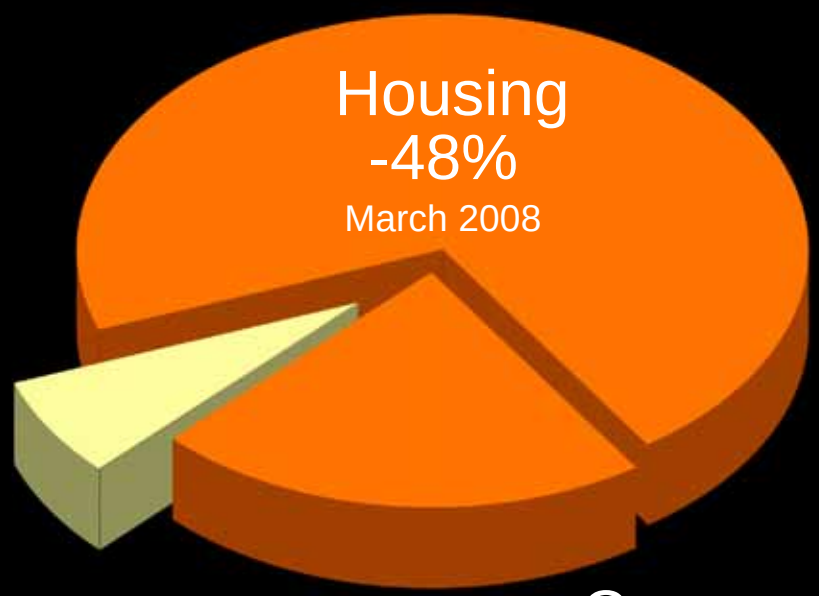


Public Building Sector

7%

2008, +2%

Commercial

2008, -7%

US Building Construction

Private Building Sector

93%

$$
tax base

Public Building Sector

7%

US Building Construction

Stimulus

$1.2 trillion
mortgage backed securities

Private Building Sector
93%

$$
tax base

Public Building Sector
7%

US Building Construction

BUILDINGS
Products / Industries

Trucking / Rail
Machinery / Tools
Demolition
Earth Work
Equipment Rental
Concrete
Masonry
Steel
Metals
Wood
Plastics
Waterproofing
Insulation
Doors
Windows / Skylights / Glass
Plaster / Gypsum Board
Paints
Tile / Carpet
Coatings / Sealants
Mech. / Elect. Equipment
Hardware
Lighting
Furnishings
Trees, Shrubs, Grasses
Architects / Engineers / Planners
Contractors
Construction Workers
Banking / Real Estate

Private Building Sector
93%

Public Building Sector
7%

US Building Construction

Stimulus

4.5-Million-Jobs Plan

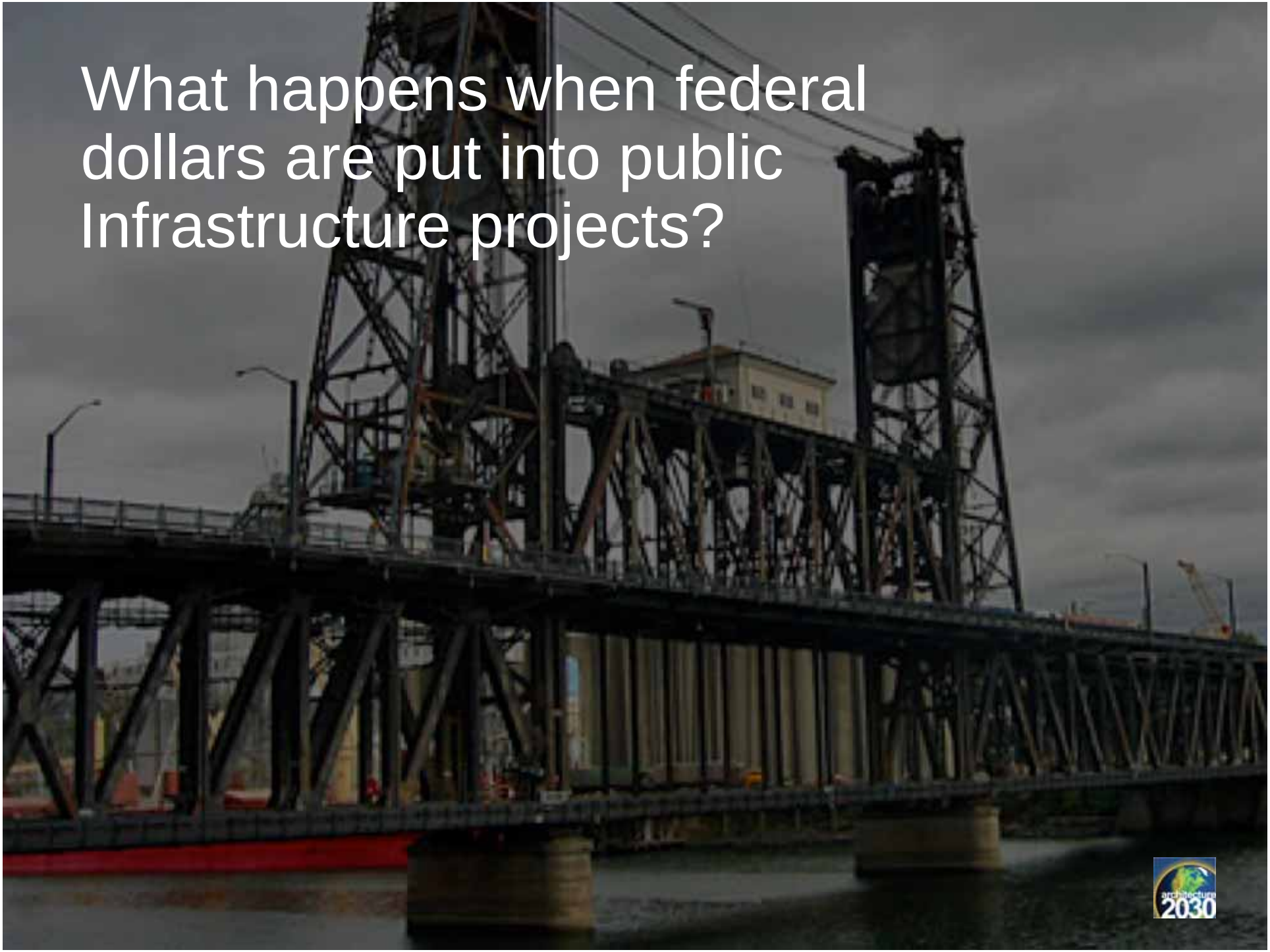
Private Building Sector

93%

$$
tax base

Public Building Sector

7%



What happens when federal dollars are put into public Infrastructure projects?

Public Infrastructure

$30 Billion

230,000 direct
150,000 indirect
120,000 induced

$30B → $30B (construction spending)

→ 500,000 (jobs)

→ $2B (6.6%) (state & LG taxes)

→ $6B (20%) (federal taxes)

What happens when federal dollars are put into the …

4.5-Million-Jobs Investment Plan

4.5-Million-Jobs Investment Plan

$30 Billion

$30B → $296B (construction spending)

$296B → 4,500,000 (new jobs)

1.4M direct
1.8M indirect
1.3M induced

$296B → $20B (state & LG taxes) (66%)

$296B → $60B (federal taxes) (200%)

Funding: 79% renovation, 21% new construction

How does the Plan work?

Home Mortgage Rate Buy-Down → Home Energy Reduction Targets + Minimum Homeowner Investment

Homes

Mortgage Interest Rate Existing (new location efficient mortgage)	Mortgage Interest Rate New	Minimum Energy Reduction
4.0%	4.5%	HERS 70 (30% below IECC 2006)
3.5%	4.0%	HERS 50 (50% below IECC 2006)
3.0%	3.5%	HERS 25 (75% below IECC 2006)
2.5%	3.0%	Net Zero

Assumes current mortgage rates are at 5%.

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Renovation

Minimum Homeowner Investment

LOAN AMOUNT
(30 Year Fixed)

RATE	$150,000	$200,000	$250,000	$300,000	$350,000	$400,000
4.0%	$12,000	$16000	$20,000	$24,000	$28,000	$32,000
3.5%	$18,000	$24,000	$30,000	$36,000	$42,000	$48,000
3.0%	$24,000	$32,000	$40,000	$48,000	$56,000	$64,000
2.5%	$30,000	$40,000	$50,000	$60,000	$70,000	$80,000

Renovation

Minimum Homeowner Investment

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(30 Year Fixed)

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3.0%	$24,000	$32,000	$40,000	$48,000	$56,000	$64,000
2.5%	$30,000	$40,000	$50,000	$60,000	$70,000	$80,000

$240,000 mortgage loan @ 6.0%

Mortgage balance = $210,000

Equity = $30,000

Mortgage loan @ 6.0% = $240,000
Mortgage balance = $210,000

HERS 25 (energy reduction 75%)
Minimum Investment = $40,000

Mortgage loan @ 6.0% = $240,000
Mortgage balance = $210,000

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Mortgage loan @ 6.0% = $240,000
Mortgage balance = $210,000

HERS 25 (energy reduction 75%)
Minimum Investment = $40,000

New Mortgage
$250,000

4.5-Million-Jobs

3.0%
mortgage

tax credit

~~$1,439~~
~~month~~

$1,054
month

Min. HERS 25 or equivalent

Mortgage loan $250,000 @ 3.0%

Original monthly payment	=	$1,439
New monthly payment	=	- $1,054
Mortgage Savings	=	$385
Min. monthly energy savings	=	+ $158
TOTAL MONTHLY SAVINGS	=	$543

Plus available tax credits

		Public Infrastructure	4.5-Million-Jobs
Government Spending	=	$30 billion	$30 billion
Private Spending Generated	=	negligible	$296 billion
Jobs Created	=	500,000	4,500,000
State & LG Taxes Collected	=	$2 billion	$20 billion
Federal Taxes Collected	=	$6 billion	$60 billion

Funding: 79% renovation, 21% new construction

4.5-Million-Jobs

Benefits? You have…

- put the building sector back to work.
- kept people in their homes.
- lowered their monthly mortgage payments.
- lowered their monthly energy bills.
- increased their disposable income.
- brought back the federal and local tax base, and…

you've helped the nation lower its
energy consumption and GHG emissions.

Thank you.

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