



green financing luncheon

Thursday
August 26th
12:30pm

sponsored by



JOEGREEN
HOME SOLUTIONS

What is an Eco broker?

- Help clients market properties with green features
- Save money
- Live comfortably through energy efficiency & environmentally-sensitive choices.



Why use an EcoBroker?

Benefits For Sellers:


- Helps highlight the energy-efficient features and upgrades of a home to increase property value and help sell faster.
- Trained to market affordability and environmentally-sensitive and healthier features of homes.
- **FACT:** 63% of buyers are motivated by the lower operating and maintenance costs that come with an energy-efficient home.*



Why use an EcoBroker?

Benefits For Buyers:

- Trained on energy efficiency & cost savings of proper insulation, windows, appliances, heating and cooling systems and other home features that affect your comfort and your energy bill.
- Arrange home energy audits - Identifies cost-effective energy upgrades and the specific monthly cost-savings.
- Assist with green financing that can pay for the upgrades.



What is a HERS “Energy Rating”?

- HERS is a uniform national system for evaluating a home’s energy efficiency
- Produces an “index” score that compares the efficiency of the home to one built to comply with the minimum energy code.

A HERS Rating includes:

- A comprehensive evaluation of the building envelope and the heating and cooling systems
- Data analysis using nationally approved rating software
- Recommendations for the most cost-effective improvement measures
- Final score after measures are installed

HERS rating



Why Use Energy Ratings?

- To recommend cost-effective energy improvements or new home construction options for energy efficiency
- To objectively quantify future energy cost savings benefits for each item recommended

Potential for Improvement:

- Reduced air leakage
- Heating system upgrade
- High efficiency water heater
- Quality storm windows

HERS rating


How Will Home Buyers Benefit ?

- By **Solving** their energy problems
- By **Reducing** their energy costs and making home ownership more affordable
- By **Increasing** their home's comfort and resale value
- By helping them **Qualify** for a mortgage

HERS rating



How Will Lenders Benefit?

- 
- **Increase** loan size and volume
 - **Create** a market niche
 - **Provide** excellent customer service
 - **Qualify** more first-time home buyers
 - **Reduce** the cost of home ownership
 - **Solve** customers' energy problems

HERS rating



How Can Realtors Benefit?

- **Make** certain homes more affordable and attractive
- **Give** first-time home buyers a greater choice in homes
- **Get** more client referrals
- **Attract** attention in a competitive market

HERS rating



Contractor Arranging Service

- **Prepare** detailed specifications for proposed energy improvements.
- **Manage** the collection of firm-fixed bids from contractors.
- **Help** homeowner select contractors.
- **Contract Preparation**
- **Document** work completion, re-rates the home, and informs lender to release escrow.

HERS rating



Co-Marketing and Collaboration

- With Lenders to market and process EIMs / EEMs
- With Real Estate Brokers to market energy ratings to their clients
- With Non-Profit Housing Developers to help them qualify more buyers.

HERS rating

Seaport Credit Union



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Home Equity Line of Credit

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(initial rate valid for 12 months)



Energy Efficiency Mortgages

- Definition: A *timely* national program with significant consumer benefits including increased home ownership opportunities
- Regionally implemented in New England in collaboration with the Northeast HERS Alliance


Why now?

- Rising mortgage interest rates
- Home heating costs are sky-rocketing
- Existing New England homes are not very energy efficient
- **FACT**: Most homes built before 1980 have significant potential for energy savings.




What are Energy Mortgages?

- Result in lower utility bills → reducing total housing costs.
- Provide homebuyers with greater monthly cash flow.
- Two types:
 - Energy *Efficient* Mortgages
 - Energy *Improvement* Mortgages



Energy *Efficient* Mortgages

- For homes that are already energy efficient (*typically new construction*)
- Allow lenders to s-t-r-e-t-c-h debt-to-income ratios
- Save money on utility bills by financing the cost of adding energy efficiency features to new or existing housing as part of their FHA insured home purchase or refinancing mortgage.
- EEM can be used to make energy efficient improvements in one to four existing and new homes.
- Improvements included in a borrower's mortgage if total cost < the total dollar value of the energy saved during useful life.
- EEM can also be used with the FHA Section 203(k) rehab loan program.




Energy *Improvement* Mortgages

- Help improve existing home value so the buyer gets a better home
- Allow the lender to incorporate the cost of energy improvements into a first mortgage.
- Need a lender

Other options

- Homeowners can save 20% - 30% on energy costs with \$4,000 - \$8,000 worth of green improvements¹
- Homeowners (and renters!) can save about \$400/yr by converting to ENERGY STAR certified products
- Buildings with “LEED” status use, 25% - 30% less energy than conventional buildings and cost, on average, only 2% more to build²
- Using an energy-efficient furnace or boiler can save you up to \$570 annually³
- The average U.S. home lost 2.7% of its value in 2007 while eco-friendly homes have held their value⁴
- Demand for green homes is rising – 46% of buyers would like a green home⁵



Guiding your way through the energy rebates & tax incentives

- These rebates are constantly changing, so don't be surprised by that
- We are energy auditors, not CPA's...
- There are usually many stipulations and special cases for these programs, so check in with us to help you with a specific issue.




Residential Renewable Energy Income Tax Credit (State)

- What is it: A tax credit up to 15% or \$1000 on Solar Hot Water, Solar PV, or Wind projects
- Who it applies to: Any project within the state
- Special Notes: This credit can be carried forward for up to 3 years



Renewable Energy Property Tax Exemption

- What it is: Tax exemption on the **value added** to a property by installing renewable energy for up to 20 years
- Who it applies to: Home owners
- Special Notes: Applies to solar hot water, solar PV, wind, or hydroelectric systems



Renewable Energy Equipment Sales Tax Exemption

- What it is: 100% sales tax exemption on any equipment associated with solar, wind, geothermal systems, or relating to any renewable energy system.
- Who it applies to: Renewable energy system owners
- Special Notes: Can be used as needed.



MA Major Renovations Program

- What it is: 75% of building envelope upgrades, plus 15% of “above code” upgrades, up to \$2000.
- Who it applies to: Homeowners during additions or large, “gut” renovations
- Special Notes: Must be working with a HERS Rater to qualify, and must add at least 500 square feet to the existing house.



MASSAVE Energy Efficiency Program

- What it is: Up to 75% rebate on energy efficiency upgrades, up to \$2000.
- Who it applies to: Homeowners using one of the larger utility units (National Grid, NSTAR, etc)
- Special Notes: Must have an energy audit performed. Municipal energy providers usually have their own similar programs.




MASSAVE HEAT Loan Program

- What it is: A 0% interest loan, up to \$15,000 up to 7 years for energy upgrades in the home (furnaces, boiler systems, programmable thermostats, windows, hot water systems, etc)
- Who it applies to: Homeowners using one of the larger utility units (National Grid, NSTAR)
- Special Notes: Homeowner must qualify for the loan to apply, as they are run through local banks



Marblehead Municipal Program

- What it is: Rebates on many home appliances, including refrigerators, clothes washers, room A/Cs, and insulation upgrades
- Who it applies to: Marblehead Municipal Light Customers.
- Special Notes: Appliances must be Energy Star qualified. The insulation upgrades are 50%, up to \$1600 and must have insulation inspected prior to installation.



Federal Residential Energy Efficiency Tax Credit

- What it is: A Federal tax credit on water heaters, boilers, furnaces, heat pumps, A/C, building insulation, windows, and doors for 30%, up to \$1500
- Who it applies to: Anyone filing federal income taxes
- Special Notes: This program expires on Dec 31st, 2010



Federal Residential Renewable Energy Tax Credit

- **What it is:** A Federal tax credit on renewable energy systems installed, including solar hot water, solar PV, wind, fuel cells, and geothermal. The credit is 30% of system cost **with no maximum.**
- **Who it applies to:** Anyone filing federal income taxes.
- **Special Notes:** This system does not have to be installed at your principle residence to apply.



Summary

- There are multiple avenues to fund your “Green” project
- There are also many incentives out there to encourage these projects.
- While many of the programs can be confusing, navigating through them will reap financial rewards

Sources

Cited:

- 1.) www.nari.org
- 2.) Study prepared for the Mass Technology Council, Forbes, April 20, 2007.
- 3.) U.S. DOE (Smart Money, January, 2008).
- 4.) Smart Money, January, 2008.
- 5.) NYT, November, 2007.
- 6.) National association of Home Builders
- 7.) Northeast Home Energy Rating System Alliance

Other:

- 1.) <http://www.hud.gov/offices/hsg/sfh/eem/eemhome.cfm>
- 2.) <http://www.massave.com/>
- 3.) dsireusa.org