

Going Green on New Construction or Energy-Efficient Renovations Can Put Money in Your Pocket — and Affordable Financing is Available

By Jesse Rivera, CEO at New Vista Solutions



It's been a hot topic for decades. Green Energy, Clean Energy, Renewable Energy — that which is naturally replenished and comes from natural sources like sunlight, wind and water.

Solar power, wind power, hydropower, geothermal power — all generate electricity without emitting harmful gases into the atmosphere. Federal and state legislation has favored clean energy resources and energy conservation for many years.

Now, residential and commercial property owners can take advantage of government-sponsored incentives when their new construction or renovation projects include sustainable and energy-efficient design and upgrades.

Financial Incentives That Make 'Going Green' a Sweet Deal

The list of green incentives available to property owners is extensive, and it applies to a multitude of topics. The use of solar panels is at the top of the list, but there are many more.

LED bulbs, energy-efficient windows and HVAC systems, green roofing materials, LED exterior lighting and water conservation measures — all come with potential incentives that can save money.

There are also incentives to promote resilient design measures that can help homes and buildings withstand natural disasters such as extreme heat, drought and flood events.

So, how do these incentives find their way into a property owner's wallet? Many are in the form of personal and corporate tax credits or rebates. Corporations can also receive tax exemptions or deductions. And there are grants and subsidy programs.

The big question — how does a property owner find these incentives? Who keeps track of all this information and how do property owners access it? Searching through government websites can be time consuming and overwhelming.

Answer: The IncentiFind Green Report provided by New Vista Solutions.

The IncentiFind platform maintains the nation's most comprehensive database of more than 12,000 green incentives in all fifty states. The NVS Green Report is derived from information found on the IncentiFind database. [The New Vista website](#) offers a free search feature that quickly identifies potential incentives based on the website visitor's answers to project-specific questions presented in a short questionnaire.

The questionnaire also asks if the site visitor needs assistance with financing. If the answer is yes, IncentiFind forwards the lead's contact information to New Vista Solutions, who has access to a network of mortgage lenders through the NVS settlement services solutions platform.

Once the potential incentives are identified, IncentiFind offers a paid service that will help determine eligibility and will assist with applying for the incentives through an application portal. They will also connect the applicant with the most qualified professionals to help with the project. Commercial, residential, new construction or renovation — all the information is at the applicant's fingertips.

Financing Options for Green Projects

Property Assessed Clean Energy (PACE) is an initiative that provides low-cost, long-term funding for residential and commercial projects involving renewable energy and energy-efficient upgrades. PACE also provides financing for new construction on commercial and industrial projects.

For more information on the basics of PACE Programs: [The Basics of PACE](#)

PACE programs allow property owners to finance the up-front cost of energy-efficient upgrades and improvements on a property, which is repaid over a 5- to 25-year term through a voluntary assessment that is added to the property's tax bill. This method of repayment attaches the obligation to the property rather than the individual owner, so the debt transfers with the property when it's sold.

This concept has met with some resistance from residential mortgage servicers (and Fannie Mae/Freddie Mac) who must accept that the PACE loan could move into first lien position along with property taxes, should the owner default on the taxes. Despite the push back, the program's popularity among property owners and environmental advocates has encouraged lenders to get on board.

Here is a list of 162 lenders (as of July 2017) that allow PACE financing: [PACE Consenting Lenders](#)

PACE-related legislation is active in 34 states plus D.C. and growing. The programs are state-specific and vary between commercial and residential — so let's break them down separately.

Commercial PACE (or C-PACE) programs are launched and operating in 20 states. The growth rate of C-PACE programs has surpassed residential programs, primarily because commercial loans aren't under the purview of Fannie/Freddie. Commercial projects can range from large-scale renovation and green retrofitting to new construction. Commercial developers can utilize C-PACE funding to close a gap in the capital stack of a new construction project and avoid expensive capital alternatives.

Download a U.S. map of active and pending C-PACE states: [Commercial PACE Map](#)

Residential PACE (or R-PACE) programs are currently active in California, Florida and Missouri, with more states soon to follow. As of 2017, over 150,000 homeowners had spent \$4 billion on energy-efficient upgrades and other improvements to their homes through PACE financing.¹

Typical home improvement projects include heating and cooling system replacement, hot water heater upgrades, insulation improvements, energy-efficient doors and windows, roofing, ENERGY STAR® appliances, solar systems and water conservation and resiliency measures (e.g., seismic retrofits and wind hazard protection).

Download a U.S. map of active and pending R-PACE states: [Residential PACE Map](#)

Consumers are driving the demand for energy-efficient homes. Net-zero energy (NZE) homes are the new frontier for innovation in the residential real estate market, according to a [September 2017 report published by the Rocky Mountain Institute](#), a U.S. non-profit dedicated to research in the field of green energy and sustainability.

A net-zero energy home is one that has no net energy consumption — meaning the total amount of energy used on an annual basis is approximately equal to the amount of renewable energy produced on site.

The RMI report also states consumers are willing to pay more for energy efficient homes, especially Millennials. A recent study by the National Association of Realtors found that 10% of Millennials rank energy efficiency as a top priority when choosing a home to purchase.

Are government-backed incentives and creative financing enough to entice property owners to ‘go green’? The numbers say yes, albeit a gradual process. As more pro-green legislation is passed at the state level and more property owners discover that an energy efficient upgrade isn’t going to break the bank, it’s likely we’ll see these numbers increase.

And let’s not forget about how lenders are benefitting from this trend to go green. There is growing evidence that suggests green buildings and their occupants represent a lower risk of default. Green buildings cost less to occupy due to lower utility bills, which puts the property owner in a more stable financial position. Green buildings also tend to have a higher market value than non-green buildings — thereby having a healthier loan-to-value ratio.

New Vista Solutions is proud to partner with IncentiFind, Inc. as we explore opportunities for our lender partners to leverage the nation’s most comprehensive green incentive database as a value add for their customers. Watch for future articles and press releases.

Additional Resources:

[Department of Energy — Best Practice Guidelines for Residential PACE Financing Programs](#)

[PACENation.us](#)

¹ <https://www.energy.gov/eere/slsc/property-assessed-clean-energy-programs>