

PALO SANTO DESIGNS LLC

New Homes - Remodels - Custom Design

ARE GREEN BUILDING ATTRIBUTES PROPERLY VALUED?

Saturday, August 31, 2013
By Mark and Leslie Giorgetti
THE NEW MEXICAN

Do you have a “green” home? Or want to buy or build a green home? You’re not alone. According to the 2012 Yahoo Real Estate Home Horizons Study, Americans say a green or energy-efficient home would be a hallmark of their dream home, taking precedence — for the first time ever — over common favorites like water views or living in a gated community.

If you are looking to refinance, buy or build a home which outperforms typical code-built homes in energy efficiency, you probably have contemplated the question, what is the value of green?

A common belief is that lenders and appraisers cannot put a monetary value on green building features in the loan approval process. Not true. There is growing willingness, on the part of lenders, appraisers and Realtors to reflect the advantage of green in your home value, due in part to increased support from the federal government and the Appraisal Institute, and a willingness amongst homebuyers to pay more for high-performing third-party-certified green homes.

An extensive study conducted by the University of California analyzed 1.6 million single-family home sales from 2007 to 2012, and found that third-party green-certified homes sold for 9 percent more on average than comparable non-green-certified homes.

Residential appraisers often turn to the multiple-listing service (MLS) for comparable sales data to assist in valuing properties. Santa Fe’s MLS is one of 185 MLS databases nationwide that have green data fields; there are approximately 665 others that do not. Increasing use of these fields by Realtors will assist appraisal values for green homes.

Appraisers can also use the Appraisal Institute’s Residential Green and Energy Efficient Addendum, a nationally recognized document that categorically highlights the energy, water, solar and other green features of a home so as to be monetized in the valuation of the appraisal. There are other valuation techniques available to appraisers; however, a green appraisal requires more training, skill and time than a standard appraisal.

Any owner requesting a green appraisal has the right to require that your lender use an appraiser experienced in green property valuation. Santa Fe has several appraisers with green valuation experience. If you hope to maximize the value of the green features in your appraisal, you should also present your qualified appraiser with easy-to-understand, itemized cost data for the energy, water, solar and other green improvements you made versus a code minimum home.

With the help of a HERS rater, you can also itemize the cost savings of your energy upgrades versus code-minimum construction. It is the responsibility of the builder or homeowner to inform the appraiser of these added value features.

As we emerge from the housing lull and move into a new era of slow but steady growth, we have a golden (and green) opportunity to increase the value of the green home projects we are conducting in the City Different.

Leslie Giorgetti is an associate broker with Santa Fe Properties. Mark Giorgetti holds an M.S. in climate change management and they are both principals of Palo Santo Designs LLC, a construction company that specializes in high-performance homes. Contact Mark at 505-670-4236, mark@palosantodesigns.com; Leslie at 505-670-7578, leslie.giorgetti@sfprops.com, and visit www.palosantodesigns.com