

## Industry Partners Conference - Solar Conversation

### Valuable Resources

- Appraisal Institute - <http://www.appraisalinstitute.org/education/education-resources/green-building-resources/more-green-resources/>
  - AI Reports Residential Green and Energy Efficient Addendum
  - Solar Energy – many resources for data, information
  - “Green” Appraiser registry
- Fannie Mae – selling guide - <https://www.fanniemae.com/content/guide/selling/b4/1.3/05.html#Energy.20Efficient.20Improvements>

### Market Value Impact of PV System

- Leased - The appraiser must not include the value of leased systems in the market value of the subject property. This includes any type of system, including solar. The appraiser must identify such systems in the appraisal report. The appraiser must examine the impact on marketability, when leased systems are a factor with the subject property.
- Owned – in most cases, appraiser must be knowledgeable about PV systems, proper valuation techniques and how to apply those techniques within the subject’s market.

### Market Determines Value – Appraiser’s use the following methods

- Paired sales, data analysis
- Cost analysis
- Using a gross rent multiplier
- Discounted cash flow analysis

Fannie Mae - Appraisers must compare energy-efficient features of the subject property to those of comparable properties in the Sales Comparison Approach adjustment grid. If the appraiser’s analysis determines that an adjustment is warranted based on the market reaction to such item(s), the adjustment must be included in the adjustment grid.

### Education Resources

- Residential Green Valuation Tools, ebook, Appraisal Institute
- <http://www.pvvalue.com>
- <http://www.energysensefinance.com>

### Real World Example

- A statement within the appraisal report on a subject property in Phoenix – “No value was given to the subject’s solar system, as there were no sales available.” This is an example likely that the appraiser does not have expertise to appraise properties with green features.
- Appraisal of a property in Wittman. The appraiser was faced with a complex issue. The subject property had an attached PV system that was originally leased. The leasing company went bankrupt. The documents supported if the company went out business, the system would automatically be owned. Upon careful research with lenders attorney, title, UCC filings, all credible data pointed that the system had no other liens, and officially was permitted and owned to the subject property. The appraiser employed credible techniques and valued the PV system accordingly.

## Other Website Resources

- <https://energy.gov/energysaver/planning-home-solar-electric-system>
- <http://www.resnet.us/>
- 2016 – Arizona was in the top ten states for PV installs

## Appraiser Needs Data on PV system

- Provide contract and invoice on PV system
  - Date installed
  - Contractor whom installed
  - Size of PV system, specs (1kw = 1000 watts)
  - Size of inverters, specs
  - Warranties (may differ for inverter)
  - Fixed Mount or Tracking Mount
  - Location – Azimuth, tilt/slope – this affects production
  - Permits