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Solar and Property Value: What You Should Know

Solar, particularly in the financially-savvy and environmentally-minded San Francisco Bay Area, serves as an important market differentiator.



View of Luminalt's Solar Installation, Courtesy of SunPower Corporation

“[T]he analysis finds strong evidence that California homes with PV systems have **sold for a premium over comparable homes** without PV systems.” – *from the Lawrence Berkeley National Laboratory's eight and a half year study on the impact of solar on California home values.*

A 2006 National Renewable Energy Lab study of California homes found that solar panels **increased a home's value by 17% and reduced its time on the market by 20%**.

Unlike most home improvements, the **increased value** of a property as a result of solar is **excluded from the property tax assessment** (Cal Rev & Tax Code §73).

Solar installations qualify for a **federal tax credit worth 30% of the system cost**, payable to the new home owner.

If a house has been on the market for a while and is not selling, installing solar can be a great way to sell it faster and for a better price. Luminalt has worked with numerous real estate agents throughout San Francisco to leverage solar to their benefit - **properties with solar in San Francisco are eligible for a one-third reduction in the local transfer tax.**

For works cited, please contact Claire Hill at claire@luminalt.com.

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Solar Installation in Presidio Terrace by Luminalt

Up until recently, a 1997 market report by *Appraiser's Journal* was the only industry report to consider what investments in a home's energy efficiency did to its value, stating (perhaps unreasonably) that there was a **15 to 20 times return on all improvements to energy efficiency**, whether from a solar installation or double pane windows. In 2006, with the National Renewable Energy Laboratory's report "A New Market Paradigm for Zero-Energy Homes," more accurate metrics became available that describe the positive influence of solar upon property values.

While in previous years, bathroom or kitchen remodels were viewed as an effective way to boost a home's value, **solar is now recognized as realizing greater returns on investment**, particularly when combined with government incentives and rebates available to Bay Area residents.

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- 91% of Californians see energy efficiency as an important factor when considering the purchase of a new home.
 - 70% said the cost of the monthly electric bill was an important factor in their decision to buy a new home.
 - 81% believe that a home solar system allows homeowners to start saving on monthly living costs immediately.

National Solar Homes Partnership market research conducted by Fairbank, Maslin, Maullin & Associates from March to May of 2007, released by the California Energy Commission.

The Department of Energy's office of Energy Efficiency & Renewable Energy found that **homes with solar sell twice as fast** as homes without solar – even in depressed markets.

A study by Farhar and Coburn found that in the study period from from 2001 through February 2005, High-Performance Homes (i.e. energy efficient homes with solar) **increased in average value 55.4%**, as compared to the 44.7% seen among comparison homes.

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