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The Massachusetts and Rhode Island chapter of the Appraisal Institute to host Case Studies in Appraising Residential Green Buildings - by Bud Clarke

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The Massachusetts and Rhode Island Chapter of the Appraisal Institute continues to work hard to provide timely and informative educational opportunities to its members, and we are pleased to be able to continue our efforts to offer energy-efficient valuation programs through a grant from the Appraisal Institute Education Trust. As solar photovoltaic system installations continue to increase in popularity, and the price becomes more feasible in many markets, the need for professional real estate appraisers educated in the valuation of such systems is growing considerably.

On Monday November 5th, the Massachusetts and Rhode Island Chapter of the Appraisal Institute will be holding a classroom learning program titled Case Studies in Appraising Residential Green Buildings. The program will be held at the Courtyard by Marriott at 700 Unicorn Park Dr. in Woburn, Mass., and will be taught by Sandy Adomatis, SRA. This learning opportunity will account for eight hours of continuing education. Tuition is \$130 for Appraisal Institute members and affiliates, and full price is \$155. Tuition includes a copy of Residential Green Valuation Tools, by Sandy Adomatis, SRA. Registration is at 8 a.m. and class runs from 8:30 a.m. to 5 p.m.

Attend Case Studies in Appraising Green Residential Properties and take the first step to be placed on the Appraisal Institute's Valuation of Sustainable Buildings Registry at a substantially discounted price. Placement on this registry demonstrates educational competency on this specialized topic and allows clients and employers to identify and hire valuers with green valuation proficiency. Currently, the registry has six appraisers from Massachusetts and Rhode Island.

This class comes on the heels of a very successful chapter program held in Rhode Island on September 13th addressing Solar Valuation in Commercial and Residential Properties. This program had a panel of experts that discussed valuation issues for solar in both commercial and residential settings. The program was designed to show attendees the different technology and data sources available to ensure the most appropriate methodology is used in a solar valuation project, and to increase attendee's knowledge of how electricity is priced, how solar PV is priced, and how solar PV functions to contribute to a credible value. The panelists provide detailed presentations on

solar valuation for commercial (PV-Value) and residential (Ei -Value) and included case studies and demonstrations using the most up to date software available.

Solar photovoltaic systems can be a valuable asset when attached to a property. Therefore, providing market participants with information and tools to credibly assess the value that PV adds to a property is important. To that end, the Appraisal Institute recently joined Lawrence Berkeley National Laboratory and Sandia National Laboratory to conduct the “Commercial PV Property Appraiser Survey”; a survey of commercial appraisers to assess methods of valuing commercial properties with existing PV systems, current trends, and factors that help or hurt market adoption.

The survey was conducted in April and May, and was sent to individuals who hold the MAI designation of the Appraisal Institute and Candidates for General Designations, who had taken at least one of the courses in the AI Valuation of Sustainable Buildings Professional Development Program. The initial invitation was sent to 1,065 individuals resulting in a total of 44 responses, representing a 4.1% response rate. The Appraisal Institute normally sees response rates between 2% and 8% so this was considered normal, especially given that many possible respondents likely chose not to respond because they did not have any experience appraising buildings with solar photovoltaic systems. Respondents were spread across the U.S. including New England, Mid and South Atlantic, North and South Central, Mountain and Pacific regions.

A number of appraisers have taken the Appraisal Institute’s Residential & Commercial Valuation of Solar course and/or pursued a number of self-study avenues to increase their knowledge of PV systems. A majority indicated that they would be interested in taking an online course if it was offered. Of the 44 respondents, all but 3 (7%) had taken some sort of photovoltaics (PV) appraisal course, although for 61% of respondents, that course was more than 12 months ago. The majority of respondents (93%) have appraised at least one commercial property with an installed solar photovoltaic system.

Although an overwhelming majority of the respondents had conducted appraisals of properties with solar photovoltaic systems, how such systems are valued varied widely. 84% of appraisers surveyed said the income approach typically has the most weight in developing an opinion of value for a commercial property with a photovoltaic system. Another 14% said the cost approach, and the rest (2%) said the sales comparison approach.

The survey found that 57% of appraisers said finding information about a PV system, such as its size, age, ownership or energy output, was somewhat or very easy, but 41% said doing so was somewhat or very difficult, indicating a potential need to have data on these systems more readily available. Less than half of the respondents reported utilizing AI-endorsed tools such as PV Value or Ei Value for assignments, which may indicate a lack of awareness that such tools exist.

Overall, preliminary results point to a need for standardization of valuation metrics and a method of disseminating (e.g. classes) and utilizing (e.g. assessment tools) such metrics in order for appraisers to consistently evaluate and increase demand of properties with PV systems.

If appraising solar and staying up to date with evolving trends in real estate valuation interests you, registering for Case Studies in Appraising Residential Green Buildings is an opportunity that should not be missed.

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