

How to make sure your green home upgrades pay off

November 25 2015, by Alex Veiga



In this Aug. 27, 2015, file photo, Jacob Bruce, right, leads his brother Jon in installing solar paneling on the home of Tom Cunningham and Lorraine Venberg in Louisville, Ky. Investing in making your home more energy efficient can help make it more environmentally friendly, lower your utility bills and possibly help you fetch a higher sale price. (Maggie Huber/The Courier-Journal via AP, File)

Investing in making your home more energy efficient can help the environment, lower your utility bills and possibly help you fetch a higher

sale price.

But homeowners considering a green remodel should also weigh how long it will take for the improvements to reap savings. Some pricey features, like replacing windows or buying a [solar power](#) system, could take many years to ultimately pay for themselves.

"You have to make a decision: 'How environmentally friendly do I want to get if it takes me 16 years to break even on my investment?'" said Sid Davis, a [home](#) renovator and author of "Your Eco-Friendly Home: Buying, Building or Remodeling Green."

Here are some things to consider as you map out your home's conversion to a more energy-efficient, environmentally friendly pad:

GET A HOME ENERGY AUDIT

You want to lower your electric or gas bill. You may even be ready to buy or lease solar panels to generate electricity. But what if you can accomplish big savings by simply re-sealing your windows and doors to prevent air inside your home from venting, driving up your heating and cooling costs? Where do you begin?

During an energy audit an expert sizes up the efficiency of your appliances, air and heating systems, and gauges how much air your home is leaking.

Up to 25 percent of heating and cooling costs result from heat loss, as air moves in and out of a house through holes, improperly sealed windows and insufficient insulation.

Check with your electric or gas company to see whether they offer to conduct home energy inspections. Often, such audits may be free.

MAKE EASY CHANGES FIRST

Tackling less expensive changes first can add up to big savings.

Replacing incandescent lights with compact fluorescent light bulbs, using a programmable thermostat to control when air conditioning or heat turns on can whittle away at your [utility bills](#). Then there's insulation, the decidedly low-tech but key feature of every [energy efficient home](#).

The cost of home insulation can vary, depending on how much you need and which type you use. Try this online tool from home-improvement website Homewyse.com: [www.homewyse.com/services/cost ...
ulate_your_home.html](http://www.homewyse.com/services/cost...ulate_your_home.html)

"Adding attic insulation is a good energy saver that does not break the bank," notes John Ritterpusch, assistant vice president of sustainability and green building at the National Association of Home Builders. "Air sealing older homes with a caulk gun and a steady hand can do much to keep the winter winds at bay."

Adding high-efficiency toilets can also translate into savings, especially when you factor in potential rebates from water utilities that range from \$25 to \$200, according to the U.S. Environmental Protection Agency. That could shorten the time it takes to recover the cost of such toilets, which are typically more expensive than less-efficient ones, to a few years, the EPA says.

LOOK INTO REBATES

From [solar power systems](#) and appliances to single-pane windows, certain energy and water-efficient improvements can qualify homeowners for rebates from utilities or government tax credits.

For example, the IRS offers a tax credit of 30 percent of the cost of solar hot water heaters, solar electric equipment and wind turbines. If the credit exceeds how much you owe in taxes, the IRS allows you to carry over the unused portion into the next year's tax return.

To search which energy efficient appliances and other home features qualify homeowners for federal tax credits for the 2015 tax year, check this out: www.energystar.gov/about/federal_tax_credits

Here's a search portal for rebates on Energy Star-rated appliances: www.energystar.gov/rebate-finder

CONSIDER RESALE IMPACT

Certain green upgrades may add value to your home, depending on whether you live in a part of the country where those upgrades are seen as more of a selling point.

For example, in the Southwest, homebuyers may be more likely to view water-sparing landscaping, "smart" sprinklers or a solar power system as valuable features of a home than in other parts of the country where water and energy costs are less expensive.

A recent study tracked single-family homes with solar power systems in six states that were sold mostly between 2010 and 2013. The study, conducted by real estate appraisers and the U.S. Department of Energy's Lawrence Berkeley National Laboratory, found that the homes sold, on average, for more than other homes without solar power systems. It also found that the sales price gain was higher the bigger the solar system in the home.

The appraisers, on average, found a premium of around \$14,000 for solar homes with typical-sized systems of about 3.85 kilowatts.

The green premium isn't a given. Some home appraisers may not have the training to evaluate the value of green home features. Or there may not be enough comparable homes in the area with such features, said Sandra Adomatis, a certified general appraiser and instructor with the Appraisal Institute. She also co-led the solar power study.

One way to boost the likelihood that green remodeling features are factored into your home's value by appraisers and would-be buyers is to prioritize improvements that make a visible dent in your utility bills.

"If you can prove dollars and cents (buyers) are more willing to pay a premium," Adomatis said.

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