



## Is this property's roof an undercapitalized asset?

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It is important for all real estate professionals to be able to identify whether a building's roof, from a solar perspective, is an undercapitalized asset. The decision to go solar is not as straight-forward as other energy improvements, which is why it is often an overlooked opportunity.

Understanding whether a roof is an undercapitalized solar asset may enable you to:

- \* Position a property's management envelope more comprehensively than the competition to a buyer.
- \* Reduce the buildings management envelope by eliminating electricity usage in common areas.
- \* Extract accelerated five-year depreciation schedules and tax credits subsidized by the United States government, thus freeing up capital for improvements or other investments (Up to 90% of solar is subsidized by cash rebates and tax credits).

### Roof Condition and Directional Orientation

A solar investment works best on roofs which are in good to perfect condition facing south. If the roof is in good condition but leaks periodically, ask your solar professional about systems that can be installed with adequate roof repair access. If facing the panels south is not an option, southwest, southeast, east, and west will also yield positive results for a solar installation. Solar panels which face north will generally fail rebate approvals in most jurisdictions for lack of production. Since a flat roof generally allows the installer the most directional flexibility, flat commercial roofs and brown stones tend to be ideal candidates for solar. Pitched roofs do not allow the same flexibility since the pitch of the roof determines the orientation.

### Adequate Space and Obstruction Consideration

Space considerations and obstructions will make or break a solar opportunity. An obstruction is a condition generally which creates shading on the roof, preventing the sun's rays from hitting the panels. Large structures such as water towers, buildings, raised train tracks, and large trees generally hamper a solar opportunity if they are positioned in the sun's path relative to the panels. However, if the roof is large enough, the obstruction could be avoided by installing as far away from the obstruction as possible. If obstructions or adequate space undoubtedly make solar impossible, take a look at the building's parking lot for possibility of installing solar car-ports.

Identifying a property's roof as an undercapitalized asset will prove to be yet another advantage when presenting or evaluating a property. By learning how energy efficiency affects a property's envelope from as many angles as possible, real estate professionals will continue to discover competitive advantages for today and the future.

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