



PORTERWORKS™

Sustainable Solutions

Mission Possible: Achieving Affordable Green & Energy Efficient Housing



About Dave Porter

- ▶ 30 +years of Real Estate and Lending Experience
- ▶ Top Loan officer in Western US for Largest Mortgage Co
- ▶ Roles in the industry: Loan Officer, Branch Manager, Area Manager, Regional Manager and Builder Division Manager
- ▶ Nationally Recognized Speaker, Writer & Trainer
- ▶ Bachelor of Arts in Education
- ▶ FYI: LEED GA, CGP, CAPS, MIRM, GLS
- ▶ Serves on the NAR Green Advisory Group
- ▶ Developer and Visionary of Going Green at the Beach
- ▶ Principal @PorterWorks, LO @ HomeStreet

The Value of

CALL FOR INFORMATION ABOUT RECENT CHANGES IN OUR L & N ADJUSTABLE RATE MORTGAGE PROGRAM.



Lomas & Nettleton

THE NATION'S FIRST MORTGAGE BANKER

	Loan to Value	Maximum Loan	Interest Rate	Loan Fees
SPECIAL - PROGRAMS				
Adjustable Rate Mortgage			NOTE-EFFECTIVE 17.75-13.75	6.5
			"	8.0
			15.63-11.73	8.5
			"	10.0
			17.75-13.75	6.5
NONOWNER	80-90%		"	8.0
	95%		"	3.0
	80%	107 - 250,000	1.	
	80%			
FHA - VA	97-100%	72,000	15.5	4.5
203 - VA	95-80%	72,000	15.5	6.5
245 (a-b) / GPM		72,000	15.5	7.0
manufactured homes"		72,000	15.5	7.5
spot condo loans	90%			

Perspective

Today's Timely Topics

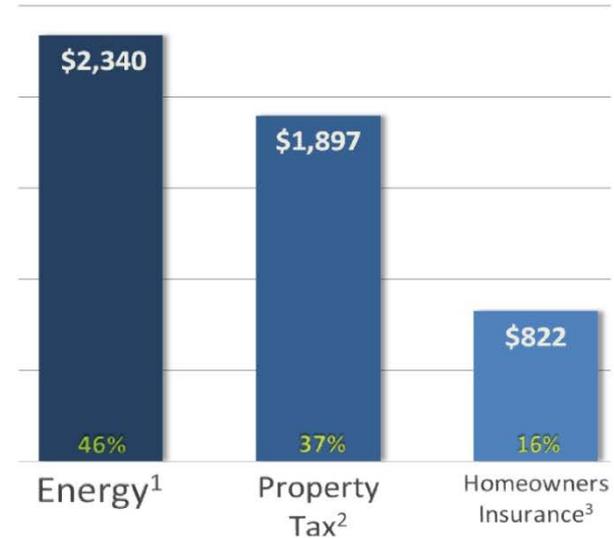
- What's Your *Real* House Payment?
- Redefining "Affordable"
- Green Mortgages
- So What's the Problem?
- Perspective & Solutions
- Outside the Box Solutions
- Free Money
- Be Part of the Solution

What's Your *Real* House Payment?



Elephant in the room

Average U.S. Homeowner Costs 2007-2008



¹ 2008 Figure: EIA 2005 Residential Energy Consumption Survey: Energy Consumption and Expenditures Table US10. Average Expenditures by Fuels Used, 2005, Dollars per Household, adjusted for 2008 using BLS Household Energy Price Index.

² 2008 Figure: The Tax Foundation, *Property Taxes on Owner-Occupied Housing by County, 2005 - 2008, Ranked by Taxes as Percentage of Home Value*, available at <http://www.taxfoundation.org/taxdata/show/1888.html>.

³ 2007 Figure (latest available): National Association of Insurance Commissioners (NAIC), *Annual Homeowners Insurance Report*.

Redefining Affordable



Changing the Paradigm

Part of the problem – how lenders look at buyers.



By Dave Porter
Director
PorterWorks

Are Qualified Mortgage Standards Wired Wrong?

High utility costs may compromise some borrowers' ability to repay their loans

Dodd-Frank. Just the mention of the name can evoke panic and fear in some mortgage professionals. The implementation of Dodd-Frank Wall Street

not allow homebuyers to pay higher points upfront in exchange for a lower interest rate in the long term.

The critical aspect of a QM loan in terms

Consider the effect on a borrower's ability to repay in the scenario of two homes, both of about 2,500 square feet, with one that incurs utility bills of \$500 a month and the other that incurs utility bills of \$100 per month. That substantial monthly differential should be a consideration when evaluating a borrower's ability to repay. Utility costs matter.

The energy efficiency of a house should be considered, as well. Not all \$400,000

Green Mortgages?

ecopedia e*co*pe*dia: the green revolution has a language all its own. here are our definitions. add yours.

latest news tips homes food weather

Green Mortgages

By Sally Deneen [back to list](#)

related articles

“...called Energy Efficient Mortgages (EEMs) or Energy Improvement Mortgages (EIMs).”

[...and Money](#)

[...-Minded Real Estate Agent](#)

[...Weapon Against Global](#)

[...Momentum in Tough Real](#)

[Green Remodeling Ideas for Smart Home Sellers](#)

possibility is to refinance your house with a "green mortgage." Or you could buy an already-energy-efficient home with a "green mortgage."

A green mortgage simply is a type of mortgage that provides you a money-saving discount or a bigger loan than normally permitted as a reward for making energy-efficient improvements or for buying a home that meets particular energy-efficiency standards. So, it's easier for you to qualify for a loan. Green mortgages hinge on the principle that a more energy-efficient home means lower utility bills and, as a result, greater income, qualifying a prospective homeowner to buy a more expensive house. Officially, the mortgages often are called Energy Efficient Mortgages (EEMs) or Energy Improvement Mortgages (EIMs).



“Green Mortgages” & EEM Programs

- FHA
- VA
- Rural Housing
- Fannie Mae
- Freddie Mac

- How about the one that got away – LEM/ Smart Commute

FHA EIM



The lesser of 5% of:

- 1) The value of the property, or
- 2) 115% of the median area price of a single family dwelling, or
- 3) 150% of the conforming Freddie Mac limit.

FHA EIM

“Cost effective”=total cost of the improvements + maintenance < total present value of the energy saved

The appraisal does not need to reflect the value of the energy added package for either new or existing construction.

Stretched ratios to 33/45.

Source: Mortgage Letter 93-13 section II.2

VA EEM/EIM Program



- Mortgage may be increased by:
 1. **↑\$3,000** based solely on documented costs; or
 2. **↑\$6,000** provided increase in monthly mortgage payment does not exceed likely reduction in monthly utility costs; or,
 3. **>\$6,000** with a value determination by VA

Fannie Mae EEM/EIM



- No income credits for qualifying using energy savings
- New or existing homes (1unit)
- Purchase or refinance
- Conventional loan limits currently \$417,000 (unless in high cost area)
- 100% of energy improvements up to 10% of the value of the home if existing home or 10% of the sales price or appraised value, whichever is less
- Adjust value of the home to reflect the value of the energy efficient measures.
- Can be used with the HomeStyle® Renovation Program

Closest Thing to a Green Mortgage

- 203K Renovation (streamline or regular)
- HomeStyle Renovation

- The Future of a True Green Mortgage



So, What's the Problem?

- If everyone on the planet lived as we do, we'd need 4.5 earths to support us.
- US represents 5% of the world's population and we consume 25% of it's energy.
- 85% of the worlds water is controlled by 14%.
- Around 2040 the worlds population will reach 8.9 billion.
- Land prices and therefore home prices rocketing.

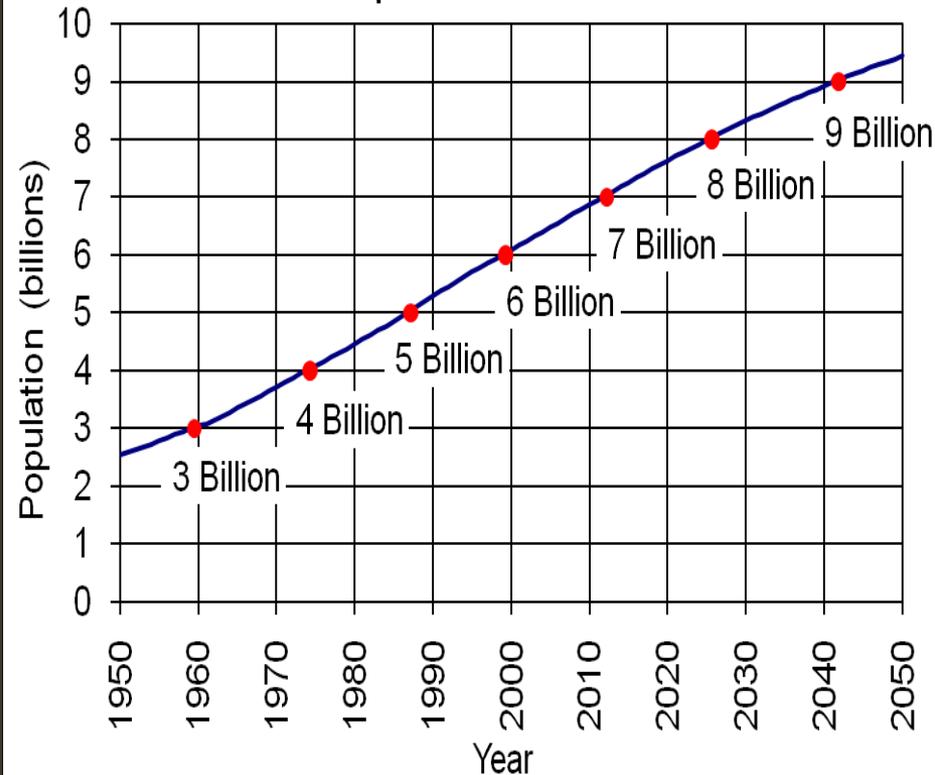
Population Growth & Urban Sprawl

Current World Population

7,256,661,700



World Population: 1950-2050

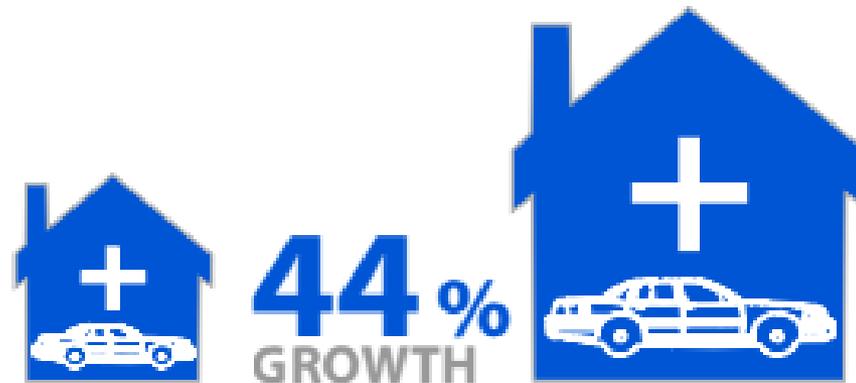


Source: U.S. Census Bureau, International Data Base, June 2011 Update.

Headwinds

From 2000 to 2010...

HOUSING + TRANSPORTATION COSTS



HOUSEHOLD INCOME

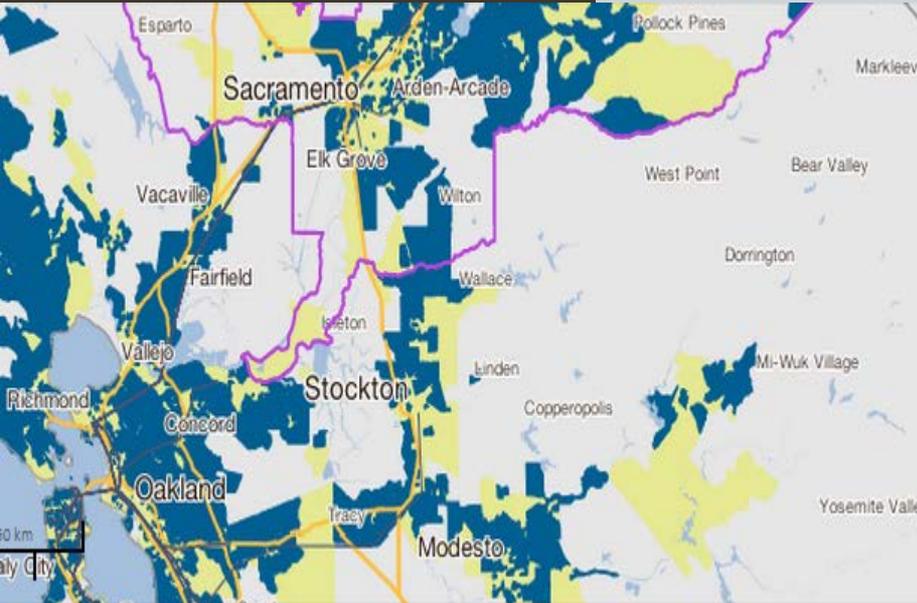


Figure 2: From 2000 to 2010, combined housing and transportation costs rose more than household income. Source: Hickey 2012.



TRUE AFFORDABILITY AND LOCATION EFFICIENCY

H+T[®] Affordability Index

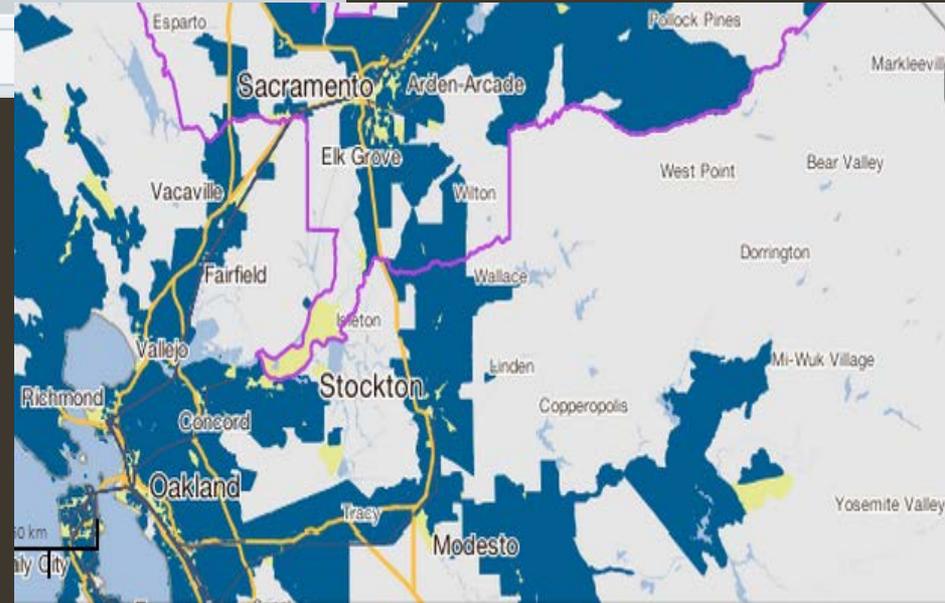


Housing Costs % Income

Regional Typical Household in Sacramento-Arden-Arcade-Roseville, CA

Income: \$60,256 HH Size: 2.67 People Commuters: 1.13 Workers

■ Insufficient Data ■ < 30 % ■ 30 + %



Housing + Transportation Costs % Income

Regional Typical Household in Sacramento-Arden-Arcade-Roseville, CA

Income: \$60,256 HH Size: 2.67 People Commuters: 1.13 Workers

■ Insufficient Data ■ < 45 % ■ 45 + %

Critical Factor: Transportation costs
How much do you spend?



“What's the use of a fine house
if you haven't got a tolerable planet to
put it on?”

Henry David Thoreau

Dave Porter's PG:C Ratio

PG:C

- There needs to be enough PAIN (current status) or enough GAIN (perceived value) to affect CHANGE

PG:C Examples

- P: Cost of Residential Electricity
 - P: Cost of Gasoline
 - P: Missing out on Incentives
 - P: Health Issues
-
- G: No Energy Bills
 - G: Improved Resale Value
 - G: Bragging Rights for Doing Right
 - G: Improved Health



Perspective: How Much Home is Enough?

How big is a house?

Average new home size around the globe in ft²



Note: data for 2009 builds, * China figures urban only

Sources: CommSec, RBA, UN, US Census
shrinkthatfootprint.com

Perspective: Rethinking Space

- Space costs: construction costs, energy, water, maintenance.
- Rethinking space needs is important when designing our homes of the future.

How much space is enough?

Average residential floor space per capita in ft²



Note: data for 2009 builds, * China figures urban only, assumes average national household size

Sources: CommSec, RBA, UN, US Census

shrinkthatfootprint.com

Perspective: The Dymaxion House



- The future we never saw.
- The Dymaxion was completed during 1929



BelMar



Solution: Bike Enabled Cities

- <http://www.walkscore.com/>

 <p>Walk Score 100</p>	<p>Walker's Paradise Daily errands do not require a car.</p>
 <p>Transit Score 100</p>	<p>Rider's Paradise World-class public transportation.</p>
 <p>Bike Score 85</p>	<p>Very Bikeable Mostly flat, excellent bike lanes.</p>





Solutions: Tiny Home Villages

Thistinyhouse.com

Solutions: Multiple Generations Under One Roof



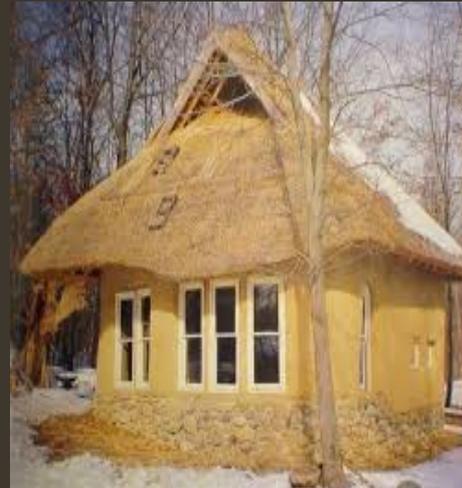
- 51 million Americans, or 16.7 percent of the population, live in a house with multiple generations.

Solutions: Alternative Construction Methods

COB



STRAW



CONTAINER

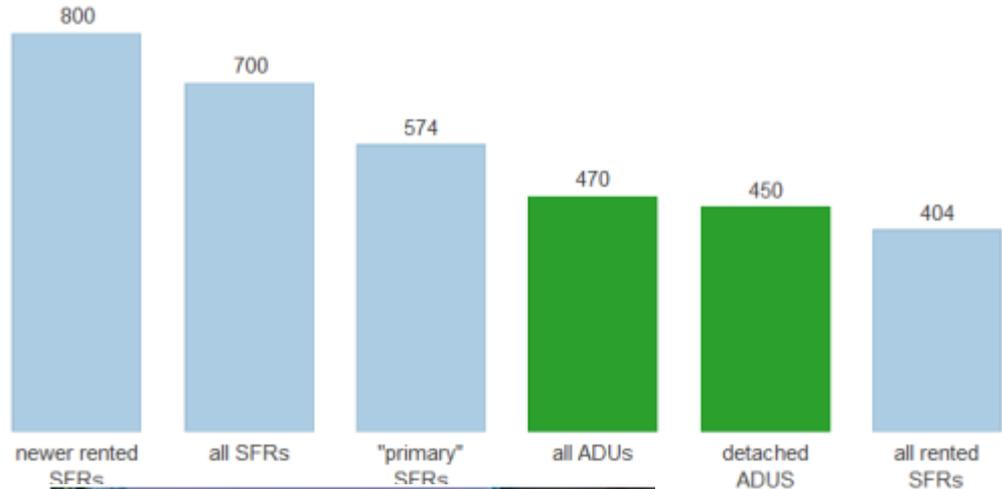


Solution: ADU size per person

- As infill that increases density, ADUs have an advantage over the typical subdivisions.
- Infrastructure is already there for the ADUs to connect to.
- ADU households have significantly fewer cars than other kinds of households.

Living area per person in various housing forms (Portland, Oregon 2013)

Living area in square feet. See Exhibit F2 in the source below for full details.



Create

Source: [Martin J. Brown](#), [Get the data](#)



Solutions: Farmscrapers

- Food might be a nice thing for the future.
- We must rethink our growing food and therefore how and where we farm.
- Vertical gardens.



Solutions: Floating Cities

- We are running out of space. We need alternatives like these floating communities.
- Will companies in the future provide employee housing like in the old days?



Print Your House!



Using 3D printer technology to construct future buildings will open up an entire new world of possibilities for architects and industry thought leaders

System or Stick Built

Engineered

- 15,000 board feet
- 4 yards of scrap
- 148 hours



Stick-built

- 20,400 board feet
- 26% more lumber!
- 17 yards of scrap
- 401 hours
- (67% more time)



(Photos courtesy of the Wood Truss Council of America)

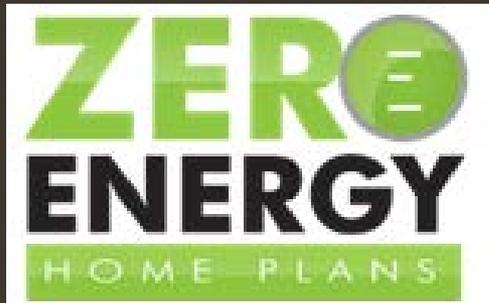
Solutions: Home Office

- 17.2 million American's work from home, close to a 40% increase from 2006.



Solutions: Zero-Energy Plans & Positive Energy Plans

- There is enough roof area to for this Positive NRG Home™ to power itself and an electric car
- 1900 Square feet, with land, all in –about \$400,000



Zero-energyplans.com



Solutions: Thinking outside the box by moving into one.



HVAC



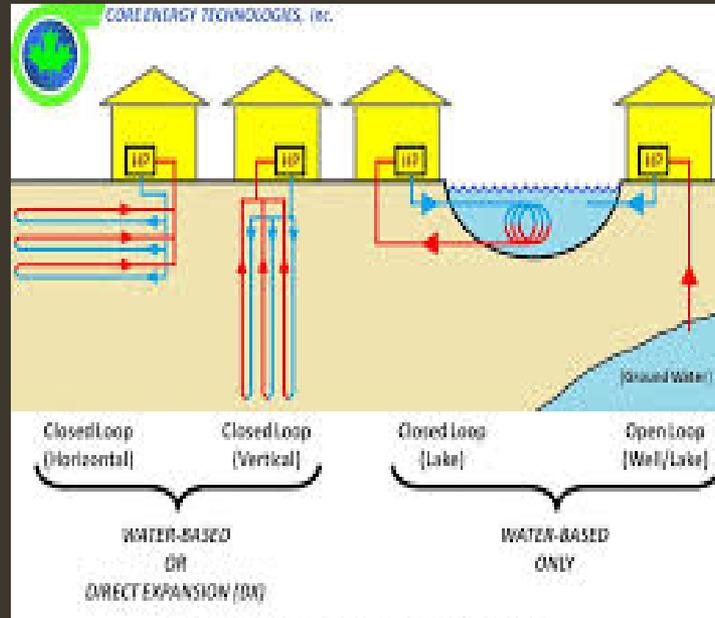
FourSevenFiveHRV



Minisplits



Solar Walls



Geothermal



Nest Thermostat

“Green Mortgages” & EEM Programs

- FHA
- VA
- Rural Housing
- Fannie Mae
- Freddie Mac

Closest Thing to a
Green Mortgage

203K Renovation
(streamline or
regular)
HomeStyle
Renovation

- How about the one that got away – LEM/ Smart Commute

Incentives: www.dsireusa.org

The image shows a screenshot of the DSIRE website. The main header is red with the text "DSIRE Database of State Incentives for Renewables & Efficiency". Below this is a navigation bar with "Home" and "Glossary" links. A secondary navigation bar is green and contains "Building Technologies Program". Below that, a blue navigation bar highlights "Financial Opportunities" in green, with other options like "Information Resources", "Technologies", and "Deployment" visible. The main content area is white and features a section titled "Financial Opportunities" in green. Under this section, there are two sub-sections: "Tax Incentives for Residential Building" and "Energy Efficiency Tax Credits for Existing Homes". The "Tax Incentives for Residential Building" section includes a paragraph about the American Recovery and Reinvestment Act of 2009. The "Energy Efficiency Tax Credits for Existing Homes" section includes a paragraph about a 30% tax credit for heating and cooling equipment. On the left side of the screenshot, there is a sidebar with a "Resources" section containing links for "Summary Maps", "Summary Tables", and "Library". Above the sidebar, there is a "DSIRE SOLAR" section with a description of the database and a "Choose one or both databases" section with a checked box for "Renewable Energy". A map of the United States is partially visible at the bottom of the sidebar, showing states like WA, OR, and ID.

DSIRE
Database of State Incentives for Renewables & Efficiency

Home | Glossary

Building Technologies Program

Information Resources | **Financial Opportunities** | Technologies | Deployment

Financial Opportunities

Tax Incentives for Residential Building
On this page you'll find information about the tax deduction products and constructing new energy-efficient homes.

The American Recovery and Reinvestment Act of 2009 offers renewable energy systems. Many of these credits were originally and amended in the Emergency Economic Stabilization Act

Energy Efficiency Tax Credits for Existing Homes
Homeowners are eligible for a tax credit of 30% of the cost of heating and cooling equipment. These improvements must be installed by December 31, 2010 and there is a limit of \$1,500 for all products. Imp the [ENERGY STAR®](#) Web site for a detailed listing of eligible

Resources

- Summary Maps
- Summary Tables
- Library

DSIRE SOLAR
DSIRE is a comprehensive source of information on state, federal, and local incentives for renewable energy and energy efficiency. Interstate Renewable Energy Council

Choose one or both databases:
 Renewable Energy

WA
OR
ID

A Word of Caution



Credit: Jason Gordon

Borrowers should know they are upside down day #1.

Folks should not buy unless they know they can hold the home for several years.

Be Part of the Solution



The Green Specialist Designation Course

www.GreenLendingSpecialist.com

Thanks for Your Time

- Time is not a renewable resources.
Thanks for some of your time today!

Dave Porter

LEED GA, CGP, NAR Green, GLS

Text or Call: 206-304-8228

Dave.Porter@homestreet.com

DP@porterworks.com