

Save Money and Save Energy?

When thinking in terms of an Association, it is almost overwhelming as to the number of choices the Board can make to both save money and save energy or water or other precious, costly resources. Where to start? I reviewed a large number of financial statements looking at the areas of the biggest expenses to most associations. Those expenses, while not in any particular order indicated that water was a huge expense, electric costs to run buildings and facilities was significant, equipment (pool pumps, irrigation pumps, pool heaters, clubhouse airconditioning), street lights, and landscape costs were probably the most significant. So again, I ask "Where to start"?

The federal economic stimulus package provides community association and individual homeowners with tax incentives for choosing more energy efficient equipment or equipment that uses renewable energy such as solar or wind power.

A 30 percent tax credit is available to homeowners who purchase energy efficient equipment. Condominium association can pass the tax savings on to their unit owners if they follow proper accounting procedures.

Start with an energy audit. An energy audit is the best way for community associations to begin exploring their options. It can help identify the most cost-effective ways to conserve energy in residential buildings and community facilities.

Homeowners can use do-it-yourself audits found online. The Energy Department provides on at www.eere.energy.gov. Another is offered by the Alliance to Save Energy at www.ase.org.

But a professional energy audit should be used for condominium buildings and community facilities because it offers more detailed information. An energy audit measures a building's energy loss and evaluates the type of walls, windows and other components to suggest the most cost effective ways to cut energy costs.

Community associations can benefit directly and indirectly. By investing in energy-saving equipment, association can help offset the rising costs of heating, cooling and lighting in condominium buildings, clubhouses, swimming pools and other community facilities. In addition, encouraging individual homeowners to reduce their energy consumption can leave them in a better financial position to pay their association assessments.

So what help is out there? As noted above, there is a 30 percent federal income tax credit available for individual homeowners who install energy efficient equipment in 2009 and 2010. The maximum amount of the credit is \$1500. A tax credit reduces the amount of tax owed dollar for dollar in contrast to a tax deduction, which reduces the amount of income that is taxed.

Some states and power companies have their own incentive programs to promote solar and other renewable energy resources. To find some of these, I simply "Googled" energy rebates and found pages of available applicable rebates through gas companies, local utility companies and manufacturers for water heaters, furnaces, air conditioners, window manufacturers, etc.

One simple step that any community association can take is to replace incandescent light bulbs with compact fluorescent bulbs. They're more expensive to purchase, but use less power and last longer. An Energy Star-qualified fluorescent bulb will save about \$30 over it lifetime and pay for itself in about six months according to the Energy Department. Additionally, when you take into consideration the time for someone to replace the bulbs – fewer replacements also reflect greater savings in labor costs.

A great way to get your community involved is to recruit a Committee and have them contact a professional energy auditor through a state or local government energy or weatherization office. The Energy Department website will also offer guidance on auditors.

Improving energy efficiency calls for association boards to take a long-term view. These are investments in financial stability. Of course, it may also require associations to obtain additional funding for improvements that have an extended return on investment. Many banks offer loans for such projects and should factor in the energy savings to determine whether an association qualifies because the savings improves the association's ability to repay them.

Rising energy prices alone create a great financial incentive for community association to choose to become more energy efficient. The economic stimulus package, with its array of financial incentives, creates a greater opportunity. With more than 20 percent of all U.S. residences, homeowners and condominium associations are in a unique position to help the environment and their budgets at the same time.

Saving Water...appearing April 13, 2010.