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Business Journal
Business Leaders Get It.

MAY 12-18, 2006 • VOL. 276, NO. 2 • SEATTLE.BIZJOURNALS.COM • \$2.00

Tax breaks make solar homes more affordable

By DEIRDRE GREGG
STAFF WRITER

Seattle developer Peter Erickson, known for creative projects ranging from houseboats to log cabins to historic renovations, is breaking new ground with another venture: a cluster of solar-powered townhomes and flats in tiny Mosier, Ore.

With backing from private investors and a plan structured to maximize state and federal tax incentives, Erickson has created homes that are both high-end and high-efficiency.

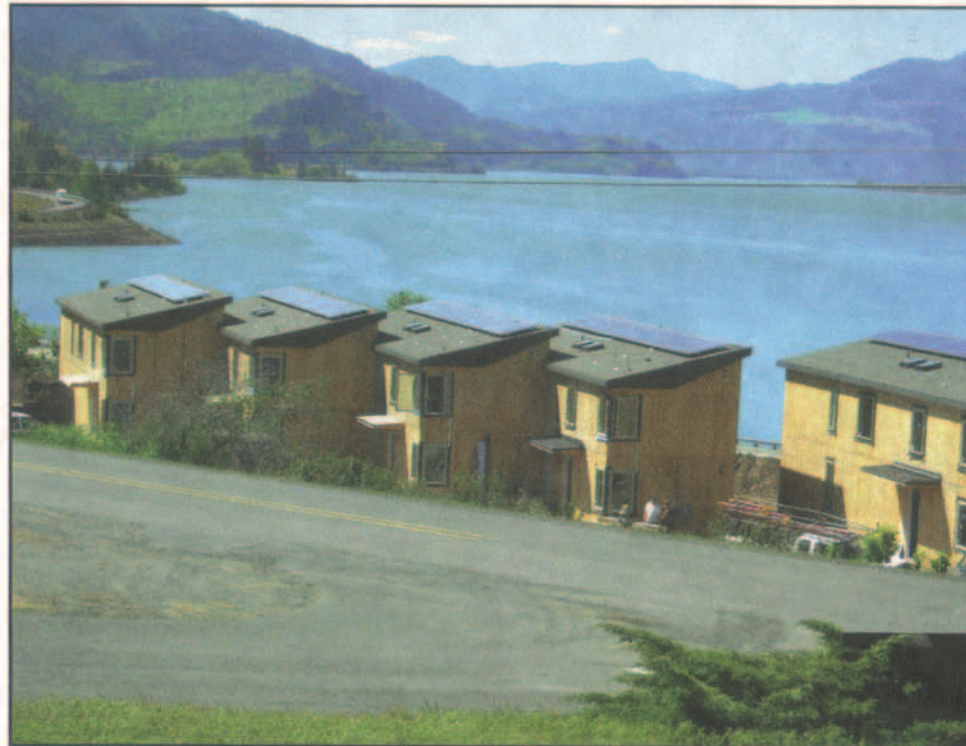
Larry Breuer of Seattle chose one for his vacation home, to minimize his impact on the Columbia Gorge environment that he loves while keeping his current and future energy costs down.

"I know it's something I can possibly keep for the rest of my life and not be as concerned about the cost of heating and cooling it," he said. "The sun's not going to go away, and it's not going to cost more to use it."

Of the Mosier Creek project's 34 units, the 22 three-bedroom townhomes will cost roughly \$350,000, and the 12 smaller flats will sell for about \$210,000. Breuer said that cost compares favorably with other townhomes in the area east of Portland, which is famous for its wind-surfing scene and natural beauty.

Erickson describes the project as "affordable high-performance housing." For the price, a buyer gets a home that uses 30 percent less energy than the national standard and derives 35 percent to 40 percent of its energy from solar power.

Interest in both energy-efficient homes and solar power has grown expo-



OREGON DEPARTMENT OF ENERGY PHOTO

Mosier Creek townhomes on the Columbia Gorge are billed by their Seattle developer as consuming 30 percent less energy than the national standard and deriving at least 35 percent of their energy from increasingly popular solar power.

nentially in the Pacific Northwest in recent years. Since 2000, more than 6,000 new homes have been certified as "Built Green," by the Master Builders Association of King & Snohomish Counties, a local certification for energy-efficient and environmentally friendly dwellings.

And more businesses and residents

are getting interested in solar energy and researching its costs.

In total, Mosier Creek will cost about \$10 million. Erickson's company, The Urban Fund Inc., is backed by a Colorado family interested in the project. Building the homes involved several extra costs. Mosier Creek is part of a pilot program

"The sun's not going to go away, and it's not going to cost more to use it."

Larry Breuer, purchaser,
Mosier Creek townhomes

that gives residences LEED certification, a designation from the U.S. Green Building Council that stands for Leadership in Energy and Environmental Design. The LEED program encourages high-performance, sustainable buildings, and the certification has in the past been applied mostly to commercial or government projects.

Making the units LEED-certified raised costs about 2 percent to 3 percent, Erickson said. The solar equipment cost about \$28,000 per home, Erickson said — \$22,000 for the photovoltaic system that produces electricity and about \$6,000 for a solar water heater.

Making the homes pencil out for Erickson, his investors and the homeowners required setting up an unusual business arrangement. For the first six years, Erickson's company will own the solar panels and operate as a small solar utility, tapping into certain tax breaks that are available for commercial entities but not for homeowners. Using those tax breaks, he'll be able to sell power to the homeowners for about 20 percent less

SOLAR: Seattle developer's 'high-performance housing'

SOLAR POWERED

Mosier, Ore., is where a Seattle developer is building 34 homes that aim to be both energy-efficient and affordable.



BUSINESS JOURNAL GRAPHIC/RITA WANG

from about \$1 per kilowatt-hour in 1980 to roughly 25 cents per kilowatt-hour today, according to the National Renewable Energy Laboratory, part of the federal Department of Energy. But without subsidies, 25 cents is still pricey compared with a national average of 9 cents.

A combination of Oregon state and federal tax incentives is bringing costs down significantly. Solar consultant Doug Boleyn, who worked with Erickson on the project, figured that over the course of 30 years, a typical life span for a photovoltaic system, Mosier Creek's power would cost roughly 5 cents per kilowatt-hour. Even if the systems lasted only 20 years, the power would cost roughly 7.5 cents per kilowatt-hour, said

Boleyn, principal of Gladstone, Ore.-based Cascade Solar Consulting LLC.

Spurred by tax incentives and customers concerned about the environment and energy independence, solar energy has grown at a blazing pace — so fast, in fact, that there's a shortage of silicon, the material refined from beach sand that's used in many solar panels. Erickson watched as quotes on solar panels increased by 7 percent from November 2005 to January 2006. Finally, in January, he went ahead and bought all the



Erickson

solar panels he needed.

All 22 townhouses in Mosier Creek are framed, and 18 have photovoltaic systems installed. Erickson expects to finish the townhouses by August or September, and to finish the 12 smaller units by early 2007.

Erickson said he has learned a lot from Mosier Creek. Because of the potential for significant energy savings, he would like to see LEED certification requirements become part of the building code.

"There are not words strong enough to say how much I think it ought to be the law ..." he said. "Anyone with half a brain should be doing LEED."

Contact: dgregg@bizjournals.com • 206-447-

than they'd pay to buy power from their utility. At the end of that time, homeowners will have the option to buy the solar energy systems themselves at a significantly reduced rate.

Costs of solar power have dropped dramatically over the past two decades,