

Sustainable Building Tax Credit

“The Purpose for the Sustainable Buildings Tax Credit is to encourage the construction of sustainable buildings and the renovation of existing buildings into sustainable buildings.”

The Sustainable Building Tax Credit was introduced in 2007

- Demand has grown because of the popularity of the credit at the same time as the market began to shrink for new construction as the economy took a dive.
- The program is administered by the Energy Mineral and Natural Resources Department, Ken Hughes, Energy Conservation and Management Division
- **New Mexico continues to be one of the top states in the country for green built homes due largely because of the credit**
- It has achieved its intention: to incent builders to build green built, sustainable homes that save energy and reduces energy consumption over the life of the home and improves the overall impact to the environment
- It also is a better built, quality home.
- Due to the demand for the credits, the program has more applications than allowable credits. In 2014 the credits ran out in September causing the department to consider the remaining credits to be allocated in 2015.
- The final year of the credit is 2016 and we are essentially out of credits now.
- Currently there are 100 or so certified homes with applications at EMNR and the credits are used up through 2016.
- The credits, which provide a dollar for dollar reduction in state income taxes, can be spread over seven tax years.
- Eligible projects must be certified by Build Green New Mexico or Leadership in the Energy and Environmental Design program.
- The initial first costs are higher to build a green home, but the lifecycle cost savings are substantially greater in the long run

Average amount per credit

- For commercial projects, average credit = \$95,721
- For multifamily projects, average credit = \$7,719
- For manufactured homes, average credit = \$5,208
- For single family homes, average credit = \$9,983

Enabling legislation: NMSA 1978, Sections 7-2-18.19 and 7-2A-21

Sustainable Building Tax Credit Program: 2007-2016

Year	# Units	Tax Credit Value	Square Footage	Energy Savings in kBtUs	Avg Savings/Ft2	HERS Rating
Residential (Stick Built) Homes						
2007	2	\$ 19,325	4,934	72,635		
2008	103	\$ 981,341	211,965	4,286,412	20.6	56
2009	223	\$ 2,137,559	417,524	9,324,376	23.1	53
2010	227	\$ 2,338,442	409,914	9,275,400	23.0	52
2011	280	\$ 2,958,105	566,869	12,331,877	22.3	52
2012	504	\$ 4,879,784	967,432	17,372,994	18.5	55
2013	477	\$ 4,804,667	944,538	17,857,706	19.2	54
2014	393	\$ 3,875,795	778,949	14,711,829	19.0	55
2015	384	\$ 3,938,376	804,266	15,179,165	19.3	55
2016	390	\$ 3,958,579	825,605	15,545,653	19.3	54
Subtotal	2,983	\$ 29,891,973	5,931,996	115,958,047	20.5	54
Multifamily Units						
Subtotal	1,091	\$ 8,844,671	985,161	21,737,075	22.8	52
Manufactured Homes						
Subtotal	354	\$ 1,816,281	605,427			
Commercial Buildings						
Subtotal	15	\$ 1,699,174	1,064,241	58,011,840	47.2	
Total	4,443	\$ 42,252,099	8,586,825	195,706,962		
Remaining Balance		\$ 1,784,188				

Source: Energy, Minerals & Natural Resources Dept.

6/5/2014

Current Market conditions

- Considering the ABQ metropolitan area, in 2006 we had 6309 permits for new construction
- In 2007 we saw a 40% reduction in permits with 3784 total permits, the same year the credit began
- The economy began to shrink and job growth was on the decline with construction tailing off
- In 2013 we had 1457 permits in the metro area, a significant decline from 2006
- **In spite of the market conditions being so dismal, in 2013 74% of all new homes were green built homes in the ABQ Metro area.**

