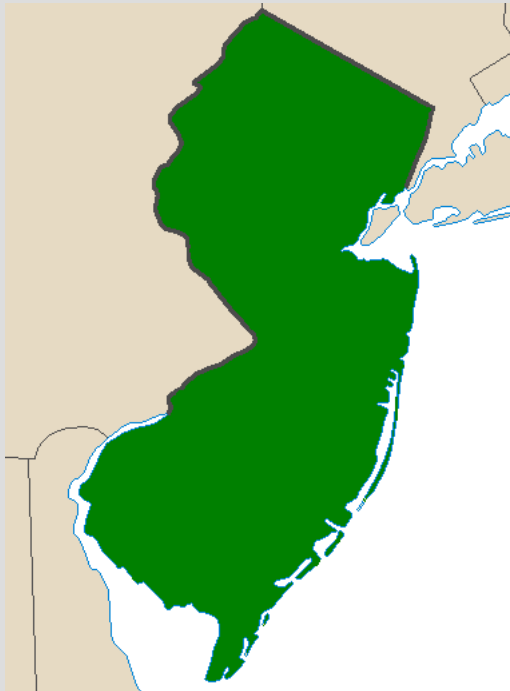


Green Issues Effecting Real Estate



Michael L. Pisauro, Jr.
Frascella & Pisauro, LLC.
Attorneys at Law

Princeton, NJ 08540

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Overview

- The greening of New Jersey has had and will continue to have an impact on real estate.
- Renewable Energy, energy efficiency, Energy Master Plan, Global Warming Response Act
- Pending and Recent Legislation

Energy

- Solar and Wind Energy
- Energy Master Plan
- Renewable Portfolio Standards
- Conservation
- New Fossil Fuel Plants

Renewable Energy Push

- Renewable energy will become more common place
- Part of plan to reduce greenhouse gas emissions
- National security
- Increasing costs of fossil fuels
- Health impacts from current fuel generation

Solar and Wind Energy Systems



- Suitable for both residential and commercial areas.
- Solar more prominent and less opposition from public and government than than wind.

Solar Energy Systems

- Solar Energy Systems
 - Photovoltaic
 - Thermal
- Less resistance from locals
- Evolving products
 - Integrated into roof tiles
 - Film to put on windows
 - Silicon vs. other materials

Issues involving Solar

- Cost
- NJ Rebate Program halted.
- Federal Tax Credit about to expire
- Permits
- Taxes
 - Hopewell & Lawrence no increase property taxes
 - West Windsor and Hamilton -may increase property taxes

Solar Program

- N.J. Rebates
 - No longer accepting applications.
 - Moving to a market program
- PSE&G approval for loan program
 - Residential, Commercial and Municipal
 - 15 year loan plus fees
 - Paid back by SRECs or cash
 - Loans will not cover entire cost of project.
 - Phase 1 is for 30 MW
 - 30% is municipal
 - 20% is residential + 10% low income
 - 40% is commercial/non-profit
 - What happens when house sold before loan paid back?

Solar

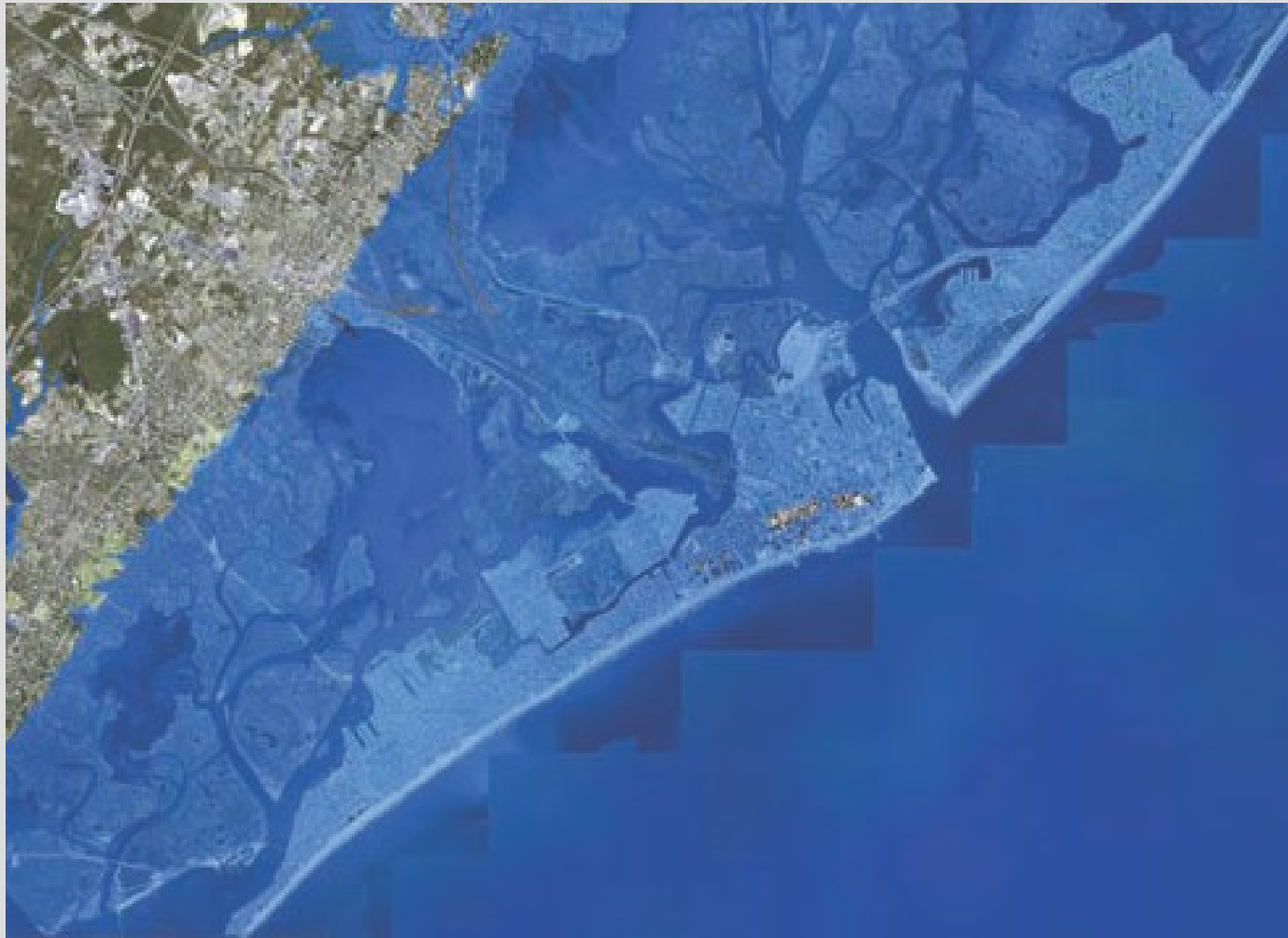
- Cost
 - 15,000 to 30,000 very rough estimate
 - Plus-application fee fees.
 - Plus-increase in property value and increase in property taxes
- Return
 - SRECs average \$206 to 236.
 - Federal Tax Incentive \$2,000.
 - Net metering

Global Warming

- Global Warming Response Act
 - Reduces greenhouse gas emissions by 20% from 1990 levels by 2020
 - 80% reduction by 2050
- Regional Greenhouse Gas Initiative
 - Ten States: CONN, DE, MA, MD, MASS, NH, NJ, NY, RI, VER.
 - Cap and Trade Program
 - First Trade sometime this year ?????

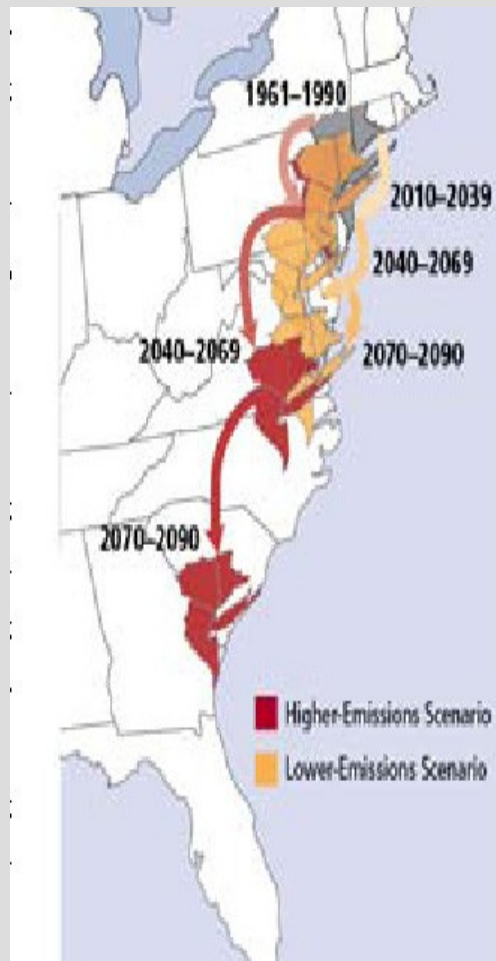
Atlantic City Underwater

taken from *Confronting Climate Change in the U.S. Northeast* page 24



New Jersey is moving south

Taken from *New Jersey: Confronting Climate Change in the U.S. Southeast*. Union of Concerned Scientists



of how hot it actually feels, given temperature and humidity—could strongly affect quality of life in the future for residents of the NYC Tri-State region (the greater New York City metropolitan region, encompassing parts of New Jersey and Connecticut). Red arrows track what summers could feel like over the course of the century under the higher-emissions scenario. Yellow arrows track what summers in this region could feel like under the

NJ's Energy Master Plan

- NJ's energy consumption increased
- Between 2002 and 2007 price of natural gas increased 200%
- Cost of electricity went from 5.06 cents per kilowatt in 2002 to 11.33 cents per kilowatt in 2008
- By 2020 NJ will spend 26 billion a year in energy costs which is 60% more than what we spent in 2005.

Energy Master Plan

- Energy Conservation
 - Reduce consumption by 20% by 2020.
 - Increase energy efficiency of new buildings by 30% by July 2009.
 - Increase energy efficiency in existing buildings by new appliance codes
- Renewable Energy
 - We currently require 22.5% of our electricity needs to come from renewable sources by 2020.
 - 1,500 gwh solar
 - 1000 Mwh offshore wind/ 200 MW onshore
 - 900 mwh of biomass
 - Increase use of renewables between 2021 and 2025.

Current RPS

NJAC 14:8-2.3

What Percentage Of Energy Supplied Must Be Renewable Energy?

Reporting Year	Solar Electric Generation (solar RECs)	Class I Renewable Energy	Class II Renewable Energy	Total Renewable Energy
May 31, 2011	0.305%	5.492%	2.50%	8.297%
June 1, 2011 - May 31, 2012	0.394%	6.320%	2.50%	9.214%
June 1, 2012 - May 31, 2013	0.497%	7.143%	2.50%	10.14%
June 1, 2013 - May 31, 2014	0.621%	7.977%	2.50%	11.098%
June 1, 2014 - May 31, 2015	0.765%	8.807%	2.50%	12.072%
June 1, 2015 - May 31, 2016	0.928%	9.649%	2.50%	13.077%
June 1, 2016 - May 31, 2017	1.118%	10.485%	2.50%	14.103%
June 1, 2017 - May 31, 2018	1.333%	12.325%	2.50%	16.158%
June 1, 2018 - May 31, 2019	1.572%	14.175%	2.50%	18.247%
June 1, 2019 - May 31, 2020	1.836%	16.029%	2.50%	20.365%
June 1, 2020 - May 31, 2021	2.120%	17.880%	2.50%	22.5%

Pending Legislation

- A1558- Would require developers of 50 or more units to offer buyers solar panels to be installed during construction. Also must provide an estimate of potential energy cost savings.
- A2070/S1077- Provides a tax credit on CBT or Gross Income Tax for buildings that are green and meet LEED Silver, Gold or Platinum standards.

Pending Legislations - II

- A1763/S1253 – sets energy efficiency standards for certain products including bottled water dispensers, residential furnaces, and some commercial products.
- A1629/S702 – requires DCA to promulgate an energy subcode which would provide for enhanced energy conservation based upon no more than a seven year payback.

Pending Legislation- III

- S241/394/A1612- Bill would prohibit municipalities from raising the assessed value of a property based upon the installation of a renewable energy system.
- A2867/S1919- Permit Extension Act. Will revive most permits for development that expired or will expire between January 1, 2007 to July 1, 2010.

Open Space

- New Jersey's Open Space program about out of money. No new funding is currently available to continue this extremely successful program.
- Open space helps maintain and enhance property values.
- Provides recreation, farming and habitat
- Open Space provides environmental benefits including filtering of run-off, and reducing flooding.

Useful Websites

- N.J. Clean Energy- <http://www.njcleanenergy.com/>
- Draft Energy Master Plan- <http://www.state.nj.us/emp/>
- NJ Global Warming- <http://nj.gov/globalwarming/>
- EPA's energy star program - <http://www.energystar.gov/>
- Northeast Climate Impacts Assessment - <http://www.northeastclimateimpacts.org/>
- Regional Greenhouse Gas Initiative - <http://rggi.org/>
- U.S. Green Building Council - <http://www.usgbc.org/>
- N.J. Department of Environmental Protection - <http://www.state.nj.us/dep>
- Green Pages – NJ Blog - <http://www.fplegal.com/wordpress/>

About the Presenter

Michael Pisauero is one of the founding members of Frascella & Pisauero, LLC. a general practice firm located in Princeton, NJ. He received his Bachelor of Science in Economics from James Madison University and his J.D. from the University of Richmond, T.C. Williams School of Law. Mike is admitted to practice in New Jersey and Pennsylvania since 1995. His practice involves real estate, small businesses and the environment. For more information about Mike and the firm go to: www.fplegal.com

Frascella & Pisauero, LLC. 100 Canal Pointe Blvd., Suite 209
Princeton, NJ 08540
609-919-9500