

March 6, 2017

## IRS Takes Aim at Builders & Developers; Targets Completed Contract Accounting

The Internal Revenue Service ("IRS") announced the rollout of 13 examination "campaigns." One such campaign addresses home builders' and land developers' use of the Completed Contract Method of Accounting (the "CCM").

In its announcement, the IRS identifies the application of the CCM to land and home developers as one of its areas of upcoming examination focus. Specifically, the IRS states that:

Large land developers that construct in residential communities may be improperly using the Completed Contract Method (CCM) of accounting. A developer, whose average annual gross receipts exceed \$10 million, may only use the CCM under a home construction contract. In some cases, developers are improperly deferring all gain until the entire development is completed.



The IRS position appears to be that the deferral of "all gain until the entire development is completed" as inappropriate. The IRS makes clear that it rejects the position that a home construction contract includes all elements of a development, including the other homes.

The IRS's announcement also states that the IRS "will provide training for revenue agents assigned to work this issue. [[More](#)]

## PACE Investments Hits \$3.3 Billion Touted As Fastest Growing Loan Category

The meteoric rise of Property Assessed Clean Energy (PACE) financing over the past few years has been surprising even to those working in clean energy finance. Since its inception in 2009, PACE has enabled \$3.3 billion in renewable and energy efficiency investments in people's homes, \$2.8 billion of which occurred in 2016

[Join Our Mailing List!](#)

### In This Issue

[IRS Takes Aim at Builders & Developers; Targets Completed Contract Accounting](#)

[PACE Investments Hits \\$3.3 Billion...Touted As Fastest Growing Loan Category](#)

[Florida Is Deadliest Place to Walk in America](#)

[Energy Star Simplifies Multifamily Certification](#)

[Florida Ranks 4th in Total HERS Rated Homes](#)

[Gov. Scott's Budget Would Raid Affordable Housing Trust Funds](#)

[Sea Levels Could Rise 8 Feet; How Will They Drown Your City?](#)

[Farm-to-Table Development Wave Is About Sense of Community, Not Food](#)

[Florida Added 1,700 Solar Jobs in 2016](#)

[Honda's Smart Home Aims To Stabilize Energy Grid](#)

[TECHNOLOGY UPDATE: 3 Ways Builders Can Improve Their Moisture Management System; 3D Printing ROI; 100% Recyclable Carpets](#)

### ARTICLES OF INTEREST

[17 New Trends in the Business of Home Building...](#)

[Ben Carson Confirmed as HUD Secretary...](#)

[A Case for Itemizing Impact Fees in New Home Prices...](#)

[FGBC Welcomes New Members](#)

alone.

The growth of the PACE market has been so remarkable that it's getting attention outside of the efficiency world as well as inside it. The Wall Street Journal recently published an article calling PACE the "fastest growing loan category."



Although PACE appears to be working well, the tax assessment- PACE's central feature- makes some people nervous. When homes go into foreclosure,

property taxes get paid before mortgages. Since a PACE assessment is part of property taxes, mortgage lenders are concerned that it would leave less money to pay them back in a foreclosure. And since a state or county can force a home into foreclosure if owners don't pay their taxes, lenders are worried that if someone doesn't make their PACE payments, the property will go into foreclosure even if the mortgage is up to date.

None of this is lost on other parts of the federal government, the PACE industry, consumer advocates and others. It's why the Department of Energy has led an effort to bring all of these interests together to develop a set of best practices for the industry. The DOE released the results of that effort in November. The PACE industry has already agreed to subordinate their assessments to primary mortgage loans so that mortgages get paid first in a foreclosure, and the DOE guidelines set out a suite of consumer protection measures for the industry to follow to help ensure that homeowners are treated fairly.

On top of this, in an investment note released this month, the investment research group Morningstar found that PACE assessments pose "no material risk" to mortgages on the properties in question.

PACE financing has delivered billions of dollars in clean energy investments for homeowners, creating tens of thousands of jobs and saving hundreds of millions in reduced energy costs.

As a financial vehicle, PACE is performing remarkably well. The great majority of PACE homeowners are making payments on time. There is no evidence of the widespread fraud and economic disaster that mortgage markets saw in the runup to the subprime crisis. Calls to regulate PACE as if there were such evidence seem premature at best. [ [More](#) ]

### Florida PACE Programs

Florida passed PACE-enabling legislation in 2010 and

[Education Opportunities](#)

[Calendar of Events](#)

[Certification News](#)

[Recent Certifications](#)

[FGBC Committee Meetings](#)

[Funding Opportunities](#)

[Job Opportunities](#)

### Articles of Interest

[17 New Trends in the Business of Home Building](#)

[Ben Carson Confirmed as HUD Secretary](#)

[A Case for Itemizing Impact Fees in New Home Prices](#)

### Quick Links

[Join FGBC](#)

### FGBC Welcomes New Members

**Terry Stark**

[Ygrene Energy Fund](#)  
Fort Myers

**Jennifer Bowser**

[Arcadia-DeSoto County Habitat for Humanity](#)  
Arcadia

**Robert Alvarez**

[Alvarez New Concepts](#)  
Tampa

**Robert Ansley, Jr.**

[Orlando Neighborhood Improvement Corporation, Inc](#)  
Orlando

**Douglas Snyder**

[FSMY Architects & Planners, Inc](#)  
Fort Lauderdale

**Gayle Logan**

[Gayle Logan, PA Realtor](#)  
St. Augustine

**Edward Silva**

[Village of Palmetto Bay](#)  
Palmetto Bay

### Education Opportunities

**April 4-5, 2017**

**FGBC Certifying Agent Designation Course**

Cocoa, FL

[ [Register](#) ]

there are five active programs operating in the state - all of which offer commercial financing, and two that offer residential financing. After resolving a FL Supreme Court case regarding PACE bond validation, residential and commercial PACE is flourishing in the state. [ [Florida PACE](#) ]

## Florida Is Deadliest Place to Walk in America

A newly released 2016 study found that Florida is the deadliest place to walk in America, with the Cape Coral-Fort Myers metro area ranked as deadliest. Florida held all but two of the top 11 positions in 2016 and has been the most dangerous state for walking since the first year of tracking these numbers in 2009. Definitely not a proud moment for the state.

Smart Growth America and the National Complete Streets Coalition concluded the deaths were in part due to unsafe roads and a lack of sidewalks and crosswalks.

The study, [Dangerous by Design](#), ranks the 104 largest metro areas in the country, as well as every state, by a "Pedestrian Danger Index," or PDI. PDI is a calculation of the share of local commuters who walk to work and the most recent data on pedestrian deaths.

Rank	Metro area	PDI
1	Cape Coral-Fort Myers, FL	283
2	Palm Bay-Melbourne-Titusville, FL	235
3	Orlando-Kissimmee-Sanford, FL	235
4	Jacksonville, FL	229
5	Deltona-Daytona Beach-Ormond Beach, FL	228
6	Lakeland-Winter Haven, FL	201
7	Tampa-St. Petersburg-Clearwater, FL	192
8	Jackson, MS	190
9	Memphis, TN-MS-AR	153
10	North Port-Sarasota-Bradenton, FL	148
11	Miami-Fort Lauderdale-West Palm Beach, FL	145

What are the answers for making Florida's streets safer: Changes in policy, street design, enforcement, and public awareness are all recommendations. Data show that reducing the number of travel lanes, installing median islands, and lowering speed limits have substantially reduced crashes, including those that often result in pedestrian death. [ [More](#) ] [ [Study](#) ]

## Energy Star Simplifies Multifamily Certification



**May 11, 2017**  
**FGBC Certifying Agent**  
**Annual Verification**  
**Class**  
 Fort Myers, FL  
 [ [Register](#) ]

**August 10, 2017**  
**FGBC Certifying Agent**  
**Annual Verification**  
**Class**  
 Gainesville, FL  
 [ [Register](#) ]

[Energy Star Webinars](#)

[Florida Solar Energy Center \(FSEC\)](#)

[Building America Webinars](#)

[Build Your Future Scholarships](#)

[Multi-Family & High-Rise Webinars](#)

## Calendar of Events

**March 7-8, 2017**  
**GreenPrints**  
 Georgia State University  
 Student Center  
 Atlanta, GA  
 [ [More](#) ]

**March 12-15, 2017**  
**Southeast Recycling Conference & Trade Show**  
 Hilton San Destin Golf Resort & Spa  
 Destin, FL  
 [ [More](#) ]

**March 24-25, 2017**  
**FL Refrigeration & AC Contractors Assn. Annual Conference**  
 Caribe Royale  
 Orlando, FL  
 [ [More](#) ]

**March 27-29, 2017**  
**FHBA Legislative Conference**  
 Tallahassee, FL  
 [ [More](#) ]

**April 20-21, 2017**  
**Florida Association of Native Nurseries Native Plant Show**  
 Bradenton Area Convention Center  
 Bradenton, FL  
 [ [More](#) ]

**April 24-27, 2017**  
**CxEnergy Conference & Expo**  
 Omni Orlando Resort At ChampionsGate  
 Orlando, FL



EPA is simplifying its multifamily eligibility requirements for certification under the ENERGY STAR program. This simplification addresses multifamily buildings with 4 or 5 stories above-grade that use central heating, cooling, and/or water heating systems.

Effective immediately, dwelling units in multifamily buildings with 4 or 5 stories above-grade where dwelling units occupy 80 percent or more of the occupiable square footage of the building may earn the ENERGY STAR through either the Certified Homes Program or the MFHR Program. If participating in the Certified Homes Program and the dwelling unit is served by a central heating, cooling, or hot water system, use of the RESNET Guidelines for Multifamily Ratings for modeling the specified central system(s) is recommended. This updated policy can be applied to any certification, even for projects that were initiated prior to the release of this change.

Prior to this change, a multifamily building with 4 or 5 stories above-grade where dwelling units occupy 80% or more of the occupiable square footage of the building was generally only eligible to participate in the ENERGY STAR Certified Homes program if the dwelling units had their own heating, cooling, and hot water systems, separate from other units. If the building did not meet these criteria, then the building was generally only eligible to participate in the ENERGY STAR Multifamily High Rise (MFHR) Program. [ [More](#) ]

## Florida Ranks 4th in Total HERS Rated Homes

In 2016 there were 206,583 homes in the United States that were HERS rated and issued a HERS Index. This broke the record for the number of homes HERS rated in a year. In 2016 there were 16,403 more homes HERS rated than in 2015.

Besides the increase in the number of homes HERS rated, the average HERS Index Score in 2016 was 59, as compared to the average HERS Index score of 61 2015. Florida average was 58 for both years.

The six leading states in terms of homes receiving a HERS Index were:

Texas..... 40,012  
 North Carolina..... 13,397  
 Arizona..... 12,522  
 Florida..... 12,484  
 Colorado..... 12,320

[ [More](#) ]

**April 27-29, 2017**  
**AIA Annual Convention**  
 Orange County  
 Convention Center  
 Orlando, FL  
 [ [More](#) ]

**May 31-June 3, 2017**  
**FCCMA Conference**  
 Hilton Orlando  
 Orlando, FL  
 [ [More](#) ]

## Certification News

### Homes

Registered: 14,592  
 Certified: 14,453

### Commercial

Registered: 47  
 Certified: 15

### High Rise

Registered: 56  
 Certified: 20

### Land Developments

Registered: 62  
 Certified: 13

### Local Government

Registered: 88  
 Certified: 64

## Recent Certifications

### St. Lucie County

Location: Fort Pierce  
 Type: Local Government  
 Certified: 1/30/17  
 Score: 46  
 Level: Silver

### Centro

Location: Miami  
 Type: High-Rise  
 Certified: 12/16/16  
 Score: 154  
 Level: Silver

## Recent Registrations:

### Ice Box Café & Culinary Center

Location: Hallandale Beach  
 Type: Commercial  
 Size: 14,100 s.f.

### Sheridan Warehouse

Location: Hollywood  
 Type: Commercial  
 Size: 90,000 s.f.

### Village of Pinecrest

Location: Pinecrest

Indiana..... 8,951

States with the lowest (best) average HERS in 2016 were:

Maine..... 26  
Hawaii..... 45  
Vermont..... 47  
Montana..... 49  
Minnesota.... 51

Florida came in at #21 with an average HERS of 58 in 2016. [ [More](#) ]

## Gov. Scott's Budget Would Raid Affordable Housing Trust Funds



# AFFORDABLE HOUSING

Gov. Rick Scott's proposed budget would shift nearly 77 percent of the \$293.4 million earmarked for low-income housing next year to other state priorities.

That works out to \$224 million from state and local housing trust funds that won't go for their intended purpose.

State law reserves a portion of the take from documentary stamp tax on real estate transactions for low-income housing.

Gov. Rick Scott's proposed budget would shift nearly 77 percent of the \$293.4 million earmarked for low-income housing next year to other state priorities.

That works out to \$224 million from state and local housing trust funds that won't go for their intended purpose.

State law reserves a portion of the take from documentary stamp tax on real estate transactions for low-income housing. [ [More](#) ] [ [Full Impact](#) ]

## Sea Levels Could Rise 8 Feet How Will They Drown Your City?

Recent studies have predicted that global sea levels could rise by as much as 8.2 feet over the next 50 years or so reports Fast Company writer Adele Peters. What will that look like for America's coastal cities, which are some of the largest?

Type: Local Government  
Population: 19,055

**Karis Village**  
Location: Miami  
Type: High-Rise  
Size: 90,954 s.f.

### FGBC Committee Meetings

**Board of Directors**  
2nd Wednesday  
Monthly  
3 p.m.

**Commercial**  
1st Tuesday  
Monthly  
2 p.m.

**Education**  
1st Thursday  
Monthly  
3 p.m.

**High-Rise**  
3rd Tuesday  
Monthly  
11 a.m.

**Homes**  
2nd Tuesday  
Monthly  
2 p.m.

**Land Development**  
4th Wednesday  
Bi-Monthly  
2 p.m.

**Local Government**  
3rd Thursday  
Monthly  
10:30 a.m.

**Programs & Promotions**  
3rd Tuesday  
Monthly  
3 p.m.

### Funding Opportunities

[St. Johns River WMD Water Programs](#)

[South Florida WMD Water Programs](#)

[Southwest Florida WMD Water Programs](#)

[FHFC Multifamily Energy Retrofit Program \(MERP\)](#)

### Job Opportunities

[APA Florida Job Board](#)

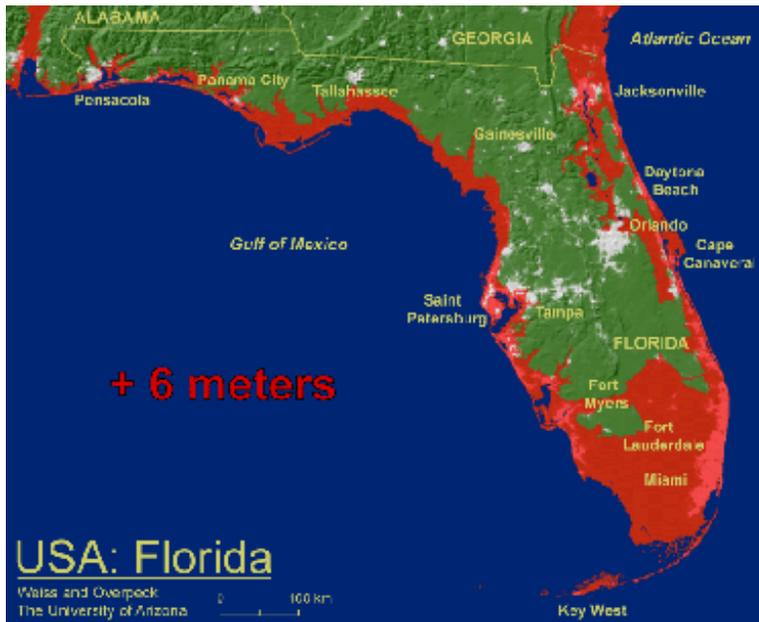
[Green Dream Jobs](#)

[Florida Facility Managers Assn Job Board](#)

"What's alarming about these images and this report is the extent to which sea level rising will have a direct impact on buildings and areas where people live, work, and go about their daily lives," says Carl Parker, a meteorologist for the Weather Channel.

A new series of [animations](#) from the Weather Channel maps out what an eight-foot rise would look like in cities along the East Coast, where the sea level is rising faster than some other parts of the world.

In Miami streets already routinely flood and the city is spending hundreds of millions of dollars to install pumps to protect drinking water from salty ocean water. By 2070, the city could lose \$3.5 trillion in assets because of sea level rise. [ [More](#) ]



## Farm-to-Table Development Wave Is About Sense of Community, Not Food

Residential communities like The Cannery, a new "farm-to-table" development in Davis, Calif., are updating their amenities to include ones that support active, healthy lifestyles such as miles of bike paths, solar-powered lighting, spas, a communal gathering "barn", and, in this case, a farm run by the Center for Land-Based Learning that teaches planting and harvesting to the roughly 135 families who currently call The Cannery home.

The featured amenities here suggest the Cannery caters to the foodie set, an impression that the site's developer says is only part of the community's appeal. When designing the site, which opened in August 2015, focus group testing helped the developer realize that the most effective message would be focusing on a sense of community and a walkable lifestyle, not the ability to go

weeding an organic garden.

This isn't a new concept by any means, according to the Urban Land Institute (ULI). The town center style of suburban development has been going strong for decades; the current push for connective, creative placemaking is "more refinement than revolution. [ [More](#)]

## Florida Added 1,700 Solar Jobs in 2016

Florida gained 1,700 jobs in solar energy industries in 2016, according to the new National Solar Jobs Census 2016 released by The Solar Foundation. Florida now has a total of 8,260 solar workers, up from 6,560 in 2015, and the state ranks fifth in the nation for the number of solar jobs by state. Florida trails California, Massachusetts, Texas and Nevada in number of solar industry jobs.

Nationwide, solar industry employment increased by over 51,000 jobs to a total of 260,077 U.S. solar workers, a 25 percent increase over 2015. [ [More](#)]

## Honda's Smart Home Aims To Stabilize Energy Grid



At Honda, much of the company's research is focused on energy used to power cars. But by shifting to a more holistic focus, Honda's research goes beyond vehicles to the built environment for better solutions for home energy management.

Michael Koenig, project lead, envisions that this would help solve the issue of land developments being blocked in California because of low air quality reports. If more people made the move to electric vehicles, it could result in lower emissions from transportation and possibly allow for more development.

Koenig wasn't interested in the smart locks and thermostats that can be quickly outdated and, as he says, not intrinsically interesting. Although it may be cool and attractive to have these gadgets, he says a smart home is about smart design, and smart design focuses on energy spend, battery storage, and interaction with the grid. [ [More](#)]

The two hundred-plus sensors in the Honda Smart Home have yielded quite a bit of data over the past twelve months. You can see for yourself how the home performed. [ [Data](#)]

### 3 Ways Builders Can Improve Their Moisture Management System

There's increasing evidence that moisture is one of the biggest enemies to builders. Mismanaged moisture can lead to premature structural deterioration, shorten the life of exterior claddings and paints, foster mold, rot, and insect infestation - not to mention lead to costly litigation.

While builders in the Pacific Northwest and Northeast generally do a decent job with moisture management, it's a different story for builders in the rest of the country. A combination of temperate climate and minimal building codes contribute to this oversight.

But as extreme weather becomes more common - and the negative impacts of water intrusion become more widely known - builders can no longer afford to slough off moisture management concerns.

Here's a look at three ways builders can improve their water management strategy using drainable housewraps, double-sided sealing tape, and specially designed mounting blocks. [ [More](#) ]

### New Technology Can Safely Charge Devices Anywhere Within A Room, Without Cords

Researchers at Disney Research have developed a safe way to turn an entire room into a wireless charging area, according to Phys.org. The new method, called quasi-static cavity resonance (QSCR), wirelessly transmits power throughout a room and enables users to charge electronic devices as seamlessly as they now connect to WiFi hotspots, eliminating the need for electrical cords or charging cradles. The room fills with safely generated near-field standing magnetic waves that can power several cellphones, fans and lights simultaneously. [ [More](#) ]

### Study Shows Major Cost Savings For 3-D Printing of Household Items

In a recent study published in Technologies, Michigan Technological University Associate Professor Joshua Pearce set out to determine how practical and cost effective at-home 3-D printing is for the average consumer.

He found that consumers-even those who are technologically illiterate-can not only make their money back within six months, but can also earn an almost 1,000 percent return on their investment over a five-year period. Pearce estimates that using only the random 26 objects analyzed in the study may have already saved consumers who use 3-D printers at home more than \$4 million.

Petersen printed items that were reasonably popular,

such as tool holders, snowboard binder clips and shower heads. She and Pearce monitored each item's energy, print time and plastic use to determine its costs, then conducted a savings analysis on a per-item basis.

For each item printed, from mounts for GoPro cameras to Dremel tools, Pearce and Petersen ran high-cost and low-cost comparisons. For example, for a printed cell phone case, the total cost of printing was compared with the purchase cost of both a high-end phone case and the least expensive model available.

The low-cost comparisons showed an average 93 percent savings, while the high-cost comparisons showed an average savings of 98.65 percent.

"With the low-cost estimates, the printer pays for itself in three years and all the costs associated with printing—such as the price of plastic and electricity—are not only earned back, but provide a 25 percent return on investment. After five years, it's more than 100 percent," Pearce says. [[More](#)]

### **The First 100% Recyclable Carpets Are Here**

Second only to diapers when it comes to taking up landfill space, around 3.5 billion pounds of carpet are tossed each year in the U.S. Because carpets are made up of such a complex array of chemicals, like latex and PVC, they're next to impossible to recycle.

Now Mohawk's Airo—a full reinvention of how carpets are constructed—means they can be a circular economy.

In its simplest form, traditional carpet has two layers: a backing and a face fiber (the part you walk on). The face fiber is either made of nylon, polyester, or polypropylene. That's attached to a backing made of either PVC or latex; the two layers are bound together with a combination of polypropylene and calcium carbonate. By manipulating pure polyester to form every element of the carpet, from base to tufts, the flooring, when discarded, can be returned to the manufacturer, ground up, and repurposed as yet another carpet. The "closed loop" nature of the production cycle, Petrovick says, will also stabilize prices. [[More](#)]