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Abstract Title: Solar Home resale in the Phoenix metro region: Owning vs. leasing models

Abstract Text:

There were approximately 1,000 residential real estate transactions in the Phoenix, Arizona metropolitan region for the year 2014 that included solar photovoltaic (PV) systems. Media reports and common wisdom tell stories of homeowners with installed 3rd-party leased systems who had trouble selling their homes because of their lease arrangements. This paper will present the results from a mixed-methods study that empirically examines the phenomenon of “leased” vs. “owned” solar in the housing market. The research is important because it aims to help determine some of the hidden costs and benefits of leasing vs. purchasing solar PV. Many factors have the potential to affect the perceptions of potential solar adopters and the added value (or burden) of solar PV in real estate transactions is just one. These costs could be important for policymakers to consider when crafting financing schemes and policies that enable or regulate solar PV (eg. PACE financing). Currently, approximately 80% of solar PV residential installations in Arizona are being done under a 3rd party lease model. While leasing arrangements greatly lower the risks of investing in solar PV – compared to outright purchased systems – they also lower the direct financial benefits to the homeowners. Further, there is some evidence to suggest that 3rd party lease arrangements may also add some uncommon complications and risks to family mobility when it comes time to sell or lease their home. Thus, the dynamics of leasing vs. purchase models could impact home values in certain neighborhoods more heavily than in others.