

It May Be Easy Being Green

Economic Incentives for Sustainable Real Estate and Development Practices

Federal, state, and local governments are responding at an ever-increasing rate to our country's growing concern for our impact on the environment. Many incentives and programs provide businesses and individual landowners the ability to make environmentally conscious land use and development decisions without sacrificing profitability.



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Conservation easements allow landowners to realize significant tax benefits while preserving and protecting the agricultural, scenic, or natural resources of their land from future subdivision or commercial development. Qualified conservation easements may entitle the easement donor to a federal tax deduction for 2007 of 50% of the donor's adjusted gross income. Additionally, any unused portions of the donations made in 2007 may be carried forward for deductions for an additional fifteen years. Conservation easement donors may receive reductions in estate taxes and in local real estate taxes. Finally, Virginia, unlike most states, offers a tax credit of 40% of the easement value that can be applied against state income taxes for the next ten years. Unused tax credits may be sold or given to other Virginia taxpayers.

State and federal brownfield programs promote the redevelopment of abandoned or impacted commercial or industrial properties where real or perceived environmental contamination limits continued use. Revitalizing brownfields enables the community to both remediate contamination and reuse existing properties, thereby decreasing sprawl into suburban and rural areas. The Virginia Department of Environmental Quality's site-screening services and Voluntary Remediation Program allow for rehabilitation of brownfields without threat of future state environmental actions. In addition, the federal government provides tax incentives for brownfield revitalization, including deductions for qualified cleanup costs, fully deductible in the year incurred. To promote brownfield redevelopment, the City of Roanoke was awarded a Revolving Loan Fund grant of \$1,000,000 in May 2007 to fund low- or no-interest loans for cleanup activities at brownfield sites throughout the region.

Numerous other incentives exist for the use of green building and business practices. The Commonwealth of Virginia allows any county, city, or town to exempt solar energy equipment or recycling equipment from local property taxes for residential, commercial, and industrial properties. The City of Roanoke has taken advantage of this exemption for properties with new and existing solar equipment. Similarly, under the federal Energy Star guidelines, home builders may be eligible for a \$2,000 tax credit for a new energy efficient home. Owners and designers of new or existing commercial buildings are also eligible for tax deductions for energy efficient heating and cooling systems.

These are but a few of the many opportunities currently available for individuals and business seeking to lessen their impact on the environment while maintaining profitability and property value. With greater public participation in these programs we are likely to see even more incentives to encourage sustainable real estate and business practices.

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