



of buying a new home by roughly \$10,000. The mandate is part of Governor Jerry Brown's effort to slash carbon emissions by 40 percent by 2030. It offers a model for other states to follow.

The announcement has certainly benefited the large solar companies, as many have seen their stock prices jump by double digits. But, it hasn't helped many homebuilders, as they have been in an ongoing battle with the state to keep housing prices as low as possible. One large builder in California said, "With home prices having risen as much as they have, I think home buyers would find it a little distasteful to be forced to pay more for solar systems that they may not want or feel like they can't afford. Even though, in the long term, it's the right answer." The new policy applies to single-family homes and multifamily units that are three stories or less, and there are some exceptions for homes that are too shady. Installing a solar system and complying with other energy-efficiency measure required will add about \$9,500 to the cost of a new home, according to the California Energy Commission. They estimate this could be offset by about \$19,000 in expected energy and maintenance savings over the usual 20-year lifespan of the solar panels. The new California standards don't require battery storage for homes, but if a home has a battery system, the size of the solar array required on the roof is reduced.

In Nevada, the costs would probably be similar, but our housing prices are lower. Also, because we have been able to benefit so much from the low prices, requiring solar and the resulting added cost to the price of a new home would probably be a tough sell to many homebuilders and consumers. However, many buyers in the upper end of the new housing price segments may assume solar should be a standard feature when buying a new home. For now, most would prefer to keep solar as an option. In addition, most in Nevada still prefer "choice over compulsory regulation." It would certainly seem logical to assume that eventually solar systems would be a standard in the new home industry at some point. This will surely be part of the conversations in the upcoming years.

As we mentioned previously, at the end of April we hosted our annual Las Vegas Housing Outlook conference at the Springs Preserve. We would like to again thank our wonderful sponsors Southwest Gas and Platinum Home Mortgage. This year's event was very well attended by influential professionals from all segments of the housing industry in Las Vegas. Kevin Bagger, Executive Director of the Las Vegas Convention & Visitors Authority Research Center, led off with an insightful and engaging overview on tourism to our city and some of the bigger related projects. We also had one of the best Q&A sessions we have ever put together with a panel of subcontractors that included Scott Donnelly of Cooper Roofing & Solar, Mike Colvin of Colvin Construction, and Danny Gunsallus of Powerhouse Plastering. Moderated by Nat Hodgson of the SNHBA, these three gentlemen addressed the elephant in the room. Labor. Their opinions and insights were certainly a highlight of the program. We at HBR also provided our overview of the local housing market including 2018 projections. For those who were unable to attend, our presentation is available for purchase on our website.

Andrew & Dennis Smith - Home Builders Research, Inc.