

Long Beach

BUSINESS JOURNAL

September 14-27, 2010

Green Building Gains Momentum In Sluggish Real Estate Markets

New Construction, Retrofits And Renovations A Sign Of Things To Come



John Lavender, vice president of construction for Lennar Corp., is seen overlooking the Aubry at Alamitos Ridge PowerSmart "solar homes" which come with two different types of solar panels along with options to lease or purchase the systems. (Photograph by the Business Journal's Thomas McConville)

■ By **SEAN BELK**
Staff Writer

As real estate markets remain in the doldrums, the green building industry is moving full steam ahead, nowadays labeled as a means to save money on utility bills in addition to its original eco-friendly hook.

Startup companies are going into the business of retrofitting and renovating older homes and commercial buildings to make them more resource efficient on the heels of rebates and tax incentive programs. Local colleges are also now offering extension courses in fields like drought-tolerant landscaping and photovoltaic solar installation.

While the industry remains up-and-coming, on a national scale, green building now accounts for a much larger percentage of construction jobs, according to leading industry reports, with California being coined a "bright spot" for clean technology.

That momentum has even hit the Long Beach area.

Take for instance the only new home construction in the Long Beach/Signal Hill market this year being a community of 85 new "solar homes" called Aubry at Alamitos Ridge, currently being built where Stearns Street ends at Redondo Avenue after Miami-based Lennar Corp. acquired the near 14 acres of land. The gated community, expected to be completed later this year, comes with the homebuilder's own prefabricated energy saving home design called PowerSmart, promoting six-sided insulation, tankless water heaters and solar panels already installed on the roof. There are three different floor plans for the two-story homes, all ranging in size to more than 2,000 square feet.

"We have the energy to want to be a leader," said John Lavender, Lennar's vice president of construction. "I think people have a conscious for it, but at the same time you have to have a home that people can afford."

Residents of the Aubry homes are offered options to either buy



The Lennar home design comes with low-emissive, or 'low-E,' glass windows, seen here, which stop heat from entering the home and reduces the use of air conditioning. At left, Lennar offers preinstalled tankless water heaters, which cut down on energy consumption by only heating water when necessary, in addition to other features. (Photograph by the Business Journal's Thomas McConville)

the solar panels or acquire a solar lease. Working with SunPower Access, homeowners have the option to lease the system for 10 years with no upfront cost. System sizes range from 10 kilowatts to 4 kilowatts as protection against rising utility rates. There are two different types of solar panels – one integrated and another that perches above the roof tiles. In addition, the homes are part of the California Advanced Homes Program administered by Southern California Edison.

What's more, Lavender says other energy efficient features are even more important and often go unnoticed by homebuyers. The homes come with third-party inspected insulated air ducts and low-emissive, or 'low-E,' glass windows, which have the ability to stop heat from entering the home, cutting down on the use of air conditioning. Six-sided insulation also reduces temperature fluctuation and lasts longer than traditional insulation, which tends to shrink and become ineffective over time. Other PowerSmart features include a seven-day programmable thermostat, water conserving toilets, faucets and showerheads, an Energy Star qualified dishwasher, cool roof tiles and low volatile organic compound, or 'low VOC,' interior paint.

"Solar is that thing you drive by and notice but there's everything in the home you drive by and might not see," Lavender said. "Our goal is to save energy before it starts drawing from solar." In all, Lavender estimates that Lennar's features make the homes at least 30 to 40 percent more energy efficient than other homes nearby.

Lennar launched its first PowerSmart home design in Sacramento in 2006. Since starting in California in five other cities, the homebuilder has built such homes in Colorado, Minnesota, North Carolina and Texas, with each development built to a specific climate zone.

A lot of the push for green construction has to do with new green building codes soon to be implemented throughout the state. Subsequently, a California State Green Building Code called Cal Green will become effective January 1, 2011. The Long Beach development services department is currently taking steps to implement that policy within the building code and zoning code where necessary. Current policies will be included with

the Cal Green Code to remain ahead of the field as the bar is raised for other facilities.

Several cities throughout the nation, including Long Beach, have already implemented municipal green building codes, requiring all newly constructed buildings to meet LEED Silver standards at minimum. Developed by the U.S. Green Building Council (USGBC), LEED stands for Leadership in Energy and Environmental Design and is the most common green building rating system in the U.S.

Solar Demand

While installing solar was most profitable during the hay days of the real estate boom about four years ago, some say demand for the energy measure has picked up this year despite the still weak economy.

Jarrod Osborne, project manager and principal of Solar Source in Long Beach, said right now there is somewhat of a panel shortage in the United States and globally. "Our manufacturers are having a hard time keeping up with demand," he said. "It sounds crazy. You'd think that there are more panels out there than anybody knows what to do with, but there's been so much commercial demand and residential, it has created a global solar panel shortage."

The company, which was founded four years ago and works on both private and public sector projects, is running 20 to 45 days out on being able to get allocations for solar projects, while in years past it would only take about 14 days.

So far, the company has installed around 20 solar arrays, and this year has brought "double digit" growth, he said, although he admits the industry is still in its infancy. "This industry is still very young. . . . But it's one of those unique industries that has shown growth in a down market," Osborne said.

This year, Solar Source is participating in the Long Beach Solar Tour, which features solar homes and energy efficient businesses on October 2, sponsored by the city's Solar and Sustainability Task Force and organized by Councilperson Gerrie Schipske. The tour coincides with the American Solar Energy Society's National Solar Tour.

The City of Long Beach itself has also made solar installation more affordable for new projects Osborne said. Besides a 30 percent federal tax incentive for customers and a state rebate from utility companies, Long Beach adjusted its solar building code by downgrading its solar permit to an electrical permit for all installations, which in turn brought the price of the permit down from about \$500 to \$280, he said. "That's the one thing [the city] has done that's been a positive thing forward," Osborne said. "The lower price has trickled down to the contractors."

While some might be hesitant to make such a large up front investment of a solar system, he said purchasing the investment brings the biggest benefits by nearly eliminating a homeowner's utility bill. In addition, some customers have been attracted to the mere fact of the resale value of a home with solar.

The most commonly referenced study, issued by the Appraisal Institute, a real estate appraisal association, claims that for each dollar homeowners save in electric costs annually, their property value increases by \$20. According to this study, solar often recovers more than 100 percent of the original cost, whereas the best common home renovation is a deck which returns about 4 percent more in resale value than in cost.

Industry Training

Those banking on the green building industry to flourish within the next few years have entered into classes and courses now offered at local colleges.

For the past year and a half, Cal State Long Beach's College of Continuing and Professional Education, an extended education branch, funded on a self-support basis, has offered its Green and Sustainable Building Certificate Program. The nine-week course is attended by contractors, those interested in "green collar" jobs and homeowners wanting information on the benefits of green remodeling and upgrades.

Wes Harding, the program's coordinator and also owner of Harding Construction & Sustainable Solutions based in Long Beach, said the response so far has been promising with a recent increase in attendance. The course teaches many different aspects of green building, anything from remodeling and energy auditing to water resource conservation and behavior impact on the earth.

"I think it's a good course to have a broad overview of what green building means," said Harding, who also fills in for classes at Long Beach City College for the California Clean Energy Workforce Program. "We, as people, are so used to how we've been doing things, and you can use something as small as a light bulb for that matter. How many of us still have incandescent light bulbs and we're not willing to adapt and change to compact fluorescents? So we, as an industry, need to bring it to that level."

Green concepts might be a bit complex to some, but most customers still want a cleaner and healthier living space, in addition to reduced costs these days, he added. "They may not say 'green' specifically but that's what they're asking for, because green means so many different things to so many different people," he said.

Harding currently lives in a home that is certified green, which was a major retrofit project for him. He certifies most of his residential projects through Build It Green, a non-profit organization that has set guidelines and has offered support for home upgrades in California since 2003. The organization focuses on qualifying existing home renovations, whereas the USGBC's LEED rating system focuses primarily on new, non-residential construction – although it has recently added additional categories to its certifi-

cation options, including residential and renovations of existing buildings. LEED certification is also more costly and stringent.

"From a building standpoint, a house is made as a system, and it's how those subsystems work together to make it green," he said. "You've got to do a lot of things to get a green home. We have a saying that it's not a silver bullet; it's a thousand silver BBs."

John Shipman, another program director for the CSULB green course and owner of Energy Efficiency Management Inc. based in Fullerton, added that there does appear to be a shift for more green building and sees more opportunities on the horizon. Before a group of about 60 real estate agents he asked how many residential clients or prospects had asked about clean energy upgrades or initiatives, and 40 to 45 percent raised their hands.

"This is essential to a lot of people, and there are going to be incentives coming down the road that are going to promote energy efficiency," he said, adding that such new concepts as energy efficient mortgage packages will soon catch on.

Certified Green

While certifying a green home can be a tedious and expensive process, it appears some homebuilders are going that direction. The number of homes receiving LEED approval tripled last year, according to reports. To others, at least in such a high-end market, it appears green home certification is just a bonus and it is unclear whether it will push the real estate markets out of the downturn.

Steve Glenn, CEO of LivingHomes Inc., based in Santa Monica and considered one of the most progressive architectural firms of modern prefab homes in the country, sees the macro real estate trend in major control of how green building will fare, but still sees opportunities.

"Of the homes that are built, there has been more and more of an interest in sustainable design," he said. "There's lots and lots of buildings to be retrofitted . . . but fewer people are buying homes and building homes."

The firm has focused mainly on designing high-end modern designs working on projects in Northern California and one more recently in Newport Beach that received a Platinum LEED certification last month.

LivingHomes is best known for designing, in 2006, the first residential project in the country to attain LEED Platinum certification, the highest achievable green rating in the country. The project set a new national standard in sustainable construction using its "Z6" model of zero energy to zero waste. The company uses such unique features as bio-composite wood siding, recycled glass tiles and blown-in insulation.

Trudy Kalush, owner of Eco Terra Properties & Investments in Long Beach since April 2009, just started working on the first Gold LEED qualified home in Orange County. She agrees that for such high-end residential construction, energy efficient features haven't yet gone mainstream in Southern California.

However, Kalush expects the tables to turn in the future as more people take an interest in the environmentally conscious effort.

"I have not seen a huge demand for consumers looking for high-end energy efficient homes," she said. "However, I expect that will change as people become more familiar and as people look at these types of things." ■