

THE BUSINESS OF BUILDING REDEFINED

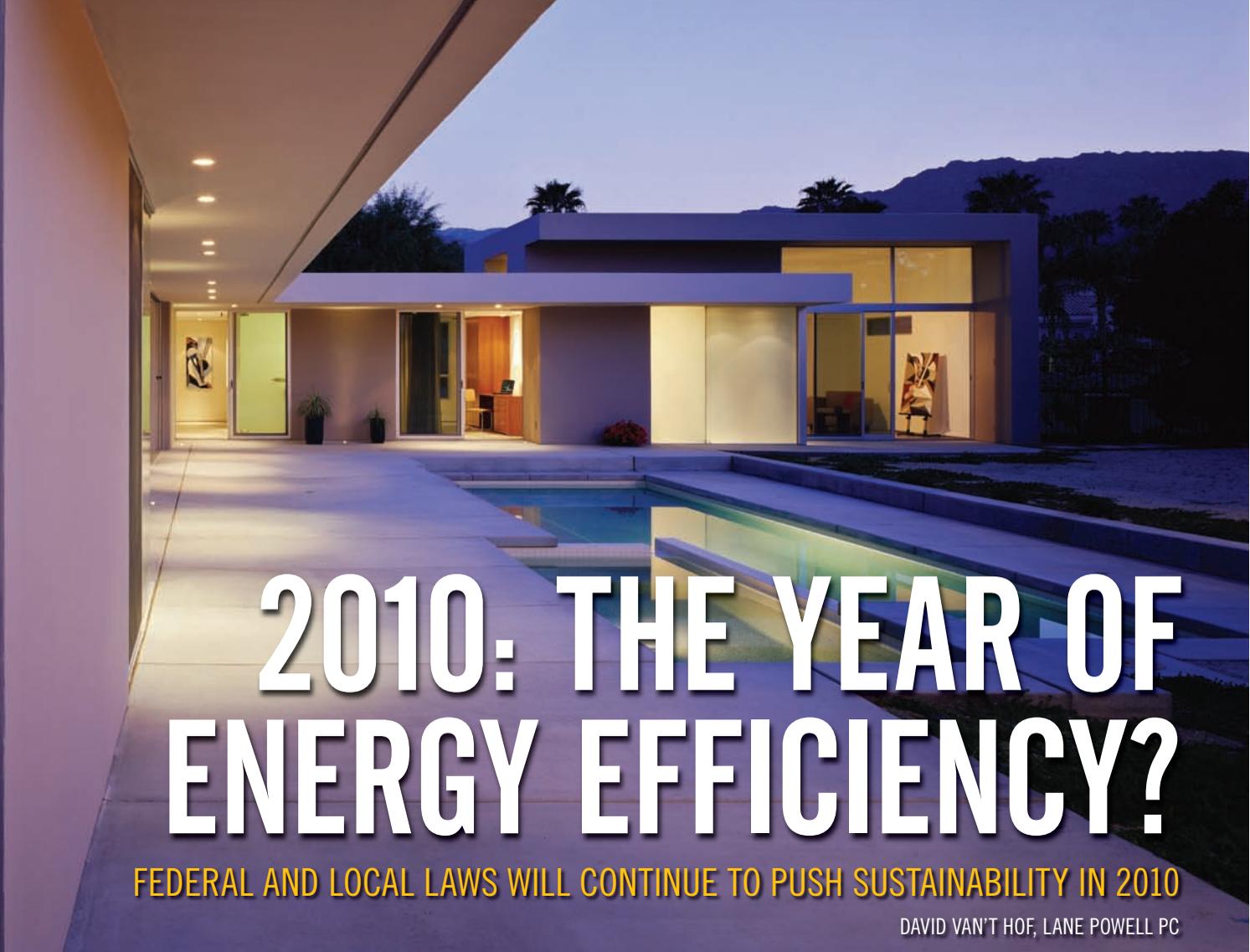
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2010: THE YEAR OF ENERGY EFFICIENCY?

FEDERAL AND LOCAL LAWS WILL CONTINUE TO PUSH SUSTAINABILITY IN 2010

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2010: The year of energy efficiency?

Federal and local laws will continue to push sustainability in 2010

DAVID VAN'T HOF

Conserving energy no longer is considered merely a "personal virtue." The cost of generating a kilowatt of electricity from a new facility typically is five times more expensive than saving a kilowatt of electricity in the existing system. Not surprisingly, then, there is a sharpening focus on reducing energy use, growing jobs and reducing homeowner utility costs.

Residential homes account for roughly 20 percent of the energy use and CO₂ emission in the U.S. economy. "Off the shelf" technologies can reduce home energy use by up to 40 percent. And, collectively, energy-efficiency retrofits have the potential to reduce home energy bills by \$21 billion annually. Consequently, Congress has appropriated billions of dollars to invest in energy efficiency in the residential sector in 2009 and 2010, money that is beginning to percolate into communities as contractors ramp up work in the sector. New federal rules also were adopted in June 2009 for more energy-efficient lighting, and 2010 should be a big year in energy-efficiency retrofits.

CHANGING CONSUMER

EXPECTATIONS. Homeowners increasingly value living in greener, more energy-efficient homes. A recent report by McGraw Hill Construction cited:

- :: In a down market, green homes represent an increasing share of new homes.

- :: Consumers are 49 percent more inclined to purchase a green home than a non-green home.
- :: Eighty-seven percent of green homebuyers are more or much more satisfied with their new homes.
- :: Cost savings is the most important factor for green homebuyers, followed by health and environmental concerns.
- :: Higher perceived price and lack of availability were the most important obstacles to purchasing a green home in 2008.

A recent study by Earth Advantage and Cascadia Green Building Council concluded that homes built and certified to Earth Advantage Green Standards sold for a premium (5 to 9 percent) and faster (23 days on average) than a standard home. And during the building downturn, these certified homes grew by 2.2 percent in market share for the Portland, OR, metro area. These statistics indicate that with more education for both homebuyers and homebuilders, high-performance homes will only increase per market share going forward.

ENERGY PERFORMANCE SCORES. Much like a miles-per-gallon sticker on new

vehicles, an energy performance score (EPS) would give a homeowner or homebuyer a valuable piece of information for making a major investment decision. A voluntary pilot program has been operating in the Pacific Northwest for several years. In 2009, both the Oregon and Washington legislatures took up the issue, with Oregon being the first to pass legislation to create an EPS system. That was followed by a report last month from the President's Council for Environmental Quality, in collaboration with a number of federal agencies. The report included a call for creation of an EPS system nationwide.

BUILDING CODES

WILL RAMP UP. The general focus on energy efficiency will likely translate into state and local building codes ramping up their energy-efficiency standards. Additionally, the U.S.

Department of Energy

conditioned some of its stimulus funding on states increasing building code energy efficiency. Several jurisdictions recently increased efficiency requirements in 2009, and others are sure to follow.

HOME SIZES WILL RAMP DOWN.

Since 1960, the average size of a new home doubled. Last year, the average new home size

Congress has appropriated billions of dollars to invest in energy efficiency in the residential sector



decreased for the first time in recent memory (from 2,629 square feet in Q2 to 2,343 square feet in Q4). According to a recent survey by the National Association of Home Builders, 9 out of 10 builders say they are downsizing their new home construction.

NET-ZERO ENERGY HOMES AND INNOVATION ARE THE FUTURE.

Everyone from General Electric to large electric utilities to local developers and architects has entered the game. Even the Obama administration has stated a long-term goal for homes to be at least 80 percent more energy efficient than today's homes, and to strive for "net-zero" energy homes through a combination of energy efficiency and onsite generation that feeds back into the electric grid. In Oregon, what may become the nation's first net-zero energy subdivision is under construction and projected to be completed in 2010. In addition to energy-efficient systems and onsite solar generation, its homes will utilize natural gas to reduce grid demand.

While the forecast for new home starts is not particularly rosy, 2010 could be a banner year in the residential homebuilding and home repair market for sustainability. 



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