

Not Just for Tree Huggers

Despite the free fall in housing prices nationwide, green homes are still red hot.

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Rob Moody didn't set out to be a builder. After graduating from college with a biology major, he began work as an environmental-science teacher in Asheville, N.C. On weekends, though, he spent long hours fixing up the classic shingle-style home his family had owned for nearly a century. Then, after seven years in cinder-block classrooms, he decided to make a change. "My love for old houses fell together with my love for the environment," says Moody, 34, who launched The EcoBuilders to construct environmentally friendly houses. Today Moody's foremen drive pickup trucks that run on used grease from fast-food fryers. And whether he's building new homes or renovating old ones, he insulates them to the hilt, uses sustainable materials and recycles so much debris that he requires only the smallest Dumpsters. Clients love the approach. "We doubled production last year, and we'll probably double again this year," Moody says.

The predominant color in the building industry right now is red, not green. America's housing markets remain in free fall, as the foreclosure crisis continues and more homeowners discover their mortgage debt exceeds the value of their house. Last year the average home builder laid off a quarter of its employees; this year the industry estimates it will sell just 632,000 new homes, its lowest total since 1992. But amid this gloom, there's buzz about consumers' shifting demand toward "green homes"—and how builders with this expertise remain busy despite the bust. In a 2007 survey by the National Association of Home Builders, home buyers said they'd be willing to spend an additional \$8,964 on a home if it could cut their utility bills. Throughout the industry, there's a sense that consumers have finally reached a tipping point. "It's taken almost as a *fait accompli*, that green building is where the market is headed," says Michelle Moore, senior vice president at the U.S. Green Building Council.

For all the professed consumer interest, though, the average home buyer knows little about green building. That's partly because it's a broad concept with several components. The most obvious attribute is energy efficiency. For some buyers, that means investing big money in fancy geothermal or solar technologies—but more often it simply means being diligent about using good insulation, efficient appliances, superior windows and designing the house to take advantage of the sun. Green houses also conserve water, often by using specialized plumbing fixtures. For some builders, going green also means limiting waste, sometimes by using "panelized," factory-built walls or recycling wood from older homes. Inside, green homes often feature sustainable materials, like countertops made from recycled glass.

For a public tired of stories about the latest health scare, green homes have another allure: they're often healthier. Since these homes are built more tightly than drafty older homes, many builders install systems to bring in—and filter—fresh air. Green builders typically use paints that are low in volatile organic compounds, and avoid the carpeting, adhesives and varnishes that often give new homes their distinctive smell—and that have been associated with health problems. When George and Dorrie Sieburg hired Moody to remodel their Asheville bungalow in 2005, this approach was a big selling point. "At the time, we were pregnant, and we wanted to build as green as we could to make sure it was safe for our child," says George, whose wife is expecting again.

As with many innovations, some of the biggest gains in efficiency come from using old-school materials that have been slow to catch on. Consider spray-on foam insulation, which fills and seals wall cavities better than the fiber glass used in most residential construction—but at twice the cost. As energy costs rise, however, more buyers are opting for it: sales of Icynene, the leading brand, grew 22 percent annually the past three years. When Jacob and Alecia Sessums added a master suite to their Asheville home, they opted for foam insulation, a multizone heating system and a superefficient tankless hot-water heater. As a result, their gas bill dropped from a high of \$400 a month to \$37. Says Alecia, 32: "For people in my generation, [going green] is the way you have to do it—there's not a choice."

For darker shades of green, homeowners typically take more-radical action. In Grapevine, Texas, the home Ross and Tami Bannister moved into last fall is so tight, "it's built kind of like an ice chest," says Ross, who marvels at how infrequently the heat kicks on even on the coldest days. While their house is filled with sustainable products, its most innovative functions involve water. Out back lies a 10,000-gallon tank that collects rainwater from their roof; the water is filtered and routed inside for household use. On the roof, solar panels heat their water. Ross says people are sometimes surprised to hear about the home's advanced technology, since it's hidden beneath the bones of a classic Texas farmhouse. "It wasn't like we built some sort of George Jetson-looking future house," Ross says. That's partly why their custom builder, Chris Miles of GreenCraft Builders, fields five calls a week from prospective buyers.

The biggest energy-savers can still require big investments. A photovoltaic solar system, which generates a home's electricity from the sun, can cost \$40,000. Likewise, a geothermal system—which uses pipes to send water underground, where the heat stored by the earth's subsurface is converted into energy to heat and cool the home—has long been a budget buster. But as energy costs rise, the return on investment does, too. Last fall, when Shirey Contracting remodeled Sean and Lynn Dillon's home in North Bend, Wash., the couple spent \$34,000 on a geothermal system. That's more than twice the cost of an ordinary heating and cooling system, but Sean figures it will pay for itself in six years. Along the way, they'll feel good about reducing their carbon footprint.

Builders are working hard to educate consumers about why such expenses can be worthwhile—and why a lot of green innovations can be done for relatively little money. New kinds of certifications will also help consumers understand the paybacks. In December, the U.S. Green Building Council began offering LEED certification (it stands for Leadership in Energy and Environmental Design) for homes; last month the National Association of Home Builders announced plans for its own green certification. Both use point systems that tally up a new home's earth-friendly attributes and award different levels of certification. In theory, a certified home will be easier to resell down the line, but green-building advocates also hope that the new yardsticks will make consumers pay more attention, the same way Consumer Reports and J.D. Power and Associates rankings became big influences on car shoppers a generation ago. Says home-building consultant Sara Lamia: "People will see how the house they're living in is costing them money, and it gives consumers a reason to buy a new home."

At times such chatter about how a shift toward green building might lift this moribund industry sounds like so much wishful thinking. So far most of the biggest builders are experimenting with only the most basic green innovations (like using Energy Star appliances); most of the greenest builders do only a tiny number

of custom homes. "The smaller you are, the more your numbers might mislead you to thinking this is what matters," says Ivy Zelman, an industry researcher. Some environmentalists apparently believe builders are putting green labels on homes that aren't really environmentally friendly—an attitude that appears to have motivated arsonists who torched a neighborhood of newly built trophy homes outside Seattle last week, leaving signs saying BUILT GREEN? NOPE BLACK!

It's also apparent that some green innovations are used side by side with products that aren't so earth-friendly. At the International Builders Show in Orlando last month, the plumbing company Kohler showed off ecominded low-flow shower heads and bathroom faucets—but across its booth, it also displayed gigantic water-hogging showers and whirlpool tubs nearly large enough to hold residents of Sea World. Likewise, if you build a green home in the exurbs but still drive an hour to work, has your carbon footprint *really* decreased? These are questions Danielle and John Arnett have considered. Next month they'll break ground on a 4,600-square-foot home in Colleyville, Texas. They hope to include loads of green technologies—perhaps even solar panels and a wind turbine—but they're still building a house that's nearly twice the size of the average newly built U.S. home. They admit a smaller house would be greener, but in their neighborhood, where nearby homes range from 6,500 to 12,000 square feet, they say their new house will be downright cozy. "It sounds crazy ... but it's really, really relative," says Danielle, who notes they reduced bedroom sizes in an attempt to downsize the design.

If there is a downside to this trend, it may be the growing number of green homeowners who'll brag about low utility bills the way golfers boast of low golf scores. But for builder Rob Moody, whatever motivates people to desire better-built homes, he's not complaining. "People know it's good for their pocketbook, they know it's good for the environment, and they like the badge," says Moody, who was in New Orleans last week working with ABC's "Extreme Makeover: Home Edition" on an earth-friendly project. Green homes may not spark the building industry's recovery, but in a world whose energy problems aren't going away, they certainly can't hurt.

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