

green building program, if any, a builder follows.

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For example, California Green Builder (CGB), the voluntary green building program developed by CBIA which focuses on increased energy and water conservation, adds between \$1,500 and \$6,000 per home in costs before rebates, tax credits, and other incentives, depending on the size and location of the home. Sometimes state and local incentives can offset these costs significantly, but adding solar and other green products and design features can certainly add up in many cases.

Why then — and more importantly, how — are builders continuing to pursue it? CGB saw a 50 percent increase in number of participants in 2006 — and it only continues to grow. (For more on CGB, see this issue's Executive Update.)

Where the real savings lie, building executives who have "gone green" will tell you, is in the sales and marketing value in green homes.

Green: Not a Gimmick

In his presentation "Selling Green to Earn Green" at PCBC® 2007, Mark Fischer, senior vice president for The Grupe Company, said the Stockton-based firm began planning Carsten Crossings, a 144-home "GrupeGreen" community northeast of Sacramento, in 2004 as a way of differentiating the company's product from its competitors.

Incorporating energy-efficient windows, attic insulation, radiant barriers, tankless water heaters, high-efficiency HVAC systems, and rooftop solar energy systems, GrupeGreen homes use up to 70 percent less energy than typical homes, Fischer said, saving homeowners real dollars every month on their utility bills.

"In a sea of wigits, we thought we'd have something unique that no one else was offering," he said.

By the time the community was actually opened in 2006, the market had softened considerably. Yet sales at Carsten Crossings have remained relatively strong — around 20 percent better than similar non-green homes in the area.

"I feel very confident that the acceleration we're experiencing in sales is due to the GrupeGreen factor," Fischer said.

Jeff Panasiti, president of Lennar Corporation's Sacramento division, reports a similar phenomenon. In January, the firm opened the first phase of Wayfarer at West Park, a 600-home all-solar, energy- and resource-efficient community in Roseville. Green features include roof and floor sheathings made of oriented strand board (OSB), a manufactured product, instead of plywood, and building floor joists made from engineered wood I-joists.

According to Panasiti, current new-home sales rates in Placer County are hovering around two homes per month. Wayfarer homes have been selling at twice that rate. For Panasiti, the competitive edge that having green homes gives him in a difficult selling environment far outweigh any upfront cost imbalance.

"We aren't doing green because it's gimmicky," he says. "We're doing it because of what it provides the consumer and the community. As a company, we are concerned about our image and want to distinguish ourselves from our competitors — especially in this market."

Panasiti added that the company is going back and adding solar to many already-started homes in the Sacramento area, because of its distinction in the marketplace.

You have to market it

One of the ironic aspects of the current marketplace is that many California builders are actually building more "green" than they may realize. With the state's toughest-in-the-nation building codes and energy standards, builders may not be far off from achieving the energy efficiency standards required by many certification programs

and tax credits.

Even those that are building green, however, do not always market their homes as such.

"It has to be sold," says Jerry Yudelson, principal of Yudelson Associates, a green building consulting firm in Tucson, Arizona. "No one's going to walk into your model and ask if they're green. You have to educate them."

According to Yudelson, many big builders are doing their own test-marketing on green — experimenting below the radar, gathering data, seeing what works and what doesn't.

Others who are already committed are taking care to educate potential customers about the homes' green components — how they work, the benefits to the environment and the community, and potential for saving on utility bills.

In the models at Lennar's Wayfarer development, for example, displays show such things as how the walls are built and the type of insulation used and its benefits, while a video detailing the solar energy process plays in the background.

In addition, Panasiti holds regular post-buying meetings with homeowners to educate, answer questions, and gather feedback on green features.

"My customer has to believe that it's a benefit to themselves and their community," he says.

Similarly, Grupe has produced an attractive and entertaining six-minute video explaining the features of GrupeGreen homes and their energy-saving benefits. Training sales people on the technical aspects of the homes, Fischer said — not just the money-saving benefits — has also been important.

"If you don't do a good job of communicating to your buyer, it won't be recognized for the unique product that it is, and all of this great technology will go to waste (from a marketing standpoint)," Fischer said.

Corporate DNA

One thing for builders to consider when exploring green is whether to incorporate green principles throughout the company. Simply offering green as an option may not be enough in the future, experts say. Today, buyers are interested in the overall mission of the company, and its values and principles — not just its products.

"You can't just change the product," says Yudelson. "You've got to change the corporate DNA of the company. If you don't embed the green values into the company, it won't be reflected in the product."

For Panasiti, an important part of deciding to go green was getting all of his employees on-board with the idea. Meetings were held and values discussed, and he reports that the firm now has a cohesive vision for what the company is doing and where it's headed.



The sales office at The Grupe Company's Carsten Crossings development in Rocklin contains displays that explain the community's many energy- and resource-efficient features.

"To do it well, you have to believe it," he says. "Plus, it gives me and the managers something to feel good about. And right now, that's a good thing."

Victory Homes president Todd Leibl has taken it even one step further. Victory, based in Rancho Cucamonga, was one of the first builders in the state to go green on a large scale, building green homes in Victorville and even Hawaii, since the beginning of this decade. Now, Leibl says the company has built only green homes for the last 18 months.

"It sounds like a cliché, but if I can do it, and it's helping make our world a better place, why wouldn't I?" he says.

The bottom line? Don't think about green as a separate product offering. Think in more holistic terms, and over the long haul. Your customers will take note of your commitment and pay you back immeasurably.

Lipstick on a pig

That said, builders shouldn't try to substitute green features like solar and tankless water heaters for quality building structures and appealing floorplans. As the saying goes, you can put lipstick on a pig — but it's still a pig underneath.

Buyers are making it clear that having green features in a home is not going to replace or negate features like layout, bedroom count, and kitchens — the things people continue to care about.

"(Solar) can't be the only draw," says Panasiti. "They're going to go buy a home that meets their family's lifestyle, that's quality made, and is ultimately what they want."

Yudelson echoes those thoughts.

"Energy-efficient homes are about good design and quality building practices," he says. "You can't sell a bad home and dress it up with solar panels."

Just ask Larry Brittain, who purchased a home in Grupe's Carsten Crossings exactly one year ago.

Brittain and his wife lived just over a mile from Grupe's Rocklin development when they went touring models one day last June with out-of-town friends. It was the fourth development they'd been to that day, and they had no real intention of moving at all — until they stepped into the first model in the Grupe development.

The Brittain's were immediately impressed with the home's floorplan — specifically, the open kitchen/living room layout, beautiful foyer entrance, high bedroom/bath room count (4/3), and spacious master bedroom "wing." They didn't learn about the home's green features until later in their tour.

"It was one of those things where you just know right away that that's the house you're supposed to have," says Brittain, 52. "Then, when you find out about all the other stuff — the solar, the soy-based insulation, the R-39, and how much money you can save — it's just the icing on the cake. We wrote a check for \$5,000 that day."

Brittain says his gas and electric bill last year totaled about \$576. In his old home — just eight years old — he paid around \$3,000 a year for the same services.

That's more like putting lipstick on a princess.

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