

Desert Lyceum White Paper

Paying for Green: Incentives, Mandates, and Funding Options

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As energy prices continue to rise and concerns about global climate change mount, builders, utilities, and public officials of California are coming together to develop sensible green building programs that balance saving resources with concerns about housing affordability. During 2007 and early in 2008, the Imperial Irrigation District, the County of San Bernardino, the cities of Cathedral City, Corona, and Riverside, all launched voluntary green building programs making California a model for collaboration between local governments and the building industry.

Local and statewide green building programs are making strides toward promoting public acceptance of green building and its benefits, as well as encouraging builders to adopt green building practices. Yet, while Green building is becoming more widespread, it only impacted about 3% of new dwelling units in 2007. Since market penetration is still low, we believe voluntary program participation is a good way to allow the market to become informed, develop infrastructure for green, and increase market penetration. Current market barriers to green building are cost, lack of information and a depressed housing market. To encourage participation in green building, local jurisdictions and utilities have created incentives to help builders adapt to green construction.

Building green often adds to the cost of building a home, however, there is some help available. Although California already has the tightest energy code standards in the nation, all of the major green programs in California: California Green Builder, Green Point Rated, and LEED for Homes, require homes to be built at least 15% above current Title 24 energy efficiency standards. This is the same level of energy efficiency required to qualify for a \$500 per home incentive through Southern California Edison's California New Homes Program (CANHP.) For builders in the Imperial Irrigation District (IID) service area there is an even greater incentive possible. In 2007, IID partnered with California Green Builder to provide an incentive for builders going green. Builders who are certified by California Green

Builder can receive up to \$1700 per home from the utility. The BIA of the Desert played a key role in bringing California Green Builder and IID together, and their actions signaled a growing commitment by builders in the area to building green.

There are several local governments that are also offering non-monetary incentives for builders who go green. On June 11, the City of Riverside passed a historic ordinance providing incentives for builders participating in California Green Builder program. On August 27, the County of San Bernardino launched a similar program. The City of Corona has also adopted a voluntary program and several other cities have passed resolutions in support of green building and are considering adopting green programs as well. Much like the situation with IID, these programs are the result of the building industry being pro-active and engaging the local jurisdictions. The BIA of Riverside and the BIA Baldy View Chapter were instrumental in the passage of the City of Riverside and County of San Bernardino ordinances. The HBA of Northern California has also partnered with Build it Green and their Green Point Rated program, to work with San Francisco Bay Area jurisdictions looking to adopt voluntary and mandatory green building ordinances.

What is a non-monetary incentive? In the case of the Riverside program, the city offers the following: early release of electrical meters, priority field inspections, guaranteed plan check timelines, priority overtime inspections, fast tracked electrical design, and a fast tracked water timeline. Many of these incentives are ways to move the "green" builder to the front of the line. The incentives do not add any financial burden to the city or county, but do save the builder valuable time and money during the construction process, which the builder can then pass on to the buyer of the green home.

The overall awareness of green has grown significantly over the past two years. Incentive programs like the ones mentioned above are essential to helping builders deliver new homes that save resources while building green homes that the average new homebuyer can afford. Whether the buyers are interested in doing their part to improve the environment or just saving on their utility bill, the number of homebuyers looking for green homes is growing. The building industry, local governments, and utility companies of California are working together to ensure that the new found demand for green is met.