

A Closer Look:

Green Remodeling ROI

Ready or not, the future of residential remodeling is green. Here's what you'll spend to make your business sustainable, and what benefits you'll receive when you do.



For most homeowners, green building is a no-brainer. The advantages are real, the benefits tangible and the savings measurable. Retrofitting their homes with green features can save homeowners several hundred dollars each month, and even qualify homeowners for special mortgage loans, product rebates and tax credits.

For remodelers, the benefits of green building are less obvious—but no less material, says Chicago-based remodeler Don Van Cura, who serves on the board of the National Association of the

Remodeling Industry (NARI) as its education chair.

“We’re busy in a down market, when so many other people in our business have nothing to do,” he says. “And it’s not because we’re cheap. It’s because our guys are educated and knowledgeable [about green building]. There’s a huge reward in the investment.”

And make no mistake: There is an investment. In order to tackle green projects for their clients, residential remodelers

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—Scott Sevon, Men at Work Chicago LLC

must spend additional time and money to receive extra training, purchase new equipment and conform to updated best practices. Just how little they have to spend, however—and how much they have to gain—might surprise you.

Green education

A green remodeler’s greatest expense isn’t sustainable materials; it’s sustainable education, says green remodeler Scott Sevon, partner at Chicago-based Men at Work Chicago LLC, past chairman of the National Association of Homebuilders’ Remodelers’ Council Green Committee, and founding chairman of the Home Builders’ Association of Greater Chicago’s Green Committee.

“Any remodeler who isn’t getting continuing education [on new

green building techniques] is like the surgeon who isn’t getting continuing education on new surgery techniques,” he says. “We take homes apart and we put them back together again, so you really need to know what you’re doing.”

Although some education—articles and information on the Internet, for example—is free, the best education comes from industry conferences, courses and accreditations, according to Powell, Ohio-based builder and remodeler William W. Owens, who is chairman of the Board of Trustees for the Home Builders Institute (HBI), NAHB’s workforce development arm.

“That’s a really good start,” he says. “Most of these conferences are \$500 to maybe \$1,000, plus travel expenses, and that’s two to three days of fairly intensive learning.”

In addition to conferences—both NAHB and NARI hold educational events across the country throughout the year, and even online, as do many local and regional associations—remodelers who want to go the extra mile can pursue professional accreditation via these associations’ accreditation programs.

“If you become an NAHB Certified Green Professional you’ll be trained on how to understand, build and remodel to the National Green Building Standard,” Owens says. “It’s not mandated, but it’s a great way to learn about resource efficiency and durability, energy efficiency, land development and how to make your homes tighter and [perform better]. You’re going to spend about \$200 a course and you’re going to need about three days of coursework. So for under \$1,000 you can get designated as a Certified Green Professional.”

Although the costs can add up, Sevon recommends education not only for company owners, but also for superintendents, foremen and even laborers. “We like all our people to have designations,” he says. “My wife, for instance, is our office



manager and even she has a designation. The reason is that so when she talks to clients, she can talk to them intelligently.”

Green equipment

Having the right knowledge to do green remodels is only the beginning, as contractors also must have the right tools, according to Matt Golden, co-founder and president of Recurve, a San Francisco-based company that specializes in home energy audits and green energy remodeling. “Although you do have to invest in some equipment, it’s a minor investment compared to our biggest assets, like trucks and vehicles,” he says. Golden says tools that help measure and improve a home’s performance, such as foam guns for applying spray foam insulation, blower doors for finding air leaks in ductwork and infrared thermal cameras for locating holes in the building envelope, are especially important but are only a small investment. “We’re talking \$3,000 to \$6,000 if you get a nice infrared camera. Keep in mind, though: These tools also help us increase our productivity and help with sales as they show customers what is happening behind their walls.”

Other smart equipment investments, according to Sevon, are a HEPA vacuum, which costs between \$400 and \$1,000, and an oscillating tool that allows one to reduce waste and minimize dust when working with tile or flooring.

Green materials and manpower

The cost of green remodeling may or may not cost more than a standard remodel. It is dependent on the cost of higher performing materials and training employees on new methods, all of which have the potential to add to the price tag of a green remodel, according to green remodeler Don Ferrier, president of Ferrier Custom Homes in Fort Worth, Texas.

“When we do a project, we’re going to assess the site and take an inventory of all the natural resources,” he says. “This step is crucial in strategic planning, which requires foresight and incurs a minimal amount of added cost, if any.”

A typical green remodeling project might require the contractor to perform an energy audit of the existing home, salvage materials during demolition for recycling and reuse, and more

Green Remodeling By the Numbers

10

The percentage of homes built in 2010 that are expected to be green certified—up from 2 percent in 2009—representing a \$40 billion to \$50 billion market.¹

30

The percentage of all retrofit and renovation market projects that will be green by 2014, representing a \$10 billion to \$15 billion market.¹

70

The percentage of homeowners who have engaged in green retrofit or renovation activities and are planning to continue to do so for over 15 percent of future projects. Twenty-four percent will do so on over 60 percent of projects.¹

70

The percentage of builders who say green building is important to their market strategy.²

85

The percentage of remodelers who already incorporate low-emissivity windows into their projects.²

68

The percentage of remodelers who install insulated exterior doors.²

65

The percentage of remodelers who upgrade existing insulation.²

75

The percentage of remodelers who use building techniques that minimize the amount of lumber taken from old-growth forests.²

65

The percentage of remodelers who already incorporate recycled or recyclable materials into their projects.²

61

The percentage of consumers who say they’d spend more than \$5,000 upfront to save on utility costs.²

¹ McGraw-Hill Construction

² National Association of Home Builders

thoroughly seal the building envelope. Although those tasks might be unique to a green remodel, they don't necessarily add a lot of time to the project timeline, according to Ferrier. "The basics of green building can add from 0 to 5 percent more time, but more advanced features and products have the potential to add even more."

When it comes to material costs, the difference between a standard remodel and a typical green remodel is minimal but is dependant of course on the homeowner's choices, according to Ferrier, who describes the costs of a hypothetical green kitchen remodel as being:

- **Demolition:** During demolition, contractors already have to pay for a dumpster. A selective demo, where certain materials are salvaged and then picked up by Habitat for Humanity ReStore or a similar organization, might cost an extra \$200.
- **Cabinets:** In order to have cabinetry that is formaldehyde free and low VOC, they often have to be custom built, which typically adds 10 to 15 percent to the cost over a standard cabinet.
- **Paint:** Compared to conventional paint, low- or no-VOC paint costs an average of \$4 more per gallon, which might add \$200 to the typical kitchen remodel's cost.
- **Fixtures:** To upgrade a kitchen and bar sink to low-flow faucets could add approximately \$120 to a kitchen's cost, while energy-efficient lighting could add \$200 to \$300 more.
- **Appliances:** Energy Star appliances do not necessarily cost more, and they will provide a lower carrying cost for the homeowners for years to come.
- **Labor:** While it shouldn't take any more time to use green materials, it can take a contractor extra time to train a new subcontractor or employee on green building practices. However, Ferrier sees this as an investment and customizes the training depending on the student, because no contractor is the same.

"Remodeling is never downgrading; it's upgrading," Sevon says. "We always give our customers a choice. There's mold-resistant wallboard, for instance, that costs 10 to 12 percent more than regular drywall. Is the difference thousands of dollars? No. We're talking \$300 to \$500 max—and that goes to the homeowner. There's no huge additional cost for me."



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Go green, get green

Although the investment in green remodeling is relatively small—a few days and a few thousand dollars, when all is said and done—the return on that investment can be quite large, according to Golden. He says remodelers can get more clients and make more money when they're green. "Because you're selling solutions—you're not installing a new furnace, you're solving your customers' comfort problems and fixing their high energy bills—you're no longer competing with every other contractor out there," he says. "Even though you might be doing a lot of the same work, you're offering an integrated service, which makes it differentiated and allows you to be able to charge more for that service because you're offering more value as part of it."

Ferrier agrees. "We become not only their remodeler, but also their trusted adviser," he says. "Our fees are slightly higher than a standard remodel as a result of the knowledge and expertise we offer to our clients, which in the end adds to our bottom line."

Although it pays, money isn't the reason to do green remodeling, according to Sevon. "The reality of anything is: If the product costs more, you're charging more," he says. "But that's not why we do it. We do it because it's the right thing to do. Green product are better for the environment, last longer and require less maintenance." 🏡