



BROOKLYN  
ECONOMIC  
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# Green Construction & The Brooklyn Contractor

ICB Construction Committee  
Summary Report on Research and Programs

April, 2007

## *GreenAdvantage*® Comes to Brooklyn

- *GreenAdvantage*® training and certification pilot to be offered in partnership with CUNY Kingsborough and the Delaware Valley USGBC chapter
  - Contractors can keep pace with regulations
  - Small companies can meet market demands
- Corporate sponsors host hands on demonstrations of products and materials
- \$450 cost underwritten by CUNY Workforce Development and corporate sponsors for net \$150 cost to contractors
- Tracking survey to be undertaken to evaluate the impact of the training

## Rapid Increase in Green Building

- Nearly 100,000 homes have been certified through market-driven green building nationwide<sup>1</sup>
- An increase of 50% over three years (2004-2007) compared to previous 10 years
- Green home building expected to be a \$38 billion industry sub-sector by 2010

## Economics of Building Green: Energy Efficiency

- The financial benefits of green buildings include
  - Lower energy, waste disposal, and water costs
  - Lower environmental and emissions costs
  - Lower operations and maintenance costs, and savings from increased productivity and health
  - Tax and other government incentives
- These benefits range from being fairly straight forward (energy, waste, and water savings, taxes) to relatively abstract (productivity/health benefits).

## Economics of Building Green: Energy Efficiency & Returns

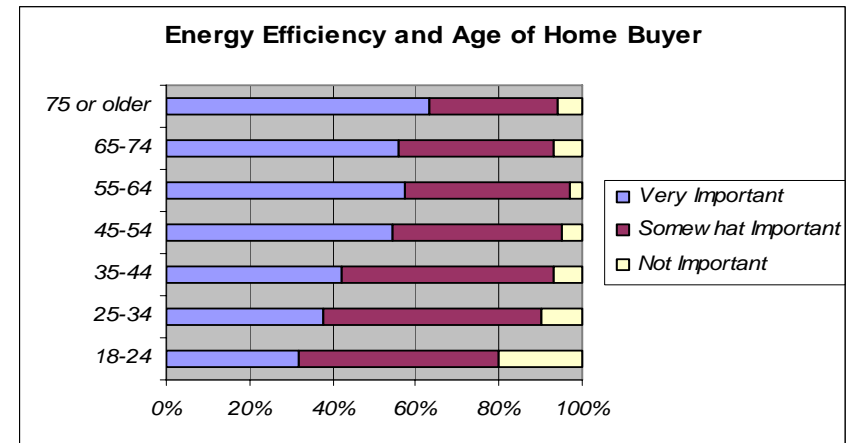
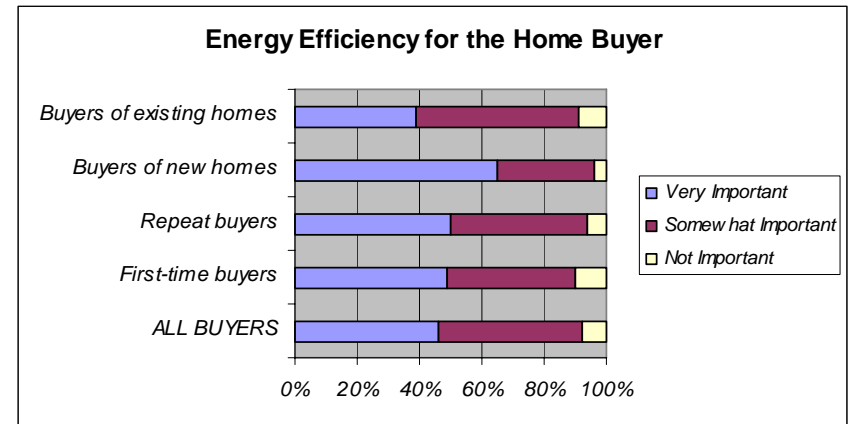
- NYSERDA estimates that in a \$5m project a \$100k green investment = \$1m savings over building's life, assumed conservatively to be 20 years<sup>2</sup>
- Green Buildings typically lease or sell faster because of superior amenities and lower occupancy costs<sup>3</sup>.
- On average, for every \$1 reduction in annual fuel bills, value is increased by \$10-\$20 for a home<sup>4</sup>.
- Making improvements to design when renovating or building new is most cost effective.
  - A one-time investment premium of less than 1% of first costs can increase energy efficiency over standard building code practices by 20-30%.<sup>5</sup>



# Economics of Building Green: Energy Efficiency & Returns

## A PREMIUM ON ENERGY EFFICIENCY<sup>6</sup>

- Buyers of new homes feel the strongest
- However, at least 90% in all categories of home buyers think efficiency is at least somewhat important
- Older buyers find energy efficiency most important
- Even 80% of the youngest buyers still maintain it is at least somewhat important



## BARRIERS

- 70% of all construction executives believe green building to be cost prohibitive<sup>7</sup>
- Inexperienced executives estimate green building premiums at up to 20%<sup>8</sup>

## SOLUTIONS

- *ACTUAL* premiums may be as low as 2%<sup>9</sup>
- Construction costs are estimated at less than 10% of the cost of a building through its life<sup>10</sup>
- Most green premiums recovered within first 5 years of building life<sup>11</sup>
- RICS study suggests immediate resale and rental value of green building (see next page)

- Assessors and Appraisers beginning to expand negative valuations beyond asbestos and lead paint
  - VOC content, poor ventilation and other aspects of homes which may have detrimental effect are coming to the fore
- Realtors and online property listings such as PropEx.com are beginning to advise sellers to clean and green homes to get a leg up
  - Water and energy usage modifications seen to have value
  - Younger families more concerned about air quality, etc.

- Continued research on Green Value to entice contractors
- USGBC, BEDC and educational partners on the ground floor of wider green training efforts for small contractors
- Lobbying and fundraising to support outreach efforts in partnership with city agencies
  - Private foundations with environmental entrepreneurship emphasis
  - Micro-lending programs further researched
  - Direct government contracting
- Possible partnerships with other municipalities
  - King County, Washington

1. National Association of Home Builders:  
[http://www.nahb.org/news\\_details.aspx?newsID=4776](http://www.nahb.org/news_details.aspx?newsID=4776)
2. NYSERDA  
[http://www.nyserda.org/programs/Green\\_Buildings/default.asp](http://www.nyserda.org/programs/Green_Buildings/default.asp)
3. Ibid
4. *Ibid*
5. USGBC, *The Costs and Financial Benefits of Green Buildings, 2003 p v;*
6. National Realtors Association, What Buyers Want! Highlights from the NAR's 2007 Profiles of Buyers' Home Features Preferences,  
[http://www.realtor.org/Research.nsf/files/HBFeatures3.ppt/\\$FILE/HBFeatures3.ppt#1](http://www.realtor.org/Research.nsf/files/HBFeatures3.ppt/$FILE/HBFeatures3.ppt#1)
7. NYSERDA, *ibid*
8. *Ibid*
9. US Department of the Environment [www.doe.gov](http://www.doe.gov)
10. *Ibid*
11. *Ibid*
12. RICS, Green Value; Green Building, Growing Assets, London, 2005  
<http://www.rics.org/NR/rdonlyres/93B20864-E89E-4641-AB11-028387737058/0/GreenValueReport.pdf>



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