



## GREEN: A whole new world of Green

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### *Experts weigh in on the new president's Green agenda and how it affects you*

President Barack Obama's sustainable energy plan is ambitious. It calls for a \$150 billion investment in clean technologies over 10 years and programs to create renewable energy. It also involves trying to derive 10 percent of the country's electricity from renewable sources by 2012, and 25 percent by 2025. Couple these goals with the measures in the economic stimulus package that address home weatherization and other energy efficiency strategies, and the game changes for builders. What these elements mean is opportunity for those positioned to capitalize.

#### ***The only growth happening***

Nehemiah Stone is a principal with the Benningfield Group, a sustainable policy consulting firm in California, and a member of Housing California's New Solar Homes Partnership working group. He says the playing field for builders will definitely improve as a result of such programs.

"It has just mushroomed," says Stone. "I've been to two conferences on this in the last two weeks, and part of what we're finding is that, unlike a lot of the economy where people are being laid off and looking for jobs, in this particular sector we are looking for people, because in most places around the country, the regulators have figured out that we need to invest in energy efficiency in order to help our economy."

Stone says part of what's happening now is that there's never been as much interest in many years as there has been over the last year, and more specifically over the last five or six months, in energy efficiency for multifamily and affordable housing.

"We have doubling and tripling of energy efficiency budgets, not just for multifamily, but for a wide variety of building," he says. "In the most active areas of the country for this kind of thing, the Midwest, New York, New England, California and the Northwest, the goals for energy efficiency have already been doubled, compared to what people were doing just a couple years ago."

#### ***Skeptical Optimism***

The goals of the new president, while encouraging, are met by some in the trenches with caution. Bo Parfet is CEO of Iconic Development, a firm specializing in LEED-certified affordable housing, particularly student dwellings. He's concerned that Obama's plan focuses too much on the public sector, but is crossing his fingers that the tax incentives will make life a little easier for the industry.

"His plan right now does not address the private sector," says Parfet, "but we're really hoping that the tax incentive increase will help."

When asked if he is officially in favor of the stimulus plan, Parfet speaks as both a resident of the planet and a businessman.

"I am for it for two reasons," he says. "No. 1 is that over time, energy costs are going to increase, and there's going to be more demand on our infrastructure. There will be a time when the cost to power a building or an efficient home will increase to the point where the average person will not be able to afford it. We want buildings and homes to succeed. The second reason is that I care about minimizing my carbon footprint on this planet."

### ***Job opportunities***

Stone says the new policies and infusion of funds are creating what can possibly be described as a “Green rush” in the industry, attracting many new players to the arena.

“One of the things that’s going to happen is that we’re going to have an awful lot of relative newbies in the business that will need to come up to speed very quickly,” he says, “and a lot of the old guys like myself will be spending more and more time bringing those people in and teaching them what the stuff is all about.”

### ***How it affects you***

Stone explains that, in California alone, the game is shifting from single-family to multifamily, and that there is probably going to be room for builders like you who are looking for ways to keep busy.

“Another way to look at it is that in 2005 in California, we were producing 200,000 residential units a year,” he says. “Out of that number, well over 60,000 were multifamily. This year, it’s expected that we’re going to produce about 45,000 multifamily and only about 25,000 single-family. So multifamily is now a much bigger section of the market.”

### ***Word on the street***

Another indicator of the coming Green rush can be found on Wall Street. We spoke with Dan Mannes, a stock market analyst with Avondale Partners. He says, notwithstanding some of the jitters today, energy technologies like geothermal and solar will jump with the execution of the Obama policies.

“It looks like there are a number of specific incentives that could sort of change the scenario a little bit and improve the economics incorporated in these features, even in light of what’s been a little bit of a drop in energy prices,” Mannes says. “I think people recognize that there’s a significant amount of volatility in energy prices, and hopefully the incentives are there to enable builders to integrate them into their lives now.”

As Mannes points out, investors, once they inevitably begin investing again, will want to go with the safest bets. Alternative energy technologies and sources, in concert with the coming surge in federal dollars for all things sustainable, will create a climate of opportunity for builders able to position themselves to take advantage of them.