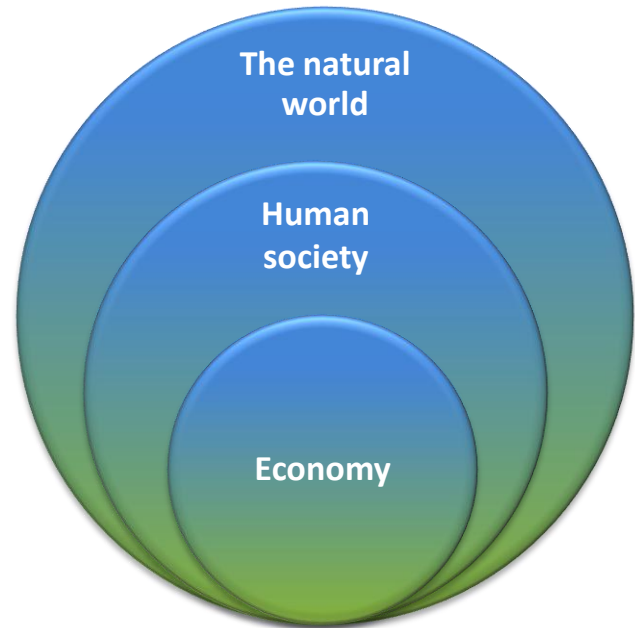


A Primer on Sustainability and the Housing Sector

It's important to understand how sustainably minded consumers and designers are approaching things these days. Increasingly, the view is that each area you're looking at (in this case the housing sector) lies within, is supported by and supports the economy. The economy, in turn, lies within, supports, and is supported by human society, which lies within, supports, and is supported by the environment.

With this view, it's important to think about how each action affects that support network for the housing industry. That means planning the construction of a house should address long term impacts (such as energy use in operation, resilience and durability of the structure) human impacts (such as material toxicity) and economic impacts (such as pricing, energy production of the structure if it has those capabilities).



Consumer Value:

Green construction can add value to consumers through long-term monetary savings. An energy efficient house, through simple additions such as good insulation, high r-value windows, and an efficient heating and cooling system, can save consumers several hundred dollars a year in heating costs alone.

There are numerous studies indicating higher levels of happiness, decreased doctor's visits, and other "intangible" but sellable benefits for structures with increased natural light, more natural materials, and low VOC finishes. This is what Mountain Gear has used as the business case for our LEED Gold building, and we've seen our employee turnover cut in half since the company moved. That is a very tangible benefit to us, as we spend less money training new employees and get higher productivity out of experienced ones. Similar benefits are great selling points to parents.

Many innovative technologies, such as ground source heat, are becoming more appealing to consumers. Ground source heat pumps operate solely on electricity, and can both heat and cool a structure. Used in conjunction with other green energy systems, this could allow a house to efficiently operate on a grid or operate entirely apart from delivered electricity.

These upgrades don't have to add cost, low and no VOC paints are cost competitive. A building does not need to be LEED certified to be considered a "green" structure. Like I said in the presentation, consumers often won't spend more for green products. But all other things being equal, the sustainability initiatives of a company or the green aspects of a product can be a deciding factor, and have been shown to increase loyalty and word of mouth marketing value. A lender that requires builders to use renewable woods for flooring and low-VOC finishes in their structures would certainly grab consumer attention.

In terms of financing, simply offering financing for energy efficiency and green energy products, however it's done, will pique customer interest in all aspects of the company. We've found that to be true with Mountain Gear and with the brands we carry. Patagonia is a great example: they have a devoted following, consumers will buy nearly all their products based on the green aspects of the company and a few of their products. Not all Patagonia items are environmentally friendly, but there is a fierce brand loyalty because of the few they have done well.

Green energy projects

It seemed like there was a lot of interest in green energy projects. Here's a few I've found interesting in the last few months, which could provide a strong return on investment, and my guess is consumers would be interested in obtaining were financing available. As people are staying in houses longer, it's making more sense to put long-term ROI money into it.

Here's some information on Avista programs. These are often state mandated programs, but they help Avista build their green power portfolio as well.

<http://www.avistautilities.com/services/renewable/incentives/washington/Pages/default.aspx>

And the buy-back rates for various green energy installations at consumers' homes.

http://www.avistautilities.com/services/renewable/incentives/washington/Documents/incentive_table.pdf

For the Energy Domes we were talking about, there's a bit more information here:

http://www.bioenergydomes.com/bio_energy_domes.html

I've found out they're still in beta testing; they've had a lot of interest in the last few weeks after they started putting out press releases. This would be a very cool project to jump on, and they claim they offer a 9 month ROI. Out here where our energy rates are cheaper, it's probably closer to 2-3 years.

If you want to know more about Sustainability

The Natural Step, an international nonprofit, makes things pretty easy to understand. Their Canada office has some great free resources, I recommend checking out their sustainability primer packet. It will help you decide what items are sustainable and what aren't. Consumers will call someone out if they're marketing polyurethane insulation as green. It will be energy efficient, but the materials are nasty.

http://www.thenaturalstep.org/sites/thenaturalstep.org/files/PrimerGuidebookNAT-LowRes_20090609.pdf

Businesses and the dollar value of the environment

Here's a great article from TIME about the dollar value of ecosystem services.

<http://www.time.com/time/magazine/article/0,9171,2048324,00.html>

Real Estate and Green Business

<http://www.greenbiz.com/blog/2011/03/16/five-tips-selecting-sustainable-real-estate-advisors>

And a plug for our local business network:

Like I said, we're starting a sustainable business network here, known as the Sustainable Business Network of the Inland Northwest. We're still developing our membership criteria and first few programs, but we're planning a public launch near the end of April.

You can see our blog/website at ballespokane.blogspot.com, email the network at ballespokane@gmail.com. If you're interested in the parent organization, check out www.livingeconomies.com. They've got a lot of information regarding the economic value of locally owned businesses.

Feel free to contact me with any questions regarding the presentation.

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