



THE GREENING OF MICHIGAN REAL ESTATE

FROM SUSTAINABLE DEVELOPMENT TO ENERGY EFFICIENCY, THE MICHIGAN REAL ESTATE INDUSTRY IS BEGINNING TO SHOW ITS TRUE COLOR.

BY KEVIN FRITZ

The English language is full of idiosyncrasies. Every year, dictionary publishers are faced with the task of adding new words that have sprung up from the masses and gained a hold in our everyday conversations and writings. Other words, already present in our vocabulary, suddenly take on new meanings and definitions must be altered to keep up with the times.

To quote Kermit the Frog of Sesame Street fame, "It's not easy being green."

Until recently, the term "green house," meant little more than a glass-enclosed structure for growing warmer-climate flora and fauna. The term "green listing" was virtually unheard of, and energy efficiency meant little more than good insulation in the attic or a 15-SEER air conditioning unit. A green building was, well, painted the color green.

Suddenly, the adjective green no longer describes simply a color, a novice or something new; it now describes a type of housing and a movement toward saving our planet. Without

a doubt, many REALTORS® were unaware until just recently of the latest trend creeping into the industry being led by the environmentalists of the world. Nonetheless, some clairvoyant real estate professionals, builders, and REALTORS® have been preparing for the green trend to hit the mainstream for some time.

And hit it has.

According to the latest research by the National Association of REALTORS®, 65 percent of homebuyers now view energy efficiency as an important consideration. NAR also says 46 percent of buyers would like a green home and that homes meeting EPA energy efficiency standards have become more marketable, especially when studies show these homes can save \$200-\$400 a year in utility bills.

With the green trend beginning to snowball and consumers becoming more educated on the matter, REALTORS® are striving to obtain a full understanding of what exactly makes a green home, what Energy Star® is all about, and what role the U.S. Green Building Council (US-GBC) plays. On a daily basis, that translates into how to work with buyers who wish to see only "green" homes, and how to instruct sellers on

making their homes more energy efficient as a valuable marketing tool.

Nonetheless, the green trend is still trying to establish a foothold in the real estate industry, especially in Michigan. According to Jeremy Conaway, founder and president of the Michigan-based RECON Intelligence Services, a leading source of strategic and tactical ideas and applications for the real estate industry, the state of the housing market and the uncertainty in the economy does have REALTORS® more concerned with survival tactics than embracing the green movement.

"Things are fairly hostile out there," notes Conaway. "Given Michigan's current situation, few brokers are investing in any education. If they are, my anecdotal sense would be that environmental and green issues would be down the list."

He adds that housing markets nationwide are down 20 to 40 percent, brokerage failure is on the rise, and "there is way too little calm and collaborative thinking going on."

THE GREEN WOLVERINE

One Michigan Realtor® who is meeting the green movement head-on is Laura Shope from Ann Arbor.

Shope is a certified EcoBroker®, a designation provided by EcoBrokers® International based in Colorado.

Shope says she has been certified for three years, and is one of only a handful who holds the designation in Michigan, and the only Realtor® to hold the certification in her city of Ann Arbor. She says the designation allows consumers to recognize her as someone who is educated on environmental issues, including healthy homes, sustainable homes, and energy efficiency. Shope adds that the designation course teaches the safe removal of mold, the redevelopment of brownfields and Superfund sites, and the availability of energy-efficient mortgages, or special loans designed for buyers of energy-efficient property. There are currently 817 designated EcoBrokers® certified in 42 states.

“It’s my personal mission,” Shope says of her green involvement, adding that she has become “passionate about transforming the way we live.”

While EcoBroker® is not an official NAR designation, Sara Weis, NAR public affairs associate, says they are “very interested” in looking into what this type of designation could bring to its members in the future. “At this time, however,” she concedes, “there is nothing in the works.”

Not that NAR isn’t on the cutting edge of the green movement. In 2005, NAR was one of the earliest entities to dive headlong into the green pool by erecting the first newly constructed building in Washington, D.C., meeting green standards set by the USGBC’s Leadership in Energy and Environmental Design (LEED) Green Building Rating System. Among the environmentally advanced features are outside views from all work stations, a lighting system that balances inside light with sunlight, and a carbon monoxide cleaning system.

Shope notes that it can be difficult finding green homes for buyers since few listings contain environ-

mentally friendly information. And those that do mention energy efficiencies still may not fit the bill.

“It can be tricky,” says Shope of determining what is considered a green home. “There can be factors that can be considered green, but is it really a green house?”

She says the easy ones are Energy Star® qualified homes, as determined by the United States Environmental Protection Agency; or LEED Homes, which is a new rating system for residential property fashioned by the USGBC. Energy Star® is a government program to promote energy-efficient consumer products.

To make it easier to identify such homes, Shope is currently creating an inventory of green homes in Ann Arbor that detail the green features in each—regardless if they are certified or not—to make it easier for her and other REALTORS® to point environmentally-minded clients in the right direction.

“Right now there some national sites for this, but nothing local,” she explains. She says her certification does allow her buyers to search the EcoBrokers® website for properties with green attributes like formaldehyde-free insulation, salvaged-wood flooring, or native vegetation.

“I have been working with buyers who have specific concerns,” says Shope about her new day-to-day world of real estate. She says she has helped buyers who want to remodel, but not create a lot of waste. She also has a client who wants to add solar attributes to a home, and came to her because she was educated on the subject. Other buyers, she says, are looking for homes with fewer toxins, which in itself can be difficult to determine.

“It really depends,” she says. “What kills me is the amount of toxins that go into building a new house right now,” noting that there is usually formaldehyde in countertops and carpets. She adds that although some older homes

may not contain the toxicity of newer models, a new home still may have better air filtration.

SEATS ON THE BANDWAGON

The good news for those who have yet to embrace the trend or seriously add it to their business plan, is rules are still being written, programs are just forming, and the bandwagon is far from overloaded. Even the Michigan Association of REALTORS® (MAR) is still in the planning stages for how best to address its members’ “green needs.”

If you Google™ “Green REALTORS® in Michigan,” most of what will appear will be brokerages that contain the surname of “Green.” You will be hard-pressed to find links to brokers and agents who have knowledge of sustainable, energy-efficient and environmentally-friendly homes.

While NAR and MAR are still formulating their plans for member assistance with the concept, there are a number of initiatives coming to the market to help REALTORS® stand out amongst the crowd with wide open opportunities, such as Greenhomesforsale.com, which only has three Michigan homes listed so far on its site.

The aforementioned USGBC is also an excellent source of green programs and services. In addition to the recently introduced rating system in December for residential properties, call LEED Home, it has created an educational website called green-build365.org and LEED chapters have sprung up all over the country.

While there is currently no LEED chapter in Michigan listed with the USGBC, it does not mean Michigan is behind the green curve. In fact, Michigan is already one of the leaders in green building. Only Oregon and California have more green-certified housing units, according to the USGBC.

The USGBC is also addressing the needs of clients who wish to remodel using green materials



and procedures. The council has teamed up with the American Society of Interior Designers to create REGREEN, a collection of tools to help focus on renovation projects toward sustainability, durability, comfort, and style.

According to the USGBC's Ashley Katz, REGREEN contains the first green residential remodeling guidelines for existing homes. This is key for sellers who wish to add green elements to entice sales, or buyers who would like to add features when they move in.

And as an education tool, the USGBC has released "The Green Home Guide," which is a website to help educate real estate professionals on the trend. It offers tips on how buyers and sellers can maintain a green home to ensure it remains "as green as possible." The newly-launched green homes website can be found at thegreenhomeguide.org.

Educational efforts are also underway for so-called green mortgages. Dubbed the Energy Efficient Mortgages Program, or EEM, they help homebuyers or homeowners save money on utility bills by enabling them to finance the cost of adding energy-efficiency features to new or existing housing as part of their FHA-insured home purchase or refinancing mortgage, according to HUD.

On the new home side, the Lansing-based Michigan Association of Home Builders (MAHB) has created Green Built™ Michigan, which trains builders and certifies their homes as being energy efficient, safe, durable, and environmentally sustainable.

According to MAHB, new construction home ratings, which are based on the National Association of Home Builders Model Green Home Building Guidelines, will certify homes that meet standards in lot design, preparation and development; resource efficiency; energy efficiency; water efficiency; indoor environmental quality; operation, maintenance and homeowner education; and global impact.

MAKING TIME FOR GREEN

Since most experts are certain the green movement is not just a whim, but instead poised to be a permanent fixture in the way real estate is bought and sold, it appears the savviest of REALTORS® will be ones who come out on top after the market turns around.

Eunice Burns, who has 25 years under her belt in the real estate business, has been working with the environmental side of the equation for years with the Ann Arbor Area Board of REALTORS® (AAABOR) educating members on the virtues of the green housing trend.

Even though participation in green workshops has dwindled since the market changed last year and REALTORS® are more focused on survival tactics, she treks on, and is supplying every member of office an environmental notebook.

"This is a very good time for REALTORS® to get involved because it is a little slow now," believes Burns, who has been through at least two other downturns in the housing market over the past three decades. "This is the time to learn more about what you're selling."

Besides, she is starting to see consumers take notice of the green movement.

"I am having experiences now with sellers who are looking for lower energy costs and taking care of the environment," says Burns, who is an agent with Charles Reinhart Company in Ann Arbor. She is also beginning to see green listings appear on the MLS, albeit not many, but believes that will begin to change.

And she's right. RealComp, the largest MLS provider in Michigan, is beginning to hear the rumblings. However, Fran Green, marketing manager at RealComp, says thus far there is no field or input provision for a green listing.

"There has been talk about it at our user-committee level," says Green. "But we have not been asked to add something yet."

Burns says that as part of the

AAABOR environmental group's initiative, it started giving out awards back in 1997 to the most environmentally friendly homes and buildings. She says the awards have become quite popular with past recipients, which include the Ann Arbor District Library, the University of Michigan, and even closer to home, to Realtor® Robin Angle for building her own green home.

HOME GREEN HOME

A long-time Realtor® and member of the Ann Arbor Area Board, Robin Angle wanted a green home. So she went out and built one for herself. It was last year when she won the Environmental Awareness Award from AAABOR.

"You do it for the environment," she says. "We should have been doing this all along."

The process of building a green home was arduous at times, she notes, especially with all the options now available. Angle does not consider her home 100 percent green, because she says incorporating everything in the home to fit green standards is sometimes just not feasible or becomes cost-prohibitive.

"It's not as easy as it seems," explains Angle. "We have to be realistic about this stuff and there has to be a balance point."

Nevertheless, she has done her part — and then some. The 2,000 square-foot home is Energy Star® certified; even the lighting complies with Energy

LEED for Homes

LEED for Homes is a voluntary rating system that promotes the design and construction of high-performance green homes, including affordable housing, mass-production homes, custom designs, stand-alone single-family homes, duplexes and townhouses, suburban low-rise apartments, urban high-rise apartments and condominiums and lofts in historic buildings. It was just introduced in December by the U.S. Green Building Council. MAR



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Star®. There are transoms above doors promoting better air flow. Stone floors throughout the house soak up heat and maintain it; in the summer, they do the same thing with air conditioning. Highly sustainable material was used in construction and windows were positioned to get the most out of the natural light and warmth from the sun. Everything is electric, so the home uses no fossil fuel. It is all built over a "superior basement," meaning it is highly insulated, using a combination of thick cement walls, insulation, and drywall culminating with an insulation rating of R-38. Most basements are usually at R-10, she notes.

"As a broker I wanted the house to be marketable," she adds. "And livable and comfortable."

And it all runs on a state-of-the-art geothermal heating system, also called a ground-source heat pump. It contains underground pipes that use the earth's soil temperature to keep the home snug in the winter and cool and relaxing in the summer.

"The house has performed extraordinarily," she says. "Last winter, our electric bill averaged only \$126 a month!"

The culmination effect of that kind of energy savings is staggering. According to the American Council for an Energy-Efficient Economy, if everyone increased the

efficiency of their major appliances by 10 to 30 percent, it would equal the demand for electricity equivalent to that of 25 major power plants.

Besides the building of her own home, she is not seeing a vast wave of interest in the green movement, but knows it is coming.

"I am not seeing any so-called green listings," she says. "It's amazing, but I have a gut feeling that people are thinking about doing it."

A PART OF THE SOLUTION

Realtor® Robin Grosshuesch, a buyer's agent for more than 11 years, decided to leave the standard practice of real estate and became a partner in the Treehouse Realty Group, which is developing Starhill at Peach Mountain, an environmentally structured subdivision in Dexter Township. His new job is exclusively selling the 33 lots in the subdivision that is green from the bottom up.

"I strongly believe we should be building better housing," he says. "Homes were built better in the 50s and 60s and are something to be desired since then."

He is now marketing "sustainable homes" that will last beyond the homeowner, believing too many tract homes have been built recently that have very short shelf lives. That is why Treehouse is building multi-gen-

erational homes that include features built in for later years. "Sustainable beyond the first family," he notes.

He says trying to be a green Realtor® in the typical office setting was a quagmire.

As a workaday Realtor®, he only saw interest in environmentally friendly homes from the very young and older consumers, but even then it was hard to find them homes. In general, he says these buyers are in need of older homes that contain fewer toxins in the walls.

"We have more foreclosures in inferior housing stock right now," he notes of recently constructed tract housing.

Indeed, supplies are limited. Only two percent of existing American homes contain green features, like energy-efficient windows, according to an October 2007 report by the McGraw-Hill Construction Information Group. And many of those homes are either high-end apartment buildings or low-income residences. But Starhill aims to change all that.

"We are a subdivision that pays attention to the land as if it was a partner," he boasts, adding that 60 percent of the development will remain in its natural state. He adds that Starhill will focus on narrow roads with less right of ways, keeping it from becoming a so-called "paved community." They are even partnering in con-

structing a barn so residents can take advantage of Starhill's organic farm.

Material will be brought in locally, saving on fuel. Within the homes themselves, two by six walls, foam insulation, and non-toxic materials are standard.

"We work with buyers as part of the design team," he adds. "We lend our knowledge and green building techniques to the products, and we pay close attention to the materials."

He notes that all appliances are Energy Star®, but that's not what he focuses on as far as a major green aspect of the project.

"That's self-evident," he says about being Energy Star® certified. "We are more concerned with the intelligence of the product."

Grosshuesch says all homes will be custom built, and all builders will have to adhere to certain standards. And business is good. They have 12 reservations, and dozens of interested buyers. They plan on breaking ground this spring, and homes should come out of the earth this fall.

"No one is building right now," he notes about the market downturn. "But we are. We are building green—we escaped that trend."

NORTHERN EXPOSURE

While most of the green movement appears to be taking place in the Lower Peninsula, there is some activity brewing in Traverse City, the largest city in the 21-county Northern Michigan region.

Peter Read, who serves as treasurer of the Traverse Area Association of REALTORS® and is a major advocate for green housing in his state, is intent on building momentum for the green movement in Northern Michigan, noting that it has a much stronger foothold in the south, especially in Grand Rapids.

"There is a real movement down there that is building," he says.

Read believes there are big picture issues that are not only holding back the contagious characteristics of the green wave in Michigan, but an old-school management

style being implemented that may do more harm than good.

"We are flirting with it," he says about the green movement, "not embracing it."

He believes the proper approach is "synthesized management," gathering all parties — transportation officials, mortgage companies, builders and appliance makers — together to work on an action plan for a collective buy in, not individual groups and officials tackling one idea or concept at a time.

"It loses all effectiveness not having everybody together," he points out.

For example, as a licensed appraiser, he knows first-hand that the appraisal community has not been brought into the fold over energy efficiency awareness. He has actually had fellow appraisers tell him that the green movement was "just a fad."

Read firmly contends transportation should have a much larger role in green building decisions. As a member of the Sustainable Business Forum in Traverse City, he has learned that for each home built, about 10 transportation patterns are added.

He understands that the further you travel from the city center, land becomes less expensive, but when green homes are built on the peripherals, the energy costs to travel to and from work and to run errands ends up negating the savings incurred by the efficiencies in the home.

"When you analyze all the issues and look at the whole picture, transportation is a big part of it," he believes. "We need to build closer to the center. We need a green approach to living closer to home."

Read also thinks it is the job of the Realtor® and the government to steer buyers into buying energy efficient homes.

"It takes a lot of people," he says about making green work in Michigan. "If you don't bring them all in, you are just wagging your tail."

And that tail, for all intents and purposes, may already be turning green. But, then again, that's a wolverine of a different color. **MAR**



What is Energy Star®?

The key to saving money for most homeowners who are not necessarily building a new home or doing a major renovation is the replacement of appliances, air conditioning systems, and computers that have been tagged with the blue Energy Star® logo.

Energy Star® is a United States government program to promote energy-efficient consumer products. It is well known for its logo appearing on many appliances, computer products, and peripherals.

Compared with standard homes, Energy Star® qualified homes use substantially less energy for heating, cooling, and water heating, delivering \$200 to \$400 in annual savings. Properly installed energy-efficient improvements deliver better protection against cold, heat, drafts, moisture, pollution, and noise. An energy-efficient home helps ensure consistent temperatures between and across rooms, improved indoor air quality, and greater durability.

To date, close to 3,500 home builders have partnered with EPA to construct more than 750,000 Energy Star® qualified homes. By the end of the decade, more than 2 million homes are expected to earn the Energy Star®.

Homes that earn the Energy Star® must meet guidelines for energy efficiency set by the U.S. Environmental Protection Agency. Energy Star® qualified homes are at least 15 percent more energy efficient than homes built to the 2004 International Residential Code and include additional energy-saving features that typically make them 20 to 30 percent more efficient than standard homes.

Energy Star® qualified homes can include a variety of energy-efficient features, such as effective insulation, high performance windows, tight construction and ducts, efficient heating and cooling equipment, and Energy Star® qualified lighting and appliances. **MAR**

