



The California New Homes Program **CONNECTION** Single Family



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2006-2008 SCE California New Homes Program

Welcome to *Connection* – the newsletter of the SCE California New Homes Program-SF

As we move into the fourth quarter of 2008, California's residential builders continue to face massive challenges with the combination of the subprime financial crisis and the enormous increase in foreclosures and short sales. In tandem with the housing crisis is a new call for the manner in which new homes will be built.

On September 18th, the California Public Utilities Commission approved a groundbreaking energy efficiency strategic plan that covers 2009 through 2020.

As per the plan, by 2020 all new residential construction will be "zero net energy" where electricity produced on site or by nearby renewable sources meets the *entire* energy needs of the home, all eligible low-income homes would be made energy efficient, and new efficiency standards would be adopted for heating, ventilation and air-conditioning systems.

In July, Governor Arnold Schwarzenegger and the California Building Standards Commission (BSC) adopted mandatory state-wide green building standards for all new residential dwellings that will be phased in

over the next three years. See page 3 for more details.

There will be many opportunities for California's residential builders to lead the nation and model the way homes and communities will be built in the future. While California's building industry continues to transition toward greener, more energy efficient building practices, SCE's CANHP will continue to assist and support builders by *offering monetary incentives* to offset the cost of higher efficiency building practices and appliances, *conducting workshops* that teach and inform builders and those in the industry about the new codes and standards and how to reach higher efficiencies in residential new construction, and *providing marketing incentives and grand opening support* to help sell your new homes and communities.

I look forward to the challenges ahead and have faith that Southern California's residential builders will be the highlight of "new" construction not only in the U.S. but in the world as well.

Sincerely,
John Morton, *Program Manager*

The BUZZ

Upcoming Events:

Building Industry Show

20th Anniversary!

November 13 & 14, 2008

SCE is a proud sponsor of the 2008 Building Industry Show! On November 13 and 14, BIS, the official trade show of the Building Industry Association of Southern California celebrates 20 years!

Don't miss out on the event that has hosted more than 100,000 attendees, 400 exhibitors and top notch industry talent and provides an exceptional networking opportunity!

The CANHP teams looks forward to meeting and networking with builders and other building industry professionals!

Location

Long Beach Convention Center
<http://www.buildingindustryshow.com/>

Present & Future Highlights for CANHP

Present Requirements:

CANHP Application

To help us process your CANHP application in a timely manner, please peruse this friendly reminder highlighting the current requirements for submission of a complete application to CANHP:

- Wet signatures on page 1 and page 2 of the application
- Application must contain all of the pertinent information including tract number, phase number, lot number, city permitting agency and accurate dates for permits, start & completion of the project
- Most current set of architectural plans
- Most current set of energy calculations along with the electronic TRF/DAT files
- A copy of the recorded tract map (production) or site map (custom)
- Projected construction schedule (production)
- Specification sheets for prescriptive measures being applied for

If you are an ENERGY STAR builder, a copy of your ENERGY STAR agreement must also be included. Other documents may be required depending on the location and parameters contained in the Title 24 energy calculations.

Incentive Request Forms (IRF)

Once the project is entirely complete, or a phase(s) is completed, please submit the Incentive Request Form for payment to the ICF International Account Manager assisting with your project.

The following requirements must be met in order to process your payment request in a timely fashion:

- Complete first and second page (which includes the checklist) of the IRF.
- Submission of the CF-4R from the HERS registry
- Submission of the construction phasing/sequence sheet
- Submission of invoices for prescriptive measures that were applied for

Other items may be required depending on the conditions for acceptance into the program. Please verify that the lot and square footage information is the same on the IRF, CF-4R, construction phasing/sequence sheet and original application. Any discrepancies will delay processing and payment. Your account manager will guide you through the steps for submission of documents and is a valuable resource in the success of your project. Please let your account manager know of any changes to your projects.

The Future of CANHP

The California Public Utilities Commission is currently reviewing the proposed 2009-2011 CANHP. Bridge funding may be provided to continue the current program until the new program comes into effect. The new program will be performance based which is great news for the builder! Instead of being limited to a set dollar amount, the more energy you save, the greater the incentive from SCE! Stay tuned for more details as they become available. CANHP staff will conduct information workshops on the new program once program plans are approved.

In the Spotlight

KB Home

KB Home has announced that starting in 2009, every home they build will be a certified ENERGY STAR home and will utilize low-VOC paints and carpeting. This will compliment KB Home's current commitment to only offer ENERGY STAR appliances in every home they sell. Their decision shows leadership and forward thinking. We congratulate KB on their commitment and look forward to working with them on all their new projects moving forward.

Crestwood Communities

This quarter we also want to recognize Crestwood Communities for building ENERGY STAR qualified homes. They have submitted two projects to CANHP. Morgan Run will feature 104 homes in Fontana and Eagle Crest will feature 44 homes in Mentone. All these homes are ENERGY STAR qualified and at least 20% better than Title 24 standards. Crestwood is also receiving incentives of \$30 for each ENERGY STAR rated dishwasher in these 148 homes.

Green Building—California Takes the Lead!

There has never been a more exciting time than right now to be building green, energy efficient homes in California. Cities around the state are launching their own green building and climate reduction ordinances while the state has just adopted a new statewide green building code.

The AIA reports that the number of counties nationwide with green building programs has increased almost 400% since 2003 – as of July 2008, there were 39 counties with green building programs, representing almost 43 million Americans. As usual, on environmental issues California is taking the lead.

Cool Cities

A “Cool City” is one whose Mayor has signed the U.S. Mayors’ Climate Protection Agreement which stipulates that a city will strive to meet or beat the Kyoto Protocol’s suggested U.S. greenhouse gas emission reduction target of 7% below 1990 levels by 2012. The Cool Cities campaign began in 2005 and encourages cities to adopt various measures to achieve their greenhouse gas reduction targets, including green building standards. There are more than 800 Cool Cities nationwide, 37 of which are in Southern California Edison’s service territory. For more information please see:

<http://coolcities.us/>.

Municipal Green Building Ordinances

There are currently 13 cities and 2 counties in SCE service territory that have green building ordinances. The exact nature of these ordinances varies though most are based on one of the more common green building standards: LEED, Build It Green, or California Green Builder (see our 2008 3rd Quarter newsletter for an overview of these programs). While only Long Beach has a mandatory residential standard, the other 12 cities offer various incentives (such as expedited plan check process) in order to spur green building within their communities. For a complete list of cities in California with green building ordinances, see CALBO’s website at: <http://www.consol.ws/calbo/ordinances.html>.

California’s Statewide Green Building Code

In July of this year California became the first state to adopt a statewide green building code designed to cut energy use, save water, and reduce greenhouse gas emissions. The code will be finalized in 2009 and will likely go into effect in 2010 or 2011. However, that is no reason to stall in adopting the measures contained within. Builders who choose to build green homes now will reap the benefits of market differentiation – benefits that will disappear once the code goes into effect and all builders are building green homes. Once green building practices are in place, the cost difference is minimized, so builders who adopt these practices early will have a future price advantage as well. The green building code will affect many aspects of new developments in California, including:

- Planning and Design
- Energy Efficiency
- Water Efficiency and Conservation
- Material Conservation and Resource Efficiency
- Environmental Quality (including indoor air quality)

The proposed standards can be found at: http://www.bsc.ca.gov/prpsd_stds/default.htm.

Cool Cities (in SCE service territory)

Aliso Viejo	Monterey Park
Beverly Hills	Moorpark
Chino	Pasadena
Claremont	Rancho Palos Verdes
Culver City	Riverside
Hemet	Rolling Hills Estates
Hermosa Beach	San Bernardino
Huntington Beach	San Fernando
Irvine	Santa Ana
La Quinta	Santa Barbara
Laguna Beach	Santa Monica
Laguna Hills	Thousand Oaks
Laguna Woods	Torrance
Lakewood	Tulare
Lemoore	Upland
Long Beach	Visalia
Los Angeles	West Hollywood
Mammoth Lakes	Yucaipa
Manhattan Beach	

Cities/Counties with Green Building Ordinances (in SCE service territory)

Calabasas
Cathedral City
Corona
Costa Mesa
Imperial County
Irvine
Long Beach
Mission Viejo
Palm Desert
Palm Springs
Riverside
San Bernardino County
Santa Monica
Temecula
Ventura

Building Green to Save Green

Understanding the economic and environmental benefits of building green

By Aaron McLendon

While prices on everything from fuel, to food and building supplies has skyrocketed, the cost of obtaining permits to develop along the California coast are becoming more affordable. At least, that is for anyone willing to incorporate green building techniques into their project.

Following the lead of several local governments, The California Coastal Commission recently implemented a new green building program, offering reduced permit application fees for projects certified by the U.S. Green Building Council as LEED Gold (or equivalent green building certification, such as the Green Point Rated system by Build It Green). If builders needed one more reason to go green, now they can save as much as \$1,800 on fees associated with permitting a single-family home, and as much as \$8,000 on a commercial project in the Coastal Zone. The program is part of the Commission's effort to address global climate change by encouraging green building projects that will decrease energy use and generate fewer greenhouse gas emissions, specifically CO₂.

"Coastal Commissioners recognize that the agency has a responsibility to do what it can to reduce our carbon footprint," says Peter Douglas, executive director of the Commission. "We take the issue of global climate change very seriously."

While it may seem like saving energy one building at a time won't make any measurable dent in the energy we consume and the carbon we emit into the atmosphere, consider that according to the U.S. Department of Energy, building account for 39 percent of total energy usage, 70 percent of total energy consumption (factoring in energy used to produce building supplies), and 39 percent of total CO₂ emissions.

In addition to saving you money, green building can offer a variety of social, environmental, and economic benefits. Energy savings can be gained through solar site orientation, energy efficient designs and building materials, and well insulated structure and duct systems. Green building helps to preserve water through native and drought tolerant landscaping, use of recycled water for irrigation, and incorporation of efficient appliances and plumbing fixtures. Waste is minimized through the use of recycled and reused materials, and opportunities for onsite composting. By minimizing materials and paints that emit hazardous fumes and enhancing ventilation for improved indoor air quality, and utilizing non-toxic pest control measures healthier homes and offices are created. Finally, green building allows for an overall saving and greater profit margin because it utilizes greater resource efficiency, lower operating costs, improved occupant productivity, enhanced asset value, and optimized life-cycle economic performance.

Here's how the Commission's new program works. When you file your application with the Commission for projects that you plan to have certified by the U.S. Green Building Council (or equivalent standard certification), you pay only 60 percent of the normal fee. (If your project is permitted through a local jurisdiction, such as a city or county, check to see if they have a similar incentive program.)

You will be asked to cover the remaining 40 percent in the form of a letter of credit, a hold on your personal savings, or other acceptable cash substitute. After construction and submission of your green building certification, the Commission will then release that the letter of credit, hold, or cash substitute back to you.

Fast Facts:

- Builders can save as much as \$1,800 on fees associated with permitting a single-family home.
- Builders file applications with the Commission for projects that you plan to have certified by the U.S. Green Building Council (or equivalent standard certification), you pay only 60 percent of the normal fee.
- Buildings account for 39 percent of total energy usage and 70 percent of total energy consumption so the possibilities for energy savings are significant.

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Marketing is the Key to Your Success!

What would stop you from buying a home that would reduce your utility bills, be more comfortable and help the environment? The correct answer is- nothing! Selling energy efficiency is the key to increased sales, even in a slow market. The initial cost of the home may be slightly higher but if you analyze the typical utility savings versus the additional mortgage costs, then buying an energy efficient home will actually allow the homebuyer to save money over time!

The difficult part about selling energy efficiency is that you cannot see the benefit. Therefore the trick is to **make the invisible visible!** Consumers remember 10% of what they hear and 90% of what they experience so give them some displays which demonstrate energy efficiency. Here are some unique ideas:

- Have an old computer and a new computer-explain when you buy technology you buy the best available, the same principle should be used for home buying.
- Have rubber bugs and show how they can penetrate the average wall with gaps, holes and compressions; then show a section of your wall and show how they are built so well that pests cannot gain access.
- Have a breathing treatment machine; you won't need that in your homes because you have better indoor air quality.
- Have a section of duct with gaps and holes; then show how your ducts are sealed and emphasize the fact that your ducts are verified by a third party.

Figure 1: Cost Savings of owning an energy efficient home

Efficient Home	Monthly	Annual
Utility Savings*	\$40	\$480
Additional Mortgage Costs**	-\$15	-\$180
Cost Savings	\$25	\$300

* Likely to increase while mortgage remains fixed

** Based on \$2,000 additional house price/value

Tell the potential home buyer that on your jobs the subcontractors only send their best crew because they know their work will be inspected. Stories sell; people buy on emotions, not facts. Don't simply describe to them the features, explain the benefits. For example: "you'll breathe better" or "you won't need to turn on your air conditioner right away because your house is built so well that it stays comfortable longer". Equate energy efficiency with quality!

Remember that your homes have more value, greater peace of mind and benefits for the environment. Explain that it is virtually cost prohibitive to upgrade a minimum code home with advanced insulation unless you strip the walls down to the studs; new homes have advanced insulation included. Parents would not let their children spend hours outdoors without sun protection, the same goes for your home. Higher efficiency glazing not only lowers utility bills but has UV protection to safeguard furniture and flooring. Resale homes air condition the attic with leaky ducts; with sealed ducts the air is getting where it is supposed to. Plus, smaller size equipment can be used because it is properly sized for your home, resulting in greater comfort.

Homebuyers have a great deal of choice in the market today. Compared to a resale home, new homes are much more energy efficient in terms of insulation, glazing, appliances and mechanical equipment. Are you providing ENERGY STAR appliances? CANHP pays incentives on qualified ENERGY STAR appliances which you may already be installing! Ask your account manager for a prescriptive application to take advantage of these financial incentives available.

SCE is committed to providing marketing support to our builders. Did you know that an additional 2-5% of your financial incentive is reserved for CANHP marketing support? SCE provides postcards, plaques and banners available for purchase with your reserved marketing dollars. Do you have a grand opening scheduled? Let us know when and we'll be there to provide information to potential buyers. Every quarter our energy efficient builders are featured in the Home Buyers Guide Magazine. On our website (www.sce.com/builder) all of our projects are listed along with sales costs and contact information. Marketing dollars are usually the first things cut in a slow market so take advantage of our marketing support! Do your sales agents know how to sell energy efficiency? A confused consumer never buys a home. Your sales staff must be more knowledgeable than the consumer. CANHP offers sales training which instructs your staff how to sell energy efficiency. Please speak with your account manager to inquire about this free training.

Let SCE partner with you to make consumers aware of the excellent work that has already been done!