

Easing the high cost of going green

Large up-front costs for energy efficient systems removed in green financing scheme

THOMASINA BARNES
SPECIAL TO THE GLOBE AND MAIL
MAY 11, 2007

One B.C. developer is taking green design to the bank by combining its energy-efficient building techniques with an innovative financing scheme that lets home buyers benefit from green technology without having to pay all the costs up front.

ReSource Rethinking Building, a Vancouver-based green building consulting and development company, has partnered with Vancity Enterprises Limited and Vancity Capital Corp. to design one of Canada's most energy-efficient residential complexes, with a green loan that eliminates the additional purchase costs of green technology.

The loan is a first of its kind in B.C. It will cover the extra installation fees for expensive green systems like geothermal heating and solar hot water, and will be repaid in loan payments based upon the energy savings that will accrue as a result.

"Basically, we designed this loan to support developers (and building owners) in adding green building features on a cost neutral basis," says Derek Gent, Investment Manager for Vancity Capital.

Print Edition - Section Front



[Enlarge Image](#)

More National Stories

- A white man struggles to reclaim his children
- The man who kept quiet for 22 years
- Rugby player, 15, 'is going to die'
- The sorry plight of refugees in B.C.
- Tales of two leakers spark furor in Ottawa
- Go to the National section



Though green financing is emerging around the world, "examples where the specific costs are tied to specific savings and packaged in a repayable fixed-price financial product are very rare," says Mr. Gent. The closest Canadian example of this type of financing has been developed in Toronto by the Toronto Atmospheric Fund and backed directly by the City. "But that is more of a government-funded demonstration product rather than a market tool," says Mr. Gent. By creating a development loan that transfers to the strata council, Verdant, Burnaby's newest 'green' townhome development, will reduce energy usage by 60 per cent with a geothermal heating system, while residents' repayments will remain less than what they would pay for a conventional heating system.

The repayments for Verdant homeowners will show up as a line item in the strata fees, similar to a conventional utility fee but, "the key

difference is that this item is not subject to increases in energy costs and eventually, the loan is paid off completely," says Mr. Gent. "I don't know anyone who is predicting that the price of energy is going down, so the unit owners should save more and more money over time," he adds.

It is a real win, win, win situation, according to Heather Tremain, chief executive of reSource Rethinking Building. "It is a win for the developers, the home buyers and the environment," she says.

The unique financing that Ms. Tremain proposed for Verdant allows the developers to include and market green building features without incurring additional building costs, while also creating a more sustainable and affordable housing development. The loan transfers onto the homeowners who will benefit from the green technology savings without having to pay more than they would for a conventional unit. Through the investment made in green building techniques, The Verdant, will be aiding in the reduction of harmful greenhouse gas emissions.

While Ms. Tremain says that the installation fee for geothermal heating is high enough to keep most developers from considering it, by incorporating an innovative loan to cover her costs, she was able to construct an affordable town home complex which will emit 374 fewer tonnes of greenhouse gases per year, compared to a conventional code building.

"Climate change is on everyone's mind, but the perception is that the answers are out in the distant future, and only the wealthy can afford them. We've shown that answers are here now, and they can be affordable," says Ms. Tremain.

ReSource Rethinking Building is dedicated to reducing the environmental impact of their developments. Their aim is to transform the way buildings are built and they have affected over one billion dollars worth of construction in B.C. since their founding in 2001, enabling more environmentally sustainable buildings.

According to the U.S. Green Building Council, buildings in North America account for 30 per cent of greenhouse gas emissions and 65 per cent of electricity consumption. The energy savings incorporated by Verdant are, "the equivalent of taking 72 cars off the road-permanently," says Ms. Tremain.

For Ms. Tremain it was important to take a step that others could follow. "We have to take a giant leap in order to make green buildings easy and affordable," she says. "Green financing is the kind of vehicle that other developers could take up. For Verdant I proposed the loan directly to Vancity myself. Anyone can do it," she adds.

Financial institutions like Vancity Capital are also urging the adoption of green technology and investment. "We are willing to sit down with almost anyone who wants to add green features, and we will try to design a package that works for the particular building and people involved. We'll look at the costs and the expected savings and try to work something out. This can include retrofits as well as new developments," says Mr. Gent.

With a growing public awareness to the long term cost benefits of green modelling technology and the negative effects of global warming, Mr. Gent feels secure that by investing in green technology he is positioning himself to create a profit and change the world. "At Vancity we talk a lot about triple bottom line (people, profit, and planet) investments, and this example really allows us to walk the talk," he says.

© Copyright 2007 CTVglobemedia Publishing Inc. All Rights Reserved.

CTVglobemedia

globeandmail.com and The Globe and Mail are divisions of CTVglobemedia Publishing Inc., 444 Front St. W., Toronto, ON Canada M5V 2S9

Phillip Crawley, Publisher