

How “Going Green” is Affecting the Construction Industry

By Alex M. Chazen



One needn't look further than the multiple charging stations at the Bay Club to notice that everyone seems to be “going green” these days. From the move to “smart” thermostats to the extinction of plastic straws, every aspect of life has a move towards a more environmentally friendly alternative. Even the construction industry is pushing towards more “green” practices. The Bay Club is one of sixty buildings in Newport Beach that is either already certified by the United States Green Building Council's LEED program or in the process of getting certified. Expanding to our neighboring cities, there are fifty such buildings in Costa Mesa, and two hundred in Irvine.

Not all of this progress is purely out of concern for the environment though. California is at the forefront of including energy efficiency guidelines in its building code. In fact, California is the first state in the country to require this type of solar installation on all new homes. Earlier this year, the California Energy Commission voted to approve an update for the Building Energy Efficiency Standards for 2019 which were then approved by the California Building Commission. This significant change makes it mandatory for all new homes (and commercial buildings under three stories tall) to be built with solar panels as of January 1, 2020. Even though some California cities (i.e. San Francisco, Lancaster and Santa Monica) had already made some type of solar installation a requirement, the larger industry has not quite followed yet. Based on the most recent studies, currently only 15-20% of new homes are built with solar panels installed. Because the California is the only state with this requirement and the cities where the local government set their own standards do not see a lot of new construction, the potential impact on the building industry and the real estate market is not yet ascertainable.

Now, you may be thinking that this only applies to the massive tract home construction that we see from the freeway in Irvine, Ladera Ranch, and out into Riverside and beyond, but this is not the case. If you purchase a property, level the home and then build a new, state of the art, custom home on that lot, your beautiful new dream home falls under the exact same building code. This means that in the next year, you will likely see many more homes popping up with solar panels on the roofs.

The cost to actually install solar on a new home during construction is not as extravagant as installing on an existing roof, but fully complying with the code, which also included updates to the types and thicknesses of insulation to be used in new homes as well as to the code that governs air filtration in homes, may end up costing much more than the

projections that helped pass the new changes.

The new code sections are the result of a plan that was originally introduced in 2007 which called for all new residential building to be “zero net” by 2020 and all commercial building to be “zero net” by 2030. “Zero net” refers to the net energy consumption of a building, meaning that if you consume exactly the same amount of energy as you produce through your solar panels, then your building has a zero net effect on the energy grid. However, it is interesting (and telling about the way business gets done in Sacramento) to note that the actual code calls for solar specifically instead of making wind turbines, which have become much smaller and more efficient, a potential solution for owners and builders. What is even more interesting is that the code does not require the installation of storage batteries along with the solar panels, and only “encourages” their deployment.

This means that although you have solar panels up on the roof, and they are harnessing the power of the bright Southern California sun, without a battery, you cannot then use that energy at nighttime, when you are home from work, and the sun is down. Without a proper storage system, you are simply powering your home during the daytime, when most people are not at home anyway.

The other note, as briefly touched on above, is that the original plan called for regulation of residential building in 2020 and commercial building in 2030. This means that there will likely be even more changes in store for the building code as these regulations for residential homes and commercial buildings less than three stories (other than hospitals) begins to be implemented.

Owners and developers are going to need to become much savvier in knowing about exactly what is going into their homes and buildings in the short term, and how it can actually be utilized in the long term. Simply having a “smart” thermostat is now going to be the baseline rather than the top of the line, and homes are only going to get more and more efficient and connected. During construction, the addition of emerging products that may not have the same track records as what contractors are used to installing means that the contract documents – from the actual contract, to the plans and specifications, are going to be even more important to avoid headaches years into the future. Having an attorney who specializes in construction involved in a project from planning through completion can help make sure that all of these issues are accounted for in your contracts with both general contractors and subcontractors.