



Cost Increase Triggers in the Plans and Specifications

Lesson “Green” language can result in unnecessary cost increases in the form of unreasonably high bids.

Goal Develop environmentally friendly affordable housing at a reasonable cost.

What Happened Southwest Minnesota Housing Partnership (SWMHP) tested the Greater Minnesota Housing Fund-developed Green Spec on demonstration homes in Owatonna. When SWMHP sent the specs out for bid, the numbers they got back were significantly higher than expected. SWMHP wondered whether contractors might be adding on a premium because they saw the word “green.”

SWMHP performed an informal experiment. They sent out three specs to builders based in three similar southwest Minnesota communities. One was the off-the-shelf Green Spec. The second was an edited version of the off-the-shelf Green Spec, where all occurrences of the word “green” were either deleted or replaced with “energy efficient,” plus a small number of changes, like using Energy Star windows that weren’t made of wood. Third, they sent out their standard spec.

Here are the per-home results:

Off-the-shelf Green Spec: +10,000 – \$15,000 (depending on the bidder)

Covert Green Spec: +\$5,000

Standard Spec: Standard price

SWMHP believes that the actual green premium over their standard practices is \$5,000, and that “green” language results in a premium of an additional \$5,000 – \$10,000.

Recommendations Eliminate “green” language in bid documents, but ensure that the documents comply with the Minnesota Overlay to the Green Communities criteria. Include performance criteria where applicable within the specification.

Take Away A tip to avoid excessive green premiums, especially on single family homes, is to ensure the specifications comply with the Green Communities criteria, but avoid calling out the specs as “green.”

Relevant Green Communities Criteria:

While there are no specific criteria associated with this lesson learned sheet, successful Green Communities criteria implementation is possible only when green premiums are minimized.



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LESSONS LEARNED Minnesota Green Communities Demonstration Projects

This publication is part of a series of lessons learned originating from Minnesota Green Communities demonstration projects. The Minnesota Green Communities initiative is currently the largest green building program in Minnesota, with 497 units completed, 908 under construction, and another 1,645 under development. Eight demonstration projects were funded through the Minnesota Green Communities program. The initiative is completing building performance testing on the demonstration projects, and has gathered lessons learned in several areas.

The Lessons Learned series includes the following publications: Integrated Design, Multifamily Green Rehabilitation, Construction Training and Monitoring, Ductwork, Duct Design, Duct Sealing, Kitchen Ventilation, Radon Testing and Mitigation, Pressure Balancing Between Rooms, Water Efficiency, and Cost Increase Triggers in Plans and Specifications. **All publications can be found online at www.mngreencommunities.org.**

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Minnesota Green Communities, a collaboration of the Greater Minnesota Housing Fund, the Family Housing Fund, and Enterprise, is an initiative designed to foster the creation of affordable, healthier, and more energy-efficient housing throughout Minnesota. The initiative will support the production of affordable housing with markedly reduced energy costs, use of materials beneficial to the environment, conservation-minded land use planning, and attention to the creation of healthy environments and lifestyles for individuals, children, families, and communities. For more information, please visit www.mngreencommunities.org.

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