



Green Building & Liability

*Building
sustainable
quality of
life...*

“As with other aspects of your business, the key is to accept risk knowingly” —David Jaffe, National Association of Home Builders

The latest and greatest buildings of the 21st century are “green.” Sustainable construction and energy efficient products can not only save costs in the long run, but help save the environment. There are, however, pitfalls associated with green building that all contractors should be aware of...

Technical expertise is required to be successful.

Many professionals lack the proper training to mitigate the risk to themselves and their subsidiaries. Design errors, omissions, and construction mistakes can result in costly repairs later or even litigation in extreme cases.

Green Building can increase up-front costs.

While “affordable” green building is certainly possible, generally a green home will carry a higher up-front cost than a regular home. New technologies, expensive products and additional services can increase the costs very quickly. These costs will go down in the long run, but in the short-term, customers will see very little savings.

Talk frankly with your customer early on about the costs of green building!

New technologies can bring risks.

Very little of the construction industry’s efforts are in R&D. In fact, about 0.5% of their budgets go on it. So, manufacturer data sheets and promises should be taken at face value. Generally, the long-term durability and efficiency of many products is mostly unknown. Take care to plan for possible issues after a few years of occupancy.

Don’t let this discourage you!

Builders can take proactive steps to mitigate their risks:

- Educate yourself—The more you know about green practices, the less mistakes there will be during construction and the lower your risk.
- Hire a support staff—It is a smart idea to utilize a design firm that specializes in green building and to hire a commission for larger projects. A legal firm can help mitigate any future legal issues.
- Be frank with your customers about the nuances associated with green building—Surprises can ruin a good business relationship, so be honest about starting costs and the benefits of owning a green home.

Green building is a great business practice, but there are risks everyone should be aware of before diving in the deep end!

**VALLEY HOME
BUILDERS ASSOCIATION**

920 W. Association Dr.
Appleton, WI 54914

Phone: 920-731-7931

Fax: 920-731-7968

www.vhba.com