

Case Studies of Reuse Centers:

The Austin Habitat for Humanity RE-store

By David Hess

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The Austin RE-store is part of the Austin affiliate of Habitat for Humanity International, a charitable organization that is well known for helping low-income people throughout the world by building homes in partnership with them. Since the early 1990s about 15% of the 1600 American chapters have opened centers dedicated to building materials reuse and recycling. The net revenue generated from the RE-stores is used to fund the local chapter's home construction work, and a small percentage is also contributed to the international umbrella organization.

The Austin Re-store was one of the first of its type among the Habitat for Humanity chapters in North America. Founded in 1992 by Dianne MacKie, the store did very well from the beginning. Today it is one of the largest of the Habitat re-stores in the nation, and it occupies two facilities in the Austin area. Only about 60 of the North American affiliates have grown to have full-time staff, and only about ten of those have deconstruction operations. The Austin Re-store is a national model not only because of its size, longevity, and success, but also because it was the first RE-store to enter the building deconstruction business.

I interviewed Tom Luba, the Director of the Austin Re-store, and Bill Bowman, the Director of Deconstruction. Mr. Luba joined Habitat in 2004 and brought to the organization his background experience in retail, including work as a division manager for John Deere. Mr. Bowman started working in 1995 for the Habitat for Humanity chapter in San Antonio as a VISTA volunteer, then he moved to the Austin chapter in 1996. In 1997 he left for a few years, then he returned in 2000 to start the deconstruction program. He also brought to the Habitat chapter background expertise based on his master's degree in international relations and resource environmental management.

The Austin RE-store sells a wide range of materials, including appliances, lighting, cabinets, doors, window, lumber, tile, flooring, and other materials that can be found in a home supply store. The materials come from a variety of sources, such as overstocked, slightly damaged or discontinued inventories from businesses, as well as individuals and contractors doing remodeling. People bring their used home materials to the store, or they have the store pick them up. The deconstruction projects are another significant source of materials. However, not all the materials in the RE-store are used or recycled. Supply companies donate overstocks and close-outs, and the RE-store also purchases discontinued and close-out items materials. Some of the new material that is being used in the chapter's home construction projects is also warehoused in the RE-store. Individuals may purchase even the new materials at reduced margins—about 50-60% of the retail price—and both new and old stock move quickly.

The deconstruction operation grew out of the RE-store work. As Mr. Bowman explains, "We started basically in the same manner that the RE-store started. People

were calling in and asking us to pick up materials such as cabinets, but when we got out there to pick them up, they were still on the walls. We realized that we were losing opportunities for donated materials because we didn't have the ability to take them down. Also, because lumber is a hot commodity across the country, we very rarely got any donations. By doing deconstruction, we got a steady flow of lumber throughout the year, which we knew would always sell. It wasn't an enormous amount, but it would keep people coming back.

"At the beginning just I and another guy worked part time with no volunteers. We found that people often couldn't work within our time frame because they had a plan for rebuilding. They often call us at the end of their project timeline to take the building in question down, and we need to fit into their time frame. We realized that we had to have paid staff. Today we have five, full-time, paid staff members. So we give the clients a deadline, and then if we have volunteers, we can do it more quickly. We still lose a lot of jobs because deconstruction takes longer than demolition. With demolition you can have a small 1,100 sq. ft. house down in a day and a half, whereas if you want to do deconstruction and save 60-80% of the materials, it will take two to three weeks."

One of the attractions of selecting deconstruction over demolition is that the recovered materials can be donated to Habitat for Humanity. As a result donors have the satisfaction of knowing that their donation will help Habitat to construct new affordable housing, and at the same time they can earn a tax deduction from their donation. According to Bowman, for most of the donor clients the tax write-off is not the primary motivation for the donors: "It depends on the case and individual. If I have a bid and it's not close to the bid from someone who is doing standard demolition, the value of the salvage materials might make up the difference. The tax write-off is important for some people, but it's really not the major driving force. It's the fact that Habitat for Humanity gets to use the material, and they are helping us to fulfill the mission of building more homes. Some of the people are so well-off that they don't need the tax deduction; they're working with us because of Habitat for Humanity."

Equity and Sustainability

The primary goal of Habitat for Humanity is to provide affordable housing for low-income people, and historically the RE-store and deconstruction operations have emerged as revenue-generating streams in service of the primary goal. From this perspective, the environmental sustainability side of the RE-store and deconstruction operations is a secondary goal. However, there are interesting synergies that have emerged between environmental sustainability and the mission of building affordable housing. As Mr. Luba commented, "Austin has always had a recycling-friendly environment, and that helped the RE-store to get off the ground quickly. The advertising for RE-store highlighted how much product is being diverted from the landfill." For example, the deconstruction brochure notes that about a third of the nation's solid waste is from construction and demolition, and 90% of that one third is due to renovation and demolition, rather than new construction. According to Bowman, people are attracted to the deconstruction program for both environmental and low-income assistance motivations. "There are a lot of things that are great for the environment, but when Habitat for Humanity does it, then all of the sudden we get their attention."

In addition to environmental benefits of RE-store and its role as a source of revenue for new home construction, RE-store also allows Habitat for Humanity to expand its original mission of affordable housing to many more people. As Bowman explained, “Habitat for Humanity can only affect a limited number of people through home construction. For instance, we build approximately fifteen to twenty-five houses per year. If there is an average of four people for twenty houses, that’s about 100 people. By opening a RE-store and by doing what we do in deconstruction, we’re reaching easily over a thousand people per month. When we first started the RE-store, a lot of people considered it a money-maker—it was a way for us to increase the funds to build homes—but we realized that it was a way for us to increase our outreach and to help the environment, and everybody’s happy. It’s a win-win-win situation.”

Another synergy between the low-income mission of Habitat for Humanity and environmental goals involves the design of the new homes that are being built. The city of Austin has strong green building standards, and the homes that the chapter builds qualify for the city’s green building program. As Bowman explained, “The mission is to build homes. How that happens depends on the local market. Of course, during this day and age they’re going to try to make the home as energy efficient as possible. We provide programmable thermostats and little things that can make a difference. Here in Texas we’ll use metal roofs that are made with recycled material and also last longer. In Arizona they’re building straw-bale houses. Back in the late 1980s and early 1990s, the international organization developed an environmental initiative that basically acknowledged that we need to be good stewards of resources when building the homes. It really didn’t go much beyond that, but it provided some impetus to the local affiliates that want to take the next step.”¹

Unlike some of the other reuse centers, the Austin RE-store uses a minimum of paid staff, and as a result it does not specifically hire low-income people to provide them with job training skills. Instead, the primary way in which low-income people are assisted is through access to affordable housing and affordable home supplies. Because many of the people who shop at the Re-store have low incomes and cannot afford retail prices for new materials, the Re-store provides them with a way to meet their household needs in an affordable way. In this sense it is continuous with the broader Habitat mission of providing affordable housing. Bowman explained, “The people who are buying our materials are often in the neighborhoods where we are building, so in essence they are helping to build a house in the neighborhood.” The staff of the Re-store itself comes from various sources. As Luba explained, “One of our staff members is a Habitat homeowner, but others are people who answer our ads and have a heart for what we do.” One source of volunteer help is the justice system. As Luba explained, “We’re fortunate to be tied in with the city and county courts, so people who are doing their community service restitution will work their hours off at the RE-store.”

Austin’s Habitat chapter is also expanding its home construction operation to have more of a neighborhood focus. Luba explained, “The term ‘Brush with Kindness’ comes from the program in the Twin Cities. According to our new strategic plan, within the next five years we will refurbish fifty homes in addition to the 100 that we’re going to build. We’re looking at putting in community gardens and community centers, and building around them.”

Policy Issues and Recommendations

According to Bowman, one policy change that would make a difference is to change the tipping fee structure. “Deconstruction is an emerging industry in the United States. Let’s say we have a 2,000 square-foot house. In Austin it would probably be worth about \$200,000 to \$300,000. Yet, we have to bid less than \$15,000 to be competitive. If you’re in the Northeast or on the West coast, where tipping fees are high, it makes a lot more sense to do deconstruction. Here in Texas we have more space than we know what to do with, so tipping fees are very low. We have to appeal to people’s heart strings. It is easy for someone to go in and smash and trash a building, and to get it done in a very short time and at very low cost.” In other words, if there were higher tipping fees for landfilling debris from demolition, then deconstruction would be more competitive.

Although people can write off the value of the materials donated, the tax deduction is often a very low value in comparison with the cost of the house. As Bowman explained, “For example, we have a house that is valued at \$649,000. The direct value of the materials that will go through RE-store will probably be less than \$6,000. That’s one of the problems. Even an old house built at the turn of the century is only worth about \$10-15,000 in materials. The Internal Revenue Service only looks at the value of the resale of the materials, not the value of the whole house. In California, a man was audited for claiming the full value of the donation, and he went to court and won. That’s only one case, but it’s a start.” If the tax write-off were changed to allow for the entire resale value of the house, rather than the value of its recycled components, then the deconstruction industry would be in a much more competitive position financially with respect to demolition.

Another problem that people in the deconstruction industry face is liability insurance. Bowman explained, “Deconstruction is broken down into several phases, and only about 20% is physical dismantling. The rest is clean up and processing and other phases that are less dangerous. Because deconstruction is so unique and new, insurance companies don’t know how to bill it. So they will err on the side of caution and bill it at a higher rate as demolition.” As a result, Bowman described that the insurance companies need to go through an “educational process” to understand what deconstruction is and how it works, so that they can charge appropriate rates.

Finally, Bowman has found that new construction technologies and materials are less amenable to deconstruction than those of previous decades. The use of glues and staples with pressed wood materials makes it much more difficult to deconstruct new buildings in comparison with buildings that are several decades old. Bowman explained, “We need to look at building homes now to be deconstructed later. Older houses are much easier to take apart than the ones built today. When you have plywood that is glued down, it rips. Staples are a heck of a lot harder to take out than nails. Sometimes there’s 150 staples in one four-by-eight sheet of plywood! The new engineered materials are not necessarily the best thing for deconstruction either. We’re making headway now, but fifty years down the road, there’s not going to be any way to use this material. From a deconstruction standpoint, the construction industry is becoming less sustainable. How do you go forward with the engineered materials and build houses but allow us to think about the future and taking it apart? Ultimately, in the future every building is going to be taken down.”

In summary, the experience of the Austin Re-store indicates that several policy changes could help shift the construction industry toward greater use of deconstruction and recycling. Among those cited by Bowman and Luba are tipping fee policies, tax write-off policies for donated materials, and insurance fee structures. In addition, the emerging deconstruction industry raises general questions about technology, design, and sustainability for the existing construction industry. Not only is the demolition end of construction less than ideal from an environmental sustainability perspective, but the trend in prefabricated and synthetic materials is also making deconstruction more difficult. Materials engineers and builders of the future who are concerned about sustainability will need to face the design challenge of making engineered materials that are of equivalent cost to existing engineering materials, but are also more amenable to deconstruction.

Web site: <http://www.re-store.com/information.htm>

Based on an interview with David Hess on April 13, 2005.

References:

1. Habitat for Humanity. 2005. "Environmental Initiative." Referenced April 14, 2005 (http://www.habitat.org/env/environmental_initiative.html).

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