

Case Study

ReNew Reclaimed Building Materials

Spirit Lake, Iowa

Kitchen cabinetry, paint, doors, faucets, stoves and bricks are only a few types of building materials you can find at the ReNew Reclaimed Building Materials store in Spirit Lake, Iowa. The 4,400 square foot store gives like-new condition materials a second life by selling materials salvaged from buildings

Selling the salvaged materials has diverted approximately 1,337 tons out of Iowa landfills which equates to a savings of \$142,000 in tipping fees. Plus, customers have saved over \$1,516,000 by purchasing the salvaged materials rather than buying new. Jim Golden is not only a board member, but also created the ReNew Reclaimed Building Materials store. Golden explains that 2014 is the fifth year the store has been in business and in that time the store has made over \$750,000 in sales and inventory.

Founding the Lakes Community Land Trust

The idea to open the store did not come directly to Golden, first there was the Lakes Community Land Trust (LCLT). The communities of Spirit Lake and Okoboji are resort areas where boaters, campers and fishers enjoy the waters central to the neighboring communities. The towns draw a lot of wealthy people who build million dollar houses, which drives up surrounding real estate prices. When the housing market crashed in 2007, financial resources available to purchase



houses were virtually non-existent, and middle and lower class people were struggling to find funding to purchase houses, land, and buildings in a real estate market that had higher than average prices already. In addition, the prices of real estate climbed higher and higher while wages stagnated.

In response, Golden decided something needed to be done so he founded the LCLT which purchases houses for resale, and does renovations to make the them habitable and safe. The LCLT then resells the house at a cost less than the total amount spent on the purchase and renovations. People can purchase it for a great price but the land is kept in a trust owned by the LCLT so there is a small lot charge of \$25 per month.

In an effort to keep housing in the resort towns affordable, there is another stipulation of the LCLT; if the homeowner decides to sell the house, they can only sell it for an excess of 25% of the increase in value. For example, let's say a person buys a LCLT house for \$100,000 and a couple of years later they want to sell. Even if the appraisal value is \$120,000 the LCLT stipulates the house can only be sold for \$105,000.

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Finding a Use for Excess Materials

With all the renovations taking place, Golden got the idea that the excess material could be resold in the community instead of going to the landfill. With past experience as a contractor, Golden is well connected in the industry and deals with contractors regularly to see if he and his team of volunteers can salvage materials from renovation jobs. Often times the store has very high end items such as kitchen cabinets with granite countertops, whirlpools, and a plethora of expensive faucets. Items such as doors, windows, flooring, banisters, and lighting are often practically new and in great condition.

Materials for the store are picked-up by Golden and volunteers if there is enough to fill a trailer and the distance is within 100 miles, plus people can also bring materials directly to the store. An inspection to make sure the materials are in saleable condition occurs prior to unloading. In all, volunteers for the organization have logged in over 36,000 hours. Volunteers and Golden will travel to job sites and salvage materials at no cost to the owners in exchange for the materials. Donated materials to ReNew Reclaimed Building Materials and the LCLT have totaled \$500,000 in tax deductions to owners making the entire process a win-win situation for everyone.

The Future

When asked what he would like to see for the future of the LCLT and the ReNew Reclaimed Building Materials store, Golden stated that he'd love to have a bigger warehouse to store all the items they receive. He would also like to expand the operation to include a repair and recycle shop for appliances. Golden mentioned it isn't uncommon to work on cleaning items for resale for minimum profit. For example, a stove comes into the store but is filthy from the burners to the oven. He said volunteers could work four to five hours cleaning the appliance for \$100 worth of profit. Volunteers are worth their weight in gold at the store.

The ReNew Reclaimed Building Materials store has earned \$160,000 to put towards the LCLT for affordable housing. Customers are able to purchase like-new, quality items from the store to save money towards renovation costs, materials are then reused instead of landfilled, donations are eligible for tax deductions, and there is an added benefit of supporting the community and the local economy. Where can anyone go wrong in this situation where everyone comes out a winner?