

STAYING AHEAD OF THE CURVE

Green Mandates Continue to Crop Up Across the Country

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“GREEN HAS GONE FROM BEING A DISTINCTION TO A NECESSITY, AND THE BAR IS BEING RAISED. CODES ARE NO LONGER JUST ABOUT HEALTH AND SAFETY; THEY’RE ALSO ABOUT SUSTAINABILITY.”

—WARD HUBBELL,
PRESIDENT, GREEN
BUILDING INITIATIVE

Commercial real estate’s environmental footprint is a big one: The Environmental Protection Agency (EPA) estimates that our nation’s buildings contribute 20 percent of all U.S. greenhouse emissions. Commercial buildings are among the nation’s biggest energy consumers, and energy use is the single largest operating expense in commercial buildings. So, perhaps it comes as no surprise that, when legislators and regulators start looking for ways to reduce energy use and cut emissions, commercial real estate is a target. As a result, legislation, building codes and standards are starting to paint a clear picture: Going Green and increasing sustainability will no longer be a choice.

“Green building management and energy conservation have been important for some time, but it’s becoming more important as our dependency on the Middle East continues, the effects of climate change become more obvious and economic volatility worldwide continues,” says Ward Hubbell, president of the Green Building Initiative. “Green has gone from being a distinction to a necessity, and the bar is being raised. Codes are no longer just about health and safety; they’re also about sustainability.”

MARCH TOWARD GREEN

Actions at the federal level illustrate a march toward green, with a requirement that began in 2010 that all agencies sign leases only in buildings that have an ENERGY STAR® rating of at

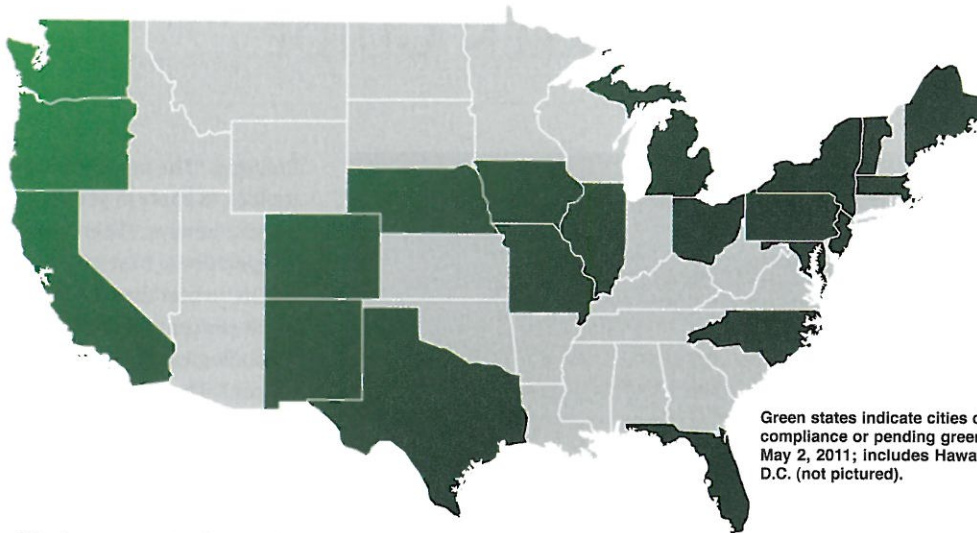
least 75. Stimulus money last year also contributed \$6 billion more to the effort of greening federal buildings.

Many cities and states have led this effort, progressively pushing the green envelope. Among the most notable are the northeastern states; the West Coast; and in some more centralized U.S. cities, such as Boulder, Colo., and Austin, Texas.

What’s important to note about these locales, most experts agree, is that, as they advance in their quest to improve sustainability and reduce emissions, they’re providing precedent to legislators looking for proof that it *can* be done. The wise building owner and manager, then, should not look at what other states are doing as a point of idle curiosity, but as a blueprint for what very well may become law in their own city or state.

Matthew Hargrove, senior vice president of the California Business Properties Association and lobbyist for BOMA California, believes that, while California has been credited with leading plenty of trends, it will lead the march toward sustainability like no other.

“We’ve focused on sustainability for 20 years,” he points out, “but environmental policies that impact our industry have really picked up in the last 10 years. The key driver behind our efforts is the passage of AB 32, the Global Warming Solutions Act of 2006, which says that greenhouse gas emissions must be at 1990 levels by 2020. It’s very aggressive and an example of how hard our policymakers are pushing.”



Green states indicate cities or states with green compliance or pending green compliance, as of May 2, 2011; includes Hawaii and Washington, D.C. (not pictured).

One of the key strategies for reaching the goals of AB 32 is via improved energy efficiency, which in California comes down to Title 24, Part 6, of the California Code of Regulations, which sets the energy-efficiency standards for residential and nonresidential buildings. Established in 1978, it is credited with saving more than \$56 billion in electricity and natural gas costs since 1978, with an estimated \$23 billion more saved by 2013.

“We’ve learned to live with Title 24 and embrace the way California is going about this,” says Hargrove. “There is a big focus on making sure that policies are technologically and economically feasible over the life of a building, and it seems to be working: BOMA California funded a study with BOMA International in 2007 that showed that buildings in California emitted up to 43-percent less gases than typical buildings in the rest of the nation.”

Another important movement is CALGreen, a mandatory statewide green building code for residential, commercial and public building construction that weaves sustainable building practices into California’s minimal building codes. “We believe the next iteration will apply to existing buildings, so tenant improvements or major renovations will require sustainable practices,” adds Hargrove.

Following CALGreen’s adoption, other states moved to tackle sustainable construction legislation: Florida, for example, is considering legislation to expand its definition of a “sustainable building rating” to include the

International Green Construction Code (IgCC). The Maryland Legislature is considering a bill that would authorize local jurisdictions to adopt the IgCC and would alter the definition of a “high-performance building” to include a building that complies with these requirements. New Jersey is considering funding the construction of a high-performance green building that would demonstrate building sciences capable of achieving up to 90-percent energy efficiency, compared to using conventional building construction and technologies.

A critical piece of the sustainability puzzle is benchmarking mandates, which would require building managers to audit, benchmark and provide energy usage statistics whenever buildings are bought and sold. Access to that data, however, opens the proverbial can of worms (see “Tackling the Data Access Issue ...” sidebar, page 40) and most state regulators are grappling with a solution.

Meanwhile, Massachusetts is developing a building energy asset rating and labeling program designed to facilitate a direct comparison of energy performance among similar buildings. This will differ from other state and local rating systems in that it will rate buildings against a zero energy benchmark, as opposed to comparing them solely to energy consumption of peer buildings. The state plans to look at site energy use intensity (EUI) as the basis for an asset rating, with a complementary greenhouse gas emissions metric, rather than use a single metric that relies

only on source energy. It is important to note that the Massachusetts Department of Energy Resources was selected by the National Governors Association to receive technical assistance for the development of this program in the hope it will become a national model.

Other areas to watch include regional land use mandates that seek to connect sustainable building practices with land and infrastructure design; water management; and alternative energies, such as solar.

PREPARING YOUR ASSETS

Outside of paying attention to other states’ mandates, what more can you do to prepare? Advocacy will undeniably take on major importance, as the industry lobbies for allowing the markets to self-regulate.

“We think there are enough natural consequences of being inefficient that the market will take care of a lot of it,” says Hubbell. “Another major factor is that the younger demographics view sustainability as a necessity. It’s a generational coming of age, an economic imperative and a moral imperative.”

Other strategies depend, in large part, on education. Carlos Santamaria, vice president—Engineering Services for Glenborough, LLC, in San Mateo, Calif., believes that the most important first step is to profile your building and determine your energy costs, in kilowatts per square foot and

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