

U.S. Cities Expand Green Building Initiatives

A number of U.S. cities are expanding or implementing initiatives that make it more attractive for developers to go green. San Francisco is accelerating the permitting process for green buildings and New York is handing out new tax incentives for green developers. "If you look into some of the major policy drivers—climate change, intersecting with rising energy cost—you'll see greater focus and interest in various types of green building policies," said **Jason Hartke**, the director of advocacy and public policy at the U.S. Green Building Council.

In San Francisco, all new and renovated office buildings must meet the minimum Leadership in Energy and Environmental Design (LEED) certification requirements to receive priority permitting that cuts the wait time by several months. Typically, this process takes over a year, Hartke said. The city has about a dozen projects of this kind representing 30,000 square feet. In Los Angeles, commercial developers can receive grants of up to \$25,000 for going green and Boston hands out rebates to reimburse homeowners and businesses for green measures.

The consensus is that green development can increase costs from 2% to 7% but that the returns and benefits are worth it. Companies that expect a seven-year payback for investing green can actually rake in profits in only three years, Harke said. He cited energy costs as an example. Green buildings are also expected to age better given their self-sustaining systems. "Tenants are asking for it," said **Marc Heisterkamp**, director of commercial real estate at the U.S. GBC. "They want it in

contracts or as part of lease renewals."

Heisterkamp says he has seen businesses that decide to build a few buildings green later decide to make their whole portfolio green. Companies such as **CB Richard Ellis**, **Principal Global Investors**, **Transwestern** and **PNC** have already embraced the idea. **ProLogis**, one of the nation's leading industrial developers, has committed to achieving LEED certification with all new buildings.

Green Building Roundup

CITY	GREEN LEGISLATIVE HIGHLIGHTS	YEAR ENACTED
Washington, D.C.	Under the city's Clean and Affordable Energy Act, all privately owned commercial buildings over 50,000 square feet must be evaluated and benchmarked annually via Energy Star's benchmarking techniques.	2008
New York	The city's Green City Building's Act (Local Law 86) requires new municipal buildings to achieve green standards.	2008
San Francisco	San Francisco's Green Building Ordinance requires all new and renovated office buildings to meet minimum green standards and requires proof of certification.	2008
Los Angeles	The city's Private Sector Green Building plan includes a series of requirements and incentives for developers to meet LEED standards. Projects over 50,000 square feet need to comply with LEED.	
Chicago	The Chicago Standard requires all new city-funded construction and major renovations to earn LEED Certification.	2004
Boston	The city requires new projects and rehabs of more than 50,000 square feet to earn LEED new construction points. Through its Green Communities Act, the city is also working with utility companies to design customized plans for homeowners and businesses to lower energy costs. Boston is providing rebates for this purpose.	2008
Houston	Houston's Green Building Resolution states that all city-owned buildings and facilities of more than 10,000 square feet need to have LEED certification.	2004

Source: U.S. Green Building Council, cities.