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Blank Rome offers five tips for implementing a building strategy that will grow the bottom line



Stuart Kaplan

In today's green business climate, environmental and social aspects of commercial relationships and operations are becoming increasingly scrutinized and more closely linked to financial performance.

"Reducing environmental impact has become an integral part of the mission statements of many of our most forward-thinking clients," said Stuart Kaplan, Esq., a partner and real estate practice group leader with law firm Blank Rome LLP. "There is an enormous awareness about global ecological issues today - and if a building or company is not accountable for about its services and products, or any of these are perceived as having a negative environmental footprint, the company's reputation and profitability will suffer."

He continued, "By utilizing the expertise of attorneys from our various practice groups, we are able to assist clients avail themselves to the latest technologies and benefits programs as they relate to sustainability. This cross-disciplinary approach helps businesses gain a competitive edge and transform their green policies and practices into something that impacts their triple bottom lines of economic, social and environmental profitability."

The Blank Rome Green Building Forum, which was held on November 17 at the Blank Rome offices in New York City, brought together a cross-section of real estate professionals from Grubb & Ellis Company, Liberty Property Trust, Kohn Pedersen Fox Architects and Viridian Energy and Environmental LLC, as well as a panel of attorneys from Blank Rome's real estate development group, to explore the current issues confronting green and sustainable real estate development and operations.

Following are five tips offered by Blank Rome for implementing profitable and successful sustainability initiatives.

1. Contracts should clearly reflect each member of the design and construction team in earning the desired level of LEED or Green Globe certification. Responsibility for achieving certification must be clearly allocated among the architect, general contractor,

major sub-contractors and project manager.

2. Select design professionals and consultants that have demonstrated a thorough understanding of green building practices and principles and are familiar with LEED certification requirements, resources and processes.

"Certifications are based upon fairly rigid point systems covering a wide range of specific areas; for example, LEED certification rates in the following areas: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design. As a general rule, this is a movement that places a particular premium on accuracy and accountability. Therefore, it's imperative that each team member have a thorough knowledge in his or her discipline so that all requirements are met," said Kaplan. "There can be material differences between a building marked green (a term applied to environmentally-friendly products and services) and a LEED-certified building (LEED is a point system used to verify green criteria set by the USGBC (U.S. Green Building Council))."

3. Companies should develop specific contracts for designs that require the utilization of legitimate green materials and systems.

"Many products and services claim to be green but they aren't - a practice becoming more known as green washing." If a building owner uses these products and services they, too, risk being accused of green washing - and that can come back to negatively impact a company's reputational capital.

4. Know about both current and anticipated state and local legislation. Many states offer tax reductions for sustainable construction and capital improvements that promote carbon neutrality.

A good example is the Battery Park City Solitaire Building, a 27-story luxury building. Ozone-free heating and air-conditioning units, as well as a fresh-air ventilation system were installed, resulting in a tax credit of \$2.8 million over five years and a \$100,000 grant from the New York State Research Development Authority.

This summer, New York Governor David Paterson signed legislation granting a \$4.50 per s/f tax credit for green rooftops, a particularly accessible benefit given the enormous quantity of rooftop space in New York City. An idea was floated recently by the New York City Council for the development of a Solar Empowerment Zones to ease the financial and regulatory burdens of installing solar systems.

5. Conduct a thorough cost/benefits analysis.

According to the New York State energy Research and Development Authority (NYSERDA), a one-time investment of less than one percent of initial costs can increase energy efficiency over standard building code practices by 20-30%. Con Edison, for example, recently installed a green rooftop in one of their training facilities; it's estimated that this rooftop will result in a 30% decrease in operational costs.

"Other advantages to green building practices include better tenant retention and a competitive advantage in attracting the growing pool of first-class tenants that are demanding sustainable and carbon neutral facilities," said Kaplan. "As companies continue to examine and implement sustainable development strategies, the business case for the strategies will become increasingly apparent on many levels."