Tenants: How to Engage Building Owners in Greening Operations

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What We’ll Cover Today

- Why Green Buildings? - Impacts on the Environment
- What is Green Building?
- What Are the Benefits? (Economic, Environmental, Social)
- New vs. Existing: The Value of Greening Existing Buildings
- The “Green Lease”: A Means to an End
- 10 Things Tenants Can Do
Buildings and the Environment: Then....
Buildings and the Environment: ....and Now
Impacts of Buildings: The Facts

- 36 Percent of Total Energy Use and 65 Percent of Electricity Consumption
- 30 Percent of Greenhouse Gas Emissions
- 30 Percent of Raw Materials Use
- 12 Percent of Potable Water Consumption

Source: U.S. Green Building Council
Green Building: The Perception...
Green Building: ...and the Reality

Engineering Sustainable Change
What is Green Building

- Sustainable Sites
- Energy and Atmosphere
- Water Efficiency
- Materials Use
- Indoor Environmental Quality
The Benefits of Green Building
...Still More Benefits

- Higher Rent Premiums
- Higher Pre-Leasing and Occupancy Rates
- Increase in Employee Productivity
- Demonstrated Commitment to Sustainability
Green Building: Not Just New Construction

- Core & Shell
- Commercial Interiors

Engineering Sustainable Change
A Case in Point: LEED Core and Shell

- 24 Alley East, Seattle
- LEED Core and Shell Silver
- Attracted, Retained High Quality Tenants
- Competitive Rents
- 90 Percent Pre-leased
- Higher Than Average Occupancy
Green Building: Existing Buildings Matter Too

- LEED: Existing Buildings Operations and Management

- Topics:
  - Water and Energy Efficiency (Retrofits)
  - Energy Management Best Practices
  - Sustainable Purchasing
  - Solid Waste Management
  - Indoor Air Quality
  - Occupant Comfort
  - Cleaning Programs
Case in Point: LEED for Existing Buildings

- 200 Market Place, Portland OR
- First Multi-tenant Building to Achieve LEED-EB Gold
- Leases Similar to, Competitive With Comparable Properties
- Energy Use Down 9% in Two Year Following Certification
- 99.6% Occupancy Rate
Leasing: Landlord vs. Tenant: The Challenges

- Different Priorities, Motivations
- Level of Control
- Who Pays, and Who Saves?
- Form of Lease: Gross vs. Net
- Level of Influence
...Enter the “Green Lease” Concept

- Increasing Desire for Organizations to Showcase Sustainable Practices
- Promising Opportunities for Landlord and Tenant
- Overcome Hurdles of Disincentives
- Reflects Nuances of Green Building
- Addresses Operations and Maintenance of Building
Green Lease: What are the Benefits?

- For Owners:
  - Increased Building Value, Market Quality Perception and Occupancy
  - Decreased Turnover

- For Tenants:
  - Increased Brand Marketability, Employee Retention, Productivity, Health
  - Reduced Absenteeism

- For Both: Lower Energy, Operation Costs, Potentially Reduced Insurance Premiums
Green Lease: What’s in It?

- Can be Based on a Standard Commercial Lease

- Additions:
  - How will “green” be defined? (LEED, etc.)
  - How are green-related costs shared?
  - Does insurance cover like-minded green replacement?
  - How are green provisions enforced?
  - How are utility costs shared, audited to determine savings?
  - Is there a tenant improvement manual specifying green build-out procedures?
The Green Lease Process

Green Lease Process

Lease Portfolio

Portfolio Characterization

Establish Green Criteria

Existing Leases

Negotiate: Green Criteria for Tenant & Common Space. Core & Shell Operations

Site Selection

New Leases & Renewals

Green Leases

Measure And Monitor
The Green Lease: Examples

- Concrete Examples in US Are Still Few
- Developers in California: Thomas Properties Group
- Green Building Council of Australia
- BOMA Green Lease Guide
10 Things Tenants Can Do

- Collaborate With and Educate Your Building Owner
10 Things Tenants Can Do

- Build Trust With Your Owner and Tackle the Small Stuff
10 Things Tenants Can Do

- Work With Your Owner on an Environmental Policy

ENVIRONMENTAL POLICY

It is the policy of Taggart Earthmoving Ltd to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates. The Company is committed to continuous efforts to improve environmental performance throughout its operations.

Accordingly, the Company’s policy is to:

- Comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist;
- Encourage concern and respect for the environment, emphasise every employee’s responsibility in environmental performance, and ensure appropriate operating practices and training;
- Manage its business with the goal of preventing incidents and of controlling emissions and wastes to below harmful levels; design, operate, and maintain facilities to this end;
- Respond quickly and effectively to incidents resulting from its operations, co-operating with industry organisations and authorised government agencies;
- Undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy.
10 Things Tenants Can Do

- Look to Vendors, Other Tenants to Build Your Case to the Owner
10 Things Tenants Can Do

- Develop a Checklist of Desired Attributes for Leased Space

  - Net Lease or Some Form of Green Lease
  - Options to Choose Renewable Energy Sources
  - Energy and Water Efficient Space
  - No VOCs in Paints, Carpets, Sealants, Adhesives
  - Bicycle Storage and Shower Rooms
  - Recycling Infrastructure
  - Efficient HVAC System
  - Third Party Certification (LEED, ENERGY STAR, etc.)
10 Things Tenants Can Do

- Work With Your Broker Representative to Develop a “Green RFP”
  - Lease Terms (Long Term=Better Payback on Measures)
  - Tenant Improvement Allowance
  - Sub-metering, Monitoring for Accountability
  - Green Lease Provisions
10 Things Tenants Can Do

Maximize the Value of Your Net Lease

- Set Aggressive Energy Efficiency Goals
- Pitch Benefits to Owner
- Negotiate Ways to Pay for Efficiency Upgrades
- Negotiate Operational Control Into Net Lease
10 Things Tenants Can Do

- Explore a Green Lease Rider to Your Existing Lease

  - EPA Region 3 Example: materials re-use, low-impact materials, construction waste recycling
  - Updates Current Form of Lease to Adopt Current Best Practices
10 Things Tenants Can Do

- For Gross Leases, Pitch Efficiency Benefits, Negotiate Gross Rent Reduction
10 Things Tenants Can Do

- Pitch the Value in Incentives, Rebates, and Credits to Your Owner
  - Tax Credits for Energy Efficiency
  - State Grants and Other Incentives - Governor’s Energy Office
  - City of Fort Collins Incentives
Resources for More Information

- Green Lease Toolkit: sustainca.org/green_leases_toolkit
Thank You!