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GREEN BUILDING

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The Changing Shades of Green: New Developments in Green Building

Despite the recession and its impacts on real estate, market leaders are not idle. Rather, they are taking advantage of this opportunity to “green” up their portfolios and redirect their focus toward sustainable green building. No longer viewed as a luxury, companies now recognize that they must incorporate sustainable practices into their business strategies in order to ensure their long-term competitiveness in the marketplace. Moreover, investors and shareholders are demanding more focused attention on the potential financial risks -- and opportunities -- associated with climate change. Government is also spurring this shift with an increasing level of green building mandates, incentives, and stimulus. And while the market is shifting, so too are the green building targets -- those voluntary rating systems that set the standard for measuring the “greenness” of a building. Two recent significant changes in the standards “marketplace” are the release of LEED v3 and the approval of the International Code Council (“ICC”)



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National Green Building Standard.

The U.S. Green Building Council (“USGBC”) has announced another evolution of its Leadership in Energy and Environmental Design (“LEED”) Green Building Rating Systems™ with the release of LEED Version 3 (“LEED v3”). Noting LEED’s success in promoting a green transformation of the building market, USGBC says that it is continuing to advance its rating systems with the goal of ensuring that the next generation of buildings certified under its criteria is even greener than

those currently in the pipeline. LEED v3 has three primary components: (1) LEED

able cycle similar to that of building codes. LEED 2009 also reflects a re-weighting

Green Building Standard (ICC-700). According to ICC, this new standard is the

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2009, an update of several LEED Rating Systems, (2) modifications to the LEED certification process, and (3) enhancements to LEED Online, the web-based tool used in the certification process.

LEED 2009 reflects a re-organization and refinement of the existing LEED Rating Systems for commercial and institutional buildings (New Construction, Core and Shell, Commercial Interiors, Existing Buildings: Operations & Maintenance, and Schools). USGBC has consolidated and harmonized prerequisites (mandatory requirements) and credits (base points needed for LEED certification) across all LEED 2009 Rating Systems in order to facilitate a synchronized approach to rating system development/updates, which USGBC plans to move into a predict-

of credits based on their ability to impact the environment and human health, with USGBC placing greater emphasis on strategies to increase energy efficiency and reduce carbon dioxide emissions, among other priorities. In addition, regional priority credits have been added to the Rating Systems to provide incentive for addressing important regional environmental concerns. The certification process is also changing with LEED v3. Previously run by USGBC, it will now be administered by the Green Building Certification Institute (“GBCI”) using third-parties to review the certification applications.

In the residential arena, the ICC and the National Association of Home Builders (“NAHB”) have announced the release of their National

first green standard to be coordinated with its family of I-codes and provides a new, practical tool for state and local governments to use in measuring efforts to produce green and sustainable housing. It is also cited as the first standard to be approved by the American National Standards Institute (“ANSI”).

As the green building landscape continues to evolve at a rapid pace, real estate professionals will need to work closely with their environmental and sustainability teams to position themselves to meet the new challenges ahead.

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