

Green Building Takes the LEED®

March 2008

Escalating oil prices. The search for renewable energy sources and sustainable solutions. And now, the emergence of new green-building initiatives to spur conservation. A green revolution is underway in the real estate industry.

LEED® (Leadership in Energy and Environmental Design) certification, granted by the U.S. Green Building Council, is rapidly becoming the brand-name, defacto green design-and-construction standard. But when it comes to meeting LEED's rigorous criteria—and acquiring the coveted designation—there's more to going green than meets the eye. Ambiguity abounds when it comes to interpreting and applying terms, documenting requirements, and translating LEED's green goals into actual projects.

Whether you're an architect, developer, lender, contractor, or builder, it's essential that all parties in a transaction are on the same page. Your documentation will need to ensure LEED objectives are met—from project start to finish. When preparing letters of intent or contracts, here's what you need to consider.

1. Which LEED Rating Systems apply?

Many projects have the capacity to incorporate several LEED Rating Systems—and utilizing multiple ratings can enhance the value of a building from the perspective of lender, buyer, landlord, and tenant. Be prepared to involve all the players—from architect and builder, to owner and lender—and allocate plenty of time to study applicable cost-benefit scenarios to determine which LEED ratings you can utilize.

2. Which version of the Rating Systems should you use?

LEED Rating Systems are continuously evolving. And, since your project may span years from design to completion, all parties must agree on a point in time at which the prevailing version of the selected rating systems will apply, as well as who will assume responsibility for assuring compliance. Alternatively, the parties could agree to the rating systems in effect at the time of drawing up contracts, leaving open the possibility of renegotiating at a future date when systems presumably would be modified.

3. What goal will you target?

There are four levels of achievement within each LEED Rating System: Certified, Silver, Gold, and Platinum. Levels are determined by a complex system of points, which are awarded for compliance in six different categories and a number of sub-categories. The cost and time required for design and construction, as well as for future operation and maintenance, can be significantly affected by point-calculation methods. Because there are a variety of ways in which final points can be tallied, it's important for parties to agree on a precise point goal for each category—and a specific plan for how a final point total will be determined.

4. What about future compliance?

inally, after all parties have agreed upon the precise terms that will govern LEED certification, it's a good idea to decide to what extent the building will maintain compliance with current and new versions of the standards. While new construction has been the impetus for rapid adoption of the LEED Rating systems, the industry is now looking to utilize LEED-EB, the rating system designed for existing buildings. That system is expected to have a far more significant impact on achieving energy savings throughout the real estate industry.

Continued

As green-building criteria continue to expand, it's more important than ever to make certain your goals are carefully spelled out in contracts. If you'd like some help, please call Mark J. Bennett at 248.267.3269.