

How to Add Value & Avert Lawsuits:**Avoid the Conflicts between LEED EBOM and LEED CI**

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The sour economy has caused construction of new office buildings to grind a halt, reducing the number of **LEED CS** (LEED Core & Shell) projects coming online. As a result, building owners seeking to green their existing office buildings has made **LEED EBOM** (LEED for Existing Buildings Operations & Maintenance) the USGBC's fastest growing product. In California, the number of LEED EBOM registered projects has jumped over 300% in the past two years.

Competitive advantage is the driver for savvy office building owners to seek LEED EBOM. The growing number of companies embracing corporate sustainability suggests that tenants will prefer green buildings to non-green buildings if all else is equal.

Providing credence to the theory was presentation by Dr. **Norm Miller**, University of San Diego, and **David Pogue**, CB Richard Ellis, at the BOMA Convention in Long Beach CA that revealed LEED certified buildings are yielding higher rents, lower vacancy rates, fewer sick days, and improvements in worker productivity.

Beyond their preference for LEED certified buildings, tenants are taking the next step and certifying their new office space. This has made **LEED CI**

(LEED for Commercial Interiors) certification, the second-fastest growing LEED Rating System.

LEED and the Leasing Process

One of the issues the **Model Green Lease Task Force** wanted to address, in the soon to be released update, was how the various LEED Rating Systems integrate into the leasing process. During my research, I had the good fortune to run into **Alex Spilger**, Sustainability Manger for BCCI Construction in San Francisco. He

is an LEED Accredited Professional with specialties in BD+C, ID+C, EBOM, holds a B.S. in Civil Engineering from UCLA, and has worked on over 40 LEED projects. Alex has conducted over 40 LEED workshops and he teaches a 6-week LEED Project Management course at UC Berkeley Extension.

"It's a common misconception among tenants, real estate brokers and building owners is that LEED EBOM Certification guarantees LEED CI certification," says Mr. Spilger. "It's easy to imagine there would be some cross-over between the LEED EBOM and LEED CI rating systems. Green strategies put into action in the base building should help a tenant earn points for

LEED CI and vice versa. But, this is not always true since there is little overlap between the two Rating Systems – they are structured differently."

According to Mr. Spilger, an existing building that scores in the 98th percentile in energy performance can achieve up to 18 points for energy efficiency under LEED EBOM. Yet, a tenant seeking LEED CI in the building will receive no credit for the building's outstanding energy performance. For

another example, a building owner that upgrades the water efficiency of the base building would get a maximum of 5 points for the Indoor Water Efficiency Credit under LEED EBOM. However, a new tenant may receive up to 11 points for Indoor Water Efficiency under LEED CI without making any upgrades to its restrooms.

In another example from Mr. Spilger, a building owner may gain up to 15 points toward LEED EBOM under the Alternative Transportation credit if most of the tenants' employees carpool to work. However, if the building is not near public transportation, a tenant seeking LEED CI will receive no credit for Alternative Transportation, even if all the tenants' employees carpool.

"Understanding the interaction between LEED EBOM and LEED CI can pay off for the building owner and tenant," says Mr. Spilger. "At the same time, failure to consider the interplay between LEED EBOM and LEED CI can be costly."

When asked how costly? He recounted how a tenant signed a lease for space in an office building with an LEED EBOM Gold rating, expecting

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that this would help them get LEED CI Gold. Instead, the tenant was shocked to discover the lavatory fixtures installed to achieve LEED EBOM Gold prevented the tenant from being eligible for LEED CI. When calculating Indoor Water Savings, LEED CI uses a stricter baseline than LEED EBOM. While the new water fixtures were adequate to achieve a 33% reduction in water use under LEED EBOM, they provided a 16% reduction in Indoor Water Efficiency under LEED CI. Since a minimum of 20% indoor water savings is a prerequisite under LEED CI, the tenant could not pursue LEED without replacing the new fixtures. This single-floor tenant was required to spend \$30,000 to replace the existing restroom fixtures to meet the prerequisites for LEED CI, on top of the \$30,000 in other LEED related cost, doubling the cost for LEED certification.

If the requirements for LEED CI were

considered before upgrading the building's restrooms, fixtures with higher water efficiency could have been selected at little or no extra cost, while creating a competitive advantage for the building. Imagine the liability a real estate broker or an interior designer with a LEED AP designation might have if they fail to explain the ramifications to their client before the lease is signed, or if this blows a lease deal for a building owner.

Integrate LEED EBOM and LEED CI to Maximize Value

Effectively marketing an LEED Certified office building requires educating prospective tenants on the LEED CI points the base building can provide. This is more effective than simply marketing the building's LEED EBOM certification. Post Montgomery Center in San Francisco LEED is a good

example of a building taking this approach. The building displays an LEED CI scorecard showing all the LEED CI points that this EBOM Gold building may offer to potential tenants (53 points in total).

If a building is EBOM certified or seeking LEED EBOM certification, analyze how different green strategies can translate into points for tenants interested in LEED CI certification. Then market the building accordingly. This may prove to be your competitive advantage. ■

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