



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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**HEARING BEFORE THE
UNITED STATE HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS, AND EMERGENCY MANAGEMENT**

ENTITLED

**“GREEN BUILDINGS OFFER MULTIPLE BENEFITS: COST
SAVINGS, CLEAN ENVIRONMENT AND JOBS”**

**WRITTEN TESTIMONY OF
JAMES L. HELSEL, JR. CCIM, CRE, SIOR, CPM
PARTNER, RSR REALTORS**

**ON BEHALF OF
THE NATIONAL ASSOCIATION OF REALTORS®**

JULY 16, 2009

On behalf of the 1.2 million members of the National Association of REALTORS® (NAR), thank you for the opportunity to share the Realtor community's views on the subject of today's hearing, "Green Buildings Offer Multiple Benefits: Cost Savings, Clean Environment and Jobs." Having built Washington D.C.'s first privately-owned, newly constructed LEED Silver certified building, NAR is uniquely qualified to offer testimony on this important topic.

In addition to certifying a green building, NAR has taken a number of other important steps to raise public awareness about green buildings and their benefits in the marketplace. For example, NAR has:

- Developed the GREEN Designation program to offer advanced training and certification for real estate professionals. Like many professionals, continuing education classes and professional designations are a regular part of Realtors®' on-going training. The GREEN designation was developed to help Realtors gain the expertise needed to advise their clients on what to look for and consider when interested in making more eco-friendly building purchases. Launched in November of 2008, more than 3,700 Realtors® to date have taken the 12-hour core course. This is an exceptional take up rate for this type of certification program. Peer reviewed by the EPA and U.S. Green Buildings Council, the program has also been awarded with the *2009 Award of Excellence* by the American Society of Association Executives. (Appendix B.)
- Advanced important green building issues, including the "greening" of local MLS's and proper valuation of green buildings. By undertaking pilot programs to include data fields in the Multiple Listing Service property databases with information about real property's attributes (e.g., whether it includes Energy Star appliances), many MLS systems are responding to consumer demand for more information about building efficiency.
- Partnered with Federal agencies and others to promote green buildings. For example, NAR and the Department of Energy collaborated to provide consumers with an "Energy Savers" brochure with the facts about reducing energy use and saving money.

NAR supported the energy efficiency tax credit, block grant and weatherization assistance investments of the American Recovery and Reinvestment Act (ARRA; P.L. 111-5). ARRA also provided the General Services Administration with funding for high performance green building, to demonstrate technologies that result in learning and reduced building costs in the long term. These are all examples of voluntary, incentive-based approaches that will improve energy efficiency and are consistent with NAR policy.

Leading by Example: The NAR Green Building

NAR's was the first green certified privately-owned building in the District of Columbia. Located blocks from the U.S. Capitol, the building was first occupied in October 2004, and was awarded a Silver LEED rating by the U.S. Green Building Council. This \$47 million investment is a model to NAR's 1.2 million members of environmentally sustainable real estate development.

NAR's Real Property Operations Committee, chaired by our Treasurer Jim Helsel, oversaw development of the building. Research had shown that LEED buildings used far less energy than the national average. There

was also an important opportunity to demonstrate our commitment and lead by example on energy efficiency and environmental conservation.

In the LEED process, a building must meet certain prerequisites and receive a minimum number of points for meeting certain guidelines to achieve a certification. Here is a general description of the process:

- **Planning:** A project team is assembled to evaluate and articulate project goals and certification level sought. Includes the owner, architect, engineer, contractor and property manager.
- **Registration:** Registration serves as a declaration of intent to certify a building under LEED.
- **Application and documentation:** The team assembles documentation for the credits it has chosen to pursue, and upload the materials to LEED Online to start the application review process.
- **Submission:** The project administrator formally submits the application via LEED Online.
- **Application Review:** For new construction, the preliminary design and construction and assembled documentation is reviewed for completeness and compliance with the rating system.
- **Certification:** LEED certified projects receive formal certificate of recognition.

Achievements of the NAR building include:

- *Cleaning of a Brownfield site* – The site of the building has a long history of commercial use. Most recently, an abandoned gas station had occupied the site. In order to make use of the site, contamination from leaking fuel tanks and other sources had to be removed.
- *Renewable Energy* – 50% of the building’s energy comes from renewable sources (green power).
- *Use of ultra-energy efficient glass building envelope, daylighting and indoor plumbing efficiency* -- To significantly reduce energy usage, the building is designed with high efficiency HVAC systems and a high-performance glass curtain wall, which has resulted in a 30% reduction in energy use compared to ASHRAE code standards. It also includes motion sensitive lighting designed to reduce spillage of light from the site, reducing light pollution.
- *Reduced water usage* – Our building has achieved more than a 30% reduction in water usage compared with buildings of similar size. It includes a rainwater water catchment system which stores rain water that hits the roof. This water is used to irrigate plants at ground level, reduces storm water runoff as well as peak flows to municipal wastewater treatment facility.
- *High transit usage* – Locating the building near Metro rail stations and multiple city and regional bus lines has allowed us to achieve a high rate of transit usage – 75% of building occupants ride public transportation to work.

Attached to this testimony is a listing compiled from the official LEED score sheet for our building of the features for which the NAR building was awarded points.

NAR Research Finds Significant Demand for Green Buildings

For some time, NAR’s members and the association itself has been increasingly aware of the importance of energy efficiency to property owners and buyers. NAR research has consistently shown that a) there is a considerable and growing market for green buildings and b) voluntary and incentive-based approaches will do more to spur the demand than inflexible, burdensome mandates.

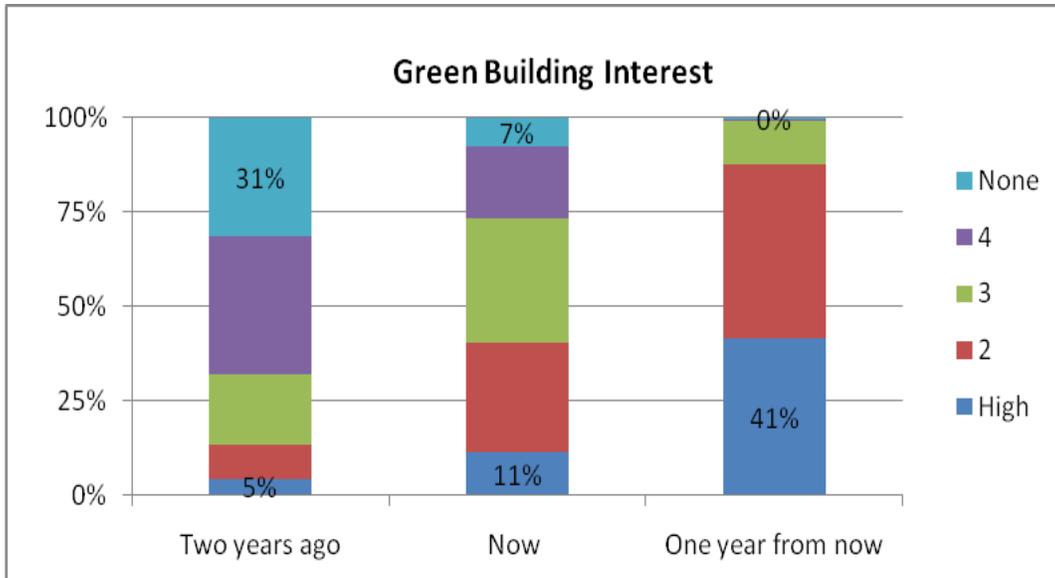
NAR research has consistently shown there is considerable market demand for energy efficient buildings. As part of the 2008 Profile of Home Buyers and Sellers, NAR asked buyers to categorize environmentally friendly features as “not important,” “somewhat important” or “very important.” For each feature, here is the percentage that considered it to be somewhat or very important:

- Heating and cooling costs – 89%
- Commuting costs – 80%
- Energy efficient appliances – 73%
- Efficient Use of Lighting – 70%

This research did not find any major differences in these preferences when either the income or age of the buyer, price or size of the home, or whether the home was new or previously owned was taken into consideration.

Last March, NAR sponsored in-depth public opinion research on energy efficiency by Hart Research and Public Opinion Strategies. According to this research, not surprisingly, consumers considered energy efficiency to be very important when buying a home: energy efficiency ranked third only to price and location and ahead of the attractiveness, layout, size and age of the property. Most strongly supported and preferred voluntary and incentive-based (over mandatory) approaches to energy efficiency. Also, the vast majority felt that they could use more education about energy efficiency. It should be noted, also, that consumers continued to focus on the economic benefits over the environmental, as their motivation for looking for homes with energy efficient features. Consumers indicated that they are significantly less willing to buy energy efficient homes as the upfront cost increased or where investments could not be recouped in energy savings within 5 years.

Realtors[®] expect the interest in energy efficiency and a trend toward green buildings only to grow in the future. In a May-2008 survey, 2,000 Realtors[®] rated interest in green buildings at that time versus two years earlier and one year after the survey. The percent reporting some level of interest (a rating of 1-4 out of 5) increased from 69% (2 years before) to 93% (at the time of the survey). When asked the same question about the market one year later, 100% believed there would be continued interest.



NAR Supports Voluntary, Incentive-Based Approaches to Energy Efficiency

As Realtors® respond to growing consumer demand for green housing, like consumers surveyed, NAR supports a voluntary, incentive-based approach to energy efficiency. We believe that such an approach would sustain and spur the trend for green buildings, and make them a more permanent feature in the real estate market. In the view of Realtors®, it also provides a “win-win” scenario by allowing for vigorous economic growth while improving the environment. We note that NAR certified its green building without any encouragement or prodding by the Federal government.

The green building market is already responding to consumer demand. For example, consider this recent headline in the Miami Herald: “Increasing demand for energy efficient, environmentally friendly buildings is bringing business to architects during the construction downturn.” McGraw-Hill Construction is forecasting that the combined annual commercial and residential green building markets will total \$62 billion by 2010. Architects, homebuilders, remodelers, real estate agents and all the industries that rely on housing and homebuilding are responding to consumer interest in green issues. They are building and providing products that the consumer wants. And this is happening all without significant assistance (or interference) from the public sector.

The Federal government does provide important public research, capital and economic incentives, such as the current tax credit for energy efficient home improvements which spurs demand and interest. However, NAR believes that government should be limited to this role: By leading the way with green Federal buildings, providing for research that spurs innovation and most importantly, keeping the market fluid and free of mandates, the Federal government can do more to promote the public good than with red tape and mandates that will only hinder the market at a time of economic recovery.

To further spur consumer demand for green buildings, these homes must make financial sense as well as environmental sense, even though their up-front costs may be more expensive than traditional housing. This will require research, education and incentives. NAR believes that as more of these buildings are constructed, they will demonstrate their financial viability over and over again. Simply put, a home that that

works well retains value. Energy efficiency comes naturally to the top of the list. Building green is an efficient way to reduce investment risk, because every decision and dollar that is made to reduce energy consumption serves as a buffer from the increasingly unstable energy market.

The recent strength and growth of green building is due in large part to its voluntary nature, because it offers flexibility that is essential for incorporating the principles of sustainable design in innovative ways to construct a home that is both environmentally sound and affordable to homebuyers.

NAR members have shown that green building is both proactive and profitable, primarily because current programs have been allowed to thrive and shift to meet specific conservation needs in a given geographic or market area. NAR supports a national green building program that is flexible and market-driven, encourages continued growth in green construction that protects options for consumers in all markets, as well as preserves, protects, and promotes the health of our environment.

For example, the energy efficiency tax credit, block grant and weatherization assistance investments of the American Recovery and Reinvestment Act (ARRA; P.L. 111-5) will encourage property owners to make improvements and save money on energy bills. ARRA funding for GSA high performance green buildings will help to demonstrate technologies that result in learning and reduced building costs in the long term. These are all examples of voluntary, incentive-based approaches that will improve energy efficiency and are consistent with NAR policy.

Conclusion

Again, we appreciate the opportunity to testify on green buildings and their value to the market place. We look forward to working with the subcommittee as it provides oversight in the implementation of the ARRA.

APPENDIX A:

NAR's Green Building: Features that achieved Silver LEED Points and Rating

Category: Sustainable Sites

- Erosion & Sediment Control
- Site Selection (in already urbanized area)
- Urban Redevelopment
- Brownfield Redevelopment
- Alternative Transportation: near transit; bicycle facilities; alternative fuel recharging stations
- Design to Reduce Heat Islands: Roof
- Design to Reduce Heat Islands: Exterior landscaping
- Light Pollution Reduction

Category: Water Efficiency

- Water Efficient Landscaping (50% reduced water usage)
- Water Use Reduction (30% reduction)

Category: Energy & Atmosphere

- Building System Commissioning
- CFC Reduction in HVAC Equipment
- Optimize Energy Performance: model showed 30% reduction
- Green Power - building uses wind power

Category: Materials & Resources

- Storage and Collection of Recyclables
- Recycled Content (5%) in building materials
- Local/Regional Building Materials (20%)

Category: Indoor Environmental Quality

- Carbon Dioxide Monitoring
- Low-Emitting Materials: paints
- Low-Emitting Materials: carpet
- Indoor Chemical & Pollutant Source Control
- Thermal Comfort
- Daylight: 75% of spaces
- Views: 90% of spaces

Category: Innovation & Design Process

- Innovation in Design: Exceed 20% in regional building materials
- Innovation in Design: Green Housekeeping
- Innovation in Design: Educational Outreach
- Innovation in Design: 100% underground parking
- LEED Accredited Professional on development team

PLUS: While not officially a part of the LEED point system, the NAR building includes a storm water storage tank that stores rain water that hits the roof; this water is used to irrigate plants at ground level. This system reduces peak flows to municipal wastewater treatment facility.

APPENDIX B:
**NAR's Green Designation: Helping To Build REALTOR® Awareness
And Expertise On Green Issues**

NAR and REALTORS® have responded to consumer interest in green issues by developing the Green Designation for Realtors. This designation will allow Realtors to become educated and stay current on the latest green issues and trends, such as energy efficiency, water conservation, and green building materials. More importantly, this designation will allow Realtors to educate clients and prospective purchasers on the benefits of green buildings.

Since the Designation's launch in November 2008:

- Over 3,700 students have completed the Core Course
- Nearly 2,200 students have been designated
- Students are signing up at an accelerated rate – one of the most successful designations in NAR history

Designation Benefits

- National consumer and builder awareness campaigns
- Ongoing education and support through newsletters and Webinars
- A robust-community style Web site featuring numerous resources, including but not limited to, the latest green industry news, designee directory and profile, green industry directory, and social media

Program Highlights

- NAR is actively developing partnerships with major green industry organizations such as the USGBC, NAHB, DOE, and EPA.
- NAR's Green Resource Council is helping advance important green industry issues such as advocating proper valuation of green homes and buildings.
- Green designees are helping NAR evaluate Multiple Listing Services from a “green” perspective and making suggestions on how MLSs can be greener.
- Examples of MLS Boards that have added green data entry fields to their MLSs can be viewed at http://www.greenresourcecouncil.org/greening_the_mls.cfm. This site will act as a central repository for all green MLSs across the country.