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President Obama's Better Buildings Initiative

April 07, 2011 - Rhode Island

As members of Greater R.I. Chapter 88 head to Washington DC for IREM's Legislative and Leadership Summit, government policy and legislation is on our minds. One issue that concerns all property managers is the cost of energy and the future of sustainable energy.

On February 3, 2011 President Obama released a plan to create more energy efficient American businesses through the "Better Buildings Initiative." This includes voluntary programs to encourage green retrofitting of commercial buildings using tax incentives and a new grant program. The President hopes to make commercial buildings 20% more energy efficient by the year 2020 as well as lower companies' energy costs by roughly \$40 billion each year.

The new initiatives include:

More financing opportunities for commercial retrofits: Increase access to financing these energy efficient upgrades by encouraging lenders to take advantage of recently increased loan size limits to promote new energy efficiency retrofit loans. Through the President's budget, there will be a proposal to create a pilot program through the Department of Energy to secure loans for energy efficiency upgrades at hospitals, schools and other commercial buildings.

Training the next generation of commercial building technology workers: The administration is currently working to implement several reforms including launching a Building Construction Technology Extension Partnership and providing increased workforce training in energy auditing and building operations.

The Better Buildings Challenge: This will challenge CEOs and university presidents to make their organizations more energy-friendly. They will in turn become eligible for benefits including public recognition, technical assistance, and best-practices sharing through a network of peers.

"Race to Green": Encourages states and municipalities to regulate and alter codes, and performance standards relating to commercial energy efficiency.

Tax incentives for building efficiency: President Obama is encouraging Congress to implement a more generous tax credit rather than the existing Section 179D tax deduction for energy efficient upgrades on commercial buildings.

Along with these new initiatives, the President hopes to build on previous plans for government and residential buildings that were included in the American Recovery and Reinvestment Act (ARRA or Stimulus Bill).

IREM has historically supported voluntary and positive incentive programs such as the existing EPA Energy Star program consisting of voluntary opportunities for increased energy efficiency and the Green Lights program, aimed at promoting energy efficiency through investment in energy-saving lighting. IREM has been an Energy Star Partner for over twelve years, and has signed on to EPA's Energy Star Challenge to make companies aware of the economic benefits of energy efficiency.

IREM remains consistent in our opposition to any mandatory energy-efficient retrofitting and

encourage Congress to support voluntary energy efficiency programs which are encouraged by using incentives and tax credits.

Although IREM initially supports the concepts of President Obama's Better Buildings Initiative, this is not a piece of legislation and we will wait to analyze any bill language relating to this new plan. IREM legislative staff will monitor this initiative and report back when necessary.

For more information, IREM publishes A Practical Guide to Green Real Estate Management, and has created a "Sustainability" Knowledge Center on its interactive, online knowledge management system, IREMFIRST. The site is available to the public and has articles, checklists, and other tools and resources for practicing sustainable real estate management.

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