

NAIOP VIEWPOINT

- Becoming more energy efficient is an important consideration in today's commercial real estate industry. In many cases, a building owner is responsible for all of the energy-related expenses of their tenants.
- Developers understand that it makes economic sense to develop properties that lower their energy costs, thereby keeping them competitive in the marketplace.
- Efforts to increase energy efficiency in buildings should take into account that not all markets can support the same level of expense associated with advanced building systems, energy-efficiency components and design.

FOR MORE INFORMATION, CONTACT:

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ENERGY EFFICIENCY

OUR POSITION: NAIOP supports the advancement of higher levels of energy efficiency for commercial buildings through solutions that incorporate federal incentives, and realistic time frames for the financial recoupment of efficiency investments through utility savings.

BUILDING CODE LEGISLATION: NAIOP has been actively involved in supporting **S. 720 (Portman/Shahen)** and **H.R. 1273 (Blackburn/Schradner)**. These bills advance building code efficiency targets while taking into account upfront costs to developers. They include realistic payback schedules for increased energy improvements.

ENERGY EFFICIENT COMMERCIAL BUILDING TAX DEDUCTION (179D): The federal incentive was renewed at the end of 2015 as part of the tax bill known as the PATH Act. Rather than continuing to pass short-term extensions of this incentive, we believe that it should be enshrined in the tax code, making the incentive permanent. Additionally, the deduction amount should be increased, changed from a deduction to a transferable tax credit, and retooled to make it more usable for retrofits.

FEDERAL REBATES: There has been great success in encouraging residential building owners to purchase energy-efficient appliances with federal rebates. A similar approach is needed for energy-efficient equipment installed in commercial buildings.

Additional Information:

- Most developers cannot justify to their investors tying up capital for energy-saving investments with more than a 5-year payback.
- There are limits within the confines of a building code as to what can be done to increase energy efficiency. Energy codes generally only regulate the building's envelope (roof, wall and floor insulation), mechanical and lighting systems. Much of a building's energy use falls outside the purview of codes and will not be affected by an increase in code efficiency.
- Over the past 10 years, commercial building energy codes have already achieved gains approaching 50 percent. These substantial gains have been achieved in just the last three code cycles: 2004, 2007 and 2010.
- Efforts to encourage states to update their building codes should remain voluntary and not be tied to federal funding requirements.
- Attempts to mandate owners to disclose a building's energy usage to the public (energy benchmarking) are ill-conceived because most of the energy used in buildings is actually controlled by the tenants, not owners and managers. It is unfair to stigmatize an entire building because some tenants might have high energy needs and demands.