

# QUICK GUIDE TO GREEN TI

Sustainable Tenant Improvements

# 01 GREEN LEASE



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## Benefits

- Enhances recruitment
- Lowers healthcare expenses
- Gains in productivity
- Lowers operating costs

## Strategies

*Prior to negotiating a green lease, consider establishing criteria for selecting a site or creating a shortlist of potential properties.*

**Commuting options increase** when the workplace offers:

- direct access to public transportation
- proximity to vehicles in a car-sharing program
- bike storage and shower rooms
- designated parking stalls for carpools or alternative fuel vehicles

**Proximity to amenities** such as banking, shops and restaurants is desirable to staff and helps build quality of life and activate the surrounding community.

**A healthy work environment** reduces absenteeism and healthcare costs. Inquire about the use of non-toxic building materials, proper air filtration and the use of non-toxic cleaning products.

**Systems commissioning**—routine auditing and maintenance to confirm equipment performs as intended—helps reduce energy costs and ensure healthy indoor environmental quality. Insurance companies are beginning to offer premium credits, lower deductibles and rebates since commissioned buildings generate fewer claims.

**Energy-efficient lighting and HVAC systems** reduce operating costs. When tenants pay their utilities directly, they can realize savings by monitoring plug load, lighting use and HVAC operation to reduce energy consumption.

**More energy-efficient buildings emit fewer greenhouse gases**, thus reducing our impact on the environment.

## Overview

A green lease allows landlords to offer tenants coveted green office space that maximizes return on investment without compromising comfort or operations. Spaces designed to green building standards yield higher rental rates and resale values. They can also result in more generous loan underwriting. Two typical lease structures provide different incentives for each party:

**The Gross Lease** holds the landlord responsible for operating costs. This structure creates a financial incentive for landlords to effectively design, build and manage high-performance buildings. Since the energy costs are not directly paid by the tenant, the owner benefits from energy savings and is thereby able to reduce rents in a competitive market, improve occupancy rates and increase profitability.

**The Net Lease** holds the tenant responsible for operating costs. The tenant pays base rent plus a separate charge for all operating costs (utilities, maintenance, insurance, and taxes). This structure provides incentive for tenants to use less energy, as they receive savings directly.



### Quick Fact

*In the average office building, energy costs approximately \$1.59 per square foot, per year. That's 16% of the total operating costs.*



### LEED®-CI v2.0: Commercial Interiors

By implementing various green lease strategies, your project may be eligible for the following:

#### Sustainable Sites

SS Credit 1: Site Selection

SS Credit 2: Development Density and Community Connectivity

SS Credits 3.1–3.3: Alternative Transportation

#### Water Efficiency

WE Credit 1: Water Use Reduction

#### Energy & Atmosphere

EA Prerequisite 1: Fundamental Commissioning

EA Prerequisite 2: Minimum Energy Performance

EA Credit 1.1: Optimize Energy Performance, Lighting Power

EA Credit 1.3: Optimize Energy Performance, HVAC

EA Credit 3: Energy Use, Measurement & Payment Accountability

EA Credit 4: Green Power

#### Materials & Resources

MR Credit 1.1: Tenant Space, Long-Term Commitment (min. 10 year lease)

MR Credits 1.2–1.3: Building Reuse

#### Indoor Environmental Quality

EQ Prerequisite 1: Minimum IAQ Performance

## Checklist

### Site Selection

- Building awarded LEED® certification.
- Building awarded Energy Star rating.
- Building is within 1/4 mile of public transportation.
- Building has operable windows.
- Building core depth is not prohibitive of maximizing daylight.
- Building has Energy Star compliant roof.
- Building provides bicycle storage and shower rooms.
- Building provides submetering for individual tenant spaces.
- Building provides collection and removal of recycling.
- Building utilizes water efficient low-flow fixtures.
- Building meets minimum indoor air quality performance per ASHRAE 62.1-2004.
- Building provides HVAC system which performs at least 15% better than those in minimum compliance with ANSI/ASHRAE/IESNA 90.1-2004.
- Building standard light fixtures will allow the lighting power density achieved to be at least 25% better than ANSI/ASHRAE/IESNA 90.1-2004.

### Lease Considerations

- A net lease with utility costs paid by the tenant (not included in the base rent).
- A net lease with utility providers selected by the tenant, providing the option to choose a renewable energy source.
- A tenant improvement allowance that encompasses task lighting, demountable walls and moveable millwork.
- Environmentally friendly cleaning products and practices certified by Green Seal or similar party.
- Designated parking provided in preferred locations for carpoolers, hybrids and alternative fuel vehicles.

## Resources

[www.squarefootage.net](http://www.squarefootage.net) Look for articles on “green lease” and landlords.

[www.edcmag.com](http://www.edcmag.com) Search for “green lease.”

[www.eere.energy.gov](http://www.eere.energy.gov) Search the DOE’s site for “green lease.”

[www.boma.org](http://www.boma.org) Obtain the book, *BOMA’s Guide to Writing a Commercial Real Estate Lease, Including Green Lease Language*, by Steve Teitelbaum.