

Note: This document represents the work of an independent advisory committee, and as such, may or may not be consistent with current GSA or other Federal policy.

GSA Green Building Advisory Committee

December 12, 2016

Kevin Kampschroer
Director, Office of Federal High-Performance Green Buildings
U.S. General Services Administration (GSA)

RE: Recommendations for the Adoption of Model High Performance Leasing Provisions

Dear Mr. Kampschroer:

The following recommendations were developed by the High Performance Leasing Task Group of GSA's Green Building Advisory Committee (hereafter "the Committee") and accepted by the full Committee at its meeting on November 17th, 2016.

Problem statement:

Almost half of buildings in the US (both Federal and non-Federal buildings) are leased, rather than owned.¹ In leased buildings, there is a 'split incentive' where the operational benefits of energy efficiency (often received by tenants) are not accrued by the same party investing in efficiency upgrades (which is often the landlord). The contractual arrangement and interaction between tenants and landlords is governed by leases, which are complex, proprietary and provide little motivation to change. The industry as a whole is lagging in the widespread adoption of high performance lease practices which align tenant and landlord interests.

As a result, the Energy Efficiency Improvement Act of 2015 (EEIA) requires GSA to develop voluntary "model commercial leasing provisions." The attached represents the Committee's recommendations to GSA to satisfy this requirement.

Opportunity:

Through GSA's leadership in the buildings industry as the largest landlord in the U.S., it has the opportunity to make an impact in both the public and private sectors. The goal of the High Performance Leasing Task Group was to:

- Create clear, simple, useful, enforceable, practical, implementable, cost-effective, and broadly applicable provisions
- Align interests of building owners and tenants

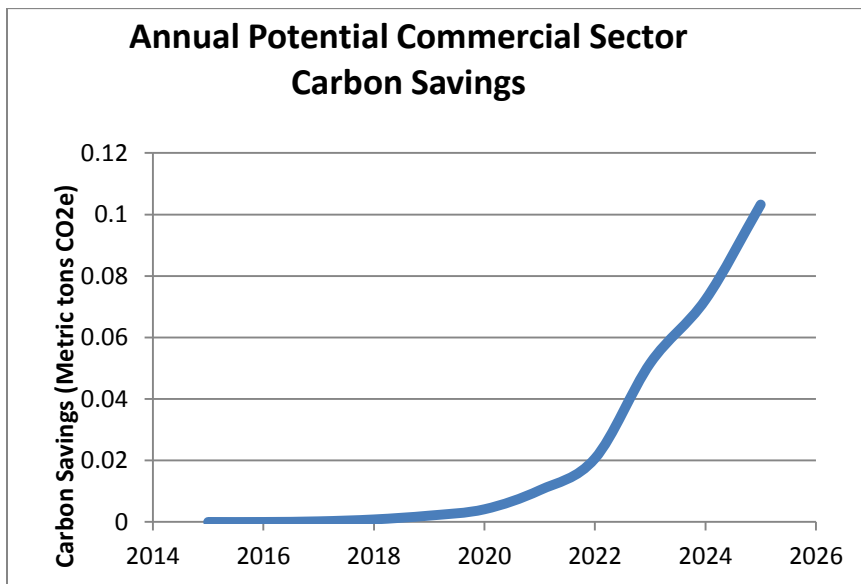
¹ U.S. Energy Information Administration, *2012 Commercial Buildings Energy Consumption Survey (CBECS)*, <http://www.eia.gov/consumption/commercial/>

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- Encourage buildings owners and tenants to collaborate
- Accelerate Zero Net Energy and other highly efficient building development and leasing practices
- Encourage adoption of high performance building goals in commercial buildings relevant to GSA
- Integrate with existing and emerging industry efforts, including EPA ENERGY STAR/TenantStar, LEED, Green Globes, etc.

GSA adoption of these provisions would have significant estimated impacts including:

- Reduce energy consumption by 11-22%
- Lower US utility expenditures $\leq \$0.51/\text{ft}^2$
- Provide leased US office market \$1.7B-\$3.3B annual cost savings.
- Carbon reduction in operation of leased buildings, the extent determined by lease adoption rate.



Broad adoption of high performance aligned leases can provide significant carbon savings. (Source: RMI analysis)

Additionally, there are benefits to both tenant and landlord parties, including:

Potential Benefits to Tenants	Potential Benefits to Landlords
<ul style="list-style-type: none"> • Lower energy, water and operating costs • Providing a healthier, more productive workplace • Supporting corporate sustainability goals • Demonstrating environmental 	<ul style="list-style-type: none"> • Increasing transparency, building trust with tenants, reducing turnover • Reducing vacancy • Faster lease-up • Enhancing marketability of the building • Lower operating costs which can

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responsibility to employees and the community	improve building financial performance/Net Operating Income (NOI)
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The Committee encourages GSA to accept and consider adopting the attached *High Performance Lease Criteria and Sample Lease Language* as its submission to meet the applicable requirements of the EEIA. If adopted, we would recommend that GSA consider how best to disseminate these provisions to the commercial office leasing industry and encourage their use, including by outreach and partnership with the industry participants and reviewers involved with this Task Group (see Attachment 1), and by targeting influential audiences including real estate brokers and lawyers and state government leasing offices.

We hope that GSA will employ these recommended provisions, in order to reap the benefits of high performance leased buildings that are more efficient, lower impact and conducive to the health and wellness of occupants.

Sincerely,

Greg Kats, Chair
Green Building Advisory Committee

Attachments:

1. List of High Performance Leasing Task Group Participants
2. Final High Performance Lease Criteria and Sample Lease Language

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Attachment 1
Green Building Advisory Committee
High Performance Leasing Task Group Participants

Advisory Committee Members & Designees

- Charlene Bayer, Hygieia Sciences LLC (Co-chair)
- Victor Olgyay, Rocky Mountain Institute (Co-chair)
- Alysson Blackwelder, U.S. Green Building Council
- Cara Carmichael, Rocky Mountain Institute
- Amy Costello, Armstrong World Industries
- Jonathan Herz, Department of Health and Human Services
- Greg Kats, Capital E
- Megan O’Neil, City of Atlanta
- Jane Rohde, JSR Associates
- Drake Wauters, AIA Technical Design for Building Performance

GSA & Contractor Attendees

- Kevin Kampschroer, Chief Sustainability Officer and Director, OFHPGB
- Ken Sandler, Designated Federal Officer (OFHPGB)
- Phyllis Carr, GSA Public Buildings Service (PBS)
- Kevin Funk, GSA Office of Government-wide Policy (OGP)
- Donald Horn, OFHPGB
- Alexandra Kosmides, GSA PBS Office of Leasing
- Kathy Nguyen, Noblis
- Gus Nielsen, Noblis
- Ken Schelbert, GSA PBS Office of Leasing
- Robin Snyder, GSA PBS

Observers

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- Jeff Bradley, American Wood Council
- Cassandra Duncan, U.S. Department of the Interior
- Andrew Feierman, Institute for Market Transformation
- Jenna Hamilton, GBI
- Michael Hetchkop, Cresa
- Robert Klipfel, DHS
- Jessica Long, JBG Companies
- Laurie McMahon, Cushman Wakefield
- Sonya Reinhardt, PwC
- Adam Sledd, Institute for Market Transformation
- Steve Teitelbaum, Washington Metropolitan Area Transit Authority
- Doug Wheeler, LMI
- Vicki Worden, GBI

Industry Reviewers

- Henry Chamberlain, BOMA
- Duane Desiderio, Real Estate Roundtable
- Jeanette Flory, Bentall Kennedy
- John Forester, The RMR Group
- Charlotte Matthews, Related
- Jason McIntyre, USAA Real Estate Company
- Emily Naden, BOMA International
- Robert Scott, Indiana Bureau of Motor Vehicles
- Kurt Stout, Colliers
- Brenna Walraven, Corporate Sustainability Strategies