

CHAPTER 18

Sustainability and Environmental Considerations

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1. Overview

a. Sustainability Practices

GSA leasing specialists must be cognizant of sustainability requirements when working on a lease acquisition. The National Environmental Policy Act of 1969 defines sustainability as "a means to creating and maintaining conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic, and other requirements of present and future generations." A common definition of sustainability is to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Public Buildings Service (PBS) has incorporated energy efficiency and sustainability provisions in guidelines for owned and leased space for the past 25 years as new Federal laws, policies, executive orders (EOs), and Guiding Principles for Sustainable Federal Buildings have been issued. Today, emphasis is placed upon sustainability in the selection, design, construction, and operation of leased space. There are various requirements for leased space to achieve a third-party green building rating certification, which are described later in this chapter. There are also mandatory green lease paragraphs embedded in lease and Request For Lease Proposal (RLP) templates that address the use of sustainable materials and services, site and environmental considerations, and operations and maintenance. When applicable, these provisions provide minimum sustainability standards for the acquisition of a lease. Green leasing paragraphs can be found in the latest highlighted lease and RLP templates on GSA's lease sustainability page.

b. Resilience and Climate Change Adaptation

Climate change adaptation planning is vital for GSA to secure Federal leases and remain responsive to customer agency needs. In conducting acquisitions, GSA includes resilience and climate change adaptation considerations such as, seismic, floodplain and hydrology thresholds in standard leasing requirements. Additionally, other building attributes and project requirements are considered on a case-by-case basis when reviewing acquisitions for climate resilience.In 2021, the implementing instructions accompanying EO 14057 on Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability included the following climate-related definitions:

- Resilience: The ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from disruptions.
- **Adaptation:** The adjustment in natural or human systems to a new or changing environment that exploits beneficial opportunities or moderates negative effects.

Planning for climate change risks allows the government to avoid the potential loss of the equipment and the cost of relocation should the surrounding environment change that would jeopardize its continued operation.

For more information on floodplain guidance and mitigation, see Chapter 2: New or Replacing Lease of the Leasing Desk Guide.

For more information on GSA's collaborative sustainability performance efforts, see GSA Order 1098.1 PBS Sustainability Performance.



For more information on safeguarding assets against climate change, see <u>GSA Order 1099.1</u> <u>PBS Safeguarding Assets</u>.

c. Applicability

All PBS employees associated with the leasing program must actively support environmental sustainability in GSA leasing to the highest extent feasible and use mandated sustainability and green lease paragraphs as required. More information and specific guidance related to the requirements covered in this Chapter and their application across different RLP and lease models can be found in the most current RLP and lease templates located on GSA's lease sustainability page.

2. Energy and Sustainable Business Practice Requirements

GSA's sustainable lease practices begin during the planning phases (Requirements Development) of a lease procurement. Well-developed initial requirements help ensure a sustainable and equitable location for tenant agencies. Sustainable requirements continue throughout the procurement of a lease and must be regularly fulfilled during the term of a lease. Some sustainable requirements require additional submittals, documentation, or follow-up over time to ensure completion (e.g. Energy Star).

a. Sustainable Location Policy for Leases

GSA Directive 1097.1 ADM, Incorporating Principles of Sustainability, Economic Development and Efficiency into GSA Business Practices and Location Decision-Making, provides guidelines for locating cost-effective facilities to promote sustainable commuting and work-related travel practices for Federal employees and to protect the natural environment through low-impact and climate-resilient design elements.

Location policy considerations are an essential part of the requirements development and lease acquisition process. <u>Leasing Desk Guide Chapter 1</u>, Requirements Development, provides a detailed description of regulations, policies, and factors that affect agencies' location decisions and selection of delineated areas, in addition to RLP requirements related to location. These factors include:

- Local and regional planning and economic development goals;
- Sustainability, transportation infrastructure, and plans;
- New and existing infrastructure and resources; and
- Protection of the natural environment

b. Environmental Due Diligence

Several laws have been enacted to provide environmental guidance and regulations, including the National Environmental Policy Act (NEPA) and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

For information on NEPA, see Leasing Desk Guide Chapter 2.



CERCLA requires a Lessor to take all necessary actions in response to certain environmental conditions (e.g., environmental contamination). In the event of an unfavorable environmental condition, a Lessor must prove its compliance with CERCLA and all applicable Federal, state, and local laws by providing the Government with a summary report.

c. Importance of Request for Lease Proposal and Lease **Paragraphs**

Certain sustainable or "green" paragraphs are present throughout federal lease and RLP templates. The Office of Leasing is responsible for designating green paragraphs each year for each lease and RLP template.

Green Paragraph: A lease or RLP paragraph that mandates or encourages practices, products, or disclosures related to improving building sustainability or improving occupant health and wellbeing.

Certain green paragraphs are required in all RLPs and leases in order to address federal mandates, while others are mandatory only in specialized circumstances (i.e. size thresholds, occupancy thresholds, the presence of certain building characteristics, etc.). The mandatory or optional requirement is readily identifiable in the instructional blue text in the RLP and lease templates. Leasing Specialists must follow the blue text instructions so as to leave required paragraphs with sustainability implications (whether mandatory or situational) intact as written to the fullest extent possible. Leasing Specialists can refer to the most current RLP and lease templates summary matrix and highlighted templates on GSA's lease sustainability page to view the current green paragraphs.

Modification or elimination of these paragraphs must be avoided because these paragraphs ensure that GSA's lease procurements align with federal mandates and the Government's sustainability goals. The specifications in the RLP and lease templates are designed to foster environmental best practices such as the use of public transportation, concentration of development in transit-oriented urban centers and mixed-use locales, decreased consumption of energy and water, enhancement of indoor environmental quality, use of recycled and environmentally friendly materials, and recycling of construction and other waste.

The Guiding Principles for Sustainable Federal Buildings ("Guiding Principles") are a set of Federal requirements related to sustainable building design, construction, and management. The Guiding Principles address energy efficiency, indoor environmental quality, water efficiency, materials impact, integrated design, and climate & site risks. Specific green requirements in the GSA lease and RLP address these broader Guiding Principles.

There are two separate paths to achieve Guiding Principles compliance in leased settings: signing leases in buildings (or interior spaces) which have a third-party green building rating certification or including a specified list of applicable, mandatory green paragraphs in a lease procurement. Additionally, some specific green paragraphs are required in situations where a building must demonstrate an ENERGY STAR® building label or a third-party green building rating certification. For more information, refer to the most current highlighted RLP and lease templates, located on GSA's sustainability page.

d. Net of Utilities Lease Structure

While it has been the GSA standard to use a fully serviced lease structure, using a net of utilities lease structure may reduce energy consumption and energy costs for a tenant agency in select



situations (including where there are unique situations making utility consumption difficult to predict in advance). In a net of utilities lease structure, either GSA or the tenant agency pays for the utilities, compared to a fully serviced structure where the utilities are included in the total rent. Net of utilities leases can incentivize tenants to reduce energy consumption by having the tenant agency pay for their utilities directly.

A net of utilities lease structure can be viable and beneficial in selective situations when the following specific conditions are in place:

- Lease size is ≥ 50,000 Rentable Square Feet (RSF), with the tenant agency being a 100% building occupant and a high-energy user;
- Tenant agency has the infrastructure and administrative processes in place to effectively manage net of utilities leases;
- Tenant agency has the ability to accurately budget for fluctuations in energy costs and usage;
- Strong tenant agency leadership buy-in and commitment to net leases exists; and
- Lease is located in a deregulated market where GSA can buy utilities at a bulk discount on behalf of tenant agencies.

Each lease acquisition that meets the above criteria should be evaluated to determine if the lease is suitable for a net of utilities structure.

e. Lessor Disclosures for Energy Consumption, Greenhouse Gas Emissions, and Water Usage.

The <u>EO 14057 Implementing Instructions</u> require a Lessor to annually report energy consumption, greenhouse gas (GHG) emissions, and water usage for lease solicitations ≥ 25,000 RSF and where the Government occupies at least 75% of the building.

The Lessor is required to enter all disclosure data into the U.S. Environmental Protection Agency's (EPA) Portfolio Manager tool for tracking and reporting. For more information on Lessor disclosure reporting, see <u>gsa.gov</u>.

f. ENERGY STAR® Score Reporting

In 2015, the Energy Efficiency Improvement Act (EEIA) required all federal agencies that lease certain buildings without an ENERGY STAR® certification to report their ENERGY STAR® score to the Government. An ENERGY STAR® score allows a building owner to compare its energy use to other facilities or past performance. This reporting requirement applies to all-sized leases. See section 3 below for more information on the Energy and Independence and Security Act of 2007 (EISA) ENERGY STAR® reporting requirement.

Lease Administration Managers from the PBS Office of Facilities Management monitor Lessor compliance with the ENERGY STAR® Score reporting requirement through a self-reported "yes" or "no" response on the Form 500 annual Lease Inspection report.



g. Net Zero Emissions Leases

The <u>EO 14057 Implementing Instructions</u> require that all new lease solicitations seeking at least 25,000 RSF issued after September 30, 2030 where the Federal Government will occupy at least 75% of the total building square footage must be located in net zero emissions buildings.

3. Energy Independence and Security Act Requirements

a. The ENERGY STAR® Label for Lease Acquisition

ENERGY STAR® is a joint program of the EPA and the U.S. Department of Energy to improve energy performance in appliances and buildings and reduce GHG emissions. ENERGY STAR® provides a technical assistance and recognition program that offers owners and managers of certain building types access to free tools and resources to help benchmark and evaluate their energy performance and reduce energy use and GHG emissions. As of the date of this chapter issuance, there are 22 property types in ENERGY STAR® that are eligible to receive an ENERGY STAR® score, including offices, warehouses, courts, and data centers. ENERGY STAR®'s Portfolio Manager tool provides a cost effective means to track data required for reporting energy use, GHG emissions, and compliance with the Guiding Principles. For buildings that achieve a professionally verified rating of 75 or higher, the ENERGY STAR® label is available as an indicator of superior energy performance.

The application of the ENERGY STAR® requirement in leasing can become complex. For instance, in any one competition, ENERGY STAR® buildings may be competing with excepted buildings or may be competing only with ENERGY STAR® buildings. Therefore, Leasing Specialists must devote proper time and attention to this part of the evaluation of offers process, including consulting with regional experts. All decisions and reasons therefore must be documented in the Price Negotiation Memorandum.

b. Energy Star® Terminology

- "Cost-effective" refers to an improvement that will result in substantial operational cost savings to the landlord by reducing electricity or fossil fuel consumption, water, or other utility costs.
- "Cost-effective operational cost savings" refers to a reduction in operational costs to
 the landlord through the application of building improvements that achieve cost savings
 over the firm term of the lease sufficient to pay the incremental additional costs of making
 the building improvements.
- "Most recent year" means that the date of award of the most recent ENERGY STAR® label by EPA must not be more than one year prior to the due date for final proposal revisions. For example, an ENERGY STAR® label awarded by EPA on October 1, 2022, would be valid for lease procurements where final proposal revisions are due on or before September 30, 2023. Note that for lease procurements using the Automated Advanced Acquisition Platform (AAAP), "most recent year" means that the date of award



of the ENERGY STAR® label by EPA must not be more than one year prior to the lease award date.

c. ENERGY STAR® Label Requirement

Pursuant to EISA, all leases awarded on or after December 19, 2010 (except as provided in sub-paragraph (f) below) must have earned the ENERGY STAR® label within the most recent year prior to the due date for final revisions (or, for AAAP procurements, lease award), unless the offered space meets one of the statutory exceptions listed in sub-paragraph e.

To implement these EISA requirements for ENERGY STAR® labeled buildings, Leasing Specialists must include mandatory RLP and lease paragraphs based on the most recent RLP and lease templates.

All new construction leases must achieve an ENERGY STAR® label within 18 months after occupancy by the Government. Prior to the issuance of a permit for building construction, all new construction must obtain a Statement of Energy Design Intent (SEDI) using ENERGY STAR®'s Target Finder tool reflecting an ENERGY STAR® benchmark score of 75 or higher and a "Designed to Earn the ENERGY STAR®" certification.

EISA requirements apply to Global, Warehouse, AAAP, Simplified Lease Acquisition Threshold (SLAT), Small, and Federal Emergency Management Agency (FEMA) office leases. EISA requirements are also found in all RLP templates.

In addition to these requirements, Lessors are encouraged to purchase at least 50 percent of the Government tenant's electricity from renewable sources.

d. How to Earn the Label

Eligibility requirements and instructions for earning the ENERGY STAR® label are provided on the program's <u>label recognition page</u>. There is no charge to apply for or to receive the ENERGY STAR® label, but the building owner or manager must have a licensed professional (architect or engineer) attest to the accuracy of the application. EPA states that it typically takes one to two weeks to process a properly completed application and award the ENERGY STAR® label; therefore, this requirement must be clearly stated in the earliest steps for the acquisition of space.

e. Allowed Exceptions to an ENERGY STAR® Building Label

Four statutory exceptions apply to the requirements for the ENERGY STAR® label. An agency may lease space in a building that does not have an ENERGY STAR® label in the following situations:

- No space is offered in a building with an ENERGY STAR® label that meets RLP requirements, including location needs;
- The agency will remain in a building it currently occupies;
 - Note: This exception applies even if there are no Federal "occupants" in the space under the expiring lease. Since all GSA leases are entered into by and between the United States acting through GSA for the accommodation of federal agencies, and GSA has the authority to assign and reassign space for executive agencies, it is it is irrelevant which agency or agencies (or none, if vacant) actually occupy the space under the lease for the exception to apply. Leases are with the U.S. Government, not



with individual federal agencies. Therefore, if GSA is already leasing space that is being considered in a procurement (new replacing, succeeding or superseding), GSA may use this exception.

- The lease will be in a building of historical, architectural, or cultural significance that is listed or eligible to be listed on the National Register of Historic Places; or
- The lease is for 10,000 RSF or less.

Refer to subparagraph (f) below for necessary documentation to utilize one of the above four exceptions to having an ENERGY STAR® Label.

Refer to **ENERGY STAR** ® **Requirement for Lease Acquisition Table** for an outline of the minimum requirements and exceptions for various project and space types.

f. Documenting Compliance with the Allowed Exceptions

If one of the statutory exceptions under subsection (e) above applies, the offeror must include in its lease proposal an agreement to renovate the building for all energy efficiency and conservation improvements that it determines would be cost-effective over the firm term of the lease:

- Prior to acceptance of the space; or
- Not later than one year after the Lease Award Date of a succeeding or superseding lease.

Such agreements for energy efficiency and conservation may include (among others):

- Heating, Ventilation, and Air Conditioning (HVAC) upgrades, including broilers, chillers, and Building Automation System (BAS)/Monitoring/Control System (EMCS);
- Lighting improvements; and
- Building envelope modifications.

Lessors in excepted leases must also agree in the lease to complete one of the following requirements as condition of lease award:

- Earn the ENERGY STAR® label prior to acceptance of the space (or not later than one year after the lease award date of a succeeding or superseding lease); or
- Complete the following two requirements:
 - Complete all agreed-to energy efficiency and conservation improvements, if any
 were agreed to by the Lessor in lieu of earning the ENERGY STAR® label prior
 to acceptance of the space (or not later than one year after the lease award date
 of a succeeding or superseding lease); and
 - Obtain and publicly disclose the building's current ENERGY STAR® score unless the Lessor cannot access whole building utility consumption data or there is no building category within Portfolio Manager to benchmark against. A Lessor may not be able to access whole building utility consumption data due to state privacy



laws, tenants not providing information to the commercial building owner in response to a request from the building owner, or excessive vacancy. "Public disclosure" refers to posting the ENERGY STAR® score on state or local websites in areas with applicable disclosure mandates and reporting the score to the Government via Portfolio Manager. (If no applicable state or local disclosure mandate exists, a Lessor must display the score in a public space at the building, or post the score on their website.)

Cost-effective (over the firm term of the lease) energy efficiency and conservation improvements are required for excepted buildings.

g. Time of Submission of Proof of ENERGY STAR® Label

Not later than the due date for final proposal revisions (or, for AAAP, lease award), Offerors must submit its proof of an ENERGY STAR® label, unless one or more of the exceptions under subparagraph (e) apply, in which instance Offerors must submit a written statement identifying all cost-effective energy efficiency and conservation improvements that will be made to the offered space. This statement must be included as part of the signed lease contract. If the offeror indicates that no improvements can be made, the offeror must demonstrate, in writing, that there are no cost-effective energy efficiency and conservation improvements that can be made to the building. Offerors may use the Building Upgrade Manual and the Building Upgrade Value Calculator, two ENERGY STAR® online tools to demonstrate which improvements (if any), would be cost-effective. See more information on these tools in subparagraph j.

If a building's occupancy is too low to be scored for a ENERGY STAR® Label, the RLP and lease templates provide 18 months of additional time (from the Government's occupancy pursuant to the recent lease procurement) to obtain an ENERGY STAR® label in the most recent year. This extended deadline of 18 months from occupancy to obtain an ENERGY STAR® label is warranted only in the following circumstances:

- Existing buildings that had an ENERGY STAR® label in the past but are unable to obtain a label in the most recent year because of insufficient occupancy;
- Newly built buildings that have used ENERGY STAR®'s Target Finder tool and either achieved a "Designed to Earn the ENERGY STAR® certification or received an unofficial score of 75 or higher and who are unable to obtain a label in the most recent year because of insufficient occupancy; or
- Existing buildings that cannot obtain a label because of insufficient occupancy but can produce an indication (through energy modeling, past utility, occupancy date input, etc.) that they can earn an unofficial score of 75 or higher using all other requirements of Target Finder or Portfolio Manager, except for actual data from the most recent year.

Under the above conditions, Leasing Specialists must evaluate buildings as equivalent to having an ENERGY STAR® label in the most recent year.

The Lessor must comply with all stormwater requirements in EISA Section 438 not later than one year from the date of any applicable disturbance.



h. Extensions, Expansions, and Renewal Options

While encouraged, an ENERGY STAR® label is not required when the agency will remain in a building it currently occupies. However, cost-effective energy efficiency and conservation improvements may be required when an agency is staying in a current leased location as described below.

Extensions

Since extensions are short-term interim housing solutions, PBS has categorically determined that energy efficiency and conservation improvements would not be cost-effective over the life of an extension. A Lessor's documentation of such is not required.

Expansions.

Expansions are typically small amounts of space that are added to accommodate an agency's program requirements by amending an existing lease to increase the square footage. Requirements to make cost-effective, energy efficiency and conservation improvements are not required for expansions.

Renewal Options

Renewal options are provisions in existing leases permitting continued occupancy of space at specified terms and conditions. They are not new lease contracts and therefore not subject to EISA. The Lessor is not required to make energy efficiency and conservation improvements or obtain an ENERGY STAR® label should the Government exercise a renewal option.

i. Succeeding/Superseding Leases

Succeeding and Superseding lease requirements for ENERGY STAR® are embedded in the current RLP and lease templates. One notable difference for these lease types is the requirement that the LCO obtain the Lessor's documentation of the completion of cost-effective, energy efficiency, and conservation improvements no later than one year of lease award.

j. ENERGY STAR® Tools and Resources

- **ENERGY STAR® Building Upgrade Manual**: Provides information on planning and implementing cost effective, energy saving building upgrades.
- Building Upgrade Value Calculator: Developed by the U.S. EPA, the Building Upgrade Value Calculator is a product of the partnership between ENERGY STAR®, Building Owners and Managers Association (BOMA) International, and the BOMA Foundation. This calculator was developed as part of BOMA's Energy Efficiency Program, a series of courses designed to help commercial real estate practitioners improve their buildings' energy efficiency performance. The calculator tool was developed to help property professionals assess the financial value of investments in a property's energy efficiency performance. The Building Upgrade Value Calculator estimates the financial impact of proposed investments in energy efficiency in office properties. The calculations are based on data input by the user, representing scenarios and conditions present at their properties.
- <u>ENERGY STAR® Label Building Registry</u>: Provides a list of all ENERGY STAR® labeled buildings throughout the United States.



- <u>Sustainability Policies and Procedures website:</u> Offers additional information about implementing ENERGY STAR® requirements for leasehold acquisition.
- ENERGY STAR® Process Flowchart (Attachment 1)
- ENERGY STAR ® Requirement for Lease Acquisition Table: Outlines minimum requirements and exceptions for various project and space types.

k. Hydrology Requirements

Section 438 of EISA requires any development or redevelopment of a Federal facility that disturbs 5,000 square feet or more of land area at the property or on adjoining property to use site planning, design, construction, and maintenance strategies for the property to maintain or restore the pre-development hydrology of the property (with regard to the temperature, rate, volume, and duration of flow) to the maximum extent technically possible. All projects proposed to satisfy the Government's space requirements through a development or redevelopment project where the Government is the sole or predominant tenant (a tenant occupying more than 50 percent of the building) require the Lessor to implement hydrology maintenance and restoration requirements pursuant to EISA Section 438.

For succeeding or superseding leases, the Lessor must implement these requirements not later than one year after the lease award date or lease term commencement date (whichever is later). For all other leases, the Lessor must implement these requirements prior to acceptance of the space.

4. Third-Party Green Rating Certification Requirements

A key GSA green leasing requirement for new lease construction projects includes achieving a third-party green building rating certification. Currently, new lease construction projects at or over 10,000 RSF require a third-party green building rating certification. In addition, a federal agency can voluntarily pursue a green rating certification for their interior tenant space.

The third-party green rating certifications described below are based on the most recent version of GSA's five-year study of available existing green building certifications, as required by EISA. For more information on GSA's cyclical review of green building certification standards and the latest current evaluation, see the Office of Governmentwide Policy's (OGP) website.

Final Requirements must include the portfolio-wide standard green building rating system (if any) that is adopted and confirmed by the client agency for existing buildings, new construction and/or tenant interiors for inclusion in the RLP.

a. New Construction

OGP's most recent five-year study in 2019 determined that there are two green building rating systems recommended for use in new lease construction projects. LCOs must require new lease construction buildings to achieve an approved rating when the following conditions exist:



- A newly constructed building is the only solution that will meet the customer agency's requirements and existing buildings are not competing; and
- The lease will be for at least 10.000 RSF.

The following green building rating systems may be used to satisfy this requirement:

- Leadership in Energy and Environmental Design® (LEED®) for New Construction (LEED®-NC) Silver: LEED®-NC Silver or higher may be used to satisfy the green building rating certification requirement for new lease construction projects that are at least 10,000 RSF. If the Lessor does not achieve a LEED®-NC Silver rating, the Government may assist the Lessor in implementing a corrective action program to achieve the certification and deduct its costs from the rent.
- Two Green Globes® for New Construction (Two Green Globes®-NC): Two Green Globes®-NC may be used to satisfy the green building rating certification requirement for new lease construction projects that are at least 10,000 RSF. If the Lessor does not achieve a Two Green Globes®-NC rating, the Government may assist the Lessor in implementing a corrective action program to achieve the certification and deduct its costs from the rent.

b. Tenant Interiors

Green building certifications for tenant interiors are optional. If desired, a tenant agency may request the use of a tenant interior certification for their lease. OGP's most recent five-year study in 2019 determined that there are three green building rating systems recommended for use for tenant interiors:

- LEED® for Interior Design and Construction Certified (LEED® ID+C Certified) (Previously Commercial Interiors): When specifically requested by a tenant agency, LEED® ID+C Certified or higher may be required for individual interior tenant spaces. According to PBS pricing policy, the costs attributable to LEED® ID+C must be paid by the client agency from the tenant improvement allowance or through a Reimbursable Work Authorization (RWA) from the client agency. The certification and commissioning costs required to earn the LEED® ID+C Certified rating are the Lessor's responsibility and must be covered in the shell price.
- One Green Globes® for Sustainable Interiors (One Green Globes® SI): When specifically requested by a tenant agency, One Green Globes® SI or higher may be required for individual interior tenant spaces. According to PBS pricing policy, the costs attributable to One Green Globes® SI must be paid by the client agency from the tenant improvement allowance or through a Reimbursable Work Authorization (RWA) from the client agency. The certification and commissioning costs required to earn the Green Globes® SI rating are the Lessor's responsibility and must be covered in the shell price. More specific guidance on required RLP and lease paragraphs related to One Green Globes® SI requirements per each lease model can be found on GSA's lease sustainability page.
- Living Building Challenge® for Building Interiors (LBC® Interiors): When specifically requested by a tenant agency, LBC® Interiors may be required for individual interior tenant spaces.



5. Green Lease Audit to Assess Guiding Principle Alignment

The Office of Leasing conducts an annual green lease audit to approximate how much of its lease inventory at or over 10,000 RSF is Guiding Principle-aligned or "green". There are two alternative paths to achieve Guiding Principle alignment for green lease audit purposes. A lease can either be located in a building that is certified by an approved third-party green building rating certification, or include a specified list of applicable, mandatory green paragraphs in a lease procurement.

a. Guiding Principle Alignment by Green Building Certifications

A lease can achieve Guiding Principle alignment by being located in a building that is certified by a third-party green building rating certification. While GSA's lease templates require specific systems and types of ratings to be used, the Office of Leasing accepts *any version* (i.e. new construction, core & shell, existing buildings, commercial interiors, etc.) *and any level* (Gold, Silver, etc.) of certification from any of the five systems listed below for green lease audit purposes.

The Office of Leasing has determined that the following align with federal goals and requirements and may be used to satisfy Guiding Principle alignment for *audit* purposes:

- LEED®
- Green Globes®
- Building Research Establishment Environmental Assessment Methodology® (BREEAM)
- Building Owners and Managers Association Building Environmental Standards®
- Living Building Challenge®

b. Guiding Principle Alignment by Inclusion of Green Paragraphs

The Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings were issued and adopted as a Memorandum of Understanding among 22 federal agencies, dated January 2006. They incorporate strategies related to designing, building, and operating buildings in a sustainable manner. In 2010, GSA, the Office of Management and Budget (OMB), and the White House Council on Environmental Quality (CEQ) developed the first set of Guiding Principles appropriate for non-federally owned, commercially-leased space. These Guiding Principle-aligned requirements consisted of approximately three-dozen leasing provisions related to green products and practices, site and environmental considerations, and the operations and maintenance of leased space. GSA tracks progress toward compliance with the Guiding Principles based on established annual targets.

In December 2020, CEQ released updated <u>Guiding Principles</u>. The Office of Leasing has incorporated the 2020 Guiding Principles guidance that is appropriate to leased settings into Lease and RLP requirements.

At the end of each fiscal year, the Office of Leasing reports internally to PBS and GSA, and externally to OMB and CEQ, on the number of Guiding Principle-aligned buildings, leases, and associated RSF. Leasing Specialists can refer to the most current RLP and lease templates



summary matrix and highlighted templates on <u>GSA's lease sustainability page</u> to view the green lease paragraphs.

Some of GSA's green leasing requirements are situational and based on tenant size, occupancy thresholds, building and site conditions, and various tenant needs. There is a different mix of green leasing requirements applicable to different lease situations such as warehouse leases, FEMA disaster and emergency leases, airport leases, small leases under 3,000 RSF, etc. When applicable, these green RLP and lease paragraphs are mandatory for a lease to be considered as Guiding Principles aligned in the absence of the building or space having a third-party green building rating certification. Leasing Specialists must use the most recent version of the RLP and lease templates issued by the Office of Leasing to comply with current requirements. Additionally, Leasing Specialists cannot remove or modify mandatory language without the lease becoming non-conforming. These green lease paragraphs are reviewed and updated annually by the Office of Leasing.

6. Hazardous Materials

Leased space must be free of hazardous materials, substances and waste according to all applicable Federal, state, and local environmental regulations. Additionally, a Lessor must promptly notify the Government of any hazardous materials that are introduced onto the building property during the term of the lease.

Leasing Specialists and LCOs should consult with regional environmental professionals and the Office of Regional Counsel if leased space had prior hazardous operations or if the property was other than typical office space. Multiple lease paragraphs prohibit or limit the use of formaldehyde in certain products, including particle board, strawboard, plywood, adhesives, sealants, insulation, paint, and door materials.

Lessors are also encouraged to prioritize products used in the build-out of space that do not contain Per- and Polyfluoroalkyl Substances.

Lessors may need to take necessary actions in response to environmental contamination as required by CERCLA. For more information on CERCLA requirements, see section 2B of this chapter.

a. Polychlorinated Biphenyls (PCBs) and Lead Products

Leasing Specialists must be aware that there are harmful health effects associated with PCBs and lead products. PCB production was banned by the United States Congress in 1979 due to their toxicity and classification as a persistent organic pollutant. The U.S. has regulations prohibiting lead paint, although lead paint may still be found in older properties painted prior to the introduction of such regulations in 1978.

b. Radon in Air and Water

Radon is an environmental hazard that can occur in many areas and can significantly contaminate indoor air quality. Radon gas from natural sources can accumulate in buildings and cause harm to human health.



Lease requirements for radon in air protect the health and safety of tenants by putting safeguards in place to ensure that the space has air levels that are below EPA's action concentration before the building can be occupied. Tests and corrective action plans are required when these levels are too high. Specific actions are outlined in the lease. LCOs must not accept the space unless the space is in compliance with the lease.

Radon is also a health concern when obtaining water from other than a public resource. Lease requirements are designed to ensure that water at the leased location complies with EPA standards for radon in water prior to occupancy.

When the delineated area or some potential leased space in a delineated area do not use water from a public utility, Leasing Specialists must include the Radon in Water paragraph in the lease and collect a certification of compliance from the Lessor prior to occupancy.

c. Asbestos

Asbestos is a known carcinogen that was widely used in construction until 1970 and less commonly until 1989. Since GSA typically leases space in existing buildings, the possibility of asbestos exists. Language in the lease is designed to reduce the impact of asbestos on the health and safety of tenants and the environment at large.

At the time of RLP, Leasing Specialists must request offers for space with no asbestos-containing materials (ACM), or with undamaged, nonfriable ACM. This applies to all space offered for the lease, common building area, ventilation systems and zones serving the space offered, and the area above suspended ceilings and engineering space in the same ventilation zone as the space offered.

If no offers are received for such space, the RLP allows for space with thermal system insulation ACM (e.g., wrapped pipe or boiler lagging), which is not damaged or subject to damage by routine operations. Alternatively, offerors may choose to upgrade their space through asbestos abatement, as long as the abatement is in accordance with the Occupational Safety and Health Administration (OSHA), EPA, Department of Transportation (DOT), state, and local regulations and guidance prior to occupancy.

If space that contains ACM is offered, Offerors must submit an asbestos management plan or operations and maintenance plan, along with a current asbestos re-inspection report that includes a list of all ACM and their condition prior to lease award. Asbestos submittals must be reviewed and approved by a regional asbestos program manager.

Asbestos language is contained in both the RLP and lease templates which should be referenced for the most up to date requirements.

d. Mold

A Lessor must provide space and ventilation zones to the Government that are free from ongoing water leaks, moisture infiltration, or actionable conditions that could create conditions conducive to mold growth.

An "actionable condition" is defined as:

 Visible or airborne mold of types and concentrations over that found in the local outdoor air or non-problematic control areas elsewhere in the same building (whichever is lower) or



 Water-damaged building materials which could potentially create conditions for mold or microbial amplification.

Lessors are responsible for conducting remediation in situations where an actionable condition is present.

Whenever a flood, plumbing leak, or heavy rain occurs and the occupied area or surrounding ventilation zones have suffered moisture damage, the Lessor is required to promptly repair any leaks and remediate the moisture damage.

In the event that any actionable conditions exist, the Lessor must employ a qualified industrial hygienist to inspect the area or upon written request and the Government's approval, an environmental consultant experienced in mold assessment. The Lessor must then remediate all visible mold and water-damaged materials identified by the hygienist or consultant.

7. Other Sustainable Lease Requirements

There are lease and RLP requirements related to health, wellness, and comfort standards. When applicable, these paragraphs related to thermal comfort, acoustic standards, and potable water must be included in a lease and RLP in order to meet federal mandates and align with Guiding Principle requirements.

The requirements below are current as of the time of the publishing of this document and are written as high level descriptions. The most up-to-date specifications for the below requirements are found in the most recent RLP and lease templates.

a. Indoor Air Quality

Leases require a Lessor to maintain healthy indoor air quality and control for certain harmful contaminants. Multiple paragraphs in the lease restrict or prohibit the use of harmful materials and contaminants used in tenant build-out components, including paint, carpet, adhesives, wall covering, cleaning products, etc. Lessors must respond to complaints about air quality and take appropriate corrective action where air quality does not meet applicable standards.

Additional lease paragraphs address the proper filtering, ventilation, and flush-out of tenant spaces that could contain harmful contaminants and chemical emissions. All of these lease paragraphs are intended to enhance and maintain healthy indoor air quality.

Indoor Air Quality During Construction

Whenever demolition or construction work occurs in or adjacent to space occupied by the Government, the Lessor is required to maintain healthy indoor air quality and control for various contaminants.

Lessors may be required to conduct flush out procedures, erect noise or dust barriers to protect occupied space, and eliminate products with toxic, flammable, corrosive, or carcinogenic material that may negatively impact indoor air quality.



b. Heating, Ventilation, and Air Conditioning

Heating, ventilation and air conditioning requirements in the lease support the health, safety and comfort of occupants. All occupied lease space and building common areas must be serviced by an HVAC system and applicable dampers, ducts, diffusers, etc. All HVAC systems must comply with specific measures and thresholds outlined in the lease, including those for temperature, relative humidity, efficiency and air flow. Under certain conditions, systems commissioning is also required for HVAC systems and associated controls (See the most recent Lease/RLP templates for more information). Window covering requirements improve efficiency of these systems.

c. Water Conservation and Water Quality

Requirements for flush volume thresholds and EPA Watersense standards apply to plumbing fixtures, including water closets and urinals, in certain leases at or above 10,000 RSF where there are new installations or replacement of plumbing fixtures, or where the Government occupies the full floor of the building. Flow rate maximums also apply to lavatory and kitchen faucets in leases at or above 10,000 RSF. Water conservation requirements also apply to landscaping. For leases at or above 10,000 RSF where the Government is the sole building tenant, the Lessor must landscape with low maintenance plants that promote water conservation.

Water fountain requirements are inherent throughout the RLP and lease templates; such as requirements for drinking fountains that allow for access to potable drinking water.

At a minimum, all potable water must meet EPA's primary drinking water standards, as well as all applicable local and state regulations. Lessors serve as the first responder to all drinking water complaints and must promptly investigate and implement all necessary remedies to maintain potable water conditions.

d. Recycling and Construction Waste Management

Recycling and reuse of solid waste conserves energy, reduces air and water pollution, reduces greenhouse gasses, and conserves natural resources. There are multiple requirements in the lease intended to reduce the solid waste impact of federal occupancies.

Lease paragraphs apply to:

- The use of products with recycled content;
- The recycling and reuse of products used in the course of the construction and build-out of space; and
- The Lessor's establishment of an ongoing recycling program in tenant spaces.

Recycling requirements depend on local and state requirements as well as lease size but are written to encourage, and where appropriate require, both day-to-day recycling, and recycling & reuse of construction waste. Additionally, lease requirements mandate the use of recycled content products for some build-out items.

In addition to other waste diversion measures, for leases over 25,000 RSF where the Government occupies at least 75% of the building, Lessors are required to provide a construction waste management plan that includes diversion rates and quantifies material diversion goals and maximizes the materials to be recycled and/or salvaged generated from initial space alterations for TIs and subsequent alterations under the lease. Lessors must also submit a construction



waste management plan to the LCO. The Lessor must maintain records to document compliance with the plan.

e. Acoustic Standards

Lessors must ensure that adequate building materials are used to adhere to various acoustical requirements within a lease. Specifically, a Lessor must consider reverberation control, ambient noise control, and noise isolation requirements when building and fitting a leased space. Professional testing of Government-occupied spaces may also be required.

f. New Lease Construction - International Energy Conservation Code (IECC) and ASHRAE Standard 90.1

For all new lease construction buildings where new construction is specified in the RLP, the building operating plan must conform with the 2021 International Energy Conservation Code (IECC) and the 2019 ASHRAE Standard 90.1. These standards contain requirements for mechanical systems, building envelope efficiency, insulation, and lighting. For more information, see the Department of Energy rule.

g. Electric Vehicle Supply Equipment Guidance

EO 14057 mandates "the Federal Government [to] use its scale and procurement power to achieve . . . 100 percent zero-emission vehicle acquisitions by 2035, including 100 percent zero-emission light-duty vehicle acquisitions by 2027 . . ." (Sec. 102(a)(ii) of <u>Executive Order 14057</u>).

To meet this requirement, Electric Vehicle Supply Equipment (EVSE) may be installed at leased facilities based on an agency's need.

EVSEs may be installed in one of three ways:

- As tenant improvements when the scope is associated with the acquisition of a new lease;
- As alterations when requested during the term of an existing lease.
- As agency equipment if GSA or the agency purchases an EVSE that does not need electricity, installation, or permanent attachment to the building.

For more information and guidance on EVSEs in leases, please visit <u>gsa.gov</u> or <u>GSA's EVSE</u> <u>Fleet Management page</u>.



Attachment 1: ENERGY STAR® Process Flowchart

