



BREAKDOWN: BBI

Detailed Breakdown of the Better Buildings Initiative

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This document is an extension of the Mar. 15 entry on the [USGBC blog](#), detailing sections of the [Better Buildings Initiative](#) announced by President Obama on Feb. 3, 2011.

New tax incentives for building efficiency: *The President is calling on Congress to redesign the current tax deduction for commercial building upgrades, transforming the current deduction to a credit that is more generous and that will encourage building owners and real estate investment trusts (REITs) to retrofit their properties. These changes could result in a ten-fold increase in commercial retrofit take up, leveraging job-creating investments.*

USGBC has long advocated for improving the existing tax incentives for efficiency of commercial buildings. Existing incentives are designed to encourage efficient new construction, but if we “retrofit-ified” these incentives so that they work for existing buildings, it would be a boon to the green building industry. We’ve been working furiously with our partners at the [Real Estate Roundtable](#) and [Natural Resources Defense Council](#) (NRDC), among others, on a proposal that will achieve the President’s goals, and you can expect to hear more about that soon. We’re also thrilled to see the Department of Energy moving forward with more workable methodologies for the existing deduction, which we requested in 2010 and again earlier this year.

More financing opportunities for commercial retrofits: *Access to financing is an important barrier to increased retrofit investment in some market segments. To address these gaps, the Small Business Administration is working to encourage existing lenders to take advantage of recently increased loan size limits to promote new energy efficiency retrofit loans for small businesses. The President’s Budget will also propose a new pilot program through the Department of Energy to “guarantee loans for energy efficiency upgrades at hospitals, schools and other commercial buildings.*

Loan guarantees for large commercial retrofits are also important to USGBC, being in both our [2010 report](#) and the [top 3 memo](#). The problem is that lenders are not comfortable with financing retrofits yet, since the improvements themselves have little collateral value, and the energy savings that will go directly to repayment are viewed skeptically by folks outside the building industry. So a building owner may identify a plethora of measures that pay for themselves in a short time from the value of energy saved, but they are unlikely to have the up-front money to invest in them and therefore must find a lender willing to lend to them. The issue isn’t the risk that the energy savings won’t materialize, but the risk the lending institutions see of default due to a lack of familiarity with retrofits. A loan guarantee would not only remedy this problem by convincing the lenders to lend, but it also would help bring retrofits to scale and help cut energy consumption by 20 percent or more.

“Race to Green” for state and municipal governments that streamline regulations and attract private investment for retrofit projects: *Much of the authority to alter codes, regulations, and performance standards relating to commercial energy efficiency lies in the jurisdiction of states and localities. The President’s Budget will propose new*

competitive grants to states and/or local governments that streamline standards, encouraging upgrades and attracting private sector investment.

USGBC and our 79 chapters work with state and local governments every day on commercial building policy. We advocate for better building codes, incentives for leadership and removing barriers to green building. We look forward to working with state and local governments as they go after these grants.

The Better Buildings Challenge: *The President is challenging CEOs and University Presidents to make their organizations leaders in saving energy, which will save them money and improve productivity. Partners will commit to a series of actions to make their facilities more efficient. They will in turn become eligible for benefits including public recognition, technical assistance, and best-practices sharing through a network of peers.*

USGBC's member companies are making buildings more efficient daily, but a little competition never hurt anyone, did it? Most of the details of the challenge have yet to be worked out, but you can rest assured that USGBC member companies will be in the thick of it.

Training the next generation of commercial building technology workers: *Using existing authorities, the Administration is currently working to implement a number of reforms, which include improving transparency around energy efficiency performance, launching a Building Construction Technology Extension Partnership modeled on the successful Manufacturing Extension Partnership at Commerce and providing more workforce training in areas such as energy auditing and building operations.*

The workforce development side of the green building industry is crucial, as our more than 162,000 LEED Professional Credential holders can attest. It takes the right type of building professional to design, build operate and maintain a high-performance green building. The new extension program will help the workforce reach the President's goals, and we look forward to the growth of the industry.