Harvard Study Explores Positive Impact of Green Government Buildings

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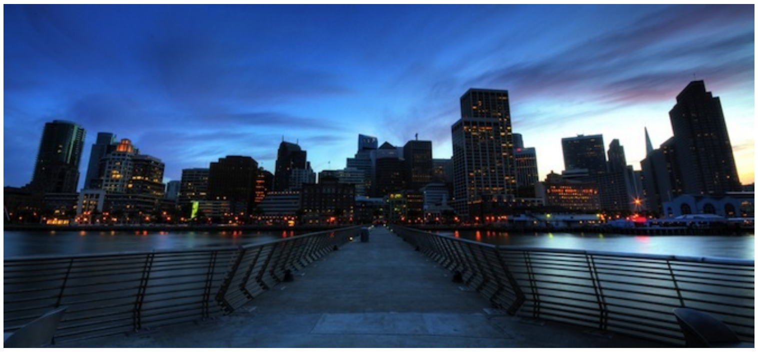

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What came first, the chicken or the egg? Is it the availability of charging stations that has slowed the growth of the electric car, or has it been the sluggish growth of the electric car market that has stifled investment in charging stations? In 1986, two researchers coined the term “excess inertia” to describe this market coordination challenge where inaction spurs inaction and waits patiently for a spark.

In a research paper recently published by the Harvard Business School, Harvard University professor Michael Toffel and Boston University professor Timothy Simcoe explore some of the excess inertia in the green building marketplace over the last decade and how one simple policy measure might be providing that much-needed spark. The authors examine if public investment in green government buildings has actually stimulated private investment, supply and market uptake of green building. After carefully reviewing construction data and demographic information from 735 California cities and ruling out green building incentives and other motivating factors, *their answer is a resounding “yes.”*

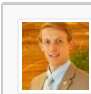
Simcoe and Toffel were very careful to control for factors that might skew their results. For example, they tossed out data from San Francisco, San Jose, Los Angeles and San Diego due to their unique size and the sophistication of their green building markets and policies. They were also careful not to conclude causation on private market uptake in other communities that already have a strong environmental conscience. It’s important to note that they actually found that these cities reacted no differently than those with a less demonstrated environmental record, which suggests that green public building commitments drive business decision-making, not simply environmental awareness or popularity for a particular green building program.

According to the study, green public building policies have led to a near doubling of the private market uptake of LEED in adopting communities as compared to their peers. Even more interesting is that a green public buildings commitment in one city has a “spillover” effect on neighboring communities within a certain radius, finding that nearby cities exhibit 61 percent greater private-sector LEED activity than their peers.

You can read the paper or the summary article to understand the research in greater detail. In essence, a government commitment to green sends a clear signal to local companies to supply products, services and professionals that can deliver a green building. In return, these companies market their new green products, services and professionals and unlock the latent demand stifled by the force of excess inertia.

This research paper has so much good news that I’ve decided to add one of Simcoe and Toffel’s analytical equations to my list of favorites. Yes, I think $Y_{it} = \alpha_i + \lambda_t + \beta\ GreenPolicyAdopted_{it} + \gamma \cdot X_{it} + \varepsilon_{it}$ has now bumped the quadratic formula to No. 2. I just wish it could also use my new favorite number…

Share the good news! Take advantage of USGBC’s *Leadership with LEED* campaign resources and get your government to commit to a green public buildings ordinance today!



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1 comment

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Jodi Smits Anderson

2 years 13 weeks ago

Past (2012) NY Upstate Chapter Chair, Past CSC, and Director of Sustainability Programs, DASNY

I was in a meeting awhile ago with Lisa Jackson, EPA speaking to many NYS government entities and nfps. She stated several times that government is the entity that should be out in front, should be willing to push the existing capabilities especially in buildings and investment in durable goods and long-term services. Government needs to be willing to take the risk in reaching to do better so that the general market develops a comfort level with diving in. This study shows that when government takes the first step, the comfort level is truly there and the ripples begin to be felt.

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