

[Legislating LEED](#)



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WEST MICHIGAN — A trio of bills being considered by the Michigan Senate could hold promise for encouraging more LEED-certified construction and development projects across the state.

As a recognized hub for LEED buildings, West Michigan is, of course, taking notice.

Under the proposed legislation, developers would be able to apply for a tax abatement increasing in value with the level of certification attained and applicable for up to 12 years. Basic LEED certified projects could get a 20-percent abatement, 30 percent for LEED silver, 40 percent for LEED gold, and 50 percent for LEED platinum.

Unlike the series of LEED-based tax credit bills introduced in 2008 and in 2009, this new package seems to have bipartisan support, said Pat Drueke, an attorney and shareholder at Rhoades McKee PC and a LEED accredited professional.

“It probably has a better than 50-percent chance in Lansing,” Drueke told MiBiz, noting it’s been touted as being revenue neutral. “From a developer’s standpoint, it gives them the ability to realize LEED certified construction perhaps earlier than the payback (they’d get) from energy improvements. It’s attractive to developers because of the ability to get more immediate economic incentive, as opposed to what they get as savings. This compacts that and can make a project go forward. It has nothing but a positive impact.”

When looking at financing options up front, developers might be more apt to seek LEED if they’re also getting some additional savings in taxes, he said. The abatement applies to any increase in taxable value resulting from the construction project or renovation. One of the bills also applies to projects on brownfields. Drueke hopes the lending community will also take notice.

And while the legislation certainly helps developers, some say it also could be thought of as another business attraction mechanism for West Michigan.

“This legislation could provide building owners the incentive to stay ahead of our competition, which is the other 49 states, as well as other countries,” Renae Hesselink, chair of the West Michigan Chapter of the U.S. Green Building Council and VP of sustainability at Nichols, told

MiBiz. “Having LEED buildings is an economic development tool that Michigan can use to attract new business to the state. Michigan — especially West Michigan — has been a leader in sustainable building design and our reputation is known nationally and internationally.

“Fortunately, we have had the benefit of several philanthropic community leaders with the passion for sustainability who have invested in many of our more than 110 LEED buildings in West Michigan. This leadership has been a catalyst for the growth of sustainability in Michigan and has helped demonstrate that sustainable buildings are part of our future.”

Construction companies are mostly positive about the measure as well, although the companies contacted for this article said the LEED abatement wouldn’t be a determining factor in whether or not a building project got off the ground. If the previous two bill introductions are any indication, this package certainly isn’t a surety.

While other sustainability standards like Green Globes and SPiRiT Award do exist, LEED seems to have garnered the most attention from the design+build industry and government.

“LEED has become the standard for measuring sustainability in the design and construction industry,” Bill Schoonveld, president of Owen-Ames-Kimball Co., told MiBiz. “That said, it typically doesn’t cost much more to use sustainable design and construction practices in the construction of buildings, leaving administration costs as the main cost in pursuing LEED certification. However, if this legislation passes, you may see more owners seeking a higher level of certification, Silver, Gold or Platinum because the upfront costs will be offset by the abatement.”

Scott Ferguson, a project manager at Rockford Construction Co. and a LEED accredited professional, agreed.

“The tax credit will ideally allow more owners to consider pursuing LEED certification for their buildings,” Ferguson told MiBiz. “This is a benefit not only for Rockford, but the entire community the buildings are located in.... Rockford would absolutely help owners pursue the tax credits associated with LEED certification. The tax credit is a great incentive to take a normal project and incorporate sustainable elements that might otherwise not be within reach of an owner’s budget.”