Hospitality lawyer on the real world cost of going green. “Cost” is the first and biggest excuse developers give for not getting LEED certification or beyond. Yet here is an actual case study of a real world project where the client actually saved several million dollars by building to the LEED Platinum standard! In this case, the magnitude of the savings was enhanced by special credits and incentives available from the State of Oregon, but Kip Richardson says there would still have been net savings of over $1 million without Oregon’s special benefits.

How can this be? Why wouldn’t everyone build a high performance LEED-certified building if they could save money? Is this just a matter of education or of dispelling old myths left over from first generation technologies now surpassed by second and third generation technologies? Here are some insights from a true leader in the field: Kip Richardson, Director of Business Development, Ankrom Moisan Associated Architects. Kip can be reached at (503) 892-7138 or kipr@amaa.com.

Going “Beyond LEED” in green hotel development. What do hospitality attorneys know about green hotel development, much less going “Beyond LEED”? Here at www.HotelLawBlog.com, we have a rich library of articles on green hotel development. (Just go to the blog, search down the right hand side for “Topics” and then click on “Green Hotels.”). But as we now publish the DVDs from our recent conference on green hotels — which are free to all conference attendees — we thought many of our readers would like to see the major PowerPoint presentations from our high-powered speakers, so we have published them here for your benefit. You will not want to miss this series of important presentations! (see The Hotel Developers Conference 2008 presented by the hotel lawyers of JMBM).

We have already provided one of Kip Richardson’s presentations from The Hotel Developers Conference 2008, and if you have not seen it, go to www.HotelLawBlog.com or click here to see what he has to say about Going Beyond LEED and The Future of Sustainable Design.

The Mirabella — like a hotel mixed-use project
The Mirabella is a $130 million, 31 story continuing care retirement community. Although not a hotel mixed-use project per se, it is a very hotel-like project developed in Portland’s South Waterfront by Pacific Retirement Services (PRS) and designed by Ankrom Moisan Architects. The project was designed collaboratively by architects and interior designers from both our senior housing and hospitality teams, so the project is relevant to the hospitality industry. The large, welcoming lobby includes a fine dining restaurant and the building includes a number of hospitality amenities, such as a pool, spa, movie theater and ground floor retail.

**Savings INCREASED as model went from LEED Silver to Gold to Platinum!**

At The Hotel Developers Conference™, Kip Richardson sharpened his pencil and showed the actual cost and savings of building The Mirabella as a LEED-certified project. In fact, in his presentation below, Kip shows us the financial modeling done on this project. The results? The client SAVINGS actually increased (from energy savings, incentives and other factors) as the project model moved from LEED silver to LEED gold and finally to LEED platinum.
In the accompanying presentation, Kip shares with us some of the strategies they devised to achieve LEED certification (giving a partial listing of approaches in both “Energy” and “Innovation” categories of LEED point system), and then shows the additional incremental cost for achieving the desired green status, and the more-than-offsetting savings.

**Summing it all up — What Kip is telling us**

Here is my “executive summary” of all the details in Kip's presentation.

**Q: Doesn’t it cost more to build a green building that qualifies for a level of LEED certification?**

**A:** Yes. In the case of The Mirabella, the additional cost to achieve LEED Platinum was approximately $1,125,000 more.

**Q: So how does a developer “save” by building to LEED platinum?**

**A:** By building to LEED platinum, the owner of the Mirabella saved $3,837,000 (from reduced utility costs and incentives). Thus the net savings from going Platinum was $2,712,000.

**Could this work anywhere?**

A number of States, like Oregon, have special incentives for green building which can certainly enhance the savings. But Kip looked at these unique benefits and concludes:

In the end, the net savings to our client was $2,700,000. Even if you remove the Oregon state incentives, which are not available in other states, the client still saved more than $1 million dollars, primarily in energy savings.

Until we have more experience, everyone should do their own careful cost-benefit analysis of building to LEED standards. But projects like The Mirabella suggest that you might be foolish if you don’t consider the cost — and the savings — of going green, maybe even LEED Platinum.

By the way, the savings from this LEED platinum building do not include any factor for avoiding building obsolescence when you build a non-green building. Nor do they factor in the premium rents and values green buildings may achieve as utility costs continue to rise, more people demand the benefits of working in a healthy environment, and government regulations make it more difficult and expensive to own and operate anything other than a high performance green building. And all of Kip’s calculations were based on energy costs when oil was well below $100 per barrel. So take a look at this compelling presentation and then do your own math.

**Kip Richardson presentation on “Saving Money by going LEED Platinum”**

Read this doc on Scribd: Kip Richardson – saving money by going platinum – with notes – Upload a doc
Thank you, Kip. Great work. Great presentation.

**JMBM’s Hotel Developers Conference**

For the past five years, the Global Hospitality Group® of Jeffer Mangels Butler and Marmaro LLP has presented The Hotel Developers Conference™. Each year, this high level conference focuses on a current, cutting-edge issues such as resort development, condo hotels, and hotel mixed-use. In 2008, the conference, supported by UNLV and the USGBC, Nevada chapter, was devoted solely to green hotel development, renovation and operation.

Some of the great presentations from this series by the hospitality lawyers at JMBM include the following:

* **Hospitality Lawyer Talks with The Ambrose Collection’s Deirdre Wallace on Going Green with an Existing Building**

* **Compelling economics of green hotels** by Gary Golla — going LEED Silver with a luxury hotel only costs 1/4% premium and provides 30% ROI plus 28% savings on energy, water and sewage for life of building.

* **Saving money by going LEED Platinum by Kip Richardson**

* **How to get LEED certification and make it pay (harvesting all the incentives) by Lynn Simon**

* **Beyond LEED: The Future of Sustainable Design by Kip Richardson**

* **The Orchards — Green Case studies in green hotel development and renovation by Stefan Mühle**

* **Demystifying LEED by Howard Wolff**

* **EPA Energy Star and other resources available to hotels by Stuart Brodsky**

And there are many more valuable articles at [www.HotelLawBlog.com](http://www.HotelLawBlog.com), particularly under the Topic of “Green Hotels.”

This is **Jim Butler**, author of [www.HotelLawBlog.com](http://www.HotelLawBlog.com) and hotel lawyer, signing off. We’ve done more than $50 billion of hotel transactions and more than 100 hotel mixed-used deals in the last 5 years alone. Who’s your hotel lawyer?

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**Our Perspective.** We represent developers, owners and lenders. We have helped our clients as business and legal advisors on more than $50 billion of hotel transactions, involving more than 1,000 properties all over the world. For more information, please contact **Jim Butler** at jbutler@jmbm.com or **310.201.3526**.

Jim Butler is one of the top hospitality attorneys in the world. GOOGLE “hotel lawyer” or “hotel mixed-use” or “condo hotel lawyer” and you will see why.

Jim devotes 100% of his practice to hospitality, representing hotel owners, developers and lenders. Jim leads JMBM’s Global Hospitality Group® — a team of 50 seasoned professionals with more than $50 billion of hotel transactional experience, involving more than 1,000 properties located around the globe. In the last 5 years alone, Jim and his team have assisted clients with more than 100 hotel mixed-use projects — frequently integrated with energizing lifestyle
elements.

Jim and his team are more than “just” great hotel lawyers. They are also hospitality consultants and business advisors. They are deal makers. They can help find the right operator or capital provider. They know who to call and how to reach them.

Jim is frequently quoted as an expert on hotel issues by national and industry publications such as The New York Times, The Wall Street Journal, Los Angeles Times, Forbes, BusinessWeek, and Hotel Business. He is the Conference Chairman of The Hotel Developers Conference™ and Meet the Money®.

Contact him at jbutler@jmbm.com or 310.201.3526. For his views on current industry issues, visit www.HotelLawBlog.com.