



# PORTLAND: IT PAYS TO BUILD GREEN

## An Overview of the Proposed High Performance Green Building Policy

### Introduction

Long before “sustainable” was a buzzword or a campaign platform, Portland was the most sustainable city in America. It is a title that the city still holds—and is working hard to keep. In 2001, Portland adopted a municipal green building policy, which it strengthened in 2005 to meet LEED Gold standards. The city is also second only to Chicago in number of LEED certified projects.

Still, in 2007, the city council directed the Office of Sustainable Development (now the [Bureau of Planning and Sustainability](#) (BPS)) to pursue a policy that would reduce the environmental impact of all buildings. Oregon’s energy code is a mini-max, meaning that no jurisdiction can go above or below it, so BPS decided to take a market-based approach to encouraging above-code construction. In early 2009, it released the [High Performance Green Building Policy](#) (“the Policy”) for public comment.

The city’s focus on its [Climate Action Plan](#), combined with the recession’s effect on construction, has postponed city council consideration of the Policy. In fall 2009, BPS will decide on a suitable timeframe for submitting it. Below are an overview of the Policy’s structure and an assessment of the best practices and lessons learned during the development process.

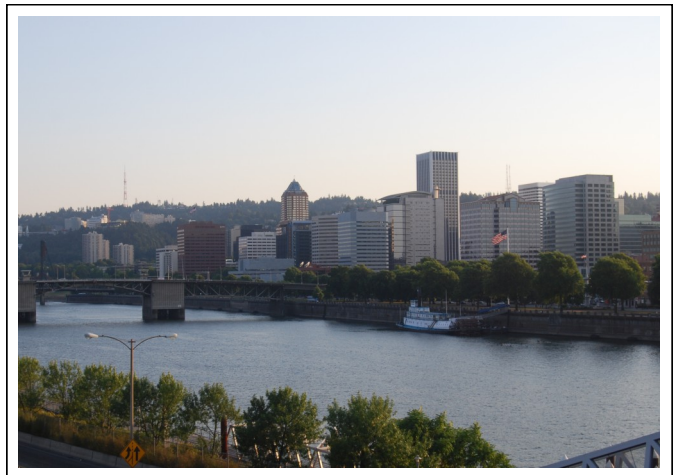
### Policy Overview

The Policy divides buildings into four categories. The most innovative section is the “feebate” for new commercial/multifamily residential construction, designed to reward commercial projects that employ green building practices. It applies to new commercial construction 20,000 square feet or larger and multifamily residential construction 5,000 square feet or larger, as well as significant renovations and additions. In its most basic form, the program divides building projects into three groups: 1) Those that meet the Oregon state code will be assessed a one-time fee per square foot (TBD); 2) Those that meet a green building standard (LEED Silver) plus additional energy and water efficiency requirements will receive a fee waiver; 3) Those that meet a high performance green standard (LEED Gold or Platinum, the Living Building Challenge) plus additional energy and water efficiency requirements will receive a rebate per square foot (TBD) through a green building fund established from the fees of non-green projects.

For new single-family residential construction, the Policy sets performance targets for the percentage of homes that meet [LEED for Homes](#) or [Earth Advantage](#) certification. The initial target is 20 percent, then 30 and 40 percent in each of the following years. If construction fails to reach these targets, BPS could introduce a similar “feebate” in which new homes must demonstrate various levels of certification from green building standards to qualify for a waiver or rebate.

The existing commercial/multifamily residential section identify properties that require energy and water efficiency upgrades. It requires buildings 20,000 square feet and larger to disclose an [Energy Star Portfolio Manager](#) environmental performance rating (1 to 100 scale) and whether they qualify for the Portland [Clean River Rewards](#) stormwater utility discount program. Buildings that receive below a 30 will work with BPS to find financial options to improve building performance.

Existing single-family residential buildings are exempt from the Policy, but BPS wants to pursue energy efficiency financing in the future. One option is [Clean Energy Works: Portland](#), a joint pilot project with Multnomah County, local utilities, and public interest financing groups that provides low-interest, long-term loans to homeowners for energy efficiency upgrades.



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## *Best Practices and Lessons Learned*

The Policy is an inventive attempt to improve building performance in the private sector. It is particularly relevant for states with restrictive state codes or in which [Dillon's rule](#) prohibits above-code adoption, as the “feebate” provides jurisdictions with an alternative means to encourage above-code construction.

The political challenges of adopting universal code improvements are formidable. The “feebate” avoids some of these issues because it is a market-based solution. In a standard market, the building community assumes more of the costs and receives fewer of the benefits of green building, at least directly. A “feebate” attempts to tip the scales, thereby eliminating or reducing additional cost. It still adds a potential cost, but, in theory, each building professional has an equal chance of avoiding it. Moreover, ideally, the policy is self-sustaining, which greatly improves its political appeal.

In developing the Policy, BPS officials highlighted the importance of making it adaptive. The world of green building changes rapidly, and energy codes and standards are moving targets. The Policy states that BPS will monitor annual performance and make adjustments as needed to stay on target with the city's long-term green building goals. In doing so, BPS built both flexibility and continuity into the Policy while avoiding the need for a long and tedious policy development process every few years.

The inclusion of a large, diverse stakeholder group was another practice that BPS officials cited as crucial to the process. Originally, BPS intended to develop a policy that focused on carbon emissions, so it put together a stakeholder group comprised of green building professionals. After resistance from others in the building community, however, BPS opened up the process to more involved stakeholders.

The advantage for the non-green building stakeholders was obvious: they now had a forum for sharing ideas, voicing concerns, and influencing the Policy as collaborators, not opponents. The partnership also introduced BPS to new perspectives and issues that informed their thinking and ultimately improved the Policy. Finally, together they built a strong working relationship that should enhance future cooperation.

The downside to any involved stakeholder process is that it takes longer to reach consensus and write a policy draft. In that time, political support can change. Still, a rushed policy that does not consider the concerns of those whom it would affect risks being ineffectual or even detrimental in practice.

One example of the benefit of collaborating with a broad stakeholder group is the new single-family residential performance target. After hearing concerns from homebuilders about the added difficulty of increased costs, BPS decided not to push through a “feebate” against their opposition. For their part, the homebuilders knew that a green building policy was inevitable and favored performance target options, which they saw as a more reasonable compromise.

Stakeholders also helped steer the policy towards green building itself. The building community argued that “green” was more marketable than “carbon emissions” and lobbied for LEED as a recognizable third-party standard. This, in turn, opened the Policy up to non-energy issues such as stormwater management, water conservation and indoor air quality, which BPS had not previously emphasized.

## *Conclusion*

For now, BPS and its stakeholders will continue to adjust the specific performance targets and financial mechanisms of the High Performance Green Building Policy as needed while they await city council approval. Once implemented, the Policy will further enhance the city's reputation as a green building leader. For more information, please contact [Vinh Mason](#) at the [Bureau of Planning and Sustainability](#).

All information for this resource was collected by Eric Plunkett during telephone interviews with city and regional representatives in June-August 2009, and using city, state, and national online resources.

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