

# Green Building Update

an Allen Matkins  
market intelligence  
publication

**Allen Matkins**  
attorneys at law

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## **California releases draft 'Scoping Plan' for AB 32**

*Business Green - October 17*

California's Global Warming Solutions Act of 2006 (AB 32) required the California Air Resources Board (ARB) to prepare a "Scoping Plan" to ensure the state meets its high-profile 2006 commitment to reduce emissions to 1990 levels by 2020. This week the ARB published its proposed [Scoping Plan](#) for approval by the end of 2008 and implementation by 2012.

The Scoping Plan includes the following proposals: (1) targets to ensure a third of the state's energy mix comes from renewable sources, (2) creates a cap-and-trade scheme modeled on the EU emissions trading scheme and may include six Western states to avoid having carbon intense industries relocate to neighboring states, (3) strengthens regulations on water use and fuel standards, (4) imposes a fee on citizens to fund the administrative costs of moving to a low carbon economy; (5) tightens regulation of emissions from shipping, (6) changes agricultural and forestry practices to improve sustainable land use, (7) expands recycling schemes, (8) encourages decreased urban sprawl; (9) improves public transport links; (10) provides feed-in tariffs for home and community renewable generation technologies, as well as further tax breaks for small cleantech businesses.

The Scoping Plan faces staunch opposition from some industry groups, but officials argue the plan will benefit the economy by increasing economic production by \$33 Billion above business-as-usual levels by 2020, with over 100,000 jobs being created as global demand for cleantech products rises.

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## **Green Building Focus**

### **Green Tax Incentives in \$700B Economic Stabilization Act**

On October 3, 2008 President Bush signed the \$700 Billion Emergency Economic Stabilization Act of 2008 (the "Act"). The Act includes tax incentives for energy efficient buildings and the production of alternative energy. Below is a brief summary of these tax incentives.

#### [Energy Efficient Commercial Buildings](#)

Taxpayers may deduct the costs of certain energy efficient products installed in commercial buildings before January 1, 2013. Depending on the energy savings generated by these products, the taxpayer may deduct up to \$1.80 per square foot of the floor area of the building. However, the taxpayer must reduce its basis in the property by the amount of the deduction. In the case of energy efficient commercial building property owned by a public entity, the deduction may be allocated to the person primarily responsible for designing the property rather than the public entity.

#### [Incentives for Solar and Other Alternative Energy Products](#)

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Editor

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Events

#### **[Los Angeles Business Council ANNUAL SUSTAINABILITY SUMMIT](#)**

**November 14, 2008**

7:30 AM - 2:00 PM

Harold M. Williams Auditorium  
The Getty Center

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Allen Matkins Leck Gamble Mallory & Natsis LLP, founded in 1977, is a California law firm with over 240 attorneys practicing out of seven offices in California. The firm's broad based areas of focus include construction, corporate, real estate, project finance, business litigation, taxation, land use, environmental, bankruptcy and creditors' rights, and employment and labor law. [More...](#)



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The Act includes extensions and other modifications to tax credits relating to the installation of solar and alternative energy products. [Businesses](#), including certain public utilities, may be eligible for a tax credit of up to 30% for the costs of equipment used in the production of energy from solar and other alternative energy products. This credit is available for solar energy property placed in service prior to January 1, 2017. [Individuals](#) who purchase solar energy products for certain home uses may be entitled to a tax credit. A 30% tax credit applies for the purchase of certain property that uses solar energy to produce electricity ("solar electric property") or to heat water ("solar water heaters"). The credit for solar water heaters is limited to \$2,000. A similar credit applies for the costs of installing wind turbines that generate electricity for the taxpayer's residence.

This summary was prepared by [Paul Obico](#) and [Aman Badyal](#) of the [Allen Matkins' tax department](#).

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## **[19 cities in California have green building codes in place](#)**

*Keller Williams Realty - October 13*

There are currently 19 Cities in the state of California that have Green Building Ordinances in place, and a blogger with Keller Williams Realty suggests there may be more to come. These Cities have made it Mandatory to build Green.

## **[Museum is largest LEED platinum building in the world](#)**

*Green Building Elements - October 10*

The Academy of Sciences Museum in San Francisco is the largest LEED Platinum building in the world. The new aquariums contain twice as much water as the original aquarium, however the museum uses less potable water because of filtration and recycling systems that purify water piped in from the Pacific Ocean. The museum purifies the nitrate wastes using natural systems, ensuring that aquarium water can be recycled and reused. Also, the museum uses 50% recycled content for the aquarium's concrete.

## **[Santa Fe follows Albuquerque and suspends green building code](#)**

*iStock Analyst - October 17*

Santa Fe's green building code was put on hold after a federal district judge granted a temporary injunction to stop Albuquerque from implementing its new green building code. Albuquerque's green building code was to take effect on Oct. 1. The Air Conditioning, Heating and Refrigeration Institute and several distributors sued Albuquerque on Aug. 29 over its green building code claiming it sets energy efficiency standards for furnaces, water heaters and air conditioners that are more stringent than those allowed under federal law. Santa Fe wants to avoid a similar lawsuit. To make sure the city's proposed code won't be challenged on the same grounds as Albuquerque's, a certified [HERS rater](#) is testing Santa Fe's green building code on computer-modeled homes.

## **[Deloitte survey shows benefits of green retrofitting](#)**

*Triple Pundit - October 9*

Green real estate consultant Charles Lockwood and Deloitte conducted a green survey in 2007. Sixteen organizations that underwent a LEED-certified green building retrofit participated in the survey. Seventy-three percent of respondents reported that they achieved cost reductions as a result of their green retrofits. Most of the survey respondents paid a cost premium of 10 percent or less for their green retrofits. Eighty-seven percent reported that workforce productivity improved. One hundred percent reported that goodwill/brand equity increased. Seventy-five percent reported their employees' health improved. Eighty-one percent experienced greater employee retention. The Deloitte survey highlighted Adobe Systems, who green retrofitted its headquarters. The retrofit saves Adobe \$1.2 million annually.

### **Green jobs facing living wage issues**

*Greener Buildings - October 16*

A number of nonprofit advocacy groups, such as the Apollo Alliance, Green for All, and labor unions, such as the Service Employees International Union, are working to ensure that opportunities due to a growing green economy will not bypass workers, especially those at the lower end of the wage scale. However, many businesses believe that if they unilaterally raise the wages and benefits for their workers they will no longer be cost competitive. In many parts of the country, if a "living wage" is provided, the business may be priced out of the market, even with the greenest of green customers.

### **South Africa to launch green building rating system**

*The Daily Dispatch - October 20*

South Africa will launch a green building rating system to architects and property developers. The rating system is based on a similar program currently in operation in Australia and was adopted because climatic conditions are much the same in the two countries. The Australian green building council has offered South African considerable assistance in establishing a South African version of the rating system.

### **UK Green Building Council urges green housing agenda**

*bsj online - October 13*

The UK The Green Building Council (GBC) urged its government to make improvements in existing UK housing to meet carbon reduction targets. Mark Brown, Director of the Energy Efficiency Partnership for Homes said: "To meet ambitious carbon saving targets in the housing sector, we need a confident delivery supply chain that will invest in the necessary capacity and skills. The current myriad of incentive schemes, funding programs and policy drivers has not made it easy for the supply chain to deliver effectively and for householders to take action."

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#### **Notable green building projects...**

##### **Giant Eagle supermarket becomes first LEED gold grocer**

Supermarket retailer Giant Eagle earned LEED Gold status for a store in Columbus, the first to receive such a high LEED rating from the U.S. Green Building Council, according to Greener Buildings. The 75,000-

square-foot store opened in August 2007.

#### **A dozen PNC branches earn LEED certification**

Twelve Green Branches of the PNC Financial Services Group have received LEED certification, bringing the firm's total of eco-friendly buildings to 55, according to the U.S. Green Building Council.

#### **Largest solar installation at California winery**

Gonzalez winery of Monterey County installed a 170,000 square foot solar system which will become the largest solar installation at a winery, according to Green Building Elements. The 1.2 megawatt solar system, built by Pacific Power Management, will provide about 50 percent of the winery's total energy which translates to carbon reductions equal to planting 2,500 acres of trees or taking 2,083 cars off the road.

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