

January 18, 2013

Hon. **Dave Upthegrove**, Chairman, House Committee on Environment
Hon. **Jeff Morris, Shelly Short**, Members, House Committee on Environment
Scott Richards, Committee Research Analyst
268A John L. O'Brien Building PO Box 40600
Olympia, WA 98504-0600

RE: Request of Committee Chairman Upthegrove to provide details regarding oral
Testimony on HB 1017: *Increasing Jobs & Wages Through Green Buildings*

Dear Chairman Upthegrove, Committee Members Morris & Short & Mr. Richards:

In response to Chairman Upthegrove's request for additional information to support statements made by Mr. Craig Stevenson of the International Code Council including that adoption of the International Green Construction Code (IgCC) will positively affect access to Cheaper Capital and result in accelerated job creation for Washington State, I offer the following comments.

Capital Markets Partnership (CMP) and its 70+ Partners comprising financial institutions (JPMorgan Chase, Wells Fargo, Citi, UBS, et al.), government, ENGOs and professional firms developed the National Consensus *Green Building Underwriting Standards* and method for calculating the *Green Value Score*.

IgCC was incorporated into the Commercial Green Building Underwriting Standard and its Green Value Score, and a Green Building Cheaper Cost of Capital Program was recently launched for IgCC comparable to that for LEED ND: http://www.cnu.org/cmp_pilot

The *Appraisal Institute* uses the Underwriting *Green Value Score* in its *Green Building Valuation Scope of Services*. The Scope is the Institute's underwriting process recognizing green building attributes increasing cash flow and reducing risk. Such attributes include energy and water efficiency, onsite green power, commissioning, proximity to transit, construction waste reduction, integrative process, and climate neutral operations; the IgCC contains these qualifying provisions. The Institute's Scope of Services is being used to value green buildings in the market.

IgCC is uniquely qualified as the only code named in the *Green Building Underwriting Standard*. The Standard has an equivalency provision allowing other Codes and Standards to be incorporated and the Standard also recognizes LEED. The Standard complies with national green building financing requirements of the Office of the Comptroller of the Currency, Federal Housing Finance Agency, and Federal Trade Commission. IgCC is recognized as containing the necessary components/attributes in the menu of sustainable characteristics that make it a full-scope and comprehensive green and sustainable code/standard specifically recognized in the Underwriting Standard.

Peer-reviewed Wall Street due diligence released at the New York Stock Exchange documented nationwide pent-up and substantial green building financing demand and calculated that 800,000 new jobs and \$400 Billion in new wages will be created by national green building financing. The

due diligence also documented with national statistically validated data, that green buildings are more profitable, less risky, preferred by investors with highest rents, occupancy and valuation.

National financing in the form of green building securities was launched on September 28, 2012 by Citi, TIAA-CREF (a \$600B investor), the States led by the Pennsylvania Treasurer and State of California, Federal Home Loan Bank, Jones Lang LaSalle, Fireman's Fund, Minneapolis, National Wildlife Federation, and Capital Markets Partnership. Washington State compliance with IgCC through Cheaper Cost Capital incentives will create an expected 20,000 new jobs and \$15B in new wages.

CMP and its Wall Street due diligence also documented with the State of California, IPCC Scientists, NASA, and Harvard that at least 6 gigatons of climate pollution must be reduced in the next several years to stop irreversible, unmanageable, dangerous climate change. This equates to 4 million commercial green buildings with a 40% reduction in carbon. This means to meet the challenge, the Washington State component requires about 130,000 commercial new or renovated buildings to meet or exceed green building codes, e.g. IgCC, LEED, or equivalent.

In an effort led by Vulcan, Inc., Bullitt Foundation, NEEA, Urban Land Institute Northwest, National Wildlife Federation, Fireman's Fund, Environmental Bankers Association, and Capital Markets Partnership, workshops were conducted in Seattle and Portland last year on Green Building Underwriting and the ANSI integrative Process Standard. Participants agreed that green building underwriting best practices allow construction and operations to be cheaper than conventional buildings and less risky. Fireman's Fund issued a Statement indicating that Integrative Process also reduces risk. The other green building underwriting attributes noted above not only increase cash flow but reduce risk.

Deutsche Bank and Wells Fargo are on record stating that the biggest risk to conventional buildings is obsolescence from green buildings much like in the past with buildings without air conditioning or elevators. At the National Financing Launch, McGraw-Hill stated in its recent Green Building Market report that green buildings are over 40% of all new and retrofit commercial building construction. Moreover in the homes sector, the top 20 publicly traded homebuilders build 100% green homes (*National Financing White Paper, CMP 2012*).

Attached is the Capital Markets Partnership Fact Sheet as background. I hope this letter is useful, and we would be pleased to provide more information or answer questions. Thank you for the opportunity to submit data that may assist your informed decision-making.

Very truly yours,



Mike Italiano, CEO, Capital Markets Partnership
Founder, US Green Building Council

cc: **Hon. Jay Inslee**, Governor
Hon. Gavin Newsom, California Lieutenant Governor, CMP Chairman
Vickie Tillman, CMP Vice Chair, former S&P Global Ratings Head
Kraig Stevenson, International Code Council