



RHarper Consulting Update

Lean, Green Development

As new project development opportunities emerge, one of the primary considerations is sustainable design. Personal experience over the past several months proves to me that owners are not opting for green building certification unless zoning or permitting requirements force them to; further, some design firms and construction managers are becoming wary of, or are shying away from, achieving higher levels of certification rather than facing a potential breach of contract claim if the certifying entity differs in final interpretation of the certification requirements. Most owners instead are opting for the design and use of economically desirable sustainable measures.



Roger Harper, Principal of RHarper Consulting Group, provides development consulting services to the senior housing industry.

While there are no hard and fast rules with respect to life cycle costs vs. first costs or other methods of measuring economic impacts, generally the owners with whom I am working are looking at three-year payback periods, or five years at the outside. Another factor is the extent to which sustainable design and construction are embraced by the end users - most importantly, the value they may attach to specific "green" or sustainable features. Both residential and commercial customers ultimately evaluate the purchase price against other comparable products; the market is the final judge of sustainable building requirements' value.

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The challenge here is achieving a balance between sustainability and perceived value. Over time, the portfolio of sustainable elements that achieve these targets of perceived value vs. cost is growing. Consider the wide acceptance in just a few years of compact fluorescent lights, low VOC finish products, green roofs, and Energy Star appliances; clearly, the market has accepted these products as providing value commensurate with higher marginal costs, and as the volume has increased, the marginal costs have dropped substantially, In most cases these are hardly premium choices any longer.

In contrast, I have recently gone through the process of studying a major rehabilitation on an existing residential multi-family property, where we evaluated replacing individual heat pumps in the units with geothermal systems, water source heat pumps, or another more energy-efficient system. For a number of reasons, all eventually having to do with capital costs, we opted to replace the existing systems with more efficient individual heat pumps. The capital outlay and disruption to existing residents involved with using one of the other alternatives was simply economically infeasible.

The most cost-effective, energy-efficient, and sustainable upgrades we have undertaken on the project are improvements to the building envelope. Replacement of existing windows with more efficient thermal properties, replacement of the roof system with energy-efficient roofing and increased insulation, new exterior door systems, and installation of a cogeneration system are all "no brainers." We are also strongly considering solar hot water electricity systems, as well as green roofs in certain areas.

In today's economy, new construction and substantial rehabilitation projects have much higher return and equity hurdles to overcome. Choosing the leanest, most cost-effective systems and material choices is simply good business practice. Sustainability should be considered a process, and not a goal in and of itself. Make it lean and green, please!

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.

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