

**Real Estate Industry Supports  
ENERGY STAR Funding in EPA's FY'18 Budget**

March 30, 2017

The Honorable Thad Cochran  
Chairman, Appropriations Committee  
U.S. Senate

The Honorable Patrick Leahy  
Ranking Member, Appropriations Committee  
U.S. Senate

The Honorable Rodney Frelinghuysen  
Chairman, Appropriations Committee  
U.S. House of Representatives

The Honorable Nita Lowey  
Ranking Member, Appropriations Committee  
U.S. House of Representatives

The Honorable Lisa Murkowski  
Chairman, Interior and Environment  
Appropriations Subcommittee  
U.S. Senate

The Honorable Tom Udall  
Ranking Member, Interior and Environment  
Appropriations Subcommittee  
U.S. Senate

The Honorable Ken Calvert  
Chairman, Interior and Environment  
Appropriations Subcommittee  
U.S. House of Representatives

The Honorable Betty McCollum  
Ranking Member, Interior and Environment  
Appropriations Subcommittee  
U.S. House of Representatives

Dear Chairmen and Ranking Members:

Our undersigned organizations represent the U.S. real estate industry. We represent members involved in almost every aspect of residential and commercial real estate development, design, construction, ownership, management, finance, brokerage, contracting, renovation, and building product supply. Our members provide the homes, apartments, offices, health care facilities, hotels, shopping malls, and industrial sites where the American people live, work, and play.

**We support the ENERGY STAR buildings program run by the Environmental Protection Agency (EPA). We urge Congress to maintain the program's funding at its current levels in FY'18.** ENERGY STAR is the pre-eminent program to foster high performance in U.S. buildings, help create jobs in the energy efficiency field, improve the nation's energy security—and save money for families and businesses.

Please consider the business and economics case for the ENERGY STAR program:

- ***ENERGY STAR is a voluntary program that fosters partnerships with private sector companies to avoid energy waste.*** It encourages energy savings and innovation driven by free-market demand, not through federal regulations or mandates. Created in 1992, 85% of consumers now recognize ENERGY STAR as a trustworthy brand. More than 7,400 partner organizations – including 57% of the Fortune 100® – participate in the ENERGY STAR program. Real estate businesses use it to give their properties

a competitive advantage in markets across the U.S. to brand their assets as leaders in innovation and energy efficient building technologies. Currently, 29,500 buildings representing 4.34 billion square feet of buildings are ENERGY STAR certified.

- ***ENERGY STAR provides well-paying American manufacturing, construction, and service jobs.*** An estimated 2.2 million jobs are attributable to employment in the energy efficiency field. Manufacturing, construction, and retrofitting related to ENERGY STAR products and services account for a great majority of these jobs. The number of these jobs is growing as innovations rise related to energy efficient equipment and building technologies.
- ***ENERGY STAR saves billions of dollars for families and businesses on monthly bills.*** In 2015 alone, U.S. businesses cumulatively saved \$3.4 billion on utility bills through the ENERGY STAR buildings program. Families and businesses have saved more than \$430 billion dollars in utility bills since the program's start. Additionally, apartment properties that receive the ENERGY STAR designation can qualify for concessional financing terms because lenders understand that the ENERGY STAR rating is a surrogate for a carefully managed asset.
- ***ENERGY STAR enhances the nation's energy security and encourages resilient buildings and infrastructure.*** In 2014, EPA's ENERGY STAR efforts helped Americans save more than 360 billion kilowatt-hours (kWh)—about 5 percent of total U.S. electricity demand at minimal cost to taxpayers. Avoiding energy use, and reducing wasteful electricity and gas consumption, as enabled by ENERGY STAR makes our country more secure. Moreover, ENERGY STAR's platform for reduced energy use places less strain on the electricity grid and makes our nation's centralized power infrastructure more resilient.
- ***ENERGY STAR buildings tend to be sought by certain institutional investors.*** A growing number of domestic and overseas investors—such as banks, pension plans, mutual fund managers, endowments and sovereign wealth funds—who invest in U.S. real estate look for buildings that are both profitable and sustainable. ENERGY STAR-rated buildings have thus become an important indicator for profitable and sustainable real estate assets. A number of studies show that ENERGY STAR buildings command higher rents from commercial tenants who commit to longer lease terms compared to non-certified buildings. Moreover, a burgeoning number of corporate reporting and disclosure standards align with ENERGY STAR ratings as a signal for investors seeking metrics for top performing buildings.
- ***ENERGY STAR establishes a real estate industry standard to measure energy and water use in buildings.*** Often called “TurboTax for energy management,” Portfolio Manager is EPA's free, online tool for building owners and managers to understand how their properties operate and how to improve their economic performance. Fifty percent of U.S. commercial floor space uses Portfolio Manager to track energy, water and waste consumption. Approximately 500,000 buildings representing 44 billion square feet of commercial floor space use EPA's benchmarking tool. Half of the Fortune 100<sup>®</sup>, half of

the largest U.S. healthcare organizations, major league sports teams, colleges and universities, and entire cities use Portfolio Manager.

- ***ENERGY STAR is the basis for overwhelmingly bipartisan legislation that Congress passed last term.*** The signature energy policy of the 114th Congress is the “Energy Efficiency Improvement Act” (H.R. 2126), which passed the House in 2014 by an overwhelming bipartisan margin (375-36), and then the House again and the Senate by simple voice votes in each chamber in 2015. The bill creates a program called “Tenant Star” intended by Congress to amplify ENERGY STAR’s impressive successes at the “whole building” level and translate the platform for optimal energy efficiency for leased spaces within commercial buildings. De-funding ENERGY STAR would undermine Congress’s key “Tenant Star” achievement.

Thank you for considering our organizations’ request to continue the necessary financial support for the ENERGY STAR program.

Cc: Members of the Appropriations Committees of the  
U.S. Senate and U.S. House of Representatives

**American Hotel & Lodging Association**  
**American Institute of Architects**  
**American Seniors Housing Association**  
**Building Owners and Managers Association (BOMA) International**  
**Institute of Real Estate Management**  
**International Council of Shopping Centers**  
**Leading Builders of America**  
**NAIOP, Commercial Real Estate Development Association**  
**National Apartment Association**  
**National Association of Home Builders**  
**National Association of Real Estate Investment Trusts**  
**National Leased Housing Association**  
**National Multifamily Housing Council**  
**Real Estate Board of New York**  
**The Real Estate Roundtable**