



April 22, 2010

City of Santa Barbara  
P.O. Box 1990  
Santa Barbara, CA 93101

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## HOW MUCH DOES GREEN BUILDING REALLY COST?

Green building skeptics sometimes argue that it's difficult or even impossible to build green without paying a big cost premium. But real-world examples show that you can complete a Built Green certified green building project for an average of 2 percent more in upfront costs, and often times even below standard market construction costs. Plus, any extra first costs you pay can be recovered through faster lease-up rates, rental premiums and increased market valuation. And by making experienced green building professionals a part of your team and learning to control costs, you can escape paying any green premium at all.

A green building saves through lower operating costs over the life of the building. The green building approach applies a project life cycle cost analysis for determining the appropriate up-front expenditure. This analytical method calculates costs over the useful life of the asset. Even with a tight budget, many green building measures can be incorporated with minimal or zero increased up-front costs and they can yield enormous savings. A Built Green 3-Star versus 2-Star rating roughly doubles the energy savings and reduces the monthly debt and utility costs.

A 2004 study by Davis Langdon Adamson, a construction cost-planning and management company, found that the first costs of constructing a sustainable building tend to match or only slightly exceed those of comparable non-green buildings. The study, *Costing Green: A Comprehensive Cost Database and Budgeting Methodology*, measured the square-foot construction costs of 61 buildings seeking certification under the USGBC - LEED green building rating system against those of buildings of similar type that did not aim for sustainability. Taking into account a range of construction factors including climate, location, market conditions and local standards, the study found that for many of the green projects, pursuing LEED certification had little or no budgetary impact.

The study's findings also underline that incorporating and integrating green features into a project early is critical to the success of any green building project. "It is the choices made during design which will ultimately determine whether a building can be sustainable, not the budget set," the report concluded.

In addition, in order to accurately evaluate the impact of green building on your budget, it's important to look beyond first costs. Increasingly, architects, builders and procurement specialists are using "life-cycle assessments" (LCA) to evaluate and quantify the economic and environmental costs and benefits of materials and products over their lives. LCA analysis methods are becoming more standardized and tools are emerging to provide comparable product-level evaluations.

We welcome your questions and comments.

Sincerely,

Karin Perissinotto  
President, Built Green Santa Barbara

914 A Santa Barbara Street  
P.O. Box 23409  
Santa Barbara, CA 93121  
Office 805-884-1100  
Fax 805-884-1108  
[www.builtgreensb.org](http://www.builtgreensb.org)  
[info@builtgreensb.org](mailto:info@builtgreensb.org)