

Developers See
Opportunity Despite
Lending Jitters

Finance Experts
Say Caution
Is the Keyword

Green Residential
Catches On
As Options Increase

Real Estate

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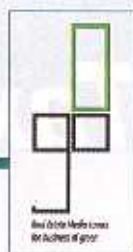
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World Trade Center Site Begins Taking Form

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THE COMFORTS OF HOME

Eco-friendly residential emerges as the industry brings buyers and renters up to speed

By Paul Bubny
Editor

A green building may be a nice place to work, but would you want to live there? It's a question that some residential developers and brokers are answering yes, while acknowledging that potential tenants may not understand the specifics even if they endorse the concept.

"There's a huge learning curve not only for potential homebuyers, but also for us, because the technologies are continuously changing and the sentiments about the technologies are also changing," says Chris Moss, founder of Moss Real Estate Group, an environmentally conscious commercial and residential brokerage firm.

Adds Gary Silver, president of Gary Silver Architects, "I don't know that people really have an idea of how much the whole green concept encompasses. It's high on their priority list, but I don't know if they think of it as an energy efficient building as opposed to a building that's healthier and provides materials that are less toxic. As they understand all that the green moniker encompasses, it becomes more and more important to them. Young people already have it on their radar." Silver's company is partnering with Silverpoint Builders Corp. to develop Observatory Place, a 38-unit condominium at 2021 First Ave. and reportedly the first green residential building in East Harlem.

Education can help increase awareness, and Silver says the website for Observatory Place will include a link to a more detailed description of the green elements that will be incorporated into the project, so that prospective homebuyers "can get a better idea of what



The Sheldrake Organization is aiming for LEED Platinum certification on Riverhouse at 1 Rockefeller Park in Battery Park City. However, the luxury condominium was also designed to appeal to tenants for whom eco-friendliness is a secondary consideration.



NEWS WATCH

it means." Moss Real Estate hopes to lead by example: "The idea is that we ourselves are a green company," says Moss. "We're environmentally conscious, we're socially conscious and we try to exist by an evolved business model. Does that wear off with our clients? I hope so."

He adds, however, "We're not preaching to these people. We don't tell them, 'You should do this' or 'You should buy that.'" Instead, the firm's brokers ask clients to consider the possibilities of green housing.

Openness to eco-friendly dwelling still comes with a couple of lingering perceptions among prospective buyers and renters. One is that the terms "green" and "design" are not mutually exclusive. "Before, if you had a green building, it had a connotation of not being highly designed," says J. Christopher Daly, president of the Sheldrake Organization, which plans a November opening for its 264-unit Riverhouse at 1 Rockefeller Park in Battery Park City. "It was seen, as something a little more 'fruits and nuts' than what people in metropolitan New York would be accustomed to."

Sheldrake's solution with Riverhouse—which is aiming for LEED Platinum certification—was to produce a building that could appeal equally to either environmentally conscious or style-conscious tenants. "If it were someone who was really intent on cutting edge design in their choice of an apartment, the added bonus would be 'P.S. it happens to be the greenest apartment building in New York,'" says Daly. "If we went toward someone who was entirely green, then the push was that they could tell their friends, 'I'm living in this entirely green building—and look at the design, too.'"

A plus for residential developers looking to go green, Daly says, is that "A lot of designers have taken a hard look at the materials they use and some of the most talented people right now are designing all kinds of materials for green living. These designers realize that when they do something very highly skilled, very well designed, the marketplace is there for it immediately."

This realization increasingly is matched by consumer awareness. "We have reached the point that consumers understand that sustainable features don't make products any less functional and therefore any less desirable," says David Penick, vice president of Hines, which with RFR Holding is developing One Jackson Square in the West Village. "This is as a result of environmentally sustainable products penetrating the market in many areas. Energy-efficiency does not mean that refrigerators work less well, for example. In fact, often these well-thought out appliances outperform their less efficient competitors. Can anyone tell the difference between recycled glass and glass that has

RealShare Speakers: Green Is "Imperative"

The benefits of developing and owning a green building are undeniable, and the need for environmental change in US production practices is no longer disputable. That was the consensus of opinion from experts sharing their views at Real Estate Media's inaugural RealShare Green Buildings conference earlier this month. For years, they said, the industry has been slow to embrace the idea of green buildings, but awareness continues to grow stronger.

Currently more than 65 local governments have made a commitment to LEED standards in building construction, with some reducing the entitlement process by as much as one year and offering advantageous tax credits. Annual energy costs—a major office building expense—are reduced by as much as 30% and perhaps more with new and forthcoming technology.

"It is imperative to adopt green buildings," said Fiona Cousins, chair of the New York Chapter of the US Green Building Council, in her opening address. The conference, titled "The Greening of New York City Commercial Real Estate: Making a Profit While Making a Difference," was cosponsored by RealShare and *Real Estate New York*. It focused on how building owners, investors and developers can both better their ROI and the environment by adopting green buildings standards on both new developments and existing buildings.

Cousins, a leading voice in the converging green building/commercial real estate arena, pointed out to the more than 120 attendees that going green is becoming a prevalent issue in many businesses and growing rapidly throughout the country. Green building tenant attraction and retention continues to grow stronger, as major tenants increasingly favor healthier air quality over luxury amenities in premium properties, making a green building a better long-term value.

Following Cousins' address, Robert Freedman, president and CEO of GVA Williams, moderated a panel to discuss these issues. Panelists included: Steve Piguat, director of sustainability at Tishman Spitzer; Stephen Rizzo, director of CodeGreen; Michael Gubbins, VP and director of residential management at Albanese Organization Inc.; Steven Winter, founder of Steven Winter Associates Inc.; Nick Stofatis, director of asset management at TIAA-CREF; and Laurie Kerr, senior policy advisor for the City of New York's Long-Term Planning Office.

—Natalie Dolce, *GlobeSt.com*

South Bronx Gets LEED-Certified Homes

Morrisania Homes, a 64-unit complex in the South Bronx that is reportedly the state's first green affordable housing development, opened its doors to residents in August. Comprised of 16 three- and eight two-family houses, Morrisania Homes qualified for LEED for Homes designation from the US Green Buildings Council. It is being developed by Blue Sea Development through the Housing Partnership Development Corporation's Partnership New Homes Program and financed through the New York State Affordable Housing Corporation.

These homes are affordable to families of four earning approximately \$42,000 per year, and meet LEED-H requirements for water efficiency, sustainable site planning, energy, materials and resources, indoor environmental quality and design process. All of the homes' indoor features are Energy Star certified.

"The Morrisania Homes show that affordable housing can also be sustainable housing," said Mayor Michael Bloomberg at the Aug. 14 ribbon cutting. "As we work to build housing for the million new people expected to come to New York by 2030, we need to ensure

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Metro Green Apartments, to be built as part of a green mixed-use complex in Stamford, CT, will include both affordable and market-rate housing units.

not been recycled?"

As another example, residents in green spaces do not necessarily have to give up their cherished hardwood floors. Toronto-based Floorworks, which is about to open a Manhattan showroom, gets its wood from an Indonesian source which is audited to ensure environmental compliance and from a Forest Stewardship Council-certified reforestation effort in Panama. The wood is cooked rather than stained and is finished with oil rather than polyurethane. This practice not only lowers the flooring's VOC content but renders it more durable as well, says company president Brian Greenberg.

Talk of sophisticated materials in green residential buildings may fuel another consumer perception: that the mortgages or rents will be higher due to the added expenses in construction. "There is a certain amount of incremental cost associated with sustainably correct materials, but this cost is coming down," says Penick. "It is now equally expensive, for example, to purchase Energy Star-rated appliances or less efficient models; and they work equally well if not better. Where there is added cost associated with sustainable design, the balancing effect is the reduced operating cost conferred by better and more efficient building materials and systems."

Moss calls cost and design consideration "very valid concerns. When people are looking for a green property, they're usually driven by a specific purpose. It may be a company, for example, that wants to conform to a responsible business model. If it's a mother with twin babies, she may be considering that she had allergic reaction to environmental toxins and she wants to avoid that for her children. If it's somebody who just wants to do their part in healing the planet, that's what drives them. They may even deal with the fact that there are some negative points. Maybe the building's not in the location they want or maybe it's slightly more expensive, and they're willing to pay that."

Silver points out, "One of the largest investments is actually going

through the process with the US Green Building Council and getting the LEED certification. Very often it's more costly than using a green material versus a conventional material. So for a small building, the undertaking is kind of daunting. It's another consultant for them to hire, and a whole other cost package."

Daly predicts that higher prices or no, residential tenants will realize a long-term benefit as green properties hold their value—as will the landlords. "In 20 years or even 10 years, I think there's going to be a penalty enacted in the marketplace for buildings that aren't green or

"In 20 years or even 10 years, there's going to be a penalty in the marketplace for buildings that aren't green."

J. Christopher Daly—The Sheldrake Organization

haven't devised a way to adapt," he says.

What makes a residential building green? Penick offers some specifics from the 35-unit One Jackson, among them a literally green roof, i.e. a roof covered with sedum, bushes, grasses or even lawn. "A vegetated roof reduces storm water runoff, provides relief from heat in summer and reduces the 'heat island' effect, which is of particular concern in high density urban areas," he says, adding that it can provide "a small reduc-

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tion in heating and cooling requirements." (Riverhouse and Observatory Place are also topped by green roofs.)

Penick says energy-efficient building systems and appliances are part of the equation at One Jackson, along with building materials containing a minimum 10% post consumer/post industrial recycled content. "Recycled content in materials reuses what would most likely be considered waste, thereby preventing additional landfill deposits," he adds. The project also employs "building materials with minimum 20% of value extracted, processed and manufactured regionally. Using products that are made from local materials and manufactured locally reduces energy and transportation costs in bringing them to the site. It also helps promote the local economy."

Low-VOC adhesives, sealants, paints and coatings also figure in a green residential space such as One Jackson, as well as lighting and



Green interiors in a project such as Hines' One Jackson Square in the West Village include everything from low-VOC paints to energy efficient lighting and HVAC systems.

HVAC systems with "easy-to-use local controls, maximizing comfort while enabling users to reduced energy consumption when appropriate, including in building common areas," says Penick. "Exterior low E glass provides daylighting—allowing daylight into interior spaces to reduce the need for artificial light—and minimizes heat gain and loss."

Adds Penick, "The management of the construction process also contributes to a sustainable building. Implementing an indoor air quality program during construction and before occupancy ensures that the building's mechanical systems are not laden with construction debris and dust. This ensures a more healthful environment for occupants and the longevity of the mechanical systems."

In date, green projects have generally been either strictly office or residential, but W&M Properties and Jonathan Rose Cos. are collaborating on a mixed-use development in Stamford, C.T. Stamford's zoning board last month approved what will be known as Metro Green and located adjacent to the Metro-North train station. It will incorporate a 17-story office tower and 238 units of housing, including sale and rental, market-rate and affordable. (See the "Metrolinc" article on page 16 for more details.)

"There are obviously mixed feelings in the developer community about inclusionary housing," says Dara Kovel, regional director at Jonathan Rose. "But as a company almost of all the residential development we do has some component of affordability, because we believe diversity of communities is part of the health of any neighborhood and any city." The first phase of the project, Metro Green Apartments, will contain 50 units of affordable housing.

An added filip of eco-friendliness in the project is that it will allow Metro Green residents to walk not only to the train station, but also in some cases to work—the office tower is just across the courtyard from the residential area. "Talk about cutting your discharge of environmental

that we are building homes that people can afford and that allow the city to grow in an environmentally responsible way."

The new homes are part of the city's 165,000-unit affordable housing plan.

BOMA Issues "Seven-Point Challenge" Energy Plan

Improve energy efficiency by 30% by 2012 is the challenge put forth in the Market Transformation Energy Plan by Building Owners and Management Association International. Aimed at BOMA members and the commercial real estate industry, the plan includes a seven-point challenge to reduce the use of natural resources, non-renewable energy source and waste production and to work in coordination with building management, ownership and tenants to achieve these goals.

BOMA announced the program at a news conference held at the LEED-certified Hearst Tower on July 24 in conjunction with the association's annual meeting and trade show.

The challenge encourages BOMA members to "work towards a goal to decrease energy consumption," and offers suggestions such as utilizing the federal Energy Star benchmarking tool, providing education to building managers, owners, operators and engineers and performing an energy audit and implementing low-risk, low-cost strategies to improve energy efficiency with high returns. It also asks members to partner with local government to share education and case studies on no-and low-cost building operating and management practices to assist in efforts to transform state and municipal buildings and work with policy makers to enact voluntary, incentive-based programs to accomplish their goals of implementing green communities. Learn more about the BOMA "7-Point Challenge" at www.boma.org.

Eco-Friendly Pet Store Comes to Queens

In September, Crazy for Animals, a green pet store, will be opening in a newly constructed eco-friendly retail space at the Shops at Atlas Park in Queens. The store, which offers a full line of holistic food and spa products for pets, will be going for silver-level LEED certification. This is a first, for this type of business according to USGBC.

The project utilizes sustainable materials and methods, including urea-formaldehyde-free plywood with little to no VOC emissions for the sub floor and millwork instead of traditional plywood, bamboo floors and energy efficient lighting. Crazy for Animals will use business cards and shopping bags made from recycled paper and the staff will wear polo shirts made from a new corn-derived fiber.

Proform Starts Keep-It-Green Campaign

Proform by Creative Flooring Concepts of Plainview, NY launched its national Keep-It-Green campaign at the recent BOMA annual meeting and exhibit in New York City.

Proform creates custom-tailored entrance mats that president Mitchell Saltzman says keeps lobbies clean "without electricity, chemicals or labor."

More information about Proform and Keep-It-Green is available at www.proformmat.com.

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LOOK WHO'S SPEAKING

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contaminants just walking from home to the office," laughs Jeffrey Newman, president of W&M. He adds that the office building is going for LEED Gold certification, as are the housing units.

In addition, Metro Green will be among the pilot projects for a new LEED program from USGBC: LEED for Neighborhood Development. According to USGBC, LEED-ND emphasizes "the design and construction elements that bring buildings together into a neighborhood and relate the neighborhood to its larger region and landscape."

Green residential can occur on the micro as well as macro scale. A burned-out corner building at 93 Nevins St. in the Boerum Hill section of Brooklyn is being transformed into a showplace for eco-friendly dwelling by developers R&E Brooklyn and Green Depot, a supplier of sustainable building materials.

The process of converting what had been an abandoned laundromat into a two-townhouse brownstone got underway in 2004. Subsequently, the principals determined that they could aim for LEED Gold or Platinum accreditation—as well as Health House certification by the American Lung Association and a GreenHomes NYC grant. "All of those accreditations came after the project had already been started," says Sarah Beatty, founder of Green Depot. "The developers didn't set out to achieve them." *Natural Home* magazine got wind of the project and began spotlighting 93 Nevins as a "show house" earlier this year.

At a GreenHomes NYC event last month, 93 Nevins was presented as one of two case studies on best practices in sustainable building. The other was One Bryant Park, the Durst Organization's 2.1-million-sf office tower scheduled to open next year. "For me, the interesting thing was to see the similarities in the approach to a very small project and a very big project," says Beatty, who presented the 93 Nevins case study along with R&E's Rolf Grimsted and Emily Fisher. "So many of the considerations on 93 Nevins were the same for one of the largest new construction projects in the city, just on a different scale."

Beatty says Green Depot is supporting the 93 Nevins project "because it's a part of our mission to support people involved with what we believe is the next generation of building. And the fact that it happens to be in this urban context is also incredibly exciting, because a lot of people consider green building to be out in a field somewhere, in a beautiful spacious area of Vermont. The truth is that in our practice and our approach we can really improve the neighborhoods where we live, right here." —*EDR*