



Green Buildings

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While green buildings may cost more to build, they can extend the life and value of a building, but to do so they must be able to obtain and maintain their rating with the New Zealand Green Business Council. It is essential to ensure that construction and leasing documentation enables this to be achieved.

New Zealand Green Business Council

In New Zealand the New Zealand Green Building Council has a star ratings system which covers new design, as built, in use/performance and interior fitout. These have been designed for the different phases of a building's development – being design, fitout and operation. There are ratings currently for office buildings and have yet to be developed for industrial, retail, health, education, residential or mixed use buildings and will be developed with industry input and on market demand.

Market drivers

In New Zealand there are two key tenant drivers to instigate the building of new green buildings:

- ⇒ Government departments and Ministries require all new A grade office buildings being built to house Government staff in the CBD to have a minimum 5 Green Star NZ rating. B and other grades of office buildings are required to be 4 Star
- ⇒ Multinationals whose head offices require them to adopt sustainability strategies in terms of the property occupation and have a triple bottom line.

Designing a Green Building

A project team for a development will usually comprise an architect and specialist engineers such as mechanical and electrical, structural, acoustic etc. It is recommended to appoint an independent commissioning engineer as well. The party commissioning the construction of the building will want their contracts to warrant the achievement of a specific NZGBC rating.

When designing the building each consultant will make certain assumptions and recommend design solutions which will impact on the ultimate performance and operation of the building, and will rely on performance specifications provided by suppliers regarding use of utilities, product life cycle and other environmentally relevant factors, so they will be reluctant to provide those warranties.

The consultant contracts could include the following:

- ⇒ Stated environmental objectives – be it a green star rating, or specific targets such as usage of utilities
- ⇒ The requirement to document everything carefully as this will be required for the certification process
- ⇒ Warranties to achieve the environmental objectives and complete the specified design – these should be back to back with any warranties the landlord has had to give tenants in agreements to lease



- ⇒ Indemnities if the building fails to achieve the environmental objectives – as the building will be less valuable, commanding lower rents and higher operating costs
- ⇒ Regular design certification during the project so that any problems are brought to parties' attention early and issues may be dealt with
- ⇒ As it can take about 12 months or so to have a building and its systems operating optimally the consultants need to remain involved during this period fine tuning things such as operation of air-conditioning
- ⇒ Defects rectification requirements
- ⇒ Requirement for collaborative approach between consultants
- ⇒ Check that professional indemnity insurance is

sufficient to meet any warranty/indemnity provisions in the contract.

Construction contract

The construction contract should have detailed plans and specifications of what is to be built as well as the required environmental objectives such as a green star rating, as well as containing warranties and indemnities as above. A carrot and stick approach may be used giving the contractor incentives if the building's green score is above the minimum star rating required, and a liquidated damages regime to compensate the owner if the rating is not achieved, so that despite the extra costs, a higher rent is not able to be charged and tenants face increased operating costs. There should be provision that if the building does not achieve its rating for an independent expert to

audit the building, see what needs to be carried out to achieve the rating and the contractor might be liable for those remedial costs if it is responsible for the failure.

Leases

Once a building has obtained its green star rating it is essential that it maintains the rating by ensuring that the management of the building and the leases are designed to do this. A building owner should ensure that it has fitout guides that ensure its tenants' fitout meets the required standards, as well as the lease containing a green schedule.

The green schedule should contain elements such as:

- ⇒ Environmental Sustainable Design ("ESD") outcomes – these need to be measurable tar-

gets such as a Green Star NZ rating, the assumptions and calculations

- ⇒ Set out landlord and tenant obligations to the ESD outcomes
- ⇒ Cooperation required with a building management committee which designs and reviews the Environmental Management Plan
- ⇒ Regular audits
- ⇒ Dispute resolution procedures
- ⇒ Consequences for failure to meet obligations.

Conclusion

While contracts are very important in both designing, building and maintaining a green building without collaboration and good will during each stage of buildings life it will be difficult to maintain a rating and extract the most value from the building.



Meridian Energy Building, Wellington

NZ Star Ratings

For new Office Design projects, the following ratings can be achieved:

★★★★ 4 Star Green Star NZ Certified Rating (score 45-59) signifies
'Best Practice'

★★★★★ 5 Star Green Star NZ Certified Rating (score 60-74) signifies
'New Zealand Excellence'

★★★★★★ 6 Star Green Star NZ Certified Rating (score 75-100) signifies
World Leadership