

## **IT'S THE BUILDINGS, STUPID**

When it comes to saving energy and creating jobs, the “built environment” is rarely seen by policy makers as an opportunity. That’s because much of the time, buildings are viewed as static objects listed on balance sheets, not part of the nation’s infrastructure that needs to be maintained and upgraded. But consider these facts:

- Buildings account for 40 percent of all energy use in the United States. This sector consumes more energy than either industrial or transportation, surpassing industrial as the number one consuming sector in 1998.
- The growth in buildings’ energy consumption has resulted in carbon dioxide emissions rising from about a third of total U.S. emissions in 1980 to almost 40 percent by 2005.
- Of the total increase in retail electricity sales reported by the Energy Information Administration from 1985 to 2006, 87 percent was attributable to buildings sector demand.

Meanwhile, the impact of the design and construction sector on the American economy is huge. Consider:

- The value of construction put in place each year equals between six and nine percent of annual Gross Domestic Product.
- Every billion dollars invested in non-residential design and construction creates or sustains over 28,000 full-time jobs.
- According to Census Bureau figures, from 2007 through 2010, annual activity in the design and construction industry plummeted 30 percent, dropping from \$1.15 trillion to a ten-year low of \$804 billion.

At the Florida Association of the American Institute of Architects, we believe it’s time to recognize that American infrastructure extends far beyond roads, rails and bridges. These types of projects employ a small percentage of the workforce when compared to buildings. The residential and commercial buildings that make up our cities and communities are responsible for consuming the power generated by our electric grid; they also concentrate the storm water runoff that strains our water systems. They are the civic structures, educational and spiritual facilities, and public spaces that create the character of communities and inspire a sense of place. When was the last time your spirit soared at the sight of a great road? Architecture causes the human spirit to be uplifted and gives communities a sense of pride. Just as roads and bridges must be built and maintained for the public good, so too must our buildings be regarded as opportunities both to conserve energy ***and*** grow the economy.

If the country is serious about conserving energy, and if elected leaders are committed to rebuilding our economy, the President and Congress should aggressively pursue the following policies to help unleash the economic power of this vital industry, while making it less of an energy hog and reliant on foreign countries.

- **Jumpstart Green Construction and Schools**

President Obama called for a new Better Buildings Initiative that would reduce energy used in commercial buildings by 20 percent over 10 years. The initiative would be a catalyst for private sector investment in upgrading the efficiency of commercial buildings. In particular, enhancing and expanding the energy efficient tax deduction by turning it into a credit, streamlining the certification process, and making it available to more owners of commercial property, would encourage private investment in energy efficient improvements. More investment, in turn, means more jobs. In addition, financing the renovation and retrofit of schools will create jobs, lower school districts' energy bills and provide better learning environments for students. It is a travesty that the many school districts spend more money in transportation and utility costs than educating the student.

- **Support Recovery in Private Lending Markets**

In May, the report notes, the U.S. Government Accountability Office reported that *“new [commercial real estate] borrowers have faced tighter credit conditions, due to banks tightening their underwriting standards in response to the downturn...”* The trend of tighter credit standards suggests that borrowers who previously were considered creditworthy might not meet banks' higher standards. *“Without spending a dime,”* the AIA policy document states, *“the federal government could immensely improve conditions within the construction industry by improving access to credit.”*

- **Pass a Surface Transportation Bill that Maintains Current Levels of Funding**

The construction industry understands that transportation drives development. In January 2008, the AIA and the University of Minnesota's Center for Transportation Studies released *Moving Communities Forward*, a study authorized by Congress that shows how well-designed transportation projects can bring multiple enhancements to communities. The legislation that authorizes and guides transportation investment nation-wide expired in September 2009.

- **Re-establish the Build America Bonds Program**

In the two short years that the program was authorized, state and local governments used Build America Bonds to finance roughly \$180 billion new construction projects, preserving tens of thousands of jobs. What's more, the AIA estimates that at least \$45 billion of that amount was used in the construction sector to finance schools, offices, hospitals and other building projects that improve communities.

- **Establish a National Infrastructure Bank**

Establishing an Infrastructure Bank is an improvement that should be made immediately. Receipts to the National Highway Trust Fund are falling and an infrastructure bank could leverage private capital to stretch federal dollars further. Two current and similar proposals sponsored by Senator Kerry and Representative DeLauro would provide a source of patient capital for loans or loan guarantees for building energy retrofits, storm-water management, and electric grid improvements, modernizing a broad spectrum of infrastructure and making smart investments in America's future.

It's time for bold action. If followed, the AIA's recipe for cutting energy use and growing the economy would allow us to have our cake and eat it too. That's a recipe every nation should follow.

*Michael Lingerfelt, AIA is president of Florida Association of the American Institute of Architects and resides in Orlando, Florida.*