

Green housing may have started as a fad among only the most environmentally conscious, but it has become an extremely popular tactic to save money and attract high-quality tenants for a wide range of owners and developers within the apartment industry.

In the first ten years of the new millennium, apartment owners have witnessed a sea change in attitudes toward green building. What started as a fad among only the most environmentally conscious has become an extremely popular tactic to save money and attract high-quality tenants for a wide range of owners within the apartment industry. But with all the buzz comes a lot of confusion. Should owners invest in all the latest green technologies or just choose selectively? How do tenants really feel about going green? How much do government incentives actually help? For answers, we turned to San Francisco owners—big and small—who have all put their own spin on the green trend.

#### Green Heats Up

Linda Erkelens has been intrigued by the idea of solar hot water for three decades. So, when she found a 21-unit apartment building on 1801 Turk St. in 2004, she was glad that it already had a solar system in place. Unfortunately, it was in disrepair and even though Erkelens attempted to have the leaky holding tanks and smoky roof panels serviced, she knew that a new assembly would need to be installed if she ever wanted to see real hot water savings.

With solar hot water on her brain, Erkelens attended the SFAA's first green trade show last April and listened with interest as Chris Chappell of SunWater Solar spoke about the benefits of an updated system. After the trade show, she got

several bids (which included the removal of the old, inefficient system) and decided to go with SunWater. "I chose SunWater because they specialize in the field. I wanted someone up to date in the technology," she explains.

The removal of the old system and the installation of the new one went smoothly, according to Erkelens, who was not even in the country at the time. Her assistant handled the whole process via daily updates from SunWater. These updates allowed her to keep the tenants apprised of what was happening throughout the process, including occasional 24-hour notices that the hot water would be shut off for short periods.

Now that the system has been installed, Erkelens is looking forward to about a 75% reduction in the building's gas bill. Plus, she received a 30% federal tax credit for installing the system (which is available to all commercial and residential owners who install a solar hot water system that offsets more than 50% of the building's annual hot water load). Other incentives for solar hot water include California's CSI Thermal Program, a \$305.8 million program mandated by Governor Arnold Schwarzenegger in the fall of 2007 in an effort to displace 585 million therms of natural gas and 150 megawatts of power used to heat water in the state.

San Francisco also recently created the nation's largest Property Assessed Clean



# a guide to going green

*written by* EMILY LANDES



Energy Program: \$150 million in bonds provided by the city to finance renewable energy, energy efficiency and water conservation in residential projects, and paid back by owners through a special assessment on their property taxes. Property owners were able to apply for funds beginning last month. This additional assessment will stick with the property, not the owner, over the 20-year lifetime of the loan.

### Greening Everything, Even the Kitchen Sink

Of course, the PACE program can be used for green renovations like solar hot water, but it can also be used for energy efficient upgrades like motion-sensor lighting, double-paned windows and on-demand hot water in kitchens and bathrooms. Too bad it wasn't in place when owner Bob Mayer was making just these types of upgrades to his 1906 apartment building at 1515 Greenwich St. But, to hear Mayer tell it, he actually got his timing just right. "I lucked out because 32 of my 35 units were vacated," he crows. "For buildings that don't turn over, it is extremely hard to make any of these improvements on any basis that makes sense."

Since he finished up his improvements, Mayer has had no trouble renting out the previously vacant units. He is at 100% occupancy, with rates only slightly under what he was getting at the height of the market, and up to 50% higher than what they would have rented for without a combination of green upgrades, remodeled kitchens and baths with new tile and cabinets, and refinished hardwood flooring throughout. "They are not paying more just because it's green," he clarifies. "They are paying more because it incorporates all of the modern technology, which is also green, and has a great location and beautiful design."

Mayer is a fan of solar power, but recommends that owners who have just been bitten by the green bug start even simpler. He believes "the best green thing

you can do to a building is just remodel the units properly and change out the central boiler to individual electronic direct vent gas heaters in each unit." That's exactly what Mayer did and he estimates that he saves about \$1,500 on gas each month as a result.

In fact, the main reason he took on numerous green upgrades was to increase rental revenue and reduce expenses, with the lowered impact on the environment a nice bonus. "The green parts of the building were driven by economics, not by any social agenda—although I do believe that saving energy and reducing greenhouse gases is a good thing," he explains. "I don't see a conflict with those goals and economics."

### Green Giant

Going green has to make sense economically, especially to be embraced by even larger owners and developers. Steve Boyack is the vice president of asset management for Laramar Group, LLC, and says that reducing operating costs is always on the top of his company's to-do list. Laramar crunched the numbers before beginning a slew of environmental upgrades at The Fillmore Center and came up with encouraging results. "The returns for many of the projects that we initiated were very compelling, often having a payback of less than one year" thanks in part to government incentives, he reports.

A few of these cost-cutting improvements include: replacing 1,500 low-efficiency toilets at the property with ultra high-efficiency dual flush models; replacing all shower heads and sink aerators with low-flow models; retrofitting or replacing all inefficient lighting and installing motion sensors to conserve energy when areas are not in use; and exchanging inefficient boilers, water heaters and HVAC systems with more efficient versions.

The overall goal is not just to cut costs, but also to get started on the path

toward LEED certification. As a part of those efforts, The Fillmore Center has also become more focused on making improvements that affect its residents directly, says Property Manager Douglas Zarybnisky. This includes supplying car-sharing opportunities like Zip Car and City Car Share onsite, providing biodiesel bus service five days a week and installing numerous bike racks throughout the property.

Last spring, the center also held a "Green Week" at the property in a further attempt to reach out to residents. During the week, staff handed out personal compost baskets to residents, introduced e-waste recycling and battery recycling stations to the property, and participated in a light bulb "exchange" in which they traded efficient light bulbs for residents' incandescent bulbs. "Green Week proved to be extremely popular with our residents," Zarybnisky relays.

Residents are equally positive about the broader changes taking place at the property. "Our residents have been positive towards the improvements that have been made, and tend to understand the importance of taking steps toward environmental responsibility," Zarybnisky says. "We hear stories from our residents all of the time about steps that they are taking to live greener."

Laramar Vice President Boyack believes that the importance tenants place on sustainability won't be going away any time soon and adds that apartment owners have a responsibility to create occasions for tenants to go green. "I believe that residents are, and will continue to, demand a commitment to sustainability from the buildings that they choose to live in," he argues. "Unlike homeowners, renters have to rely on their building owners to provide the opportunities to participate in these programs."

*Emily Landes is the editor of SF Apartment Magazine.*