Gerding/Edlen's Wilde immersed in building sustainably

by Rich Riegel

Dennis Wilde is a real estate developer with a passion for sustainability. Wilde, a senior project manager at the Portland-based Gerding/Edlen Development Company, was one of six professionals recognized as leaders in sustainable, high performance building with a BetterBricks Awards last year.

BetterBricks is an initiative of the Northwest Energy Efficiency Alliance and offers free services that connect building professionals with the information, tools, training and consultation needed to design and construct sustainable, high performance buildings.

Wilde has been active in construction and real estate development since 1967. Prior to joining Gerding/Edlen Development, he was vice president ofBaugh Construction, a large regional construction company now owned by Skanska USA. In addition, he has more than 20 years of experience in urban planning and design and master's degrees in both city planning and architecture from the University of Pennsylvania.

During a 45-minute interview from his office located amid one of the company's major projects—Northwest Portland's Brewery Blocks—Wilde spoke candidly about the environmental and financial benefits of building sustainably.

Environmental demands, good business "The first and most obvious is this is a move that all of us in this industry have to take. Our environment demands it. Either we figure out how to do it creatively and with our own initiative or it's going to get imposed upon us. I'd rather try to find creative solutions to reduce or minimize the footprint of what we do on the planet," Wilde said.

"The second is that we have discovered that it's simply good business. It doesn't necessarily reduce costs, but we've found that it doesn't cost a significant premium. And that the benefits in terms of operating costs, sales and lease appeal of our product are significantly greater. We've been much more successful since we've embraced this approach. So, given that, why wouldn't you do it," he asked.

Weighing the costs According to Wilde, taking the plunge into sustainable building was a leap of faith. "We basically said to ourselves, 'Let's do this,' but we didn't want to incur significant hard construction cost premiums. We were willing to incur some design cost premiums, some soft cost premiums for going through the accreditation process for LEED certification. But we didn't want to incur hard cost premiums. That was our benchmark," he explained. Wilde defines soft costs as design and engineering, the work done prior to hard cost expenditures of "actual sticks and bricks in the ground."

LEED, or Leadership in Energy and Environmental Design, is a certification of the U.S. Green Building Council. The LEED Green Building Rating System is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. LEED was created to define these buildings by establishing a common standard of measurement. Certification levels include: certified, followed by silver, gold and platinum.

"We have found that through our efforts we've been able to accrue enough in the way of investment tax credits, grants and aid to offset our initial capital investment,"

Wilde said. He added that it's relatively easy to obtain tax credits in Oregon because of the Business Energy Tax Credit program (BETC) offered by the state. Wilde explained that the BETC program propels the construction team through a LEED-based route. "So if you're going to go for LEED certification for your project, then it's automatic," he said. The developer receives dollars per square foot of building area in tax credits, and a 35 percent investment tax credit.

"It adds up to significant dollars. On our projects . . . our business energy tax credits range from $180,000 to $1 million per project, depending on how well we perform. So you're talking real money," Wilde said.

Continuing to raise the bar When asked if lessons learned from one project are applied to the next, Wilde responded that his company tries to do even more on each project. "You're not making much progress if you're not raising the bar," he said. "This whole area of (constructing) and operating buildings in an environmentally responsible fashion is relatively new to most of us. And so we certainly don't know everything there is to know. We're learning on every project, so unless you're applying those lessons as you go down the road, what have you accomplished?"

Wilde explained that raising the bar applies to everything that improves sustainability and performance from the energy systems that go into the building to the operation of the HVAC and lighting systems. "Now we're seeing ways of getting rid of the air conditioning altogether," he said referring to designs that naturally ventilate and cool buildings using outside air. "Now that would be a real breakthrough."

"On the one project we have under construction now, we challenged our mechanical and electrical engineers up front to give us a building that was 60 percent more efficient than code," Wilde testified. "You're talking major reductions of energy consumption of a building. And we're going to achieve that."

This latest challenge in decreasing energy needs involves what Wilde called, " … a very complex medical office building (for Oregon Health & Science University) with wet and dry labs, ambulatory surgery, wellness fitness center and all kinds of big energy hogs."

Efficiency can offer substantial savings "And so to achieve 60 percent energy savings, you're talking several hundred thousand dollars a year just in the gas and electricity that the building owner now is not going to have to pay. That's on top of all the other savings we've been able to find, in terms of energy tax credits and the like, so all of a sudden you're talking about paybacks becoming very attractive to an owner. It's like, 'OK, yes, I definitely want to do this, because it's in my long term best interests,' " he said.

Wilde was asked if he has been able to convey the added increased asset value in a sustainably-constructed building to tenants in office or residential buildings. "Some get it and some don't," he candidly explained. "What we've done in our office buildings in the Brewery Blocks is created a tenant manual (http://www.betterbricks.com/default.aspx?pid=article&articleid=120&typeid=10&topicname=greenadvantage&indextype=topic) that described all of our environmentally responsible efforts that we have incorporated into the building shell and core for our commercial office tenants. Some of the office tenants embraced the ideas, in terms of the low VOC (volatile organic compound) finishes," Wilde said.

But are residential tenants warming up to the spirit of sustainability? Apparently so. When Gerding/Edlen first started marketing The Henry, one of its condominium

projects in the Brewery Blocks, the company talked to its brokerage firm about marketing the environmentally responsible efforts. The firm conducted an informal exit survey with buyers, and 25 percent of the buyers said sustainable design and construction was part of their decision making process, with 6 percent saying it was a primary reason for purchasing. The Henry sold out nine months before it was completed, at record sale prices, according to Wilde.

“So all of a sudden we’re saying, ‘Holy mackerel, this has a huge marketing potential for us.’ So on the Merewether, our next condo project in the South Waterfront District, we’re making that an upfront and central part of our marketing and we’re getting very favorable responses,” Wilde said.

The Meriwether will be two high-rise condominium towers with 245 units along with retail space, slated to be complete by summer 2006. The developers are Gerding/Edlen Development and Williams & Dame Development. “Again, we’re finding a lot of acceptance in the market place (for sustainable design and construction), a lot of the buyers are much more educated and much more interested than we as developers and brokers assumed,” he said.

Higher value sustainable buildings Wilde believes that there’s an increased asset value in any property that is built sustainably. “If you are building buildings that have a longer life, have better performing systems, have lower operating costs, then pretty soon appraisers and investors are going to figure that out. So they’re going to start assigning higher appraisals to buildings that have better performance characteristics,” he explained. “The appraisal and financial institutions have been slow in coming around to that, but a number of them are now starting to see that as a significant factor and one that they need to pay attention to.”

When asked about being ahead of the curve when Gerding/Edlen used sustainable building techniques on the Sequent Computer Systems headquarters in Beaverton in 1998, Wilde was forthcoming. “This has been a passion for us, a passion for me in particular and fortunately my partners have been willing to indulge in my efforts to make our buildings as environmentally responsible as possible,” he said. “They have been truly supportive, because they believe in it also. Both Bob Gerding and Mark Edlen feel very strongly that as a company, part of our responsibility, in addition to generating a profit for us and keeping the doors open, is to give back to the community, to make sure our projects leave a positive legacy for the community, that they are part of building the fabric of the community. That philosophy has been core to Gerding/Edlen from its very inception,” Wilde concluded.

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