

## **Cost of Obtaining LEED Certification**

LEED (Leadership in Energy and Environmental Design) represents the efforts of a coalition including the US Green Building Council (GBC) to establish a nationwide standard for constructing so-called “green” buildings. Obtaining LEED certification requires compliance with a minimum number of criteria affecting many aspects of a project, from site selection to the recycled content of building materials. While participation in the LEED program has been mostly voluntary, some government entities require that publicly funded projects apply for LEED certification and other states and communities are considering this.

### **LEED Certification is Expensive**

- LEED adds between 4% and 11% to construction costs. Estimates for some projects range as high as 30%.
- Based on the fraction of public buildings already registered, LEED costs are adding between \$900 million and \$2.2 billion to the cost of public construction projects each year.
- If all public building projects were required to comply with LEED, public construction costs would rise an additional \$4.3 billion to \$11 billion per year.

### **Many of These Costs Provide No Environmental Benefit**

- The LEED process imposes an administrative “tax” on the design and construction team.
- These “soft costs” include incremental costs for design, documenting compliance, administrative fees, and verifying compliance through the commissioning process. They account for approximately 30% of the costs attributable to LEED.
- Resources that pay for these soft costs could be used to make the project “greener” instead: additional spending on alternative systems, practices, and materials could provide greater environmental benefit.

### **Both Cost and Benefit Estimates are Marked by Uncertainty**

- LEED imposes costs at the beginning of a project, but experience shows that the cost impact on a particular project can vary from a few percent of construction costs to more than 30%. LEED costs would increase if future versions of the criteria are more stringent.
- Benefit estimates are far less certain. Energy savings may offset upfront costs in just a few years, but many other benefits ascribed to LEED offer uncertain payoffs well into the future.
- Given the uncertainty, it may not be prudent to mandate spending more public funds today for the sake of uncertain future benefits.