

DISCUSSION DRAFT
THREATS AND OPPORTUNITIES IN CLIMATE CHANGE LEGISLATION
FOR THE REAL ESTATE AND CONSTRUCTION INDUSTRIES

A “cap and trade” scheme (and unspecified EPA regulation for smaller emitters) to regulate GHG emissions could increase the cost of construction and make U.S. investments in manufacturing and industrial facilities less economically attractive. Potential increases in the cost of electricity and fuel used in manufacturing and industry would affect the cost of materials (cement, steel) and products (HVAC, plumbing supplies) used in construction; thereby reducing the demand for new construction and major upgrades and/or renovations. This effect would be seen particularly strong in geographic areas where renewable energy targets may not be met easily. The increases in cost also could force manufacturing and industrial facilities to relocate overseas or cease operations altogether, rather than would maj Tdexp

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Transitioning to a carbon-constrained economy may present new opportunities for building design and construction to meet growing needs for energy efficient infrastructure. Tax or other incentives in any GHG legislation to reduce energy consumption in the U.S. could provide opportunities for the real estate, design and construction industries to provide new and/or upgrade existing infrastructure to meet the needs of a carbon-constrained economy: renewable energy generating facilities (wind/solar), energy-efficient buildings; efficient electrical transmission and distribution networks (Smart Grid), and other facilities required to support this transition.

By pre-empting the Clean Air Act, the currently pending bill (H.R. 2454) unties the hands of construction firms and public and private entities trying to reduce GHG emissions. Using the CAA to regulate GHGs could halt building construction and renovation. Once EPA controls a GHG under almost any section of the Act, most buildings that emit that “pollutant” would become subject to costly permitting and construction requirements. The bill’s pre-emption language would allow construction and renovation to move forward and allow the industry to contribute towards a clean energy economy.

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