

Chicago should set limits on buildings' greenhouse gas emissions, report says

March 13 2024, by Nara Schoenberg, Chicago Tribune



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A new report from an influential real estate organization calls on Chicago to take a bold step to reduce greenhouse gas emissions from buildings.

The city should set limits on emissions from certain buildings, using an approach already in place in New York, according to the report from the Urban Land Institute Chicago.

The emission limits would grow stricter over time, pushing buildings to replace planet-warming fossil fuels with [clean energy](#).

"This one's hard for me, because this is going to be a cost for [building](#) owners, but it's an essential element of getting toward net zero (emissions)," said Mary Ludgin, a senior adviser at the Chicago real estate investment management firm Heitman LLC and a contributor to the report.

The report noted the financial challenges facing many commercial building owners and called for any new emission-reduction targets for existing buildings to be introduced with "realistic timelines."

The report also called for robust technical and financial assistance programs to help building owners and developers.

The recommendations are part of a wide-ranging report on reducing building emissions from ULI Chicago, which has 1,500 members representing all aspects of the real estate industry, including developers, property owners, investors, architects, planners, public officials and real estate brokers.

The report was produced over the course of a year by 50 stakeholders, including industry experts, civic and community leaders, and public sector officials.

Among the recommendations: Expand the city's energy-usage reporting requirements to include more Chicago buildings, and require buildings to report carbon emissions.

The report also calls for a well-funded city department of environment, a fast-track permitting process for green development proposals, and more coordination of programs, including those offering technical assistance for building owners working to lower emissions and those offering information about potential funding sources.

Buildings produce 70% of [greenhouse gas emissions](#) in Chicago, so reducing those emissions is key to any climate plan, according to Chicago Deputy Chief Sustainability Officer Jared Policicchio, who spoke Tuesday at a downtown launch event for the report.

"We're simply not going to make progress without thinking about our built environment when it comes to [climate change mitigation](#)," Policicchio said.

Policicchio noted that the Chicago City Council is already considering the Clean and Affordable Buildings Act, which would essentially ban natural gas use in most new buildings.

As for building emissions standards, he said the city is exploring how to structure discussions among interested parties.

"I'm hopeful that you'll hear more from us this year regarding that, and by 'that' I mean a stakeholder process that will begin to look in detail at how to develop (building emissions standards)," he said.

The report pointed out that installing energy-efficient windows or replacing gas furnaces with all-electric heat pumps can be "expensive and disruptive" for both large and small building owners.

Also a concern, according to the report, are vacancies and falling revenues for some office building owners.

"There is a lot of competition for capital, and many office building owners are simply not earning enough rent right now to cover costs and re-invest into the building," a building owner was quoted as saying in the report.

Still, the report noted that some emissions improvements are relatively inexpensive or have quick payback periods.

The Chicago Mercantile Exchange, a two-tower complex in Chicago's Loop, saved over \$680,000—or approximately 18% of its annual energy costs—with the help of the ComEd Energy Efficiency Program, the report said. The complex recouped the initial project investment in under a year.

At the launch event, which was attended by about 90 people, Ludgin said there's other good news: It's a "remarkable" time to get government funding, including grants available through the 2022 Inflation Reduction Act.

"If you're going to decarbonize your building, this is the moment to do it," she said.

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Citation: Chicago should set limits on buildings' greenhouse gas emissions, report says (2024, March 13) retrieved 27 April 2024 from <https://phys.org/news/2024-03-chicago-limits-greenhouse-gas-emissions.html>

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