



# Insights into the implementation of IREM's Certified Sustainable Property (CSP) program

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IREM® Foundation

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## About Elaina's Sustainability Fund

On June 5, 2019, Elaina Tattersdale passed away after a short battle with cancer. At the young age of 35, she leaves behind two daughters, a loving husband, and a devoted family including her parents, 2020 IREM® President Cheryl Gray, CPM®, and Rick Gray, CPM®.

Elaina believed that one person could make a difference. She worked as an enterprise project manager for Canada-based real estate firm, Morguard Investments. Her dream was to improve the impact buildings have on our environment by working in sustainability, but sadly, those doors never opened. To honor her passion, Elaina's parents, Rick and Cheryl Gray, launched Elaina's Sustainability Fund with a donation of \$50,000 to the IREM Foundation in 2019.

The purpose of Elaina's Sustainability Grants is to encourage innovation or adoption of sustainability and occupant wellness initiatives that impact the buildings where we live, work, shop, and play.

## About the IREM Foundation

The Institute of Real Estate Management Foundation (IREM Foundation), established in 1977, is a nonprofit 501(c)(3) public foundation. The Foundation's mission is to be a resource for people and organizations seeking to advance the profession of real estate management. The IREM Foundation supports initiatives developed or endorsed by IREM that increase diversity, the engagement of young professionals, and expansion of industry knowledge.

## About the author

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Her research interests include green building, building lifecycle analysis, and contemplative practices in higher education. She has been awarded the Kenneth Tremblay Early Career Housing Award, and her research can be found in publications such as the *Journal of Housing and the Built Environment* and the *International Journal of Sustainable Development & World Ecology*. She is also an Editor at the *Journal of Green Building*, on the Editorial Advisory Board for the *International Journal of Sustainability in Higher Education*, and currently serves as a member of IREM's Sustainability Advisory Board. She can be reached at (540) 231-6282 or [erinz1@vt.edu](mailto:erinz1@vt.edu).

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## Introduction

Increasingly, real estate companies are deciding to pursue third-party green building certifications for their building assets to promote sustainability. The Institute of Real Estate Management (IREM) Certified Sustainable Property (CSP) program, created in 2015, offers a roadmap for property owners and management companies seeking a way to implement green real estate management practices into their property assets. As most of the building lifecycle is during the management phase, there is a tremendous opportunity to reduce environmental impacts at this stage.

The research presented in this report seeks to provide those interested in the IREM CSP program with a better understanding of which stakeholders advocate for the IREM CSP, why IREM CSP is pursued, cost impacts, suggested best practices, and recommendations for the IREM CSP program moving forward. These objectives are achieved through conducting semi-structured interviews with a range of interviewees including c-suite executives, vice presidents, and onsite property managers across third-party property management, owner-manager, owner, and consultant firms.

The research report begins by defining and operationalizing the term “green real estate management” followed by a background on third-party green building certifications with specific focus on the IREM CSP certification. The academic literature is then reviewed for motivations and perceptions of green building initiatives with specific focus on certifications focusing on existing buildings as the IREM CSP certification is designed for existing buildings. Next, research questions are put forward as well as an overview of the data and methodology utilized to answer these research questions. This is followed by a results section discussing who advocates for the certification process and why as well as the cost impacts of IREM CSP implementation. Suggested best practices are presented next followed by recommendations for the IREM CSP program moving forward. The report concludes with key findings from this research project.

## Background

Green real estate management practices have recently proliferated as a solution to mitigate negative environmental impacts of the built environment. The term “green real estate management” refers to the incorporation of ecologically sustainable practices into the day-to-day operations of a property. Third-party green building certifications are a popular framework utilized by real estate companies in adopting green real estate management practices.

The first third-party green building certification focusing on the operations and maintenance of existing buildings was introduced by the United States (U.S.) Environmental Protection Agency (EPA) in 1993<sup>1</sup>. The ENERGY STAR<sup>®</sup> Buildings program, a single-attribute certification, focuses on energy reduction and offers ENERGY STAR certification to buildings that perform in the top 25% of comparable buildings in the U.S. regarding energy savings. This certification program has helped to lower energy costs and decrease greenhouse gas emissions as evidenced by \$12 billion in energy cost savings and 140 million metric tons of greenhouse gas reductions in 2018<sup>2</sup>.

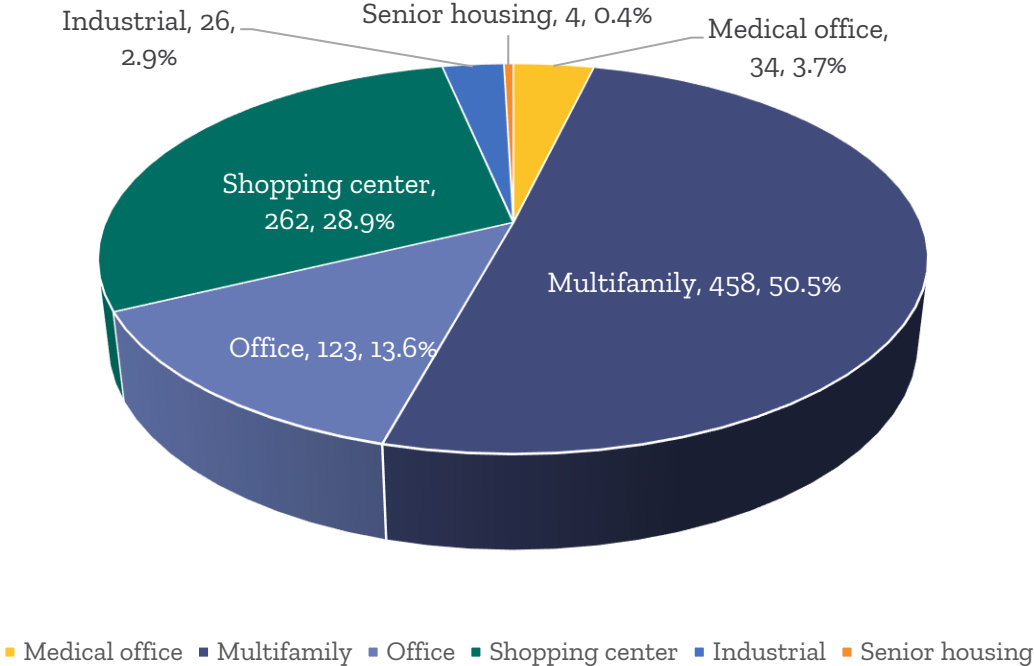
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Green Globes™ for Existing Buildings, a multi-attribute green building certification, was developed in 2000 and focuses on Environmental, Social, and Governance (ESG) management, site, energy, water, materials, and indoor environmental quality<sup>3</sup>. Leadership in Energy and Environmental Design (LEED®) for Operations and Maintenance (O+M), a multi-attribute third-party green building certification, was launched in the middle of the 2000s for existing buildings. The most prevalent certification in the United States, this certification focuses on location and transportation, sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation, and regional priority. The newest third-party green building certification focusing on the operational phase of the building lifecycle is IREM’s CSP certification.

With the first building certified in 2015, the IREM CSP program focuses strictly on existing buildings versus LEED® and Green Globes™ which also offer certification for building design and construction. The IREM CSP is also a multi-attribute certification that includes categories for energy, water, health, recycling, and purchasing. As of December 31, 2021, there were a total of 907 IREM CSP certifications across medical office, multifamily, office, industrial, shopping center, and senior housing sectors as illustrated in Figure 1.

**Figure 1: Total IREM CSP certifications as of December 31, 2021**



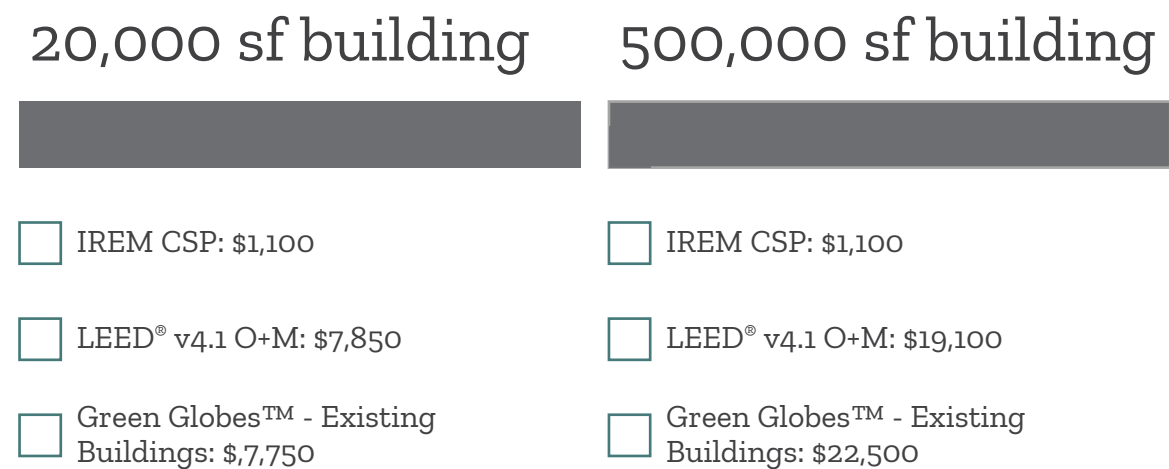
Qualifications for certification include an existing property with a building age of at least 18 months and occupancy of at least 75% while recertification is required every 3 years<sup>4</sup>. The multifamily community checklist lays out baseline requirements that every property must meet to achieve the IREM CSP certification. Examples include benchmarking energy and water use, establishing a sustainable purchasing policy, conducting a waste and recycling container audit, performing a sustainability market assessment, and establishing



an indoor air quality (IAQ) management plan. Once the baseline requirements are met, at least two points from every category of Energy, Water, Health, Recycling, and Purchasing must be realized and a minimum of 62 points achieved to reach certification.

The IREM CSP program charges a flat application fee whereas LEED® v4.1 O+M and Green Globes™ charges various flat fees in addition to certification fees based on gross floor area. Comparing costs of certifications, Figure 2 illustrates the lower cost of the IREM CSP certification compared to LEED® v4.1 O+M and Green Globes™ – Existing Buildings for both a smaller and larger building<sup>5</sup>.

**Figure 2 - Cost comparison of green building operational certifications (assuming non-member cost structures)**



### Literature review

#### Ecological sustainability in the built environment as a forward-thinking strategy

Environmental sustainability is no longer an afterthought for property companies. Real estate firms are now including ecological sustainability components into their corporate strategies such as corporate responsibility and sustainability reports, carbon disclosure project reports, property portfolio environmental sustainability performance ratings, property portfolio environmental performance targets, environmental footprint measurements, international sustainability performance measures, supply chain screening, tenant initiatives and green leases, sustainability awards, and Sustainable Responsible Investment (SRI) certification<sup>6</sup>. Sustainability is also being strategically used to garner business by many large third-party property management firms<sup>7</sup>. Specifically related to green building certifications as a proxy for ecological sustainability, organizational policies focusing on environmental responsibility have been strategically written by companies who are pursuing green building certifications for their existing building stock. Additionally, green building certifications have started to become a factor in decision making for investors and lenders in the real estate industry<sup>8</sup>.

## Motivations for green building investments

Many stakeholders are obviously interested in green building initiatives because of a lower lifecycle cost and higher return on investment expectations<sup>9</sup>. While motivating factors such as greater energy and water efficiency can directly assist in reaching these economic goals, other motivating factors for green building initiatives can indirectly affect the economic bottom line such as a reduced environmental impact, enhanced health, comfort, and satisfaction of building occupants and use of green buildings in a marketing strategy<sup>10</sup>. Specifically for existing building stock, remaining competitive with new construction that is going green is a motivation<sup>11</sup>.

External factors that can motivate property companies to invest in green buildings include investor and tenant demand, market pressure, government regulation, and public opinion<sup>12</sup>. However, attitudes and capabilities related to green building initiatives must be assessed within the property company as this can influence the degree to which green building investments are pursued<sup>13</sup>. Furthermore, scenario factors such as service cost and resource availability can also impact the scope of green building initiatives<sup>14</sup>.

## Green building success a concerted effort with property manager a key influencer

It is clear that creating a successful real estate sustainability program depends on support and efforts from multiple participants and not just one source. Critical success factors for green building projects rely on communication and cooperation between project participants, effective project planning and control, involvement and commitment from ownership, clear goals and objectives, and the performance of the project manager<sup>15</sup>. And while it is common to hire a consultant to achieve green certification for existing buildings, support of senior management and a commitment across departments is also essential in enabling the green certification process for existing buildings<sup>16</sup>.

This includes the initiative of the property manager as their role is significant in influencing ecologically sustainable behavior of residents<sup>17</sup>. As it has been shown that engaging residents in ecologically sustainable initiatives through community engagement programs with regular feedback can stimulate behavior changes and help achieve property sustainability goals, it is clear that the property manager is not a passive actor in green property management<sup>18</sup>. Rather, the effective property manager is an active change agent who can apply innovative concepts of green building management with the understanding of the external and internal effects of these concepts to the managed building asset<sup>19</sup>.

## Green building certifications as a framework for sustainable property management

The terms 'green' and 'sustainable' within the facilities management industry lack consistency in their usage<sup>20</sup>. In addition to inconsistency of terms, lack of a green property management framework prevents property managers from implementing green property management practices<sup>21</sup>. Another challenge is monetizing some of the more intangible green real estate management components which may not have direct cost savings<sup>22</sup>. These issues may explain, to a large degree, why one of the most critical barriers to implementing green building technologies has been identified as stakeholder resistance to change<sup>23</sup>.

Green building certifications and their associated potential economic valuation of intangible components can address these barriers. First of all, green building certification schemes help to provide a green property management framework by offering standardized checklists that address various green property management initiatives and then provide certification by a third party once a required amount of items on the checklist have been fulfilled by the property. Additionally, club theory and its application to green building certifications can help to overcome the intangible benefit challenge. With the club good approach, voluntary programs such as green building certifications are seen as club goods that provide potential nonrival excludable benefits to members such as positive brand reputation<sup>24</sup>. This benefit from being part of the green club persuades companies to outlay costs to comply with requirements which signals their commitment to external audiences of their environmental sustainability while also helping to mitigate negative externalities from the built environment. These sometimes hard to quantify or hard to observe operational greening initiatives can then perhaps obtain economic value through the certification<sup>25</sup>.

## Research questions, data, and methodology

With ecological sustainability becoming a more forward-thinking strategy among property companies and green building certifications an opportunity as a framework for sustainable property management, the newer IREM CSP certification has yet to be explored in the research. Gaining insights into the IREM CSP process is important as this certification continues to increase in adoption and can help to fill the gap in green real estate management practices. The questions that present themselves for further insight into the IREM CSP certification are: who advocates for the certification process and why? Also, what are the cost impacts, best practices, and recommendations moving forward for the IREM CSP? The data used to answer these research questions were collected through a series of semi-structured interviews with various stakeholders involved with the implementation of IREM's CSP certification in the multifamily sector. A total of 23 individuals participated in the research representing 4 C-suite executives, 1 principal, 6 vice presidents, 5 directors, 3 project managers, 1 regional property manager, and 3 on-site property managers across owner firms, third-party property management firms, owner-manager firms, and consultant firms.

The semi-structured interviews were conducted with the above sample and lasted approximately one hour in duration. Each interviewee was asked a series of open-ended questions related to the IREM CSP certification process including their role in the process, motivating factors for pursuing the certification, and influential stakeholder groups in the process. Also, questions related to decisions on specific IREM CSP points, the ease of obtaining the IREM CSP based on unique property and location attributes, and cost impacts were asked during the interview. Additionally, interviewees were asked to identify critically important factors for the ongoing success of the IREM CSP program as well as threats, and any best practices they would like to share for others that may be interested in pursuing the IREM CSP certification.



After completion of the interviews, the data were qualitatively analyzed for themes across the diverse and holistic interviewee sample. This type of inclusive and diverse sample fostered varied perspectives ranging from high-level views of the IREM CSP program and ESG initiatives to on-site personnel submitting documentation for the IREM CSP certification. It is important to note that this research study focused exclusively on the multifamily sector for consistency as responses to interview questions may vary based on property type. As an example, the lease structure for multifamily versus commercial can vary significantly and influence the way green building certifications are approached at the property level. The results of the interviews follow with common themes identified.

## Results

### Various stakeholders advocate for IREM CSP

Figure 3: Directions of stakeholder influence

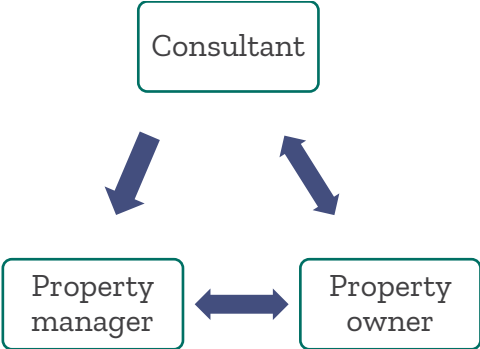


Figure 3 illustrates the direction of influence between various stakeholders involved in the IREM CSP process. Typically, the property owner influences the property management company to obtain the IREM CSP. When working with a third-party property manager, it should be noted that the juggling of everyday tasks by the property management company needs to be considered when requesting implementation of the IREM CSP. However, there have been instances where the property management firm pushes for the green building certification. As one interviewee states, "Influence for obtaining green building certifications does flow both ways. A property management team could have their own agenda around certifications or their consultant has pushed for certification. Sometimes it flows to us and we check it out and say ok great if it works." In other cases, it is a combined decision and effort between the property management company and property owner company. This works well in cases where firm values are in alignment regarding sustainability.

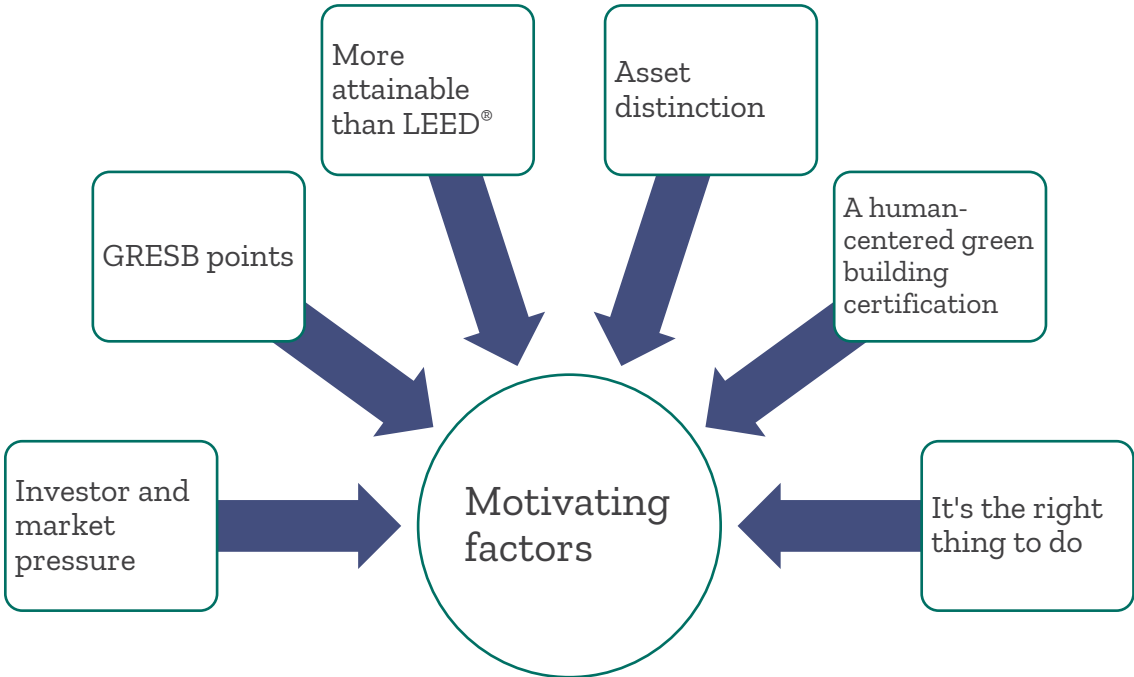
When the IREM CSP was first launched, it was mostly consultants presenting this green building certification as an option to property owners. As the IREM CSP has gained traction in the industry, building owners have begun going to consultants asking for the IREM CSP by name. In some cases, a consultant is not used during the IREM CSP

implementation due to the greater ease of implementing the IREM CSP compared to other green building certifications or due to smaller company size. However, it is common practice to use a third-party consultant to guide property companies through the certification process.

### Motivating factors

Figure 4 depicts the wide spectrum of motivating factors for pursuing the IREM CSP certification.

**Figure 4: Common motivating factors for the IREM CSP**



### Investor and market pressure

Multiple stakeholders influence the adoption of the IREM CSP program with pressure from investors being mentioned the most frequently among interviewees. There is an expectation to certify buildings from both national and international investors. One respondent notes, "When we're out chasing clients, especially European investors, they want to know what our ESG initiatives are and what certifications we have." As ESG initiatives become more important to investors, the IREM CSP is an important priority for some property companies as they seek to receive institutional investment from their clients. As one respondent succinctly conveys, "We are under a lot of pressure from our investors to get more certifications in our fund." Another states, "Owners are on board with the idea of increasing % of buildings, square footage that have the certification so they can use it as a statistic in an annual report, presentation to investors."

Local market pressures also play into the adoption of the IREM CSP certification with one interviewee expressing, "At the property level, there's so much competition in the multifamily market. If their neighbors, if the competition has a green building certification and you don't, makes them want to get one." While one may think that resident pressure is also pushing adoption of the IREM CSP, there was not agreement on this topic. One respondent states, "So far in our markets, it's not been tenant driven." On the other hand, a different respondent mentions, "Residents want recycling because they see these documentaries about all the plastic in the ocean and wonder why there is no recycling." Also, the overall level of resident engagement and interest in environmental sustainability is dependent on the local market where the property is located. Nonetheless, there is sentiment that resident pressure may become more of a driver in the near future as one respondent notes, "I think you're starting to see a demographic change with younger people moving into suburban markets, so I think we'll see [tenant demand] change."

### GRESB points

Developed in 2009, the Global Real Estate Sustainability Benchmark (GRESB) is an assessment framework used as an ESG benchmark for real estate assets. Self-reported data is validated by a third party and then scored and benchmarked against industry peers. As a company's GRESB score reflects the level of their ESG efforts, investors are using these scores to make decisions on investments. The IREM CSP certification receives points as a green building certification and is factored in as part of a company's overall GRESB score.

While smaller companies did not mention GRESB points as a motive, many larger companies find GRESB points a motivating factor in obtaining the IREM CSP certification. This GRESB point-driven theme resonates in several of the respondents' comments, including the following: "Investors really want to see these GRESB scores. Really into this GRESB, very tuned into it." Another interviewee goes on to state, "One client told me that an investor said if they don't remain in top half of GRESB, they'll take their money out of the investment company and take it somewhere else."

### More attainable than LEED®

Multiple interviewees mention that LEED® certification is not feasible for some of their building assets. Instead, IREM CSP is a better option as its cost, number of requirements, time to completion, and better fit for older suburban multifamily building assets makes it more attainable than LEED®. There is appreciation for the lower cost of the IREM CSP certification as conveyed by one respondent who states, "There's not this barrier to entry which is to show that the ones who throw the most money at [certifications] are not the most sustainable." Time to completion and ease of implementation are also motivating factors for IREM CSP as evidenced by one respondent noting, "From the perspective of price and time we would spend to get the certification, we just found the IREM CSP would be an optimal way to achieve the same goal of amount of square footage under building certification." So while some buildings may not be good LEED® candidates although they can truly become sustainable buildings, there is a favorable view of IREM CSP to help scale sustainability at older multifamily building assets that tend to be more suburban in nature.

As one respondent notes, "IREM CSP offers an organized framework to leverage an older property to one comprehensive outcome of sustainability."

### Asset distinction

Asset distinction is another motivating factor for going through the IREM CSP process. Property companies are using it as a communication tool that showcases a property and/or company as being environmentally sustainable. At the company level, one respondent notes, "IREM CSP also helps us communicate that we have a strategic corporate level strategy for [sustainability]." At the property level, another respondent states that the IREM CSP is "showing their tenants what they can do." Sometimes the IREM CSP is also used as an amenity that can be used to distinguish the property as contributing to an environmental wellness lifestyle. For example, one interviewee states, "I know that for our residents and our prospects being green and sustainable is a big piece of marketing for them so that draws the attention of those potential prospects and residents."

### A human-centered green building certification

There is a sentiment among interview respondents that they also gravitate towards the IREM CSP as it is a human-centered certification that rewards exceptional management of the property. Multiple respondents say this certification focuses on the personnel and management policies versus the building components as is common in some other building certifications. As a helpful tool for property management teams to identify and implement green practices and policies, it is valuable at the community level. Respondents' comments clearly illustrate this value as one respondent says the IREM CSP is "trying to get you to run your building more efficiently" while another states, "IREM CSP is a good prompt to think about practices you haven't already done or formalize policies if you haven't already done that."

### It's the right thing to do

Despite other motivations such as cost savings, marketing benefits, and checking the box, a common theme among firms is that the IREM CSP certification is the right thing to do. Multiple respondents mention that the IREM CSP is designed to help and push property companies to do the right things to be more environmentally friendly. As one respondent mentions, "With all ESG initiatives, I think that ultimately effectuating change is the goal and these are just tools to get to an end in helping the environment. That has to remain the focus of the landlord and these programs to remain viable and relevant." Another interviewee states that the IREM CSP is "keeping us on the path of being environmentally friendly." So, while stakeholders believe that focusing on the environmental aspects can directly and indirectly benefit their economic bottom line, responses suggest that environmental factors are important in their own right.

## Cost impacts of IREM CSP implementation

Cost impacts regarding initial capital outlay do not seem to be an issue because there are typically no big upfront costs required to obtain the IREM CSP. One respondent notes, "We never got to a point on a certification that we had to invest a huge amount of capital to get us to the finishing line." Another states, "If you look at the checklist, there's not much in terms of capital." In cases where there were initial capital outlays, the payback period seems relatively short as evidenced by two separate respondents: "For example, for lighting upgrades, about 120K. However, the ROI was a 17-month payback. So from there, we will be saving \$6,000/mo. It has saved money over time." Another respondent explains, "Electricity, when we converted outdoor lights to LED, it saved us in electricity over 1/3 of the cost. So we were able to recover our output of expense in a very short time. Probably within a year. Our recycling program, replacing trash cans with recycling bins, would cut trash expenses by another 35%." Furthermore, another respondent notes the ability to receive initial cost savings back based on a lower cap rate: "You're probably going to get this back, and probably 10-fold, because just a slight dip in the cap rate, it pays for itself."

As far as down the line cost savings from the IREM CSP, the general consensus is that the implementation of the IREM CSP is too new at this point at the property in order to determine these impacts. However, multiple respondents mention that they think the cost impact is positive with one respondent noting the ability to track specific cost savings: "I am able to quantitatively tell you that in my common area, I am saving x dollars /sf because of certain initiatives." Also, another respondent mentioned more generally that "[a]dditions of health and well-being and waste reduction will pay for themselves through tenant retention." Another reason for a lack of data on down the line cost savings is that the owner is not pushing for it. For example, one interviewee states, "Don't have great data on that. We haven't really put anything in place to track it directly and [since] it's on the lower cost side, landlord is willing to pay the amount and then not really push us super hard to find out what did this pay out, what is the ROI?" One respondent brings up questions regarding intangible components that cannot be measured such as, "How do you measure how many residents you lost because you didn't have the sustainability certification? How do you measure the investor dollars you lost because you didn't have it?"

## Suggested best practices

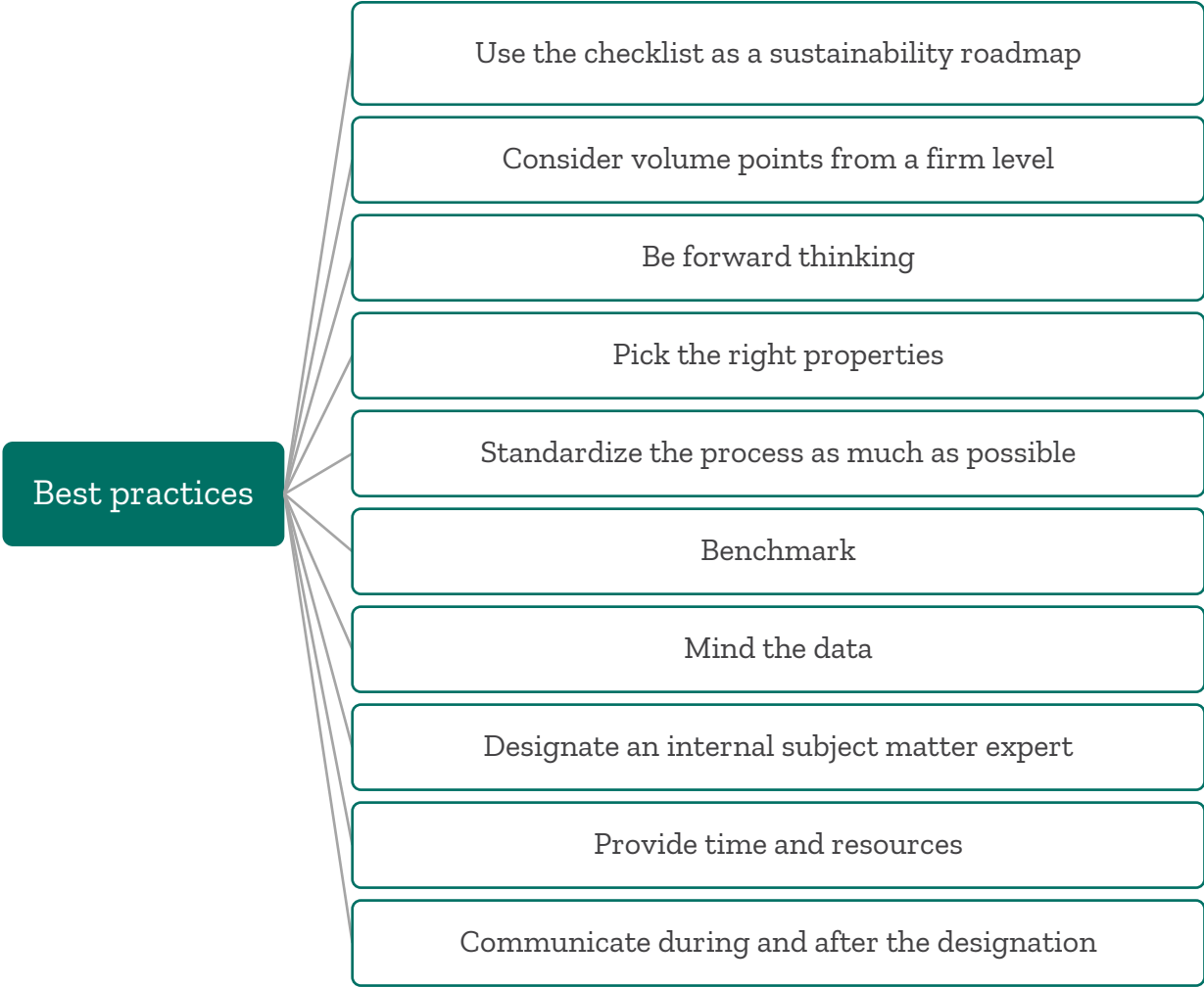
The results from these interviews with various stakeholders involved with the implementation of IREM's CSP certification in the multifamily sector suggest that there are different stakeholders who drive the IREM CSP process with different motivations. The IREM CSP certification may be heavily influenced by the property owner and hired consultant in many cases while the fee manager may intervene in some cases to push the IREM CSP as an option. The motivating factors also vary with market and investor pressure, GRESB points, attainability, asset distinction, a human-centered focus, and environmental concern playing into reasons to obtain the IREM CSP.

Regardless of these differences, there are various best practices that can be adopted by real estate practitioners interested in supporting or participating in IREM's CSP program in the future. The following best practices, based on interviews that were conducted for this



research study, provide owners, managers, and related parties with a better understanding of the factors that contribute to successful implementation of the IREM CSP.

**Figure 5: Ten suggested best practices for IREM CSP implementation**



**Use the checklist as a sustainability roadmap**

The IREM CSP checklist can be an effective way to create sustainable road maps at the property level and track them. It can be used as a sustainable package for properties that currently do not have a sustainability program in place and can build out an ESG framework. It can also be used to perform a gap analysis and for working through those gaps as a long-term strategy for improvement. Although not all items on the checklist need to be completed to become IREM CSP certified, all checklist items can be reviewed to determine what initiatives may and may not work at the property level. For those checklist items that may not be attainable immediately, they can be added to the annual business plan for future consideration.

### Consider volume points from a firm level

Based on what the portfolio of buildings as a whole are doing, a property can qualify for a certain amount of points before working down at the property level for additional points. For example, a property company may have a policy already in place that benchmarks energy and water use at all properties. Due to this being a company-wide policy, all buildings automatically get those points across the board on the IREM CSP checklist. Another example would be conducting a full analysis for the potential of solar installation across all buildings at the investment manager level. This saves the property management team on-site time as they do not have to conduct the analysis and this company-wide analysis can be given to IREM and points for this analysis awarded before the IREM CSP process is started at the property level. Therefore, it is important to look over the volume program to see if this strategy works before working through the IREM CSP at the property level as this can make the property level process easier and lessen the burden on the property teams.

### Be forward thinking

Preparation is key and should span across the building portfolio. Thinking about portfolio-wide policies early on can lay the foundation for IREM CSP and make for easier pursuit of the certification. As the level of preparation can be high, once the property company begins considering the IREM CSP process, obtaining the list of what the property needs is helpful. Also, reviewing the budget early on can help identify what projects may need ownership approval and this foresight can prevent delays in receiving specific IREM CSP points.

### Pick the right properties

Property companies must be strategic in picking the right properties for IREM CSP certification. This can be done by working through the IREM CSP checklist and seeing what the property may already be doing related to the checklist. This helps identify which properties can more easily obtain the IREM CSP because they may already be doing many items on the checklist. While newer building assets tend to make the IREM CSP easier to obtain, newer assets also make it hard to effectuate change for energy and water because of the newer technology. Locality also matters when choosing properties for the certification as it is easier to achieve in localities with recycling services available and/or benchmarking requirements in place.

### Standardize the process as much as possible

Developing a process that can be repeated time and time again will serve companies well as they continue to implement the IREM CSP certification across multiple properties in their portfolio. One example is to create a company-wide standardized survey process from the IREM CSP checklist that can be sent to property managers to acquire property level information to determine feasibility of checklist items. A site level strategy example includes putting together an IREM CSP application binder that can serve as an effective reference tool for other properties and personnel within the company so they do not become overwhelmed when they start their first IREM CSP certification. Also, it should be

noted that the IREM CSP process becomes easier to do the second time once you go through and learn from the first time.

### Benchmark

As benchmarking energy and water use is a requirement for IREM CSP, ensuring an effective benchmarking process is essential to the certification. As first-time users of ENERGY STAR® Portfolio Manager® tend to find this step to be relatively difficult, it is imperative to receive answers to any questions to stay on top of getting accounts linked to the benchmarking system. Once benchmarking is established, it is crucial to ensure benchmarking remains in place so that the IREM CSP renewal process regarding benchmarking becomes a less-laborious process than the initial establishment. Furthermore, if benchmarking is not properly in place and the current and historical data become inaccurate, this can cause other issues on-site during and after the IREM CSP certification.

### Mind the data

Ensuring the property has the appropriate data and minding that data makes the certification process easier. One method to assist organized data collection is to establish centralized systems to track items such as greenhouse gas emissions, waste, water, and energy as well as a centralized purchasing program. Active utility management and additional sensors and software can help set up these types of centralized systems. Also, retaining historical data from the initial certification can make the renewal certification process significantly less cumbersome. Data regarding financial return information should also be analyzed and points chosen based on the best return, not only to the owner, but to the resident as well.

### Designate an internal subject matter expert

Having an internal person or a team of people at the corporate level that are held accountable for the program can be helpful for fostering a smoother implementation. As an example, this person or team can help facilitate the IREM CSP program on-site for property managers that have many other competing responsibilities at the property level and that may also not be familiar with the IREM CSP program. This decision maker for the IREM CSP program can also be an advocate and knowledge base because they know how the program works and employees know this person can help with questions they have about current and possible future implementation strategies.

### Provide time and resources

Feeling supported by providing time and resources is vital for successful implementation of the IREM CSP program. Whether that be providing financial resources for hiring a knowledgeable consultant or setting aside time for the property management personnel to complete the application steps for the IREM CSP, appropriate support is necessary for working towards the certification. The accounting for time and resources towards the IREM CSP should be reflected in the operating and capital budgets including the certification fee. A strategy that property management firms can consider is offering IREM

CSP certification services to property owners either free to garner business or for a fee to help owners further their sustainability initiatives.

### Communicate during and after the certification

Continual communication during and after certification is key among property owners, property management companies, and building occupants. More collaborative approaches across firms are essential so various stakeholders understand the certification and can relay this knowledge to others that are considering or currently working through the process. As an example, on-site property management personnel, who are valuable in informing the IREM CSP process and initial efforts, should relay information to the corporate level within the company as well as externally to the building owner should property management companies change or turnover of on-site property personnel occur prior to certification renewal. This will prevent knowledge loss and the extra work required to begin the process over. Another example would be establishing communication about the IREM CSP between the property management company and building occupants to assist in furthering adoption of sustainability practices at the property level through resident behavior as well as helping to market the green building initiatives.

### Recommendations for the IREM CSP program moving forward

There is consensus among interviewees that the IREM CSP process and certification has value when developing and implementing a sustainability plan across buildings and property companies. As a meaningful tool to create effective sustainable pathways for existing buildings, it also provides recognition of excellent green real estate management and GRESB points. However, there are also recommendations put forward to make the IREM CSP certification even more valuable in the future. Below are two recommendations that consistently arose during the interview process that IREM should consider moving forward with the IREM CSP.

#### Brand recognition opportunity

Enhancing corporate image and asset distinction arise as important benefits for pursuing green building certifications in the existing literature. However, there must be brand recognition in order to obtain these resulting advantages. As the IREM CSP certification is relatively new, there is an immense opportunity to increase brand recognition among the industry so that these brand benefits can be enjoyed by adopting buildings and companies. Also, limited market recognition poses a threat to the IREM CSP program as this can cause limited market adoption.

To drive more brand recognition and adoption, there must be a focus on a marketing and publicity campaign so that the industry understands what the IREM CSP is and why it is beneficial. Approaches to increasing awareness among IREM membership can include advertising the certification during IREM events such as the IREM Global Summit and chapter events by having a booth, advertising the certification prior to a keynote speaker, and having sessions that include discussion of the IREM CSP. Additionally, advertisements within IREM's *Journal of Property Management (JPM)*<sup>®</sup> and creation of an IREM CSP award

for exemplary green initiatives at the property and/or company level can increase IREM membership awareness. While a marketing and publicity campaign may cost additional capital upfront, it is likely that the increased adoption from these marketing efforts can payback the initial cost, perhaps multiple times over, from increased certification fees.

Externally, increasing brand name recognition includes putting measures in place to ensure property management staff at buildings with the IREM CSP certification are talking about it to potential and current residents, as well as placing the IREM CSP logo and associated information on the building website, social media, and print collateral. A resident survey can also be useful to assess if residents know about the green initiatives at the property and their level of interest in these initiatives. Another strategy is creating a reporting tool so that quantitative benefits of the IREM CSP can be measured and reported such as return on investment and resident satisfaction of green initiatives. This can drive the business case for the certification and foster further implementation.

### More meaningful targets

A significant threat to the adoption of the IREM CSP is the demotion or loss of points through the GRESB framework. Because of this and the general view that the IREM CSP is relatively easy to achieve compared to other green building certifications, it may be seen as too accessible and affordable and not as meaningful as other certifications. Therefore, it is suggested to reassess the rigor of the current certification and perhaps revise the certification to make it more aggressive and more impactful through more meaningful targets to further sustainability progress at the property, even if that means an increase in cost. If the IREM CSP becomes more expensive and harder to obtain, perception of quality and value may increase. However, it should be noted that this may defeat the original purpose of the IREM CSP and a higher cost may deter implementation.

In order to reassess the current certification targets, the IREM CSP process should consist of an iterative approach with the checklist reviewed at a minimum annually by a multi-disciplinary committee which can consist of members from the property management, asset management, investment, consultant, and academic communities that can provide insights into the certification framework. The checklist can then be updated based on lessons learned and current and emerging market trends. For example, in part because of ESG pressure and COVID-19 conditions, IREM can update their air quality and health and safety of building items to be more competitive. Additionally, requirements such as physical climate risks can be considered as an addition to the certification as well as items related to data management systems. As institutional investors focus on carbon neutral and offsetting greenhouse gas emissions, a larger focus on renewable energy items may be appropriate for the IREM CSP checklist. Including a tenant satisfaction survey and corresponding score can also be included to expand on the tenant engagement theme of the IREM CSP. Perhaps points can be added on the checklist for companies that include IREM CSP requirements to their property management agreements or for companies who tie financial incentives to the IREM CSP requirements to incentivize action.

The checklist should also consider the post-certification process at the property, especially in light of property staff turnover and property ownership transitions. Ongoing



verification of the green initiatives implemented during the initial IREM CSP implementation is necessary to ensure targets continue to be met and associated impact achieved. As an example, checks and balances should be in place to ensure that the sustainable purchasing policy that was established for the IREM CSP certification continues post-certification. Touchpoints including documentation throughout the year with the property staff can assist with this continuation and companies can be awarded points for putting a post-certification verification process in place.

## Conclusions

The existing literature suggests that ecological sustainability in the built environment is a forward-thinking strategy predicated upon motivations for green building investments including lower lifecycle cost and higher return on investment expectations, building occupant satisfaction, investor demand, tenant demand, asset distinction, and reduced environmental impact. Furthermore, green property management can be facilitated successfully through implementation of a standardized framework and with the support and efforts of multiple stakeholders including an active and effective property manager as a key influencer in the process.

Through semi-structured interviews with a diverse and inclusive sample of owner firms, third-party property management firms, owner-manager firms, and consultant firms, the results of this research study are, in large part, consistent with the existing literature. While both the literature and research results suggest it is common practice to hire a consultant to achieve green certification for existing buildings, cooperation and communication among stakeholders and an engaged property manager are important for more straightforward implementation. Also, investor and market pressure, asset distinction, and reduced environmental impact arise as motivating factors in the literature and among respondents while motivating factors more specific to the IREM CSP include GRESB points, attainability, and a human-centered focus. While there is hope that the IREM CSP will assist in lower lifecycle costs and higher returns on investment as illustrated in the literature, the general consensus of respondents is that the certification has not been in place long enough to determine these impacts and some impacts are intangible. However, multiple respondents mention that they think the cost impact of IREM CSP implementation is positive.

The IREM CSP program helps to fill in the green property management framework gap by creating a standardized process to implement green property management practices and services. Ten best practices, based on interviews that were conducted for this research study, are put forward that should be helpful for owners, managers, and related parties during the planning and implementation of IREM's CSP. While seen as a valuable sustainability tool among participants, increased brand recognition and more meaningful targets can make the IREM CSP certification even more valuable in the future. With 21.9 million apartment units in the United States, there is a tremendous growth opportunity for green real estate management and the IREM CSP certification<sup>26</sup>.

## Endnotes

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