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## 'Green' hotel proves saving energy makes money

Proximity Hotel's restaurant offers an uncommon view in the heart of a busy Greensboro business and shopping district. Just below the outdoor terrace, a restored stream winds through an expanse of tall grass. A colony of turtles and the occasional heron make their homes in this quiet retreat. It's not what you expect just a hundred yards from one of the city's most frequented thoroughfares. But then, this hotel is an uncommon venture.

It's the brainchild of Greensboro hotelier and restaurateur Dennis Quaintance, who has made his mark in the Triangle as owner of the Lucky 32 restaurant in Cary. Proximity opened in 2008 as the first hotel in America to earn the highest rating offered by the U.S. Green Building Council's Leadership in Energy and Environmental Design system. With water heated by 100 solar panels on the roof, a high-tech elevator that feeds energy back into the building's electrical grid and an array of ultra-efficient materials, the Proximity uses 39 percent less energy and 33 percent less water than comparable hotels.

"The widely held notion that building and operating hotels with a commitment to sustainable practices is too expensive is a myth," Quaintance said. "We wanted to get to the point where we're not wasting energy and the guest is still very comfortable - and that's where we ended up."

But why aren't more developers joining him? And what can they learn from Quaintance's project that might serve both their bottom line and sustainable construction?

"Most property owners start with a calculator" - and often hastily decide green buildings cost too much, said Todd Mansfield, past chairman of the Urban Land Institute and current CEO of Charlotte real-estate developer Crosland.

Developers, for example, finance up to 90 percent of the money needed to build a hotel. With that high debt load, they focus on maximizing profits quickly by selling the hotel in three to five years. "There's also been a long-standing misperception about the cost of green elements, that they add 20 to 25 percent to the cost of a project," Mansfield said. In fact, he said, those costs more typically run less than 5 percent - and developers are gradually catching on.

Quaintance estimates the green elements of the Proximity added a net cost of about \$800,000, or 3 percent, to his \$29 million hotel. He expects to recoup it by 2012 through energy savings, state and federal tax credits and other incentives. He's rooted in Greensboro, put considerable equity into the hotel with his investors and is willing to wait for his payoff - but many developers aren't. Nor are they inclined to create more work for themselves by vetting the myriad green options that are available - from sensors that switch off the lights in empty rooms to high-tech drapes that retain heat more efficiently.

The result: In the two years since the Proximity opened, just one other hotel in the United States has achieved the platinum LEED rating. Quaintance finds that more disappointing than gratifying. He didn't build the hotel to make a social statement; he did it because it made business sense.

The hotel's energy efficiency will add hundreds of thousands of dollars to the bottom line in coming years. And, already, about 15 percent of the Proximity's revenues come from clients who want to hold weddings, meetings and charitable events there precisely because it is a green hotel.

In the Triangle, there are several dozen LEED-certified office, university and public buildings under way or finished. Durham, in fact, is among the national leaders in LEED buildings per capita. Duke University sets the pace with 16 buildings completed and another 12 seeking certification. Scientific Properties and Trinity Design/Build have kept pace with their own LEED-certified buildings. Greenfire Development, one of the city's largest developers, has several innovative projects using green technology.

To prod more developers in this direction, Quaintance offers a few modest proposals. For example, he said, what if developers received incentives for earning LEED certification? What if they got accelerated tax depreciation for new buildings with energy and water consumption that exceed efficiency thresholds? What if colleges, universities, school systems and government agencies required that all new buildings include an estimate for the first five years of utility costs in their capital expenditure items? The math would show where the long-term savings from green features, such as solar panels, exceeded upfront costs.

"My hope," Quaintance said, "is that in just a short while our accomplishments with the Proximity will be overshadowed by other hotels and restaurants that surpass our performance."

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