
PERFORMANCE AUDIT OF THE AFFORDABLE / IN-FILL HOUSING AND SUSTAINABLE BUILDINGS EXPEDITE PROGRAM

Improved Performance Management
and Updated Eligibility Criteria are
Needed to Ensure the Expedite Program
Delivers Advertised Incentives and
Encourages Sustainable Development

Office of the
City Auditor

City of San Diego



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THE CITY OF SAN DIEGO

December 2, 2016

Honorable Mayor, City Council, and Audit Committee Members
City of San Diego, California

Transmitted herewith is a performance audit report on the Affordable / In-Fill Housing and Sustainable Buildings Expedite Program. This report was conducted in accordance with the City Auditor's Fiscal Year 2016 Audit Work Plan, and the report is presented in accordance with City Charter Section 39.2. The Results in Brief are presented on page 1. Audit Objectives, Scope, and Methodology are presented in Appendix B. Management's responses to our audit recommendations are presented after page 84 of this report.

We would like to thank staff from the Development Services Department for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated. The audit staff members responsible for this audit report are Kevin Christensen, Nathan Otto, and Andy Hanau.

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Results in Brief

The City of San Diego (“City”) created the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program (“Expedite Program”) to incentivize certain development activity that helps the City combat its affordable housing crisis and achieve its environmental sustainability goals. Projects that provide affordable housing or meet certain sustainability requirements are eligible to utilize the Expedite Program, which advertises that permits for expedited projects will be processed twice as quickly as standard projects.

Available Evidence Does Not Reliably Indicate that the Expedite Program Actually Processes Permits Twice as Fast

In order to ensure the Expedite Program is attractive to potential applicants, advertised incentives—permitting times that are twice as fast—should be consistently delivered. We found that improved performance management is needed to ensure that the Expedite Program’s advertised permitting timelines are met. Specifically:

- Project review cycles—a dominant and time consuming function of the review process—were not completed by the deadline about 45 percent of the time from 2011 to 2015.
- The current methodology used to measure performance towards meeting the overall “twice as fast” goal is flawed and does not accurately reflect whether the Expedite Program is meeting this goal.
- Based on the available evidence, it is likely that the Expedite Program is not meeting its stated goal of processing expedited permits twice as fast as the standard process, reducing the attractiveness of the program to potential developers of the affordable housing and sustainable building projects the City seeks to encourage.

The Environmental Benefits of Many Expedited Projects are Questionable

In addition to permit processing timeliness, the Expedite Program’s success depends upon ensuring that projects granted expedited permitting provide appropriate benefits to the City in return. However, we found that, due to outdated sustainability criteria and a lack of adherence to current eligibility standards, the program is largely attracting projects classified as “sustainable,” but that provide questionable

environmental benefits and, in many cases, should not have been admitted to the program. For example:

- Program admissions criteria for sustainable development were created in 2003 and do not align with current state and City environmental goals.
- The program incentivizes types of sustainable development that are already occurring in large numbers outside of the Expedite Program. In 2015, at least 7,000 solar energy systems were permitted in the City, and less than 1 percent of these utilized the Expedite Program.
- The Development Services Department (“DSD”), which operates the Expedite Program, has not adhered to program eligibility criteria that only allows residential developments of four or more units. Instead, DSD has allowed single-family homes and other small residential projects to access the program since 2006.¹ Approximately 30 percent of projects utilizing the Expedite Program are single-family homes that may not significantly contribute towards meeting the City’s current sustainability goals.
- The vast majority of these single-family homes are located in coastal areas, largely causing a geographic imbalance in where expedited permitting benefits are accrued.
- DSD does not systematically track and report on the reasons why projects qualify for expedited permitting as “sustainable.”

We recommend that DSD develop additional performance management tools and revise its existing performance metrics in order to better monitor and report on the Expedite Program’s performance towards providing the advertised incentive of “twice as fast” permit processing. In addition, to ensure that the Expedite Program is used to advance the City’s sustainability goals, we recommend that DSD immediately

¹ According to DSD, the decision to allow single-family homes and other residential projects of less than four units to the program was based on a discussion that occurred at a City Council Committee meeting in April 2006. At the meeting, the Sustainable Energy Advisory Board suggested that it would recommend adding single-family and other small residential projects to the program in the future, and according to DSD, this was used as the basis to allow small residential projects to the program beginning in October 2006. However, modifying the program admission requirements would have likely required a formal City Council action, and no such action ever occurred.

cease to allow single-family homes and other small residential projects of less than four units to access the Expedite Program, which is consistent with current eligibility criteria approved by the City Council. In addition, DSD should re-evaluate and update the Expedite Program's sustainability requirements to align them with the City's Climate Action Plan and other rigorous sustainability goals.

We made a total of eight recommendations to address the issues outlined above, and management agreed to implement all of the recommendations.

Background

The City uses programs offering expedited or reduced permit review times for discretionary permits as an incentive to achieve development activity that provide a desirable public benefit. One of these programs is the Affordable/In-fill Housing and Sustainable Buildings Expedite Program, which the City created to encourage the development of affordable and sustainable projects.

The Expedite Program was First Created to Help Combat the Affordable Housing Crisis

The City of San Diego has been identified as one of the least affordable cities in the United States. Local leaders have declared an affordable housing² state of emergency each of the last 12 years and have described the issue as “the single greatest threat to our region’s economy.” Economists have estimated an annual need of about 3,500 new low-income and very low-income units per year within the City of San Diego to meet these growing needs.

Local government leaders recognized the need to offer incentives that assist in the creation of affordable housing as early as 1980. At that point, the City Council first approved a program to assist the production of affordable housing units “in the shortest possible time and to reduce development cost to the greatest extent” and stressed its importance to the local economy.

In 2002 and 2003, the City Council approved the program expansions that formed the program into what exists today. Specifically, the program received positions for dedicated management and project review staff, reduced processing time guidelines, and established a new criteria governing types of projects that can enroll. Staff also envisioned providing quarterly reports regarding the Expedite Program to different legislative bodies.

² It can be useful to distinguish between “housing that is affordable” and “Affordable Housing”, also known as subsidized housing. Affordable Housing in the context of the Expedite Program includes units that are set aside with specific price controls, for households with specific incomes.

Incentives for Sustainable Development were Added to the Expedite Program in 2003

The City also recognized the effect that development has on the environment through oil consumption, deforestation, and generation of excessive waste. In order to address these concerns, the City adopted more rigorous environmental goals.

While the City was legislating the expansion of the Affordable Housing Expedite Program, the City Council concurrently added another component to the program to streamline permitting for sustainable development. The City Council approved the expansion of the Expedite Program to include sustainable buildings in May 2003. The program was renamed to its current official title, "Affordable/In-Fill Housing and Sustainable Buildings Expedite Program," commonly known simply as the "Expedite Program."

DSD began admitting single-family homes and other small residential projects of less than four units to the Expedite Program in 2006. According to DSD, the decision to allow single-family homes and other residential projects of less than four units to the program was based on a discussion that occurred at a City Council Committee meeting in April 2006. At the meeting, the Sustainable Energy Advisory Board³ suggested that it would recommend adding single-family and other small residential projects to the program in the future, and according to DSD, this was used as the basis to allow small residential projects to the program beginning in October 2006. However, modifying the program admission requirements would have likely required a formal City Council action, and no such action ever occurred.

Discretionary Permit Approval is Time Consuming and Costly

Local economists have cited discretionary permit processing times as one of the primary cost escalators in completing new developments in the City. In addition, recent studies have stated these cost escalators add to the unaffordability of homes in the region and that processing times have a direct impact on processing costs.

³ The Sustainable Energy Advisory Board serves as an advisory body to the Mayor, City Council, and City Manager on energy policy and future energy needs for the metropolitan San Diego area and to assist the City's attainment of its energy independence and renewable energy goals.

The discretionary permitting process is established to provide a review for projects where the applicable regulation may need to be supplemented by project-specific conditions.

Discretionary permits are also sometimes referred to as “entitlements.” The permit, or use, is issued at the discretion of a decision maker or at a public hearing by authorities such as the San Diego Planning Commission or the San Diego City Council.

Discretionary review is a higher level of public notice, review, and hearing.⁴ These permits are often time consuming because they require review by a wide variety of City staff. Depending on the project location and complexity, a review could be required by multiple City departments and outside agencies, such as the California Coastal Commission.

**The Development
Services Department
Administers
Discretionary Permitting**

Except for a portion of downtown where permitting is carried out by Civic San Diego, DSD provides discretionary and ministerial project review, permit issuance, inspections, and code enforcement services. DSD estimates that, on average, typical discretionary approvals require 10 months to 12 months to process, and discretionary entitlement costs can average anywhere from \$19,000 for a single-family residential project to over \$100,000 for large-scale projects. DSD attributes these costs and timelines to variations in property characteristics, community support, complexity of regulations, as well as the range of experience of both applicants and its own staff.

DSD reviews projects to ensure compliance with local, state, and federal regulations, such as the Land Development Code, the City’s guiding document for development.

**DSD Operates the
Expedite Program**

The Affordable/In-Fill Housing and Sustainable Buildings Expedite Program is intended to provide expedited permit processing for eligible affordable/in-fill housing and sustainable building projects. The Expedite Program is an optional, application-driven service available to applicants who desire expedited permit processing and requires a

⁴ Homeowners and other small development projects typically follow what is called the “ministerial” process when pursuing permits for single-family residential projects. A typical kitchen or bathroom remodel or water heater installation are examples of ministerial projects that do not require a hearing officer decision or public hearings. These projects are approved administratively without a long, complex process. This audit focused not on ministerial reviews, but on discretionary review permitting.

supplemental fee of \$500 per unit in addition to any other standard applicable fee and deposit.

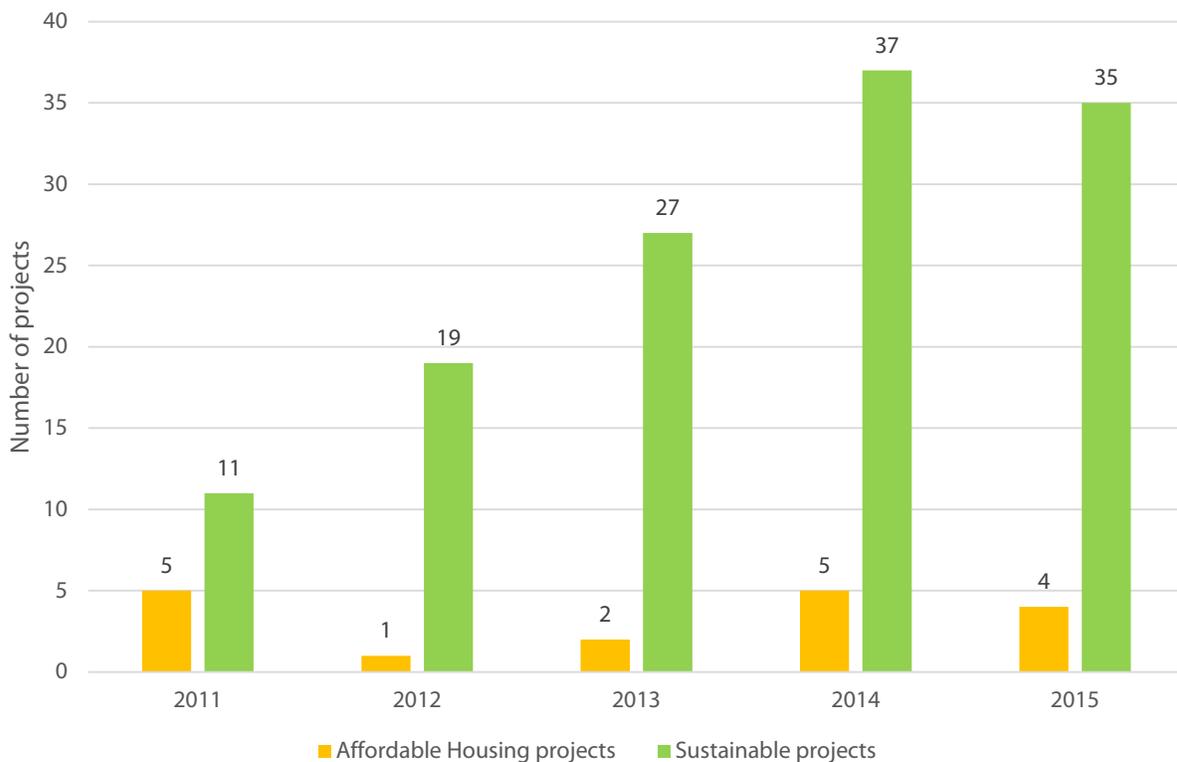
The Expedite Program's Goal is to Process Affordable and Sustainable Discretionary Permits Twice as Fast

The Expedite Program's purpose is to help the City meet its affordable housing and sustainability goals by providing benefits and incentives for developers to build affordable housing and sustainable projects. The stated goal of the Expedite Program is to process affordable/in-fill housing and sustainable building projects twice as fast as the standard permit process. These time reductions provide direct financial savings for affordable housing and sustainable building developers who opt to use the program.

This audit covered projects that applied to the Expedite Program from 2011 to 2015. **Exhibit 1** contains the number of expedited projects during that period. This exhibit shows there has been a significant increase in the number of sustainable projects that have gone through the Expedite Program.

Exhibit 1

Number of Expedite Program Projects, 2011 to 2015

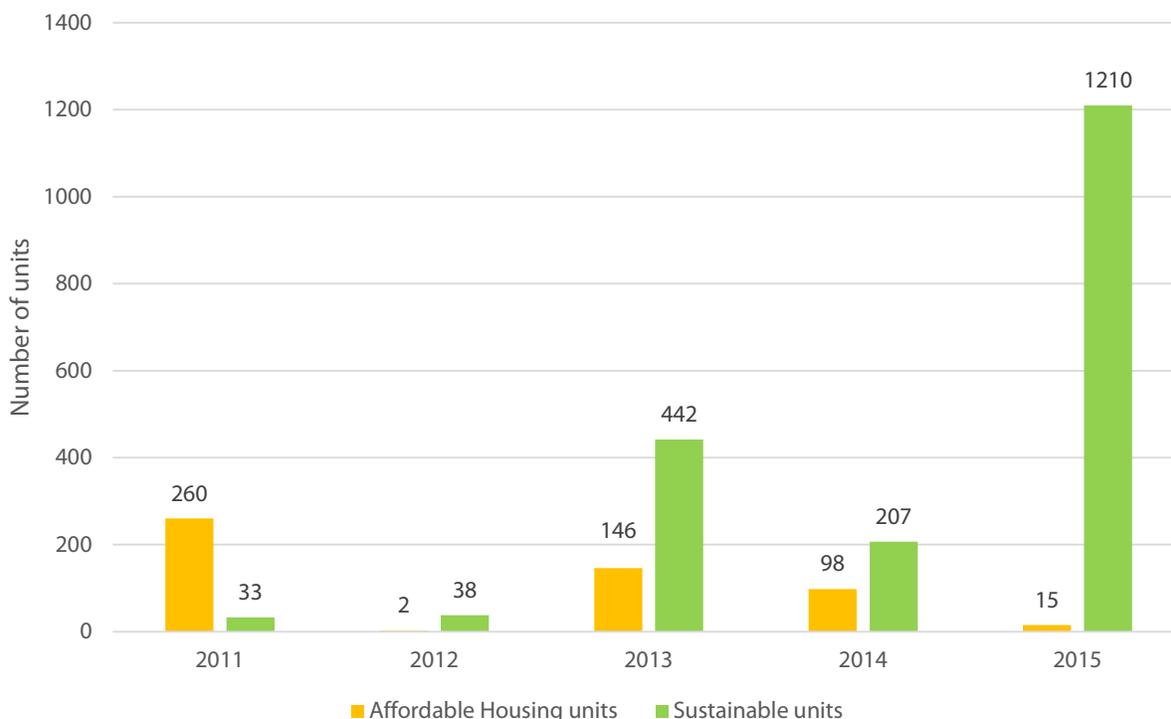


Source: OCA based on DSD data.

Exhibit 2 below contains the number of units⁵ that have been developed for the expedited affordable and sustainable projects. It shows there has been a significant increase in the number of sustainable units while the number of affordable units has decreased.^{6,7}

Exhibit 2

Number of Expedite Program Units, 2011 to 2015



Source: OCA based on DSD data.

DSD Provides Staffing and Budget for Operation of Expedite Program

The development review and inspection services provided by DSD are operated as an Enterprise Fund and without General Fund subsidy. Under the Enterprise Fund structure, customers pay for the Department's operating costs through permitting fees.

⁵ San Diego Municipal Code section 113.0103 defines a dwelling unit as a room or suite of rooms in a building or portion thereof, used, intended or designed to be used or occupied for living purposes by one *family*, and containing only one *kitchen* [emphasis original]. "

⁶ According to DSD, it is critical to note that in 2011, Governor Jerry Brown dissolved the Redevelopment Agencies, thereby drying up California's main source of affordable housing subsidies. A reduction in affordable projects became a market effect. Affordable housing developers have yet to identify a similar subsidy program for affordable housing.

⁷ According to DSD, a total of 7,001 units have been processed through the entirety of the program, including 3,099 affordable projects and 3,902 sustainable projects.

The Expedite Program features staff dedicated to managing and reviewing project applications. This arrangement is designed to ensure a higher level of expertise. The dedicated staff is involved before the submission of the project in pre-application review and work as a liaison between City departments, agencies, and community groups. DSD management stated that, in general, the best reviewers and project managers are assigned to review Expedite Program projects.

According to DSD, its staffing of the Expedite Program currently includes three Development Project Managers and one to two reviewers each for a series of disciplines, including but not limited to Planning, Environmental, Transportation, Engineering, and Landscaping. In times of high workload, additional reviewers, or non-dedicated reviewers, may be assigned Expedite Program projects to meet deadlines.

DSD's Discretionary Permit Review Process in the Expedite Program Includes Several Steps

At the beginning of any discretionary review process, the City will assign an applicant a single point of contact called a Development Project Manager ("DPM"). This DPM serves as a liaison between the City staff involved in reviewing project issues and the applicant as the project moves through the discretionary permitting process.

Once the project submittal package is "Deemed Complete," the application is entered into the Project Tracking System ("PTS") as an Expedite Program project. PTS is a software system used by DSD to manage and track the City's land development permit processing. Once the project is entered into PTS, the individual review disciplines are notified of the incoming project in their queue. PTS auto populates the deadline for each review cycle, with Expedite Program projects generally given deadlines half the time of standard reviews. A set of physical plans coupled with review deadlines are also delivered to each reviewer. Notably, the City is currently working to implement a new software system in 2017, called Accela, to replace the PTS system.

The Expedite Program Workload Manager, who serves as a way station for incoming plans, assigns the project to a DPM for tracking purposes.

There are several different individual disciplines reviewers responsible for analyzing a project. The disciplines oversee different areas of expertise and analyze different sets of codes and standards to ensure the project complies. For example, Environmental Analysis ensures project compliance with the California Environmental Quality Act, Long Range Planning ensures the project complies with the General Plan, and Fire Review ensures projects comply with fire safety regulations. Notably, some of the discipline reviews are more complex than others and require more time.

Each reviewer in their respective discipline is expected to give priority to the Expedite Program projects and complete the review before deadline. Throughout this process, the DPM is engaged with the individual discipline reviewers to provide conflict resolution, ensure deadlines are observed, and communicate issues to the project applicant. When each review is complete, the reviewer closes out of the project in PTS and the DPM is alerted. The DPM reviews comments, closes the review cycle, and forwards the review cycle package back to the applicant. **Exhibit 3** provides an overview of the discretionary permitting process.

Exhibit 3

Conceptual Overview of the Discretionary Permitting Process



Source: OCA based on DSD data.

*Expedite Program
Processing Procedures
and Timelines*

As established by Council Policy 600-27, the Expedite Program's goal is to achieve a reduction in permit processing time by streamlining specific steps in the discretionary permit process.

First, before the project is submitted, a mandatory initial review meeting between the applicant and DSD staff allows for early feedback and identification of potential issues. This is designed to help the applicant fashion a proposal that best meets the City's guidelines and move the application quickly through the completeness check and first review cycle.

Second, once the project has been submitted, a shorter time is given to DSD staff to complete the different types of plan reviews. This is where a significant amount of time in the permit process is reduced because the Expedite Program assigns 50 percent shorter review timelines than standard processing.

Third, the expedited project is given preference as the first agenda item at public hearing dockets following DSD staff's completion of all required reviews and is scheduled at the next public meeting.

Council Policy 600-27 also sets a priority scheme that dictates which projects are given precedence for review. The policy states that when high workloads prohibit meeting deadlines on all Expedite Program projects, affordable housing projects shall be processed first, with sustainable projects as a secondary priority.

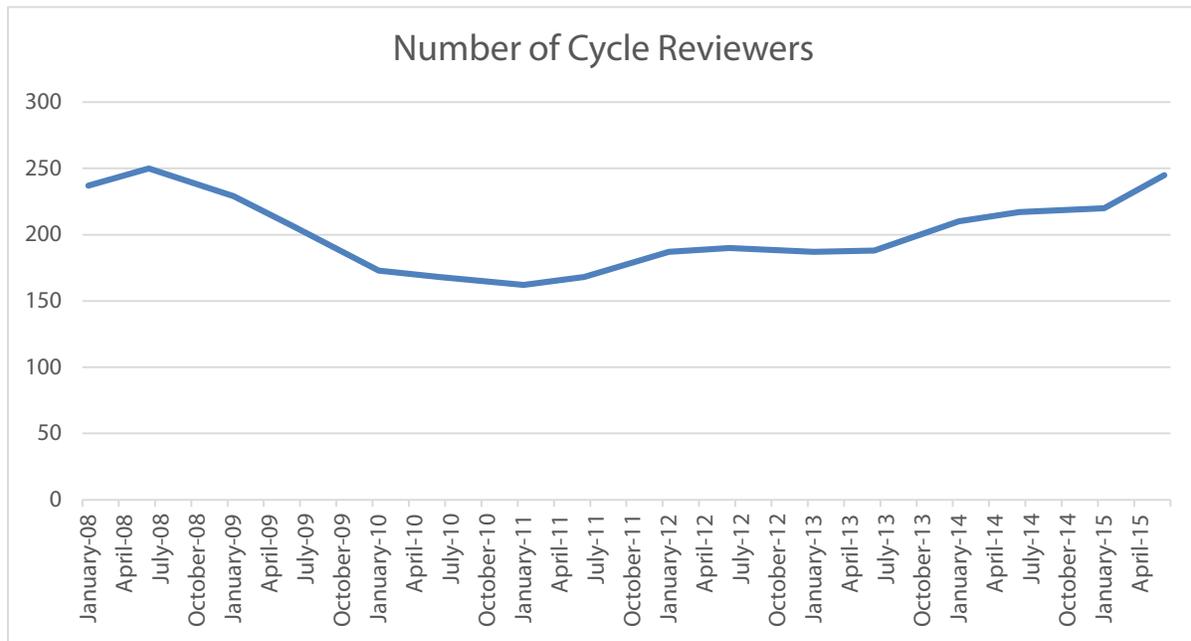
The timelines for the Expedite Program are found in DSD's procedures, "Expedite Program Processing Procedures and Timelines." These procedures establish timelines for each review and provide a description of how these should be reported.

**DSD Staff Experienced
Extreme Staffing Level
Fluctuations during
Recession and Economic
Recovery, Impacting
Ability to Meet Expedite
Program Goals**

DSD managers stated that the most recent economic downturn stalled new construction, causing a reduction in permit applications filed and a reduction in permitting revenue to DSD. Because DSD operates as an Enterprise Fund, staff levels were reduced. We analyzed cycle review records dating back to 2008. We found that between May 2008 and January 2011, the number of cycle reviewers declined from about 250 to 150.

Exhibit 4

Number of DSD Cycle Reviewers



Source: OCA based on DSD data.

Since 2011, the number of staff performing reviews is back to about 250, returning the staffing levels to their pre-recession levels. The hiring of staff to return to pre-recession staffing levels has created a gulf between experienced and inexperienced project review staff at DSD, as shown below in Exhibit 5.

Exhibit 5

Breakdown of Years of Service of Development Services Department Individual Discipline Reviewers

Years of Service	Number of Employees	Percentage of Workforce
0 to 5 years	109	43%
5 to 10 years	12	5%
10 to 15 years	22	9%
15 to 20 years	46	18%
20 to 25 years	20	8%
25 to 30 years	35	14%
30 to 35 years	6	2%
35 to 40 years	1	0%
40 to 45 years	1	0%

Source: OCA based on DSD and Personnel data.

The analysis shows there is a relatively large number of inexperienced individual discipline reviewers. About 43 percent of the cycle review workforce have between zero and five years of service.⁸ DSD management noted that the lag time to hire new staff when project application submittals increased, coupled with the relative inexperience of the review staff, has made it more difficult to meet program timelines in recent years. This makes effective management of individual discipline reviewers critical to achieve Expedite Program goals.

⁸ According to DSD, with the passage of Proposition B and separate salary freezes, it is unlikely that City employees will stay in a position for 20 to 30 years as they had done in previous decades. As a result, in the future, there is likely to remain a high number of inexperienced staff.

Audit Results

Finding 1: The Available Evidence Does Not Reliably Support DSD's Claim that Expedite Program Projects will be Processed Twice as Fast as the Standard Permit Process, Reducing the Incentive Provided to Affordable Housing and Sustainable Building Developers

The primary incentive the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program ("Expedite Program") offers applicants is the ability to process discretionary permits twice as quickly as the standard permit process. Ensuring that affordable housing and sustainable building developers receive advertised benefits is critical to the City's effort to produce more affordable housing and sustainable projects in the shortest possible time and to reduce development costs to the greatest extent.

However, we found several deficiencies in performance monitoring that limit DSD's ability to identify and correct delays in permit processing. Specifically, we found that:

1. DSD does not have a method of monitoring whether Expedite Program staff complete project reviews on-time and is not using performance data to set appropriate deadlines for reviewers to allow ample time for all reviewers to complete analysis, causing overall review cycle deadlines to be missed. Our analysis found that project review cycles are not completed by the deadline about 45 percent of the time.
2. DSD's methodology for monitoring whether the Expedite Program meets its advertised goal of processing expedited permits twice as fast as standard permits is flawed and does not accurately reflect overall program performance. This limits management's ability to identify and correct problems with overall program performance and ensure that the program delivers the advertised incentives.

As a result, we found that DSD is likely not meeting the stated goal of processing Expedite Program permits twice as fast as standard permits, reducing its attractiveness to potential developers of the affordable housing and sustainable projects the City seeks to encourage.

Collecting performance data, storing it in useable form, and applying it to managing and decision making are essential to performance management. We recommend that DSD improve controls to track staff and overall program performance. These steps would better equip Expedite Program management to ensure the program delivers advertised incentives to affordable housing and sustainable project developers.

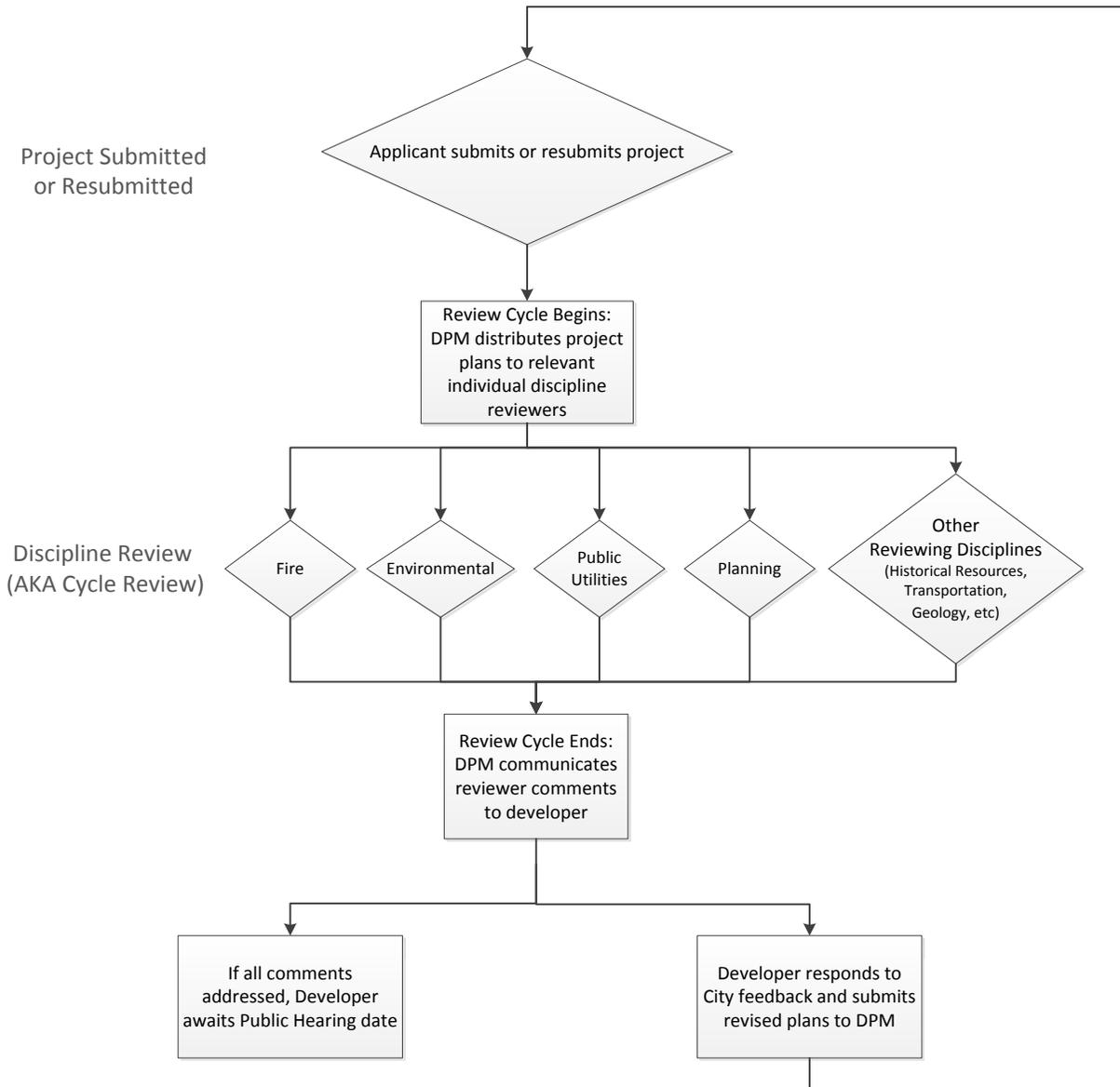
Review Cycles Are the Primary Component of the Review Process

The City created the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program (“Expedite Program”) to incentivize applicants constructing projects that provide affordable housing and meet environmentally sustainable design goals. The Expedite Program’s advertised incentive is to process discretionary permits twice as fast than standard permit processing.

As described in the Background section, DSD follows a series of review steps in processing a discretionary permit. One of the key and most time consuming steps in this process is “review cycles” where various individual discipline reviews—such as Transportation, Landscaping, Planning, etc.—review the proposed project to determine whether it meets applicable regulatory standards. All individual discipline reviewers must complete their review before the review cycle can be completed.

Exhibit 6

Conceptual Overview of the Expedite Program Review Cycle



Source: OCA based on DSD data.

Where the individual discipline reviewers have comments regarding the plans, the Development Project Manager (“DPM”) returns the plans to the applicant to address the comments. The applicant later resubmits the revised plan based on staff comments. When all individual discipline reviewers approve the plans, the project is moved closer to a public hearing. Therefore, the timely completion of the individual discipline reviews are essential to the timely completion of the overall

review cycle. For example, if one individual discipline reviewer misses a deadline, the overall review cycle deadline could be missed. Completing these review cycles on time is a critical factor in DSD’s ability to meet its advertised goal of processing expedite permits twice as fast as standard permits.

Approximately 45 Percent of Expedite Program Review Cycles Are Completed Late

Ensuring that review cycles are conducted at the advertised pace is critical to attracting new permit applications and maximizing the Expedite Program’s impact on affordable housing and sustainable development. However, we found that PTS does not have a method to separately track Expedite Program employee performance and determine whether DSD employees are meeting expedite permit processing deadlines. We also found that expedite review cycles are not completed on time approximately 45 percent of the time.

We analyzed 100 percent of the review cycles for each project processed through the Expedite Program between 2011 and 2015. We analyzed the timely failure rate of the overall review cycles and also separated the projects by type—sustainable and affordable—to determine whether cycle reviews for one project type was missing deadlines more frequently. The percentages of deadlines missed are presented below in **Exhibit 7:**

Exhibit 7

Overall Review Cycle Timelines Missed for Expedite Program Projects (2011 to 2015)

Expedite Program - Review Cycles All Projects (2011 to 2015)	
Project Type	Percent of Deadlines Missed
All Projects	43%
Sustainable Projects	39%
Affordable Projects	59%

Source: OCA based on Project Tracking System data.

As the table illustrates, we found that overall, expedite review cycles were not completed by the deadline nearly 45 percent of the time.⁹ The review cycles did not meet deadlines for about 39 percent of sustainable projects in the Expedite Program. Meanwhile, performance is worse for the affordable housing projects that have been processed through the Expedite Program. Specifically, review cycles for affordable projects were not complete by the deadline nearly 60 percent of the time. We found review cycles that miss deadlines, do so by an average of four business days.

When review cycles are not completed on time, the ability to meet advertised expedite goals is impacted. Further, we found a correlation between missed review cycle deadlines and the performance of the individual discipline reviewers.

**Certain Individual
Disciplines Miss
Deadlines at Higher
Rates**

We found that DSD does not have a systematic method to determine which individual discipline reviewers miss deadlines most frequently. As a result, DSD is unable to use performance data to make adjustments, review due dates, and make necessary staffing changes to ensure that individual discipline reviewers are on time.

We found that missed deadlines by certain individual discipline reviews cause overall review cycles to be late. As described in the above section, each review cycle is broken up into a series of individual discipline reviews, each carrying a different deadline. We selected a judgmental sample of projects¹⁰ in order to perform a more thorough review of the PTS data and determine which individual discipline reviews were experiencing more difficulty completing reviews within the overall project deadline. We found that, overall, individual discipline reviewers are missing deadlines for about 30 percent of all reviews completed. A more in-depth analysis shows that reviewers miss deadlines about 30 percent of the time for both affordable and sustainable projects.

⁹ We found that, for projects processed through the Expedite Program that miss cycle review deadlines, on average, projects miss by 1 day 37 percent of the time, miss between 2 and 5 five days 35 percent of the time, miss between 5 and 10 days 21 percent of the time, and miss by more than 10 days 6 percent of the time.

¹⁰ We judgmentally selected 6 affordable and 14 sustainable projects processed through the Expedite Program between 2011 and 2015. We selected projects of sizes representative of the population. In total, we reviewed more than 500 individual discipline reviews completed by 25 different cycle review disciplines.

*Exhibit 8***Total Timelines Missed by Individual Discipline Reviewers for Expedite Program Projects (2011 to 2015)**

Type of Project	Reviews Needed	Reviews Completed On Time	Reviews Completed Late	Percentage Late
Sustainable Projects	313	218	95	30%
Affordable Projects	188	128	60	32%
Total	501	346	155	31%

Source: OCA based on Project Tracking System data.

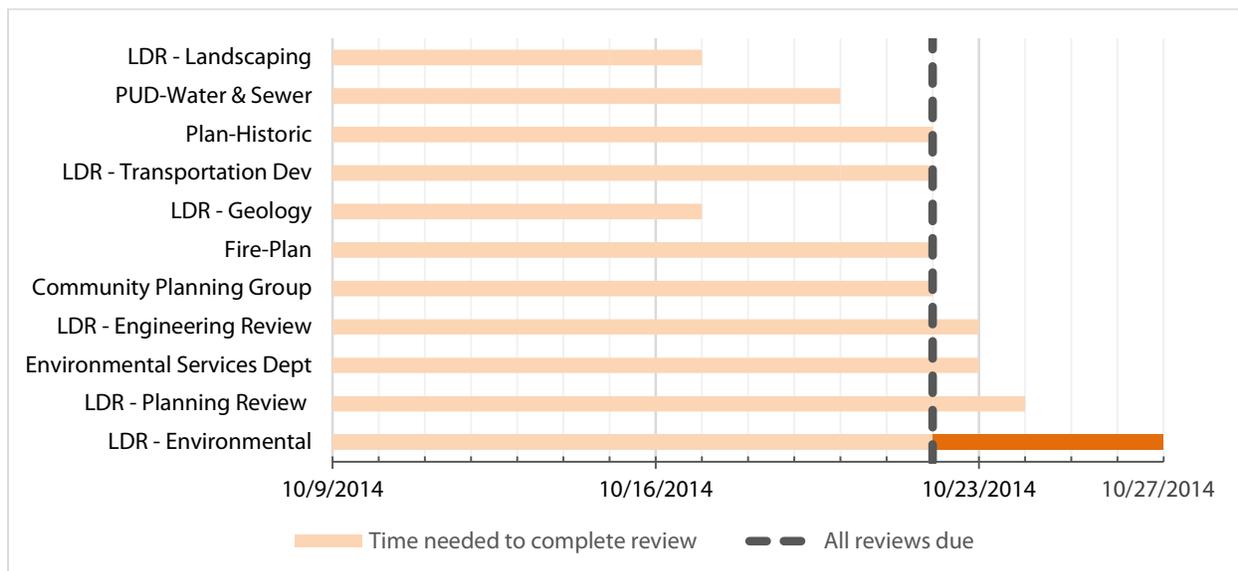
We found these missed deadlines have a waterfall effect, increasing the total deadlines missed for the overall review cycles.

As noted above, the overall percentage of late review cycles—43 percent—is higher than the rate individual cycle reviewers are late (31 percent). This is due to the tiered nature of deadlines for each individual discipline reviewer. As described in the Background section, there are specific individual discipline reviews, such as Environmental Review, that cannot begin some of their work until other reviews are completed. If one of the other individual discipline reviews is late, then Environmental Review cannot complete some of its work and has a higher potential to miss deadlines, preventing the entire review cycle from being completed on time. According to DSD, DPMs work to make up for any loss in the overall timeline by reducing the time needed to issue a report, or schedule a hearing.¹¹ Additionally, DSD management stated the Environmental individual discipline review is one of the most time consuming due to the technical nature of the review criteria. The case study below demonstrates how the tiered review process works on a typical project.

¹¹ However, as discussed later in this section, data tracking methodologies used to track overall program performance via the Performance Measurement Report (“PMR”) do not accurately reflect whether the Expedite Program meets its stated goal of processing permits 50 percent faster.

Exhibit 9

Example of Review Cycle Project Timeline Broken out by Individual Discipline Reviewer



Source: OCA based on Project Tracking System data.

As seen above, the Environmental Review (bottom of table) is the last to begin after all other individual discipline reviews have completed or are nearing completion. Because this individual discipline review must wait to begin their review, they are also provided the shortest amount of time to complete the review before the overall review cycle deadline. This is critical because Environmental Review is amongst the most difficult and most time consuming review disciplines, according to DSD management. This means that the other disciplines are provided the longest amount of time to complete their review, while the more complicated discipline is given the shortest amount of time.

We conducted a further analysis to determine which individual discipline reviews miss the overall review cycle deadlines most frequently. We judgmentally sampled 20 projects—6 affordable housing and 14 sustainable¹²—and found the individual discipline reviews that most frequently miss deadlines are Planning and Environmental, the individual discipline reviews that must often wait until the substantial

¹² We judgmentally selected 6 affordable projects and 14 sustainable projects. For these projects, a total of 25 different cycle review disciplines completed a total of 501 reviews.

completion of the other reviews. **Exhibit 10** below shows that Environmental and Planning miss deadlines more than other individual review disciplines.

Exhibit 10

Individual Discipline Reviews Missed for Sustainable and Affordable Projects (2011 to 2015)

Individual Discipline Review	Sustainable Projects Percentage Missed	Affordable Projects Percentage Missed	Total Percentage Missed
Environmental	54%	59%	56%
Planning	56%	26%	45%
Other Review Disciplines	23%	29%	25%

Source: OCA based on Project Tracking System data.

For sustainable projects in the Expedite Program, we found that Environmental Review and Planning Review were missing deadlines about 54 percent and 56 percent of the time, respectively. For affordable projects in the Expedite Program, we found that Environmental Review was missing deadlines on about 60 percent of reviews. This is particularly disconcerting when considering that the Council Policy guiding the program requires affordable housing projects be prioritized for review.

DSD is Not Setting Appropriate Individual Discipline Review Deadlines for Less Complex Disciplines, which Increases Risk that Overall Review Cycle Deadlines will be Missed

DSD management stated these time considerations are taken into account by including shorter timelines for less complex reviews. However, we found that these timelines do not provide a sufficient cushion—or extra time—for more complex reviews, such as the Environmental Review.

Using the same sample of 20 projects, we examined the amount of extra time PTS provides when auto-populating the review deadlines to include shorter timelines for less complex individual discipline reviews. We found that the cushions, on average, are only between half of a day to one-and-a-half-days. Below is a table including the average lead times for Environmental Review for both affordable housing and sustainable projects.

Exhibit 11

Comparison of Average Number of Business Days between Deadlines for LDR Environmental Review and All other Individual Discipline Reviews

Cycle 1	Cycle 2	Cycle 3
1.7 days	0.6 days	0.6 days

Source: OCA based on Project Tracking System data.

As illustrated above, for the first review cycle, the lead time provided to Environmental Review is, on average, less than two business days. Notably, the overall deadline for the first review cycle is 20 business days. The first review cycle is often the most difficult because reviewers are less familiar with the project. For the remainder of the review cycles, the expedite deadlines are 10 business days, and the cushion provided to Environmental Review is, on average, less than one day.

Due to the limited “cushion” provided, when an individual discipline reviewer completes a review close to or after the deadline, it is more likely that Environmental Review will miss its deadline as well, causing the entire review cycle to be completed late. This is evidenced by the fact that individual discipline reviewers miss their deadline 25 percent of the time while Environmental Review—which must wait until the other individual discipline reviewers are done—missed deadlines about 56 percent of the time. As a result, as stated above, this is the primary reason that nearly half of review cycles are completed late overall.

These time cushions should be changed to provide the complex individual discipline reviews more lead time, which could increase the percentage of time that projects finish the review cycle on time. Based on the current performance tracking practices, management is unable to determine which specific individual discipline reviews are holding up entire review cycles. Managers are also unable to track how long these reviews take in order to determine whether patterns exist that can be remedied.

DSD does not Track, Collect, and Analyze Data on Individual Discipline Reviews in the Expedite Program and is Unable to Make Data Driven Decisions to Ensure Timely Performance

While a robust system of performance measurement would allow DSD management to identify issues that contribute to low review cycle on-time rates, we found that DSD's current performance measurement is not adequate for identifying areas that are slowing down individual discipline reviews in the Expedite Program.

For example, we found that DSD's method of determining whether individual discipline reviewers are meeting deadlines is a single monthly report. The report tracks the name of the employee, the number of permits reviewed, and their percentage of timely review completion. In short, if the project review is closed out in the PTS system on or before the "Review Due" date, the reviewer receives a positive score.

This report, however, does not separate and provide individual performance reporting based on the types of permits or programs. In other words, a reviewer's work on ministerial, discretionary, and Expedite Program reviews are all aggregated. Therefore, a reviewer could complete a low percentage of Expedite Program reviews on time, but would still receive a high overall on-time score if they complete their other types of permit reviews—which have longer timelines—on time. While some reviewers are assigned primarily to the Expedite Program, many others who perform reviews on expedite projects are also responsible for reviewing standard permits. Managers are thereby unable to perform any substantive analysis on whether Expedite Program individual discipline reviews are late or, more importantly, why they are late. An example of a management report is shown in Exhibit 12 below.

Exhibit 12

Example of Development Services Department Management Report

City of San Diego Development Services Department

Reviewer Performance Statistics by Discipline

May 2016

Discipline	Average Review Days						Due Date Met %		Submittals			Audit Review	Detail Audit
	Reviews	Assign	Bin	Rvw	Total	Goal	Review	Cycle	Elig	% <3	Partial		
LDR													
LDR-Environmental	10	1.4	14.9	10.6	26.9	18.5	40.0%	40.0%	10	50.0%	0	0	0
[REDACTED]	13	2.9	12.5	3.7	19.1	19.1	92.3%	100.0%	12	33.3%	0	0	0
[REDACTED]	6	1.8	10.5	6.3	18.7	16.0	83.3%	83.3%	4	25.0%	0	0	0
[REDACTED]	1	1.0	12.0	41.0	54.0	13.0	0.0%	0.0%	1	0.0%	0	0	0
[REDACTED]	5	1.0	0.2	15.8	17.0	21.0	80.0%	100.0%	3	100.0%	1	0	0
[REDACTED]	14	1.5	12.6	4.2	18.3	16.2	57.1%	71.4%	14	42.9%	0	0	0
[REDACTED]	9	2.7	6.1	9.2	18.0	15.1	88.9%	88.9%	7	28.6%	0	0	0
[REDACTED]	8	2.5	7.8	5.8	16.0	10.3	37.5%	50.0%	7	14.3%	0	0	0
[REDACTED]	17	0.9	14.7	0.0	15.6	14.7	88.2%	100.0%	16	68.8%	0	0	0
[REDACTED]	9	1.2	1.9	16.9	20.0	20.8	88.9%	88.9%	9	44.4%	0	0	0
LDR-Environmental Total	92	1.7	10.3	7.1	19.1	16.6	72.8%	80.4%	83	44.6%	1	0	0

Source: DSD Monthly Management Report.

In addition, DSD does not have a procedure in place that requires each individual discipline reviewer to input hours spent on each cycle review into the PTS application.¹³ The monthly reports generated by PTS do not track the amount of time each individual discipline reviewer spends on a review and cannot aggregate these times to understand how long each individual discipline review typically takes for each cycle.¹⁴

While DPMs manually monitor staff performance, DSD does not have a systematic, automated procedure to separately track the performance of individual discipline reviews pertaining specifically to Expedite Program reviews. As a result, for the Expedite Program processes, DSD does not have a procedure to determine when individual discipline reviewers start working on a project, how long the reviews take, or how frequently a cycle reviewer misses deadlines.¹⁵

¹³ It is important to distinguish between the "Average Review Days" tracked in the Management Report and the number of hours for an individual discipline reviewer to complete a review. As explained in greater detail below, DSD does not require that individual discipline reviewers track the number of hours spent on reviewing each specific project in SAP.

¹⁴ Different individual discipline reviewers track time in different ways. Some reviewers keep time on paper, others utilize Microsoft Outlook, and others track the time using PTS. However, all individual discipline reviewers track all time spent on a project in the City's SAP system. The timekeeping in SAP is not broken up by cycle review. As a result, the PTS application lacks the capability to track the true amount of time each individual discipline reviewer spends on each review and how the time is spent.

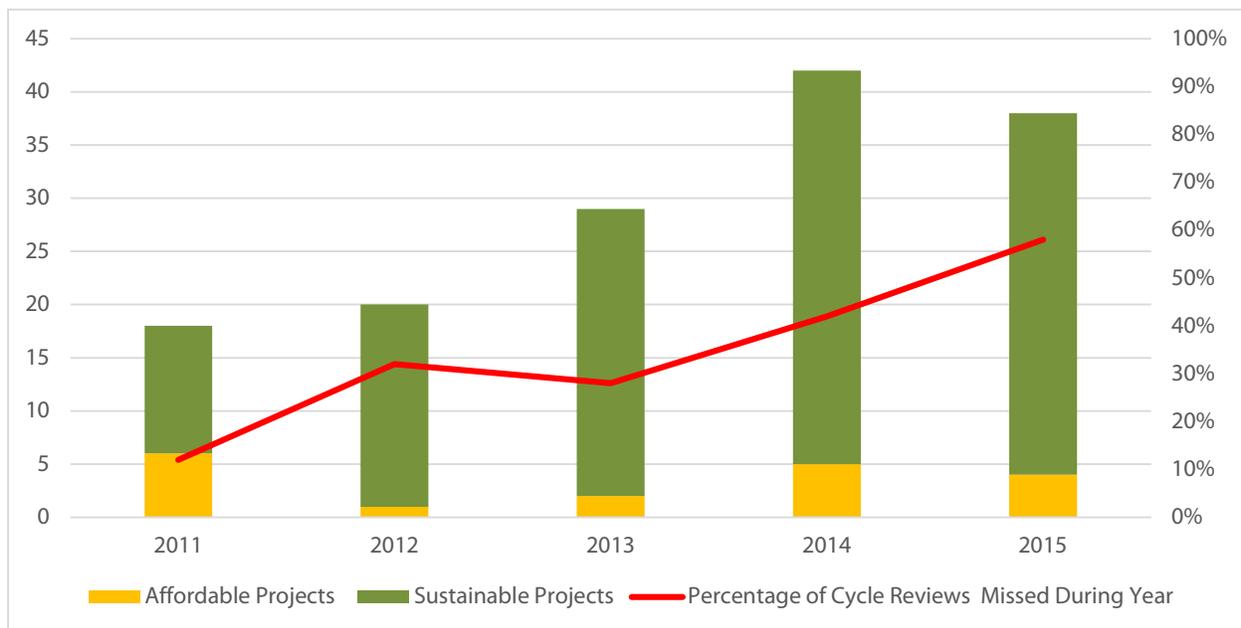
¹⁵ According to DSD, it is possible that performance data was skewed when reviewers did not close cycles properly. DSD found that new individual discipline reviewers in 2015 were not following procedures correctly about closing review cycles after a review was completed and comments were generated. To mitigate this issue, DSD managers hosted staff trainings to educate staff and ensure cycles would not remain open.

Tracking Data on Individual Cycle Reviews in the Expedite Program could Help DSD Make Personnel Changes Needed to Meet Deadlines

DSD management could better weather shifting economic conditions by tracking the performance of individual discipline reviewers, using the data to adjust deadlines more effectively, and make personnel changes based on deadline performance. For example, as stated in the Background section, DSD experienced a loss of about one-third of its workforce during the last recession. As the economy has improved, DSD experienced a jump in the number of project applications.¹⁶ As discussed in the Background section, this increase was largely due to an increased number of sustainable project applicants. However, because DSD operates as an Enterprise Fund, the hiring of new staff—which is driven by revenue—has a lag behind the increase in project applications. According to DSD, promotional opportunities inside and outside the City also contributed to hiring issues. We found a correlation between the rise in applications and the rise of missed deadlines for the review cycles. This makes it especially important that existing staff resources are managed as effectively as possible to ensure deadlines are met.

Exhibit 13

Comparison between Project Applications Increase and Missed Review Cycle Deadlines



Source: OCA based on Project Tracking System data.

¹⁶ According to DSD, the number of projects in the Expedite Program increased from 18 projects in 2011, to 22 projects in 2012, to 31 projects in 2013, to 43 projects in 2014, and 42 projects in 2015.

DSD can Improve Review Cycle Timeliness by Collecting, Processing, and Using Available Data to Set Individual Discipline Review Deadlines

We found that management should begin to track the performance and on-task time for the individual discipline reviews as they pertain specifically to Expedite Program project reviews. Management should also process the newly collected information using tools such as Project Time Management and the Critical Path Method to address missed deadlines. Processing this information would allow DSD managers to determine the average length of time each individual discipline review is taking to complete a review and which disciplines miss deadlines most frequently.

As stated in the Background, DSD is currently moving away from the PTS system through the implementation of Accela, a new software system to manage and track the City's land development permit processing. This is a good time for DSD to begin planning methods for tracking and monitoring Expedite Program performance information as the new Accela system is implemented.

DSD management should utilize concepts such as Project Time Management and the Critical Path Method to assist in identifying potential corrective measures to mitigate high rates of missed deadlines. Project Time Management is the establishment, monitoring and control of a project schedule down to its activities and task levels to ensure a timely completion of the project. The Critical Path Method ("CPM") is a technique to assist in the management of different tasks completed on different time frames that are dependent on one-another. The essential technique for using CPM is to construct a model of the project that includes the following:

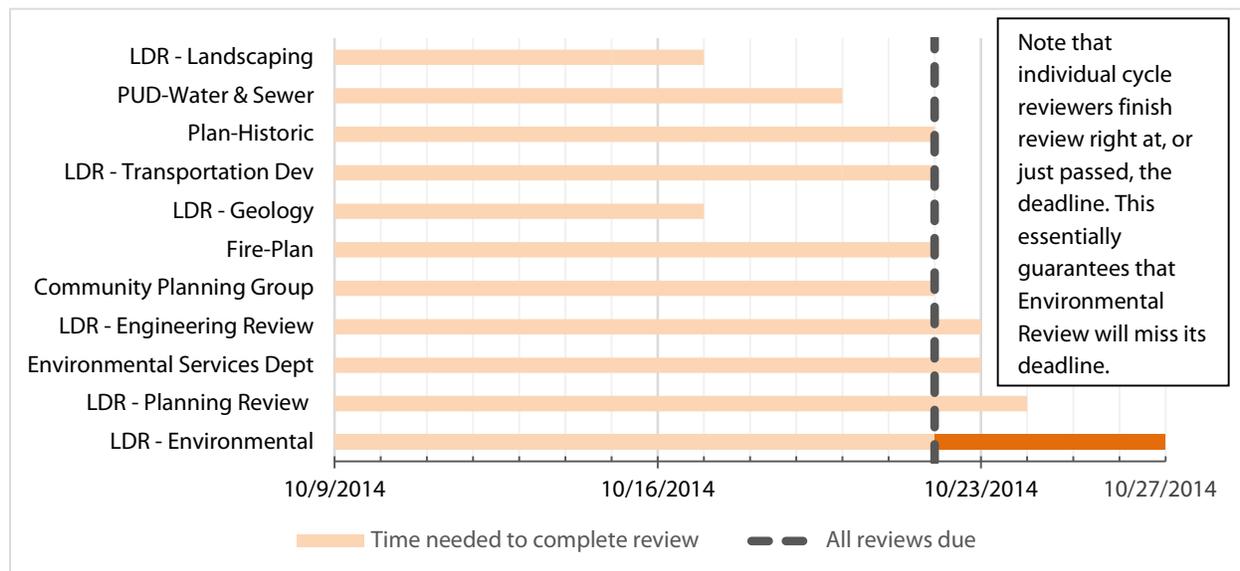
1. A list of all activities required to complete the project (typically categorized within a work breakdown structure);
2. A determination of the sequence of activities;
3. A determination of the time (duration) that each activity will take to complete;
4. A determination of the dependencies between the activities; and
5. A determination of the logical end points such as milestones or deliverable items.

Using these values, CPM calculates the longest path of planned activities to logical end points or to the end of the project, and the earliest and latest that each activity can start and finish without making the project longer. In project management, a critical path is the sequence of project network activities that add up to the longest overall duration. This determines the shortest time possible to complete the project. These results allow managers to prioritize activities for the effective management of project completion and to shorten the planned critical path of a project by pruning critical path activities.

As shown in **Exhibit 14** below, mapping cycle reviews based on data that shows individual discipline reviews take the shortest and longest periods of time would provide performance data on the average amount of time needed for each individual discipline review.

Exhibit 14

Example of Review Cycle Project Timeline Broken out by Individual Discipline Reviewer



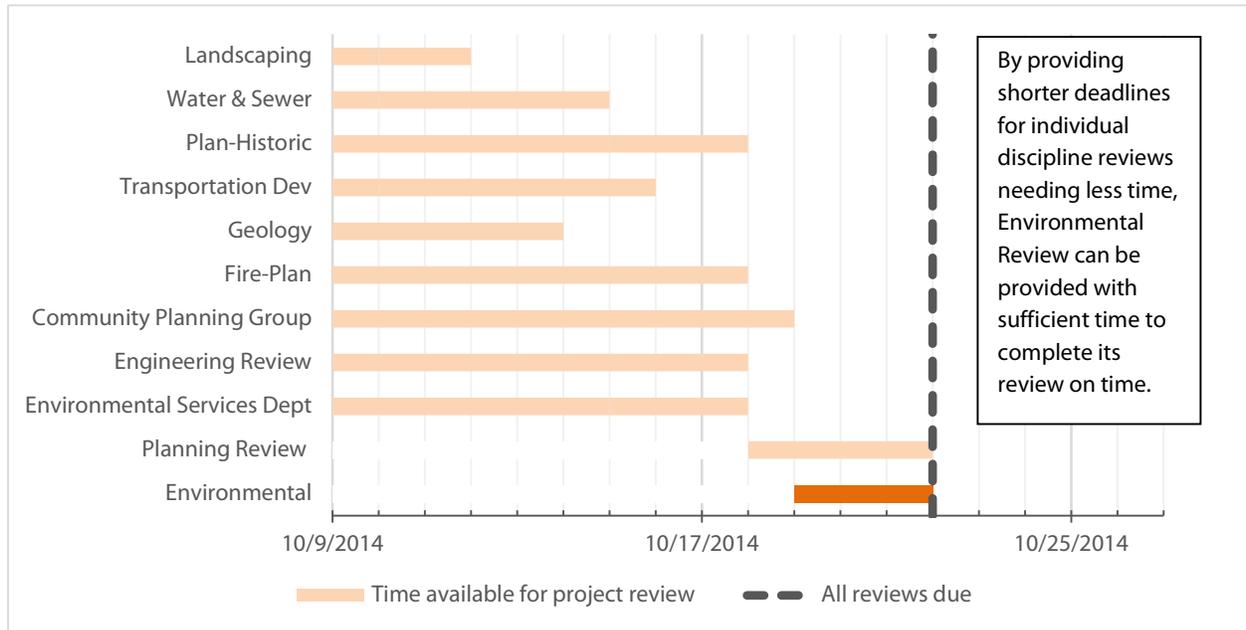
Source: OCA based on Project Tracking System data.

Similar to **Exhibit 15** below, DSD management can then adjust individual discipline reviewer deadlines based on performance data. Specifically, the review due dates for individual discipline reviewers that complete reviews faster can be adjusted to provide shorter deadlines. This would provide more complex individual discipline reviews with a greater cushion to

complete the review timely and thereby improve overall review cycle timeliness. As the table illustrates, most reviews are provided shorter deadlines to allow Environmental Review and Planning Review more time to complete reviews, as these are more complex disciplines that we have found have the highest rates of missing deadlines.

Exhibit 15

Comparison of Individual Discipline Review Start and Completion Times



Source: OCA based on Project Tracking System data.

The importance of tracking and analyzing data on the performance of the individual discipline review staff is magnified by DSD’s exposure to economic cycles, as discussed in the Background section. Implementing a more robust performance monitoring system for individual discipline reviews would allow DSD managers to monitor performance and adjust and balance workloads by increasing or decreasing the number of reviews assigned to each discipline.

In addition, DSD should collect data on completion times for different disciplines and staff. Management can then adjust each separate cycle deadline based on data to ensure the more complex individual discipline reviewers are provided the time needed to complete the reviews. This would also allow DSD to monitor staff performance and ensure that Expedite Program projects are appropriately prioritized. In order to provide DSD

management with the ability to track specific individual discipline review performance, accurately stagger different review deadlines based on need, and improve monitoring of expedite individual discipline review performance, we recommend:

Recommendation #1 The Development Services Department should ensure that the Accela software has the capability to track performance data specifically for the individual cycle review disciplines and staff in the context of the Expedite Program. (Priority 1)

Recommendation #2 The Development Services Department should utilize established managerial best practice frameworks—such as Project Time Management and the Critical Path Method—to prepare managerial reports on timeframes for individual cycle reviewers and develop a process to periodically use this information to determine whether specific deadlines should be changed to improve overall timely project completion. (Priority 1)

DSD’s Overall Timeliness Tracking does not Substantiate that the Expedite Program is Meeting the Claim that Participating Projects will be Processed Twice as Fast as the Standard Permit Process

As discussed above, the review cycle component of a permit review is one of the most time consuming components of the overall Expedite Program permit process. However, there are many other components of the process—completeness checks, public hearings, etc.—that must also be completed on time for the Expedite Program to meet its advertised goals. Therefore, in addition to ensuring that individual discipline reviews and review cycles are meeting deadlines, it is critical that DSD ensure that overall program performance aligns with advertised incentives, which state that the discretionary review process is twice as fast as the standard review process.

However, we found several problems with current overall Expedite Program performance monitoring. Most importantly, we found that the methodology used to track overall program performance via Performance Measurement Reports (“PMRs”) does not accurately reflect whether the Expedite Program is meeting its goal of processing projects 50 percent faster than standard projects. In addition, we found that procedures for calculating overall performance are not well-defined, and DSD has not established any monitoring procedures to ensure that the data used to monitor overall program performance is reliable.

As a result, DSD is unable to ensure that the Expedite Program is providing advertised incentives or communicate program performance to decision makers and customers who may be interested in using the program to develop affordable housing or sustainable projects. In addition, while performance data is largely unreliable, based on the information available, it appears likely that the Expedite Program is not achieving its goal of processing projects twice as fast, thereby reducing the incentive provided for those developers who are helping the City meet its affordable housing and sustainability goals.

DSD’s Methodology to Track Overall Program Performance does not Accurately Reflect whether the Expedite Program Meets Its “Twice as Fast” Advertised Goal

DSD does attempt overall timeliness monitoring within the Expedite Program. However, DSD employs a methodology for its primary monitoring effort—monthly PMRs—that does not allow for summary monitoring and overall timeliness completion tracking. As a result, DSD’s methodology does not accurately reflect whether performance meets the 50 percent faster goal.

DSD uses the PMR to track performance of projects processed through the Expedite Program. On a monthly basis, timeliness information about each project being processed in the Expedite Program is recorded. Below is an example of a PMR:¹⁷

¹⁷ The PMR tracks each task in the overall Expedite Program review process and compares the standard days allotted for each milestone versus the actual days taken to complete the task.

Exhibit 16

Example of Expedite Program Performance Measures Report

AFFORDABLE/IN-FILL HOUSING & SUSTAINABLE BUILDINGS
EXPEDITE PROGRAM – PERFORMANCE MEASURES

PROJECT NAME: <u>Diamond Street Residences</u> Project No. <u>313349</u> DPM: <u>Laura C. Black</u>				
PERFORMANCE MEASURE MILESTONES	DATE SUBMITTED BY APPLICANT	DATE ACCOMPLISHED BY CITY STAFF	GOAL – STANDARD DAYS	ACTUAL DAYS
First Completeness Check	02/20/2013	02/22/2013	5 DAYS	2
Preliminary Review Meeting		NA	15 DAYS (after distribution date)	*
Preliminary Review Report sent to Applicant		NA	5 DAYS (after PR meeting)	*
1 st deemed complete submittal package distributed	03/04/2013	03/04/2013	1 DAY	0
1 st Review Cycle/Assessment Letter		04/02/2013	20 DAYS (after distribution date)	20**
2 nd submittal package distributed	05/29/2013	05/29/2013	1 DAY	0
2 nd Review Cycle/Assessment Letter		06/17/2013	10 DAYS (after distribution date)	13
3 rd submittal package distributed	06/26/2013	06/26/2013	1 DAY	0
3 rd Review Cycle/Assessment Letter			10 DAYS (after distribution date)	
CEQA Determination -				
Public Hearing Date				
PROJECT TIMELINE MET – YES or NO. YES				

* The MIR waived by Mike W.
** Does not include City Holidays or Furlough

Source: DSD Performance Measurement Report.

DSD then aggregates the PMRs into a summary cover sheet for the month, as shown in **Exhibit 17** below.

Exhibit 17

Expedite Program Performance Measures Monthly Report Cover Sheet

<u>PERFORMANCE MEASURES - SEPTEMBER 2015</u>	
AFFORDABLE/IN-FILL HOUSING & SUSTAINABLE BUILDINGS EXPEDITE PROGRAM	
Total: Number of Project Completed	22
Actual: Number of Schedules Met:	15
Percent of Actual to Total	68%

Source: OCA based on DSD Performance Measurement Report.

We concluded that DSD’s methodology does not accurately reflect performance towards the 50 percent faster goal. Specifically, the number that appears in the PMR cover sheet line titled “Total: Number Projects Completed” is not actually the number of projects completed. Rather, it is the number of projects that Expedite Program staff worked that month.

Performance reports only provide a snapshot of projects’ status in that month because DSD’s current methodology of calculating the PMR cover sheet line titled “Percent of Actual Total” uses timelines specific to that month—not fully completed projects. The PMRs thus do not allow DSD to monitor what percentage of participating Expedite Program projects are in fact completing the expedite process on time. A project could be getting counted as completed on time as an “Actual: Number of Schedules Met” for eight of the nine months that it is worked on, yet still come in well behind schedule if the project encounters a significant delay at some point. Even though such a project would not have been expedited twice as fast as the standard processing overall, it would still be counted in DSD’s program tracking as an expedite project completed on time eight out of nine times.

For example, the project known as Merge56 was running ahead of schedule early on. It was counted as “on time” in 16 monthly PMRs from January 2014 through August 2015. However, in the end, the project completed the discretionary process behind schedule overall, which was recorded in its last two PMRs. Thus, the project was scored as on time in 16 out of 18 instances, even though it completed the overall process behind schedule. As a result, this methodology does not accurately reflect program performance.

*Errors and Inconsistent
Data Entry Methodologies
in PMRs diminish the
Reliability of DSD
Reporting of Number of
Projects Completed
Timely*

In addition, we found that DSD does not have clearly defined procedures for completing PMRs and has not developed methods to ensure the accuracy of the information being processed. While the accurate calculation of “actual days” in the PMRs is critical because it serves as the basis to determine whether the project timeline is met, we found numerous errors and inconsistencies,¹⁸ including:

¹⁸ For examples of errors and inaccuracies of PMRs, please see Appendix C.

- Unrecorded review cycles;
- Incomplete date recordations;
- Conflicting counts of review cycle timeliness; and
- Inaccurate counts of actual days to complete project milestones.¹⁹

These errors diminish the validity of the numbers in the PMRs. As a result, the figures presented in the PMR summaries cannot be relied upon to show the expedite team is processing the permits 50 percent faster than standard reviews.

Completing Review Cycles on Time is a Central Component to Meeting the Expedite Program Goal of Processing Permits “Twice as Fast”

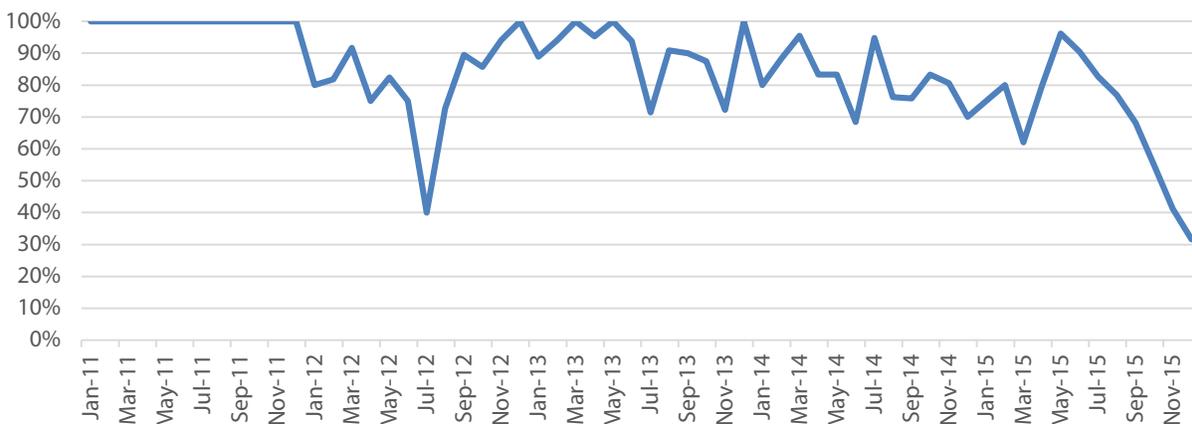
Due to a lack of defined procedures, data errors, and, most importantly, a flawed tracking methodology, DSD is not able to monitor the number of projects meeting the “twice as fast” goal and accurately report program performance to stakeholders. This denies management an opportunity to meaningfully track program performance, the ability to make data driven decisions on changes in personnel or changes in program operation to improve performance, as well as communicate results to customers. In fact, as noted above, the PMRs use a methodology that does not accurately reflect the number of projects completed “on time.”

We found that DSD's own self-reported PMRs show increasing timeliness challenges, particularly in 2015. **Exhibit 18** below illustrates DSD’s own assessment from its PMRs regarding Project Timeline status.

¹⁹ In a random sample of 140 project entries in PMRs from 2014 and 2015, we found that approximately 25 percent contained one of the data quality issues indicated above. Incidents involving only slightly different date counts between DSD and OCA were not included in this figure. See Appendix C for examples of these issues.

Exhibit 18

DSD Timeliness Performance as Expressed in Performance Measurement Reports



Source: OCA Analysis of Expedite Program PMRs.

Based on this and our analysis of the timeliness of review cycles, we found that the Expedite Program is likely not meeting its advertised goal of processing Expedite Program projects twice as fast. As a result, some prospective applicants may not use the program because they are not sure they will receive the advertised incentive.

For example, we found confusion among developer program clients about the advertised “twice as fast” timeline targets. We conducted interviews and conducted a survey of affordable housing developers. First, the developers expressed the desire for faster review cycles. Second, some developer clients may depend on specific timelines in setting their project schedules for funding and capital requirements. Affordable housing developers stated that many projects are dependent on state and federal funding, which require the developers to present issued permits in order to access funds. Developers we interviewed stated they plan their application and financing packages based on these timelines. Thus, meeting advertised expedite timeline goals is imperative to the success of the affordable housing projects.

DSD can Improve Cycle Review Timelines by Implementing a Tracking Methodology that Accurately Records and Processes Relevant Information to Ensure that Timeline Goals are Met

We found that, by revising its overall tracking methodology, documenting processes, and monitoring accuracy, DSD can consistently improve its ability to ensure timeliness goals are being met. The Green Book²⁰ provides that management should address identified internal control deficiencies on a timely basis. A critical path to correcting issues is ensuring that quality data is used. Management uses the quality information to make informed decisions and evaluate performance.

In order to improve monitoring, reliability, and accountability, DSD should implement a tracking program that monitors and collects data on the timeliness for each step of the project. DSD should also implement procedures that ensure accurate data is collected and require quality control practices.

The tracking system should also include performance monitoring of overall completion of a project. The performance monitoring should include information about whether the timeline is met and the number of days the deadline is missed. This information will provide management with the ability to oversee corrective actions at the appropriate levels.

Recommendation #3

The Development Services Department (“DSD”) should ensure that project data maintained is coherent and revise its Performance Measurement Report methodology to track both the timeliness of each milestone and the timeliness of the project timeliness from beginning to when the permit is issued. DSD should also improve managerial quality control and review of the tracking data timeliness entries. DSD should articulate these steps in a written procedure and ensure that new staff are trained on the proper data collection methodologies. (Priority 1)

Recommendation #4

In the short run, the Development Services Department (“DSD”) should ensure that the program clients have the accurate expectation about permit processing times for projects in the Expedite Program. DSD should revise the “50 percent faster” language in its internal and external program advertisements to state that achieving this permit processing is a program goal, not an expectation. In the

²⁰ *Standards for Internal Control in the Federal Government* (the “Green Book”), sets the standards for an effective internal control system for federal agencies and provides the overall framework for designing, implementing, and operating an effective internal control system.

**long run, DSD should use the information collected in overall performance tracking to determine an achievable expedite processing rate and advertise those deadlines.
(Priority 2)**

Finding 2: Opportunities Exist to Increase Expedite Program Projects' True Environmental Benefits to the City and Improve the Expedite Program's Geographic Equity

Reducing the environmental impact of development is a key policy goal established by the City of San Diego ("City"). To that end, the City created the Affordable Housing/In-Fill and Sustainable Buildings Expedited Program ("Expedite Program") to incentivize developments that provide a desirable public benefit, including developments that are classified as environmentally sustainable.

Ensuring that participating projects provide appropriate benefits to the City in return for expedited permitting is essential to the success of the Expedite Program. Expedited projects should provide a level of sustainability that exceeds current minimum requirements and utilize sustainability measures above and beyond those that have already become cost-effective for the applicant. However, we found that the environmental benefits of many projects that have been allowed into the Expedite Program are questionable.

Specifically, we found that outdated policy language, overall reliance on solar photovoltaics ("solar energy systems") as a measure of sustainability, and a lack of adherence to existing program eligibility contribute to undermining the Expedite Program's true environmental benefit to the City. For example:

- Program admissions criteria for sustainable development were created in 2003 and do not align with current state and City environmental goals.
- The program incentivizes types of sustainable development that are already occurring in large numbers outside of the Expedite Program. In 2015, at least 7,000 solar energy projects were permitted in the City, and less than 1 percent utilized the Expedite Program.
- DSD has not adhered to program eligibility criteria for residential projects, which only allows developments of four units or more, and instead has allowed single-family homes and other small residential projects to access the

program since 2006.²¹ Approximately 30 percent of projects utilizing the Expedite Program are single-family homes that may not significantly contribute towards meeting the City's current sustainability goals.

- The vast majority of these single-family homes are located in coastal areas, largely causing a geographic imbalance where expedited permitting benefits are accrued.
- DSD does not systematically track and report on the reasons why projects qualify for expedited permitting as "sustainable."

As a result, the Expedite Program has a limited impact on promoting the City's achievement of its environmental sustainability goals. In addition, because program resources are utilized to expedite projects that provide questionable environmental benefits, and in some cases do not meet program eligibility criteria, processing times for other Expedite Program projects and well as standard projects may be slower than necessary.

In order to improve the effectiveness of the Expedite Program and ensure that it is utilized to achieve the City's sustainability goals, we recommend that DSD immediately cease to admit single-family homes and other residential projects of less than four units to the Expedite Program, in compliance with current eligibility criteria. In addition, DSD should re-evaluate and update the sustainability requirements of the program to align them with its Climate Action Plan and other rigorous sustainability goals.

The Expedite Program Is Intended to Incentivize Sustainable Development

Projects that feature price-restricted units ("Affordable Housing"),²² sustainable development, and certain military development projects are all eligible for expedited discretionary permitting, also known as the "Expedite

²¹ According to DSD, the decision to allow single-family homes and other residential projects of less than four units to the program was based on a discussion that occurred at a City Council Committee meeting in April 2006. At the meeting, the Sustainable Energy Advisory Board suggested that it would recommend adding single-family and other small residential projects to the program in the future, and according to DSD, this was used as the basis to allow small residential projects to the program beginning in October 2006. However, modifying the program admission requirements would have likely required a formal City Council action, and no such action ever occurred.

²² The role of affordable housing within the program is discussed in more detail in the "Other Pertinent Information" section at the end of this report.

Program.”²³ The program is an optional, application-driven service offered to help incentivize development activity identified as a desirable public benefit.

The eligibility criteria for projects to qualify for the Expedite Program as “sustainable” are contained in Council Policy 900-14, “Sustainable Building Policy.” The version of this policy used to determine eligibility dates back to 2003. The active language for qualifying private sector sustainable development in that policy states:

“It shall be the policy of the City Council to expedite the discretionary process for projects which meet the following criteria:

1. Incorporate the U.S. Green Building Council Leadership in Energy and Environmental Design (“LEED”) 2.0 Rating System “Silver” Level Certification for **commercial** development projects.
2. Renewable technologies...for **commercial and industrial** projects generating a minimum of 30 percent or more of the designed energy consumption from renewable technologies such as photovoltaic, wind and fuel cells.
3. **Residential discretionary projects of four units or more**...that provide 50 percent of their projected total energy use utilizing renewable energy resources [emphasis added].”

**Sustainable Projects
Make up Majority of
Projects Processed
through Expedite
Program**

We found that from 2011 to 2015, sustainable projects constituted the vast majority of overall Expedite Program projects and units, as shown in **Exhibits 19 and 20**.

²³ Although military housing is eligible for the Expedite Program, there were no instances of recorded military housing in the program’s master tracking list. Additionally, expedite staff clarified that the inclusion of “infill” development must also include an Affordable Housing component; i.e. market rate infill is not an eligible type of development for the Expedite program.

Exhibit 19

Yearly Comparison of Expedite Program Projects, 2011 to 2015



Source: OCA based on Expedite Program Master List.

Exhibit 20

Summary Comparison of Expedite Program Projects and Units, 2011 to 2015

	Number of projects	Number of qualifying units
Affordable Housing	17	521
Sustainable development	129	1,930

Source: OCA based on Expedite Program Master List.

The Expedite Program is Facilitating Limited Environmental Benefits

We found, however, that despite the preponderance of Expedite Program projects labeled as “sustainable,” the true environmental benefit from the program is limited in several ways. Specifically, we found that:

1. Expedite Program sustainability admissions criteria is outdated—many projects that qualify for the program do not provide environmental benefits that are in line with the City’s current environmental goals, and the program incentivizes types of sustainable development that have become common outside the Expedite Program;

2. Since 2006, single-family homes have been allowed to qualify for the sustainable portion of the program, even though program eligibility criteria for residential projects only allows developments of four units or more, and even though the environmental benefits of this particular type of single-family development are questionable; and
3. The Expedite Program does not track the specific reasons why each project qualified as sustainable, making it difficult to quantify and report on the program's performance towards promoting sustainable development.

The following sections describe these issues in more detail.

The Expedite Program's Admissions Criteria for Sustainable Development is Outdated

The Expedite Program's admissions criteria for sustainable projects should be regularly reviewed and updated in order to keep pace with a changing regulatory and economic environment as well as City and state environmental goals. To that end, the Expedite Program's eligibility criteria for sustainable projects specifically mentions its own insufficiency in meeting future state targets for environmental goals, stating in 2010:

"In order to achieve the goals in the [California Public Utilities Commission] Strategic Plan and the City's General Plan, more substantial requirements are needed as a bridge to zero net energy²⁴ in 2020 (residential) and 2030 (commercial). To that end, the Sustainable Building Policy will be updated every three years to remain current with new State and Federal guidelines and local needs."

However, the 2010 version of the policy was the most recent version of the policy while this audit was being conducted; specifically, the policy had not been updated. In fact, the actual qualifying language regarding sustainable development eligibility for private sector projects dates to 2003. As a result, the Expedite Program's current admissions criteria fall far short of current City and state environmental goals.

²⁴ "Zero Net Energy" means that the total amount of energy used by the building is approximately equal to the amount of renewable energy created onsite.

The Vast Majority of Solar Development in San Diego is Occurring Regardless of the Expedite Program

For example, the Expedite Program is accessible simply by meeting one of the sustainability standards articulated in Council Policy 900-14, such as a requirement for 50 percent onsite renewable energy generation (for example, solar energy systems). However, this requirement does not align with the California Public Utilities Commission (“CPUC”)/San Diego General Plan Net Zero Energy goals, the City’s Conservation Element of its General Plan, and the City’s newly adopted Climate Action Plan (“CAP”) goals, which include 100 percent renewable electricity by 2035 City-wide.

In addition, because the City’s eligibility criteria for sustainable projects has not been regularly updated, the City is still incentivizing types of sustainable development that have since become common.

For example, in 2006, DSD began to allow single-family sustainable projects to access the Expedite Program. At the time, solar energy systems were more expensive and less common than they are today. DSD staff stated that, in the context of this time period, the goal was to incentivize the use of these renewable energy systems.

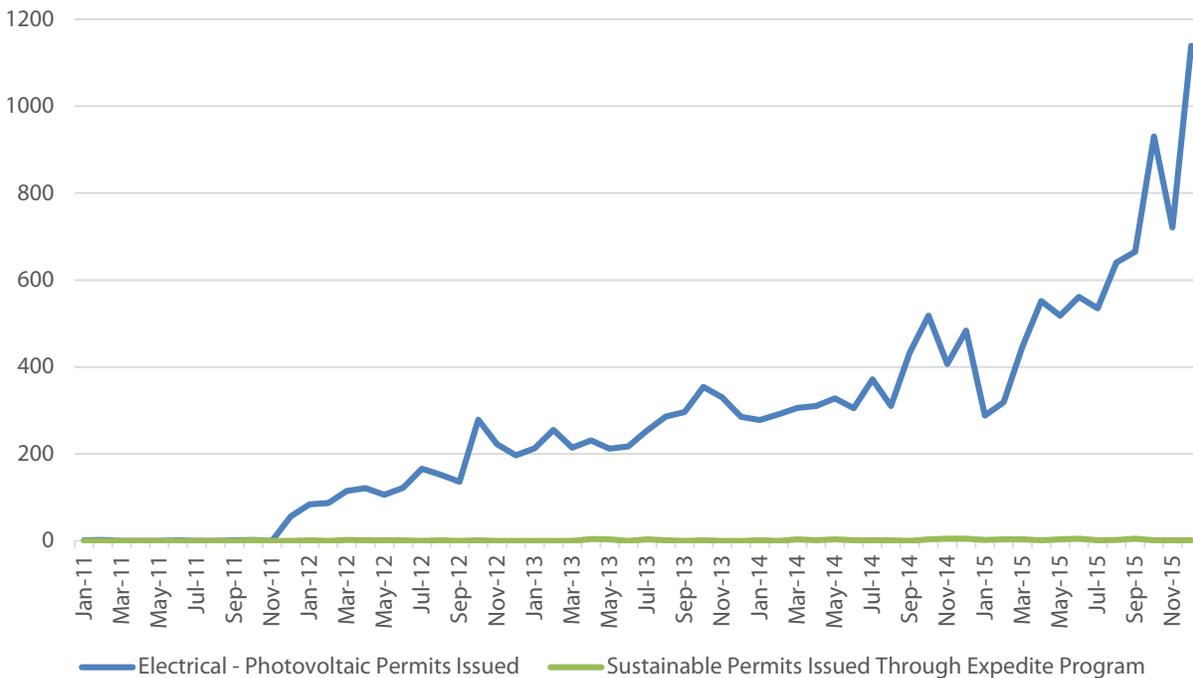
Since then, the costs of adding a solar energy system to a property have decreased dramatically. Additionally, statewide environmental building standards have been updated, and the City has passed its ambitious CAP goals, as discussed above.

Today, the City is a national leader in homes installing solar energy systems. According to DSD, the sharp increase is because installation of solar panels has become an economic advantage to the homeowners as the price of solar energy systems decreases.

The vast majority of solar permits in San Diego are occurring without using the Expedite Program. **Exhibit 21** below demonstrates the rapid increase in solar permitting throughout San Diego, many of which are processed ministerially, while the number of projects participating in the Expedite Program has remained relatively flat. In the last year, for example, more than 7,000 solar permits were issued in the City; all sustainable Expedite Program projects represent less than 1 percent of that figure.

Exhibit 21

Electric - Photovoltaic Permits Completed versus Sustainable Expedite Program Projects



Source: OCA based on permit information in DSD’s Project Tracking System and Expedite Program Master List.

There are also many other incentives already in place for adding a solar energy system to a project. We identified more than 40 incentives already in existence at the local, state, and federal levels. The City also offers concurrent programs designed to incentivize the installation of solar energy systems. Therefore, allowing projects to qualify for the Expedite Program through the solar incentive does not appear to provide a clear benefit to the City, since this type of sustainable development is already occurring in such large numbers anyway.

Single-Family Homes and Other Small Projects Have Been Allowed to Access the Expedite Program Since 2006, Even Though Eligibility Criteria Limits Access to Larger Projects

As noted above, DSD began admitting single-family homes and other small residential projects of less than four units to the Expedite Program in 2006. However, the Expedite Program's eligibility criteria for residential developments, approved by the City Council in 2003, only allows projects of four units or more. According to DSD, the decision to allow single-family homes and other residential projects of less than four units to the program was based on a discussion that occurred at a City Council Committee meeting in April 2006. At the meeting, the Sustainable Energy Advisory Board suggested that it would recommend adding single-family and other small residential projects to the program in the future, and according to DSD, this was used as the basis to allow small residential projects to the program beginning in October 2006. However, modifying the program admission requirements would have likely required a formal City Council action, and no such action ever occurred.

As such, allowing small residential developments to access the Expedite Program contravenes the eligibility criteria approved by the City Council. In addition, allowing these projects to access the Expedite Program limits the environmental benefits of the program, may slow processing times of other Expedite Program and standard projects, and contributes to a large portion of the program's benefits being accrued by property owners in coastal areas, as described below.

Allowing Small-Unit Projects to Qualify Limits the Expedite Program's True Environmental Benefit

In addition to contravening the current program eligibility criteria, the Expedite Program's increasing reliance on small-unit sustainable projects, particularly single-family homes, also reduces the program's true environmental benefit.

As mentioned above, DSD began to allow single-family and other small residential development projects to access the program as sustainable in 2006. Over this audit's scope period from 2011 to 2015, the median unit size for a project designated as sustainable was only 2 units, compared to 26 affordable units for affordable housing projects.²⁵ In fact, from

²⁵ More than 40 percent of the sustainable units in that period (840) come from the Town and Country mixed-use development in Mission Valley, which at the time of the audit was still in discretionary review. Twenty of the projects could not be easily categorized by units – e.g. school upgrades, research facilities, commercial development, etc.

2011 to 2015, nearly 30 percent of all Expedite Program projects were single-family home projects categorized as sustainable.

However, we found that of the single-family homes utilizing the program, about 60 percent were complete tear-downs and rebuilding of a new structure. The average square footage of the new homes is more than 5,000 square feet.²⁶ These projects were all categorized as “Energy Conservation” as the reason for entry into the Expedite Program.

The heating and cooling requirements of a 5,000-square-foot single-family residence can undermine attempts at greenhouse gas reduction, especially when current Expedite Program eligibility criteria only require 50 percent onsite renewable energy generation. Demolishing and remodeling homes also can carry significant environmental impacts.

If the City sincerely wants to achieve environmental goals via the sustainable element of the Expedite Program, small residential projects should be excluded from the program, consistent with existing policy approved by the City Council, and more stringent sustainability evaluation and monitoring is appropriate.

One consideration would be to simply require the widely-used Leadership in Energy and Environmental Design (“LEED”) status to determine whether a given project could qualify for the sustainability portion of the Expedite Program. The LEED methodology encompasses multiple aspects of sustainability, akin to the City’s Climate Action Plan. Indeed, the City’s Conservation Element of its General Plan and the City’s Climate Action Plan both specifically identify pursuing LEED status as a strategy for attaining environmental goals.

There are Multiple Ways Sustainable Projects can Qualify for the Expedite Program, but DSD’s Tracking is Limited

In addition to allowing projects that do not meet eligibility criteria and provide questionable environmental benefits to qualify for the Expedite Program, we found that DSD does not systematically track and report on how projects are qualifying for the sustainable portion of the Expedite Program.

²⁶ The largest single unit project had a square footage of approximately 31,000 square feet. Excluding this outlier, the average square footage of the single unit sustainable projects was about 4,700 square feet.

Council Policy 900-14 contains the eligibility criteria for the sustainable portion of the Expedite Program. In a partial update²⁷ to Council Policy 900-14 in 2010, 10 environmental standards are described related to LEED certification, energy efficiency, onsite renewable energy generation, reduced water usage, stormwater mitigation, construction and demolition, recycling, CFC usage, and 11 additional “strongly encouraged” uses. San Diego’s Climate Action Plan also goes beyond solar development and takes a more comprehensive approach to sustainability. In that document, the City has identified five overarching strategies to reduce greenhouse gas emissions to achieve the 2020 and 2035 environmental targets:

1. Energy and Water Efficient Buildings
2. Clean and Renewable Energy
3. Bicycling, Walking, Transit and Land use
4. Zero Waste (Gas and Waste Management)
5. Climate Resiliency

For example, targets include boosting the urban tree canopy by 15 percent by 2020 and 35 percent by 2035; diverting 75 percent of all solid waste by 2020 and 90 percent by 2035; and promoting effective land use to reduce vehicle miles traveled.

By contrast, there is no summary monitoring of how the projects in the Expedite Program are considered sustainable. Incoming projects are vetted to ensure eligibility for the program, but there is no systematic tracking of what percentage of participating projects are solar projects, water reduction projects, or energy efficiency projects. The Master List of all participating Expedite Program projects simply contains a column marked “Sustainable,” but, the project qualified without further description of specific reasons.

In addition, DSD’s departmentwide tracking system, PTS, only gives “Energy Conservation” as a reason for admission into the program (even if the project is eligible due to other sustainability efforts, such as water conservation). There is no other consistent tracking of the project type (for example, any

²⁷ The current publicly-available version of Council Policy 900-14 is from 2010, and only applies to City-owned buildings. However, per City Council Resolution 305832 (2010), DSD staff use sustainability criteria for private development that is carried over from an older version of Council Policy 900-14, approved in 2003.

of the five strategies for Climate Action Plan sustainability strategies). As a result, DSD is unable to report on the specific benefits the Expedite Program is generating in terms of sustainability.

**The Expedite Program
Should Increase its Focus
on Projects with the
Highest Public Benefit**

As described above, a substantial portion of actual Expedite Program benefits are being accrued by small unit owners to incentivize an activity—the installation of solar energy systems—that is already being performed at a rapid pace and which is already heavily incentivized by other programs. Such project owners are reaping the benefits of the Expedite Program while the City is receiving very little overall public benefit from their inclusion in the program. In addition, eligibility criteria for residential projects only allows developments of four units or more.

Therefore, DSD should immediately cease to allow residential projects of less than four units to access the program. Furthermore, DSD should revise the Expedite Program’s eligibility criteria in order to ensure that expedited projects are providing significant public benefits and are going “above and beyond” what they would provide absent the expedited permitting incentive.

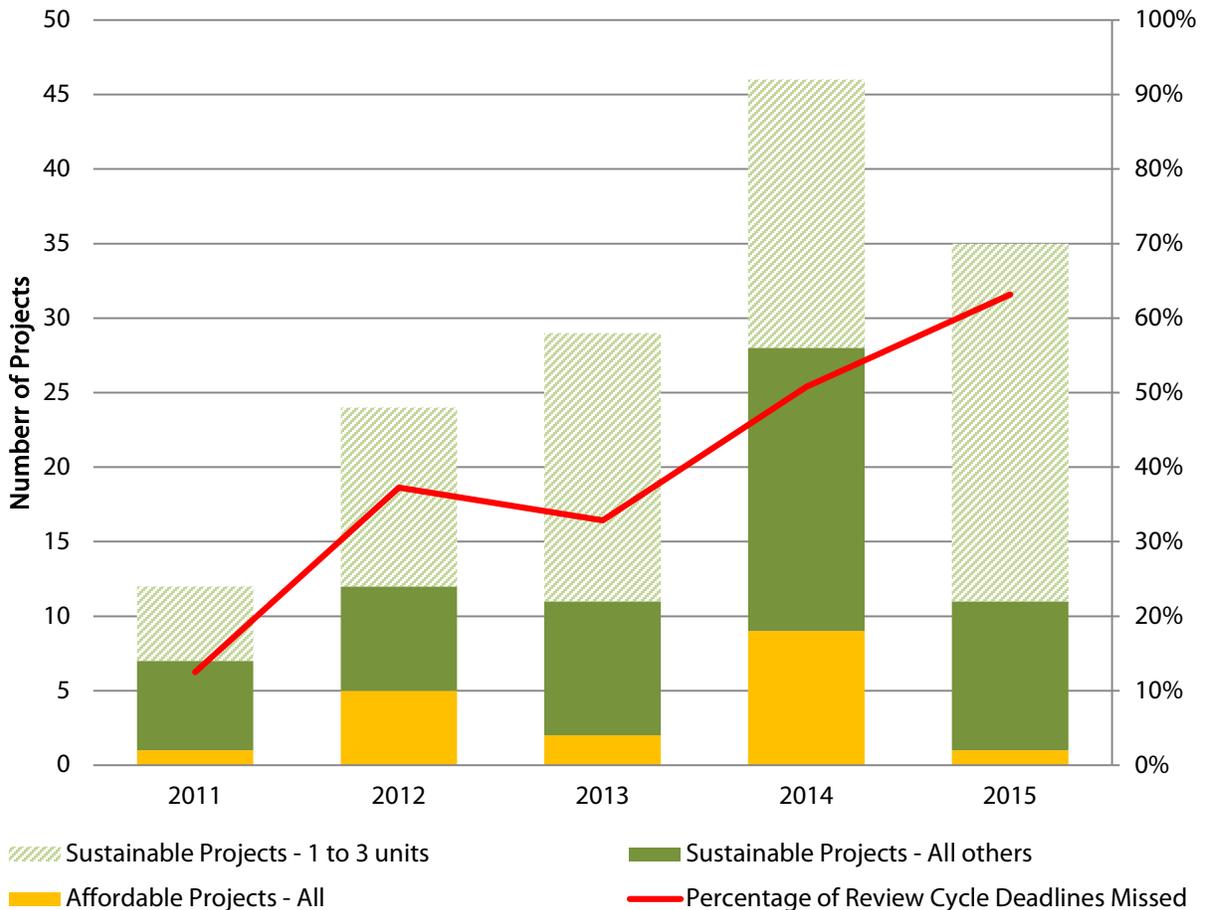
As discussed in Finding 1, the Expedite Program has had persistent challenges with the timeliness of its expedited permitting. Because expedite review staff resources are limited, one consideration would be for the program to increase its focus on larger projects that generate more of the intended public benefit. The intended prioritization of larger projects is included in the original Council Policy.

However, our analysis suggests that, in practice, the Expedite Program’s recent portfolio of projects consists of development that is not helping the City achieve its rigorous affordable housing or sustainability goals while struggling to achieve and demonstrate its timeliness benefits. **Exhibit 22** below shows the relationship between missed review cycle deadlines over time and the increasing share of small sustainable projects within the program. We found that about half of all the projects that have used the program in the past five years were residential projects of less than four units that were classified as “sustainable” which should not have been allowed to access

the program under the eligibility criteria in effect. As larger numbers of these projects have entered the program, the percentage of review deadlines missed has steadily increased.

Exhibit 22

Persistent Timeliness Issues as Program Focuses Increasingly on Small Sustainable Projects



Source: OCA based on DSD's Expedite Program Master List.

Because the Expedite Program has a limited carrying capacity, and because other DSD resources may be diverted to Expedite Program projects in times of high workload, processing times for both Expedite Program and standard projects may be slower than necessary if ineligible projects with questionable benefits are expedited. Thus, it is important for this incentive program to be advancing the intended development towards City goals in the most meaningful and effective way possible if it is to help the City achieve its intended outcomes. Specifically,

the program should incentivize beneficial types of development that may not otherwise occur and limit access to larger projects and projects that provide substantial environmental benefits.

Updating Eligibility Requirements and Refocusing Program Resources on Larger Projects May Improve Geographic Equity

We also found that the addition of smaller projects to the sustainable portion of the Expedite Program has largely caused a significant geographic imbalance in program usage and benefits. Updating the Expedite Program’s eligibility criteria and focusing on larger projects may help to improve geographic equity in terms of the usage and benefits of the Expedite Program.

Though there are no geographic restrictions or quotas regarding participation in the Expedite Program, the San Diego Municipal Code²⁸ acknowledges a general intent of “providing affordable housing opportunities in economically balanced communities throughout the City.” The City’s Climate Action Plan also states that “environmental benefits are intended to be shared equally, fairly, and with lack of prejudice among all persons citywide,” as well as ensuring “equitable distribution of public...services.”

However, as displayed in **Exhibit 23** below, projects utilizing the Expedite Program are heavily clustered in coastal areas. Projects in the coastal zone²⁹ typically require a special discretionary coastal development permit that would not be required in non-coastal areas. Because the Expedite Program only covers discretionary permits, such as coastal development permits, this results in a disproportionate number of Expedite Program projects being located in the coastal zone.

Allowing single-family homes and other small residential projects into the program magnifies the geographical imbalance significantly. For example, from 2011 to 2015, approximately 88 percent of single-family homes in the Expedite Program were located in the coastal zone.³⁰ In contrast, of the larger (four units or greater) projects in the program, only 36 percent were located in the coastal zone, and

²⁸ San Diego Municipal Code section 126.0504(m)(1)

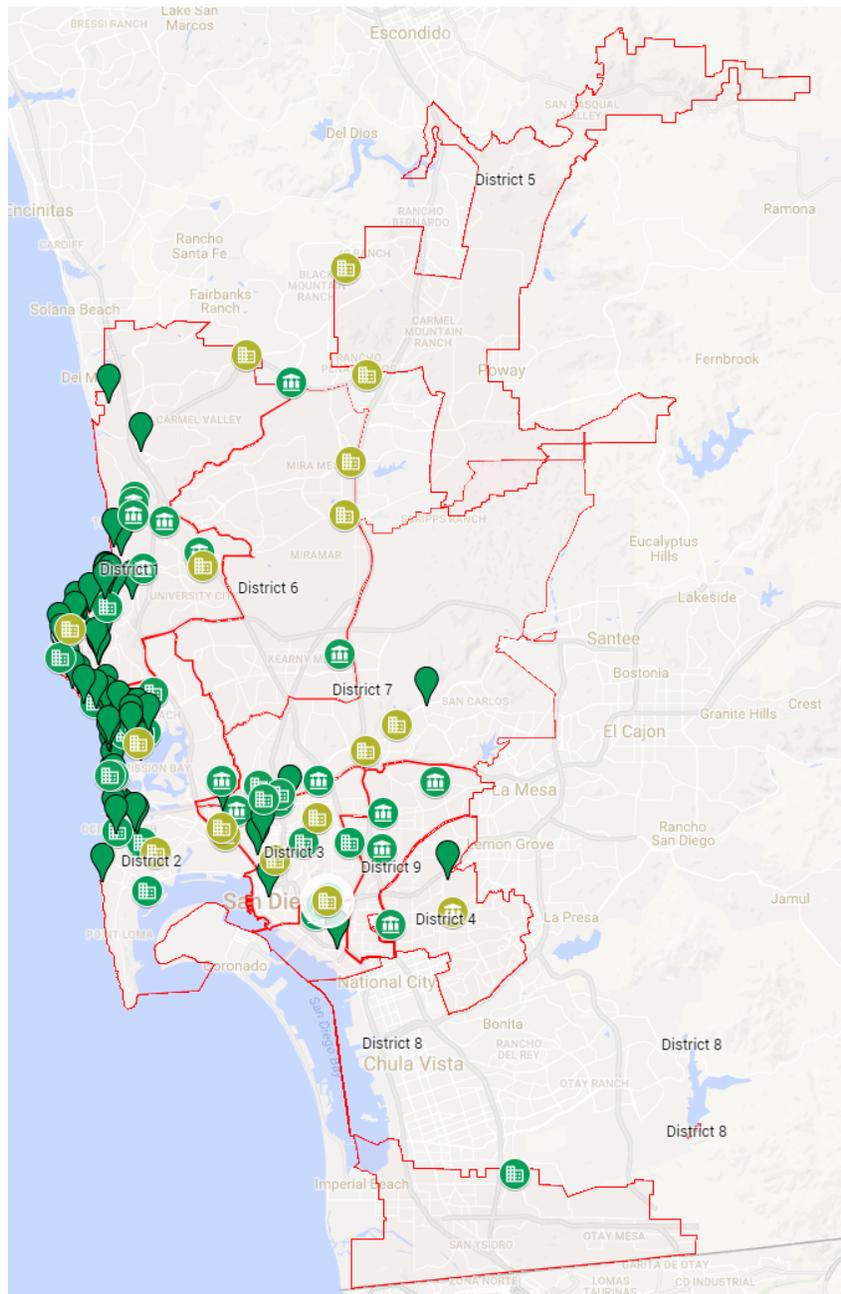
²⁹ The Coastal Overlay Zone is described in San Diego Municipal Code Chapter 14, Article 2, Division 4. The Coastal Overlay Zone generally includes most areas of the City west of the Interstate 5 freeway.

³⁰ During this time, the Expedite Program admitted 41 single-family homes, 36 of which were located in the coastal zone.

64 percent were located outside the coastal zone. Thus, refocusing the Expedite Program's resources on larger projects may improve equity in terms of how the benefits of the program are distributed geographically.

Exhibit 23

Distribution of Expedite Program Projects, 2011 to 2015



Note: Projects classified as Sustainable development projects are shown in green; projects classified as Affordable Housing projects are shown in gold. Icons represent larger projects (four units or greater, or non-residential projects such as schools and research centers). An interactive map of participating projects is available at: <https://www.google.com/maps/d/u/0/edit?mid=100z0wSai292g9QFf4xWfFuW3ubrE>

Source: OCA, based on analysis of the Master List of participating Expedite Program projects.³¹ This map was created using Google Maps.

³¹ Projects admitted to the Expedite Program from 2011 to 2015. Every reasonable effort has been made to assure the accuracy of the data provided. However, the DSD data used in producing the product is subject to

In order to improve the effectiveness of the Expedite Program and ensure that it is utilized to achieve the City's sustainability goals, we recommend the following:

- Recommendation #5** The Development Services Department should immediately cease to allow new Expedite Program applications for single-family homes and other small residential projects of less than four units to access the Expedite Program, consistent with program eligibility requirements that the City Council approved. (Priority 1)
- Recommendation #6** The Development Services Department should propose revisions to update Expedite Program eligibility criteria for sustainable projects. The updated eligibility requirements and any associated incentives should align program eligibility with the City's holistic sustainability goals within the Climate Action Plan and other City policies. In addition, the updated eligibility requirements should consider current market conditions to ensure that the types of sustainable development to be incentivized may not already occur without the expedited permitting incentive.
- To ensure transparency and accountability, these revisions should be incorporated into a single, comprehensive Council Policy that contains all Expedite Program eligibility requirements for both sustainable buildings and affordable housing projects. (Priority 1)
- Recommendation #7** Expedite Program managers within the Development Services Department should keep consistent track of why a project is considered sustainable in the Master List—e.g. which of the Climate Action Plan sustainability strategies and standards the project is qualifying under. (Priority 2)
- Recommendation #8** Expedite Program managers within the Development Services Department should provide an annual report of program performance to the Smart Growth and Land Use Committee and/or the full City Council. The report should include a discussion of program performance with respect to the number, type, timeliness, and Citywide distribution of projects participating in the Expedite Program. (Priority 2)

change. For example, projects may be redesigned or cancelled during discretionary review. The map is offered to demonstrate a general trend of program use.

Other Pertinent Information

Projects that feature price-restricted units (“Affordable Housing”), sustainable development, and certain military development projects are all eligible for expedited discretionary permitting, also known as the “Expedite Program.”³²

We found, however, that program participation is very low relative to the City’s affordable housing goals.

Council Policy 600-27, which authorized the creation of the Expedite Program, established a list of project types that serve as criteria for program admission. For example, residential development projects where at least 10 percent of the units are set aside for households with an income at or below 65 percent of the area median income (“AMI”) for rental units and at or below 100 percent AMI for for-sale units as set forth in the City’s Inclusionary Housing Ordinance.

Since 2003, the policy has stated:

“The City of San Diego is in the midst of a declared state of emergency for affordable housing. . . . In an effort to produce more affordable housing in the shortest possible time and to reduce development costs to the greatest extent, it is desirable to expedite the permit processing of such projects.”

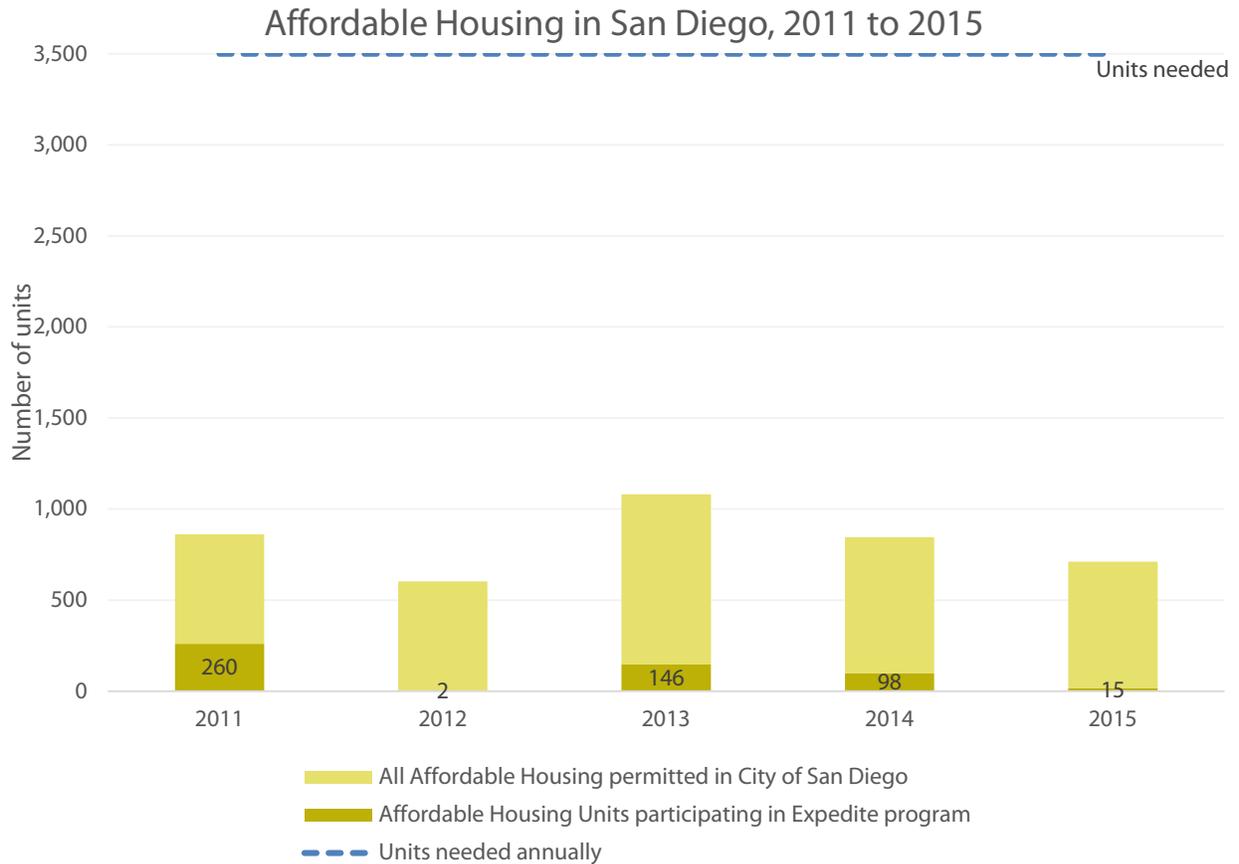
We found that from 2011 to 2015, there were 17 Affordable Housing projects that utilized the Expedite Program for a total of 521 Affordable Housing units. Notably, not all affordable housing development or projects need discretionary permitting. As a result, many projects may not need to use the Expedite Program. However, the comparison to all affordable housing within the City of San Diego is included to show greater context regarding the program’s recent limited impact on the overall number of affordable housing units. See **Exhibit 24** below for year-by-year comparisons.³³

³² Although military housing is eligible for the Expedite Program, there were no instances of recorded military housing in the program’s Master List. Additionally, Expedite Program staff clarified that the inclusion of “infill” development must also include an Affordable Housing component; specifically, market rate infill is not an eligible type of development for the Expedite Program.

³³ Notably, in 2011, action at the state level dissolved redevelopment agencies, which was a major source of affordable housing subsidies.

Exhibit 24

The Expedite Program’s Role in Affordable Housing Permitting



Source: OCA based on Housing Element Reports, 2011 to 2015, and Expedite Program Master List.

According to the Development Services Department (“DSD”), an increasing amount of affordable housing projects no longer need to utilize the Expedite Program because legislation at the state and federal levels are reducing zoning and permitting issues. As a result, DSD managers stated that more projects are going through the ministerial process and no longer require discretionary permits, which negates the need for the Expedite Program for that project.

To better understand why a relatively small number of projects were using the Expedite Program in recent years, OCA reached out and sent a survey to 25 professionals and developers working on more than 45 affordable housing projects in the City of San Diego since 2007. Those who responded had many positive things to say about the program:

- Seven respondents stated that the Expedite Program has a perceived reputation as a good value within the Affordable Housing developer community (One response that there is a perception of “poor value”)
- Eight respondents rated DSD expedite staff as “very responsive” or “somewhat responsive” (One response that staff were “not very responsive”)
- Nine respondents stated that they are “very likely” or “somewhat likely” to use the program again in the future (One response that they were “not very likely”)

However, we did find some criticism of the program, including a desire for faster review cycles as well as more consistent comments from the reviewing disciplines. See Finding 1 for a more detailed discussion of the unclear timeliness benefits of the Expedite Program.

While there are other tools in existence for promoting affordable housing production, the Expedite Program is one such effort. However, although the Expedite Program was originally conceived as an incentive program to encourage the development of affordable housing, DSD stated that, given the changes in the market and the relatively limited cost savings provided by the program relative to the cost of providing affordable housing, in practice, the program essentially provides a benefit to affordable housing developers, not an incentive.

Therefore, to the extent that stakeholders within the City are relying on the program to help mitigate the severe affordable housing challenge, it is important to recognize the program’s limited impact as a policy incentive on the provision of overall units. Given the changing regulatory environment, and the City’s stringent goals related to affordable housing and sustainability, alternative efforts or incentives may be needed to reach the City’s goals.

Conclusion

The City of San Diego is in the midst of an affordable housing crisis and has also established aggressive environmental sustainability goals, such as those established in the Climate Action Plan. One of the ways the City has sought to encourage the development of affordable housing and increase sustainability is through the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program, which is intended to process discretionary permits for certain affordable housing and sustainable development projects twice as fast as standard projects.

Providing advertised expedited permitting incentives and ensuring that projects admitted to the Expedite Program provide appropriate affordable housing and sustainability benefits in return are both critical its success. There are several ways that the program can improve in each of these areas.

Specifically, developing tools to track individual reviewer performance and methods to map out review cycle processes that assign appropriate reviewer deadlines will improve the Development Services Department's ("DSD") ability to ensure review cycles are completed on-time. In addition, revising the existing performance metric to accurately reflect overall Expedite Program performance will allow DSD to ensure that actual program performance aligns with advertised incentives.

With regard to program eligibility for sustainable development, ceasing to allow single-family homes and other small residential projects into the Expedite Program will bring the program into compliance with eligibility criteria approved by the City Council; eliminate many projects from the program that provide questionable environmental benefits; significantly reduce a large geographic imbalance where program benefits are accrued; and may speed processing times for other Expedite Program projects as well as standard projects.

In addition, updating program eligibility criteria for sustainable projects to take into account current market conditions and align with current City environmental goals, such as the Climate Action Plan, will allow the Expedite Program to focus

its resources on incentivizing developments that provide the greatest environmental benefits to the City.

Recommendations

- Recommendation #1** The Development Services Department should ensure that the Accela software has the capability to track performance data specifically for the individual cycle review disciplines and staff in the context of the Expedite Program. (Priority 1)
- Recommendation #2** The Development Services Department should utilize established managerial best practice frameworks—such as Project Time Management and the Critical Path Method—to prepare managerial reports on timeframes for individual cycle reviewers and develop a process to periodically use this information to determine whether specific deadlines should be changed to improve overall timely project completion. (Priority 1)
- Recommendation #3** The Development Services Department (“DSD”) should ensure that project data maintained is coherent and revise its Performance Measurement Report methodology to track both the timeliness of each milestone and the timeliness of the project timeliness from beginning to when the permit is issued. DSD should also improve managerial quality control and review of the tracking data timeliness entries. DSD should articulate these steps in a written procedure and ensure that new staff are trained on the proper data collection methodologies. (Priority 1)
- Recommendation #4** In the short run, the Development Services Department (“DSD”) should ensure that the program clients have the accurate expectation about permit processing times for projects in the Expedite Program. DSD should revise the “50 percent faster” language in its internal and external program advertisements to state that achieving this permit processing is a program goal, not an expectation. In the long run, DSD should use the information collected in overall performance tracking to determine an achievable expedite processing rate and advertise those deadlines. (Priority 2)

- Recommendation #5** The Development Services Department should immediately cease to allow new Expedite Program applications for single-family homes and other small residential projects of less than four units to access the Expedite Program, consistent with program eligibility requirements that the City Council approved. (Priority 1)
- Recommendation #6** The Development Services Department should propose revisions to update Expedite Program eligibility criteria for sustainable projects. The updated eligibility requirements and any associated incentives should align program eligibility with the City’s holistic sustainability goals within the Climate Action Plan and other City policies. In addition, the updated eligibility requirements should consider current market conditions to ensure that the types of sustainable development to be incentivized may not already occur without the expedited permitting incentive.
- To ensure transparency and accountability, these revisions should be incorporated into a single, comprehensive Council Policy that contains all Expedite Program eligibility requirements for both sustainable buildings and affordable housing projects. (Priority 1)
- Recommendation #7** Expedite Program managers within the Development Services Department should keep consistent track of why a project is considered sustainable in the Master List—e.g. which of the Climate Action Plan sustainability strategies and standards the project is qualifying under. (Priority 2)
- Recommendation #8** Expedite Program managers within the Development Services Department should provide an annual report of program performance to the Smart Growth and Land Use Committee and/or the full City Council. The report should include a discussion of program performance with respect to the number, type, timeliness, and Citywide distribution of projects participating in the Expedite Program. (Priority 2)

Appendix A: Definition of Audit Recommendation Priorities

DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration’s responsibility to establish a target date to implement each recommendation taking into considerations its priority. The City Auditor requests that target dates be included in the Administration’s official response to the audit findings and recommendations.

Priority Class ³⁴	Description
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls.
3	Operation or administrative process will be improved.

³⁴The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B: Audit Objectives, Scope, and Methodology

Audit Objectives In accordance with the Office of the City Auditor’s Fiscal Year 2016 Audit Work Plan, we conducted a performance audit of the Development Services Department’s Affordable/In-Fill Housing and Sustainable Buildings Expedite Program (“Expedite Program”). The objective of our audit was to assess the overall effectiveness of the program, which we examined in four ways:

1. **Timeliness** – How successful is the program at achieving its expedited timeline goals?
2. **Number** – Is the program helping produce a significant number of affordable housing and sustainable projects?
3. **Type** – What types of projects utilize the Expedite Program?
4. **Distribution** – Where are participating projects located?

Scope and Methodology In order to arrive at these objectives, we conducted an extensive preliminary review and scoping phase.

Literature and Stakeholders As part of this process, we reviewed published reports and analyses focusing on affordable housing and sustainable development in California and San Diego, including reports from the California Legislative Analyst’s Office, the San Diego Housing Commission, the San Diego Association of Governments (“SANDAG”) Regional Housing Needs Assessment, as well as City Council and Committee policies.

We interviewed key City staff within the Development Services Department (“DSD”) who manage and review projects within the Expedite Program and interviewed stakeholders, including the San Diego Housing Federation, the San Diego Regional Chamber of Commerce, and the San Diego Green Building Council, in order to gain perspectives on the issue of expedited permitting for affordable housing and sustainable projects in the City of San Diego.

To further solicit opinion from actual and potential users of the Expedite Program, we sent a survey to 25 developers and professionals working on more than 45 affordable housing

*DSD Documents and Data
Reliability Testing*

projects in the City of San Diego since 2007.³⁵ We utilized SurveyMonkey to configure and administer the survey.

In our review of the Expedite Program’s project participation data, we utilized a “Master List” of participating Expedite Program projects provided by DSD. We limited our scope to projects that applied to the program between 2011 and 2015. We scrutinized the reliability of the Master list data in several ways.

We compared the whole list (2011 to 2015) to data within DSD’s Project Tracking System (“PTS”)—with respect to a project’s actual existence, its project number, its comprehensiveness, and the appropriateness of its inclusion on the list.

For every affordable housing project from 2011 to 2015—and for most sustainable projects—we looked up the project notes in PTS and reviewed the “reason for expedite” fields (for example, “Affordable Housing” or “Energy Conservation”) listed. We also compared the scope project description to the number and type of units counted in the Master List. We followed up with DSD on any inconsistencies or questions.

To further test the reliability of DSD-recorded data, particularly with respect to unit number, project type, and timeliness of processing, we requested a sample of project folders from DSD. We selected a judgmental sample of 20 projects (6 affordable and 14 sustainable) and compared the information recorded across a variety of sources: the expedite Master List, information recorded within PTS, monthly Expedite Program Performance Reports, and physical project folders, which included permits recorded with the County of San Diego. Areas of non-conformance were noted, aggregated, and clarified with DSD staff. Although discrepancies existed, the total amounts were small enough relative to the audit objectives and findings that we felt the Master List was generally accurate and useful, and the extent of data reliability testing was sufficient and appropriate.

Comparison and Context

To understand the effect of the Expedite Program on the City’s need for affordable housing, we compared the Expedite

³⁵ We attempted a similar survey of sustainable building professionals but received inadequate response to gauge perceptions of the program.

Program participation figures to the Regional Housing Needs Assessment (“RHNA”) produced by the San Diego Association of Governments (“SANDAG”). We used the RHNA allocations for very low- and low-income housing units in the City of San Diego to estimate the number of affordable housing units needed. This comparison allowed us to quantify how the expedite efforts have impacted the City’s need for affordable housing and better understand the magnitude of the affordable housing gap.

To understand the overall impact of these figures, we compared the number of affordable housing units utilizing the Expedite Program to the total number of affordable housing units permitted in the City over the same time period. To determine the overall production of affordable housing in San Diego, we totaled the number of affordable units permitted in the City of San Diego, as reported by the City in its Annual Housing Element Progress Reports to the State of California’s Department of Housing and Community Development. This allowed us to measure the Expedite Program’s impact on the total number of affordable housing units being added throughout the City.

To understand the effect of the Expedite Program on the City’s sustainability goals, we compared expedite project characteristics to elements of the City’s General Plan and newly-adopted Climate Action Plan, as well as to statewide goals. We also compared the Expedite Program’s sustainable project portfolio to the total amount of photovoltaic permits granted by the City of San Diego, as recorded within PTS.

To generate the map of participating projects, we selected projects with application dates in the calendar years 2011 through 2015. Using PTS numbers from the Master List, we used OpenDSD to obtain the physical addresses for participating Expedite Program projects. We used Google’s “My Maps” feature and entered the physical addresses onto the base layer of the map.

To further analyze the timeliness of processing, we catalogued PTS cycle review data, analyzing 100 percent of the cycle reviews for each project processed through the Expedite Program between 2011 and 2015. To do so, we compared

review cycle completion dates recorded within PTS to the timeliness goals for the Expedite Program as articulated in a DSD program memo.

We also utilized the Master List's application date and public hearing date to estimate the overall average time for projects that are processed through the Expedite Program.

*Compliance with
Government Auditing
Standards*

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Examples of Monthly Performance Measurement Report Errors

Errors and inconsistent data entry methodologies diminish the reliability of Development Services Department's ("DSD") reporting and the traceability of the timeliness of project processing. We found numerous errors and inconsistencies, including inaccurate timeliness determinations, unrecorded cycle reviews, and incomplete date recordations. Below are several examples.

Example 1 - Inaccurate timeliness determinations

The entry below was running significantly behind schedule, yet was inaccurately recorded as on time.

**AFFORDABLE/IN-FILL HOUSING & SUSTAINABLE BUILDINGS
EXPEDITE PROGRAM – PERFORMANCE MEASURES**

PROJECT NAME: [REDACTED]		Project No. 434837	DPM: [REDACTED]	
PERFORMANCE MEASURE MILESTONES	DATE SUBMITTED BY APPLICANT	DATE ACCOMPLISHED BY CITY STAFF	GOAL – STANDARD DAYS	ACTUAL DAYS
First Completeness Check	7/15/15	7/21/15	5 DAYS	4 [-1]
MIR Submittal	MIR WAIVED*		1 DAY	0 [-1]
1 st submittal package distributed	7/27/2015	7/27/2015	1 DAY	0 [-1]
1st Review Cycle/Assessment Letter	7/27/15	9/11/15	20 DAYS (after distribution date)	46**[+26]
2 nd submittal package distributed			1 DAY	
2 nd Review Cycle/Assessment Letter			10 DAYS (after distribution date)	
3 rd submittal package distributed			1 DAY	
3rd Review Cycle/Assessment Letter			10 DAYS (after distribution date)	
4th submittal package distributed			1 DAY	
4 th Review Cycle/Assessment Letter			10 DAYS (after distribution date)	
5th submittal package distributed			1 DAY	
5 th Review Cycle/Assessment Letter			10 DAYS (after distribution date)	
CEQA Determination -				
Public Hearing Date – Hearing Officer	[REDACTED]		[REDACTED]	
PROJECT TIMELINE MET – YES				

* The MIR waived [REDACTED]
 ** LDR-Planning late by 25 days

Source: September 2015 PMR.

Example 2 – Unrecorded cycle reviews

This project underwent 10 cycle reviews, though only 5 are recorded on this PMR.

**AFFORDABLE/IN-FILL HOUSING & SUSTAINABLE BUILDINGS
EXPEDITE PROGRAM – PERFORMANCE MEASURES**

PROJECT NAME: [REDACTED]		Project No. 238281	DPM: [REDACTED]	
PERFORMANCE MEASURE MILESTONES	DATE SUBMITTED BY APPLICANT	DATE ACCOMPLISHED BY CITY STAFF	GOAL – STANDARD DAYS	ACTUAL DAYS
First Completeness Check - Mandatory Preliminary Review Package	5/3/2011	5/9/2011	5 DAYS	4
“Deemed Complete” Preliminary Review Package distributed	5/16/2011	5/16/2011	1 DAY	0
Preliminary Review Meeting		6/6/2011	15 DAYS (after distribution date)	14
Preliminary Review Report sent to Applicant		6/8/2011	5 DAYS (after PR meeting)	2
1 st deemed complete submittal package distributed	4/24/2012**	4/24/2012	1 DAY	0
1 st Review Cycle/Assessment Letter		5/24/2012	20 DAYS (after distribution date)	22
2 nd submittal package distributed	10/2/2012	10/2/2012	1 DAY	0
2 nd Review Cycle/Assessment Letter		10/17/2012	10 DAYS (after distribution date)	11***
3 rd submittal package distributed	8/29/2013	8/29/2013	1 DAY	0 *4
3 rd Review Cycle/Assessment Letter		8/27/2013	10 20 DAYS (after distribution date)	20 *4
4 th submittal package distributed	12/20/2013	12/20/2013	1 DAY	0
4 th Review Cycle/Assessment Letter		1/13/2014	10 DAYS (after distribution date)	10*
5 th submittal package distributed	5/9/2014	5/9/2014	1 DAY	0
5 th Review Cycle/Assessment Letter		5/27/2014*	10 DAYS (after distribution date)	11 *5
Preparation of Public Hearing Documents	2/18/2015 *11	MND is out for public review	10 DAYS (after Environmental Document final, all info received from applicant, and all issues resolved)	0
Public Hearing Date	[REDACTED]	Scheduled for PC on April 30, 2015	[REDACTED]	[REDACTED]
PROJECT TIMELINE MET – YES OR NO.		YES (Overall 12 day ahead)		

Source: March 2015 PMR.

Example 3 – Unclear/Unrecorded information regarding timeliness information

It was unclear how to use this PMR entry in terms of monitoring Expedite Program timeline targets.

**AFFORDABLE/IN-FILL HOUSING & SUSTAINABLE BUILDINGS
EXPEDITE PROGRAM – PERFORMANCE MEASURES**

PROJECT NAME: [REDACTED]		Project No. 153840	DPM: [REDACTED]	
PERFORMANCE MEASURE MILESTONES	DATE SUBMITTED BY APPLICANT	DATE ACCOMPLISHED BY CITY STAFF	GOAL – STANDARD DAYS	ACTUAL DAYS
9 th submittal package distributed	11/6/2012	11/6/2012	1 DAY	0
9 th Review Cycle/Assessment Letter		11/23/2012	10 DAYS (after distribution date)	11
Environmental Determination - MND		11/20/2012		
Draft MND – out for public review		02/27/2013		
Draft MND – end of public review comment period		03/19/2013		
Told applicant staff will be recommending denial of project at PC		04/15/2013		
Updated Drainage Study provided to Don Weston for review – needed to final MND	06/05/2013			
Don’s edit to the information sent to engineer – cannot final the MND until Don’s issues are addressed		06/18/2013		9
Updated Drainage Study provided to Don Weston for review – needed to final MND	07/12/2013			17**
Don’s edit to the information sent to engineer – cannot final the MND until Don’s issues are addressed		07/31/2013		12
Updated Drainage Study provided to Don Weston for review – needed to final MND	08/14/2013			
Don approved Updated Drainage Study		08/20/2013		
Public Hearing - PC	06/19/2014			
PROJECT TIMELINE MET – YES or NO.		YES		

Source: June 2014 PMR.

Appendix D: Additional Information Regarding Council Policy 900-14, “Sustainable Building Policy”

The City Council approved the first version of the Sustainable Building Policy, Council Policy 900-14, in 1997. The purpose of the policy was to “assert the City’s commitment to green practices and provide leadership and guidance in promoting, facilitating, and instituting such practices in the community.” The policy, titled, “Green Building,” established guidelines for development of City-owned projects and encouraged the private sector to follow.

Council Policy 900-14 underwent several revisions over the next six years, and, in 2003, the policy was expanded to provide additional incentives for private sector development that included sustainable design elements. Specifically, the 2003 version of the policy provided expedited processing of discretionary permits for residential projects of “4 units or more within urbanized communities” that meet certain sustainability criteria.³⁶

The eligibility criteria established in the 2003 version of Council Policy 900-14 are still in effect today including the four unit minimum for residential projects, but this information is not easily accessible by the public. In 2010, the City Administration proposed a new version of Council Policy 900-14, which was approved by the City Council. The 2010 version of the policy only applies to City-owned, occupied, or leased buildings. Part of the Development Services Department’s (“DSD”) proposal included dissolving the 2003 version of Council Policy 900-14 in its entirety—except for the sections pertaining to expedited permitting incentives for certain sustainable private sector development projects.

However, the 2010 version of Council Policy 900-14 makes no reference to the elements of the 2003 version that are still in effect. In addition, DSD publishes an “Information Bulletin” (last updated in 2015) stating that the Expedite Program’s eligibility criteria for sustainable projects is located in Council Policy 900-14, but does not clarify that this refers to the 2003 version of the policy. In fact, the 2003 version of Council Policy 900-14 is not readily available on the City’s website because it was replaced by the 2010 version. The link to Council Policy 900-14 on the Expedite Program’s own website leads to the 2010 version of the policy. Therefore, a person interested in verifying the eligibility requirements to access the Expedite Program would likely have a difficult time locating the correct criteria.

At the time the 2010 version of Council Policy 900-14 was approved, DSD indicated that a single, comprehensive policy containing all applicable Expedite Program eligibility criteria (for both affordable housing and sustainable buildings) was being contemplated. However, such a policy was never proposed to the City Council for consideration. In order to ensure

³⁶ In May 2003, the City Council approved a 10 unit minimum for residential sustainable projects to access the Expedite Program. In September 2003, the City Council reduced the minimum to four units.

transparency and accountability, DSD should propose a single, comprehensive policy containing all applicable Expedite Program eligibility criteria to the City Council for approval.

COUNCIL POLICY

SUBJECT: SUSTAINABLE BUILDING POLICY
POLICY NO.: 900-14
EFFECTIVE DATE: May 20, 2003

BACKGROUND:

Existing buildings and the building development industry consume nearly half of the total energy used in the United States. The City of San Diego's commitment to become increasingly efficient with resources, including energy, water, and materials associated with construction projects, is demonstrated in Council Policy 900-14 "Green Building Policy" adopted in 1997, Council Policy 900-16 "Community Energy Partnership," adopted in 2000, and the updated Council Policy 900-14 "Sustainable Buildings Expedite Program" adopted in 2001.

On April 16, 2002, the Mayor and City Council adopted CMR 02-060 which requires City projects to achieve the U.S. Green Building Council's LEED silver standard for all new buildings and major renovations over 5,000 square feet. This places San Diego among the most progressive cities in the nation in terms of sustainable building policies.

As a participant in the International Council for Local Environmental Initiatives (ICLEI) Cities for Climate Protection Program, as a Charter member in the California Climate Action Registry and as an active member of the U.S. Green Building Council, the City of San Diego is committed to reducing greenhouse gas emissions by implementing more sustainable practices, including green building technologies.

PURPOSE:

The purpose of this policy is to reassert the City's commitment to green building practices in City facilities, and to provide leadership and guidance in promoting, facilitating, and instituting such practices in the community.

POLICY:

The following principles will be required for all newly constructed facilities and major building renovation projects for City facilities:

LEED (Leadership in Energy and Environmental Design):

The LEED (Leadership in Energy and Environmental Design) Green Building Rating System is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. Members of the U.S. Green Building Council representing all segments of the building industry developed LEED and continue to contribute to its evolution.

The City of San Diego is committed to achieving LEED "Silver" Level Certification for all new City facilities and major building renovation projects over 5,000 square feet.

SUSTAINABLE BUILDING MEASURES:

CP-900-14

COUNCIL POLICY

In addition to achieving LEED “Silver” Level Certification, Council Policy 900-14 encourages the following sustainable building measures for all newly constructed facilities and major renovation projects regardless of square footage:

1. Design and construct mechanical and electrical systems to achieve the maximum energy efficiency achievable with current technology. Consultants shall use computer modeling programs, (Energy Pro) to analyze the effects of various design options and select the set of options producing the most efficient integrated design. Energy efficiency measures shall be selected to achieve energy efficiencies at least 22.51% better than California’s Title 24.2001 standards for both new construction and major renovation projects.
2. Incorporate self-generation using renewable technologies to reduce environmental impacts associated with fossil fuel energy use. Newly constructed City facilities shall generate a minimum of 10%, with a goal of 20% from renewable technologies (e.g., photovoltaic, wind and fuel cells).
3. Eliminate the use of CFC based refrigerants in newly constructed facilities and major building renovations and retrofits for all heating, ventilation, air conditioning and refrigerant-based building systems.
4. Incorporate additional commissioning and measurement and verification procedures as outlined by LEED 2.0 Rating System, Energy and Atmospheres, credit 3 and credit 5 for all projects over 20,000 sq. ft.
5. Reduce the quantity of indoor air contaminants that are odorous or potentially irritating to provide installer(s) and occupant(s) health and comfort. Low-emitting materials will include adhesives, paints, coatings carpet systems, composite wood and agri-fiber products.
6. In order to maximize energy efficiency measures within these requirements, projects will combine energy efficiency measures requiring longer payback periods, with measures requiring shorter payback periods to determine the overall project period.
7. Comply with the storm water development requirements in the Storm Water Management and Discharge Control Ordinance (Municipal Code § 43.03), and the City’s grading and drainage regulations and implementing documents (MC § 142.01 and 142.02, respectively).

In addition to achieving the minimum sustainable building measure this Council Policy encourages the following measures be incorporated into newly constructed facilities and major renovation projects whenever possible:

1. Use high efficiency irrigation technology, drought tolerant native plants and recycled site water to reduce potable water for irrigation by 50%. Additionally, building water consumption should be reduced by 30%.
2. Limit disruption of natural water flows and minimize storm water runoff by minimizing building footprints and other impervious areas, increasing on-site infiltration, preserving

COUNCIL POLICY

and/or restoring natural drainage systems, and reducing contaminants introduced into San Diego's bays, beaches and the ocean.

3. Facilitate the reduction of waste generated by building occupants that is hauled to and disposed of in landfills. Provide an easily accessible area that serves the entire building and is dedicated to the separation, collection and storage of materials for recycling. Recycling should include paper, glass, plastic and metals at a minimum.
4. Incorporate building products that have recycled content reducing the impacts resulting from the extraction of new materials. Newly constructed City facilities shall have a minimum of 25% of building materials that contain in aggregate, a minimum weighted average of 20% post consumer recycled content materials.
5. Reduce the use and depletion of finite raw and long-cycle renewable materials by replacing them with rapidly renewable materials. Newly constructed City facilities should consider incorporating rapidly renewable building materials for 5% of the total building materials.
6. Establish minimum indoor air quality (IAQ) performance to prevent the development of indoor air quality problems in buildings, maintaining the health and well being of the occupants. Newly constructed City facilities will comply with IAQ by conforming to ASHRAE 62-1999.
7. City buildings will be designed to take the maximum advantage of passive and natural sources of heat, cooling, ventilation and light.

The Environmental Services Department, Energy Conservation and Management Division has been designated by this Council Policy as the clearing authority for issues relating to energy for the City of San Diego. The Energy Conservation and Management Division will enter into a Memorandum of Understanding with those City Departments who design, renovate and build new city owned facilities to insure all new City facilities reflect the intent of Council Policy 900-14.

PRIVATE-SECTOR/INCENTIVES:

It shall be the policy of the City Council to expedite the ministerial process for projects which meet the following criteria:

1. Residential projects that provide 50% of their projected total energy use utilizing renewable energy resources, (e.g., photovoltaic, wind and fuel cells).
2. Commercial and industrial projects that provide 30% of their projected total energy use utilizing renewable energy resources, (e.g., photovoltaic, wind and fuel cells).
3. Residential and commercial and industrial projects that exceed the State of California Title 24 energy requirements by:
 - a. 15% better than California's Title 24.2001 for Residential Buildings.
 - b. 10% better than California's Title 24.2001 for Commercial and Industrial Buildings.

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It shall be the policy of the City Council to expedite the discretionary process for projects which meet the following criteria:

1. Incorporate the U.S. Green Building Council, Leadership in Energy and Environmental Design (LEED) 2.0 Rating System “Silver” Level Certification for commercial development projects.
2. Incorporate self-generation through renewable technologies (e.g., photovoltaic, wind and fuel cells) to reduce environmental impacts associated with fossil fuel energy use for commercial and industrial projects generating a minimum of 30% or more of the designed energy consumption from renewable technologies such as photovoltaic, wind and fuel cells.
3. Residential discretionary projects of 4 units or more within urbanized communities as defined in the Progress Guide and General Plan that provide 50% of their projected total energy use utilizing renewable energy resources.

HEALTH AND RESOURCE CONSERVATION:

1. Projects will be designed to avoid inflicting permanent adverse impact on the natural state of the air, land and water, by using resources and methods that minimize pollution and waste, and do not cause permanent damage to the earth, including erosion.
2. Projects will include innovative strategies and technologies such as porous paving to conserve water, reduce effluent and run-off, thus recharging the water table.
3. When feasible, native plants will be used in landscaping to reduce pesticide, fertilizer, and water usage.
4. Buildings will be constructed and operated using materials, methods, mechanical and electrical systems that ensure a healthful indoor air quality, while avoiding contamination by carcinogens, volatile organic compounds, fungi, molds, bacteria, and other known toxins.
5. Projects will be planned to minimize waste through the use of a variety of strategies such as: a) reuse of materials or the highest practical recycled content; b) raw materials derived from sustainable or renewable sources; c) materials and products ensuring long life/durability and recyclability; d) materials requiring the minimum of energy and rare resources to produce and use; and e) materials requiring the least amount of energy to transport to the job site.

OUTREACH / EDUCATION:

1. An education and outreach effort will be implemented to make the community aware of the benefits of “Green Building” practices.

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2. The City will sponsor a recognition program for innovative Green Building projects implemented in the public as well as private sector in an effort to encourage and recognize outstanding environmental protection and energy conservation projects.

IMPLEMENTATION:

The City will seek cooperation with other governmental agencies, public interest organizations, and the private sector to promote, facilitate, and implement Green Building and energy efficiency in the community.

LEGISLATION:

The City will support State and Federal legislation that promotes or allows sustainable development, conservation of natural resources, and energy efficiency technology.

REFERENCES:

Related existing Council Policies:
400-11, Water Conservation Techniques
400-12, Water Reclamation/Reuse
900-02, Energy Conservation and Management
900-06, Solid Waste Recycling

HISTORY:

Adopted by Resolution R-289457 11/18/1997
Amended by Resolution R-295074 06/19/2001
Amended by Resolution R-298000 05/20/2003

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

CURRENT

SUBJECT: SUSTAINABLE BUILDING POLICY
POLICY NO.: 900-14
EFFECTIVE DATE: May 18, 2010

BACKGROUND:

The passage of the California Global Warming Solutions Act of 2006 (Assembly Bill 32) and other pivotal legislation and policy in California — such as the establishment of statewide energy efficiency goals (AB 2021), Low-Income Energy Efficiency statutes, the Governor’s Green Building Executive Order, the California Energy Commission Integrated Energy Policy Report (2007), and the CA Public Utilities Commission (CPUC) Strategic Plan (2008)— create an environment where energy efficiency efforts must not only continue to thrive but scale up at unprecedented levels. The four specific programmatic goals, known as the “Big Bold Energy Efficiency Strategies,” established by the CPUC include:

1. All new residential construction in California will be zero net energy by 2020;
- 2 - All new commercial construction in California will be zero net energy by 2030;
3. Heating, Ventilation and Air Conditioning (HVAC) will be transformed to ensure that its energy performance is optimal for California’s climate; and
4. All eligible low-income customers will be given the opportunity to participate in the low income energy.

The 2003 update of 900-14 requires City projects to achieve the U.S. Green Building Council’s LEED silver standard for all new buildings and major renovations over 5,000 square feet. The City of San Diego General Plan (2008) and the City of San Diego Climate Protection Action Plan (2004) formalizes the commitment to increase energy efficiency and the use of renewable energy. In order to achieve the goals in the CPUC Strategic Plan and the City’s General Plan, more substantial requirements are needed as a bridge to zero net energy in 2020 (residential) and 2030 (commercial). To that end, the Sustainable Building Policy will be updated every three years to remain current with new State and Federal guidelines and local needs.

CITY OF SAN DIEGO, CALIFORNIA
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PURPOSE:

The purpose of this policy is to reassert the City’s commitment to green and sustainable building practices, and applies to new construction or major renovations that the City owns, occupies or leases. A major renovation is defined as an alteration or renovation to existing conditioned spaces that are 5,000 gross square feet or larger in area and require at least two energy building system changes. The site boundary for the scope of this Policy is the contract limit line of the work included in the Major Renovation project. (See Definitions, page 5-6)

The Sustainable Buildings Policy shall recognize projects that are designed, constructed and operated using cost-effective innovative strategies and technologies that seek to achieve the following:

1. Avoid permanent adverse impact on the natural state of the air, land and water;
2. Ensure a healthful indoor environmental quality;
3. Optimize social and economic benefits to the project and the community; and
4. Encourage occupant behavior, maintenance and operations that maximize conservation opportunities, reduce resource consumption and minimize wastes.

Fiscal analysis using life cycle cost estimating is part of a “reasonable payback” determination for energy efficiency and renewable energy technology. Approved life-cycle cost estimating measures to be used include first-cost, incentives, operating expenses, and utility savings for proposed technology. This policy shall implement renewable energy strategies that provide a payback of less than 10 years.

STANDARDS

1. City owned, occupied or leased new construction and major renovation projects shall meet the requirements of the US Green Building Council (USGBC) Leadership in Energy and Environmental Design Program® (LEED®) for Silver level certification.
2. City owned, occupied or leased new construction and major renovation projects shall use 15 percent less total building energy consumption than the minimally code compliant building as modeled following the Title 24 requirements. *Energy Pro* software is the preferred software tool to identify efficiency.

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3. City owned new construction and major renovation projects shall provide a minimum of 15 percent of total building energy from onsite self-generation using proven renewable energy technologies when site conditions and configuration allow for reasonable payback on the significant investment in renewable energy technologies.
4. City owned, occupied or leased new construction and facilities replacing plumbing fixtures shall use 20 percent less water than the baseline water consumption profile for interior non-process water uses.
5. City owned, occupied or leased facilities shall use non- potable water for permanent irrigation to the extent possible.
6. City owned, occupied or leased facilities shall comply with all stormwater development requirements in the Storm Water Management and Discharge Control Ordinance and the San Diego Municipal Code Land Development Manual Storm Water Standards for all projects.
7. City owned, occupied or leased new construction or major renovation facilities shall comply with all elements of the Construction and Demolition Ordinance.
8. City owned, occupied or leased facilities shall comply with all elements of the City Recycling Ordinance , and occupant recycling should include paper, corrugated cardboard, glass, plastic and metals at a minimum.
9. Cooling, refrigeration, or fire suppression equipment in new buildings or replacement of equipment in City owned, occupied or leased facilities shall not use CFC-based products.
10. The following sustainable building measures are strongly encouraged for City owned, occupied or leased new construction and major renovation:
 - a. Incorporate enhanced commissioning and measurement and verification procedures for all facilities.
 - b. Improve indoor air quality by reducing contaminants from all occupied spaces by using low-emitting volatile organic materials, including adhesives, paints, coatings carpet systems, composite wood and agrifiber products.

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- c. Limit disruption of natural water flows and minimize storm water runoff by minimizing building footprints and other impervious areas, increasing on-site infiltration, preserving and/or restoring natural drainage systems, and reducing contaminants introduced into San Diego's rivers, bays, beaches and the ocean.
- d. Incorporate building products that have recycled content reducing the impacts resulting from the extraction of new materials. Newly constructed City facilities shall strive to have a minimum of 25% of building materials that contain in aggregate, a minimum weighted average of 20% post consumer recycled content materials.
- e. Prioritize the use and purchase of products that are manufactured, extracted, and assembled within the City of San Diego.
- f. Reduce the use and depletion of finite raw and long-cycle renewable materials by replacing them with rapidly renewable materials. Newly constructed City facilities should consider incorporating rapidly renewable building materials for 5% of the total building materials.
- g. Establish minimum indoor air quality (IAQ) performance to prevent the development of indoor air quality problems in buildings, maintaining the health and well being of the occupants. Newly constructed City facilities must show compliance with Federal and California IAQ standards by conforming to the latest published version of ASHRAE 62, Ventilation for Acceptable Indoor Air Quality standard.
- h. Design and build to take maximum advantage of passive and natural sources of heat, cooling, ventilation and light.
- i. Provide sustainable lighting systems that use 5000 Kelvin lamps in conjunction with high efficiency program start ballasts integrated with occupancy sensors and day lighting systems. All lighting must exceed a Color Rendering Index of 80 CRI.
- j. Outdoor lighting systems shall comply with local ordinances and utilize broad-spectrum lighting.
- k. Buildings must use energy management systems that can be automatically accessed for demand response calls with the local utility.

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IMPLEMENTATION:

1. All City departments shall be responsible for understanding the requirements for new construction and major renovations, and shall comply with the mandatory standards of the Sustainable Building Policy and seek to include as many voluntary measures as possible.
2. Engineering and Capital Projects Department, Development Services Department, and Environmental Services Department shall ensure, to the extent of their responsibility, that construction plans and implementation meet the mandatory standards.
3. The City will seek cooperation with other governmental agencies, public interest organizations, and the private sector to promote, facilitate, and implement sustainable building, energy efficiency, and renewable generation in the community.
4. This Policy shall be reviewed and updated at least every three years to align with applicable codes, standards and technologies.

LEGISLATION:

The City supports State and Federal legislation that promotes or allows sustainable development, conservation of natural resources, energy efficiency, and renewable technology.

Definitions Used In This Policy:

Build It Green: Build It Green (BIG) is a professional non-profit membership organization whose mission is to promote healthy, energy- and resource-efficient buildings in California. Supported by a solid foundation of outreach and education, Build It Green connects consumers and building professionals with the tools and technical expertise they need to build quality green homes. (Definition source: Build It Green).

Baseline Water Consumption Profile: Baseline water consumption profile represents the average State of California water usage for commercial and residential buildings, as provided by the Department of Water Resources.

Conditioned Space: Part of a building where temperatures are controlled through heating or cooling.

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Energy Consumption, Total Building: Total Building Energy Consumption is used for calculating a building's annual energy use as specified in the Alternative Calculation Methods Manuals for Title 24 compliance and is equivalent to the Energy Budget that is the maximum amount of Time Dependent Valuation (TDV) energy that a proposed building, or portion of a building, can be designed to consume. (Definition source: Title 24).

Expedite: The permit will be reviewed by appropriate City staff in 75% of the standard time it takes for permit review.

GreenPoint Rated: GreenPoint Rated is a third party rating system for homes and multi-family buildings based on a set of green building measures pulled from the Green Building Guidelines developed by Build It Green and used to evaluate a residence's environmental performance. (Definition source: Build It Green).

LEED: The LEED (Leadership in Energy and Environmental Design) Green Building Rating System is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. Members of the U.S. Green Building Council, representing all segments of the building industry, developed LEED and continue to contribute to its evolution using their guiding principles that provide the clarity and continuity, while also giving the system the flexibility to grow and respond to a rapidly changing market. (Definition source: USGBC).

Major Renovation- City Owned, Occupied or Leased Buildings: Alterations or renovations to existing conditioned spaces that are 5,000 gross square feet or larger in area and require at least two energy building system changes. The site boundary for the scope of this Policy is the contract limit line of the work included in the Major Renovation project.

Major Renovation- Private Sector Residential And Commercial Buildings: Alterations or renovations to existing conditioned spaces in residential buildings with more than 1,500 gross square feet or larger and require at least two energy building system changes, **OR** commercial buildings with more than 5,000 gross square feet or larger and require at least two energy building system changes.

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CURRENT

New Construction- City Owned, Occupied or Leased Buildings: New Construction includes newly constructed buildings that have never been used or occupied for any purpose. (Definition source: Title 24). For purposes of this policy, New Construction is expanded to mean projects that are 5,000 gross square feet or larger in area. The site boundary for the scope of this Policy is the contract limit line of the work included in the New Construction project.

New Construction- Private Sector Residential and Commercial Buildings: New Construction includes newly constructed buildings that have never been used or occupied for any purpose. (Definition source: Title 24). For purposes of this policy, New Construction is expanded to mean residential projects that are 3,000 gross square feet or larger in area **OR** commercial buildings that are 10,000 gross square feet or larger in area. The site boundary for the scope of this Policy is the contract limit line of the work included in the New Construction project.

Renewable Energy Technologies: Renewable energy potential technologies include solar, wind, geothermal, low-impact hydro, biomass, bio-gas technologies, and fuel cell technologies that do not use fossil fuels. (Definition source: USGBC). Other technologies that do not use refined fossil fuels may be considered on a project-by-project basis.

Reasonable Payback: Fiscal analysis using life cycle cost estimating is part of a “reasonable payback” determination for energy efficiency and renewable energy technology. Approved life-cycle cost estimating measures to be used include first-cost, incentives, operating expenses, and utility savings for proposed technology. This policy shall implement renewable energy strategies that provide a payback of less than 10 years.

Title 24: Title 24, Part 6, of the California Code of Regulations is the Energy Efficiency Standards for Residential and Nonresidential Buildings in California. Established in 1978 in response to a legislative mandate to reduce California's energy consumption, the standards are updated periodically (usually every three years, at minimum) to allow consideration and possible incorporation of new energy efficiency technologies and methods. Energy efficiency reduces energy costs for owners, increases reliability and availability of electricity for the State, improves building occupant comfort, and reduces environmental impact. (Definition source: California Energy Commission).

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USGBC: The U.S. Green Building Council (USGBC) is a non-profit organization committed to expanding sustainable building practices. USGBC is composed of more than 15,000 organizations from across the building industry that are working to advance structures that are environmentally responsible, profitable, and healthy places to live and work. (Definition source: USGBC).

REFERENCES:

- Council Policy 400-11, Water Conservation Techniques
- Council Policy 400-12, Water Reclamation/Reuse
- Council Policy 600-17, Affordable/In-Fill Housing and Sustainable Buildings Expedite Program
- Council Policy 900-02, Energy Conservation and Management
- Council Policy 900-06, Solid Waste Recycling
- Ordinance Number O–19420 N.S., Construction and Demolition Debris Diversion Deposit Program, Ordinance Number O–19694 N.S
- General Plan Update (2008)
- Equal Opportunity Contracting, Municipal Code 18173, sections 22.2701- 22.2702
- Non-Discrimination in Contracting, Municipal Code 18173, sections 22.3501-22.3517

HISTORY:

Adopted by Resolution R-289457 - 11/18/1997

Amended by Resolution R-295074 - 06/19/2001

Amended by Resolution R-298000 - 05/20/2003

Amended by Resolution R-305833 - 05/18/2010



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: December 1, 2016

TO: Eduardo Luna, CIA, CGFM, City Auditor, Office of the City Auditor

FROM: Robert Vacchi, Director, Development Services Department
via David Graham, Deputy Chief Operating Officer, Neighborhood Services 

SUBJECT: Response to Performance Audit of the Affordable / In-Fill Housing and Sustainable Buildings Expedite Program

The City of San Diego (Management) acknowledges the Office of City Auditor Performance Audit (Audit) of the Affordable/Infill Housing and Sustainable Buildings Expedite Program (Expedite Program).

In May 2003, the City Council amended Council Policy 600-27, and established the Affordable/Infill Housing Expedite Program with the goal of time savings in the permitting process for affordable/infill housing projects. Council directed the City Manager to implement various procedural changes necessary to expedite qualifying affordable/infill projects including a mandatory initial review for early staff feedback, significantly reduced project review cycles, funding the environmental initial study at preliminary review and scheduling public hearings after the third review cycle and upon completion of the environmental document, allowing deviations from development regulations as an additional incentive.

Revisions to Council Policy 900-14 were also made by Council in 2003, and the Sustainable Buildings expedite program was added to the Affordable/Infill Housing Expedite Program. Since that time, Management has seen a total of 7,001 units processed through the program, including 3,099 affordable units, and 3,902 Sustainable units.

The Audit review period was 2011- 2015, and it sampled 20 of the 81 projects applied for during that time period. Management notes that 70% (14) of the 20 projects audited were in 2013-14, the two years that staff's workload essentially doubled. Management

acknowledges 2014 was a year of high turnover, coupled with a strong economy and increased project volume.

The table below illustrates the breakdown of the projects sampled by the Auditor.

Audit Years	Affordable	Sustainable	Total	Percentage Affordable	Percentage Sustainable	Percentage Total
2011	1	0	1	16.7	0	5
2012	1	2	3	16.7	14.3	15
2013	2	4	6	33.3	28.6	30
2014	2	6	8	33.3	42.9	40
2015	0	2	2	0.0	14.3	10
	6	14	20			

Reduced staffing levels had not yet attained previous years' pinnacles (as demonstrated in the Audit graph titled "*Breakdown of years of Service of Development Services Department individual Discipline Reviewers*"). Additionally, review staff hired during this period was primarily at the associate level, which equates to relative "green" staff being trained over a period of months on the complexities of the Land Development Code which can take years to master. It is important to note in that graph, it shows that review staffing levels were at 150 employees in 2011, and did not return to prerecession levels (250 employees) until March of 2015.

Management is cognizant that the Expedite Program is just one component in the broad citywide strategy to support both affordable housing, and more sustainable development. Many Land Development Code changes and Ordinances have been adopted by Council (including Density Bonus provisions, Reduced Parking Requirements for affordable housing served by transit, and Community Plan Updates adding development capacity and zoning to support mixed uses and infill development). These changes are allowing for more ministerial permitting of projects in the urban core. Concentrating on infill development inherently leads to more affordable and sustainable projects in comparison to large lot sprawl development patterns of the past.

The current Expedite Program is outdated and DSD is in the process of working with stakeholders to make improvements to the program.

The following summarizes the recommendations contained in the Audit and Management's response to those recommendations.

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Management Response

Recommendation 1: DSD should ensure that the Accela software has the capability to track performance data specifically for the individual cycle review disciplines and staff in the context of the Expedite Program. (Priority 1)

Management Response: Agree with the recommendation

Management currently evaluates individual review performance in the Expedite program with the Project Tracking System (PTS), which clearly tracks review due dates, and displays if the review is completed early, on time or late. The Development Project Managers assigned to Expedite Program projects communicate regularly with review discipline supervisors if an individual project review is late so that the appropriate action can be taken by the supervisor to ensure the review is completed in a timely manner.

The Audit footnotes statistics that Management prefers to highlight. It notes for the cycle review deadlines missed, 35% were missed by one day, 38% missed by two to five days, 20% missed by up to 10 days, and only 7% missed by more than 10 days. Timely review is important, but that has to be weighed against the ultimate goal of expedited project approval. Applicants, reviewers and Project Managers work closely together to problem solve Applicants and Project Managers often agree to a reasonable amount of time beyond the deadline to address cycle review issues rather than meet the deadline, close the review and force the project into an additional review cycle. Testimony asserting this fact was provided to the Auditors by Program Managers in Engineering and Land Development Review Divisions, and staff in the Project Management Division.

Management will work with Accela to determine its capability to track performance data specifically for the individual cycle review disciplines and staff in the context of the Expedite Program. If the capability exists, Management will need to evaluate whether utilizing the capability provides sufficient benefit to warrant any added cost.

Recommendation 2: DSD should utilize established managerial best practice frameworks - such as Project Time Management and the Critical Path Method - to prepare managerial reports on timeframes for individual cycle reviewers and develop a process to periodically use this information to determine whether specific deadlines should be changed to improve overall timely project completion. (Priority 1)

Management Response: Agree with the recommendation.

The Audit recommends techniques such a Critical Path Method and Project Time Management. These methods will be further evaluated by Management. A determination will be made if these additional tools add value to a system that is already based upon these Project Time Management components:

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Management Response

- ✓ Defines Activities (by virtue of the LDC)
- ✓ Sequences Activities (Department established procedures for routing projects for review)
- ✓ Estimates Activity Resources (templates for review cycles as pre-defined in PTS)
- ✓ Estimates Activity Durations (estimates time needed for review)
- ✓ Develops Schedule (performed by Project Managers)
- ✓ Controls Schedule (performed by Project Managers)

Process deadlines are vetted and set with public stakeholder input, including the Technical Advisory Committee. Management uses the aggregate performance data from PTS (ministerial and discretionary), and feedback from Project Managers to regularly determine if changes need to be made to reviewers' workload management. Specific deadlines that are clearly outlined and preset in Council Policy 600-27, that are designed to expedite project review in 50% of the time of standard permit processing.

Date to be completed: March 1, 2017

Recommendation 3: DSD should ensure that project data maintained is coherent and revise its Performance Measurement Report methodology to track both the timeliness of each milestone and the timeliness of the project timeliness from beginning to when the permit is issued. DSD should also improve managerial quality control and review of the tracking data timeliness entries. DSD should articulate these steps in a written procedure and ensure that new staff are trained on the proper data collection methodologies. (Priority 1)

Management Response: Agree with the recommendation.

The DSD has already begun to address this recommendation. The reports were scheduled in the work program to be revised in 2016, and that activity was put on hold until the result of the Audit were finalized so that any recommendations could be included. The Performance Measure reports, manually performed each month, will be revised to track the timeliness of the milestones of each Expedite Project, and will be kept updated if the project information changes for more accurate tracking. A written procedure will be created by the Department outlining this action for DPMs. New draft PMR formats will be drafted and tested in January and February, and finalized in March 2017.

Date to be completed: April 1, 2017

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Management Response

Recommendation 4: In the short run, DSD should ensure that the program clients have the accurate expectation about permit processing times for projects in the Expedite Program. DSD should review the “50% faster” language in its internal and external program advertisements to state that achieving this permit processing is a program goal, not an expectation. In the long run, DSD should use the information collected in overall performance tracking to determine a achievable expedite processing rate and advertise those deadlines. (Priority 2)

Management Response: Agree with the recommendation.

The Expedite Program literature and advertising on DSD’s website will be reviewed to ensure the 50% faster language is stated as a goal, but is not a guaranteed permit processing time. A table comparing the processing dates between standard and expedited review will be added to the website. The Expedite Program DPM’s will be trained to explain expedited processing is a goal, but not ultimately a guarantee to applicants during the project submittal, the Mandatory Initial Review, and in the Assessment letter. Management will use revised Performance Measurement Reports (as described in the previous recommendation) to determine the actual Expedite processing rate.

Date to be completed: February 1, 2017

Recommendation 5: DSD should immediately cease to allow new Expedite Program applications for single-family homes and other small residential projects of less than four units to access the Expedite program, consistent with program eligibility requirements that the City Council approved. (Priority 1)

Management Response: Agree with the recommendation.

Management will include this recommendation in the revisions to the Council Policies for the Expedite Program. It is anticipated these revised proposals will be presented to stakeholders, Council Committee and City Council prior to the end of Fiscal Year 2017.

Date to be completed: July 1, 2017

Recommendation 6: DSD should propose revisions to update Expedite program eligibility criteria for sustainable projects. The updated eligibility requirements and any associated incentives should align program eligibility with the City’s holistic sustainability goals within the Climate Action Plan and other City policies. In addition, the updated eligibility requirements should consider current market conditions, to ensure that the types of sustainable development to be incentivized may not already occur without the expedited permitting incentive.

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Management Response

To ensure transparency and accountability, these revisions should be incorporated into a single, comprehensive Council Policy that contains all Expedite program eligibility requirements for both sustainable buildings and affordable housing projects. (Priority 1)

Management Response: Agree with the recommendation.

Management concurs that the Expedite Program qualifications for affordable, infill and sustainable should be revisited and updated to address the City's Strategic Plan goals and objectives, and other core policy documents such as the Climate Action Plan. Council 900-14 has been scheduled for revisions for several years and Management has grappled with the 2010 revision that did not replace the original draft, and served to cause confusion with the public. Management is currently working with internal and external stakeholders in the sustainable energy and development industry to determine changes to be made to the sustainable buildings policy, Council Policy 900-14.

Additionally Council Policy 600-27 governing affordable/infill will also be revised and updated to better align the City's sustainability and affordable housing goals such as the Climate Action Plan.

Date to be completed: June 1, 2017

Recommendation 7: Expedite program managers within DSD should keep consistent track of why a project is considered sustainable in the Master List e.g. which of the CAP sustainability strategies and standards the project is qualifying under.

Management Response: Agree with the recommendation.

This can be tracked manually by DPM's in 2017 and potentially automatically in Accela in 2018 should sustainable development remain part of the Expedite Program after the policy is updated.

Date to be completed: January, 2017

Recommendation 8: Expedite program managers within DSD should provide an annual report of program performance to the Smart Growth and Land Use Committee and/or full City Council. The report should include a discussion of program performance with respect to the number, type, timeliness, and Citywide distribution of projects participating in the expedite program.

Management Response: Agree with the recommendation.

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Management Response

A memo to Council will be prepared by Management to report Expedite Program statistics at the end of each fiscal year.

Date to be completed: June 31, 2017

A handwritten signature in black ink, appearing to read 'R. Vacchi', is written over a light gray circular stamp.

Robert Vacchi, Development Services Department Director