THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: January 27, 2010

TO: Land Use & Housing Committee

FROM: Kelly Broughton, Development Services Director

SUBJECT: Sustainable Incentive Program

Over the past 5 months Development Services Department (DSD) staff have been reviewing development incentive programs including the Sustainable Buildings Expedite Program outlined in City Council Policy 600-27. This memorandum provides a status update on this work effort.

Currently three City Council Policies (Attachment No. 2) provide incentives for specific development types. Council Policy 600-27 provides an expedited permit review process for affordable/infill housing and sustainable buildings. Council Policy 900-14 provides expedite permit processing for private development projects that meet specific sustainable building criteria. Finally, Council Policy 900-12 provides expedited permit processing and financial incentives for businesses critical to the City's economy.

As staff began discussing an update to City Council Policy 600-27 to respond to changes in sustainable energy practices and standards; to better implement the City's new General Plan; and to respond to changes in the market place, it became clear that the incentives offered should also be revisited. In order to make sure that a variety of incentive ideas were being considered, staff organized two ad hoc meetings with stakeholders that regularly process projects through the review process to gather and discuss incentive ideas (Attachment No. 3). Ideas were also solicited from members of the Technical Advisory Committee (TAC) to the Land Use and Housing Committee and from staff.

The draft list of incentives (Attachment No. 1) that resulted is currently being reviewed by the TAC s sustainability subcommittee. These draft incentives have been sorted into Process Incentives, Team Incentives, Regulatory Incentives, Marketing Incentives, Financial Incentives, and Educational Incentives. Following is a description of each proposed incentive category:

Process Incentives
Processing options/requirements that streamline overall process timelines by timely identification and resolution of project issues, by gaining high level project review commitments, and by identifying most efficient project processing options.

Team Incentives
Options/requirements that streamline or enhance project processing by the way staff, other agency, and other stakeholder interests groups are trained and work together to efficiently process the project and utilize all incentives (federal, state, local public and private) available for the project being processed.

Regulatory Incentives
Regulation changes that offer process incentives or regulation deviation incentives for qualifying projects. These regulation changes may result in significant unmitigated impacts requiring an EIR to process them, and statements of overriding consideration to approve them at City Council.

Marketing Incentives
Incentives that attract, promote, or support qualifying projects.

Financial Incentives
Incentives that provide financial discounts or rewards for qualifying projects.

Educational Incentives
Incentives provided by City or outside entities to train applicants of qualifying projects on how to streamline process, obtain incentives, and get community support.

The detailed incentives have been sorted by their difficulty to implement and by the decision maker needed to proceed with the incentive. This will be used to meet with each stakeholder group (sustainable, affordable, economic development, cleantech, voluntarily accessible) to evaluate the incentives that have the most benefit and will encourage the type of development the City wants to promote.

At their last meeting, the TAC Sustainability Subcommittee has begun to discuss proposed thresholds that development projects would have to meet in order to receive one or more of the suggested incentives. Their preliminary recommendation is that projects would need to exceed the levels of the new State Calgreen Building Standards that will go into effect early next year in order to receive incentives. They are also considering the levels of performance that a project must achieve above the Calgreen standards in order to receive an incentive and how the City/industry can assure that these standards have been met, once a project is completed (Attachment No. 4). They anticipate completing a draft recommendation for the proposed sustainable incentive thresholds over the course of the next 2-3 months. This will then be used to conduct a survey from a broader stakeholder group about the level and type of incentives that

would encourage development project applicants to meet or exceed the new sustainable thresholds.

Since some of the incentives are labor intensive, staff will need to evaluate the list of incentives selected to determine how to fund those services. If the suggested incentives include regulatory changes, staff will bring those proposals forward for consideration by LU&H. The proposed incentives for sustainable projects will likewise need to be evaluated against the existing and the other incentive programs being discussed. In the interim, staff will continue to implement the existing Council adopted incentive programs.

LU&H input on the viability of the proposed incentives would assist staff in future discussions with stakeholder groups.

Kelly Broughton, Director
Development Services Department

KGB

Attachments:
1. Draft Incentive Program Ideas
2. Council Incentive Policies
3. Ad Hoc Incentive Committee Participants
4. Draft TAC Sustainable Threshold Discussion

INCENTIVE PROGRAM IDEAS

Development Services Department
January 27, 2009

Following is a draft list of incentives based on stakeholder meetings and staff research for consideration in revising Council Policies (600-27, 900-12, and 900-14) related to current and potential incentive programs for development projects. The types of qualifying projects that may warrant one or more of these incentives include affordable housing projects, sustainable projects, economic development projects, cleantech projects, and voluntarily accessible projects. These suggested incentives will be used in meetings with qualifying project stakeholder groups to develop categories of qualifying projects and the type of incentive that should be offered to each category.

Incentive Description*	**Difficulty to Implement**		**Decision Maker to Proceed**		**Benefit to Qualifying Project**	
	Easy	**Hard**	**Staff**	**Other**	**High**	**Low**
Process Incentives Processing options/requirements that streamline overall process timelines by timely identification and resolution of project issues, by gaining high level project review commitments, and by identifying most efficient project processing options.						
Pre-Application Meeting - Provide pre-application meetings with key staff and department management to focus project issues, gain high level commitment to processing decisions and identify necessary submittal requirements and project review team.	X		X			
Project Review Meeting – Provide project review meetings for all qualifying projects after completion of review cycles (as necessary) to resolve all known conflicts and project related design issues.	X		X			
Processing Time Incentives - Provide guaranteed project review and processing timelines for projects such as current expedite program (1/2 time of standard staff review).		X		X		
Priority Docketing - Provide reserved docket hearing dates and first on agenda docket time guarantees (time certain) for qualifying projects at all decision levels.	X			X		
Early Environmental - Provide early scoping meetings, technical study scoping and review, and environmental determination for qualifying projects to jump start the environmental process. Implement BPR recommendations to allow qualifying consultants to prepare early environmental document drafts.	X		X			
Self Certification - Allow qualifying projects that are larger and more complex than are currently allowed to do plan check and inspection through self certification.	X		X			

ATTACHMENT 01

Incentive Description*	Difficulty to Implement		Decision Maker to Proceed		Benefit to Qualifying Project	
	Easy	Hard	Staff	Other	High	Low
Concurrent Processing - Allow concurrent processing after first review cycle.	X		X			
One Day Conflict Resolution - Provide Guaranteed one day conflict resolution for qualifying projects.		X	X			
Discipline Sign Off Simplification - Unhook discipline signoffs (more deferred submittals) that can be obtained as construction sequencing proceeds. (Revisit discretionary permit condition drafting to allow this.)	X		X			
Bond Release – Provide a streamlined bond release process for qualifying projects.	X		X			
Standardized Planning Group Review – Work with community planning groups to develop and provide a consistent and predictable review recommendation process and timeline for qualifying projects that is the same citywide.		X		X		
CEQA Streamlining – Prepare Master EIR for typical qualifying project types that can be used throughout City.		X	X			
Guaranteed Appointments – Provide priority submittal, review, and permit issuance appointments for qualified projects.	X		X			
Counter Review After 1st Cycle – Provide over the counter reviews for all qualifying project's subsequent review cycles after 1st Cycle.	X		X			
Customer Performance – Customer signs commitment to follow department guidelines to process qualifying projects.	X			X		
Team Incentives Options/requirements that streamline or enhance project processing by the way staff, other agency, and other stakeholder interests groups are trained and work together to efficiently process the project and utilize all incentives (federal, state, local public and private) available for the project being processed.						
Financial Team - Add Economic Development and Redevelopment staff members to pre-application and initial project review meetings to ensure applicant is fully aware of any incentives that City Planning and Community Investment may be able to provide.	X		X			
Specialized Review Teams - Provide special teams trained on the specific project type and the types of conditions, deviations, limitations, processes to improve the speed of project review and processing. This could include management staff in addition to technical	X		X			

ATTACHMENT 01

Incentive Description*	Difficulty to Implement		Decision Maker to Proceed		Benefit to Qualifying Project	
	Easy	Hard	Staff	Other	High	Low
reviewers depending on the type of project.						
Interagency Incentive Team - Add an interagency incentives expert team member (tax credits, reduced cost of services, rebates, grants, recycling of equipment incentives, etc.) to projects to provide early advice and financial viability of projects. Could also offer services to complete paperwork for rebates and other incentives as well as tap into online services and provide a common "green" link through DSD webpage.	X		X	X		
Project Management - Provide a ministerial (construction permit) single point of contact for qualifying projects for processing and conflict resolution.	X		X			
Bonus Incentive - Qualifying projects that use a local consultant team get an additional bonus incentive.		X		X		
Tailored Community Planning Review Committee – Work with planning groups to develop a way to have a consistent, focused review group (perhaps like the design subcommittee system some groups use) of community members that become specialized on each type of qualifying project.		X		X		
Dry Utility Company Commitment – Secure dry utility company commitment for coordination with qualifying project applicants. Establish timelines for new dry utility company rules to apply to projects in process.	X		X	X		
FAA/Airport Authority Commitment – Secure FAA and Airport Authority to approve projects conformance to their requirements for qualifying projects.		X	X	X		
Staff Reviewers Attend Community Planning Group Meeting – Have key staff reviewers attend the planning group recommendation meeting for qualifying projects to help answer specific project review process and regulation questions.	X		X	X		
Regulatory Incentives Regulation changes that offer process incentives or regulation deviation incentives for qualifying projects. These regulation changes may result in significant unmitigated impacts requiring an EIR to process them, and statements of overriding consideration to approve them at City Council.						
Deviations - Allow specific design deviations or variable deviations from the regulations of the underlying zone to address unique aspects of the qualifying project (e.g. height deviation for roof mounted solar facilities, setback deviation for wind turbines in setbacks, or solar		X		X		

ATTACHMENT 01

Incentive Description*	Difficulty to Implement		Decision Maker to Proceed		Benefit to Qualifying Project	
	Easy	Hard	Staff	Other	High	Low
facilities permitted in brush management zones) or to give incentive to the qualifying project (e.g. FAR increase for projects voluntarily creating accessible living units).						
Bonuses - Change regulations to provide incentives like density bonuses or parking reductions for qualifying projects.		X		X		
Permit Exemptions - Create permit exemptions for qualifying projects from certain permit types such as site development or neighborhood development permits (e.g. no Site Development Permit for qualifying projects that encroach into ESL setbacks).		X		X		
Green Roof – Allow vegetated roofs and roof gardens to count toward open space or landscape area requirements.	X			X		
Parking Incentives – Adopt priority parking spaces and parking reductions for hybrid use, carpool vehicles, and shuttles or revised shared parking ratio system for qualifying projects.		X		X		
Adaptive Reuse – Allow more flexibility in previously conforming regulations if buildings are renovated into qualifying project. Ideas could include allowing larger, by right expansions to previously conforming structures, uses, density; allowing any additions to observe all previously conforming setbacks; etc.		X		X		
Marketing Incentives Incentives that attract, promote, or that support qualifying projects						
Recognition - City recognition (open to interpretation/development) for qualifying projects such as section on City/DSD website or lobby displays to showcase these developments.	X		X			
Financial Incentives Incentives that provide financial discounts or rewards for qualifying projects.						
Fee/Rebate - Charge non-qualifying projects to provide financial incentives those that propose qualifying projects (e.g. charge projects that only meet Title 24 minimum standard to provide offsets to those that exceed those standard by some established level).		X		X		
Penalty Fee – To discourage qualifying projects from not fulfilling commitment to be qualified, charge a penalty fee. Alternative – place monetary lean on property or have outside company that verifies compliance.		X		X		
Impact Fee Deferral – Allow impact fee deferral until final inspection for qualifying projects.		X		X		

ATTACHMENT 01

Incentive Description*	Difficulty to Implement		Decision Maker to Proceed		Benefit to Qualifying Project	
	Easy	Hard	Staff	Other	High	Low
Infrastructure Incentive – For certain qualifying projects that are in areas with planned City infrastructure upgrades, change the City CIP priority to allow upgrade to proceed with qualifying project.		X		X		
Educational Incentives Incentives provided by City or outside entities to train applicants of qualifying projects on how to streamline process, obtain incentives, get community support, etc.						
Community Outreach - Provide support group for qualifying projects to facilitate the review and recommendation process via education and advocacy.	X		X	X		
Technical Training – Arrange on-site training courses by experts on green roofs, daylighting, gray water systems, energy efficiency practices, affordable financing, adaptability, regulatory incentives, etc.	X		X	X		

*Need to balance all of the incentives with community concerns and polices. It is also critical to the success of incentive programs to have a successful community participation model.

CITY OF SAN DIEGO, CALIFORNIA

COUNCIL POLICY

CURRENT

SUBJECT: AFFORDABLE/IN-FILL HOUSING AND SUSTAINABLE BUILDINGS EXPEDITE PROGRAM

POLICY NO.: 600-27

EFFECTIVE DATE: May 20, 2003

BACKGROUND:

The City is currently experiencing a severe lack of affordable housing affecting all sectors of society including but not limited to new graduates, senior citizens, single parents, first-time home buyers, disabled, employees in healthcare, education, biotech, and tourism. Many diverse interests have come to realize the correlation between the availability of affordable housing and the quality of life of our residents, as well as the continued economic vitality of our city. Many economic and housing analysts have reported that the single greatest threat to our region's economy is the high cost of local housing.

Many factors have contributed to the current under supply of affordable housing. New housing development has not kept pace with job or population growth, resulting in housing costs that have increased at a much faster rate than incomes in the last decade. This divergence of income and home price leaves fewer than 25 percent of county residents with the ability to afford the median-priced home. Similar statistics exist for the rental market. Many families are dealing with the increases in housing costs by dangerously paying much higher portions of their incomes than is sustainable or by doubling up on occupancy.

The City of San Diego is in the midst of a declared state of emergency for affordable housing, and has taken numerous steps to address the crisis. One important step is the adoption of an Inclusionary Housing Ordinance that requires all new residential development to set aside at least 10 percent of the units to be affordable to families at 65 percent (rental) and 100 percent (for-sale) of the Area Median Income (AMI). Another important step is the City Council's adoption of the Comprehensive Affordable Housing Collaborative's Notice of Funding Availability (NOFA), which will leverage redevelopment low and moderate income housing set-aside funds to create up to $55 million in affordable housing financing, which will assist in the development of over 2,100 new affordable housing units Citywide within the next five years. 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.

PURPOSE:

To establish a policy for:

1. Expediting the development review process for in-fill and affordable housing projects;
2. Defining those in-fill and affordable housing projects that qualify for expedited permit processing;
3. Prioritizing projects in the event the expedite program's carrying capacity is exceeded.

ATTACHMENT 02

POLICY:

Eligibility:

The following development projects shall be eligible for expedited permit processing under this policy:

A. Residential development projects where at least 10 percent of the units are set aside for households with an income at or below 65 percent 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.

B. Residential development projects that receive funding from the Comprehensive Affordable Housing Collaborative (The Redevelopment Division of the Community and Economic Development Department, Centre City Development Corporation, Southeastern Economic Development Corporation, and the San Diego Housing Commission) where at least 15 percent of the units are set aside for households with an income at or below 120 percent AMI, as determined by the San Diego Housing Commission.

C. Residential development projects underwritten to utilize Federal, State or Local funds and which result in a regulatory agreement that restricts tenancy and rents at or below 60 percent AMI.

D. Urban In-fill housing projects of 10 units or more within "Urbanized" areas of the City as defined in the Progress Guide and General Plan. These in-fill projects are eligible for expedited processing under this policy provided that all of the dwelling units are affordable to households earning no more than 150 percent AMI for both rental and for-sale (first ownership cycle only) units. In-fill housing projects need to provide a larger number of affordable housing units than they replace.

E. Military Housing constructed by the Federal Government or through a contract with the Federal Government, for use by active military personnel and their families.

F. New residential, commercial, and industrial development projects which meet the "sustainable buildings" definition under City Council Policy 900-14.

G. Mixed-use development projects (development projects that combine residential with other land uses) where at least 50 percent of the gross floor area of the entire development project site is dedicated to residential dwelling units affordable as described in A, B, C and/or D above.

Projects that elect to pay In-Lieu fees to satisfy the affordable housing requirement are not eligible for expedited permit processing under this policy (except for E and F above).

Process:

The following procedure will be adopted to assist and expedite the discretionary permit process for all projects eligible under this policy. Ministerial building permits and engineering approvals will also be expedited through the express plan check process.

Mandatory Preliminary Review Meetings. Mandatory preliminary review meetings allow for early feedback regarding project proposals and helps developers to fashion a proposal that best meets the City's guidelines and the community's expectations and desires. Further, preliminary review meetings provide an opportunity to identify important stakeholders in the community review process, particularly community planning groups. Preliminary Review Meetings enable staff to identify issues for the project applicant prior to formal design and submittal of the project application and documents. Also, the applicant shall fund the environmental initial study at this stage, enabling staff and the applicant to determine the scope of the project and any additional information or studies that may be required.

Completeness Check. 5 business days for initial determination.

First Review Cycle. 20 business days.

Project Review Meeting. Within 10 days after the first review cycle a project review meeting will be scheduled to further clarify outstanding issues and resolve project conflicts. Assuming all project issues have been resolved and necessary documentation provided to the City, the project could proceed to a public hearing based upon the availability of the environmental document.

Subsequent Review Cycles (if needed). 10 business days.

Public Hearing. Upon completion of the third review cycle and availability of the environmental document, at the applicant's request the City will schedule the project for a public hearing. City staff will recommend denial of any project that has not demonstrated compliance with the applicable regulations or submitted adequate documentation to complete project review.

Carrying Capacity:

A key component to the success of this program will be identifying the "carrying-capacity" of the expedite program in order to maintain efficiency and effectiveness within established timelines. This expedite program will be staffed appropriately thereby maintaining the ability to meet established timetables, however workload is unpredictable. During those periods when workload exceeds the carrying capacity of the expedite program, the Program Manager of the Affordable/In-Fill Housing Expedite Program will begin deferring projects through the normal development review process, and provide expedited permit processing (both discretionary and ministerial) based on the following priority list:

Priority 1: City of Villages Pilot Projects selected by the City Council that provide affordable housing as defined in the eligibility section of the Policy.

Priority 2: Residential development projects that qualify as both "Affordable Housing" and "Sustainable Building" projects as defined by City Council Policies 600-27 and 900-14.

Priority 3: Residential development projects that qualify for the 9 percent tax credit or multifamily revenue bonds.

Priority 4: Residential development projects which provide more than 10 percent of the required "affordable housing" units and all of the affordable units are provided on-site as well as mixed-use projects as defined in Council Policy 600-27, residential, commercial, or industrial projects which meet the "sustainable buildings" definition under City Council Policy 900-14. (Within Priority 4, projects that set aside the highest percentage of units affordable to households at the lowest income levels and projects that propose the highest percentage of "sustainable energy supply" will have higher priority compared to projects with lower percentages.)

Priority 5: Residential development project sponsored by and/or receiving funding from the Comprehensive Affordable Housing Collaborative (the Redevelopment Division of the Community and Economic and Development Department, Centre City Development Corporation, Southeastern Economic Development Corporation, and the San Diego Housing Commission) where at least 15 percent of the units are set aside for households with an income at or below 120 percent AMI.

Priority 6: Residential development projects where at least 10 percent of the units on-site are set aside at no more than 65 percent AMI for rental units and at no more than 100 percent AMI for for-sale units as set forth in the City's Inclusionary Housing Ordinance.

Priority 7: Residential development projects where at least 10 percent of the units off-site are set aside at no more than 65 percent AMI for rental units and at no more than 100 percent AMI for for-sale units as set forth in the City's Inclusionary Housing Ordinance.

Priority 8: Urban In-fill housing project of 10 units or more as defined in Council Policy 600-27.

Priority 9: Military Housing constructed by the Federal Government or through a contract with the Federal Government, for use by active military personnel and their families.

REFERENCES:

Related existing Council Policies:
900-14, Sustainable Building Policy

HISTORY:

Adopted by Resolution R-251516 03/31/1980
Amended by Resolution R-257053 08/24/1982
Amended by Resolution R-284238 07/05/1994
Amended by Resolution R-298001 05/20/2003

CITY OF SAN DIEGO, CALIFORNIA

COUNCIL POLICY

CURRENT

SUBJECT: BUSINESS AND INDUSTRY INCENTIVE PROGRAM
POLICY NO.: 900-12
EFFECTIVE DATE: May 15, 2001

BACKGROUND:

Local residents depend on a sound and healthy economy for both the jobs and commercial services that provide the foundation for a high quality of life. The City of San Diego depends on the stability and growth of taxes and other revenues resulting from a sound and healthy economy to provide essential services to the community.

Auto malls, shopping centers, manufacturing facilities, research and development facilities, and large point of sale businesses are responsible for a substantial portion of the City's general fund revenues. A decline in these businesses' sales, number, or overall health will lead to a corresponding erosion in the tax base, jobs, revenues to the City, and public service levels. Other jurisdictions aggressively compete for these businesses' jobs and revenues by offering attractive incentives and subsidies for the purpose of inducing them to relocate from San Diego.

A further challenge to the City's quality of life is that certain parts of the City have declined in economic vitality because of their age, competition from newer retail centers, and disinvestment. This decline further reduces the City of San Diego's property and sales tax base as well as diminishing the quality and number of these areas' residents' desired commercial services.

The City of San Diego has programs aimed at specific economic development goals. For example, the Redevelopment Agency has the ability to provide financial assistance to businesses as part of a plan to eliminate blighting conditions; the Enterprise Zones promote job opportunities in low-income neighborhoods; targeted public improvements are used to stimulate new private investments; and the Business Improvement Districts provide a partnership between the City and merchants in certain designated commercial corridors to provide private sector revitalization solutions.

Despite these programs, the City must also have a program to offer financial or other assistance for major revenue and job generating projects that promote a sound and healthy economy, to promote the stability and growth of City taxes and other revenues, to encourage new business and other appropriate development in older parts of the City, and to respond to other jurisdictions' efforts to induce business to relocate from San Diego.

PURPOSE:

To provide for a Business and Industry Incentive Program designed to attract and retain major revenue, job generating, and revitalization projects throughout the City, along with criteria and procedures to ensure that the Program is equitably and efficiently administered.

POLICY:

It shall be the policy of the City Council as follows:

ATTACHMENT 02

A. Criteria for Business and Industry Incentives

The City may provide assistance when necessary or appropriate to attract, retain, expand, or assist projects or businesses which meet both following criteria -

1. Either:

   a. Provide significant revenues and/or jobs that contribute to a sound and healthy economy;

   b. Promote the stability and growth of City taxes and other revenues;

   c. Encourage new business and other appropriate development in older parts of the City; or

   d. Respond to other jurisdictions' efforts to induce businesses to relocate from San Diego;

and

2. Are consistent with the City's current adopted Community and Economic Development Strategy.

B. Authorized Business and Industry Incentives

The City may provide one or more of the following incentives, as necessary or appropriate, for projects or businesses that meet the criteria of A. above -

1. The City Manager or his designee may exercise administrative discretion to authorize one or more of the following incentives:

   a. The provision of assistance in securing required City permits and approvals;

   b. The provision of due diligence assistance in advance as a potentially valuable project is under consideration, and the provision of preliminary reviews;

   c. The expediting of required Development Review Department permits;

   d. Crediting up to 45% of sales or use taxes paid by the business against City business license taxes and/or development related fees, or rebating up to 25% of sales or use taxes paid by the business, if such sales or use taxes constitute previously uncollectable revenue to the City and the business pays its sales or use taxes to the State Board of Equalization properly reporting San Diego as the situs of sale or use, consistent with the provisions of the Business Cooperation Program (Resolution R-288034); and/or

   e. Reducing water and sewer capacity charges by $1,000 per equivalent dwelling unit (Resolution R-287543).

2. The City Council must approve any one or more of the following incentives:

   a. Reimbursing all or a portion of City permit processing fees. Development Impact Fees, Facilities Benefit Assessments, Housing Impact Fees, Water/Sewer Capacity fees; fees collected pursuant to Developer Reimbursement Agreements, and/or costs of public improvements that are a required condition of the development, from future revenues to the City generated directly from the project after the City's receipt thereof;

   b. Rebating all or a part of the City's portion of real and personal property taxes paid to the County Assessor levied on real and personal property related to the project's manufacturing process after the City's receipt thereof, consistent with the provisions of authorizing the state law (Calif. Rev. & Taxation Code, Section 5108 et. seq. and 51298 et. seq.); and/or

   c. Providing tax-exempt bond financing through issuance or approval of Industrial Development Bonds, Non-Profit Bonds, or Enterprise Zone Bonds, pursuant to Council Policy 100-12.

PROCEDURE:

An owner or authorized proponent of a business or project seeking assistance from the City of San Diego shall submit information to the City Manager or his designee detailing how the business or project meets the required criteria, the type of assistance requested, and how the assistance may affect the development decision.

The City Manager or his designee shall review the business or project information and may deny the requested assistance or negotiate an Incentive Agreement providing for assistance, as appropriate. If necessary, the Manager or his designee may request additional information, may refer the request and supporting information to a City financial consultant, or may require the applicant to assume the costs of an independent consultant selected by the City. If assistance pursuant to this Policy is justified, an agreement shall be drafted incorporating the recommended assistance among the incentives described in Paragraph B above, as appropriate.

An agreement that does not involve General Fund reimbursement of fees or rebate of taxes, or which authorizes reimbursement based on prior City Council authorization, may be approved by City Manager action. An agreement that requires General fund reimbursement of fees or rebate of taxes shall be presented to the City Council for its review and approval, along with a supporting Manager's Report. The Manager's Report shall include a cost/benefit analysis of the proposed incentive, including both the fiscal impact on the City as well as broader economic and social impacts, if any. General Fund obligations incurred as a result of Incentive Agreement approved by the City Council shall be included in the Annual Budget.

Incentive Agreements shall be comprehensive in scope, including all types of assistance necessary and appropriate for the business or project as well as appropriate requirements that the business or project must fulfill as conditions for receiving the assistance, including requirements involving City partnership agencies such as the Centre City Development Corporation, the San Diego Workforce

Partnership, etc. Approval of an Incentive Agreement, whether by City Manager action or by the City Council, does not imply approval of required development permits, including discretionary permits.

REFERENCE:

Council Policy 900-01 - Economic Development
Council Policy 000-19 - Legislative Policy Guidelines
Council Policy 100-12 - Industrial Development Bond Program
Resolution R-287543 - Water/Sewer Capacity Fee Reductions
Resolution R-286015 - Housing Impact Fee Waiver - Enterprise Zones
Resolution R-288034 - Business Cooperation Program

HISTORY:

Added by Resolution R-282497 08/09/1993
Amended by Resolution R-290241 06/15/1998
Amended by Resolution R-294831 05/15/2001

CITY OF SAN DIEGO, CALIFORNIA

COUNCIL POLICY

CURRENT

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:

ATTACHMENT 02

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 contaminates 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

and/or restoring natural drainage systems, and reducing contaminates 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.

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.

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

Incentive Ad Hoc Committee

Development Services Department

Public Members:

John Ziebarth, Ziebarth & Associates

Barbara Wharton, Permit Us

Brian Longmore, Permit Solutions

Neva Cobian, RBF Consulting

Ken Walker, M. W. Steele Group, Inc.

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Dan Stricker, Development Project Manager

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City of San Diego TAC Sustainability Sub Committee
January 26, 2010

PLATT/WHITELAW
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EXAMPLES OF GREEN BUILDING INCENTIVE PROGRAM THRESHOLDS

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Introduction

There are various existing systems and standards that can be used to establish assurance of certain thresholds of sustainable building performance. For many of these systems, a third party review establishes this assurance by one or more of the following: review of the project design, review of certain required documentation based on design modeling and specifications, and review of actual building performance upon project completion.

Because the schedule for establishment of this assurance may include validation through actual building performance, this schedule may not coincide with the permitting schedule for projects. Therefore, in order to use these systems as thresholds which allow projects into an incentive program for permitting, it will be necessary to establish a system of checks and consequences to ensure that ultimate building performance meets the stated design intent (examples of consequences for projects that do not meet intended performance goals might include a forfeited escrow account, a performance bond, withholding of an occupancy permit, barring of the applicant from future participation in program, etc).

Most of these systems and standards establish levels of performance in such a way that a tiered program of benefits can be established within the incentive program. Initial suggestions for systems and tiers are indicated below.

Title 24 Energy Efficiency Standards

Exceed performance requirements by
15%
20%
25%

Pros: Can be validated through SDG&E's review of the Savings By Design program.

Cons: Compliance difficult to prove for discretionary process phase (possible solution: request a preliminary energy model and notarized statement of intent that includes agreement to recommission/retrofit in the case of non-performance).

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ATTACHMENT 04

CALGREEN Building Standards Code

Exceed performance requirements by 10% for one or more of the Code requirements for water efficiency, construction waste diversion, low emissions materials.

1 of the requirements exceeded by 10%

2 of the requirements exceeded by 10%

3 of the requirements exceeded by 10%

Pros: These are items DSD will need to be reviewing anyway for building permit

Cons: Compliance difficult to prove for discretionary process phase (possible solution: request preliminary calcs and notarized statement of intent).

LEED Certification

Achieve LEED certification (may want to require specific Regional Credits)(may want to set time limit of 6 months after occupancy permit for LEED certification)

Certified level

Silver level

Gold level

Platinum level

Pros: Third party verification through certification process

Cons: Compliance difficult to prove for discretionary and ministerial process phases because certification lags construction completion (possible solution: request preliminary documentation and notarized statement of intent)

Living Building Challenge etc

There are other green building metrics beside LEED, such as the Living Building Challenge, that should be evaluated for equivalency to allow projects into the program

Residential

There are certain systems and standards that apply to single and multi family residential projects only. These include:

Green Point Rated System (Build It Green)

HERS Index

These should be evaluated to determine tiered thresholds

Off site Sustainability

Depending on the DSD workload for processing projects under the benefits program, projects that do not comply under any threshold could pay to get into the program, the money would be deposited directly into an account that pays for a city wide Community Sustainability Project, such as planting street trees, or building bike paths.