



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 19, 2011

ATTENTION: Land Use and Housing Committee
Agenda of May 25, 2011

SUBJECT: Proposed Changes to Council Policy 600-27
Sustainable Development and Affordable Housing Incentive Program

REFERENCE: Land Use and Housing Committee Agendas of January 27, 2010 and March 3, 2010

REQUESTED ACTION: That the Land Use and Housing Committee (LU&H) consider the recommendations received during the public input process on revised Council Policy 600-27 and move the revised Council Policies forward for Council consideration

STAFF RECOMMENDATION: That LU&H recommend approval of the attached Council Policies (Attachment No. 1) on the sustainable and affordable development incentive programs

SUMMARY:

Since January 2010, Development Services Department Staff have been reviewing development incentive programs including the Sustainable Buildings Expedite Program outlined in City Council Policy 600-27.

After reviewing current Council incentive policies (Attachment No. 2), staff began an update to Council Policy 600-27 to respond to changes in sustainable energy practices; to state and federal climate change policies; to better implement the City's recently adopted General Plan policies; and to respond to changes in the market place. Through this effort, it became clear that the incentives offered should be revisited.

Initially 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), a group originally created by LU&H. These ideas were presented to LU&H in January and March 2010.

A Sustainability Subcommittee of TAC was then formed to further develop the incentive list and to prepare suggestions for tiers of sustainability and to rank the list of incentives. The subcommittee consisted of representatives from TAC and staff from SDG&E, the Centre City Development Corporation, and Development Services. Several meetings were held between April-August 2010.

The resulting draft Council Policy 600-27 was then distributed for public review and input in September with the Community Planners Committee (CPC) recommendation completing the public outreach process on March 22, 2010.

Background

Council Policy 600-27 that created the affordable/infill housing and sustainable building expedite program was approved by City Council in 2003. Since the policy's inception, the Development Services Department (DSD) has processed over 225 projects consisting of over 2,448 affordable housing units and 1,517 sustainable housing units.

The program is essentially a processing incentive that provides a significantly streamlined permitting process with staff-review deadlines designed to process discretionary affordable housing and sustainable building projects twice as fast as the standard process allows. The average discretionary permit process takes about 10 months while the expedite program takes 4.5 months.

In addition to moving projects more quickly, the program also has a specialized team of experienced City staff. Many applicants choose the program because of the staff team and don't really want or need a faster process.

The draft incentives being proposed for the new Council Policies fit into one or more of the following six categories:

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

Team Incentives – Options/requirements that streamline or enhance project processing by the way staff, other agency, and other stakeholder interest 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 reviewed.

Regulatory Incentives – Regulation changes that offer process incentives or the ability to deviate from certain regulations for qualifying projects. These regulation changes may result in significant unmitigated impacts to the environment and require an Environmental Impact Report to process them and statements of overriding consideration for City Council to ultimately approve the revised development regulations.

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

Financial Incentives – Financial discounts or rewards for qualifying projects.

Educational Incentives – Training provided by the City or outside entities that helps applicants of qualifying projects learn how to streamline processing, obtain incentives, and secure community support.

Staff along with assistance from the TAC Sustainable Subcommittee then sorted the incentive ideas by their difficulty to implement, who was required to make the decision to allow the incentive to be available, and how beneficial the incentive was to a qualifying project. The incentives that were considered to be most beneficial were limited to the most desirable qualifying project categories, while those that were

easiest to provide and were within the control of Mayoral staff were provided to all categories of qualifying projects.

As public input was received on the proposed incentives it became clear that there were separate and distinct concerns being raised about incentives being proposed for sustainable development projects and those for affordable. Consistent with these concerns and a recommendation from the CPC, staff have split the incentive program into two Council Policies (Attachment 1), one for sustainable and one for affordable.

Another concern was that some of the incentives involved changes to Municipal Code regulations and that there was not enough detail to decide to support their inclusion in the incentive policies. In response, the draft Council Policies have been modified to distinguish incentives that would be currently available from those that are potential future incentives. It was also made clear in the policies that any regulation changes would be subject to the same public input and review process that any Land Development Code change would have to follow including appropriate environmental review.

Other than these two revisions to create two Council Policies and to separate the regulatory incentives from the other incentives, no substantive change has been made to the incentive program drafts that were circulated for public review in September 2010.

FISCAL CONSIDERATIONS: There is currently a fee structure to support much of the labor costs associated with providing these incentives that was established along with the initial Council Policy. In addition, many qualifying projects will be subject to discretionary review processes and is fully cost recoverable. Other portions of the proposed incentives are partially funded as an overhead expense in the Development Services budget (enterprise fund). The costs associated with processing the type of proposed regulatory changes that are outlined in each policy is already covered in DSD's overhead.

PREVIOUS COUNCIL COMMITTEE ACTION: LU&H heard informational reports on the proposed amendments to Council Policy 600-27 on January 27, 2010 and March 3, 2010 and provided general feed back on the overall effort.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

LU&H Technical Advisory Committee - The TAC for LU&H considered the draft incentive program on June 9, 2010, August 11, 2010, and on September 8, 2010. TAC members voted 10-0-0 to accept the draft Council Policy with recommended changes discussed at the September 8, 2010 meeting subject to the review of those changes by the Chair of the TAC Sustainability Subcommittee and confirmation following the meeting. The draft released for public review September 22, 2010 reflected those changes.

Code Monitoring Team - On January 13, 2010, the incentive program was presented to the Code Monitoring Team that was established as part of the Land Development Code approval in 2000 to provide recommendations on amendments to the code. Since no specific code amendments were being approved with the Council Policy, only general comments were provided.

Community Planners Committee - The CPC discussed or heard presentations on the Council Policy amendments on February 27, 2010, September 28, 2010, February 22, 2011, January 25, 2011, and on March 22, 2011. On March 22, 2011 the chair of the CPC's sustainability subcommittee provided results and recommendations from the subcommittee on the draft revisions to Council Policy 600-27. City staff answered questions. A motion was made to split Council Policy 600-27 into two policies, Sustainability and Affordable Housing, and to support the CPC subcommittee recommendations and to submit a letter

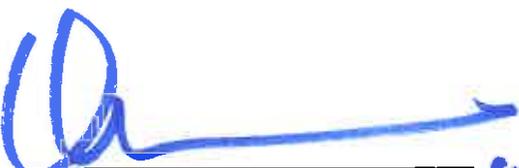
with CPC's position. (The subcommittee recommended that item numbers 1, 3,13, 14, 19, 23 and 27 not be included as incentives.) The Motion passed by a vote of 19-0-1.

Sustainable Energy Advisory Board (SEAB) – SEAB heard the proposed amendments to Council Policy on October 12, 2010. At that meeting the Board voted unanimously to support the proposal and offered three points of consideration: a) concern was expressed as to the lack of broad outreach to groups with an interest in the policy including community planners; b) concern was expressed with DSD's ability to effectively implement the policy given its limited staff resources; and c) there was active discussion and concern expressed that the policy as drafted was heavily weighted toward Tier 3 participants and lacked meaningful incentives for Tier 1 participants, which may preclude broad participation by small scale builders. A small group of Board members volunteered to offer some specific suggestions on this latter point of concern. On November 9, 2010, the board heard the item again. Pursuant to the Board's consideration and approval of this draft Policy at its October 2010 meeting, a small group of Board members reviewed the Policy to make recommended revisions to ensure that the Policy would encourage wide participation by small scale builders. After a presentation by and discussion with the subcommittee on this matter, SEAB recommends the following revision to the draft policy:

Green – CalGreen Tier 1 projects that achieve 15% energy savings and 30% water savings in addition to site and material improvements OR on site photovoltaic generation for Residential Projects of a minimum of 50% of anticipated annual consumption and exceed Title 24 by a minimum of 15%.and Commercial projects on site generation of a minimum of 20% of anticipated annual consumption and exceed Title 24 by a minimum of 15%. For the purposes of this qualification method, Residential projects shall include Single Family Homes and low rise (3 stories and under) multi-family projects.

Other Recommendations – The American Institute of Architects San Diego Chapter unanimously endorses the proposed policy and viewed it "...as a significant step in establishing a valuable incentive program that will stimulate green building in San Diego." The San Diego Regional Chamber of Commerce Housing Committee supports the City moving forward with the incentive program.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: The Council Policies apply Citywide and will offer the incentives to development that qualifies anywhere in the City.



Kelly G. Broughton
Director, Development Services Department



Jay Goldstone
Chief Operating Officer

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- Attachments: 1. Amended Council Policy 600-27 and new Council Policy 600-XX
 2. Current Council Incentive Policies
 3. Ad Hoc Committee Participants

COUNCIL POLICY

DRAFT

SUBJECT: AFFORDABLE HOUSING INCENTIVE PROGRAM
POLICY NO.: 600-27
EFFECTIVE DATE:

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, individuals with disabilities, and 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 contribute 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 potential home owner's incomes in the last decade. 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 steps to address the crisis. In an effort to produce more affordable housing it is important that the City provide increased incentives to facilitate these projects.

PURPOSE:

To continue the City's commitment to affordable development projects by offering significant incentives for projects that achieve the established goals.

ELIGIBILITY:

Two levels of affordable housing project incentives are offered to give higher incentives for projects providing the most affordable units.

1. Affordable housing projects that meet one or more of the criteria below and provided at least 10% of the units are affordable.
2. Affordable housing projects that meet meets one or more of the criteria below and provided at least 100% of the units (excluding on-site manager unit) are affordable.

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Criteria:

- 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.
- Residential development projects that receive funding from the Comprehensive Affordable Housing Collaborative (The Redevelopment Division of the City Planning and Community Investment 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.
- 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.
- Urban In-fill housing projects of 10 units or more within "Urbanized" areas of the City as defined in the 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.
- Military Housing constructed by the Federal Government or through a contract with the Federal Government, for use by active military personnel and their families.
- 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 above.

Projects that elect to pay In-Lieu fees to satisfy the affordable housing requirement are not eligible for incentives under this policy.

Current Incentives:

Following are incentives currently available to the above eligible projects:

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No.	Incentive Description	Affordable 100%	Affordable 10%
2.	Infrastructure Reprioritization – In areas with planned City infrastructure upgrades, change the City CIP priority if possible to allow infrastructure to proceed in the qualifying project area.	X	
4.	Select Staff Attend Community Planning Group Meeting – Key senior level staff selected by the applicant attend the planning group recommendation meeting to help answer specific project review process and regulation questions.	X	
5.	Priority Appointments – Provide priority submittal, review, and permit issuance appointments.	X	
6.	Specialized Review Teams - Provide most qualified staff teams for project processing. This could include management staff in addition to technical reviewers depending on the type of project.	X	X
7.	Concurrent Processing - Allow concurrent processing of ministerial permits after the first review cycle in the discretionary permit process.	X	
8.	Project Management - Provide a ministerial (construction permit) single point of contact for qualifying projects for processing and conflict resolution.	X	
9.	Processing Time Incentives - Provide guaranteed project review and processing timelines for projects (1/2 time of standard staff review) and two review cycle maximum per discipline.	X	X
10.	Counter Review After 1st Cycle – Where feasible, provide over the counter reviews for all qualifying project's subsequent review cycles after 1st Cycle for both ministerial and discretionary projects.	X	
11.	Pre-Application Meeting - Provide pre-application meetings with lead staff and department management to focus project issues, gain high level commitment to processing decisions, identify necessary submittal requirements, and assign project review team members.	X	
12.	Priority Docketing - Provide reserved docket hearing dates and first on agenda docket time guarantees (time certain) at Planning Groups recommendation meetings and at Hearing Officer, Planning Commission, and City Council hearings.	X	X
15.	Impact Fee Deferral – Allow impact fee deferral until final inspection.	X	X
16.	Priority Conflict Resolution - Provide guaranteed priority conflict resolution turnaround timeline across all departments and disciplines.	X	
17.	Self Certification - Allow qualifying projects that are larger and more complex than are currently allowed to do plan check and inspection through self certification (including third party self certification).	X	
20.	Early Environmental - Provide early scoping meetings, technical study scoping and review, and environmental determination. Implement BPR recommendations to allow qualifying consultants to prepare early environmental document drafts.	X	X
22.	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
24.	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	

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No.	Incentive Description	Affordable 100%	Affordable 10%
25.	Recognition - City recognition (open to interpretation/development) of projects such as section on City/DSD website or lobby displays to showcase these developments.	X	
26.	Interagency Incentive Team - Add an interagency incentives expert team member (tax credits, reduced cost of services, rebates, grants, recycling of equipment incentives, etc.) 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	

Future Incentives:

The following incentives require amendments to the City's Municipal Code before becoming available for use by qualifying projects. Council approval of the Council Policy, will direct staff to prepare the following Code amendments. Code amendments will follow the typical amendment process including review by the public, the City's Code Monitoring Team, Community Planners Committee, Planning Commission, City Council and where amending the City's Local Coastal Program, by the California Coastal Commission before the incentive can be offered.

No.	Incentive Description	Affordable 100%	Affordable 10%
1.	Bonuses – 20% density bonus and 25 % parking ratio reduction	X	
3.	Permit Exemptions – No Site Development Permit for projects that have encroachment into setbacks from environmental resources but comply with all other ESL regulations. No Site Development Permit for CPIOZ Type B projects that comply with community plan development regulations. No Site Development Permit for multi-family projects that consolidate lots and exceed the Municipal Code unit threshold	X	
13.	Parking Incentives – Priority parking space locations and parking ratio reductions for low emitting vehicle use, carpool vehicles, and shuttles. Revise shared parking ratio calculation methodology for mixed use projects.	X	

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No.	Incentive Description	Affordable 100%	Affordable 10%
14.	Adaptive Reuse – Allow more flexibility in previously conforming regulations. Allow larger, by right expansions to previously conforming structures, uses, density; allowing any additions to observe all previously conforming setbacks established by the existing structure; etc.	X	
27.	Automatic Extensions- provide automatic extensions of time for discretionary permits and ministerial permits that meet specific findings.	X	

Note: The above incentives for projects providing affordable housing are not cumulative with incentives in other Council Policy or deviations permitted by the Municipal Code. For example if a project obtained an incentive for a parking reduction for providing affordable housing, they cannot obtain an additional parking reduction by providing a sustainable development. In addition, some of the incentives noted above are already available for all project customers. Where necessary, these incentives will be provided to the priority projects outlined in this policy before being offered to other applicants.

Process:

Following is the process to establish qualifying projects for the incentive program:

1. The applicant shall enter into an agreement for level of affordability being achieved.
2. The discretionary permit of any project will contain a condition that failure to provide the affordability level agreed to will require an amendment to the permit before ministerial permits for the project can be approved unless the modified project can be found to be in substantial conformance to the original project.
3. The applicant for ministerial permits shall incur a penalty or other appropriate disincentive to be determined later for failure to comply with the affordability level threshold.
4. The applicant shall submit certification of incentive level by an independent review by the San Diego Housing Commission.

Incentive Capacity:

A key component to the success of this program will be to develop ways to fund the incentives and prioritize projects to maintain efficiency and effectiveness of the program. This Incentive program needs to be staffed and resourced appropriately thereby maintaining the ability to provide the above incentives. Because workload in this program could become unpredictable in addition to the incentives offered in Council Policy 600-XX, the Development

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Services Department Director may defer qualifying projects through the normal development review process, and provide incentives based on the following priority list:

Priority 1: Affordable 100%
Priority 2: Affordable 10%

As workloads cause the inability to provide one or more of the incentives, new applications for lower priority projects shall not be accepted based on the determination of the City's Development Services Department Director.

REFERENCES:

Related existing Council Policies:

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
Amended by Resolution R - 00/00/2010

COUNCIL POLICY

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SUBJECT: SUSTAINABLE DEVELOPMENT INCENTIVE PROGRAM
POLICY NO.: 600-XX
EFFECTIVE DATE:

BACKGROUND:

Existing buildings and new development consume nearly half of the total energy used in the United States and contribute to ever increasing green house gas emissions. The City of San Diego is committed to increasing resource efficiency including energy, water, and materials associated with construction projects; and have numerous initiatives that support these priorities. The State recently adopted the new Calgreen Building Standards. The sustainable development program offers multiple incentives that encourage new development and redevelopment to exceed the new Calgreen Building Standards and is a critical component of the City's sustainable efforts.

PURPOSE:

To continue the City's commitment to sustainable development projects by offering significant incentives for projects that achieve the established goals.

ELIGIBILITY:

The following development projects shall be eligible for incentives established by this policy:

The following three levels of sustainable project classifications are established by this policy providing a varied level of incentives to encourage more sustainable projects:

1. Signature Green – LEED Gold+ projects that achieve LEED ratings above CalGreen Tier 1 and Tier 2 codes and promote a comprehensive approach to sustainable development.
2. High Performance Green – CalGreen Tier 2/LEED Silver equivalent projects that achieve 30% energy savings and 40% water savings in addition to site and material improvements
3. Green – CalGreen Tier 1 projects that achieve 15% energy savings and 30% water savings in addition to site and material improvements.

Sustainable projects can be new development or retrofits of existing developments that meet the above criteria. Alternative methods of showing a project is achieving an equivalent sustainability level to the above LEED or CalGreen standards will also be accepted.

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Current Incentives:

Following are the incentives currently available to the above eligible projects:

No.	Incentive Description	Signature Green	High Performance Green	Green
2.	Infrastructure Reprioritization – In areas with planned City infrastructure upgrades, change the City CIP priority if possible to allow infrastructure to proceed in the qualifying project area.	X		
4.	Select Staff Attend Community Planning Group Meeting – Key senior level staff selected by the applicant attend the planning group recommendation meeting to help answer specific project review process and regulation questions.	X	X	
5.	Priority Appointments – Provide priority submittal, review, and permit issuance appointments.	X	X	
6.	Specialized Review Teams - Provide most qualified staff teams for project processing. This could include management staff in addition to technical reviewers depending on the type of project.	X	X	
7.	Concurrent Processing - Allow concurrent processing of ministerial permits after the first review cycle in the discretionary permit process.	X	X	
8.	Project Management - Provide a ministerial (construction permit) single point of contact for qualifying projects for processing and conflict resolution.	X	X	
9.	Processing Time Incentives - Provide guaranteed project review and processing timelines for projects (1/2 time of standard staff review) and two review cycle maximum per discipline.	X	X	
10.	Counter Review After 1st Cycle – Where feasible, provide over the counter reviews for all qualifying project's subsequent review cycles after 1st Cycle for both ministerial and discretionary projects.	X	X	
11.	Pre-Application Meeting - Provide pre-application meetings with lead staff and department management to focus project issues, gain high level commitment to processing decisions, identify necessary submittal requirements, and assign project review team members.	X	X	
12.	Priority Docketing - Provide reserved docket hearing dates and first on agenda docket time guarantees (time certain) at Planning Groups recommendation meetings and at Hearing Officer, Planning Commission, and City Council hearings.	X	X	
15.	Impact Fee Deferral – Allow impact fee deferral until final inspection.	X	X	
16.	Priority Conflict Resolution - Provide guaranteed priority conflict resolution turnaround timeline across all departments and disciplines.	X	X	
17.	Self Certification - Allow qualifying projects that are larger and more complex than are currently allowed to do plan check and inspection through self certification (including third party self certification).	X	X	

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No.	Incentive Description	Signature Green	High Performance Green	Green
18.	Dry Utility Company Commitment – Secure dry utility company commitment for coordination with applicants. Establish timelines for new dry utility company rules to apply to projects in process.	X		
19.	Green Roof – Give vegetated roofs and roof gardens credit toward open space or landscape area requirements.	X	X	
20.	Early Environmental - Provide early scoping meetings, technical study scoping and review, and environmental determination. Implement BPR recommendations to allow qualifying consultants to prepare early environmental document drafts.	X	X	
21.	Community Outreach - Provide a non-City staff support team to advocate for the green features of the project with the community via education and advocacy.	X		
22.	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	X
24.	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
25.	Recognition - City recognition (open to interpretation/development) of projects such as section on City/DSD website or lobby displays to showcase these developments.	X	X	X
26.	Interagency Incentive Team - Add an interagency incentives expert team member (tax credits, reduced cost of services, rebates, grants, recycling of equipment incentives, etc.) 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

Future Incentives:

The following incentives require amendments to the City’s Municipal Code before becoming available for use by qualifying projects. Council approval of the Council Policy, will direct staff to prepare the following Code amendments. Code amendments will follow the typical amendment process including review by the public, the City’s Code Monitoring Team, Community Planners Committee, Planning Commission, City Council and where amending the City’s Local Coastal Program, by the California Coastal Commission before the incentive can be offered.

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No.	Incentive Description	Signature Green	High Performance Green	Green
1.	Bonuses – 20% density bonus and 25 % parking ratio reduction	X		
3.	Permit Exemptions – No Site Development Permit for projects that have encroachment into setbacks from environmental resources but comply with all other ESL regulations. No Site Development Permit for CPIOZ Type B projects that comply with community plan development regulations. No Site Development Permit for multi-family projects that consolidate lots and exceed the Municipal Code unit threshold	X		
13.	Parking Incentives – Priority parking space locations and parking ratio reductions for low emitting vehicle use, carpool vehicles, and shuttles. Revise shared parking ratio calculation methodology for mixed use projects.	X	X	
14.	Adaptive Reuse – Allow more flexibility in previously conforming regulations. Allow larger, by right expansions to previously conforming structures, uses, density; allowing any additions to observe all previously conforming setbacks established by the existing structure; etc.	X	X	
23.	Deviations - Allow deviations from the regulations of the underlying zone to address unique aspects of the project (e.g. height deviation for roof mounted solar facilities, setback deviation for wind turbines in setbacks, or solar facilities permitted in brush management zones.)	X	X	X
27.	Automatic Extensions- provide automatic extensions of time for discretionary permits and ministerial permits that meet specific findings.	X		

Note: The above incentives for projects providing sustainable measures are not cumulative with incentives in other Council Policy or deviations permitted by the Municipal Code. For example if a project obtained an incentive for a parking reduction for providing affordable housing, they cannot obtain an additional parking reduction by providing a sustainable development. In addition, some of the incentives noted above are already available for all project customers. Where necessary, these incentives will be provided to the priority projects outlined in this policy before being offered to other applicants.

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Process:

Following is the process to establish qualifying projects for the incentive program:

1. The applicant shall enter into an agreement for level of green incentive being achieved.
2. The discretionary permit of any project will contain a condition that failure to provide the sustainability level agreed to will require an amendment to the permit before ministerial permits for the project can be approved unless the modified project can be found to be in substantial conformance to the original project.
3. The applicant for ministerial permits shall incur a penalty or other appropriate disincentive to be determined later for failure to comply with the incentive level threshold.
4. The applicant shall submit certification of incentive level by an independent review by either the LEED/Cal Green qualified licensed design professional.

Incentive Capacity:

A key component to the success of this program will be to develop ways to fund the incentives and prioritize projects to maintain efficiency and effectiveness of the program. This Incentive program needs to be staffed and resourced appropriately thereby maintaining the ability to provide the above incentives. Because workload in this program could become unpredictable in addition to the incentives offered in Council Policy 600-27, the Development Services Department Director may defer qualifying projects through the normal development review process, and provide incentives based on the following priority list:

- Priority 1: Signature Green
Priority 2: High Performance Green
Priority 3: Green

As workloads cause the inability to provide one or more of the incentives, new applications for lower priority projects shall not be accepted based on the determination of the City's Development Services Department Director.

REFERENCES:

Related existing Council Policies: 600-27 – Affordable Housing Incentive Program

HISTORY:

Adopted by Resolution R-

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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.

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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).

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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.

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- 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

CP-600-27

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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:

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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

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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

Incentive Ad Hoc Committee

Development Services Department

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