THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: November 8, 2011 REPORT NO: 11-150

ATTENTION: Land Use and Housing Committee
Agenda of November 16, 2011

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

REFERENCE: Land Use and Housing Committee Agendas of January 27, 2010, March 3, 2010, and May 25, 2011

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 Policy forward for Council consideration

STAFF RECOMMENDATION: That LU&H recommend approval of the attached Council Policy (Attachment 1) on the sustainable development incentive program as revised

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, 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. 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.

On May 25, 2011, LU&H considered two City Council Policy proposals for incentives. One was for affordable housing (Council Policy 600-27) and a new as yet unnumbered policy for sustainable development (proposed Council Policy 600-XX). LU&H recommended that the revised Council Policy 600-27 move forward for Council consideration and directed staff to address public testimony received at the hearing on sustainable development and work with representatives of the stakeholder groups that provided testimony to revise the sustainable development incentive policy.

Background

The LUH committee asked DSD staff to bring back a revised draft policy with the removal of "green roof" incentive; consideration of adding a new column to the incentive matrix for small scale green projects, incorporating the Sustainable Energy Advisory Board's suggestions to include all renewable in the required 50% onsite energy generation and provide a water efficiency energy measure; and with the removal of the future incentives section from the draft policy."

Staff and Stakeholders met as outlined below to propose revisions to the draft council policy working through two drafts (Attachment 2 and 3). The proposed revision to the Council Policy provides incentives for existing single family home remodels and additions; establishes how the City will be measuring the success of the policy; includes evaluation and policy updates as the implementation strategies for the City goals (net zero for new residential by 2020 and for new commercial by 2030), and state mandates are defined and updated.

- Sustainable subcommittee of TAC met on June 24 and July 28 with members of TAC and other stakeholder groups to make revisions to the policy.

- The recommendations of the TAC subcommittee were presented and approved at the Sustainable Energy advisory board meeting on August 9, 2011.

- The revisions recommended by TAC subcommittee were presented at TAC meeting on Sept 14, 2011. TAC members recommended approval of the recommendations with a few modifications.

The proposed Council Policy 600-XX (Attachment 1) has been revised to incoporate these recommendations.

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 March 3, 2010, and May 25, 2011 and directed staff to work with stakeholder group representatives to make revisions to the proposed sustainable development program and return to LU&H.

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, September 8, 2010, and on September 14, 2011. 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. Following is a draft of the TAC recommendation from their September 14, 2011 meeting:

1. Recommend approval with the following modifications:

   a. Section #1 (Intent): replace "mandates" to "goals and/or mandates as prescribed by state regulations" in 2 sentences of this section
   b. Signature Green, Qualification Method #2: "Projects that achieve 50% energy savings and 50% water savings" with the baseline defined as CalGreen.
   c. High Performance Green, #3 Green (Level 3): need to define "in addition to site and material improvements"

   There was also discussion about LEED equivalency, and perhaps using CCDC's standard, but it didn't make it into the motion.

   Vote: Yea – 7, Nay – 2, Abstain – 1

2. Recommend that the chair attend LU&H to convey TAC's concern that the "top tier" incentives will require further council action in order to provide greater incentives to promote higher level sustainability and to help implement some of goals and objectives of the city's General Plan.

   Vote: Yea – 10, Nay – 0, Abstain – 0

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.

SEAB also commented (Attachment 4) on Council Policy 600-XX at their October 11 meeting. Their comments have been included in the Council Policy . The recommendations of the TAC subcommittee (Attachment 2) were presented and approved at the Sustainable Energy advisory board meeting on August 9, 2011.

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

GOLDSTONE/Broughton

Attachments:
1. Amended draft Council Policy 600-XX
2. Stakeholder Group Draft Language
3. Proposed Language with TAC Comments
4. SEAB November 1, 2011 Letter

CITY OF SAN DIEGO, CALIFORNIA

COUNCIL POLICY

DRAFT

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 of California has set ambitious greenhouse gas (GhG) reduction goals to protect public health and the environment and AB 32 requires that the state reduce GhG emissions to 1990 levels by 2020 as well as Executive Order S-3-05 requires a level of 80% below 1990 levels by the year 2050. In addition to GhG reduction goals, the state has adopted energy efficiency goals for new and existing buildings as a means to reduce GhG emissions. The State's Long-Term Energy Efficiency Strategic Plan states that all new residential buildings be zero net energy by the year 2020 and all new non-residential development be net-zero energy by the year 2030. The City of San Diego's General Plan mirrors the state law and also requires net-zero energy for new residential buildings by the year 2020 and new commercial development by the year 2030.

The State recently adopted the new Calgreen Building Standards to enhance the design and construction of buildings through the use of building concepts having a reduced impact or positive environmental impact encouraging sustainable construction practices in planning and design; energy efficiency; water efficiency and conservation; material efficiency and resource efficiency; and environmental quality.

The sustainable development program offers multiple incentives that encourage new development and redevelopment of existing structures and sites to exceed the new Mandatory Calgreen Building Standards and is a critical component of the City's sustainable efforts to reach goals and mandates as prescribed in both State Law and the City of San Diego General Plan.

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** – QUALIFICATION METHOD #1: Projects that meet CalGreen Tier 2 and commit to meeting the requirements of the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system certification at the Gold level or,

   QUALIFICATION METHOD #2: Projects that achieve 50% energy savings and 50% water savings as established by the California Green Building Code and provide on-site renewable generation for Residential Projects of a minimum of 50% of anticipated annual consumption and on-site renewable generation of a minimum of 20% of anticipated annual consumption for Non-residential projects. In addition, the project shall provide site and material improvements and promote a comprehensive approach to sustainable development.

2. **High Performance Green** – QUALIFICATION METHOD #1: New development that meet CalGreen Tier 2 or commit to meeting the requirements of the USGBC LEED rating system certification at the Silver level or equivalent with a minimum of 30% energy savings and 40% water use reduction as established by the California Green Building Code.

   QUALIFICATION METHOD #2 – New residential projects that achieve 30% energy savings and 30% water savings as established by the California Green Building Code and provide on-site renewable generation for a minimum of 50% of anticipated annual consumption.

   New non-residential projects that achieve 30% energy savings and 35% water savings and with on-site renewable generation of a minimum of 20% of anticipated annual consumption.
   Note: All projects in High-Performance Green Qualification Method #2 shall provide site and material improvements and promote a comprehensive approach to sustainable development.

   Remodels and addition to existing single family homes complying with the Green requirements stated below, and provide for onsite renewable generation of a minimum of 50% of anticipated annual consumption.

3. **Green** – CalGreen Tier 1, New development that achieve 15% energy savings and 30% water savings in addition to site and material improvements as specified by the California Green Building Code.

Remodels and additions to existing single family homes that exceed current Title 24 by 15% for energy, and include 20% interior water saving (utilizing either of the methods outlined in Cal Green), reduce outdoor water use per CalGreen requirements for Tier 1, and install a weather based irrigation controller.

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.

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	

No.	Incentive Description	Signature Green	High Performance Green	Green
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	
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

No.	Incentive Description	Signature Green	High Performance Green	Green
27.	*Reduce Building plan check and permit fees by 25%.			X
28.	*Reduce Building plan check and permit fees by 50%.		X	

Table Footnote

* These incentives are only available for eligible existing single family home remodels and additions. Furthermore, this incentive will remain in effect until all funds designated for this program are exhausted and without further notice.

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.

Future incentives, including those listed herein will continue to be reviewed and will be brought forward for consideration as the policy is updated and as the City implements a Climate Mitigation and Adaptation Plan.

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	X		

No.	Incentive Description	Signature Green	High Performance Green	Green
	comply with community plan development regulations. No Site Development Permit for multi-family projects that consolidate lots and exceed the Municipal Code unit threshold			
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.

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.

Implementation:

1. The policy will be reviewed and updated within 6 months of the adoption of any new version of CalGreen, to align the qualification thresholds with updated codes.
2. This program will be evaluated each year for the first two years of implementation to assess the percentage of projects participating and utilizing the incentives as well as the percentage of energy reduction being achieved.

3. The City of San Diego in partnership with stakeholder groups shall embark upon an aggressive outreach program to improve the public's knowledge and potential enrollment into the program. This should include improved DSD web visibility, aggressive marketing through DSD permitting to notify the public of the opportunity of the Sustainable Expedite program as well as the upcoming 2020 standards to encourage participation and advanced green building practices

4. This Policy will be to begin as an incentive based program with eventual direction to include future updates to this program to move towards sustainable building standards to meet net-zero construction goals outlined in both State law and the City of San Diego General Plan.

5. The City of San Diego staff, in conjunction with stakeholder groups shall endeavor to continue to modify, refine and update this policy with an emphasis on ways to include more incentives and policies to provide a greater enrollment into the program for the widest variety of project types as possible including existing buildings and retrofit projects. Within those updates, the City will examine the new energy and water use reduction requirements contained in any new versions of Cal Green and compare those to the current incentives and where appropriate, expand or strengthen the thresholds for entry into the Expedite program based on the updated code and in preparation of the goals as outlined in the State law and City of San Diego General Plan.

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. The Director shall notify the City Council and Mayor of any stoppage of any parts of the incentive program within 7 days.

REFERENCES:

Related existing Council Policies: 600-27 – Affordable Housing Incentive Program
900-14 – Sustainable Building Policy

General Plan Update

HISTORY:

Adopted by Resolution R-

PROPOSED SUSTAINABLE EXPEDITE PROGRAM LANGUAGE 8/8/2011

PREMISE: Given that the State of California has set ambitious greenhouse gas *(GhG)* reduction goals to protect public health and the environment and that AB 32 requires that the state reduce GhG emissions to 1990 levels by 2020 as well as Executive Order S-3-05 that requires a level of 80% below 1990 levels by the year 2050, the City of San Diego should embark upon an aggressive strategy to comply with these policy directives. In addition to G*h*G reduction goals, the state has adopted energy efficiency goals *for new and existing buildings* as a means to reduce GhG emissions. The State's Long-Term Energy Efficiency Strategic Plan states that all new residential buildings be zero net energy by the year 2020 and all new *non-residential* development be net-zero energy by the year 2030. The City of San Diego's General Plan mirrors the state law and also requires net-zero energy for new residential buildings by the year 2020 and new commercial development by the year 2030. In order to reach these goals, the City of San Diego is adopting phased-in building requirements for new construction and major remodels of residential and *non-residential* buildings.

1) The intent of this updated policy will be to begin as an incentive-based expedite program as updated below. The purpose of future updates to this program will be to move towards the mandates prescribed in both State Law and the City of San Diego General plan for 2020 net-zero construction and it is anticipated that with each update, many of the thresholds for qualification in the program may evolve into mandatory items through the updating of Federal, State and local green building programs and mandates in anticipation of the 2020 goals. The City of San Diego will update this Sustainable Expedite policy within 6 months of the adoption of any new version of CalGreen and the City will examine the new energy *and water use reduction* requirements contained in any new version of CalGreen and compare those to the current incentives and where appropriate, expand or strengthen the thresholds for entry into the Expedite program based on the updated code and in preparation of the goals as outlined in State laws and the City's General Plan for future energy policy and goals.

2) This program will be evaluated each year for the first two years of implementation to assess the percentage of projects participating and utilizing the incentives as well as the percentage of energy reduction being achieved through the enrollment in this voluntary incentive program. Currently, it is estimated that approximately 10% of all discretionary projects utilize the Sustainable Expedite program and the intention of the revised incentive program and subsequent monitoring to increase participation by at least 10% each year.

3) In addition, the city will work with SDG&E in a partnership agreement to fund a bench-marking and *sustainable performance* tracking database so that progress and success of the program may be tracked and analyzed.

4) The City of San Diego in partnership with stakeholder groups, shall embark upon an aggressive outreach program to improve the public's knowledge and potential enrollment into the program. This should include improved DSD web visibility, aggressive marketing through DSD permitting to notify the public of the opportunity of the Sustainable Expedite program as well as the upcoming 2020 standards to encourage participation and advanced green building practices

5) The City of San Diego staff, in conjunction with stakeholder groups shall endeavor to continue to modify, refine and update this policy with an emphasis on ways to include more incentives and policies to provide a greater enrollment into the program for the widest variety of project types as possible including existing buildings and retrofit projects. The City shall also continue to examine a proper implementation for the 6 identified future incentives and a proper manner to include those in future updates of this expedite program.

The proposed Incentive based Expedite program qualification language shall be revised as follows:

1.) **SIGNATURE GREEN** (LEVEL 1) –
QUALIFICATION METHOD #1: Projects that meet CalGreen Tier 2 and *commit to meeting the requirements of the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system certification at the Gold level* or equivalent.

QUALIFICATION METHOD #2: Projects that achieve 50% energy savings and 50% water savings and provide on-site photovoltaic generation for Residential Projects of a minimum of 50% of anticipated annual consumption and on-site generation of a minimum of 20% of anticipated annual consumption for Non-residential projects. In addition, the project shall provide site and material improvements and promote a comprehensive approach to sustainable development.

2.) **HIGH PERFORMANCE GREEN** (LEVEL 2)
QUALIFICATION METHOD #1: Projects that meet CalGreen Tier 2 or commit to meeting the requirements of the USGBC LEED rating system certification at the Silver level <u>or</u> equivalent with a minimum of 30% energy savings and 40% water use reduction.

QUALIFICATION METHOD #2 - Residential projects that achieve 30% energy savings and 30% water savings and provide on-site photovoltaic generation for a minimum of 50% of anticipated annual consumption. For the purposes of this qualification method, Residential projects shall include

Single Family Homes and low-rise (3 stories and under) multi-family projects.

Non-residential projects that achieve 30% energy savings and 35% water savings and with on-site generation of a minimum of 20% of anticipated annual consumption.

All projects in High-Performance Green Qualification Method #2 shall provide site and material improvements and promote a comprehensive approach to sustainable development.

3.) **GREEN** (LEVEL 3) – CalGreen Tier 1 projects that achieve 15% energy savings and 30% water savings in addition to site and material improvements.

Further, a section for incentivizing sustainable design for existing home remodels shall be included:

In an effort to reduce GHG emissions and improve energy efficiency in the City of San Diego, the city is providing an incentive program for existing single family dwellings in addition to the incentives provided by SDG&E. This program will reduce building plan check and permit fees by 25% for projects that qualify as GREEN and 50% for those that qualify as HIGH PERFORMANCE GREEN. This incentive will remain in effect until all funds designated for this program are exhausted and without any further notice.

GREEN: Remodels and additions that exceed current Title 24 by 15% for energy, and include 20% interior water saving (utilizing either of the methods outlined in Cal Green), reduce outdoor water use per CalGreen requirements for Tier1, and install a weather based irrigation controller.

HIGH PERFORMANCE GREEN: Home which in addition to complying with the Green requirements stated above, and provides for onsite generation of a minimum of 50% of anticipated annual consumption.

PROPOSED SUSTAINABLE EXPEDITE PROGRAM LANGUAGE 9/14/2011
Added TAC's comments

PREMISE: Given that the State of California has set ambitious greenhouse gas *(GhG)* reduction goals to protect public health and the environment and that AB 32 requires that the state reduce GhG emissions to 1990 levels by 2020 as well as Executive Order S-3-05 that requires a level of 80% below 1990 levels by the year 2050, the City of San Diego should embark upon an aggressive strategy to comply with these policy directives. In addition to G*h*G reduction goals, the state has adopted energy efficiency goals *for new and existing buildings* as a means to reduce GhG emissions. The State's Long-Term Energy Efficiency Strategic Plan states that all new residential buildings be zero net energy by the year 2020 and all new *non-residential* development be net-zero energy by the year 2030. The City of San Diego's General Plan mirrors the state law and also requires net-zero energy for new residential buildings by the year 2020 and new commercial development by the year 2030. In order to reach these goals, the City of San Diego is adopting phased-in building requirements for new construction and major remodels of residential and *non-residential* buildings.

1) The intent of this updated policy will be to begin as an incentive-based expedite program as updated below. The purpose of future updates to this program will be to move towards the goals or mandates as prescribed in both State Law and the City of San Diego General plan for 2020 net-zero construction and it is anticipated that with each update, many of the thresholds for qualification in the program may evolve into mandatory items through the updating of Federal, State and local green building programs and mandates in anticipation of the 2020 goals. The City of San Diego will update this Sustainable Expedite policy within 6 months of the adoption of any new version of CalGreen and the City will examine the new energy *and water use reduction* requirements contained in any new version of CalGreen and compare those to the current incentives and where appropriate, expand or strengthen the thresholds for entry into the Expedite program based on the updated code and in preparation of the goals as outlined in State laws and the City's General Plan for future energy policy and goals.

2) This program will be evaluated each year for the first two years of implementation to assess the percentage of projects participating and utilizing the incentives as well as the percentage of energy reduction being achieved through the enrollment in this voluntary incentive program. Currently, it is estimated that approximately 10% of all discretionary projects utilize the Sustainable Expedite program and the intention of the revised incentive program and subsequent monitoring to increase participation by at least 10% each year.

3) In addition, the city will work with SDG&E in a partnership agreement to fund a bench-marking and *sustainable performance* tracking database so that progress and success of the program may be tracked and analyzed.

4) The City of San Diego in partnership with stakeholder groups, shall embark upon an aggressive outreach program to improve the public's knowledge and potential enrollment into the program. This should include improved DSD web visibility, aggressive marketing through DSD permitting to notify the public of the opportunity of the Sustainable Expedite program as well as the upcoming 2020 standards to encourage participation and advanced green building practices

5) The City of San Diego staff, in conjunction with stakeholder groups shall endeavor to continue to modify, refine and update this policy with an emphasis on ways to include more incentives and policies to provide a greater enrollment into the program for the widest variety of project types as possible including existing buildings and retrofit projects. The City shall also continue to examine a proper implementation for the 6 identified future incentives and a proper manner to include those in future updates of this expedite program.

The proposed Incentive based Expedite program qualification language shall be revised as follows:

1.) **SIGNATURE GREEN** (LEVEL 1) –
QUALIFICATION METHOD #1: Projects that meet CalGreen Tier 2 and *commit to meeting the requirements of the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system certification at the Gold level* or equivalent.

QUALIFICATION METHOD #2: Projects that achieve 50% energy savings and 50% water savings <u>as established by the California Green Building Code</u> and provide on-site photovoltaic generation for Residential Projects of a minimum of 50% of anticipated annual consumption and on-site generation of a minimum of 20% of anticipated annual consumption for Non-residential projects. In addition, the project shall provide site and material improvements and promote a comprehensive approach to sustainable development.

2.) **HIGH PERFORMANCE GREEN** (LEVEL 2)
QUALIFICATION METHOD #1: Projects that meet CalGreen Tier 2 or commit to meeting the requirements of the USGBC LEED rating system certification at the Silver level <u>or</u> equivalent with a minimum of 30% energy savings and 40% water use reduction <u>as established by the California Green Building Code.</u>

QUALIFICATION METHOD #2 - Residential projects that achieve 30% energy savings and 30% water savings as established by the California Green Building Code and provide on-site photovoltaic generation for a

minimum of 50% of anticipated annual consumption. For the purposes of this qualification method, Residential projects shall include :

Single Family Homes and low-rise (3 stories and under) multi-family projects.

Non-residential projects that achieve 30% energy savings and 35% water savings and with on-site generation of a minimum of 20% of anticipated annual consumption.

All projects in High-Performance Green Qualification Method #2 shall provide site and material improvements and promote a comprehensive approach to sustainable development.

3.) **GREEN** (LEVEL 3) – CalGreen Tier1, projects that achieve 15% energy savings and 30% water savings in addition to site and material improvements as specified by the California green Building Code .

Further, a section for incentivizing sustainable design for existing home remodels shall be included:

In an effort to reduce GHG emissions and improve energy efficiency in the City of San Diego, the city is providing an incentive program for existing single family dwellings in addition to the incentives provided by SDG&E. This program will reduce building plan check and permit fees by 25% for projects that qualify as GREEN and 50% for those that qualify as HIGH PERFORMANCE GREEN. This incentive will remain in effect until all funds designated for this program are exhausted and without any further notice.

GREEN: Remodels and additions that exceed current Title 24 by 15% for energy, and include 20% interior water saving (utilizing either of the methods outlined in Cal Green), reduce outdoor water use per CalGreen requirements for Tier1, and install a weather based irrigation controller.

HIGH PERFORMANCE GREEN: Home which in addition to complying with the Green requirements stated above, and provides for onsite generation of a minimum of 50% of anticipated annual consumption.

"The Most Efficiently Run Big City in California"

THE CITY OF SAN DIEGO

SUSTAINABLE ENERGY ADVISORY BOARD

DATE: November 1, 2011

TO: Kelly Broughton, Director, Development Services Department

FROM: Chairman of the Sustainable Energy Advisory Board and Members

SUBJECT: UPDATE OF COUNCIL POLICY FOR SUSTAINABLE EXPEDITE

The members of the SEAB Board would like to write to you concerning the evolution and advancement of Council Policy 600-XX and specifically comments on the draft dated September 30, 2011 that was slated to be heard on October 5th at LU&H but due to scheduling loads was not heard. We understand that the item is again on the November 16th Agenda at LU&H and at our October 11th, 2011 regular meeting we discussed that draft and would offer the following comments to the draft.

SEPTEMBER 30th DRAFT COMMENTS:

1.) Under Eligibility, whenever there is a reference to "onsite Photovoltaic generation" we would suggest changing that reference to *"onsite renewable generation"* to be more inclusive of other types of alternate renewables versus just Photovoltaics.

2.) In the "Future Incentives" section, please include language that *"Future incentives, including those listed herein will continue to be reviewed and will be brought forward for consideration as the policy is updated and as the City implements a Climate Mitigation and Adaptation Plan"*

3.) In the "Implementation" section, please add the following as item #4: *"This policy will be to begin as an incentive based program with eventual direction to include future updates to this program to move towards sustainable building standards to meet net-zero construction goals outlined in both State Law and the City of San Diego General Plan."*

4.) In the "Implementation" section, please add the following as item #5: *"The City of San Diego staff, in conjunction with stakeholder groups shall endeavor to continue to modify, refine and update this policy with an emphasis on ways to include more incentives and policies to provide a greater enrollment into the program for the widest variety of project types as possible including existing buildings and retrofit projects. Within those updates, the City will examine the new energy and water use reduction requirements contained in any new version of CalGreen and compare those to the current incentives and where appropriate, expand or strengthen the thresholds for entry into the Expedite program based on the*

updated code and in preparation of the goals as outlined in the State law and City of San Diego General Plan."

5.) Under the last paragraph of the Incentive Capacity section, please add *"The Director shall notify the City Council and Mayor of any stoppage of any parts of the incentive program within 7 days"*

With the above comments, we enthusiastically support the adoption of this updated Sustainable Expedite policy and look forward to moving the item to Council for a timely adoption, hopefully incorporating our comments as well.

cc. SEAB Board Members
Mayor Jerry Sanders