



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: May 14, 2003
REPORT NO.
03-099

ATTENTION: Honorable Mayor and City Council
Docket of May 20, 2003

SUBJECT: SUSTAINABLE BUILDINGS EXPEDITE PROGRAM

REFERENCE: Manager's Report 02-235 dated October 10, 2002
Council Policy 900-14
Manager's Report 02-085 "Affordable/In-Fill Housing Expedite Program"

SUMMARY

Issue - Should the City Council approve the Sustainable Buildings Expedite Program Policy in concept proposed in this report with final consideration scheduled concurrent with the fees and staffing for the Affordable In-fill Housing Expedite Program?

Manager's Recommendation -

1. Recommend that the City Council adopt a program to expedite sustainable buildings through the discretionary and ministerial permit process as stated in this report.
2. Recommend that the City Council add the sustainable buildings expedite program to the "Affordable/In-Fill Housing Expedite Program" after the fees and staffing have been determined by a separate City Council action; and
3. Approve revisions to Council Policy 900-14, Attachment 1 in concept. Final adoption of this policy will be considered concurrently with item 2 above.

Other Recommendations –

The Committee on Rules, Finance, and Intergovernmental Relations: At its meeting of October 16, 2002, the Rules Committee voted 5-0 in favor of approving the sustainable

buildings expedite program proposed in this report. See Attachment 2 for public comments and staff response.

Environmental Impact - This activity is not a “project” and is, therefore, exempt from CEQA pursuant to the Sate Guidelines Section 15060 (c) (3).

Fiscal Impact - Implementation of this program will come under the Program Manager previously approved in the CMR 02-085, “Affordable/In-Fill Housing Expedite Program” in the FY 2004 budget. Additional staff and fees will be needed to implement the sustainable buildings expedite program. Staffing and fees required for this program will be brought forth for implementation as part of a separate City Council action on the same docket as this report (Development Services Fee Report). This program is not proposed for implementation until such Council actions are taken.

Code Enforcement Impact – None with this action.

BACKGROUND

Council Policy (CP) 900-14 currently provides incentives to developers and builders who build projects that exceed the State of California Title 24 energy requirements by 30% for residential projects and 15% for commercial projects. One of the incentives includes expediting the ministerial permit process for projects that meet these criteria.

Certain developers are designing residential and commercial buildings utilizing technologies such as photovoltaic and fuel cells that generate electricity back into SDG&E electric grid. At the Rules Committee meeting of July 10, 2002, Mr. Michael Turk, a builder of sustainable buildings; Mr. Scott Anders of the San Diego Regional Energy Office; and Mr. Scott Whitley, a lead member of alternative energy systems proposed the establishment of a special development team to handle expediting the discretionary and ministerial permit process for commercial, industrial, and residential projects which meet certain energy generation requirements. The Rules Committee directed the City Manager to respond to the proposal and report back to the Rules Committee with recommendations. Mr. Turk’s proposal is included as Attachment 3. More specifically, Mr. Turk’s proposal is listed in *italics* with staff’s recommendations provided below:

- *Creation of a City ordinance to specifically expedite the processing time of planning, engineering, and building permits for sustainable buildings:* Council approval of this proposed program will result in changes to the City Council Policy for projects that qualify under the expedite program (CP 900-14). Adoption of a policy allows the City Council the maximum flexibility to respond to changing priorities within the City of San Diego. Adoption of this policy request by ordinance is not necessary and would limit the City Council’s ability to respond to change and prioritize policy direction in the future.
- *Designate row homes and town homes with assumed property lines as single-family residences so they would qualify for energy credits form the State of California Energy Commission and SDG&E:* This issue has been referred to the Department’s Chief

Building Official, Isam Hasenin, P.E. Mr. Hasenin is addressing this issue in conjunction with the Technical Advisory Committee of the City Council's Land Use and Housing Committee. In addition, staff is pursuing the adoption of statewide legislation to allow local jurisdictions to adopt more favorable alternate building code regulations for row homes.

- *Reduce Development Services' deposit fee accounts by 50% for sustainable building:* Since Development Services is an enterprise fund, all its services must be cost recoverable and the City cannot extend credit to any developer for this service. As such, reducing deposit fees by 50% is not an appropriate action for the City to take. In fact, it is likely that fees to provide the additional expedited service will be higher. However, such fee increases will be offset by the additional fiscal benefits that come from obtaining project entitlements in more expeditious fashion. This reduces the carrying costs for the land thereby increasing the overall fiscal return on the proposed project.
- *Provide public access computer terminals where the City data on the SANGIS and Cabrillo systems is available to identify possible issues on a project:* SANGIS is the City provider of all geographic information to the public. They do provide a public information terminal where GIS maps may be viewed and copies can be requested for a fee. In addition, Development Services provides, without charge, appointments where parcel specific information can be obtained from City staff. Cabrillo is part of an internal system that requires staff interpretation on the data available.

On July 17, 2002, staff met with Mr. Turk, Mr. Anders, Mr. Whitley, and members of the building industry. After soliciting input and feedback, staff recommends adding the projects covered by this proposed program to the "Affordable/In-Fill Housing Expedite Program."

DISCUSSION

Currently, approximately 30-40% of the discretionary permit applications are expedited. Council Policies 900-14, 900-12, 600-27, and 100-11 establish the criteria to determine if a project qualifies for an expedite status.

On August 6, 2002, the Mayor and City Council approved the Manager's recommendations to create a special team to review and manage affordable/in-fill housing projects. This new program provides shortened review time and aggressive hearing schedules for the discretionary process. All projects located throughout the City that provide affordable housing unit(s) will qualify for the expedite status under the new policy in addition to infill projects of 10 units or more - criteria is still under development for infill projects.

On a related action, on October 16, 2002, the Rules Committee voted 5-0 in favor of approving the sustainable buildings expedite program proposed in this report. The following issues were raised at the Rules Committee meeting:

- *Making the requirements for sustainable buildings proposed in this report mandatory:*

The consensus by members of the Rules Committee is that voluntary compliance of the private sector, coupled with the incentives proposed in this report is a more beneficial approach than making these requirements mandatory.

- *It was suggested that the City advise the San Diego Unified School District (SDUSD) of the sustainable building renewable technologies and encourage them to outfit their new or remodeled schools and buildings with such technologies:* Although the City of San Diego has no jurisdiction over building construction of the SDUSD, staff is committed to work with the SDUSD on incorporating these technologies into their new and renovated facilities, where feasible. This will be accomplished by working with the designated City Liaisons for both the SDUSD and other school districts.
- *Since more than 45% of residential construction within the City of San Diego takes place in the Downtown area, it was suggested that staff collaborate with the Center City Development Corporation (CCDC) to encourage new developments to use the renewable systems:* Staff will work closely with CCDC to explore ways where such technologies may be beneficial. In addition, City staff will coordinate with CCDC and meet with developers in the downtown area for education and outreach. Also see the OUTREACH/EDUCATION section of the revised CP 900-14.

If the City Council approves the sustainable building recommendations in this report, this program will be combined with the expedite program for “Affordable/In-Fill Housing” for the discretionary review process as stated in CMR 02-085. Therefore, staff recommends a limited expansion of the special team’s responsibility to only include the discretionary process for new commercial and industrial projects, which provide 30% or more of their projected total energy use utilizing renewable energy resources such as photovoltaic and fuel cells.

In addition, staff recommends expediting the ministerial process of all projects including residential, commercial, and industrial projects that meet the following criteria. This portion of the expedite process will be managed under the responsibility of the Development Services Manager (not to be included as part of the “Affordable/in-Fill Housing Expedite Program”):

- Residential projects that provide 50% of their projected total energy use utilizing renewable energy resources.
- Commercial and industrial projects that provide 30% of their projected total energy use utilizing renewable energy resources.
- Residential and commercial and industrial projects that exceed the State of California Title 24 energy requirements by 15% and 10% respectively.
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It is estimated that less than 1 percent or 60 of the units that were built last year would have benefitted from this proposed program if it were implemented in 2001.

In order for a project to qualify for the program, the applicant must provide energy use calculations and a statement signed by a State of California registered electrical or mechanical engineer stating that the proposed project will meet these standards. Discretionary projects that qualify for this program will benefit from the reduced timelines under the “Affordable/In-Fill Housing Expedite Program.”

The renewable energy system will be a condition of the permit. If the applicant decides not to incorporate the renewable energy system on their project after the discretionary permit has been expedited and approved, the applicant must apply for an amendment to their original discretionary permit and the amendment must be approved by the original decision maker (under no circumstances could such a change be processed under Substantial Conformance review). The permit amendment to remove the requirement for a renewable energy system will not be processed on an expedite status.

CONCLUSION

The recommendations contained in this report will simplify and expedite the review process for sustainable building projects. In addition, the program will also provide incentives to the building industry to construct a wider range of building types that provide renewable energy resources in the City of San Diego. As such, the City Manager recommends conceptual approval of the proposed changes to CP 900-14 and final consideration by Council of this policy concurrent with the related fees which will come under a separate City Council action, and the addition of these discretionary project types to the City’s “Affordable/In-Fill Housing Expedite Program.”

Respectfully submitted,

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Development Services Director

Approved: P. Lamont Ewell
Assistant City Manager

ESCOBAR-ECK:HASENIN

Attachment 1: [Revised Council Policy 900-14](#)
Attachment 2: [Public Comments and Staff Response](#)
Attachment 3: [Michael E. Turk’s Proposal](#)