



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1920-75

File ID: R-1920-75 **Type:** Resolution **Status:** Consent Item

Version: 1 **Reference:** Item 31 **In Control:** City Council

Department: Planning and Community Development Department **Cost:** **File Created:** 12/03/2019

File Name: HERS Program Resolution

Final Action:

Title: RESOLUTION R-1920-75: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA ESTABLISHING PROCEDURES ALLOWING BUILDING PERMIT FEES CHARGED PURSUANT TO SECTION 5-104 OF THE NORMAN CITY CODE TO BE ADJUSTED AND SATISFIED AS AN INCENTIVE FOR RESIDENTIAL HOMES ACHIEVING CERTAIN HOME ENERGY RATING SYSTEM (HERS)/ ENERGY RATING INDEX (ERI) SCORES, AND CONTINUING THE PILOT PROGRAM ESTABLISHED IN RESOLUTION R-1718-117 THROUGH JUNE 30, 2020.

Notes: ACTION NEEDED: Motion to adopt or reject Resolution R-1920-75.

ACTION TAKEN: _____

Agenda Date: 12/10/2019

Agenda Number: 31

Attachments: R-1920-75

Project Manager: Jane Hudson, Director of Planning and Community Development

Entered by: rone.tromble@normanok.gov

Effective Date:

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File R-1920-75

Body

HISTORY OF THE HERS/ERI PROGRAM: On November 16, 2017, January 25 and March 29, 2018, staff presented to City Council Community Planning and Transportation Committee (CPTC), information regarding incentive programs for incentivizing ecologically friendly (“green”) building practices to gather feedback on potential incentive areas for future program development and Committee consideration. The City Council identified incentivizing optional “green building codes” as a secondary destination short-term goal (1-2 years) during the August 2017 Council Retreat.

From discussion at meetings and subsequent Committee direction, staff met with local builders and stakeholders to discuss potential incentives, specifically in the area of green residential construction. The Committee also recommended that areas for green building incentives could more specifically begin by focusing on areas of homes utilizing Home Energy Rating System (HERS)/Energy Rating Index (ERI) for energy efficiency.

At the March 29th CPTC meeting, staff presented information related to HERS/ERI rating processes and suggested a pilot program for an incentive program for HERS/ERI-rated new single-family home construction. HERS/ERI scores can be lowered through efficient architectural design, optimal home orientation, reduced air leakage and intrusion, installation of high-energy efficiency appliances and heating, ventilating and cooling equipment, and other methods. The CPTC recommended moving the pilot program forward for further Council discussion and consideration. Council discussed moving a resolution forward to enact a 6-month pilot program for consideration at the May 8, 2019 City Council Conference.

The suggested pilot program provides an incentive for new single-family residential home construction through an adjustment of the building permit fee based on the final HERS/ERI index rating (or score) of the home. A percentage of the building permit fee would be charged based on the home's final score. From discussions with the City Legal Department, it appears that allowing HERS/ERI home performance to satisfy all or a portion of Building Permit Review Fees following construction of the Rated Home is a preferable approach to paying, rebating or reimbursing previously paid fees. The portions of the fee subject to the performance incentive are limited to purely regulatory costs, exercise of the City's discretion determining the amount of the fee ultimately imposed promotes clarity in procedure and uniformity in administration of the incentive.

The building permit fee for a single-family home is based on a fee of \$0.14/sq. ft. of the structure. The proposed pilot program would charge a percentage of that building permit fee (for new, single-family residential homes) based on a specified HERS/ERI score. Additional fee adjustments would be included for homes achieving scores lower than the minimum HERS/ERI score determined for the adjusted fee. The proposed pilot program would allow for a 50% building permit fee adjustment for a home achieving a HERS/ERI index rating of 65, with an additional 5% fee reduction for each point below 65. The actual monetary amount of the waiver would vary based on the square footage of the structure. The permit review fee could potentially be adjusted to \$0 if the home achieved a HERS/ERI score of 55 (additional 5% per point x 10 points below 65).

Building Permit Fee Adjustment Process

The process for applying for an adjusted building permit fee would begin with the applicant/builder completing an Annual Participation Program application with the City.

Once the participation application is completed, potential building permit fee adjustments for the HERS/ERI score would be noted on the building permit application, noting intent of the applicant/builder to pursue a positive HERS/ERI index rating for the home. Additional documentation of the HERS/ERI index components in the building plan would potentially need to be indicated in the building plans for verification of pursuit of a HERS/ERI index score.

Homes indicating pursuit of a HERS/ERI index score of 65 or less on their building permit application would not be required to initially pay the building permit fee portion of the permit. All other fees for utility connections, metering, erosion control, parks, Wastewater Excise Tax, and the Oklahoma Uniform Building Code Commission fee (\$4) will still be charged when the building permit is issued.

Final building permit fee adjustments would be based on the applicant/builder submitting a final HERS/ERI index score report and subsequent verification of the final HERS/ERI index score by staff. Following staff review, the final total of the building permit fee will be determined, and any outstanding fees owed would be required to be paid prior to City issuing a final Certificate of Occupancy (CO). Applicants may appeal final building permit fee determinations by staff to the Planning and Community Development Director.

DISCUSSION: The HERS/ERI Pilot Program initially began on July 1, 2018, with the adoption of Resolution R-1718-117. Council has approved two additional 6-month extensions of the Hers Program with current expiration scheduled on December 31 2019. This Resolution, R-1920-75, will extend the HERS Program through June 30, 2020 meeting the two-year mark of the Program. As noted above, this pilot program is a result of the August 2017 Council Retreat with the designation of the “green building codes” as a secondary destination short-term goal (1-2 years).

CURRENT STATISTICS: To date, 185 homes have applied to the program. From July 1, 2018 - December 3, 2019, 436 single family homes applied for building permit. This translates to approximately 42% of the new homes being constructed applying for the pilot program. Overall, 7 of the 185 applications withdrew from the HERS program, these withdrawals were not associated with the city process.

To date, 42 homes have received Certificate of Occupancy (CO). Of those 42 applications receiving CO, 15 have paid a percentage of fees, these fees range from \$5 to \$65. The other 27 received full benefit of the HERS program - meaning they paid no permit fees. The average permit fee not paid to the city is \$380 per permit; this calculation is based on an average 2,100 SF home - overall \$9,650 of building permit fees have not been paid to the city for builders complying to the HERS program.

In an effort to allow for the completed construction of several homes and review compliance, to gather data so as to help the Council make a decision about making the program permanent (i.e. Ordinance amendments), staff is proposing a Resolution for Council approval that would continue the pilot program through June 30, 2020. This timeline extension would allow staff to gather information about the projected cost of the program and baseline HERS/ERI score of the new homes constructed in Norman as part of the program.

RECOMMENDATION: At this juncture, staff recommends Resolution R-1920-75 continue the HERS/ERI pilot program until June 30, 2020 with staff reporting back to the CPTC, Council Finance Committee and/or full City Council before the June 30, 2020 date to discuss continuation of the program, program financial impacts, and/or potential program revisions.