



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1920-125

File ID: R-1920-125

Type: Resolution

Status: Consent Item

Version: 1

Reference: Item 26

In Control: City Council

Department: Planning and
Community
Development
Department

Cost:

File Created: 06/18/2020

File Name: HERS/ERI Resolution

Final Action:

Title: RESOLUTION R-1920-125: 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 COMPLETION OF THE PILOT PROGRAM ESTABLISHED IN RESOLUTION R-1718-117 THROUGH JUNE 30, 2021.

Notes: ACTION NEEDED: Motion to adopt or reject Resolution R-1920-125.

ACTION TAKEN: _____

Agenda Date: 06/23/2020

Agenda Number: 26

Attachments: R-1920-125

Project Manager: Jane Hudson, Director of Planning & Comm Dev

Entered by: rone.tromble@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File R-1920-125

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 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 is 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 charges a percentage of that building permit fee (for new, single-family residential homes) based on a specified HERS/ERI score. Additional fee adjustments are included for homes achieving scores lower than the minimum HERS/ERI score determined for the adjusted fee. The proposed pilot program allows 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 varies 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 begins 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 are 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 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 are not 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) are charged when the building permit is issued.

Final building permit fee adjustments are 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 are 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 in May of 2018. Council has approved three additional 6-month extensions of the HERS Program with current expiration scheduled for June 30, 2020.

This new Resolution, R-1920-125, will extend the HERS Program a final twelve months, through June 30, 2021, meeting the three-year mark of the HERS Program. As noted above, this pilot program was 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). While the community has reacted positively to the program, home-building is a lengthy process that has slowed the City’s acquisition of statistics regarding the success of the Program. There is also concern that recent events and COVID-19 measures may have augmented the participation in the Program. Extension of this HERS Program for a one-year period will allow a final additional window of time to review the results of the Program and allow City Council discussion of whether to implement the Program, or some form of it, permanently.

CURRENT STATISTICS: To date, 305 applications for single-family homes have applied to the program. From July 1, 2018 - May 31, 2020, 862 single-family homes have applied for building permits. This translates to approximately 35% of the new single-family homes have applied for the HERS program. Overall, 21 of the 305 applications withdrew from the HERS program; these withdrawals were not associated with the city process. When an applicant withdraws from the process, permit fees are paid at the time of Certificate of Occupancy (CO).

To date, 126 homes have received Certificate of Occupancy (CO). Of those 126 applications receiving CO, 54 have paid a percentage of fees, these fees range from \$5 to \$100. The other 72 received full benefit of the HERS program - meaning they met the HERS score of 55 or less and they paid zero permit fees to the City. 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 \$41,084 of the building permit fees have not been paid to the City as a result of 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

continues the pilot program through June 30, 2021. As we are all aware the COVID-19 Pandemic delayed the process of staff updating Council on many municipal items, this being one of them. This timeline extension allows staff additional time to gather information about the projected cost of the program and baseline HERS/ERI scores of the new homes constructed in Norman as part of this Program.

RECOMMENDATION: At this juncture, staff recommends Resolution R-1920-125 continue the HERS/ERI program until June 30, 2021 with staff reporting back to the CPTC, Council Finance Committee and/or full City Council before the June 30, 2021 date to discuss continuation of the program (i.e., Ordinance amendments), program financial impacts, and/or potential program revisions.