

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE

New Buildings Committee Meeting

Wednesday, October 8, 2008, 1:00 pm – 4:00 pm

Seattle Downtown Central Library 1000 4th Avenue

Washington Mutual Foundation Room (Level 4, Room 1)

MEETING SUMMARY

Prepared by Triangle Associates, Inc.

Attendance

Green Building Task Force				
Last	First	Organization	Committee	In Attendance?
Adelstein	Aaron	Master Builders Association/Built Green	New	✓
Chase	Patricia	International Sustainable Solutions	New	✓
Dinndorf	Jerry	Associated General Contractors	New	✓
Dolwick	Carrie	NW Energy Coalition	New	✓
Drummond	Susan	Foster Pepper, PLLC	New	✓
Dunn	Liz	Dunn+Hobbs	New	<input type="checkbox"/>
Elwell	Chris	Building Construction Trades Council (BCTC)	New	<input type="checkbox"/>
Frank	Kari-Lynn	NAIOP	New	<input type="checkbox"/>
Frankel	Mark	New Buildings Institute	New	<input type="checkbox"/>
Gregory	Bert	Mithun	New	Rich Franko
Horn	Don	US General Services Administration	New	✓
Howe	Douglas	Touchstone Corporation	New	✓
Jonlin	Duane	NBBJ	New	✓
Lowe	Marco	Triad Development	New	<input type="checkbox"/>
Mann	Kelly	Urban Land Institute - Seattle	New	✓
Marseille	Tom	Stantec Consulting	New	Brian Griffith
McCumber	Mary	Futurewise	New	✓
McLennan	Jason	Cascadia GBC	New	✓
Mitra	Anindita	American Planning Association	New	<input type="checkbox"/>
Powers	John	Colliers International	New	<input type="checkbox"/>
Pryde	Curt	Pryde-Johnson	New	✓
Purcell	Paul	Beacon Development Group	New	<input type="checkbox"/>
Richmond	Lisa	AIA Seattle	New	<input type="checkbox"/>
Schuster	Mark	The Schuster Group	New	<input type="checkbox"/>
Southard	Patti	King County GreenTools	New	✓
Stolarski	Bob	Puget Sound Energy	New	<input type="checkbox"/>

City of Seattle & Presenters			
Last	First	Department	In Attendance?
Antonoff	Jayson	Seattle DPD	✓
Atwood	Glenn	Seattle City Light	✓
Dobrovoly	Peter	Seattle DPD	✓
Eichel	Amanda	Seattle OSE	✓

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City of Seattle & Presenters			
Last	First	Department	In Attendance?
Howard	Sandy	Seattle DPD	✓
Lail	Jennifer	Seattle DPD	✓
Meyer	Dennis	Seattle DPD	✓

Consultants			
Last	First	Organization	In Attendance?
Blair	Ellen	Triangle Associates	✓
Bonham-Carter	Claire	EDAW	✓
Clement	Christopher	EDAW	✓
Kern	Michael	Triangle Associates	✓

General Public (<i>several in attendance, none signed up to speak</i>)			
Last	First	Organization	In Attendance?
Indig	Harry	NSSC, KDS	✓

Meeting Purpose

The purpose of this meeting was to provide the Committee with information about density bonus and priority green permitting policy options and to get the Committee members' input on which of the incentive policy options were of most interest to them.

Welcome and Updates

Facilitator Michael Kern of Triangle Associates opened the meeting and noted that there would be time available at the end of the meeting for public comment. Michael reviewed the agenda and meeting materials and led a round of introductions.

Michael said that the City of Seattle Department of Planning and Development (DPD) has agreed to create an online Task Force discussion forum by the end of October to facilitate communication among Task Force/Committee members who want to interact in a more in-depth manner than is possible at Task Force/Committee meetings.

Amanda Eichel, City of Seattle Office of Sustainability and Environment, reported that the Existing Buildings Committee had discussed four potential funding sources and two potential repayment mechanisms at its October 7 meeting. She said that there had been a lot of discussion as to whether financing was a barrier to energy efficiency work and whether the availability of free money or cheap money is more important to stimulate energy efficiency work. Committee members thought that the commercial building sector needs free money, while the availability of cheap money is more for the multi-family residential sector.

The November 20, 2008 New Buildings Committee meeting was rescheduled to November 13, 2008 at 2:00 pm to enable more Committee members to attend.

Jayson reminded the Committee that the overall goal of the Mayor's Green Building Task Force is to help the City understand how to align its policies with the 2030 goal for energy consumption. He

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provided the Committee with the following “framing questions” to guide their discussion of density bonus and priority green permitting policy options.

Framing Questions

1. How effective do you think this policy would be in reducing the energy consumption of new buildings and major renovations?
2. What would the impact be upon developers/owners/tenants within:
 - a. Multi-family sector
 - b. Commercial sector
3. Does this create any potential social equity issues?
4. Does this do “enough” to make a difference? If not, what could be changed to make this policy more effective in achieving our goals?
5. What other thoughts, comments, ideas do you have on these policy options?

Density Bonus

Christopher Clement, EDAW, provided an overview of the density bonus policy option. Christopher's PowerPoint presentation and the density bonus scorecard are available on the Green Building Task Force website.

At the end of his presentation, Christopher highlighted the following recommendations for the committee to consider.

Recommendations for Committee Consideration

- Use threshold building performance qualifications beyond just Leadership in Energy and Environmental Design (LEED) certification, such as additional LEED Energy and Atmosphere (EA) credits or local energy performance standards
- Include an enforcement mechanism such as a bond program to ensure program compliance
- To maximize energy savings, set:
 - Achievable energy efficiency standards (minimum LEED Silver + some EA credits)
 - Attractive floor area ratio (FAR) incentives (ranging from 0.2 to 0.4) for each typical building type and size

Michael asked the Committee to consider framing questions 1 and 4 together since they overlap.

- 1. How effective do you think this policy would be in reducing the energy consumption of new buildings and major renovations?**
- 4. Does this do “enough” to make a difference? If not, what could be changed to make this policy more effective in achieving our goals?**

The Committee agreed that a density bonus program could be a useful piece of an energy efficiency solution, but only part of the solution. The Committee also agreed that LEED alone was not an appropriate metric for a density bonus.

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Committee members had several comments regarding the appropriate standard for developers to earn a density bonus. Comments specific to LEED include the following:

- LEED-certified and LEED Silver ratings are not ambitious enough; LEED Gold or Platinum ratings might be more appropriate targets.
- Since the energy requirements for LEED are similar to existing Seattle energy code, LEED alone does not achieve the kind of energy efficiency improvements the City is targeting. Requiring separate energy use metrics in addition to LEED might address that problem.
- Though LEED may not specifically address the energy efficiency improvements the City desires, it does provide a metric for an overall green building, including factors other than energy. The City should mandate the energy efficiency improvements it wants through codes and use LEED as the bar for a density bonus or other incentive to reward development of a comprehensively green building; "let LEED do its job!"
- Using a rating system like LEED would provide credibility in the marketplace and allow developers to effectively market green buildings.
- It may be difficult for smaller developers outside of downtown to afford the LEED certification process.

Additional comments regarding the appropriate standard for a density bonus program include the following:

- Green building targets should be based on building type; a matrix of building type and size with associated ratings and FAR incentives should be used. A developer would use it to identify the target rating and associated FAR incentive for a proposed building.
- The City should consider the Cascadia Region Green Building Council's Living Building Challenge as the target for incentives. That would get the City to its 2030 challenge goals, because net zero carbon is the minimum for these buildings.
- The City should consider the Built Green Multifamily Certification as a standard, which has energy standards equal to or better than LEED.
- The City should stay out of prescribing design, especially since technology and design are changing so rapidly, but should set high performance targets instead.

Committee members also had several comments and suggestions regarding the details of a density bonus policy. Their comments included the following:

- It is important to expand the density bonus beyond downtown.
- A density bonus policy should not take the place of a stringent regulatory structure, but could be useful as an incentive to build even "greener" buildings than is required by code.
- Developers should receive higher FAR the better the building performance level is to encourage continual improvement in building performance. Essentially, there should be a sliding scale.
- Perhaps developers who go above and beyond the density bonus standard could receive a rebate on the building permit fee.
- If a mandate is enacted as well as an incentive, the incentive standard needs to be higher than the mandated standard.

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- To be effective, a density bonus policy needs to be predictable, measurable, and easy to implement.
- To be successful, it is critical for a density bonus policy to be simple and focused on achieving the 2030 goal.
- Enforcement should be stricter than it is for the City's existing density bonus program. The penalty for not meeting the green building target should be higher to encourage developers to meet the target.

2. What would the impact be upon developers/owners/tenants within:

- a. Multi-family sector**
- b. Commercial sector**

A Committee member noted that FAR incentives should be used for both commercial and multifamily developments rather than tying incentives to lot coverage.

3. Does this create any potential social equity issues?

A Committee member noted that the fact that developers might be able to recoup costs invested in achieving a density bonus standard by charging higher rents does not correlate to social equity issues. Offering the advantages of density, such as mass transit and walking distance to amenities, in high-cost areas does not benefit low-income residents. This member said the City will need to consider other policies to create affordable housing downtown.

One Committee member commended the City for so far maintaining a balance between encouraging green building and affordable housing, even where the downtown density bonus currently applies, and encouraged the City to maintain that balance if the density bonus is expanded beyond downtown.

A Committee member noted that while the City is working on sustainable building policy separately from affordable housing policy, sustainable buildings with lower operating costs are beneficial to workforce housing residents.

5. What other thoughts, comments, ideas do you have on these policy options?

Committee members discussed the appropriate role of glazing in improving a building's energy efficiency. One Committee member felt that developers should be penalized for high levels of glazing because glazing percentage is a prime factor in energy consumption. Others noted that people prefer buildings with more glazing. Multiple Committee members recommended that the City stay out of building design and develop performance-based policies, which would allow developers to decide how to deal with glazing and energy performance.

One Committee member noted that innovation is moving quickly, and we don't want to limit ourselves with prescriptive approaches.

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One Committee member said one way to think about glazing issues is to take a neighborhood or district level approach to energy use; we could be reducing energy consumption at this scale even if some individual buildings were less efficient.

Several Committee members emphasized that the City should keep its overall policy approach simple and predictable; don't layer too many different programs. We do not have a lot of time to solve these issues, and the more complex it is the less effective it will be.

Status Report for City of Seattle's Density Bonus Program

Dennis Meyer, a DPD staff member who works on density bonus issues, provided a brief status report on the City's density bonus. He said that the City's existing downtown commercial density bonus program will sunset in 2011, at which time it will be reconsidered. He outlined the next steps for potentially expanding the density bonus program to residential development and to areas outside of downtown, including the following:

- Multifamily zoning will be the next step for the density bonus program.
- Draft legislation has been presented to the City Council for a density bonus program in urban villages and centers and for a high rise building zone in the First Hill neighborhood.
- The draft legislation states that buildings must be LEED Silver certified in order to receive the FAR incentive.
- The draft legislation includes a Green Factor requirement for all multifamily development in areas covered by the policy.
- City Council will begin deliberations on the draft legislation during the first quarter of 2009.

Priority Green Permitting

Claire Bonham-Carter, EDAW, provided an overview of the priority green permitting policy option. Claire's PowerPoint presentation and the scorecard for priority green permitting are available on the Green Building Task Force website. Claire noted that the City of Seattle's existing priority green permitting program provides permitting facilitation services for participants, but does not provide expedited permitting.

In response to a question about the relative popularity of different tiers in Chicago's priority green permitting program, Christopher said that a slight majority of projects are developed in Tier 1, which has a lower participation requirement than Tier 2. Projects in Tier 1 receive reduced permitting time, while projects in Tier 2 also receive a fee waiver of up to \$25,000.

At the end of her presentation, Claire highlighted the following recommendations for the Committee to consider.

Recommendations for Committee Consideration

- Focus the policy on providing expedited permitting services, not just permitting facilitation
- Consider potential costs and benefits of including a fee waiver/reduction component

Michael again asked the Committee to consider framing questions 1 and 4 together since they overlap.

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- 1. How effective do you think this policy would be in reducing the energy consumption of new buildings and major renovations?**
- 4. Does this do "enough" to make a difference? If not, what could be changed to make this policy more effective in achieving our goals?**

Committee members expressed strong support for a priority green permitting policy with expedited permitting services, not just permitting facilitation. Committee members noted that expedited permitting could provide substantial financial benefits to developers, and therefore tenants, by avoiding construction escalation costs and reducing financing costs. One Committee member noted that expedited permitting could reduce market risk to developers by allowing them to respond to market conditions more quickly.

Several Committee members noted that since predictable, expedited permitting would be a huge benefit for developers, the City should expect to see high participation rates and significant results.

The Committee discussed how the City could achieve a truly expedited review process, given that the building permit process is only one among several project review processes, including State Environmental Policy Act (SEPA) review, City design review, and others. A Committee member said the development community would be very skeptical that the City could reduce the overall project review period.

Committee members suggested a few ways to facilitate and expedite the various review processes, including the following:

- The City could counsel project proponents through the design review process to help them prepare at an early stage and understand how to successfully incorporate Design Review Board feedback.
- The City could help project proponents use underutilized SEPA provisions to streamline the SEPA review process.
- The City could look to Transfer Development Rights precedents for lifting SEPA requirements for compact development in designated areas in exchange for preservation elsewhere as a model for encouraging desirable buildings and development.

Committee members said that to be successful with a priority green permitting policy, the City would need to define how much time developers might expect to save on review processes. One Committee member suggested that to create accountability, the City ought to pay a penalty to a developer if the expedited time frame is not met.

A Committee member said the City needs to raise the bar for priority green permitting services to be more ambitious than LEED Silver. Another Committee member recommended creating a menu of options for earning the density bonus, rather than a sole source program. At a minimum this menu should include LEED, Built Green, and the Living Building Challenge.

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A Committee member commented that priority green permitting has the advantage that it can be implemented very quickly. This member said the City should advertise the policy and provide education to the whole community to generate support for the builders who use it.

Two Committee members said priority green permitting captures valuable indirect benefits that can advance green building. They felt that positioning the City as a partner to help developers will create a cadre of developers and architects who think differently about design and can be ambassadors to their professional communities.

- 2. What would the impact be upon developers/owners/tenants within:**
 - a. Multi-family sector**
 - b. Commercial sector**

There were no comments specific to this question.

- 3. Does this create any potential social equity issues?**

Committee members objected to saying in the stakeholder impacts analysis that lower income areas would benefit from lower utility bills. They noted that all energy customers would benefit from lower utility bills, not low income areas specifically.

One Committee member said that cost savings to developers from expedited permitting and lower energy costs could make housing more affordable.

A Committee member suggested providing additional incentives to developers who propose desirable development in low income areas or other areas of interest. Another Committee member noted that LEED certification costs developers money, but Built Green and Evergreen standards waive fees for low-income and non-profit projects. This member suggested the City allow exceptions for affordable housing projects.

- 5. What other thoughts, comments, ideas do you have on these policy options?**

A Committee member suggested that the City engage the non-governmental organization community to help with expedited permit processing if and when demand exceeds City staff capacity.

In discussing the economic benefits of priority green permitting, a Committee member suggested that developers would also gain a net-profit benefit by virtue of having an energy efficient or "green" building.

"Check-In" on Incentive Options

Jayson said the Committee had seen all of the incentive policy options that would be considered. These incentive policy options were listed on flip charts on the wall. He said that he had heard overall that Committee members prefer simple policies and programs. To help him identify trends in the Committee's policy preferences, Jayson asked Committee member to indicate which of the incentive

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policy options were of most interest to them based on the policy's effectiveness, feasibility, and acceptability. Committee members placed a green sticker by their first choice incentive policy and a yellow sticker by their second choice incentive policy.

The distribution of green and yellow stickers is shown below.

Incentive Policy Option	Green Stickers	Yellow Stickers
Priority Green Permitting	6	4
Density Bonus	5	3
Green Building Feebate	3	5
Green Investment Fund	0	0

Open Discussion New Building Issues

Additional Topics for Committee Discussion

Jayson provided a list of ten topics that Committee members had suggested be added to the Committee's work plan for discussion. The list included Jayson's suggestions for how to address each topic, either by incorporating them into the planned topics of discussion, adding them to Committee's the work plan, or acknowledging them in the recommendations to the Mayor but recognizing them as outside the scope of the Task Force.

Jayson said that the policy consultant could take on one additional topic for policy analysis. He asked the Committee members to identify which of the suggested topics were most important for the policy consultant to review and present to the Committee.

The Committee identified the following top three priorities as topics of discussion for the City to consider adding to the work plan: 1) consider solutions "beyond the building envelope," for example recovery of waste heat and distributed systems; 2) create alignment between the City's high level goals and existing codes and permitting processes; and 3) consider evaluating actual building performance using scorecards or other benchmarks.

The City agreed to determine how best to incorporate those additional topics into the work plan and which topic to assign to the policy consultant for analysis and presentation at the next Committee meeting.

Open Discussion

A Committee member urged the City to consider the interplay between energy efficiency policies and other issues such as indoor air quality to avoid the unintended negative consequences. This member noted that low income housing tends to have relatively poor indoor air quality.

Another Committee member made the following three points:

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- While embodied energy is difficult to define, the City of Seattle needs to do something to better recognize the value of existing buildings to avoid losing Seattle's heritage and character. Portland has done a better job of integrating new construction with existing buildings.
- It is critical to evaluate actual building performance to ensure achievement of improved efficiency. Incentive policies should tie the incentive to actual building performance, and actual performance should be compared to modeled performance so we can become smarter designers.
- The City should look at ways to encourage a district approach to energy. Mechanical engineers and sustainable designers are always looking for less expensive sources of energy.

A Committee member said that a priority green permitting or density bonus policy would have to be prescriptive-based because the incentive is upfront. This member felt that most projects would comply even without a post-construction performance evaluation and provide a net energy benefit.

Two other Committee members emphasized the importance of aligning the City's existing codes and permitting process with its high level goals to eliminate conflicts that prevent developers from doing more to reach the City's goals.

Other Committee members said the Committee needs to discuss the appropriate source of funds for non-revenue neutral policy options. They noted that several Committee members resisted the idea of increasing costs to developers or to the City, especially during the current economic downturn. One Committee member wondered if demonstrated energy savings from building performance evaluations could be translated into money saved on infrastructure by Seattle City Light, and thus be used as a source of City funding.

One Committee member wondered how City policies would relate to the cap and trade system under the Western Climate Initiative, especially since the cap and trade system will target carbon, not energy. Another Committee member suggested that the cap and trade system should consider land use as well as green buildings.

Committee members wondered if the ability to sell clean hydropower to other regions, assuming the City can reduce energy consumption enough to produce excess hydropower, should be included as a benefit in the economic analysis of policy options. Jayson noted that the cost effectiveness analysis for policies considered by the Green Building Task Force is to intended to be consistent with Seattle City's Light's assumptions. Glenn Atwood, Seattle City Light (SCL), said that SCL accounts for revenues from excess energy that can be sold in its cost-effectiveness analysis. He said that SCL and the City of Seattle have started discussing how such financial benefits could be applied to the City. He cautioned that it was important to use a consistent analysis for all of the policy options under consideration by the Task Force.

Wrap-Up

Public Comment

There was no public comment.

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Final Thoughts

A list of decisions/action items will be produced and emailed to the Committee in one week. A draft meeting summary will be sent for review and approval by the Committee. Once approved, the meeting summary will be posted to the Green Building Task Force website along with the presentations or support materials. Meeting materials will be provided electronically in advance of Committee meetings. If the total size of the attachments is more than 1 MB, a website link will be provided where Task Force members can access the large documents. Committee members may contact Michael, Ellen Blair, Amanda or Jayson if they wish to receive meeting materials in hard copy.