

CITY OF GAINESVILLE

INTER-OFFICE COMMUNICATION

DATE:

September 13, 2006

TO:

Community Development Committee

FROM:

SUBJECT:

50% Reduction in Building Permit Fees for Green Buildings

Thomas D. Saunders, Community Development Director

Currently the green building ordinance (attached) provides for a 50% reduction in fees for buildings meeting green standards (Florida Green Building Program's Green Home designation standards for residential, and L.E.E.D. 2.0 for commercial buildings). These reductions in building permit fees have been offered by the City since October 2002.

Beginning in October 2006, Building Inspections will become an enterprise fund based upon Florida Statutes. Permit fees collected are to be used solely for carrying out the local government's responsibilities in enforcing the Florida Building Code. As a result, discounted permit inspection fees are no longer permissible.

In the past several years the 50% discount in building permit fees has totaled the following for green buildings: \$2,634 in 2003; \$3,098 in 2004; \$5,660 in 2005; and \$7,440 in 2006 to date. Most discounts have been for single-family units but the Kangaroo station on N. Main Street recently received the discount as well.

The City Commission has budgeted \$100,000 in general funds for FY 06 to cover the discounted amount. During FY 06, staff anticipates that the discount will be provided for Gainesville Greens, houses in Madera, Gatorwood Apartments and houses in Northpoint at Ironwood. During the coming year, the green building discounts could exceed \$200,000. In a short time period, the City has gone from just a few houses meeting these standards to a situation where entire subdivisions and large-scale developments will likely receive the discount. Given that change, and the fact that any discounts have to be compensated for by another City funding source, the City may want to change its approach. Therefore, staff recommends that the green building discount be shifted to site plan fees for nonresidential buildings, since these discounts would be within planning and would not have to be compensated from another fund. Staff recommends that the building permit discount be continued for residences, since no site plan fee is charged by planning for residences, but reduced to 25% for residences.

TDS/blb

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Attachment



City of Gainesville

Run Date: 09/07/06

Innovative Government Software

BUILDING INSPECTION DEPARTMENT

Page 1

Permits by Permit Type Detail Report

From 01/01/06 to 09/07/06 < REACHED STATUS: APPLIED >

Selective Criteria: permit_name => NEW SINGLE FAMILY (GREEN) And permit_name <= NEW SINGLE FAMILY (GREEN)

Permit Type Property Address	Permit # Parcel ID	Report Code	Property Owner	Contractor	Valuation Amount	Total Charge	Total Paid
NEW SINGLE FAMILY (GREEN)	2006649	10:15:25	NHD6	THE FLANAGAN	7/6(337/00)	\$324.38	\$324.33
4550 NEJSTER	08(6040(D4030			Status, <u>Applied</u> 04/27/06	Terivel onavos	Closed	
NEW SINGLE FAMILY (GREEN)	2006650	101	NHDC	THE FLANAGAN	92,284.00	\$385.26	\$385.26
4564 NE 15 TER	08160-010-031			Status: Applied 01/27/06	<u>Issued</u> 01/31/06	<u>Closed</u>	08/10/06
NEW SINGLE FAMILY (GREEN)	200665]	210112	NHDG	THE FLANAGANESS (C. 128)	811, <u>608</u> ,00	# \$343 ¹ 56*.	\$343,56
4578 NE 15 TER	08160-010-032			: Status: <u>Apolled</u> oliedlos		<u>Closed</u>	07/27/06
NEW SINGLE FAMILY (GREEN)	2006652	101	NHDC	THE FLANAGAN	100,036.00	\$417.03	\$417.03
4581 NE 15 TER	081 6 0-010-048			Status: Applied 01/27/06	<u>Issued</u> 01/31/06	<u>Closed</u>	08/08/06
NEW SINGLE FAMILY (GREEN)	2006653	101	NHDG **	ETHÉ FLANAĞAN	92,284,00	\$385.26	\$385.26
4580 NE 16 TIER - 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	08160-010-054			Saus <u>Applied</u> 01 <i>21</i> 06	<u> </u>	Closed	08/08/06
NEW SINGLE FAMILY (GREEN)	20061446	101	KAPLAN & PAULTER	GARY R PAULTER	98,963.00	\$408.31	\$408.31
4567 NE 15 TER	08160-010-049			Status: Applied 02/24/06	<u>lssued</u> 02/28/06		
NEW SINGLE FAMILY (GREEN)	20061449	101 - 3	KAPLAN & PAULTER	GARYR PAULTER	98(085,00	\$407.77	\$407.77
4553 NE 15 TER	₹08160∓010 ≥050			Status <u>Applied</u> 02/24/06	<u> </u>		
NEW SINGLE FAMILY (GREEN)	20061747	101	NHDC	THE FLANAGAN	92,284.00	\$385.26	\$385.26
4623 NE 15 TER	08160-010-047			Status: Applied 03/09/06	<u>Issued</u> 03/23/06		
NEW SINGLE FAMILY (GREEN)	20061748	-101	NHDC	THE ELANAGAN	\$4, 100,036,00 = ±	\$417:03	\$417.08
4622 NE 16 TER	+08160-010-055			Status: <u>Applied</u> 03/09/06	SSUED 03/23/06.		

Permit Type Property Address	Permit # Parcel ID	Report Code	Property Owner	Contractor		Valuation Amount	Total Charge	Total Paid
NEW SINGLE FAMILY (GREEN)	20061749	101	NHDC	THE FLANAGAN	N	100,036.00	\$417.03	\$417.03
4650 NE 15 TER	08160-010-033			Status: Applied	<u>d</u> 03/09/06	Issued 03/23/06		
NEW SINGLE FAMILY (GREEN)	-20061 75 0 fla	101	NHDC	THE FLANAGAN	V	100,036.00	\$417.03	\$417.03
4646 NE 16 TER 2015 15 15 15	08160-010-057			Status: <u>Applie</u>	<u>d</u> :03/09/06 -	.: <u>Issued</u> 03/23/06		
NEW SINGLE FAMILY (GREEN)	20062823	101	THE FLANAGAN	THE FLANAGAN	V	121,924.00	\$497.53	\$497.53
4523 NE 16 TER ALL	08160-010-024			Status: Applied	<u>d</u> 04/14/06	<u>Issued</u> 04/17/06		
NEW SINGLE FAMILY (GREEN)	,2 0063640 - , , , ,	101	THE FLANAGANE	A THE FLANAGAN	V Babin	94,039,00	\$392.77	\$392.77
4551 NE 16 TER	08160-010-022			Status: <u>Applie</u>	<u>d</u> :05/16/06	<u>lssued</u> 05/23/06		
NEW SINGLE FAMILY (GREEN)	20063642	101	NHDC	THE FLANAGAN	V	100,036.00	\$417.03	\$417.03
4634 NE 16 TER	08160-010-056			Status: Applied	<u>d</u> 05/16/06	<u>Issued</u> 05/25/06		
NEW SINGLE FAMILY (GREEN)	20063643	101	NHDC 1	THE FLANAGAN	N. Sec. 1	100,036,00%	5,\$417,03 .	. \$417.03
4635 NE 15 TER 14 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	08160-010-046			Status: <u>Applie</u>	<u>d</u> *05/16/06	<u> Issued</u> 05/25/06		
NEW SINGLE FAMILY (GREEN)	20064431	101	NHDC	THE FLANAGAN	V	100,036.00	\$417.03	\$417.03
4658 NE 16 TER	08160-010-058			Status: Applied	<u>d</u> 06/15/06	<u>Issued</u> 06/16/06		
NEW SINGLE FAMILY (GREEN)	20064432	101 : 3	NHDC	THE FLANAGAN	V-	92,284,00	-{\$385.26	\$385.26
4659 NE:15 TER	08160-010-044			Status: <u>Applier</u>	<u>d</u> 06/15/06	* <u> ssued</u> *06/19/06		
NEW SINGLE FAMILY (GREEN)	20065540	101	DUNCAN & CHESAPEAR	CE MARTIN P. MCF	FALL	152,637.00	\$605.61	\$605.61
3745 SW 21 TER	07280-030-083			Status: Applied	<u>d</u> 08/01/06	<u>Issued</u> 08/09/06		
Totals for Permit Type			# Permits	<u># Units</u> Va	luation	Permit Fees Cha	rged Perm	it Fees Paid
NEW SINGLE FAMILY (GREEN)		18	18 \$1,7	793,231.0	\$7,440.1	3	\$7,440.13

Report Totals:

Permits 18 Total Valuation \$1,793,231 Permit Fees Charged \$7,440.13

Permit Fees Paid \$7,440.13

ECONOMIC DEVELOPMENT INTEROFFICE MEMORANDUM

10: COMMUNITY DEVELOPMENT COMMITTEE & GEZDA BOARI

FROM: ERIK A BREDFELDT, ECONOMIC DEVELOPMENT DIRECTOR

SUBJECT: 50% DISCOUNT IN BUILDING PERMIT FEES IN THE GAINESVILLE ENTERPRISE

ZONE

DATE: SEPTEMBER 18, 2006

Currently, Ordinance # 050669 (see attached) provides for a 50% discount in all building permit fees for new construction, additions and renovation occurring in the area designated as the Enterprise Zone (see attached). In addition, all land development fees applicable to land development in the area designated as the Enterprise Zone are discounted by 50% as well. These discounts in building permit and land development fees have been offered by the City of Gainesville within the Enterprise Zone since 1995 and were recently reinstituted as part of the Enterprise Zone reauthorization process as approved by the City Commission in December, 2005.

Beginning in October, 2006, the Building Inspection Department will become an Enterprise Fund based upon Florida Statutes. User fees collected (permit fees) are to be utilized solely for carrying out local government's responsibilities in enforcing the Florida Building Code and as a result, it is reported that discounted permit inspection fees are no longer permissible.

In the past several years the 50% discount in building permit fees has totaled the following for the Enterprise Zone:

	<u> 10tal </u>
FY 2003	\$113,240
FY 2004	\$143,626
FY 2005	\$184,820
FY 2006 (To Date)	\$180,076

In deliberating on moving forward regarding the provision of the 50% building permit fee discount the Committee/Board should consider the following:

- 1) Although the 50% discount has been offered in past years, it is questionable whether the provision of this incentive has resulted in inducements to private industry to make a location decision favorable to the Enterprise Zone. Instead, this incentive should be seen as providing a favorable business operating environment in an area of the City that is the focus of economic development enhancement efforts.
- 2) In a review of the 50% discount data since FY 2003, the majority of the discount has been provided within the geographical area surrounding the downtown and central city and encompassing various CRA areas.
- 3) There are approximately 55 Enterprise Zones throughout the State of Florida (both rural and urban). Of these established Zones, not all provide a package of local incentives. Many simply provide an opportunity to apply for State of Florida sales tax and corporate tax refunds.
- 4) Currently, local incentives such as 50% discounts in land development and building permit fees as well as Occupational License Fees represent a more substantially utilized Enterprise Zone benefit as they adhere to a property simply based upon an address being located geographically within the Enterprise Zone. This is not the case with State incentives which require submittal of an application, review and approval by the State Department of Revenue.

In the event that the City Commission wishes to continue providing this local incentive, the mechanics of the incentive may need to be revised in such a manner that touches on the size of the incentive; the applicability of the incentive; and the manner in which the incentive is offered. These revisions will help to revise downward the overall amount of the funding necessary to continue the incentive into the future.

A menu of scale back options designed to retain the incentive but providing a method to reduce the overall level of funding could include:

- Revising downward the discount from 50% to 25%
- Making the incentive applicable only to non-residential projects as the Enterprise Zone program is geared towards business development (To date, in FY 2006, the Building Department reports a Residential 59% and Commercial 41% breakout in the overall 50% building permit fee discount.)
- Excluding those projects in the CRA overall or excluding specifically those that take advantage of a transformational incentive package
- Tying the incentive to performance through achievement of a capital investment or job creation threshold via application and after the fact refund of the discount

Finally, the vehicle for making modifications to the existing 50% discount is a modification to Ordinance # 050669 and in the event that the discount is to continue, it is recommended that in addition to any proposed modifications to the Ordinance, verbiage be added that suggests that discounts may be processed subject to the availability of funds.

- In summary, staff recommends that the CDC and GEZDA Board select one of two alternatives for moving forward:
 - 1) Discontinue permanently the 50% building permit discount in the Enterprise Zone effective October 1, 2006 due to funding constraints; or,
 - 2) Direct staff to pursue a scaled back discount based upon the menu of options indicated above and report back at the next meeting as to a recommended course of action, anticipated fiscal impact and potential funding source.

Ordinance 050669 0-06-11 An ordinance of the City of Gainesville amending 5 Appendix A, Schedule of Fees, Rates and Charges, of 6 the Gainesville Code of Ordinances to extend the 50% 7 reduction in building permit fees and development fees 8 for those businesses within the Gainesville Enterprise 9 Zone; providing directions to the codifier; providing a 10 severability clause; providing a repealing clause; and 11 providing an immediate effective date. 12 13 WHEREAS, the City of Gainesville, on November 14, 2005, pursuant to Chapter 290, 14 Florida Statutes, adopted Resolution No. R-050296, establishing and defining the boundaries to 15 the Gainesville Enterprise Zone; and 16 WHEREAS, it is the desire of the City Commission to increase the economic viability 17 and profitability of business and commerce located within the enterprise zone, and; 18 WHEREAS, Chapter 290 authorizes local governments possessing an approved enterprise zone to provide encouragements and incentives to increase rehabilitation, renovation, 20 restoration, improvement, or new construction of housing, and to increase the economic viability 21 and profitability of business and commerce located within the enterprise zone designated 22 pursuant to chapter 290; 23 WHEREAS, the Legislature, on July 1, 2005, extended the Florida Enterprise Zone Act 24 through December 31, 2015 and the City Commission desires to extend economic incentives 25 accordingly; 26 WHEREAS, at least 10 days notice has been given once by publication in a newspaper 27 of general circulation notifying the public of this proposed ordinance and of a Public Hearing in 28 the City Commission Auditorium in City Hall, City of Gainesville; and

1	WHEREAS, a Public Hearing was held pursuant to the published notice described at
2	which hearing the parties in interest and all others had an opportunity to be and were, in fact,
3	heard;
4	NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE
5	CITY OF GAINESVILLE, FLORIDA, that:
6	Section 1. The category "Building and Building Regulations" in Appendix A of the
7	Gainesville Code of Ordinances is hereby amended by amending section 12 to read as follows:
8	BUILDING AND BUILDING REGULATIONS:
9	(12) All building permit fees herein required which are for new construction, additions
10	and renovation occurring in the area designated as the Enterprise Zone by Resolution R-95-6
11	R050296, shall be reduced by 50 percent
12	Section 2. The category "Land Development Code" in Appendix A of the Gainesville
13	Code of Ordinances is hereby amended by amending section 5 to read as follows:
14	LAND DEVELOPMENT CODE
15	(5) All land development fees herein required which are applicable to land
16	development occurring in the area designated as the Enterprise Zone by Resolution R-95-6
17	R050296, shall be reduced by 50 percent.
18	Section 3. It is the intention of the City Commission that Sections 1 and 2 of this ordinance
19	shall become and be made a part of the Gainesville Code of Ordinance, of the City of Gainesville,
20	Florida, and that the Sections and Paragraphs of this ordinance may be renumbered or relettered in
21	order to accomplish such intentions

1	Section 4. If any section, sentence, clause or phrase of this ordinance is held to be invalid or					
2	unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect the					
3	validity of the remaining portions of this ordinance					
4	Section 5 All ordinances, or parts of ordinances, in conflict herewith are to the extent of					
5	such conflict hereby repealed.					
6	Section 6 This ordinance shall become effective immediately on adoption					
7	PASSED AND ADOPTED this 12th day of December, 2005.					
8 9 10 11 12	Pegeen Hanrahan MAYOR					
13	ATTEST APPROVED AS TO FORM AND LEGALITY					
14 15 16 17 18	KURT M. LANDON CLERK OF THE COMMISSION CITY ATTORNEY DEC 1 6 2005					
19	This Ordinance passed on first reading this 28th day of November, 2005.					

This Ordinance passed on second reading this 12th day of December, 2005 20

