

**FAIRFAX COUNTY PLANNING COMMISSION
ENVIRONMENT COMMITTEE
WEDNESDAY, MAY 28, 2008**

COMMITTEE MEMBERS PRESENT:

Walter L. Alcorn, At-Large
Frank A. de la Fe, Hunter Mill District
Jay P. Donahue, Dranesville District
Earl L. Flanagan, Mount Vernon District
James R. Hart, Commissioner At-Large
Kenneth A. Lawrence, Providence District
Timothy J. Sargeant, At-Large

COMMITTEE MEMBER ABSENT:

Rodney L. Lusk, Lee District

PLANNING COMMISSION STAFF PRESENT:

Sara Robin Hardy, Assistant Director, Planning Commission Office
Kara A. DeArrastia, Deputy Clerk to the Planning Commission

DEPARTMENT OF PLANNING AND ZONING STAFF PRESENT:

Pamela Nee, Chief, Environment and Development Review Branch, Planning Division
Noel Kaplan, Senior Environmental Planner, Planning Division

**DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENT SERVICES STAFF
PRESENT:**

James Patteson, Director, Land Development Services
Chris McArtor, Deputy Director, Building Plan Review
Eta Davis, Business Process Manager, Land Development Services

OTHER COUNTY STAFF PRESENT:

Pam Pelto, Esquire, Office of the County Attorney
Janet Coldsmith, Department of Tax Administration

OTHERS PRESENT:

Michael Rolband, Wetland Studies and Solutions, Incorporated
Peter Rosen, JPI
Donald Gibson, JPI

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Chairman James R. Hart called the meeting to order at 7:33 p.m., in the Board Conference Room, 12000 Government Center Parkway, Fairfax, Virginia 22035.

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Commissioner Sargeant MOVED THAT THE ENVIRONMENT COMMITTEE MINUTES OF MAY 15, 2008, BE APPROVED, AS AMENDED.

Commissioner Donahue seconded the motion which carried unanimously.

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Discussion of Green Building Incentives

James Patteson, Director, Land Development Services, Department of Public Works and Environment Services (DPWES), said staff had developed incentives to encourage a higher level of green building and a negative incentive for not going green.

Mr. Patteson thanked the following people who had contributed to this effort:

Noel Kaplan, Department of Planning and Zoning
Sue Smith, Department of Tax Administration
Pam Pelto, Office of the County Attorney
Chris McArtor, DPWES
Eta Davis, DPWES

Mr. Patteson noted the assistance from the National Association of Industrial and Office Properties (NAIOP), the Northern Virginia Building Industry Association (NVBIA), and the Virginia Sustainable Building Network (VSBN), and the assistance of Brian Gault, NAIOP/Peterson Companies, in particular.

Mr. Patteson distributed a PowerPoint presentation, a copy of which is in the date file. He noted that Slide 9 listed recommended incentives:

- Existing/Built-in Incentives
 - Sewer availability fee and commodity charges
 - Water availability fee and commodity charges
 - Solar tax credit
 - Some reduction in infrastructure costs
- Proposed Incentives
 - Expedited Plan Review
 - Tax Incentives
 - Green Fund

Mr. Patteson said tax incentives, shown on Slide 10, would require an amendment to the *Virginia State Code* to allow a local option for a tax credit for different levels of green building. He explained that a builder would be able to recoup a portion of green building costs on a graduated scale. He said tax incentives would be available for new construction and renovation of residential and commercial buildings. Mr. Patteson noted that if construction was LEED

(Leadership in Energy and Environmental Design) certified, at the basic level, as recommended in the Comprehensive Plan, there would be no tax incentive, but that a tax credit of 25 percent would be granted for LEED Silver certification; 50 percent for Gold; and 75 percent for Platinum. He said if a project was not certified at all, a payment into a green fund would be required.

Responding to a question from Commissioner Flanagan, Mr. Kaplan said that the proposed tax credits were for illustrative purposes only and could be higher or lower.

In response to a question from Commissioner Lawrence, Mr. Patteson said if a density bonus was granted through a possible future Area Plan provision, a developer would still be eligible for a tax credit. He said builders would apply for incentives when they submitted permits for new and retrofitted projects and that incentives would run with the property.

Mr. Patteson explained that the County needed to define green building and develop a certification process. He said programs existed for commercial buildings, but that residential programs were just starting to become available in this area, and that there were a number of such programs. He noted that the National Association of Industrial and Office Properties (NAIOP) liked the LEED program because of the certainty in the process. He said staff was also looking at the EarthCraft and EnergyStar programs and the National Association of Home Builders was developing its own program.

Responding to a question from Chairman Hart, Mr. Patteson reiterated that the proposed tax credits of 25, 50, and 75 percent could be changed.

In response to another question from Chairman Hart, Mr. Patteson said the Board of Supervisors (BOS) would adopt a legislative package in December and if the *State Code* was amended by the General Assembly to allow tax credits, it could become law in July 2009. He said after adoption of a County Ordinance, tax credits could become effective Fiscal Year 2011.

In response to a question from Commissioner de la Fe, Mr. Patteson said, according to the County Attorney, a voluntary contribution to a green fund would not require General Assembly action but if everyone was required to contribute into a green fund, legislation would be required.

Mr. Patteson responded to a question from Commissioner Donohue about the timeline for including green building incentives in the County's legislative program.

Mr. Patteson reviewed examples of tax credits for certified green building at different levels for commercial construction, as shown in the footnotes to Slide 12, Building Pro Forma, a copy of which is in the date file.

Responding to a question from Commissioner de la Fe, Janet Coldsmith, Department of Tax Administration, said the tax credit would apply to the base tax rate only.

Mr. Patteson said a green fund would require legislative authority and if established, a fee would be charged to builders who chose not to seek LEED certification. He said the suggested fee was 50 cents per square foot. He noted that Arlington County's green fund charged 3 cents per square foot. Mr. Patteson indicated that NAIOP supported a green fund as long as it was part of a package of other green incentives.

Mr. Patteson reviewed Slide 12, Building Pro Forma for a 100,000 Square Foot Office Building; Slide 13, Payback Analysis; and Slide 14, Revenue Impact Analysis. He said although the revenue impact was not available at this time because it was not known how many people would take advantage of the program, once permit application data became available, the impact could be projected.

Mr. Patteson explained the discounted payback rates for LEED building, with pre and post-tax incentives, based on interest rates and energy costs, as shown in a Sensitivity Analysis, a copy of which is in the date file.

Responding to a question from Commissioner Alcorn about the possibility of capping the amount, Mr. Patteson said the program could have a sunset clause and be reevaluated after a certain number of years. Ms. Coldsmith said it might be possible to impose a cap up to a certain amount of money for a given property, but that the County Attorney would have to be consulted about doing so.

Michael Rolband, Wetland Studies and Solutions, Incorporated, suggested a program similar to the State program where tax credits could be applied for on a first-come, first-served basis up to a certain amount. Ms. Coldsmith responded that there could be uniformity issues associated with doing that for real estate taxes and said she would consult with the County Attorney's Office.

Commissioner Sargeant said it would help to set a cap if it was known how many new and retrofitted buildings might have been eligible for tax credits in previous years.

Mr. Patteson reviewed Slide 15, Next Steps:

- Development of details for expedited plan review
- Green certification (third-party certification process)
- Cost certification (preferred approach is to certify actual cost)
- Legislative authority (for green fund and tax incentives)

Referring to Slide 16, Legislative Timeline for Tax Incentives/Green Building Fund, Mr. Patteson said staff was proposing that the green fund and the tax incentive package be considered together. He said if legislation was adopted by the General Assembly and an Ordinance was subsequently adopted by the County, it would become effective Fiscal Year 2011.

Mr. Patteson explained that the Chairman of the BOS had requested that staff designate someone shepherd people through the green building process, similar to the process used by Arlington County. He said staff was calling this person the "Green Sherpa" and that resources would be

required. He said this proposal would be presented to the BOS Environmental Committee on June 9, 2008.

Mr. Patteson said staff had also been requested to evaluate the reduction in the carbon footprint of a building, but that had not yet been completed.

Responding to a question from Commissioner Flanagan about Arlington County's legislative authority to establish a green fund, Mr. Patteson said that it was done as a condition of the special exception process. Mr. Kaplan added that it was not a by-right fee, but was an expectation for special exception applications in growth centers.

In response to a question from Commissioner Flanagan about Roanoke's green building incentive program, Ms. Coldsmith said that Roanoke had a differential tax rate and was disappointed that only two small condominium developments had taken advantage of it. Mr. Kaplan added that Roanoke's program was based on existing legislation.

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Commissioner de la Fe MOVED THAT THE COMMITTEE RECOMMEND THAT THE PLANNING COMMISSION RECOMMEND TO THE BOARD OF SUPERVISORS SUPPORT OF THE GREEN BUILDING INCENTIVES PROPOSED BY STAFF.

Commissioner Sargeant MOVED TO AMEND THE MOTION TO INDICATE THAT THE COMMITTEE SUPPORTED THE CONTINUED EXPLORATION OF THE INCENTIVES.

Commissioner de la Fe accepted the amendment.

Commissioner Alcorn seconded the amended motion which carried unanimously.

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Chairman Hart said he would follow-up with staff about the need for future Committee meetings regarding green building incentives and protection of riparian buffers.

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The meeting was adjourned at 8:17 p.m.
James R. Hart, Chairman

An audio recording of this meeting is available in the Planning Commission Office, 12000 Government Center Parkway, Suite 330, Fairfax, Virginia 22035.

Meeting attended by: Kara A. DeArrastia
Minutes by: Linda B. Rodeffer

Approved: July 10, 2008

Linda B. Rodeffer, Clerk
Fairfax County Planning Commission