Purpose

To assess the cumulative impact that new policy requirements could have on the cost and feasibility of Central City development.

Policies Studied

- **Low Carbon Buildings**
- **Ecoroof**
- **Bird safe glazing**
- Parks SDC fee schedule changes
- Construction excise tax
- Inclusionary housing (w/ offsets)

New w/ CC2035

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What CC2035 would require:
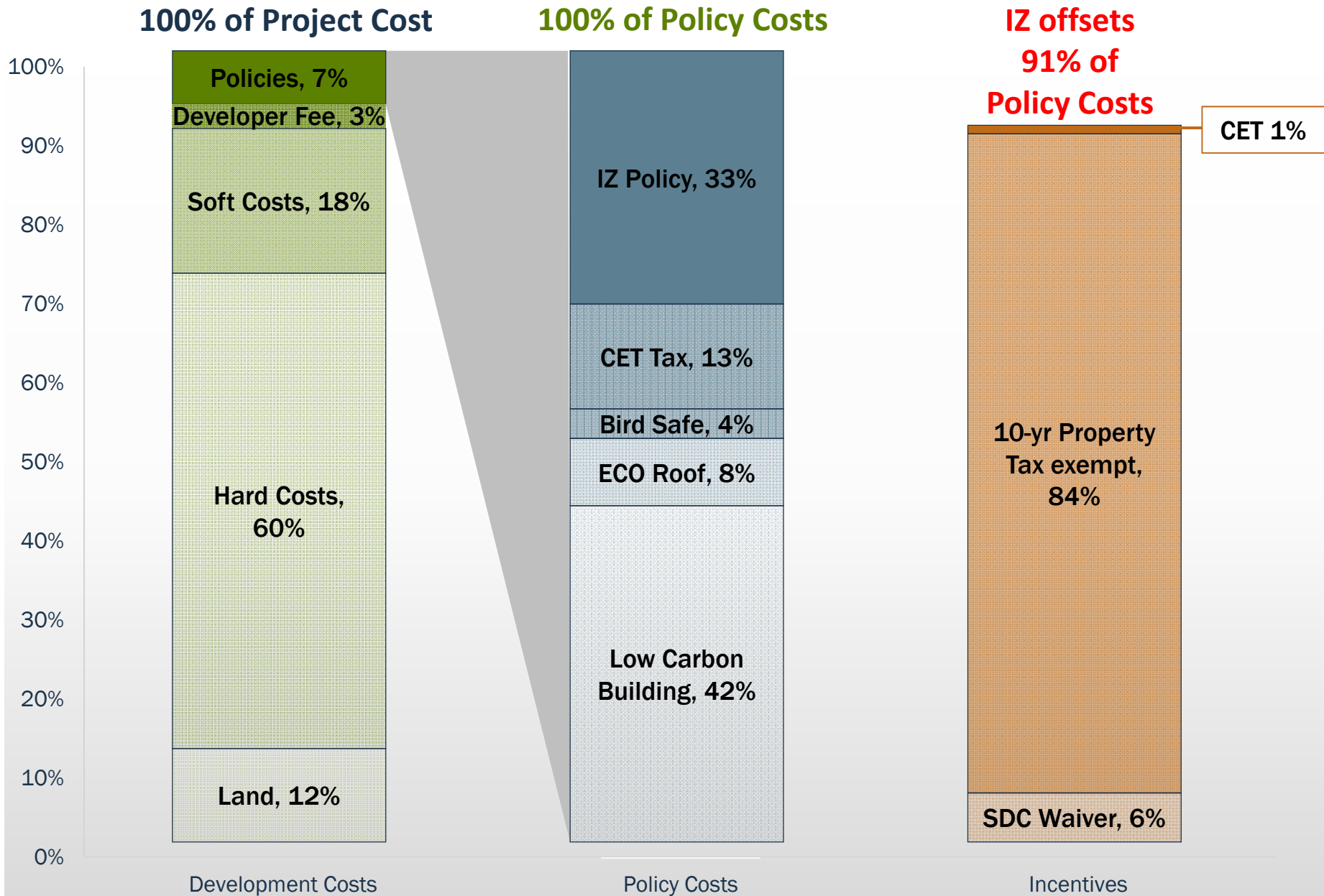
- <u>Low Carbon buildings</u>: Buildings over 50,000 sq ft in net building area are required to register with a third party program.

- <u>Ecoroofs</u>: Buildings over 20,000 sq ft in net building area are required to have an ecoroof that covers 60% of the roof area (minus mechanical equipment and other exempt elements).

- <u>Bird-Safe glazing</u>: All new development or major remodels are required to use bird-safe glazing - films, etching, UV coatings, etc. – on the first four floors of building facades with greater than 30% glazing.
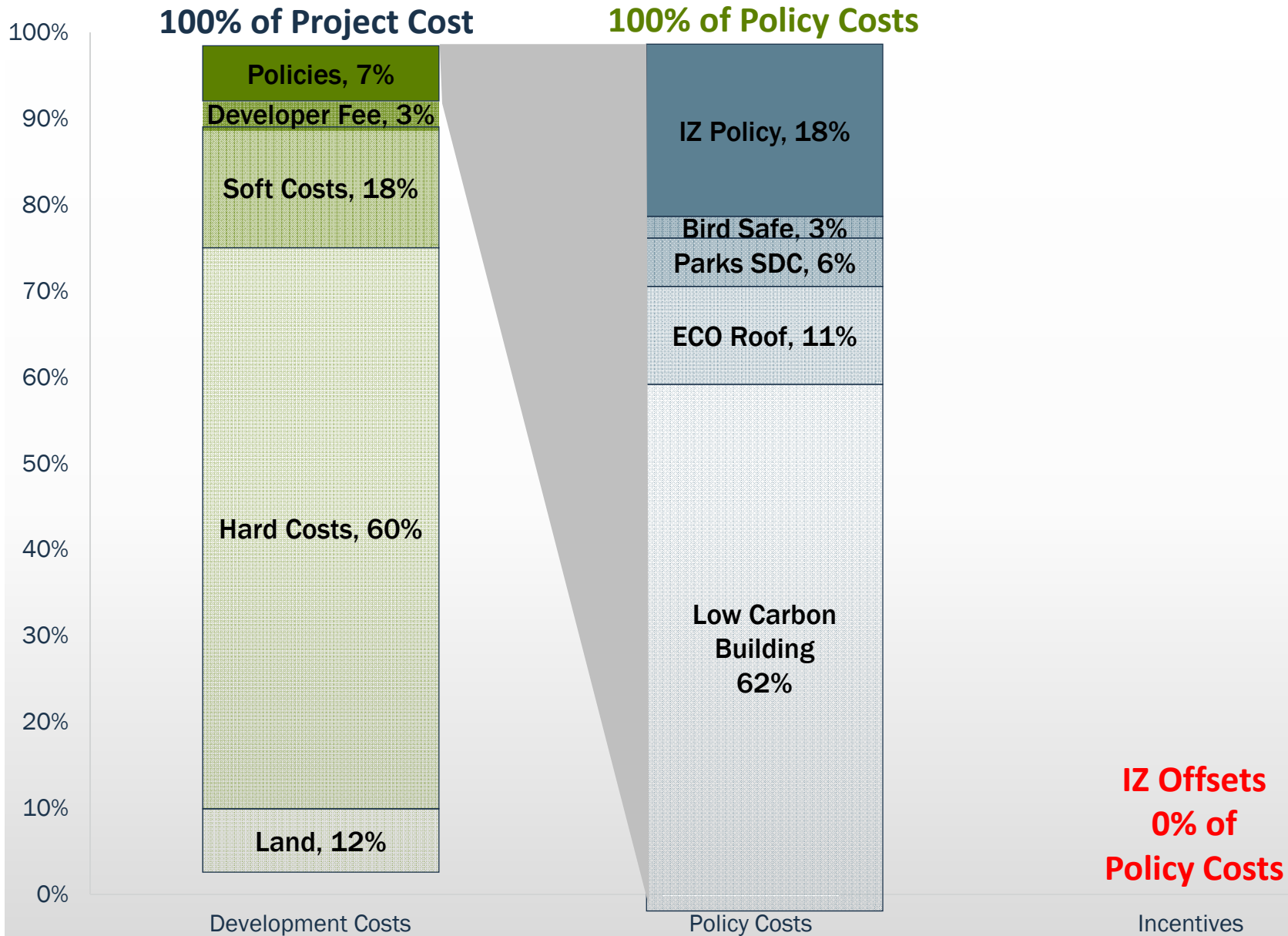
Cost Study Findings

- Under current conditions, the prototypes studied are not financially feasible.

  - Land costs, Construction costs, Tightening capital.

- Additional costs further reduce feasibility.

  - IHP includes offsets, other policies do not.

  - No IHP offsets for commercial & industrial.

- This may result in:

  - Fewer sites where development occurs.

  - Less density in projects developed.

  - Greater need for public subsidy on PDC projects.

OLD TOWN - 6 Story, frame construction over parking

100% of Project Cost

100% of Policy Costs

Policies, 7%
Developer Fee, 3%
Soft Costs, 18%
Hard Costs, 60%
Land, 12%

IZ Policy, 18%
Bird Safe, 3%
Parks SDC, 6%
ECO Roof, 11%
Low Carbon Building 62%

IZ Offsets 0% of Policy Costs

Development Costs

Policy Costs

Incentives

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CC OFFICE - 14 Story, concrete & steel construction

Conclusions

- New policies add upfront costs w/o offsets
    - ~ 1% of Total Costs.
    - Low carbon adds ~$2,500
    - Eco-roof adds up to .7% to Total Costs
    - Bird safe adds up to .3% to Total Costs

- Feasibility much more affected by construction costs, lease rates, land values and financial costs.

- PSC already supported low carbon building certification policy.

- Additional cost of bird safe glazing acceptable for Central City projects.

- Questions remain about ecoroof cost impacts especially for frame construction buildings and/or industrial space.

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