



MEMORANDUM

Date: January 6, 2026

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

CC: Patrick Wright
Director of Growth Management

From: Alison Higgins
Resiliency Manager

Subject: **Text Amendment of the Land Development Regulations** – An Ordinance of the City of Key West, Florida, amending Chapter 110 of the Code of Ordinances entitled “Resource Protection”, Article iii entitled “Environmental Resources”, establishing Division 5, entitled “Green Building”; establishing requirements for green building certification as a requirement; establishing a green building fee for projects that do not achieve the required green building certification level, authorizing property owners and developers to pay a green building fee for the project into the City’s Adaptation and Sustainability Fund, which funds are reimbursable to the property owner or developer pursuant to the level of green building compliance achieved by the project; designating the Adaptation and Sustainability Fund (Fund 108) for the deposit of the green building fees generated through the green building program, and providing the uses for which the fees can be used; providing for severability; providing for an effective date.

Introduction

The creation of a Green Building Program benefits the City of Key West in many ways:

- 1) Decreases long term costs to residents and businesses
- 2) Increases the resiliency of our built environment
- 3) Corrects for enforcement deficiencies in the Building Permit Allocation System
- 4) Creates revenue for resiliency and efficiency projects citywide.

The proposed text amendment is based on existing programs in the State of Florida, includes waivers that benefit homesteaded, workforce and affordable properties, and addresses 3 of the top 4 priorities of the Strategic Plan. The proposed text amendment does not create more restrictive or burdensome development standards as it incentivizes utility and insurance savings and allows for non-compliance at the maximum cost of 2%.

A 9 minute video giving an overview of the Green Building Program can be found on the City’s YouTube page:
<https://youtu.be/LaPaCRET8-q>

Background

Since 2007, more than 3 dozen Florida cities and counties have created ordinances for green building. Most of these are incentive based, granting expedited permitting, financial incentives or variances for Land Development Regulations such as density, open space, parking, etc., to those that achieve certification. Staff met with five entities that have mandated green building and enacted financial tools to achieve compliance:

- City of Miami (2009)
- City of Boynton Beach (2011)
- City of Jupiter (2009)
- City of Miami Beach (2016)

Based on these programs, staff has developed a draft ordinance for our own Green Building Program, establishing regulations and procedures that will help our whole community become more efficient and resilient.

Analysis:

According to the U.S. Environmental Protection Agency (EPA), existing buildings are one of the biggest contributors to environmental pollution in the U.S., accounting for 40 percent of total energy use, 72 percent electricity consumption, 39 percent of the carbon dioxide emissions, and 13 percent of total water consumption.

Green Building Certification promotes efficient and resilient design, construction, operation and maintenance of buildings. The Florida Green Building Coalition (FGBC) Certification was chosen over others because it is the most suited to our weather, costs the least to achieve, and includes resiliency measures:

- 1) Increase energy efficiency in buildings;
- 2) Encourage water and resource conservation;
- 3) Reduce waste generated by construction projects;
- 4) Reduce long-term building operating and maintenance costs;
- 5) Improve indoor air quality and occupant health;
- 6) Reduce risk from severe weather.

Green Building Fee Program

In order to incentivize efficient and resilient building standards, the proposed ordinance requires upfront payment of a Green Building Fee. This fee would be paid at time of permit application, when other fees are paid. This fee is proposed as two percent (2%) of the construction valuation, based on average costs to achieve Gold Certification (2.2%).

The proposed ordinance provides for refunds of the fee based upon the level of green building certification achieved. The participant is required to obtain green building certification within six months of permit closeout, with the possibility of a one-time six-month extension, in order to obtain the refund. The level of the refund is detailed in the table below.

Certification Compliance Schedule:

Level of Certification Achieved	Green Building Fee Reimbursement to Participant for Meeting Certain Green Building Certification Levels
Failure to obtain Certification	0% refund of payment
FGBC Bronze	50% refund of payment
FGBC Silver	75% refund of payment
FGBC Gold	100% refund of payment
FGBC Platinum	100% refund of payment

Financial Impact

The 2% Green Building Fee is assessed on all building permits with a valuation greater or equal to \$25,000. A rough breakdown of recent building permits evidence the following trends:

Building Permit Valuations	% of total building permits	Actual # of building permits	Avg Fee	% of Total Collected Fees
\$ 0 - \$24,999	75%	2,638	\$ 40	3%
\$ 25,000-\$49,999	13%	438	\$ 680	10%
\$ 50,000-\$99,999	6%	226	\$ 1,347	10%
\$100,000-\$299,999	4%	125	\$ 3,320	14%
\$300,000-\$999,999	2%	55	\$ 10,260	19%
\$1M – \$6.5M	1%	18	\$ 46,857	28%
> \$6.5	.06%	2	\$ 245,097	16%

Equity Measures

An analysis of all building permits across Fiscal Years 2022 - 2024 showed that ~80% of permits were for less than \$25,000. Therefore, in the ordinance, the fee for projects less than 25,000 is halved and set as a one-half percent (.5%) of the construction valuation. Applied to the FY23 building permits, this fee averaged \$40.00 with a max of \$125.00. For residential projects that provide one hundred percent (100%) affordable housing units, workforce housing units or homesteaded properties, the fees are waived entirely. Lastly, the Flat Fee Rebate offers a anytime, \$4,000 rebate for residents and businesses that have been slowly working towards their certificate to receive funds outside the 6-month compliance window.

Special Considerations

County, municipal, school district, water management district, state university, Florida College System institution, and state court buildings are already mandated by Florida Statute 255.2575 to meet any level of Green Building Certification. To recognize this, they may opt to pay instead upon final inspection, and would provide the difference between the 2% Fee Calculation and the level of Certification achieved.

Value to Property Owner

Even without reimbursement, investing in a Green Certification has a strong business case. Applying known savings to an actual new 1,500 square foot residence in New Town, a Gold Certification would yield energy savings of \$355 annually. This does not include additional insurance savings.

Educational Measures

As requested from contractors at the quarterly City Building Official meeting, the City will create many educational resources to navigate this new mandate. The Fee will not be implemented until staff has completed, at a minimum:

- 2 training workshops, & associated videos (one each for contractors and residents),
- Return on Investment guidance one pagers, highlighting advantageous actions
- HARC guidance one pagers
- One certification workshop to increase qualified FGBC Certifiers

Sustainability and Adaptation Fund

The fees collected as part of this program will be held until the deadline of 6 months for reimbursement or extension has passed. Once funds are declared unremitted, these funds will be deposited into the existing Adaptation and Sustainability Fund. Expenditures of these funds shall follow City procurement rules (City Ordinances, Chapter 2, Article VII). Proposed uses of these funds will be used to include improvements that increase the efficiency and resiliency of the City such as:

- (1) Energy and water efficiency projects:
- (2) Wind mitigation projects:
- (3) Flood mitigation projects
- (4) Environmental restoration projects
- (5) Green infrastructure projects
- (6) Stormwater quality and quantity improvements
- (7) Adaptation and sustainability planning and policy efforts
- (8) Staff to support the above

Specific examples of projects the Sustainability and Adaptation Fund could fund include efficiency projects to reduce the City's current \$3M annual utility bill, resiliency projects to reduce wind and flood insurance across our 100 City buildings, and stormwater projects within our lowest neighborhoods.

Program Reporting

Total collections, reimbursements, certifications for the previous calendar year, as well as proposed projects to be funded in the coming fiscal year will be reviewed.

Program Tracking

Quarterly, the Resilience Office will review the permit database for:

- 1) All finalized permits that have surpassed the 6-month certification period. These funds will be moved to the Sustainability and Adaptation Fund.
- 2) All finalized permits that are within 3 months of the 6-month certification period deadline. These projects will receive a reminder of the funds and process to obtain certification and an extension.

Procurement

This amendment will not require procurement on the part of the City but will involve staff time to set up and implement.

Recommendation

The Planning Board recommends that the City Commission **approve** this draft ordinance as indicated through Planning Board Resolution 2025-054.

The Planning Department, based on the criteria established by the Comprehensive Plan and the Land Development Regulations, recommends that the proposed text amendment to the Land Development Regulations be **approved** by the City Commission.

Exhibits:

- Exhibit A – Draft Ordinance
- Exhibit B – Summary Video
- Exhibit C- Planning Board Staff Report
- Exhibit D – Planning Board Resolution 2025-054
- Exhibit E – Sustainability Advisory Board Resolution 25-04
- Exhibit F – Business Impact Statement