



**THE CITY OF KEY WEST
1300 WHITE ST.
KEY WEST, FL 33040**

**BUSINESS IMPACT ESTIMATE
PURSUANT TO F.S. 166.041(4)**

Meeting Date: January 6, 2025

Ordinance Number: _____

Posted To Webpage: _____

This Business Impact Estimate is given as it relates to the proposed ordinance titled:

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 AN 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.

The sections below are not required to be completed if the ordinance involves any one of the following types of regulations. Please check if applicable:

- ☐ Ordinances required for compliance with Federal or State law or regulation;
- ☐ Ordinances relating to the issuance or refinancing of debt;
- ☒ Ordinances relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ Ordinances required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ Emergency ordinances;
- ☐ Ordinances relates to procurement; or
- ☐ Ordinances enacted to implement the following:

- a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
- b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
- c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
- d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

Part I.

Summary of the proposed ordinance and statement of public purpose:

(Address the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City of Key West.)

The proposed ordinance seeks to create a Green Building Program to serve the health, safety, morals, and welfare of the City of Key West, its residents and its businesses. The Program is modeled upon the successful efforts of four other Florida local governments and provides an upfront monetary incentive to build to Florida Green Building Coalition's (FGBC) Gold level of Certification. If a building permit holder achieves a Gold level or higher, they are eligible for 100% repayment. If they achieve a lower level of certification, they are still eligible for a partial repayment (75% for Silver, 50% for Bronze/Basic). Certification has proven to reduce long term operations and utility costs, and also saves on wind insurance.

In the case that a building permit holder does not seek repayment, the Green Building Program becomes a non ad valorem revenue source that provides funding for the City's long-range resiliency efforts. Creating this Program funds projects that help residents and businesses bounce back after hurricanes, therefore promoting the health, safety, morals, and welfare of the City of Key West. The Program 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%

Part II.

Estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City of Key West: *(fill out subsections a-c as applicable, if not applicable write "not applicable")*

(a) Estimate of direct compliance costs that businesses may reasonably incur if the proposed ordinance is enacted: The Green Building Program sets a Florida Green Building Coalition Gold Certification as the goal. Based upon studies across multiple green building certifications, the additional cost of achieving a Gold Certification is approximately 2%.

Buildings that achieve Gold Certification are also expected to receive direct economic benefits in the form of reduced energy and water bills (20-40%) and reduced maintenance costs (12%). Green Certification studies have also shown indirect economic benefits from higher building valuation (2.9%), higher rents (31%) and higher employee cognition (26%). While direct economic benefits from FGBC's resiliency section have not been specifically studied, local examples of meeting all wind mitigation measures have saved 64% on wind insurance.

(b) Identification of any new charges or fees on businesses subject to the proposed ordinance, or for which businesses will be financially responsible:

If the work described on the building permit is valued at less than \$25,000 (which constitutes approximately 80% of all permits), the Green Building Fee would be 0.5% of the permit, or an average of \$40. If the work is valued at \$25,001 or higher, the cost would be 2% of permit. The entirety of the cost will be given back to the permit holder when they produce a FGBC Certification of Gold or higher. A partial repayment will be allotted for Bronze or Silver.

(c) An estimate of the City of Key West's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs:

The Green Building Program will assess the fees during Building Permit application, creating no additional workload. The burden of proof of achieving Certification is upon the permit holder, and also creates no additional burden on the City if the permit holder does not apply for reimbursement. Certification is affirmed by a 3rd party provider, so upon request for reimbursement, City staff only need to verify the credentials of the provider.

City staff will provide multiple educational opportunities and resources to assist permit holders in achieving certification, especially in the early years. Quarterly, City staff will assess which collected funds have exceeded their reimbursement period and transfer those funds into an accessible sub account of the Adaptation and Sustainability Fund. Estimated revenue is \$940,000.00.

Part III.

Good faith estimates of the number of businesses likely to be impacted by the ordinance:

Permits show that on average, 20% of all permits are commercial permits. This accounts for .08% of the 8,110 businesses licenses within the City. All businesses are eligible to have some or all of those fees refunded.

Part IV. Additional Information (if any):

The Green Building Program will incentivize residents and business to invest in their long-term efficiency and resiliency. Those that choose not to will enable the City to invest in the infrastructure, neighborhoods and commercial districts that make the island a great place to live and do business.

In the event of a hurricane affecting the City of Key West (as measured by FEMA's major disaster declaration authorizing Individual Assistance for Monroe County), the Green Building Program will be suspended across all permits for a 6-month period after landfall.

All Green Building Fees for any future permits for a Gold Certified property will cease once a current Certification is received by the City.