

STAFF REPORT
City of Lancaster

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Date: January 10, 2017

To: Mayor Parris and City Council Members

From: Patti Garibay, Energy Manager-Programs, LCE
Brian S. Ludicke, Planning Director

Subject: **Amendment to Titles 15 and 17 of the Lancaster Municipal Code - Zero Net Energy (ZNE) Standards for New Single Family Residential Development**

Recommendation:

Introduce **Ordinance No. 1020**, amending Titles 15 and 17 of the Lancaster Municipal Code establishing requirements for the construction of Zero Net Energy (ZNE) single family residences.

Fiscal Impact:

Potential increase in revenue from ZNE mitigation fee, offset by reductions in other development fees.

Background:

On June 28, 2016, the City Council directed the Planning Commission to further research the concept of and requirements for zero-net energy (ZNE) residences, and provide the Council with direction on implementing a ZNE requirement in the City. Under the direction of the Planning Commission, staff researched the matter and provided a presentation and recommendation to the Commission on November 21, 2016. The Commissioners reviewed the information, heard public testimony, and asked staff to meet with local residential builders and representatives from the Building Industry Association to consider their information and suggestions before providing a final recommendation. On December 19, 2016, staff provided a draft ordinance to the Commission for their consideration. The Commission, following additional discussion, voted to recommend to the City Council approval of the draft ZNE ordinance.

The ordinance as proposed would provide single family residential developers with three basic options to meet the ZNE requirement (see Exhibit A for additional detail):

- Install a solar system equal to 2 watts per square-foot minimum, which would meet the January 2017 Title 24 energy efficiency requirements.
- Meet the January 2017 Title 24 energy efficiency requirements, and pay a one-time ZNE mitigation fee based on the square-footage of the house. Homeowner will be included in Lancaster Choice Energy's (LCE) ZNE Home Rate.

- Install a solar system equal to 2 kW per home, and pay the one-time ZNE mitigation fee to cover the balance of the required watts per square-foot of the house. Homeowner will be included in LCE's ZNE Home Rate.

As noted above, enactment of the ZNE ordinance as proposed would allow for the option of payment of a ZNE mitigation fee. The purpose of this fee is to fund the development of commercial-scale alternative energy in sufficient amounts to meet the energy demand of the residence. The resolution establishing this fee will be considered under a separate action on the January 24, 2017 City Council agenda.

In order to minimize the financial impact to the residential building industry from meeting ZNE requirements, the proposed ordinance would exempt single family residences meeting the ZNE standards from the rear yard landscape and irrigation standards. This provision is the result of the discussions held between City staff, building industry representatives, and the Planning Commission in developing the proposed ordinance.

The proposed ordinance would establish ZNE requirements for new single family residential units earlier than the 2020 timeframe established by the State of California. The development of ZNE residences provides substantial long-term benefits to residents of those residential units in the form of energy cost savings. The enactment of the requirement would also be consistent with the Lancaster's goal of becoming a net-zero city.

BSL/jr

Attachments:

Ordinance No. 1020

Exhibit A "Zero Net Energy Home- Home Builder Options"

Exhibit B "Cost Break Down for ZNE Home"

Exhibit C "Developer Pricing List"

Exhibit D "Solar/Domestic Customer Comparison"

Planning Commission Staff Report dated December 20, 2016