

Carbon Neutrality Amendment to The Flagstaff 2030 Regional Plan

Part III: Required Studies and Analysis

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PART III – REQUIRED REPORTS, STUDIES, ANALYSIS, & RELATED DATA

III.1 Public Services and Facilities Analysis

The carbon neutrality amendment to the Flagstaff 2030 Regional Plan will update the City's climate goals and policies as stated in the Regional Plan to align the Regional Plan with the City's climate action planning documents. This will provide clarity to the community and decision-makers, enabling the climate goals and policies, so that they may be better utilized when making community decisions.

The pursuit of these goals may impact planning for public services and facilities, as the City works to increase resilience and preparation for short-term disruptions and long-term changes.

Stormwater: The revised climate goals and policies support the current stormwater infrastructure operations of the City of Flagstaff and Coconino County. This amendment will not change stormwater operations.

The amendment supports an increased focus on stormwater as a way to prepare for storm events and build community resilience. As Flagstaff's climate warms over time, stormwater management will become more important as the Southwest experiences increased weather volatility, more extreme weather events, and more high-severity wildfires. It is well-established that climate change will bring increases in both the frequency and the intensity of extreme weather events, including intense thunderstorms and unusually heavy rainfall or snowfall events, leading to flooding in Flagstaff's flood-prone areas. Flood risks are also increased due to the increased likelihood of rain-on-snow or rain-on-ice, which lead to high volumes of run-off, or in areas that have recently been damaged by moderate- to high-severity wildfires, which degrade the soil's ability to absorb water. All of these factors contribute to expected increases in the frequency, magnitude and severity of flooding.

Our current infrastructure is not well-equipped to handle these increased risks: upgrades to our current infrastructure are necessary. Preparing for our changing risk profile is a critical part of climate resilience; the proposed text

amendment supports investments in public infrastructure, including stormwater infrastructure.

Water facilities: The revised climate goals and policies support the current water infrastructure operations of the City of Flagstaff, as the City of Flagstaff Water Services Division currently looks to optimize water reuse, utilize renewable energy and increase energy efficiency. Achieving carbon neutrality and increased resilience will involve collaboration with the City Water Services Division to analyze emissions reduction and adaptation opportunities, and take appropriate action. One example of collaboration already underway is the installation of electric back-up generators at the Lake Mary facility. This mitigation action to reduce greenhouse gas emissions doubles as an adaptive action to increase resiliency and secure our water system against unexpected power outages due to extreme weather. There are ample opportunities for partnership and achieving water services and climate mitigation and adaptation goals.

Schools: The revised climate goals and policies can support the Flagstaff United School District (FUSD) in their work to increase efficiencies and reduce resource use. FUSD is already working to reduce energy use in their facilities through lighting retrofits and other measures, and to reduce the impact of school bus transportation. The Plan amendment will raise the importance of collaboration between the City of Flagstaff and FUSD.

There are ample opportunities for partnership. The City can assist FUSD in reducing the impact of its substantial building footprint, as community-wide carbon neutrality will require a substantial reduction in greenhouse gas emissions from Flagstaff's buildings. Transportation is another area for improvement, due to the substantial car travel used to transport children to schools in Flagstaff. Active transportation, public transit, and idling reduction campaigns present opportunities for co-benefits for students, FUSD and the City. These efforts will help improve air quality for one of our most vulnerable communities—children—while also moving closer to our carbon neutrality goals.

III.2 Traffic Analysis or Report

The carbon neutrality amendment to the Flagstaff 2030 Regional Plan will update the City's climate goals and policies as stated in the Regional Plan to align the Regional Plan with the City's climate action planning documents. This will provide clarity to the community and decision-makers, enabling the climate goals and policies, so that they may be better utilized when making community decisions.

The revised climate goals and policies will further the City's already-existing goals to encourage active transportation, support transit use and operations, and reduce congestion. Because transportation emissions are a major contributor to greenhouse gas emissions, achieving carbon neutrality will require strengthened collaboration among City of Flagstaff Community Development Division, Engineering Division, and the Sustainability Section to analyze emissions reduction opportunities and take appropriate action. Many programs and policies to reduce vehicle miles travelled and support active modes of transportation already exist; achieving the City's climate goals will require strengthening those programs to reduce greenhouse gas emissions from transportation.

III.3 Water and Wastewater Impact Analysis

Requirement waived by the Planning Director.

III.4 School Impact Analysis

Requirement waived by the Planning Director.

Schools are discussed as part of the public facilities analysis, III.1

III.5 Police and Fire Protection Analysis

The carbon neutrality amendment to the Flagstaff 2030 Regional Plan will update the City's climate goals and policies as stated in the Regional Plan to

align the Regional Plan with the City’s climate action planning documents. This will provide clarity to the community and decision-makers, enabling the climate goals and policies, so that they may be better utilized when making community decisions.

The revised climate goals and policies will not impact policing or Fire Protection in Flagstaff. Climate change will bring increased volatility, more extreme weather events, higher risk for wildfires, and significant community change. As these changes have the potential to increase demands on the Flagstaff Police Department and the Flagstaff Fire Department, this amendment and further discussion of climate change impacts can be an opportunity to anticipate these changes and increased demands. Anticipating these increases in adverse events and demands on services is a central part of building a resilient community.

Climate adaptation supports strengthening community support systems and building self-reliance, to increase community resilience. Increasing support systems and anticipating adverse events can potentially decrease the demands and pressures on our first responder systems.

III.6 Economic Development Analysis

The carbon neutrality amendment to the Flagstaff 2030 Regional Plan will update the City’s climate goals and policies as stated in the Regional Plan. This will align the Regional Plan with the City’s climate action planning documents. This will also provide clarity to the community and decision-makers, improving the utilization of climate goals and policies when making community decisions.

This amendment will have economic impacts, likely both positive and negative, as decision-makers work to incorporate climate considerations into their decision-making. The revised climate goals and policies support the previous Regional Plan’s economic development goals in Flagstaff through an increased focus on community resilience and resilience-building by households, businesses, and institutions. These efforts to build resilience and a clean energy economy support the economic development goals of the City.

Climate Action as an Investment

Taking climate action and avoiding the worst impacts of climate change makes sense economically and morally. Action is far less expensive and far more beneficial than inaction. Like forest health measures taken to avoid catastrophic wildfire, climate action is an investment in our future.

In Flagstaff, forest protection provides a sobering example of the need for preparation: The 2010 Schultz wildfire and post-fire flooding had a total impact between \$133 and \$147 million.¹ By comparison, the phase one of the Flagstaff Watershed Protection Project (FWPP) required a \$10 million investment from Flagstaff residents. This down payment on forest health will help Flagstaff avoid high-severity fires that could cause devastating flooding, and is projected to help the Flagstaff area avoid between an estimated \$573 million and \$1.2 billion in damages.²

Just as individuals prepare for retirement, climate action takes intentional preparation. It is said that the best time to start investing for retirement is 15 years ago, and the next best time is now. Like retirement, it may be helpful to approach the spending that will be required on climate action with an investment mindset. Investments require spending, but they also produce returns and benefits. The earlier someone starts investing, the easier and less expensive it will be for them to meet their retirement goals. The longer someone delays investing, the more difficult and expensive it becomes.

Investments in climate action are no different, and these investments produce returns for ourselves and future generations. The 2019 UN Gap Report shows that if governments worldwide had started 10 years ago, we could have made relatively modest and gradual investments to achieve annual emissions reductions of just 3.3%. Figures 4 and 5 show the reductions required based on different action timeframes.

Because of our collective delay, the necessary investments will need to be more significant and rapid to achieve the annual global reductions of over 7.6% per

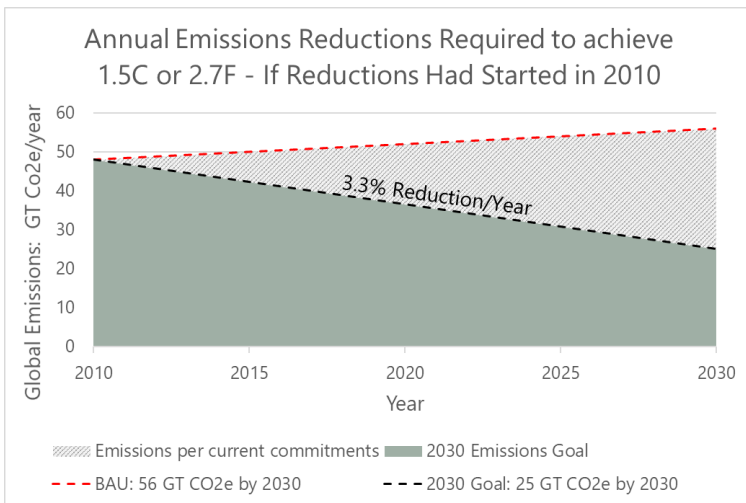
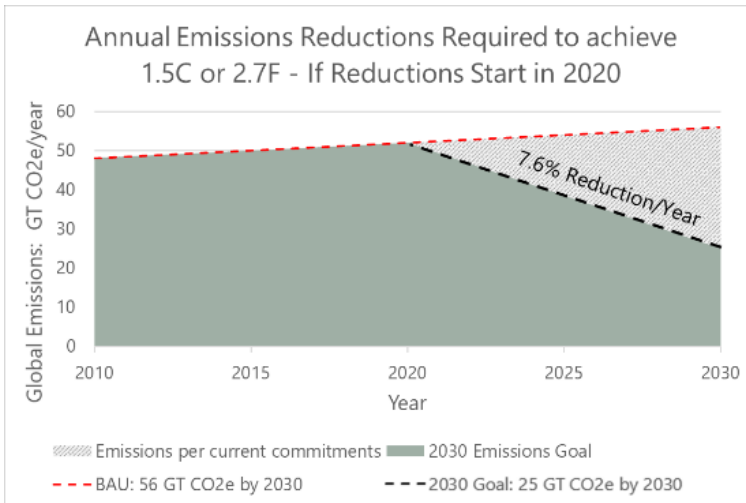
¹ Full Cost Accounting of the 2010 Schultz Fire:
http://openknowledge.nau.edu/1282/1/Combrink_EtAl_2013_ERIWhitePaper_SchultzFullCostAccounting.pdf

² The Cost of Inaction: Flagstaff Watershed Protection Project Cost Avoidance Study:
https://arizonastatelawjournal.org/wp-content/uploads/2016/04/Fox_Final.pdf

year that are now required.³ That trend only continues with further delay. Indeed one recent study concluded that if the U.S. starts investing now in efforts to reach net-zero emissions by 2050, the total spending required would be nearly half as much compared to delaying our investments until 2030.⁴ When it comes to making investments to achieve goals, the amount of time remaining can be either the greatest asset or biggest liability. There may still be enough time to meet our climate stabilization and adaptation goals, but only if we accelerate our ambition and start making the necessary investment contributions.

³ <https://www.unep.org/interactive/emissions-gap-report/2019/>

⁴ https://energyinnovation.org/wp-content/uploads/2021/01/Cost_of_Delay.pdf



Graphs: Depictions of the worldwide greenhouse gas reductions needed to achieve 1.5C (2.7F). Graphs reproduced from 2019 UN Gap Report Interactive Dashboard

It is said that an ounce of prevention is worth a pound of cure. Part of the investment mindset is evaluating both the cost of action as well as the cost of inaction. Choosing to avoid oil changes only appears to save a car owner money until their engine seizes. Likewise, avoiding investments in climate action only gives the appearance of saving money until it clearly, irreversibly, and perhaps quite suddenly, doesn't. While there is a high level of uncertainty about what the exact cost of the required level of climate action will be on a global scale, there is a high level of agreement that the risks and

cost of inaction will be far greater.⁵ This consensus on the cost of inaction comes despite the fact that there are many externalities that economic models often struggle to measure (See the Social Cost of Carbon section on page 41). The City’s Climate Emergency Declaration recognizes that the time to invest in our future is now.

Climate Action Among Flagstaff Businesses

Climate action, like most actions to reach City goals, can have positive or negative impacts on economic development. By clarifying the City’s climate goals and policies, the City intends for this text amendment to support economic development, lead to creative and productive collaborations with businesses, and help ensure the long-term success of businesses in the region. Local and regional businesses are critical partners to reach the City’s goals, both in reducing emissions from commercial activities, and because many businesses in Flagstaff have climate action as part of their business model: local businesses see the opportunities for innovation and entrepreneurship, and are creating new green jobs and helping to solve climate challenges.

Climate action is already generating jobs in Flagstaff: Multiple solar companies call Flagstaff home, creating jobs while helping residents invest in on-site, money-saving energy. Home weatherization and electrification is happening today in Flagstaff, creating jobs at general contracting and home improvement companies as well as two residential energy efficiency companies providing long-term employment: E3 Energy and CozyHome. Two retail locations for electronic bikes recently opened near downtown Flagstaff, and native landscaping companies have been serving residents, creating jobs, and reducing impacts for years. Larger opportunities for jobs in the future might include infrastructure improvements to prepare for increased flooding, innovations in forest products, the construction of new bike trails and pedestrian crossings, infrastructure hardening, and net zero building construction. Local companies are often best poised to take rapid action to take advantage of market opportunities.

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https://policyintegrity.org/files/publications/Economic_Consensus_on_Climate.pdf

Businesses across Flagstaff and Arizona are also taking climate action, and seeing results both in operational savings, community support and revenue. A few examples:

- ▲ W.L. Gore & Associates, a large Flagstaff employer, has set a corporate goal to reduce their greenhouse gas (GHG) emissions from manufacturing sites and offices by 60% 2030, and work towards carbon neutrality by 2050.
- ▲ Rooftop Solar and Prometheus Solar, local Flagstaff companies, were selected by the Northern Arizona Solar Co-op to install solar for more than 80 households across Flagstaff, Sedona, and Coconino County. In partnership with the City, the Northern Arizona Coop was organized through Solar United Neighbors, a non-profit organization that seeks to increase the access and affordability of solar energy. These installations are projected to result in 647 kW of Solar installed, 11,608 Metric Tons of CO2 avoided over the lifetime of the panels, and \$1,845,219 invested in local businesses, jobs, and clean electricity.
- ▲ Flagstaff is home to operations and retail locations of several national corporations that have goals to significantly reduce greenhouse gas emissions. Purina has corporate goals to achieve net-zero greenhouse gas emissions by 2050. REI and Walmart are part of the We Mean Business Coalition. This Coalition, comprised of over 1,776 companies that “recognize the transition to a zero-carbon economy is the only way to secure sustainable economic growth and prosperity for all,” sent an open letter to the Biden administration supporting an emissions reduction goal of 50 to 52% by 2030, calling the target “ambitious and attainable.”
- ▲ Hotels across Flagstaff are taking climate action. The Flagstaff Drury Inn & Suites is the first LEED-certified hotel in Arizona. The DoubleTree by Hilton Flagstaff has already seen significant energy, water and waste savings from its environmental initiatives; Hilton, the global hospitality company, has committed to cutting its environmental impact in half by 2030, including a 60% reduction in emissions by 2030.
- ▲ Arizona Public Service (APS), which is Flagstaff’s electric utility company, has committed to transitioning to a 100% carbon-free electric grid by 2050. Salt River Project (SRP) recently committed to doubling its renewable electricity capacity by 2050, driven by demand from business customers.
- ▲ Arizona Forward has membership from over 150 public and private organizations across the state that recognize the need to “address the increasingly harmful climate impacts and shape Arizona’s long-term future... This is why we focus on bringing local businesses and municipalities together to work toward actionable solutions – because inaction is not an option.”

These are just a few examples of the many local and regional businesses working to reduce their impact and create climate solutions, with positive impacts on economic development, whether that comes from new green jobs in Flagstaff or cost savings for businesses that have invested in reducing their greenhouse gas emissions. To encourage more positive impacts like these, the City will partner with local businesses to learn about barriers and opportunities, and help them to ramp up their climate action efforts. The City can lend support, share resources, create connections to help share lessons learned opportunities, and highlight success stories.

Investment Opportunities

Clarifying Flagstaff's goals will help Flagstaff attract investment in climate-positive technologies and ensure Flagstaff is prepared for upcoming Federal grant opportunities and partnerships. The Federal Government will be an important partner in climate action. The U.S. Government has set a goal to reduce greenhouse gas emissions by 50% by 2030 and to achieve 100% renewable energy by 2035.⁶ Communities that have established carbon neutrality goals and have begun preparing for investments are well-positioned to take advantage of federal programming and opportunities for investment. Flagstaff's leadership in the field also positions it to partner with private companies: the City has been an early adopter in programs run by APS, Flagstaff's electric utility, and is currently working with APS to develop a large-scale renewable energy project that will help reach the climate goals of both APS and the City.

BALANCING PRIORITIES

While there are strong benefits to carbon neutrality, there are also areas where climate action goals may seem to conflict with economic or financial concerns. To achieve carbon neutrality and create a stronger community and economy, the City of Flagstaff will acknowledge the tensions between issues and seek to find common ground and mutual benefit. To illustrate the need

⁶ <https://www.reuters.com/business/sustainable-business/exclusive-white-house-pushing-80-clean-us-power-grid-by-2030-2021-04-26/>

for balance among key community priorities, this analysis explores three examples:

- Housing and climate
- Building electrification
- Climate change, visitation and recreation

Housing and climate

Flagstaff's housing crisis is one example of the complexity of community challenges. Affordable and additional housing in Flagstaff has been a documented need for more than 50 years and has reached a crisis level in recent years. In December 2020, the City Council declared a housing emergency and set in motion the need to make housing a leading priority for the City organization and Flagstaff community, similar to carbon neutrality. Housing costs and living expenses are key parts of economic development: today, many workers already struggle to live in Flagstaff and employers report difficulty hiring and retaining employees due to the high cost of living. Climate change is poised to exacerbate these difficulties, due to its anticipated impacts on our housing market: as temperatures rise in the Phoenix metro area and elsewhere, we can anticipate that demand for housing, second homes, and vacation rentals in Flagstaff will continue to increase. Without proper preparation, this can have severe consequences for Flagstaff's residents who already are struggling to afford a place to live. Housing, climate change, and economic development are intricately connected, critical challenges that will need to be addressed head on in the coming years. This text amendment will aid these conversations and problem-solving by ensuring that the scope of the climate challenge and the City's climate goals are accurately reflected in the City's guiding planning documents, leading to a more accessible conversation.

Balancing these priorities is achievable, when approached holistically.⁷ Indeed, the solutions to the climate emergency and the housing emergency are often the same: making better use of Flagstaff's limited land through denser neighborhoods with a more diverse mix of uses will increase housing supply and reduce greenhouse gas emissions. Improving safe transportation connections between neighborhoods will help more residents walk, bike, and take the bus; this not only decreases emissions but also

⁷ https://greenlining.org/wp-content/uploads/2019/10/Greenlining_EquitableElectrification_Report_2019_WEB.pdf

reduces the need for car ownership, which adds a significant expense to the cost of living – estimated by AAA to be around \$9,500 per year.⁸ Adding solar to homes can provide a return on investment to homeowners and landlords, reducing the overall cost of living due to decreased electricity costs. There are numerous other examples of climate actions and investments that can help reduce the cost of living in Flagstaff.

The potential benefit of these climate actions will be realized through careful design of programs to maximize benefit to residents, greenhouse gas emission reductions, and community equity. For example: currently a substantial amount of up-front financing is required to install solar panels on a house, which efficiently produce inexpensive energy on-site and provide a return on investment to homeowners. Consequently, many residents are unable to access the benefits of the low cost of solar and an investment opportunity. The City could design a solar incentive program to ensure that residents of all types can access this cost-saving investment, ensuring equitable access to a mechanism that can reduce the cost of living.

Costs of building electrification

- ▲ Building electrification is necessary to reduce greenhouse gas emissions associated with the use of fossil fuels in homes and other buildings. Building electrification, also called fuel switching, means eliminating the use of fossil fuels like natural gas and propane for functions like heating and cooking, and replacing gas appliances with alternatives that use electricity. In Flagstaff, 50% of our greenhouse gas emissions come from the buildings we live and work in. APS, Flagstaff’s electric utility, has committed to 100% clean electricity by 2050.⁹ As our electric grid gets steadily cleaner, building electrification will play a big part in reducing Flagstaff’s greenhouse gas emissions.

While electrification has promising benefits for residents, it is an emerging approach with technical complexity, up-front costs, and equity challenges. Fuel switching will require intentional policymaking and a planned transition for Flagstaff residents to gain access to the major benefits of electrification, including healthier indoor environments, reduced emissions, affordable clean energy, and energy efficiency. Equity must be a core focus of our building electrification work to ensure that the benefits of electrification can be accessed by a wide variety of community members, and that it is a solution

⁸ <https://magazine.northeast.aaa.com/daily/life/aaa/costs-more-than-ever-to-own-a-car/>

⁹ <https://www.aps.com/en/About/Our-Company/Doing-Business-with-Us/Resource-Planning>

to existing household difficulties —one that lowers bills, improves health, and makes homes more comfortable, as opposed to adding challenges for already-struggling families.

Electrification may impact economic development due to its intersection with housing challenges, particularly in the rental housing space. Today, 55% of Flagstaff residents are renters. Electrifying rental housing is challenging due to a split incentive issue: improvements to building energy use like energy efficiency and building electrification primarily produce benefits for the person paying the bills (usually the renter), while the cost of improvement falls to the building owner. This effect is exacerbated by Flagstaff's ongoing housing crisis, in which the demand for housing outstrips the supply, giving landlords little incentive to make clean energy investments. Renters may fear that an upgrade could cause their landlords to increase their rent, or convert the property to a short-term rental that could be more lucrative for the property owner. Currently, no regulatory or statutory protections ensure that Flagstaff renters who live in buildings that receive energy upgrades can remain in their homes with no or minimal increased rents after the upgrades are performed, leaving renters more vulnerable to housing instability. These potential impacts must be thoroughly considered when creating electrification policies and incentives, to avoid unintended consequences for Flagstaff's vulnerable community members.

Electrification has the potential to present upfront costs to residents and businesses. For new homes, electrification is a win-win: RMI, an environmental research group, recently conducted a multi-city analysis on building electrification costs, including of cities in cold climates. They found that *"in every city we analyzed, a new all-electric, single-family home is less expensive than a new mixed-fuel home that relies on gas for cooking, space heating, and water heating."*¹⁰

Retrofitting existing homes to all-electric is a more costly endeavor for individual homeowners, due to current price schemes and the fact that natural gas and propane produce negative externalities that are not accounted for in their price.¹¹ However, advancements in electric heating

¹⁰ RMI, *All Electric New Homes, a Win for the Climate and the Economy*: <https://rmi.org/all-electric-new-homes-a-win-for-the-climate-and-the-economy/>

¹¹ Electrified homes and buildings may have more price stability, too. Currently, fossil fuels are subsidized and are associated with large externalities, mainly from the negative effects of their

technologies, particularly through the use of heat pumps, mean that electrification does not necessarily result in higher costs. RMI has found that electrification of space and water heating can reduce costs over the lifetime of the appliances, for both new buildings and **some** retrofits.¹² Today, in Flagstaff, not all electrification projects will produce a return on investment. Some projects will produce a return on investment today, and should be done as soon as possible to help homeowners and building owners accrue the benefits of electrification as soon as possible. Other projects will become profitable in the near future, as advancements in electric space heating and water heating continue. Other projects will need financial incentives in order to move forward. The City will prioritize incentives in collaboration with local partners to make the cost of fuel switching competitive and even beneficial compared to remaining on fossil fuels. The City will work with its partners to help residents utilize the latest technology, analyze policies for their impact on affordability, and target incentives to ensure that electrification does not have detrimental effects for Flagstaff's low-income families.

When working to promote fuel switching, Flagstaff must carefully weigh the balance between climate action and affordability, with the understanding that both are critical to ensure true sustainability.

Visitation and outdoor recreation

Flagstaff's economy is intricately linked to outdoor recreation in the San Francisco Peaks, Grand Canyon, and surrounding national forests. Climate change threatens the health of these natural systems and, in turn, the health of Flagstaff's economy. This amendment supports preparation and reduction of these threats, which will help maintain Flagstaff's economy and quality of life. While achieving carbon neutrality by 2030 will take aggressive actions, making investments now will ensure Flagstaff is a thriving city well into the future.

POLICY ANALYSIS AND REVISIONS

This text amendment recommends a review of existing regulations, standards, and plans – codes, ordinances, etc., and then revisions to reduce

greenhouse gas emissions. Should a carbon price come into effect in the next decade, the artificial affordability of using on-site fossil fuels could be dramatically reduced or eliminated.

¹² <https://rmi.org/insight/the-economics-of-electrifying-buildings/>

greenhouse gas emissions. This policy was added as a complement to the current Regional Plan policy, E&C.3.2: Review and revise existing regulations, standards, and plans (codes, ordinances, etc.) to reduce the community's vulnerability to climate change impacts. This existing policy speaks to a review and policy revisions focused on reducing vulnerability, or adaptation, one of the three core climate actions. The new policy, E&C.2.3, ensures that this review and potential revisions are undertaken with climate mitigation, or reducing emissions, as well as for adaptation. This new policy was written to be complementary and similar to the existing policy (E&C.3.2) so that implementation of this policy will be similar to current work to implement the regional plan.

Implementation of this policy will be done in two parts: first, an analysis of current plans, policies and codes, and then second, revisions to plans, policies and codes.

- (1) The analysis will be conducted to understand how the City's current plans and policies may contribute to, or work against, the reduction of community greenhouse gas emissions. This review will help the City understand how various plans, policies and codes may lead directly or indirectly to increased greenhouse gas emissions. As part of this analysis, the City will work to understand the impacts of existing plans, policies, and codes on greenhouse gas emissions, as well as, economic development, growth, and housing, due to their close relationship to our climate change impacts and challenges. This will increase the value of this review and illustrate where the City's many goals and priorities may create tensions or conflict, opening the door to a more productive conversation of how to balance priorities when revising City codes and processes. This process will result in a better understanding of the interactions among City policies/codes, and how potential revisions can better align the City's work.
- (2) Based on the results of the review, the City may revise select plans, policies, and codes so that they can better contribute to reducing greenhouse gas emissions. These revisions may have either positive or negative impacts on economic development, depending on the plan, policy or code in question. For example: City codes that require a minimum number of parking spaces in developments can contribute to increased driving, and increased greenhouse gas emissions. Code revisions that would eliminate or relax this minimum requirement, allowing the developer to determine the number of parking spaces to provide, can provide significant benefits for economic development, reduce housing costs, and can lead to reduced

driving and greenhouse gas emissions. On the other hand, code changes to increase the energy efficiency of buildings can bring higher up-front costs to the development process. While energy-efficiency investments have strong returns on investment, higher upfront costs could change how projects are financed and how investments are made, affecting economic development. Like the review process, any plan, policy or code revisions must consider any resulting impacts on economic development, growth and housing, to better align City priorities. Any changes to City plans, policies and codes will balance the original goals of the plan, policy or code with the City's goals for economic development, greenhouse gas emissions reductions, and housing.

III.7 Cultural Resource Study

Requirement waived by the Planning Director.