

## LOCAL ADOPTION OF "GREEN" BUILDING CODES

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**House Bill 4575**

**Sponsor: Rep. Kate Ebli**

**Committee: Regulatory Reform**

**Complete to 3-3-10**

### A SUMMARY OF HOUSE BILL 4575 AS INTRODUCED 3-12-09

The bill would amend the Stille-DeRossett-Hale Single State Construction Code Act (MCL 125.1501 et. al.) to allow certain local units of government to adopt their own construction code consisting of the National Green Building Standard, ICC-700, published by the International Code Council, or the current version of the Leadership in Energy and Environmental Design (LEED) Green Building Rating System at a specified level.<sup>1</sup> The local units would have to adopt the code through enactment of a local ordinance. Once adopted by the local unit, the green building code would be made available to the general public for at least 45 days in printed, electronic, or other form that does not require the consumer to purchase additional documents or data.

Local units that may adopt the green building codes include any city, township, village, or county that has assumed responsibility for the administration and enforcement of the act and the construction code within their own jurisdiction - i.e., a "governmental subdivision" as defined in Section 2a of the act.<sup>2</sup>

### FISCAL IMPACT:

**Impact on State Government:** The bill would have an indeterminate fiscal impact on the state. From the standpoint of the Department of Energy, Labor, and Economic Growth (DELEG), the Bureau of Construction Codes (BCC) is responsible for reviewing and approving local ordinances to administer and enforce state construction codes. The BCC is also responsible for conducting plan reviews, issuing permits, and conducting inspections (building, boiler, electrical, mechanical, and plumbing) in many local units of government throughout the state. The bill limits the authority to adopt Green Building codes to those local units of government that have assumed jurisdiction for administration and enforcement of the act and construction code, which would serve to limit the impact on the BCC. However, the BCC occasionally assumes responsibility for plan reviews, permitting, and inspection from local governments (that otherwise have jurisdiction) for a certain period of time, or for specific projects.<sup>3</sup> As a result, then, local adoption of certain green building codes would, presumably, add to the complexity of conducting these activities, potentially

<sup>1</sup> These Green Building codes would be beyond the baseline energy codes currently in place. See, generally, [[http://www.energycodes.gov/implement/state\\_codes/state\\_status.php?state\\_AB=MI](http://www.energycodes.gov/implement/state_codes/state_status.php?state_AB=MI)]. For further information on LEED, see [<http://www.usgbc.org/DisplayPage.aspx?CategoryID=19>]. For further information on the ICC-700, see [<http://www.nahbgreen.org/Guidelines/ansistandard.aspx>].

<sup>2</sup> The DELEG Bureau of Construction Codes regularly compiles a list of the entities that have jurisdiction within a local unit. See [[http://www.michigan.gov/documents/dleg/dleg\\_bcc\\_statewide\\_jurisdiction\\_list\\_241251\\_7.pdf](http://www.michigan.gov/documents/dleg/dleg_bcc_statewide_jurisdiction_list_241251_7.pdf)].

<sup>3</sup> See [[http://www.michigan.gov/documents/dleg/dleg\\_bcc\\_assistance\\_to\\_local\\_enforcing\\_agencies\\_241153\\_7.pdf](http://www.michigan.gov/documents/dleg/dleg_bcc_assistance_to_local_enforcing_agencies_241153_7.pdf)].

increasing the time (and resources) necessary to conduct such activities. The BCC is also responsible for processing and reviewing complaints regarding local building code programs and complaints against mechanical contractors, electricians, and plumbers.<sup>4</sup> Given the more rigorous requirements under a Green Building code, it's possible that the adoption of local green building codes could lead to an increase in the number of complaints submitted to the BCC. In addition, the DELEG Bureau of Commercial Services (BCS) processes and reviews complaints concerning residential builders and maintenance and alteration contractors. Again, it is also possible that the adoption of local green building codes could lead to an increase in the number of complaints submitted to the BCS. At present, no estimate is available from the department concerning the anticipated impact in terms of workload and staffing and budgetary requirements on the Bureau of Construction Codes or the Bureau of Commercial Services.

**Impact on Local Government:** Local units of government adopting building green building codes would be impacted in a manner similar to the impact on DELEG. The adoption of Green Building codes would add to the complexity of conducting plan reviews, issuing permits, and conducting inspections of buildings, which could impact staffing requirements at the local level. On this point, the U.S. Department of Energy notes, "the challenges of implementation, compliance, and enforcement vary depending on the jurisdiction; lack of training and lack of manpower are often cited as roadblocks to proper enforcement. As with any aspect of building codes, plan review and inspections take time, and this must be accounted for in department staffing. Training is critical to the design, building, and enforcement communities. Not only is there a need for understanding new code language, but new construction techniques and new materials and technologies must be considered and understood."<sup>5</sup> Any resulting impact on local units of government, however, would presumably be taken into consideration by the local unit when enacting a Green Build code ordinance under the bill. Given that the bill is permissive, allowing local units to adopt Green Building codes if they choose to, the resulting impacts would not be a mandate, per se, on local units.

**Other Impacts:** The basic thrust behind Green Building codes to encourage the construction of energy efficient buildings. While there are certain environmental impacts of energy efficient buildings, there are also certain cost implications as well. While energy efficient buildings are sometimes said to have a higher upfront cost (a so-called "green premium"), such costs are typically recouped over the building's life cycle through lower operating costs.<sup>6</sup> Other studies have found that there is no associated additional upfront cost for green buildings when compared to non-green buildings.<sup>7</sup> Additionally, there are a number of other costs associated with the LEED registration and certification process. For residential housing, the costs of LEED registration costs range from \$150-\$225 for single-family homes and \$450-\$600 for multi-family homes. LEED certification costs for single-family housing ranges from \$225-\$300 and \$0.035-\$0.045 per square foot for multi-family housing.<sup>8</sup> For

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<sup>4</sup> See [[http://www.michigan.gov/dleg/0,1607,7-154-10575\\_17394\\_17567-58436--,00.html](http://www.michigan.gov/dleg/0,1607,7-154-10575_17394_17567-58436--,00.html)].

<sup>5</sup> *Building Energy Codes 101: An Introduction*, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, February 2010, [[http://www.energycodes.gov/training/pdfs/codes\\_101.pdf](http://www.energycodes.gov/training/pdfs/codes_101.pdf)].

<sup>6</sup> See Grag Kats et al., *The Costs and Financial Benefits of Green Buildings: A Report to California's Sustainable Building Task Force*, October 2003, [<http://www.calrecycle.ca.gov/greenbuilding/Design/CostBenefit/Report.pdf>].

<sup>7</sup> Davis Langdon, *Cost of Green Revisited: Reexamining the Feasibility and Cost Impact of Sustainable Design in the Light of Increased Market Adoption*, July 2007, [<http://www.gbci.org/ShowFile.aspx?DocumentID=3590>].

<sup>8</sup> <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=147#registration>

commercial buildings, LEED registration fees range from \$900-\$1,200. LEED certification fees for commercial property are shown in the chart below.

	Less than 50,000 Sq. Ft.	50,000-500,000 Sq. Ft.	Greater than 500,000 Sq. Ft.	Appeals (if applicable)
<b>LEED 2009; New Construction, Commercial Interiors, Schools, Core &amp; Shell full certification</b>	Fixed Rate	Based on Square Footage	Fixed Rate	Per credit
<b>Design Review</b>				
USGBC Members	\$2,000	\$0.04/sf	\$20,000	\$500
Non-Members	\$2,250	\$0.045/sf	\$22,500	\$500
Expedited Fee*	\$5,000 regardless of square footage			\$500
<b>Construction Review</b>				
USGBC Members	\$500	\$0.010/sf	\$5,000	\$500
Non-Members	\$750	\$0.015/sf	\$7,500	\$500
Expedited Fee*	\$5,000 regardless of square footage			\$500
<b>Combined Design &amp; Construction Review</b>				
USGBC Members	\$2,250	\$0.045/sf	\$22,500	\$500
Non-Members	\$2,750	\$0.055/sf	\$27,500	\$500
Expedited Fee*	\$10,000 regardless of square footage			\$500
<b>LEED for Existing Buildings</b>	Fixed Rate	Based on Square Footage	Fixed Rate	Per credit
<b>Initial Certification Review</b>				
USGBC Members	\$1,500	\$0.03/sf	\$15,000	\$500
Non-Members	\$2,000	\$0.04/sf	\$20,000	\$500
Expedited Fee*	\$10,000 regardless of square footage			\$500
<b>Recertification Review**</b>				
USGBC Members	\$750	\$0.015/sf	\$7,500	\$500
Non-Members	\$1,000	\$0.02/sf	\$10,000	\$500
Expedited Fee*	\$10,000 regardless of square footage			\$500
<b>LEED for Core &amp; Shell: Precertification</b>	Fixed Rate			Per credit
USGBC Members	\$3,250			\$500
Non-Members	\$4,250			\$500
Expedited Fee*	\$5,000			\$500
<b>CIRs (for all Rating Systems)</b>				\$220

Source: Green Building Certification Institute, [http://www.gbci.org/DisplayPage.aspx?CMSPageID=127]

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.