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# **Guidance to Local and State Governments**

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**Using LEED® for Neighborhood  
Development as a Policy Tool to  
Encourage Sustainable  
Development**

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U.S. Green Building Council  
2008

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## **Part I.**

### **Background**

There are currently 12 federal, 26 state and 103 local policies in place that encourage the use of LEED. To date, the vast majority of these policies have referenced the LEED for New Construction rating system, but there are increasing numbers of policies which involve other LEED rating systems as well, such as LEED for Existing Buildings and LEED for Core and Shell.

We have also already begun to see government policies involving LEED for Neighborhood Development at both the local and state level. For example, in 2006, Sarasota County, Florida approved a Green Development Incentive Resolution that provides fast-track permitting for residential and commercial green developments. Such incentives apply to projects pursuing LEED for Neighborhood Development. Additionally, in 2007, the Governor of the State of Illinois signed “The Green Neighborhood Grant Act,” which creates state-level incentives for LEED for Neighborhood Development. The Act directs the Department of Commerce and Economic Opportunity to fund up to 1.5% of total development costs for up to three applicable projects per year. Applicable neighborhood developments will have achieved LEED for Neighborhood Development certification.

### **Benefits of LEED for Neighborhood Development**

LEED for Neighborhood Development recognizes, through certification, development projects that successfully protect and enhance the overall health, natural environment, and quality of life of our communities. The rating system encourages smart growth and new urbanist best practices, promoting the location and design of neighborhoods that reduce vehicle miles traveled and communities where jobs and services are accessible by foot or public transit. It promotes more efficient energy and water use—especially important in urban areas where infrastructure is often overtaxed. All of these benefits contribute to the overall character and appeal of a community. As the population ages, and energy costs rise, there is increasing demand for communities that are both walkable and energy efficient. By improving efficiency, contributing to economic development, protecting the natural environment, strengthening energy independence, supporting climate protection, building healthier communities, and enhancing the quality of live in your community, LEED for Neighborhood Development certified projects will be contributing to your community’s triple bottom line—economic development, environmental protection, and increased equity.

### **How to Use this Written Guidance**

This guidance has been developed for local, regional, and state governments who wish to use LEED for Neighborhood Development<sup>1</sup> as a policy tool to promote sustainable

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<sup>1</sup> The LEED for Neighborhood Development program is currently being piloted with nearly 240 projects from 39 states and 6 countries, using the LEED for Neighborhood Development Pilot Rating System. These

communities. Careful consideration should be applied when deciding which, if any, policies to employ.

This resource has been developed by the U.S. Green Building Council in collaboration with members of the LEED for Neighborhood Development Core Committee, representatives from local and state governments and stakeholder associations which represent these entities. It is expected that this guidance will be revised and expanded for the post-pilot version of LEED for Neighborhood Development.

There are many ways in which LEED for Neighborhood Development can be used as a tool to promote more sustainable communities, but most fall into the following broad categories:

- it can be used to evaluate current policies and practices;
- it can be used as a basis for structural incentives;
- it can be used as a basis for financial incentives;

Each of these is discussed in more detail below, as are some of the policy limitations inherent to LEED for Neighborhood Development.

## **Part II.**

### **Evaluation of Current Policies and Practices**

LEED for Neighborhood Development can be used to analyze whether existing development regulations, such as zoning codes, development standards, landscape requirements, building codes, or comprehensive plans are “friendly” to sustainable developments. By comparing your locality’s development practices to the LEED for Neighborhood Development rating system, your public officials and planning department can better identify obstacles in your zoning which may currently make it difficult, onerous, costly, or impossible to undertake some aspects of sustainable development in your community. Some common examples include required high parking ratios and zoning that prevents residential areas from being built near shops and services. Reducing code barriers, such as those that prohibit solar panels or require vehicle-oriented streets, will help facilitate greener developments.

LEED for Neighborhood Development is also helpful in achieving other goals some communities may have already articulated for themselves, such as promoting infill, redevelopment, or transit-oriented development (TOD). LEED for Neighborhood

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projects are in the process of gathering documentation based on the rating system which they will submit to USGBC in order to become certified. The information learned during the pilot program will be used to make further revisions to the rating system and certification process, and as such, the rating system is likely to change somewhat. The resulting draft rating system will be posted for public comment before it is submitted for final approvals and balloting. The full LEED for Neighborhood Development program will launch for public use in 2009.

Development encourages these strategies through the rating system's various prerequisites and credits and complements other tools such as Transfer of Development Rights (TDR) programs or designation of revitalization zones.

Finally, LEED for Neighborhood Development can be used to inform macro-level land use planning. When considering applying LEED for Neighborhood Development to your locality or state, if it is apparent that no lands are eligible, this may be an indication that in order to achieve sustainability goals, your locality or state has larger strategic investments that need to be made in order to shift current development patterns. For example, development or expansion of transit service can make additional areas eligible for LEED for Neighborhood Development.

### **Structural Incentives**

Structural incentives are those that can be incorporated into existing local and state government policies and regulations. Such incentives include density and height bonuses, expedited and fast-track permitting, and conditioning of the sale of publicly-owned land.

Density and height bonuses can be used to permit developers to increase the number of units allowed on a piece of property if they meet certain requirements such as a commitment to LEED for Neighborhood Development certification.

Expedited and fast-track permitting policies can be used to help streamline and coordinate the review and issuance of permits for projects which meet LEED for Neighborhood Development requirements. This allows projects that are performing better with regard to sustainability outcomes to move forward more quickly than conventional projects.

The sale of publicly-owned land or publicly-funded projects in your locality can also be conditional upon LEED for Neighborhood Development certification of any projects built on that land in order to promote sustainable development.

### **Financial Incentives**

Financial incentives leverage market forces to encourage sustainable development. Such incentives include grants, tax credits or abatements, reduced permitting fees, revolving loan funds, lower impact fees, free technical assistance, "feebates," and Tax Increment Financing.

Tax credits or abatements could be given to projects that meet LEED for Neighborhood Development criteria in order to encourage projects to pursue more sustainable development.

Reduced permitting fees work much the same way, except permitting fees are either reduced or waived entirely if a project meets specific criteria, such as a commitment to LEED for Neighborhood Development certification.

“Feebates” are a way of utilizing economic incentives to support activities which a locality deems desirable and to discourage activity which a locality deems harmful. With this mechanism, localities and states can attach a fee to undesired activity and a rebate to desired activities, such as LEED for Neighborhood Development certification.

Tax Increment Financing (TIF) is predicated on the fact that increased tax revenues result from investment and subsequent increased site value of an area. As investment creates more taxable properties, this increased revenue is used to finance debt used to pay for the project. Municipalities first establish assessed property values for a baseline year in a delineated TIF district and then apply any incremental increase in property assessments and tax revenues *after* the baseline year for construction financing within the area. LEED for Neighborhood Development certification could be used as the criteria for obtaining TIF district status.

### **Limitations**

Careful consideration of the LEED for Neighborhood Development rating system should be employed by states and localities thinking of using LEED for Neighborhood Development as a potential policy tool. Localities should be aware of the content of the rating system, especially the prerequisites related to location. Not all locations in a given locality will necessarily be able to meet these prerequisites requirements, and as such, straightforward mandating of the LEED for Neighborhood Development rating system for all projects in a locality is not encouraged.

Additionally, because LEED for Neighborhood Development is a national program, on some topics addressed in the rating system such as stormwater regulation, some local governments may have more stringent regulations than LEED for Neighborhood Development. LEED for Neighborhood Development is not designed to override or replace these more stringent regulations, but rather to set a minimum baseline that will encourage projects in localities with weaker regulations to conform to a higher standard.

Finally, LEED for Neighborhood Development is not a replacement for comprehensive planning by the municipality, county, region, or state. It was not designed to rate public plans but rather aims at individual project development plans as the main target for certification.

## Resources

### General Resources

- Playbook: <http://www.greenplaybook.org>
- ICLEI Star Community Index: <http://www.iclei.org/index.php?id=7250>

### Current Government Policy Databases

- U.S. Green Building Council public policy database: <http://www.usgbc.org/PublicPolicy/SearchPublicPolicies.aspx?PageID=1776>
- U.S. Green Building Council policy tools for schools and governments: <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=1780>
- EPA Smart Growth Policy database: <http://cfpub.epa.gov/sgpdb/search.cfm>

### Zoning Code Reform

- Article, “Overcoming Obstacles to Smart Growth through Code Reform. An Executive Summary of Smart Growth Zoning Codes: A Resource Guide”: [http://www.lgc.org/freepub/PDF/Land\\_Use/sg\\_code\\_exec\\_summary.pdf](http://www.lgc.org/freepub/PDF/Land_Use/sg_code_exec_summary.pdf)
- Presentations, Smart Growth Zoning Codes: [http://www.lgc.org/events1/land\\_use/past/sg\\_zoning\\_codes04.html](http://www.lgc.org/events1/land_use/past/sg_zoning_codes04.html)

### Development Standards

- LEED rating systems: <http://www.usgbc.org/leed>

### Building Codes

- Building Codes Assistance Project: <http://www.bcap-energy.org/home.php>
- Article, “Breaking Down the Barriers: Challenges and Solutions to Code Approval of Green Building”: <http://www.resourcesaver.org/file/toolmanager/O16F24735.pdf>
- State Energy Alternatives: “Energy Codes and Standards”: [http://www.eere.energy.gov/states/alternatives/codes\\_standards.cfm](http://www.eere.energy.gov/states/alternatives/codes_standards.cfm)

### Parking

- EPA Publication, “Parking Spaces/Community Places: Finding the Balance through Smart Growth Solutions”: <http://www.epa.gov/piedpage/pdf/EPAParkingSpaces06.pdf>
- Presentation, “Reforming Parking Requirements: Less Traffic, Better Places”: [http://www.lgc.org/freepub/land\\_use/presentations/siegman\\_sgzc\\_oak04/index.htm](http://www.lgc.org/freepub/land_use/presentations/siegman_sgzc_oak04/index.htm)

### Form-Based Coding

- Article, “Form-Based Coding”: [http://www.fairfaxcounty.gov/planning/tod\\_docs/fbcodes.pdf](http://www.fairfaxcounty.gov/planning/tod_docs/fbcodes.pdf)
- Publication, Form Based Codes: <http://scholar.lib.vt.edu/theses/available/etd-05122004-113700/unrestricted/BurdetteFINALmajorpaper.pdf>

### **Infill Redevelopment**

- HUD Regulatory Barriers database:  
<http://www.huduser.org/rbc/search/rbcresults.asp?query=+AND+TopicID+in+%287%29&RecordsPerPage=10&Page=3>
- Publication, Municipal Resources Service Center, “Infill Development: Strategies for Shaping Livable Neighborhoods”:  
<http://www.mrsc.org/Publications/infill1.pdf>
- Presentation, “Infill, Mixed Use and Compact Development”:  
[http://www.lgc.org/freepub/land\\_use/presentations/zykofsky\\_denver02/index.htm](http://www.lgc.org/freepub/land_use/presentations/zykofsky_denver02/index.htm)
- Publication, Maryland Department of Planning, “Models and Guidelines for Infill Development”:  
[http://www.mdp.state.md.us/mgs/infill/InfillFinal\\_1.pdf](http://www.mdp.state.md.us/mgs/infill/InfillFinal_1.pdf)
- Model Ordinance for Infill Development:  
[http://www.dca.state.ga.us/intra\\_nonpub/Toolkit/ModelOrdinances/ModOrdInfill.pdf](http://www.dca.state.ga.us/intra_nonpub/Toolkit/ModelOrdinances/ModOrdInfill.pdf)
- EPA “The Transportation and Environmental Impacts of Infill Versus Greenfield Development: A Comparative Case Study Analysis”:  
[http://www.epa.gov/dced/pdf/infill\\_greenfield.pdf](http://www.epa.gov/dced/pdf/infill_greenfield.pdf)
- Northeast-Midwest Institute and Congress for New Urbanism: “Strategies for Successful Infill Development”:  
<http://www.nemw.org/infillbook.htm>

### **Transit-Oriented Development (TODs)**

- Center for Transit Oriented Development “Preserving and Promoting Diverse Transit-Oriented Neighborhoods”:  
[http://www.cnt.org/repository/diverseTOD\\_FullReport.pdf](http://www.cnt.org/repository/diverseTOD_FullReport.pdf)
- Reconnecting America “Realizing the Potential: Expanding Housing Opportunities Near Transit”:  
<http://www.reconnectingamerica.org/public/reports>

### **Transferable Development Rights (TDRs)**

- American Planning Association “Model of Transferable Development Rights (TDR) Ordinance”:  
<http://www.planning.org/smartgrowthcodes/pdf/section46.pdf>
- Smart Communities:  
<http://www.smartcommunities.ncat.org/landuse/transfer.shtml>
- Paper on “Transfer of Development Rights Programs”:  
<http://government.cce.cornell.edu/doc/html/Transfer%20of%20Development%20Rights%20Programs.htm>

### **Density or Height Bonuses**

- American Planning Association “Model Affordable Housing Density Bonus Ordinance”:  
<http://www.planning.org/smartgrowthcodes/pdf/section44.pdf>
- HUD Regulatory Barriers Clearinghouse:  
<http://www.huduser.org/rbc/newsletter/vol2iss4more.html>

**Expedited or Fast-Track Permitting**

- Austin Housing Finance Corporation: <http://www.ci.austin.tx.us/ahfc/smart.htm>

**Reduced Permitting Fees**

- Gainesville, Florida Permit Fee Reduction Incentive:  
<http://www.usgbc.org/ShowFile.aspx?DocumentID=1979>

**Technical Assistance**

- Portland, Oregon: <http://www.portlandonline.com/osd/index.cfm?c=41481>
- Seattle, Washington: <http://www.seattle.gov/dpd/greenbuilding/>