

ITEM #:	16
DATE:	07-14-26
DEPT:	CMO

COUNCIL ACTION FORM

SUBJECT: NET-ZERO READY HIGH PERFORMANCE HOME PILOT PROJECT

BACKGROUND:

On [November 26, 2024](#), Council established an enhanced tax abatement program to incentivize efficient new home construction in alignment with the Climate Action Plan. The enhanced tax abatement applies to new construction homes that are all-electric and include solar installations, among other requirements.

The November 26, 2024 staff report on the Climate Action Plan Initial Implementation Step to Incentivize Net-zero Ready New Construction also included an initial discussion of a high-performance home pilot project. Since then, staff has engaged with homebuilders and other stakeholders to gain input on the pilot project and develop a more defined scope.

The goal of the project is to construct a home that serves as a model of green building and energy efficiency practices and can be replicated in the market. The homebuilder and involved contractors would also become more familiar with sustainable building practices. In addition, the project would be leveraged to educate and engage community stakeholders, including residents, realtors, and students.

The partnership would involve a grant stipend issued to a partner homebuilder to design and construct a home meeting certain criteria established by the City. The stipend would help mitigate some of the financial risk to the developer to work on new home options.

Staff is seeking authorization to allocate \$20,000 from sustainability funding in the Council Priorities Capital Fund for the pilot project. The current unallocated balance of the funding is \$845,150. If approved, Staff will develop an open application process and select a partner that best meets the goals of the program.

The \$20,000 incentive will reimburse home builder expenses after completion of the pilot project requirements. This will include design and construction of a speculative home with:

- All-electric energy uses.
- Net-zero-ready design, defined as a design where the potential rooftop solar installation would generate more energy annually than the estimated annual home energy consumption. This program would not require the installation of solar, but the home would be solar-ready.
- Accommodation of education and outreach events throughout the project.

- Located on a builder-owned lot.

ALTERNATIVES:

1. Approve \$20,000 in FY 2026/27 from the Council Priorities Capital Fund sustainability funding to be made available through the high-performance home pilot project.
2. Do not approve any funding for the high performance home pilot project.
3. Refer to staff for more information.

CITY MANAGER'S RECOMMENDED ACTION:

The high-performance home pilot project aligns with the Climate Action Plan Big Move #3: net zero ready new construction. The pilot project will serve as an example for sustainable building practices and will result in workforce development and community education benefits. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.