



CITY COUNCIL AGENDA REPORT

MEETING DATE: AUGUST 7, 2007

ITEM NUMBER:

SUBJECT: RESIDENTIAL REMODELING INCENTIVE PROGRAM

DATE: JULY 20, 2007

FROM: DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: KHANH NGUYEN, CBO, BUILDING OFFICIAL

FOR FURTHER INFORMATION CONTACT: KHANH NGUYEN (714) 754-5277

RECOMMENDATION

Reauthorization of the successful Residential Remodeling Incentive Program (RRIP) effective from September 4, 2007 to December 14, 2007.

BACKGROUND

Due to the increasing demand for ownership housing and high sales prices, many homeowners are remodeling their single family homes. As such, our community benefits in many ways whenever a home is upgraded in quality, appearance, and value.

To encourage greater reinvestment in our community, the City Council implemented the Residential Remodeling Incentive Program in Fall 2005 (RRIP1) and Fall 2006 (RRIP2) with great success. Costa Mesa homeowners overwhelmingly supported the program and responded by installing new roofs, remodeling kitchens, adding extra bedrooms, and putting in swimming pools.

Many homeowners since have recognized the tremendous benefits in the program and made verbal requests in recent months to the City to implement another Residential Remodeling Incentive Program this Fall.

Other cities have taken notice of our successful program and in particular, the City of Orange took our lead and adopted a similar program called "On The House Permits" this Fall and in the Spring of 2008.

ANALYSIS

The features listed below for this Fall Residential Remodeling Incentive Program (RRIP3) are similar to last year's program:

- Construction plan check, building, electrical, mechanical, and plumbing permit fees will be waived for structural remodeling, alterations, renovation, and additions, to any single family dwelling, provided the home is at least five years old.
- Express Planning and Building plan checks will be offered. As such, residential remodeling plans will be given first priority over all other plans in processing.
- Preferred morning or afternoon inspections will be offered.

FISCAL REVIEW

RRIP1 (4-month period)

- Direct cost such as system programming, materials, and plan check consultants = \$50,000
- Fee waiver = \$350,000
- Inspection cost = \$180,000

Total = \$580,000 (or \$145,000 per month)

Total Improvements = \$15 Million

RRIP2 (3.5-month period)

- Direct cost including plan check consultants & contract inspector = \$58,300
- Fee waiver = \$290,000

Total = \$348,000 (or \$100,000 per month)

Total Improvements = \$12 Million

Proposed RRIP3 (3.5-month period)

- Direct cost = \$40,000
- Fee waiver = \$230,000

Total = \$270,000 (or \$77,000 per month)

Total Improvements = \$9 Million

LEGAL REVIEW

The City Attorney's Office has reviewed the attached fee waiver resolution and approved it as to form.

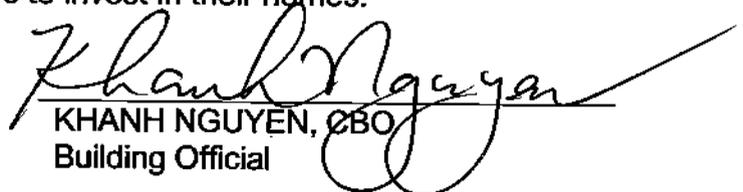
ALTERNATIVES CONSIDERED

Council may reject the program or delay the program until such time the number of residential alterations and additions significantly declines due to rising interest rates.

CONCLUSION

This third Residential Remodeling Incentive Program implements City Council's desire to encourage a greater number of homeowners to invest in their homes.


DONALD D. LAMM, AICP
Deputy City Mgr.- Dev. Svs. Director


KHANH NGUYEN, CBO
Building Official

ATTACHMENT: Resolution no. 07- __

DISTRIBUTION: City Manager
Assistant City Manager
Finance Director
City Attorney
Public Services Director
City Clerk (2)
Staff (4)
File (2)

File: 080707RRIP3	Date: 072007	Time: 4:15 p.m.
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RESOLUTION NO. 07-__

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA
MODIFYING BUILDING AND CONSTRUCTION FEES TO ESTABLISH AND
PROMOTE A RESIDENTIAL REMODELING INCENTIVE PROGRAM**

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, Section 5-1 of Chapter 1, Title 5 of the Costa Mesa Municipal Code authorizes the City Council to establish fees and fee schedules for permits, inspections, re-inspections and other activities relating to the regulation of building and construction activities in the City of Costa Mesa (hereinafter the "building and construction fees"); and

WHEREAS, pursuant to the aforesaid authority, the City Council has heretofore adopted its Resolution No. 07-__ establishing building and construction fees for work and construction activities pursuant to the Costa Mesa Building Code, Costa Mesa Electrical Code, Costa Mesa Mechanical Code and Costa Mesa Plumbing Code (collectively referred to herein as the "Costa Mesa Building Codes"); and

WHEREAS, the City Council hereby desires to establish and promote a program known as the "Residential Remodeling Incentive Program (RRIP)" to encourage and facilitate certain home repairs, remodeling and additions in compliance with applicable requirements of the Costa Mesa Building Codes and Development Ordinances, and to waive collection of the building and construction fees, for such work as described in Section 1 below of this Resolution; and

WHEREAS, the City Council hereby finds and determines that it is in the public's interest and general welfare to establish said RRIP as hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Costa Mesa as follows:

1. That Resolution No. 07-__ is amended to waive any building and construction fees imposed and required hereunder, including any penalty fees, during the effective period of the RRIP, for any alterations/additions to single family dwellings (attached or detached) five years or more old, which may include any new accessory structures thereto.

2. That the effective period of the RRIP, including the waiver of the fees specified in Section 1 of the Resolution, shall apply to any completed permit applications received by or permits issued by the Building Division of the Development Services Department, on or after September 4, 2007, and the effective period shall expire upon December 14, 2007.

3. Except as expressly set forth herein, nothing contained in this Resolution shall be deemed to waive any fees otherwise required by any other provision of law (including but not limited to fees for City zoning entitlements, and/or fees collected by the City on behalf of any other public agency or entity), nor otherwise waive compliance with any other applicable provisions of the Costa Mesa Building Codes, Grading Ordinances, Development Ordinances, or the Costa Mesa Zoning Code.

PASSED AND ADOPTED THIS 7th DAY OF AUGUST, 2007.

ATTEST:

City Clerk of the City of
Costa Mesa

Mayor

APPROVED AS TO FORM

City Attorney