

BUDGET AND FINANCE COMMITTEE REPORT relative to the waiver of plan check and permit fees associated with the reconstruction of private property damaged or destroyed in the January 2025 Wildfires.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE AND FILE the following reports and Amending Motions, attached to the Council file:
 - a. City Administrative Officer (CAO) report dated May 7, 2025
 - b. CAO report dated October 2, 2025
 - c. City Attorney report and draft Ordinance dated June 20, 2025
 - d. Amending Motion 23C (Rodriguez – Yaroslavsky) dated December 2, 2025
 - e. Amending Motion 23D (Park – Nazarian) dated December 2, 2025
2. APPROVE Option 3 (A, B, and C) as detailed in the CAO report dated January 16, 2026, attached to the Council file, for the waiver of fees for all structures, regardless of rebuild/repair scale, only up to the amount attributed to 110 percent of the original footprint, with an aggregate cap of \$90 million, for three years. Property owners would be liable for fees in excess of 110 percent rebuild/repair scale.
3. FIND that the waiving of plan check and permit fees for rebuilding properties that were damaged or destroyed as a result of the January 2025 Wildfires represents a clear public benefit inasmuch as the waivers would remove barriers to reconstruction and benefit the economy of the City of Los Angeles.
4. REQUEST the City Attorney to prepare and present a new Ordinance consistent with its recommendations and including all previous provisions around eligibility subject to ownership at the time of the January 2025 Wildfires, including relative positions from previous draft Ordinances that align with this report, with a timeline for eligibility retroactive to the date of the fire and not longer than three years from the date that the Council acts.
5. REQUEST the Controller to establish a new account, Wildfire Emergency Permit Fee Subsidies, in the General City Purposes (GCP); and, appropriate \$10 million from a temporary revolving loan from the Building and Safety Building Permit Enterprise Fund (Enterprise Fund) to be repaid with interest.
6. INSTRUCT the Department of Building and Safety (DBS) and other relevant City departments to establish fee subsidy procedures, including the process for obtaining reimbursements of subsidized fees from the GCP to ensure full cost recovery for the Enterprise Fund.
7. INSTRUCT the CAO to:
 - a. Identify unrestricted funds to repay the Enterprise Fund, for any and all fees waived in connection with the January 2025 Wildfires, with interest calculated at the City Daily Interest Pool Rate.
 - b. Recommend a funding strategy to the Mayor and Council, for inclusion in the Fiscal Year (FY) 2026-27 Budget, that would limit the General Fund obligation to a maximum of \$30 million per year over the next three fiscal years.
 - c. Report back to the Budget and Finance Committee, with support from affected City departments, via the Financial Status Report (FSR) process with updates on the use of this waiver program, including the types of properties for which permits have been issued.

Fiscal Impact Statement: The CAO reports that should the Council approve the recommendations contained in the CAO report dated January 16, 2026, and waive fees for all structures (single family dwelling, duplexes, accessory dwelling units, multi-family dwellings, and commercial properties), regardless of rebuild/repair scale, up to the amount attributable to 110 percent, the General Fund impact is \$98.30 million, not including the costs of borrowing. Should the Council choose to limit the fee waivers to only single-family dwellings and duplexes that are rebuilding only up to 110 percent of the original footprint, the estimated General Fund impact is \$80.4 million, not including the costs of borrowing. Should the Council choose to extend the fee waivers to all structures with no limit on the rebuild/repair scale, the General Fund impact could be over \$126.43 million, not including the costs of borrowing.

Financial Policies Statement: The CAO reports that in order to comply with the City Financial Policies, the City Council needs to make a finding of public benefit to waive fees for services for individual users. Because the fees to be waived are for services funded through a source of funds generated by the collection of those fees, a General Fund appropriation would be required to prevent other service users from improperly subsidizing such fees.

Community Impact Statement: None submitted

SUMMARY

At its meeting held on January 20, 2026, your Budget and Finance Committee considered the CAO reports, dated May 7, 2025, October 2, 2025, and January 16, 2026; City Attorney report and draft Ordinance, dated June 20, 2025; Amending Motion 23C (Rodriguez – Yaroslavsky), dated December 2, 2025; and, Amending Motion 23D (Park – Nazarian), dated December 2, 2025; relative to amending the Los Angeles Municipal Code to waive fees imposed in connection with permits to repair or rebuild buildings or structures damaged or destroyed by the January 2025 Wildfires, and the feasibility of waiving plan check and permit fees associated with the reconstruction of damaged or destroyed private property. The CAO and DBS representative discussed the updated fiscal impact estimates and assumptions associated with the waiver of plan check and permit fees for all structures impacted by the January 2025 Wildfires over a period of three years. The Committee and CAO also discussed the repayment of interest to the Enterprise Fund.

Councilmember Yaroslavsky introduced a Motion, seconded by Councilmember McOsker, to note and file the reports and Amending Motions as detailed in Recommendation No. 1 above; recommend approval of Option 3 (A, B, and C) with an estimated General Fund impact of \$9.830 million, which would waive fees for all structures, regardless of rebuild/repair scale, but only up to the amount attributed to 110 percent of the original footprint, with an aggregate cap of \$90 million over three years. Property owners would be liable for fees in excess of 110 percent rebuild/repair scale. The City Attorney is requested to draft a new Ordinance as detailed in Recommendation No. 4 above; and, the CAO is also instructed to report back to the Budget and Finance Committee via the FSR process with updates on the use of this waiver program, including the types of properties for which permits have been issued. After discussion and having provided public comment, the Committee approved the item as amended, as detailed above. The matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	ABSENT
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

AXB
25-0006-S57_rpt_bfc_01-20-26