

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 16, 2026

CAO File No. 0220-06305-0002
Council File No. 25-0006-S57
Council District: 11

To: The City Council

From: Matthew W. Szabo, City Administrative Officer

Reference: City Administrative Officer report dated October 2, 2025 (CF 25-0006-S57)

Subject: **REVISED: FISCAL IMPACT OF WAIVING PLAN CHECK AND PERMIT FEES
ASSOCIATED WITH RECONSTRUCTION OF PRIVATE PROPERTY DAMAGED
IN THE JANUARY 2025 WILDFIRES**



RECOMMENDATIONS

Should the City Council wish to waive plan check and permit fees for private properties that were damaged or destroyed as a result of the January 2025 Wildfires, the City Council should, subject to the approval of the Mayor:

1. Approve the waiver of fees for all structures, regardless of rebuild/repair scale, only up to the amount attributable to 110 percent of the original footprint, with an aggregate cap of \$90 million, for three (3) years;
2. 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;
3. Request the City Attorney, in consultation with the relevant departments, to prepare an updated ordinance to waive fees based on Council action;
4. 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;
5. Instruct the Los Angeles Department of Building and Safety and other relevant departments to establish fee subsidy procedures, including the process for obtaining reimbursements of subsidized fees from GCP to ensure full cost recovery for the Enterprise Fund;
6. Instruct the City Administrative Officer (CAO) to 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; and,

7. Instruct the CAO to 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 (3) fiscal years.

SUMMARY

This report amends the fiscal impact in the City Administrative Officer (CAO) report dated October 2, 2025 relative to the feasibility of waiving plan check and permit fees associated with reconstruction of private property damaged in the January 2025 Wildfires. The updated General Fund impact of \$80.4 million to \$126.4 million reflects LADBS updated assumptions for rebuild/repair projects within 110 and 150 percent scale, the percentage of green-tagged properties requiring permits, and potential Accessory Dwelling Units (ADUs). The updated estimate also excludes 353 properties that have been sold as of November 24, 2025. The CAO also excluded 234 properties in the main Pacific Palisades zip code, 90272, that are for sale as of January 9, 2026.

This report recommends that the Council approve the waiver of fees for all structures, regardless of rebuild/repair scale, only up to the amount attributable to 110 percent of the original footprint. This will have a General Fund impact of \$98.3 million. It also recommends the development of a funding strategy for inclusion in the FY 2026-27 budget.

Basis for Revised Estimate

Based on permits filed through January 8, 2026, the Los Angeles Department of Building and Safety (LADBS) has revised the assumption for green-tagged properties to only 10 percent, resulting in a significant decrease compared to previous estimates. The previous LADBS estimate assumed that 100 percent of green tag properties would apply for permits. While green-tagged properties are assessed as not being structurally damaged, some may have incurred damage from the January 2025 Wildfires which the property owner may have the need or desire to demolish for certain repairs, necessitating the permits associated with repair/rebuild permits.

Additionally, the updated estimate now reflects the 47 ADUs included in the LADBS assessment. The LADBS previously assumed that 50 percent of green-tagged single family dwellings and duplexes and 100 percent of yellow and red-tagged single family dwellings and duplexes would apply for permits associated with ADU construction.

Attachment 1 provides a detailed breakdown of the revised estimate and the damaged structures assessed by the LADBS, classified by the extent of the damage (green, yellow, and red tagged properties). Green tag represents properties with no apparent hazard observed, yellow tag represents properties that were restricted for use (entry occupancy, or other lawful use) and restriction may apply to certain areas of a property, and red tag represents properties deemed unsafe to occupy due to serious damage (entry without LADBS approval is prohibited).

In accordance with the Mayor's Emergency Executive Order No. 7 "Suspending Collection of Plan Check and Permit Fees," the LADBS has suspended approximately \$10 million in permit fees for 1,109 unique addresses as of January 8, 2026 (Attachment 2).

During the December 2, 2025 Council deliberations of the October 27, 2025 Budget and Finance Committee Report and the June 23, 2025 Ad Hoc Committee for LA Recovery, various options were discussed. Based on those discussions, the following is a list of the options. The CAO recommends Option 3.

OPTION 1

This option would waive fees for all structures (single family dwelling, duplexes, accessory dwelling units, multi-family dwellings, and commercial properties) that are rebuilding only up to 110 percent of the original footprint. The estimated General Fund impact is \$98.30 million.

Permit Type	110 Percent
SFD	\$35,872,029.38
Duplex	\$388,534.32
Multi-Family	\$6,610,710.35
Commercial	\$3,177,186.20
ADU	\$103,963.95
A. Minimum Cost for All Structures	\$46,152,424.20
Cost of Other Supplemental Fees	
Grading	\$9,432,518.66
Swimming Pool	\$437,624.07
Retaining Wall/Shoring	\$1,327,574.09
Fire Sprinkler	\$2,398,354.01
Mech, Elec, Plumb, FS	\$1,397,921.44
B. Subtotal of Supplemental Permits	\$14,993,992.27
Total A + B	\$61,146,416.47
Cost of Other Departments Fees	
BOE	\$6,649,379.52
BOS	\$319,298.00
BSS	\$9,775,731.00
DCP	\$19,206,673.00
LADOT	\$0.00
LAFD	\$0.00
LAHD	\$1,201,641.00
RAP	\$0.00
C. Subtotal for Other Departments	\$37,152,722.52
Total (A + B + C)	\$98,299,138.99

OPTION 2

This option would waive fees for all single-family dwelling and duplexes that are rebuilding only up to 110 percent of the original footprint. The estimated General Fund impact is \$80.42 million.

Permit Type	110 Percent
SFD	\$35,872,029.38
Duplex	\$388,534.32
ADU	\$103,963.95
A. Minimum Cost for All Structures	\$36,364,527.65
Cost of Other Supplemental Fees	
Grading	\$7,804,814.84
Swimming Pool	\$400,968.91
Retaining Wall/Shoring	\$1,159,832.59
Fire Sprinkler	\$2,315,146.22
Mech, Elec, Plumb, FS	\$0.00
B. Subtotal of Supplemental Permits	\$11,680,762.55
Total A + B	\$48,045,290.20
Cost of Other Departments Fees	
BOE	\$6,383,019.00
BOS	\$287,042.52
BSS	\$8,788,186.65
DCP	\$16,212,988.00
LADOT	\$0.00
LAFD	\$0.00
LAHD	\$701,492.00
RAP	\$0.00
C. Subtotal for Other Departments	\$32,372,728.17
Total (A + B + C)	\$80,418,018.38

OPTION 3

This option would waive fees for all structures, regardless of rebuild/repair scale, but only up to the amount attributable to 110 percent. Property owners would be liable for fees in excess of 110 percent rebuild/repair scale. The estimated General Fund impact is \$98.30 million.

Permit Type	110 Percent
SFD	\$35,872,029.38
Duplex	\$388,534.32
Multi-Family	\$6,610,710.35
Commercial	\$3,177,186.20
ADU	\$103,963.95
A. Minimum Cost for All Structures	\$46,152,424.20
Cost of Other Supplemental Fees	
Grading	\$9,432,518.66
Swimming Pool	\$437,624.07
Retaining Wall/Shoring	\$1,327,574.09
Fire Sprinkler	\$2,398,354.01
Mech, Elec, Plumb, FS	\$1,397,921.44
B. Subtotal of Supplemental Permits	\$14,993,992.27
Total A + B	\$61,146,416.47
Cost of Other Departments Fees	
BOE	\$6,649,379.52
BOS	\$319,298.00
BSS	\$9,775,731.00
DCP	\$19,206,673.00
LADOT	\$0.00
LAFD	\$0.00
LAHD	\$1,201,641.00
RAP	\$0.00
C. Subtotal for Other Departments	\$37,152,722.52
Total (A + B + C)	\$98,299,138.99

OPTION 4

This option would waive fees for all structures with no limit on the rebuild/repair scale. The current General Fund estimate of \$126.43 million is only for projects that increase in scale up to 150 percent of the original footprint. This option would result in a higher General Fund impact than the current estimate of \$126.43 million should any property owner rebuild over 150 percent of the original footprint

Permit Type	150 Percent
SFD	\$44,816,419.08
Duplex	\$2,824,271.15
Multi-Family	\$21,386,423.99
Commercial	\$5,148,888.36
ADU	\$103,963.95
A. Minimum Cost for All Structures	\$74,279,966.53
Cost of Other Supplemental Fees	
Grading	\$9,432,518.66
Swimming Pool	\$437,624.07
Retaining Wall/Shoring	\$1,327,574.09
Fire Sprinkler	\$2,398,354.01
Mech, Elec, Plumb, FS	\$1,397,921.44
B. Subtotal of Supplemental Permits	\$14,993,992.27
Total A + B	\$89,273,958.80
Cost of Other Departments Fees	
BOE	\$6,649,379.52
BOS	\$319,298.00
BSS	\$9,775,731.00
DCP	\$19,206,673.00
LADOT	\$0.00
LAFD	\$0.00
LAHD	\$1,201,641.00
RAP	\$0.00
C. Subtotal for Other Departments	\$37,152,722.52
Total (A + B + C)	\$126,426,681.32

Funding to Pay for Fee Waivers

Any of the options above would require General Fund appropriations to repay the Enterprise Fund. The City will need to identify unrestricted funds to repay the Enterprise Fund, for any and all fees waived in connection with the January 2025 Wildfires, together with costs of borrowing. This Office recommends that the Council, subject to the approval of the Mayor, approve Option 3 and waive fees for all structures (single family dwelling, duplexes, accessory dwelling units, multi-family dwellings, and commercial properties), regardless of rebuild/repair scale, only up to the amount attributable to 110 percent of the original footprint. Property owners would be liable for fees in excess of 110 percent rebuild/repair scale. The estimated General Fund impact is \$98.30 million. It is also recommended that this Office be instructed to develop a funding strategy for inclusion in the 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.

FISCAL IMPACT STATEMENT

Should the Council approve the recommendations in this report 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

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.

Attachment 1: Estimated Repair/Rebuild Fees

Attachment 2: LADBS Repair/Rebuild Fees Suspended as of January 8, 2025

<u>Revised Fee Waiver Estimates</u>				
<u>January 15, 2025</u>				
Property Type	Number of Structures			
	Green	Yellow/Red		
SFD	9,355	4,959		
Duplex	83	32		
ADUs	17	30		
Multifamily	229	75		
Commercial	258	125		
Subtotal	9,942	5,221		
Total	15,163			
Notes:				
<p>1. The Los Angeles Department of Building Safety (LADBS) estimates include rebuild/repair projects from 110 percent and up to 150 percent of the original footprint.</p> <p>2. The LADBS assumed that supplemental permits may be required regardless of structure type.</p> <p>3. The estimates include fees collected by other departments that may be required as part of the permitting process.</p> <p>4. The LADBS assumed that only 10 percent of green tag properties will seek fee waivers. Although green tag properties were deemed not structurally damaged, a property owner may choose to demolish/reconstruct to address other types of fire-related damage (e.g., smoke damage).</p> <p>5. The City Administrative Officer excluded 234 properties damaged in the fires that are for sale as of January 9, 2025.</p>				
Permit Type		110 Percent		
SFD		\$35,872,029.38		
Duplex		\$388,534.32		
Multi-Family		\$6,610,710.35		
Commercial		\$3,177,186.20		
ADU		\$103,963.95		
A. Minimum Cost for All Structures		\$46,152,424.20		
		\$74,279,966.53		
Cost of Other Supplemental Fees				
Grading		\$9,432,518.66		
Swimming Pool		\$437,624.07		
Retaining Wall/Shoring		\$1,327,574.09		
Fire Sprinkler		\$2,398,354.01		
Mech, Elec, Plumb, FS		\$1,397,921.44		
B. Subtotal of Supplemental Permits		\$14,993,992.27		
Total A + B		\$61,146,416.47		
Cost of Other Departments Fees				
BOE		\$6,649,379.52		
BOS		\$319,298.00		
BSS		\$9,775,731.00		
DCP		\$19,206,673.00		
LADOT		\$0.00		
LAFD		\$0.00		
LAHD		\$1,201,641.00		
RAP		\$0.00		
C. Subtotal for Other Departments		\$37,152,722.52		
Total (A + B + C)		\$98,299,138.99		
		\$126,426,681.32		

Fees Suspended as of January 8, 2025

	48R	Dwelling Unit Construction Tax	E.Q. Instrumentation	Linkage Fee	Residential Development Tax	Other Funds	Total
2025-01	\$ 731.65	\$ -	\$ -	\$ -	\$ -	\$ 91.45	\$ 823.10
2025-03	\$ 1,832.60	\$ -	\$ -	\$ -	\$ -	\$ 259.44	\$ 2,092.04
2025-04	\$ 1,098.02	\$ -	\$ -	\$ -	\$ -	\$ 139.50	\$ 1,237.52
2025-05	\$ 283,334.99	\$ 2,000.00	\$ 1,238.55	\$ -	\$ 3,000.00	\$ 34,441.38	\$ 324,014.92
2025-06	\$ 453,283.20	\$ 5,272.90	\$ 2,601.44	\$ -	\$ 7,909.35	\$ 54,557.27	\$ 523,624.16
2025-07	\$ 739,869.66	\$ 8,457.20	\$ 3,545.30	\$ 160,126.40	\$ 12,685.80	\$ 87,749.96	\$ 1,012,434.32
2025-08	\$ 918,096.28	\$ 11,089.00	\$ 5,444.20	\$ 222,045.58	\$ 16,633.50	\$ 105,649.13	\$ 1,278,957.69
2025-09	\$ 1,112,900.20	\$ 13,682.42	\$ 6,287.17	\$ 254,156.00	\$ 20,523.63	\$ 125,895.23	\$ 1,533,444.65
2025-10	\$ 1,419,769.36	\$ 13,360.10	\$ 8,945.34	\$ 346,471.18	\$ 20,040.15	\$ 162,960.18	\$ 1,971,546.31
2025-11	\$ 981,806.59	\$ 10,496.49	\$ 6,343.24	\$ 35,519.20	\$ 15,744.73	\$ 114,581.36	\$ 1,164,491.61
2025-12	\$ 1,751,478.45	\$ 15,723.40	\$ 12,206.25	\$ 324,220.00	\$ 23,585.10	\$ 194,127.47	\$ 2,321,340.67
Total	\$ 7,664,201.00	\$ 80,081.51	\$ 46,611.49	\$ 1,342,538.36	\$ 120,122.26	\$ 880,452.37	\$ 10,134,006.99