

BUDGET AND FINANCE COMMITTEE REPORT relative to proposed rate adjustments for building permit and inspection fees, Board of Building and Safety Commissioners (BBSC) fees, and Residential Property Report fees.

Recommendations for Council action:

1. APPROVE the Department of Building and Safety (DBS) report dated June 15, 2026, attached to the Council file, in order to implement a phased approach for the fee adjustments; and, AUTHORIZE Phase 1: Fees Applicable to Express Permits as detailed in said DBS report.
2. INSTRUCT the Department of Building and Safety (DBS), with the assistance of the City Administrative Officer, to report back on the average timeline for commercial and residential permits issued in Phase 1, Phase 2, and Phase 3.
3. INSTRUCT the DBS to report back on ways to become revenue neutral without raising fees, such as efficiencies in self-certification, technological efficiencies, and elimination of any processes.

Fiscal Impact Statement: The DBS reports that implementing the proposed fee changes in phases will shorten the time it takes to prepare the necessary ordinance amendments to adjust the fees impacting the majority of permits issued by the DBS, and ensure the services provided for these permits are fully cost recovery. The DBS expects splitting the fee adjustment into several ordinances to accelerate cost recovery for essential services and mitigate the structural deficit of the Enterprise Fund. While the exact fiscal impact to the Enterprise Fund in Fiscal Year 2026-27 will depend on when the fee changes go into effect, the DBS estimates the proposed fee changes will result in an increase in Enterprise Fund revenue of approximately \$42 million annually. While this projected increase in revenue does not fully restore the revenue and expenditure balance in the Enterprise Fund, the recommended fee adjustments for plan check fees is forthcoming, which will recommend the remaining fee adjustments necessary to make the Enterprise Fund fully cost recovery. Delaying fee adjustments pending the completion of a benchmarking study, a process which may take one year or more, would result in the loss of at least \$42 million in projected Enterprise Fund revenue, further exacerbating the current fiscal imbalance.

Community Impact Statement: None submitted

#### SUMMARY

At its meeting held on June 16, 2026, your Budget and Finance Committee reconsidered the DBS reports dated February 6, 2026 and February 24, 2026 relative to proposed rate adjustments for building permit and inspection fees, BBSC fees, and Residential Property Report fees; and, considered the DBS report dated June 15, 2026 relative to the proposed phasing for the fee adjustments and information on a benchmarking study of fees against other Los Angeles County non-contract cities, as requested during the Budget and Finance Committee of June 4, 2026. DBS representatives presented an overview of the proposed phasing of the fee adjustments and the requested benchmarking study, and answered questions from the Committee. The Committee requested reports on the average timeline for commercial and residential permits issued in the Phases 1, 2, and 3; and, on ways that the DBS could become revenue neutral without raising fees. Councilmember Yaroslavsky introduced a Motion, seconded by Councilmember Hernandez, to approve the DBS report dated June 15, 2026 for implementation of the phased approach; and, to authorize Phase 1 relative to fees applicable to Express Permits. After discussion and having provided an opportunity for public comment, the Committee moved to approve the item as amended, as detailed above. This 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:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**