

**CITY OF CULVER CITY**  
**SOFT STORY RETROFIT PROGRAM**  
**CITY INCENTIVES / PASS-THROUGH / STAFFING**  
**CITY COUNCIL MEETING OCTOBER 24, 2022**



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# Soft Story - City Incentives Study Summary



City	Plan Check Fees / Permit Fees	Property Tax Reductions	Loan Programs	Zoning (Waivers)	Rent Control Modifications	Grants
Los Angeles	Not Considered	Not Considered	Implemented	Implemented	Implemented	Not Considered
Santa Monica	Not Considered	Not Considered	Not Considered	Not Considered	Not Considered	Not Considered
West Hollywood	Considered / Not Implemented	Not Considered	Implemented	Not Considered	Not Considered	Implemented
Beverly Hills	Implemented	Not Considered	Not Considered	Not Considered	Not Considered	Considered / Not Implemented
Pasadena	Implemented	Not Considered	Not Considered	Not Considered	Not Considered	Considered / Not Implemented
Alameda	Implemented	Not Considered	Not Considered	Implemented	Not Considered	Implemented
Berkeley	Not Considered	Implemented	Implemented	Not Considered	Not Considered	Implemented
Fremont	Implemented	Not Considered	Not Considered	Not Considered	Not Considered	Not Considered
Oakland	Not Considered	Not Considered	Not Considered	Not Considered	Not Considered	Implemented

Not Considered 
Considered / Not Implemented 
Implemented 

\*Attempts to include other cities (like San Francisco) were made, but responses were not provided.



# Soft Story City Incentive - Plan Check/Permit Fees

- Pasadena – Waives the construction tax portion of the Permit Fee.
- Beverly Hills
  - Construction Completed in 18 months – 100% Refund Permit Fees
  - Construction Completed in 24 months – 50% Refund Permit Fees
- Alameda – Refund for Permits issued 18 months prior to date of service on notice.
- Fremont
  - Permit fee refunded for project completed in ordinance timeframe
  - Plan check fee refunded where review is limited to 3 cycles
- West Hollywood – Considered but not implemented



# Soft Story City Incentive – Property Tax Reductions

- Berkeley
  - 1/3 refund of real estate transfer tax if application submitted within 1 year after sale of property



# Soft Story City Incentive – Loan Programs

- Los Angeles – California Capital Access Program (CalCAP)
  - Assists small business and residential property owners with financing.
- West Hollywood and Berkeley – PACE Program
  - City creates financing district or similar legal mechanism
  - Property owners voluntarily sign up for financing
  - The lender provides funds to property owner
  - Property owner repays bond through property tax bill (up to 20 years)
- Alameda – Rental Rehabilitation Program
  - For low and moderate Income buildings



# Soft Story City Incentive – Zoning Waivers / Rent Control Modifications

- Los Angeles
  - Allows for Parking Waivers
  - HCD allowed Rent Increases
- Alameda – Allows owner to convert parking to additional units



# Soft Story City Incentive – Grant Programs

- West Hollywood - FEMA Grant Awarded: \$10 Million
  - 25% of Funds provided by City
  - Allows owners to apply for funds for:
    - Engineering/Permit (Soft Costs)
    - Construction (Hard Costs)
  - Not Retroactive
- Oakland Grants Awarded
  - \$7.9 Million (FEMA)
  - \$2.6 Million (non-federal sources)
- Berkeley – Grant Program Funding from FEMA and Cal OES
- Alameda – Soft Story Structural Assessment Grant
  - Under Residential Rehabilitation Program – Low and moderate income buildings
  - Up to \$5,000 for Engineering Assessment

\*Beverly Hills and Pasadena have applied but were unable to secure funding.



# Pass-Through Discussion

## Cost Sharing – Amortization Example

Mom and Pop Example: Mom and pop operations fall under soft story ordinance priority level 3, structures up to 4 units. Degenkolb estimates that the average Soft Story Retrofit cost is \$80,000, therefore per Table 1 the estimated monthly unit cost share is between \$166.67 and \$27.78 with a corresponding amortization period between 5 and 30 years.

Table 1	4-Unit Building Amortization Period (Years), \$80,000 Avg. Project Cost				
	5	10	15	20	30
Monthly Unit Cost Sharing	\$166.67	\$83.34	\$55.56	\$41.67	\$27.78
Minimum Rent for Full Monthly Pass-Through	\$5,555.67	\$2,777.83	\$1,851.89	\$1,388.92	\$925.94

Some of the mom-and-pop structures may be on the lower end of the estimate range at \$40,000 because they are relative smaller structures and will have only one line to retrofit. The amortization schedule for this situation is found in Table 2.

Table 2	4-Unit Building Amortization Period (Years), \$40,000 Avg. Project Cost				
	5	10	15	20	30
Monthly Unit Cost Sharing	\$83.34	\$41.67	\$27.78	\$20.83	\$13.89
Minimum Rent for Full Monthly Pass-Through	\$2,777.83	\$1,388.92	\$925.94	\$694.46	\$462.97





# Staffing Discussion

City-provided financial incentives and the implementation of the soft story program will result in a fiscal impact that depends on the incentive programs selected. The seismic program plan check and permit fees are estimated to be \$1.5 million, averaging \$300,000 per program year. These costs are expected to be reimbursed through plan check and permitting fees. Costs consist of the following:

1. Implementation - \$75,000 - Degenkolb is under contract to assist with implementation, incentive research, technical inquiries, and limited early plan review.
  
2. Staff for 5 years -
  - a. Full-time limited: one (1) plan check engineer (\$143,340) and one (1) building inspector (\$116,500) per year; OR
  - b. In-house consulting: one (1) additional contract plan check engineer (\$280,000 based on an hourly rate of \$135) and one (1) additional contract building inspector (\$176,800 based on an hourly rate of \$85);
  
3. Impact on the Housing Division - \$75,000 per year. Forms, application, review process and enforcement measures such as the Tenant Impact Mitigation Plan will need to be developed to ensure compliance with the recently adopted Tenants Protections Ordinance and the Rent Control Ordinance. This annual expense can be offset with the implementation of new fees for the review and enforcement of these Ordinances.



# Recommended Motions

1. Discuss and provide direction on:
  - a. Incentive programs for the City's soft-story seismic retrofit program;
  - b. Amortization term for soft-story seismic retrofit tenant pass-throughs;
  - c. Use of limited full-time staffing versus in-house consultants to do the plan check for the soft-story seismic retrofit program; and