

LOS ANGELES DOWNTOWN NEWS

For Everything Downtown LA!

NEWS

Developers, Building Owners Could See Fees Increase

[Print Page](#)

City to Consider Raising Rates for Fire Inspections and Planning Department Filings

by **Richard Guzmán and Anna Scott**

Published: Tuesday, July 14, 2009 4:45 PM PDT

DOWNTOWN LOS ANGELES - As city departments continue to tighten their belts amid a \$530 million budget deficit, officials this month will vote on raising two kinds of development-related fees. Each could add thousands of dollars to the costs of owning or constructing a building.

The Board of Fire Commissioners is scheduled to vote July 21 on raising the annual high-rise building inspection and fire permit fees by 8%. Ten days later, the City Council is slated to consider increasing the rates for filing development applications with the Planning Department, and for filing appeals related to proposed projects.

Some in the building industry have expressed wariness about the proposed increases, especially at a time when new construction has ground to a halt and rising unemployment is making it difficult to fill empty space in office towers.

"Obviously 8% is a concern in these tough economic times, but it's more that it's on top of the other changes we just had," said Martha Cox-Nitikman, senior director for public policy and education for the Building Owners and Managers Association, of the fire-related fee hikes. Higher operating costs for buildings could be passed down to tenants, she added.

Others say they are prepared for the higher fire fees. Peggy Moretti, senior vice president of investor and public relations and chief administrative officer for Maguire Properties, whose Downtown portfolio includes eight Class A office towers, said the company is not overly concerned.

"While any increase on high-rise office towers given the current economy is a challenge," she said, "we understand that it will not be problematic to our day-to-day business."

The average cost of permits for fire inspections of commercial buildings — conducted annually by a crew of 12 inspectors who oversee 758 buildings taller than 75 feet — is about \$5,000 annually, said Los Angeles Fire Department Battalion Chief Tim Kerbat. Individual rates, however, vary drastically depending on a building's square footage.

The Bank of America building at 333 S. Hope St., which pays \$30,000 in annual fees, is the most expensive building in the city to inspect, Kerbat said. The building is owned by Brookfield Properties, which also owns Ernst & Young Plaza in Downtown Los Angeles. Company officials would not comment for this article.

A new round of increases is overdue, Kerbat said.



High-rise building owners would see the cost of fire inspections rise by 8% if the Board of Fire Commissioners approves a proposal on July 21. Those proposing or appealing new projects could also see fee increases. *Photo by Gary Leonard.*

Until two years ago, rates for fire inspections had not been adjusted in 14 years, Kerbat said. Fees were raised in January 2008 by 26%. That was followed with an 18% jump this past January, according to the department. If the current proposed increase is approved, the new fees would go into effect in January 2010.

"It's required that we do it annually by law, and we've got to make sure we're doing what's required and make the service pay for itself," said Kerbat.

Reworking a Plan

Meanwhile, the Planning Department is working with development and business officials on increasing fees for filing development applications, and for citizens who wish to file appeals objecting to proposed projects. The increases, according to a memo from former City Attorney Rocky Delgadillo, will more accurately reflect the actual costs of processing development applications and appeals.

An early draft of the proposed hikes went before the City Council on June 30 and included some significant increases. For example, developers seeking exceptions to the city's specific plans would have been charged \$14,932 under the new proposal. The previous rate was \$3,887.

That proposal sparked protests from development and business industry representatives including the Central City Association and the Building Industry Association.

"In this economic recession, we find it perplexing that many of these fees in question seem extremely inflated and disproportionate to the level of work needed to justify the steep increase," said the BIA in a letter to the City Council.

The cost of appeals would also rise. For example, under the plan, those who protest proposed projects would have paid \$150-\$500. Developers who appeal a decision by the Department of Building and Safety could have been tagged \$7,933.

Opposition to the increases led the Council to delay voting on the matter, and they will take it up again July 31. In the meantime, the Planning Department has agreed to several concessions to help ease and offset the increased costs. Those include phasing in the overhead charges rolled into increases over the course of three years, reducing and delaying a proposed surcharge on application fees and taking steps to expedite the development permitting process.

Details are still being worked out, but some development industry representatives say the discussions have quelled many of their concerns.

"We believe this is a fair compromise," said Veronica Perez Becker, vice president of legislative affairs for the CCA, "especially given the city's budget crisis."

Contact Richard Guzmán at richard@downtownnews.com. Contact Anna Scott at anna@downtownnews.com.

page 7, 07/13/2009

©Los Angeles Downtown News. *Reprinting items retrieved from the archives are for personal use only. They may not be reproduced or retransmitted without permission of the Los Angeles Downtown News. If you would like to re-distribute anything from the Los Angeles Downtown News Archives, please call our permissions department at (213) 481-1448.*

Copyright © 2009 - LA Downtown News

[\[x\] Close Window](#)