

**COMMUNITY DEVELOPMENT DEPARTMENT  
BUILDING & SAFETY DIVISION**

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## **Determining Valuations for Building Permits Policy**

### **Background:**

Most permit fees are determined by three methods:

- New square footage multiplied by the City's Building Valuation table
- Construction Valuation, or Building Permit Valuation, based on a contract with a licensed contractor
- Or a combination of both.

This policy is designed to help staff explain to the customer an acceptable method for determining Building Permit Valuation, or Construction Valuation, for building projects that are **not** covered by one of the methods described above, or are permits that are being prepared by an Owner-Builder.

### **Definition:**

Building Permit Valuation, or Construction Valuation, is the value used in computing the building permit and building plan review fees. This is the definition in the Rancho Cordova Municipal Code (Title 16, Chapter 16.02):

**R108.3 Building permit valuations.** The applicant for a permit shall provide an estimated permit value at time of application. Permit valuations shall include total value of work, including materials and labor, for which the permit is being issued, such as structures, electrical, gas, mechanical, plumbing equipment, and permanent systems. If, in the opinion of the Building Official, the valuation is underestimated on the application, the permit shall be denied, unless the applicant can show detailed estimates to meet the approval of the Building Official. Final building permit valuation shall be set by the Building Official.

### **Policy:**

Owner-Builders, "do-it-yourselfers" or people claiming "sweat-equity" will need to estimate the Building Permit Valuation for their permits as though they were hiring a licensed contractor to perform the work, as defined above. Written estimates from contractors or subcontractors would be an acceptable way to determine Building Permit Valuation.

Upon request, contractors may be required to provide a copy of their construction contract for verification of the Building Permit Valuation. Contractors providing low valuations on permit applications may be referred to the California Contractors State License Board (CSLB) for potential action.

The Owner-Builder can also determine a "ball-park" estimate for their construction valuation by providing a cost breakdown using the following formula:

**Retail Cost of Materials + (# of labor hours to complete project x \$50.00 per hour)**

*Example:*

A homeowner comes in to submit for a permit to remodel a bathroom. This will include replacement of toilet, shower enclosure, sink, flooring, and new outlets and lighting. The retail cost of materials is \$4,000.00.

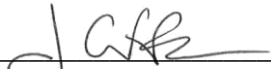
The customer will need to determine an approximate number of hours that each part of the project would logically take. For this example, we will use 40 hours to complete this project.

Now, the customer will multiply the number of hours (40 hours) by an average hourly rate that a contractor would charge. For estimating purposes, it has been determined that \$50.00 per hour is an adequate figure for residential permits.

So, having this information the following calculation can be made:

*\$4,000.00 (retail cost) + (40 hours labor x \$50.00 per hour) = \$6,000.00 Building Permit Valuation for project.*

Also keep in mind that the permit valuation does not have to be an exact science. For every \$1,000.00 of construction value, permit fees only increase about \$10.00 to \$15.00 for a residential permit and \$20.00 to \$30.00 for a commercial permit.



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Joseph Cluffe  
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