

**CITY OF BELVEDERE FLOODPLAIN
ANALYSIS COMMITTEE
TUESDAY, JANUARY 28, 2020, 3:00 P.M.
BELVEDERE CITY HALL – COUNCIL CHAMBERS
450 SAN RAFAEL AVENUE
BELVEDERE, CALIFORNIA**

AGENDA

OPEN FORUM

This is an opportunity for any citizen to briefly address the Floodplain Analysis Committee on any matter that does not appear on this agenda. Upon being recognized by the Chair, please state your name, address, and limit your oral statement to no more than three minutes. Matters that appear to warrant a more lengthy presentation or Committee consideration may be agendaized for further discussion at a later meeting.

SCHEDULED ITEMS

1. Approval of Floodplain Analysis Committee November 14, 2019 Meeting minutes.
2. Briefings/Discussion
 - a. Review of the goals and objectives set forth in the November 14, 2019 Subcommittee Meeting.
 - b. Review and discuss contents of newly created draft Floodplain Analysis policy and procedures:
 - i. Correlation between projects defined as a demolition, as per the Planning Dept. definition, and a substantial improvement
 - ii. Establishing a construction price per square foot valuation for projects.
 - iii. Standardizing analysis process of appraisals providing valuations of Floodplain properties.
 - iv. Establish a longer timeframe between projects for properties located in the Floodplain.
3. Conclude meeting and discuss further action to be taken by City Staff.

ADJOURN

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**SUB-COMMITTEE MEETING
BELVEDERE FLOODPLAIN ANALYSIS COMMITTEE
NOVEMBER 14, 2019, 9:00 A.M.
COUNCIL CHAMBERS
450 SAN RAFAEL AVENUE, BELVEDERE, CA**

MINUTES

PLANNING COMMISSION: Chairman Jim Lynch (absent), Pat Carapiet, Larry Stoehr, and Peter Mark

STAFF: Irene Borba, Brian Van Son, and Emily Longfellow

CALL TO ORDER OF SUB-COMMITTEE MEETING

The meeting was called to order at 9:00am.

OPEN FORUM

Many members of the public were present for the meeting. Members of the public inquired about numerous specific projects currently with open building permits. As well as, questions as to why the City mandates the structure be raised an additional 1 foot above the Base Flood Elevation (BFE).

DISCUSSION

Minutes of October 16, 2019 Floodplain Analysis Committee were approved.

The Committee revisited the expectations and purpose of the sub-committee meetings, as well as, a discussion recapping the points from the October 16 Floodplain Analysis Committee meeting.

Committee member Stoehr inquired about the consequences of not participating in FEMA and wanted to discuss. Not complying with the standards eliminates the City from participation in federal money allocation in the event of a recognized emergency.

The Committee requested a link to the more general FEMA guidelines. This link was provided in the November 14, 2019 meeting agenda.

Committee member Stoehr then inquired how the City established the 1 year minimum timeframe between projects approved for construction for properties governed by the

Floodplain Ordinance. It was previously implemented per the recommendations set forth in Appendix E of the NFIP Regulations.

Additionally, Committee member Stoehr asked about variances/exceptions within the Floodplain Ordinance. 73 West Shore was specifically cited as an example. It was discussed that this is allowed per the Floodplain Ordinance, although, not on a regular basis.

The Committee then discussed the analyzation of appraisals. The three most common methods of real property value assessment (appraisals) were then explained and discussed.

Committee member Mark stressed consistency in the appraisals and their evaluation.

Building Official offered to locate training to provide staff with a more up-to-date understanding of how to better analyze appraisals.

Committee member Carapiet and committee member Mark both stated that the cost approach be used as the appraisal method. Committee member Carapiet stated that the cost approach, in conjunction with the sales comparison approach, may be the best representation of the property/structure valuation.

Committee member Mark then spoke to the greater context of not complying with FEMA or the NFIP.

City Attorney, Emily Longfellow, then clarified the consequences and repercussions of being removed from the NFIP Program and the difficulty of re-entering the program.

Committee member Mark stated that we are looking to establish a tool box for staff to assist in consistently evaluating Floodplain projects.

The Building Official then opened the discussion on a project square foot multiplier. This provides a construction cost per square foot of newly constructed or remodeled area.

Committee member Mark directed the Building Official to establish a square foot multiplier for newly constructed areas, as well as, remodeled areas. Methods of establishment shall also be researched.

Committee member Carapiet suggested reaching out to local architects and other design professionals in the area in order to obtain a general price per square foot construction cost for the local area.

Committee member Stoehr stated that he was now in favor of labeling Planning projects defined as a demolition, as a substantial improvement, in regards to the Floodplain Ordinance.

Committee members agreed that it would be best to further research the applicability of such a correlation. Ms. Longfellow noted that this change would reduce subjectivity in the analysis.

Finally, the phasing of Floodplain projects was discussed. The Committee agreed that a one year time period, between projects, is acceptable. This is with the understanding that the structure is considered habitable.

The Building Official then spoke to what is required by the Building Code in order to safely inhabit a structure. The Committee agreed that one year is an acceptable timeframe between projects. This is with the understanding that the year timeframe begins once occupancy of the structure is approved till the application of the next phase.

Additionally, at the time of Planning Commission Design Review, there should be a clear and complete understanding of the entire project, including all phases.

The Committee was concerned that there be a clear and concise Planning Dept. definition of completion of a phased project.

CONCLUSION

It was concluded that staff will come to the next Floodplain Analysis Meeting with a draft policy/procedure outlining the means and methods of analyzing construction projects in the Floodplain.

In doing so, staff would create:

- 1) A correlation between a project defined, by the Planning Dept., as a demolition and a “substantial improvement”, as defined in the Floodplain Ordinance,
- 2) A more consistent method of analyzing appraisals submitted for structure valuation,
- 3) A consistent valuation of price per square foot for proposed construction projects, and
- 4) Clarification of the method of compliance for phased projects.

Committee members still have reservations regarding all options. They would like to see a rough draft of the standards at the next meeting. Further discussion is needed with all options.

PUBLIC COMMENT

David Sandrich-4 Maybridge Rd.

- Mr. Sandrich stated that a broad list of appraisers be provided by the City, as well as, a clear process as to how to obtain City approval to be on the list.
- Mr. Sandrich also suggested that a formula be created to assist in assessing costs for construction. Additionally, the City needs to conduct a trial run of this assessment.

- The question was raised as to the purpose of the Sub-Committee. Ms. Longfellow reiterated that the Sub-Committee is not attempting to change or modify standards, only to clarify and standardize existing standards.

ADJOURN

The meeting was adjourned at 11:00am.

	CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL		
	POLICY 14.7 ASSESSMENT OF CONSTRUCTION PROJECTS WITHIN THE DESIGNATED FLOODPLAINS		
Adoption Date:	?????	Adopted by:	City Council Motion
Creation Date:	1/22/20	Revised by:	None
Authority:	City Council		

14.7.1 BACKGROUND

The City of Belvedere is surrounded by two FEMA designated floodplains, AE and VE. Both of these areas have clear and concise codes governing the requirements of all construction projects located within the aforementioned floodplains. These requirements can be found in Belvedere Municipal Code (BMC) 16.20. The regulation with the most bearing on construction projects is the “Substantial Improvement” requirement. BMC section 16.20.040 defines substantial improvement as;

BA. "Substantial improvement" means any reconstruction, rehabilitation, addition, or other proposed new development of a structure, the cost of which equals or exceeds 50% of the market value of the structure before the "start of construction" of the improvement. This term includes structures which have incurred "substantial damage," regardless of the actual repair work performed. The term does not, however, include either:

- 1. any project for improvement of a structure to correct existing violations or state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions, or*
- 2. any alteration of a "historic structure", provided that the alteration will not preclude the structure's continued designation as a "historic structure."*

Additionally, the BMC defines “market value” as;

AK. “Market value” means the appraised valuation for the property minus the land value as determined by an independent appraisal by a certified appraiser.

In both designated floodplains, should the extent of the construction project reach the level of a substantial improvement, the structure is required to be elevated a minimum of 1’ above the established Base Flood Elevation (BFE), with minor differences between the separate zones.

In applying for a building permit for construction within the Floodplain, the applicant provides a description of the scope of work, accompanied by, a proposed valuation of construction and an appraisal package providing the structure’s value. The Floodplain Administrator then compares the project valuation to the appraised value of the structure. Should the project valuation be 50%, or greater, of the appraised valuation of the structure, it is designated as a substantial improvement and the structure would need be raised out of the Floodplain per the requirements of its designated

Floodplain Zone.

This method of analysis is subjective and lends itself to ambiguity.

Recently, numerous construction projects have been applied for, in which, the project valuation, appraisal, or other submitted flood documents have come under increased scrutiny. The appraised valuation of the structure consistently appears high, whereas, the valuation of construction appears low.

Currently, under the Floodplain Ordinance, the only course of action for verification of compliance is the submittal of an executed construction contract between the property owner and the contractor of record. Should the contract comply with the governing ordinance, the project is approved and constructed.

City staff feels that this allows for an unfair and inconsistent application of the Floodplain Ordinance, as well as, some projects being allowed to perform a larger scope of construction that might otherwise be allowed by the Code. To address these inconsistencies, the City would to standardize the evaluation of Floodplain properties.

14.7.2 COMMENTS

Four separate policy changes are recommended to clarify and standardize the evaluation of construction projects located within the City's designated Floodplains.

1. Correlation of Substantial Improvement with Planning Dept. definition of Demolition

This procedure would directly connect a project defined, by the Planning Department, as a demolition to a substantial improvement. The City of Belvedere Zoning code, section 19.08.136, defines demolition as;

“the razing of a building, removal of a dwelling unit, or the removal of more than fifty percent of the total exterior wall and roof area from the grade up, including all exterior openings.”

This clarification would allow the Floodplain Administrator to consistently and fairly determine a construction project is a substantial improvement anytime the Planning Dept. determines that the structure is, by definition, being demolished. It should be noted that a project still has the possibility of being labeled a substantial improvement without meeting the Planning Dept. definition of demolition.

2. Timeline Between Building Permits for a Phased Approach Project

This regulation would remain mostly unchanged from the current standards. The “phased approach” allows the property owner to break a larger project scope of work into multiple smaller permits without the necessity of elevating the structure. The policy would clarify and make clear the timeframe needed between building permits for a “phased approach” project. The first phase

of the project will need to be completed and finalized by the City's Building and Planning Depts. for a minimum of 12 months prior to any application to the Building Dept. for additional building permits. In order to obtain these final approvals, the structure shall be deemed safe, in the context of building standards, as well as, completed as seen by the Planning Dept. The structure/site will not be allowed to appear like a construction zone during the timeframe of inactivity. The second phase, as well as, any additional phase beyond that, would be separated by a minimum of 12 months of construction inactivity. This phased approach, in actuality, benefits the property owner. Following the initial phase, the structure's valuation will inherently increase due the recent improvements, allowing the property owner to theoretically conduct a larger construction project.

3. Retain a Licensed Appraiser on Contract for Evaluations of Applicant Appraisals

As part of the evaluation of Floodplain construction projects, an appraisal is required to be submitted for verification of the existing structure's current market value. The appraisal is conducted by a State of California licensed appraiser and submitted to the City. Recently, questions have arisen questioning the validity of the submitted appraisals. This inconsistency could have large impacts on the project as a whole. Should the market value of the structure be exaggerated, the total valuation of the scope of work would increase proportionately. This would allow the project a greater scope of work without the requirement of elevating the structure. To address this issue, staff recommends one or both of the following options.

First, the City of Belvedere can retain a State of California licensed appraiser for analysis of questionable appraisals. The City would contract with a trusted, City approved appraiser and should any questions arise regarding the submitted appraisal package, the City's contractor appraiser can evaluate the numbers provided in the appraisal or conduct a separate appraisal, at the cost of the applicant.

A second option would be for the City to produce a list of certified, approved appraisers that the City trusts to perform local appraisals. The applicant could then choose from the vetted list and the appraisal would be conducted and submitted. This option would fall more in line with the codified definition of "market value", that states that the market value is determined by an independent appraisal by a certified appraiser.

In both scenarios, the applicant would bear the cost of the appraisal.

4. Create a standardized project square-foot multiplier to cross reference estimated construction cost valuations

Currently, the valuation of a construction project is provided by the applicant at the time of building permit application. This is somewhat problematic, as in most cases, a contractor to perform the work has yet to be chosen. Without a licensed contractor under contract, this valuation is a rough estimate by the architect, designer, or property owner. This could have major impacts on the project as a whole, as more often than not, once a contractor is retained, the construction valuation increases. This may lead to previous approvals being rescinded or the project needing to go back through Design Review.

With the creation of a square-foot construction valuation, City staff can more accurately and consistently evaluate construction projects located within the City's Floodplain. Furthermore, establishing this method will create a more transparent evaluation system that allows property owners, architects, contractors, and all others to better understand how the City of Belvedere evaluates construction projects with the Floodplain. Staff proposes three separate methods of determining the construction cost per square-foot number.

First, would be to survey local licensed contractors as to the cost of construction charged by each individual contractor. These numbers would be evaluated and an average or baseline cost of construction would be established for construct projects in the local area. This number would then be used to cross reference the estimated cost of construction. In an informal survey of 8 contractors, conducted in 2019, an average cost per square-foot was in the range of \$700-\$800. The City would utilize a more conservative number, in hopes of maintaining impartiality. Should this be accurate square-foot cost of construction, the City would adopt a multiplier from the lower end of that spectrum.

The second option would be to utilize an approved referenced publication, such as the Craftsman National Building Cost Manual (CNBM). This publication, as well as many others, provides a national and statewide average, per square foot, for construction within specific regions of all 50 states. This manual provides an average cost of construction per square foot, in addition to, local area modification factors for construction within a specific region.

For example, a 2600 square foot home of luxury construction and finishes in the greater Bay Area region, the type of home most commonly built in Belvedere's Floodplain; the CNBM provides a cost per square foot of construction as \$360.72, with an local area multiplier of 27%. Staff would initially multiply the square footage of the project, in this case 2600sq. ft., by the cost per square foot, \$360.72. This totals \$937,872.00. That total would then be adjusted with the local area modifier of 27%. This totals \$1,191,097.44. Therefore, the total cost of construction for this project would be \$1,191,097.44.

Lastly, the third proposed method, would be to utilize the numbers provided within the submitted appraisal package. The appraisal package provides the structures existing square footage, as well as, a depreciated value of the structure. Staff would then compare the existing square footage of the structure, to the depreciated value of the structure, formulating a valuation per square foot. Due to the cost of construction regularly being less than the overall value of an existing structure, a percentage of that value would need to be established. Trade and industry standards traditionally set this number at 50%-66% of the structure's overall valuation per square foot.

14.7.3 POLICY/PROCEDURE

1. Correlation of Substantial Improvement with Planning Dept. definition of Demolition

Should the proposed project meet the Zoning Code definition of demolition and be deemed as such by the City of Belvedere Planning Dept., the project will automatically be deemed as a substantial improvement as defined by the Floodplain Ordinance.

2. Timeline Between Building Permits for a Phased Approach Project

Larger construction projects are allowed to be phased and split into multiple smaller projects. There will be a 12 month timeframe of construction inactivity between the finalization of the initial building permit and any application to the Building Dept. for any subsequent permits to follow. Additionally, the structure/site shall be deemed safe and habitable per the Building Code, as well as, completed by the Planning Dept.

3. Retain a Licensed Appraiser on Contract for Evaluations of Applicant Appraisals

The City of Belvedere holds the right to contract with a dedicated state licensed appraiser to evaluate any appraisals the City feels are subject. The City additionally holds the right to have this contracted appraiser perform a second appraisal on the property in question for verification of the original, submitted appraisal. The cost of both are placed onto the applicant.

4. Create a standardized project square-foot multiplier to cross reference estimated construction cost valuations

The City of Belvedere has established an average square-foot cost of construction of \$700.00. This number was established by:

- i. A survey of local state licensed contractors providing an average cost of construction for the local area, or
- ii. The CNBM, a nationally recognized reference publication. The explanation and process of establishing this cost of construction per square-foot can be found in the above Comments text.
- iii. A common percentage of the numbers provide in the appraisal package. Staff divided the total floor area by the appraised structure's value to establish a square-foot valuation. Staff would then utilize 50%-66% of that valuation to determine a construction cost per square-foot.