

50% Valuation

This informational handout is intended to be a general guide to the reader to help understand the provisions of the 50% valuation regulation. Individual projects may vary dependant upon individual features or construction involved in the project. The scenarios listed below may or may not fit your project exactly. Actual determination and computations will be done by a Permit Technician when a complete set of plans is submitted for a permit.

San Mateo County Construction Ordinance, Division VII, Section 9022.3 states: When additions, alterations, or repairs within any 12-month period or from the date of completion of any permit exceed 50% of the value of an existing building or structure, as determined by the Building Official, such building or structure shall be made in its entirety to conform with the requirements for new buildings or structures.

Construction can involve various types of projects, such as interior alterations, additions, combination interior and exterior alterations, additions and alterations and repairs. As such, there are several ways in which valuation is determined.

The simplest determination involves projects in which additional square footage is added to an existing structure. However, when alterations and/or repairs are included with this addition, the computation becomes more involved. Below are several examples and methods of calculations which may occur with different types of projects. These examples are intended only to be a guide. Due to the variety and complexity which may occur with various projects, other scenarios may occur which are not specifically identified in this informational handout.

Scenario #1:

With an “addition only” scenario, the existing square footage of the structure is computed. This includes storage areas, closets, basements and similar areas. A valuation of this existing area is determined using an average replacement cost per foot (presently \$300.00). This provides the base “valuation” of the existing house. The cost per foot of the new addition is then figured in the same manner. If the addition calculates out to equal at least half of the value of the existing, then the project will be subject to the 50% rule.

Scenario #2:

When additions and alterations are included in the project, the existing valuation is determined the same as in the above scenario. The addition is likewise calculated the same. However, the alteration is computed by the cost of the work involved in the alteration. This cost of construction is based on the prevailing wage and materials to perform and complete the work. In other words, you cannot make the assumption that because you are doing the work yourself, your time is not counted. Valuation would be the same as if a contractor was performing the job.

The applicant will be asked to provide a dollar figure for the alterations that will be included in the project. If this figure is not considered, by the Building Official, to be a reasonable figure for the work proposed, then the applicant will be required to submit three detailed and itemized estimates from licensed contractors for the work involved. These estimates will be reviewed for content and comparison to the work proposed. These bids must include an additional 10% over run cost for unforeseen work which always occurs in alteration and remodel work. The average cost of the three bids will then be used to compute the valuation of the work.

Scenario #3:

Extensive interior alteration can sometimes result in the valuation exceeding 50%. Determination of the valuation for these types of projects is done as described in Scenario #2. Again, valuation must be determined by prevailing wage.

Scenario #4:

When an addition or alteration results in the removal, replacement or reconstruction of 75% or more of the exterior walls, then a project will automatically be considered as exceeding 50% of the valuation.

When projects meet or exceed 50% valuation, an automatic fire sprinkler system will also be required to be installed.

CAUTIONARY NOTE:

Many times applicants plan their projects carefully to be just under the threshold of 50%. However, once the project starts, things may come up, such as unforeseen dry rot, that require additional work and thus pushing the project beyond the valuation limit. If the project ends up requiring additional work, this will be included in the valuation of the project and will likely push the project over the threshold. At that point, a “hold” will be placed on the project and if the re-evaluation determines that the threshold has been exceeded, you will be required to bring the structure into compliance with present codes. This situation occurs more often than not when projects are marginal, so careful consideration should be given when determining the scope of the work. With most remodel or construction costs, there is generally a 15% override cost built into contracts. As such, the County cautions all applicants with projects which are determined to be 40% valuation to review their project carefully and make sure that they have included a cushion for those unforeseen problems which will likely occur.

To calculate 50% Valuation as of March 17, 2008

Existing Livable	Sq. Ft. _____	X 300.00 = \$ _____
Existing Garage (attached only)	Sq. Ft. _____	X 40.00 = \$ _____
	Total Dollar Value pf Existing Sq. Ft.	\$ _____ 100%
		\$ _____ 50%
New Livable	Sq. Ft. _____	X 300.00 = \$ _____
New Garage	Sq. Ft. _____	X 40.00 = \$ _____
	Total Dollar Value of New Sq. Ft.	\$ _____
Remodel (if any) to Existing Structure - straight dollar cost		\$ _____
New and Remodel Combined Value		\$ _____

Carports: \$25.00 Basements:
Semi-finished:

San Mateo County
Planning and Building Department

How to Calculate the 50% Valuation Rule

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PUBLIC SERVICE EXCELLENCE

