

Modifications to Wildfire Hardening Transfer Tax Ordinance

Budget & Finance Committee

September 11, 2025

City staff recommendations

Fiscal Impacts

- Expected increase in utilization likely to reduce General Fund transfer tax revenues.
- Maximum liability varies based on decision of what geographic area to use.
- Actual costs realized over time at point of sale.
- 1/3 cap max between home hardening and seismic retrofit rebate – some parcels have already reached the cap.

Recommendations (Amend BMC 7.52.060)

1. Extend eligibility to include work completed **within five (5) years prior**, and up to **one (1) year post-sale**.
2. Limit eligibility to parcels in **High** or **Very High** Fire Hazard Severity Zones (includes Grizzly Peak & Panoramic Mitigation Areas).
3. Clarify eligible vegetation: City-ordered removals within Zone 0 (0–5 ft of structures) for trees < 12" Diameter at Breast Height (DBH) and whose removal would not trigger CEQA review.
4. Other minor BMC language clean-up

Eligible Work

- Replacement of a wood shake roof with a Class A roof
 - *Note: Roof replacement is required to be completed before any other work is eligible*
- Removal or replacement of combustible gates and fences within 5' of a structure
- Creation of 6" noncombustible vertical clearance from ground on exterior surfaces
- Purchase and installation of fire-resistant vents and gutter covers
- Purchase and installation of multi-paned windows
- Modification to enclose eaves
- Purchase and installation of non-combustible siding or ember resistant mesh around deck perimeter
- Relocating or removal of combustible structures from the area within 30' of a building
- Installation of block spaces between roof covering and sheathing (bird stops)
- City-ordered removals within 5' of structures for trees < 12" DBH and whose removal would not trigger CEQA review
- Any other work found by the Building Official or Fire Code Official to substantially increase the capability of those structures to withstand destruction or damage from wildfire/embers

Maximum Potential Liability (Illustrative — Based on Zone)

Liability	Zone	Parcels	Est. Total Transfer Tax	Max. Liability to Revenue
Lowest	Grizzly Peak & Panoramic Mitigation Areas (subset of VHFHSZ)	1,393	\$26.4m	\$8.8m
Moderate	Very High Fire Hazard Severity Zone	2,002	\$36.1m	\$12m
Highest	High Fire Hazard Severity Zone	7,301	\$141m	\$47m

Notes:

- **Home hardening** (Chapter 7A) is **required for all new construction** in the High and Very High Fire Hazard Severity Zone.
- **Home hardening is recommended for all existing structures** within the High and Very High Fire Hazard Severity Zone.
- Grizzly Peak & Panoramic Mitigation Areas are within the Very High FHSZ.
- Eligible Rebate Programs approximated as 1/3 of estimated transfer tax; maximum theoretical exposure over an unknown timeframe.

5 years Seismic Retrofit Transfer Rebate History

Year	# of Rebates	Amount Reimbursed
2025	83	\$767,601
2024	96	\$833,110
2023	118	\$1,000,300
2022	119	\$987,065
2021	105	\$690,173

Shown for reference: properties may use no more than 1/3 transfer tax combined across seismic and wildfire hardening programs.

Next Steps

- B&F Committee:
 - Consider impacts to revenue v. need to reduce wildfire risk.
 - Decide on preferred amendments to BMC 7.52.060 to refer to staff for future council agenda.