

## MAJOR REMODEL/ ADDITIONS & NEW HOME CONSTRUCTION DESIGNATION

The “New Home Construction” designation is not just for new homes. Large remodels, large additions or a combination thereof can trigger the designation of your project as New Home Construction. Every municipality has their unique formula for determining what is and what is not New Home Construction. There is no State or Federal Standard. Even if your municipality gives an explanation of how this is determined there is still the need to check municipal definitions of what constitutes remodel area, demolition, renovation & repair. The consequences of a residential construction project being determined to be new home construction can vary depending on several factors, including zoning requirements, and building codes. Here are some potential consequences to consider:

**1. Permitting Requirements:** New home construction typically requires obtaining additional permits and approvals compared to remodeling or renovation projects. This may include building permits, grading permits, and planning approvals from the local jurisdiction.

**2. Code Compliance:** New home construction must comply with all applicable building codes, including the California Building Code (CBC), California Residential Code (CRC), and local amendments. Failure to comply with these codes may result in project delays, fines, or enforcement actions.

**3. Impact Fees:** New home construction may be subject to impact fees imposed by the local jurisdiction to mitigate the impact of new development on public services (e.g. Schools). These fees can add significant costs to the project.



**4. Zoning Restrictions:** Zoning regulations may impose restrictions on new home construction, such as minimum lot sizes, setbacks, height limits, and architectural design standards. Non-compliance with these restrictions may require revisions to the project plans or obtaining variances or special permits.

**5. Environmental Review:** New home construction may trigger environmental review requirements under the California Environmental Quality Act (CEQA) or local ordinances. This may involve conducting environmental assessments, preparing environmental impact reports (EIRs), and mitigating potential environmental impacts.

**6. Community Opposition:** New home construction projects may face opposition from neighboring residents or community groups concerned about issues such as traffic congestion, noise, loss of privacy, and changes to neighborhood character. This opposition can lead to public hearings, appeals, and legal challenges that may delay or derail the project.

**7. Financial Costs:** New home construction typically involves higher costs compared to remodeling or renovating existing structures due to the need for land acquisition, site preparation, infrastructure development, and construction expenses. Delays, design changes, and unforeseen challenges can further increase project costs.

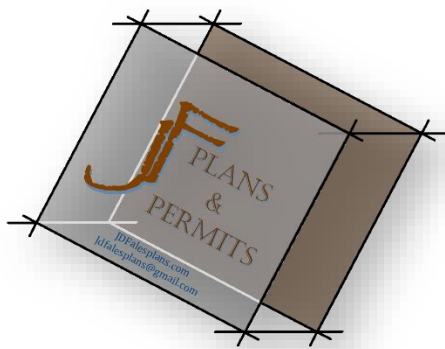
**8. Time Frame:** New home construction projects typically have longer time frames compared to renovation projects due to the complexity of the design, permitting process, site preparation, and construction activities. Delays in obtaining permits, securing financing, or completing construction can prolong the project timeline.

**9. Quality Control:** New home construction requires careful attention to quality control to ensure that the finished product meets building code requirements, design specifications, and industry standards. Poor workmanship or materials can result in construction defects, warranty claims, and legal disputes.

**10. Property Taxes:** In many jurisdictions, new home construction can lead to an increase in property taxes once the construction is completed and the property is reassessed at its new market value. The increased property value resulting from the new construction may lead to higher property tax assessments

**11. Market Demand:** Market conditions, including supply and demand dynamics, economic trends, and housing market fluctuations, can impact the viability and profitability of new home construction projects. Changes in market conditions may affect project financing, sales, and profitability.

Overall, while new home construction offers opportunities for creating modern, energy-efficient, and customized living spaces, it also entails significant risks, challenges, and regulatory requirements that developers and homeowners must navigate carefully. Seeking guidance from experienced professionals, engineers, contractors, and legal advisors, can help mitigate risks and ensure successful outcomes for new home construction projects.



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