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Upgrading for Title 24

Developers should be aware of how the Title 24 changes being enacted on January 1st, 2020 will affect building in all sectors

By Barry Saywitz

There are many issues to consider when remodeling or renovating a home.

In addition to the normal architectural issues, structural issues, plans, and city codes one must take into consideration, the ADA or handicap upgrades will be required as a result of the construction or improvements.

The Title 24 upgrades will also be required as a result of these new restrictions on energy efficiency by the state.

Title 24 requires certain upgrades to lighting, air-conditioning, and other energy-efficient measures. There are different aspects that apply to residential and commercial properties. When it comes to commercial renovations, tenant improvement modifications, and upgrades, the Title 24 and ADA compliance issues become a major factor not only in the functionality of the space, but in the costs as well.

Many older buildings have electrical wiring that does not comply with today's standards, and the lighting requirements for Title 24 not only require upgrading the switches and plugs but the relays that control all of the lights and the switches. In addition, if the lights themselves are not compliant with Title 24 they will need to be changed and this may trigger other upgrades to the ceiling, air-conditioning ducting, etc.

These new Title 24 compliant lights are far more expensive than the previous version of the same light. All of the lights will need to be tied into a cohesive plan for the building or premises. The days of replacing lights or buying a fixture or two at Home Depot are gone when dealing with Title 24 compliance. An older building or space will require all new light fixtures. These fixtures are not only energy-efficient but have energy-efficient bulbs and have motion sensors to be able to turn off and on based on activity on an individual basis but also collectively in open areas or a large room.

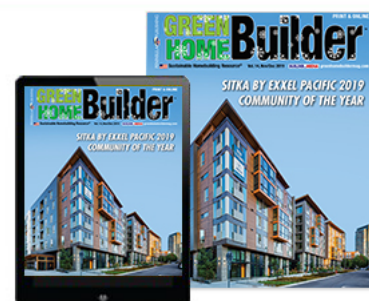
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In addition to the lights themselves, a building owner will be required to engage the services of an electrical consultant not only to draw the plans for the electrical portion to be submitted to the city but also to certify that the end result is compliant with Title 24. Once again this adds an additional layer of cost and complication.

A landlord or developer must be careful in understanding all of the Title 24 implications prior to agreeing to a tenant improvement allowance or to cover the costs of improvements for the tenant. In some instances, these additional costs may be passed back onto the tenant in the form of higher rent because the landlord is unwilling or unable to absorb 100 percent of the cost.

This also comes into play with the sale of older properties in that the buyer will ultimately need to bring the building into compliance and must factor that into their cost analysis when purchasing the building. Older buildings that have been updated to comply may not need to be done initially upon the acquisition but once the existing improvements are modified, this will then trigger the upgrades.

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When you combine these Title 24 upgrades with the ADA upgrades that are also required in today's environment for restrooms, ramps, walkways, handrails, signage etc., there is no doubt that they have a financial impact on the economics of any lease or sale transaction.

As a building owner, we have experienced firsthand the renovations to a 1,000 square foot space triggering ADA compliance for an entire building and the replacement of five ceiling lights in the premises triggering the entire electrical system for the space including upgrading the panel, switches and plugs, lights and relays. This type of domino effect also plays into a landlord's mindset when looking to lease space to a particular tenant. In the event that one tenant requires significant improvements which may trigger these additional costs, and another tenant who requires minimal improvements, this will certainly have an impact on the methodology of the landlord.

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In today's environment with the commercial real estate markets, as tight as they are, it is important for the landlord and tenant to fully understand the scope and ramifications of any Title 24 or ADA impacts before entering into an agreement, so they are not surprised later on. However, in many instances, it is difficult to estimate because the ultimate approval and scope of these upgrades is left to the individual city building department and plan checker. As good of an architect as you can hire, there are always modifications and additional upgrades and changes that you run the risk of incurring once the plans have been submitted to the city.

There is no doubt that at the end of the day you end up with a space or building that is more energy efficient, however, there is a cost along the way to do so. The necessity to have a team of experts including architect, electrical consultant, and general contractor, combined with a good rapport with the city that you are dealing with, will certainly yield more efficient results. In closing, the name of the game with Title 24 and ADA upgrades is to make sure that you are well educated and know that what each city ultimately requires you to do and recognize that this will be a variable until a final set of plans as agreed to and approved. The name of the game here is be educated, have a team of experts around you to assist you throughout this process and be prepared for additional costs.

Barry Saywitz is president of The Saywitz Company. The Saywitz Company owns and manages a portfolio of office, retail and multifamily buildings throughout Southern California and also represents buyers and users of commercial real estate throughout the country. Additional information on The Saywitz Company can be found at www.saywitz.com.