



## COST IMPACT

The cost impact of a code change proposal is a key factor when considering the adoption of an updated code as the economic impact of the updated code provisions must be factored into the adoption process. The best building safeguards come with a balanced approach to safety that considers costs while increasing the protection for the public through safer structures. CP28 was updated for the 2015 Cycle and subsequent cycles, to require cost impact substantiation (see below). In response to questions as to what is required as part of the code change submittal, staff has put together this informational sheet for guidance. However, in all cases, it must be made clear that it is up to the proponent of the code change proposal to substantiate the cost impact of their proposal and comply with CP28.

**3.3.5.6 Cost Impact:** The proponent shall indicate one of the following regarding the cost impact of the code change proposal: 1) the code change proposal will increase the cost of construction; or 2) the code change proposal will not increase the cost of construction. The proponent shall submit information which substantiates either assertion. This information will be considered by the code development committee and will be included in the bibliography of the published code change proposal. Any proposal submitted which does not include the requisite cost information shall be considered incomplete and shall not be processed.

As noted above, CP28 does not qualify or quantify what is required. It was revised this way in order for the proponent to determine how best to make his/her case in terms of substantiating the cost impact of the code change proposal. The new requirement is intended to better position code change proposals in the process by requiring as much substantiating information as possible in order for the impact of the proposal to be assessed. Staff will review proposals to make sure that some type of substantiation is provided. Note that staff will not be making a qualitative or quantitative assessment of the substantiation, as this is left to the hearing process. Substantiation which basically repeats the cost impact statement is not sufficient. If substantiation is not provided, CP28 states that the proposal will not be processed.

### **The code change will increase the cost of construction**

*New code requirement:* While CP28 only speaks to cost impact, a comprehensive code change proposal includes substantiation by the proponent where the cost impact is quantified in terms of overall construction costs, percentage of construction cost, pay-back period, etc., and then related back to the improved benefit/safety and possible savings over the life of the building. If such cost information is not provided, it is still incumbent on the proponent to substantiate their cost impact statement with qualitative reasons that explain why the proposal will increase the cost of construction and the corresponding benefits. This requirement in CP28 is not intended to require information that would be viewed as a violation of antitrust laws and guidelines which prohibit discussions of subjects which could impact pricing. Where the cost impact of the proposed change depends on the particular application, the proponent should explain the various applications, and how they may impact the cost differently.

### **The code change will not increase the cost of construction**

*New code requirement:* Where a new code requirement is proposed for which the proponent has determined that it will not increase the cost of construction, it is up to the proponent to substantiate "why" the requirement will not increase cost. This requires explanatory material and qualitative substantiation which links the new requirement to the current code and how the new requirement is not cost dependent. Even though the code change proposal is noted as not increasing the cost of construction, any cost information that quantifies this substantiation should be included as well.

*Clarification of language:* Where code change proposals do not introduce new requirements and have a cost impact statement of "Will not increase the cost of construction," such proposals can be substantiated by a statement along the lines of noting that the code requirements are not proposed to be changed, rather clarified as to the intent of the current code.