



STAFF REPORT

DATE: June 16, 2019

TO: Ronald L. Olson, City Manager

FROM: Dr. Ray Shanaa, Executive Director of Planning and Development

SUBJECT: Ordinance replacing certain value-based building permit fees with flat rate fees and square footage based fees

BACKGROUND AND FINDINGS:

The Texas Legislature recently passed H.B. 852 amending Texas Local Government Code Section 214.907 to prohibit the consideration of the value of a dwelling or the cost of construction or improving a dwelling in determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling. The bill was signed by the governor on May 21, 2019, and it is effective immediately.

The City's current permit fees associated with repair, remodel, and improvement to dwelling units are value based fees. City staff is recommending changes to convert these fees to flat fees and square footage fees to comply with the new law. Additionally, Staff shared the City's recommended fee changes with the cities of Waco, Temple, Harker Heights and Copperas Cove as a professional courtesy.

PERMIT FEE CHANGE EXAMPLES:

New home, duplex and apartment construction permit fees are currently charged per square of the project and no change is required for these fees.

Below are sample fee comparison examples that illustrate proposed before and after illustrations to our dwelling unit permit fees from value based fees to base fee and/or unit fees. These fee changes are intended to be revenue neutral.

1. **Sample general dwelling unit remodel project** (\$5,000 garage conversion):
 - a. Current fee - \$54 Building Permit fee + \$43 Electrical Permit fee + \$35 Plan Review fee = Total \$132
 - b. Proposed fee - \$50 Building Base fee + \$50 Electrical Base fee + \$35 Plan Review fee = Total \$135

2. **Sample solar panel installation** (\$11,000 to install 14 panels on roof)
 - a. Current fee - \$95 Electrical Permit + \$60 Plan Review = Total \$155
 - b. Proposed fee - \$50 Electrical Permit + \$5 per panel + \$35 Plan Review = Total \$155

3. **Sample re-roof repair** (\$7,000 project with 2,500 sq. ft. roof)
 - a. Current fee - \$76 Building Permit = Total \$76
 - b. Proposed fee - \$50 Building Permit + \$1 per square (100 sq. ft. = one square) x 25 squares = Total \$75
 - c. Alternate proposed fee-
 - \$35 for 1,500 sq. ft. or less of roof area being installed;
 - \$50 for 1,501 sq. ft. to 2,500 sq. ft. of roof area being installed; and
 - \$75 for 2,501 sq. ft. or greater of roof area being installed.

4. **Sample windows and door replacement** (\$6,500 for 14 window replacements)
 - a. Current fee - \$54 Building Permit + \$35 Plan Review = Total \$89
 - b. Proposed fee - \$50 Building Permit + \$3 x 14 (windows or doors) = Total \$92

THE ALTERNATIVES CONSIDERED:

The City Council may approve the ordinance as presented, amend the proposed fees and approve the ordinance, or disapprove the ordinance.

Which alternative is recommended? Staff recommends that the Council approve the ordinance as presented.

Why? Approval of the proposed ordinance will bring the City into compliance with state law.

CONFORMITY TO CITY POLICY:

It is the City's policy to comply with state law. This ordinance, if approved by City Council, fulfills this requirement.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? This ordinance does not involve any expenditures in the current fiscal year.

For future years? N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City staff recommends that the City Council approve the ordinance as submitted.

DEPARTMENTAL CLEARANCES:

Planning and Development

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance