



To: Mayor and City Council

From: Michael Kovacs, City Manager

Date: March 14, 2019

Agenda Item & Caption: Discuss, consider, and take any necessary action regarding building permit fees.

Action Requested: None. Allow the City Manager to discuss building fees with the Dallas Builders Association.

Overview and Background: The City has been in a building boom since the end of the last recession with the success of the DFW area and the preparations by the building community to position the Fate market to be ready to absorb so much of the area's growth. HB 852 by Rep. Justin Holland was filed to address value-based permitting, something the Builders Associations across the state have had an issue with recently. Though federal law requires the collection of the new home valuation for statistical purposes, our state representative is requesting to have cities go to a square footage or flat rate for permitting rates. We do not think such a change will impact our revenue streams if done like Garland's cost per square foot system, as long as the rate is high enough. The City of Heath charges based on square footage blocks. Using Heath's rate for the average home built now in Fate, which for FY 19 is 2,600 square feet, the permit would be \$1,050. In Fate, we are charging \$2,295. The Council wanted to get some information on where our building fees and costs are, so we have put together some information on the next page. It is important to see building volume in Fate is extreme. In 2018, Heath built 131 homes, McLendon-Chisholm built 93, and Rockwall built 319. Fate was at 581. Although our value-based fees are comparable per our 2015 area city benchmarks and resulting inflationary increases since, we are in a boom and receiving a lot of fee funds. The following page shows a quick estimation of our fee costs, assuming we are keeping up and able to perform all the inspections needed. A study could be performed by New Gen or another vendor that would help with setting our building permitting fees if a dispute continued with the Dallas Builder's Association over the fee revenue amounts.

Financial Considerations: We are recovering our costs for building inspections, and permitting revenues will drop sharply at the next downturn, which could come at any time. Any changes to the ordinance to reduce fees mid-year may require mid-year budget cuts or adjustments. Currently, we are down 3% from our forecasted budgeted fee levels.

Supporting Documents: HB 852 text, Letter to Justin Holland/Urban Affairs committee 3/14, City of Garland permit fees rate sheet, City of Fate permitting fees table (4 pages).



General Fund Expenditures FY 2018-2019	Amount	Percentage	Total
Transfers	\$ 65,000		\$ -
General Administration	\$ 513,562	13%	\$ 66,763
Mayor & City Council	\$ 36,380		\$ -
City Manager	\$ 561,646	13%	\$ 73,014
Planning & Development	\$ 228,641	100%	\$ 228,641
Economic Development	\$ -		\$ -
Finance	\$ 431,347	13%	\$ 56,075
Information Technology	\$ 234,197	13%	\$ 30,446
Human Resources	\$ 173,064	13%	\$ 22,498
City Secretary	\$ 187,870	13%	\$ 24,423
Municipal Court	\$ 200,055		\$ -
Department of Public Safety	\$ 3,028,388		\$ -
Animal Control	\$ 125,504		\$ -
Property Standards	\$ 79,803		\$ -
Building Safety	\$ 532,241	100%	\$ 532,241
Parks	\$ 39,590		\$ -
Streets	\$ 840,381		\$ -
Facilities	\$ 292,731	13%	\$ 38,055
Non Departmental	\$ -		\$ -
Total Operating Costs			\$ 1,072,156
City Hall Debt Service Share	\$307,188	29%	\$89,084
City Hall Depreciation Share	\$200,000	29%	\$58,000
Inspection Fleet Depreciation	\$22,524	100%	\$22,524
Total Costs*			\$ 1,241,765
*review inspection standards/quality by CM			
Normal building year average 2003-2018	280		
Revenue/Activity used for new homes		61%	
Fair flat cost per permit - normal year			\$2,705
Price per Square foot for permit, 2600 sq.¹			\$1.04
Boom Years building average 2013-2018	388		
Revenue/Activity used for new homes		61%	
Fair flat cost per permit - boom years			\$1,952
Price per Square foot for permit, 2600 sq.¹			\$0.75
Budgeted estimated average permit fee			\$2,250
Actual mean home permit value, 2019			\$2,295
FY 19 average new home valuation	\$331,784		
Permit as a percent of average home cost			1%
Average square feet in a new home, 2019	2600		
Average permit cost per sq.¹ for a new home			\$0.88

By: Holland

H.B. No. 852

A BILL TO BE ENTITLED

AN ACT

relating to information a municipality may consider in determining the amount of certain building permit and inspection fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 214, Local Government Code, is amended by adding Section 214.907 to read as follows:

Sec. 214.907. PROHIBITION ON CERTAIN VALUE-BASED BUILDING PERMIT AND INSPECTION FEES. (a) In determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling, a municipality may not consider:

(1) the value of the dwelling; or

(2) the cost of constructing or improving the dwelling.

(b) A municipality may not require the disclosure of information related to the value of or cost of constructing or improving a residential dwelling as a condition of obtaining a building permit.

SECTION 2. Section 214.907(a), Local Government Code, as added by this Act, applies only to a building permit or inspection fee assessed by a municipality on or after the effective date of this Act in connection with the construction or improvement of a residential dwelling.

SECTION 3. This Act takes effect immediately if it receives

H.B. No. 852

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2019.



March 14, 2019

The Honorable Representative Justin Holland
State Capitol Office E2.906
Austin, Texas
(via hand delivery)

Dear Rep. Holland,

Since your staff's last communication with us, providing the information from the City of Garland, the Council has met with the City Attorney to discuss the legalities of our permitting fee schedule. The current fee schedule has 5 rate categories based on the builder's declared value of the structure with modifications per the International Residential Code, not uncommon to nearby cities. One thing that sets Fate apart is the sheer volume of construction, with nearly 600 homes being built per year over the last two years, and we are on a similar pace for this year.

Your bill would require a flat fee not tied to the value. The City Council is likely not opposed to making a change to eliminate the rate categories and move toward a single rate category per square foot, similar to the City of Garland's permit schedule. They have asked for a discussion item on the building permit fee ordinance for the March 18th City Council meeting. If they direct a change be prepared to the ordinance, an ordinance could be ready for their adoption to change the fee schedule as fast as April 1st.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Kovacs".

Michael Kovacs
City Manager

New House

- **[New Resident/New House Permit](https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5028)**
(<https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5028>)
- **[Notice of Intent Form](https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5734)** (<https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5734>)
- **[Notice of Intent Instructions](https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5735)**
(<https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5735>)
- **[Building Site Affidavit](https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5733)** (<https://www.garlandtx.gov/civica/filebank/blobdload.asp?BlobID=5733>)



Effective September 1, 2009: All new houses, remodels, and additions must comply with the Proportionality Ordinance which states: for every two (2) bedrooms, a house must have one (1) full bathroom (including a toilet, sink, shower, and/or bathtub) and one (1) living area a minimum of 120 square feet (this means the room would have to be a minimum of 10 feet by 12 feet to meet this requirement). The living area does not include bedrooms, bathrooms, kitchens, unfinished garages, or basements. Pursuant to the Ordinance, a three (3) bedroom house would require one (1) bathroom and one (1) living area; for a four (4) or five (5) bedroom house, two (2) bathrooms and two (2) living areas would be required.

Fees include

1. A non-refundable permit processing fee of 25% will be assessed to the building permit fee; but in no case less than \$156 will be charged to all new single-family permits.
2. The processing fee is to be paid at the time of submittal and does not apply towards the total amount due once approved.
3. \$0.29 per square foot of living area - \$625 minimum. The permit fee is rounded to the closest dollar with 1-49 cents going down and 50-99 cents going up to the next dollar.
4. \$0.12 per square foot for garages. The permit fee is rounded to the closest dollar with 1-49 cents going down and 50-99 cents going up to the next dollar.
5. Water Meter - \$150 for 5/8" or \$180 for 3/4".
6. Water Impact Fees - \$25 for 5/8" or \$27.50 for 3/4".
7. Walk & Approach - \$60 (\$30 each).
8. Fence - \$35 if applied for with the house permit - or \$50 if applied for separately.
9. Stormwater Fee - \$50
10. Roadway impact fees may be required; the amount is contingent upon the subdivision and the area of the city where the house is being constructed.
11. EFFECTIVE OCTOBER 1, 2011: Contractors must apply for water/sewer service and pay the appropriate deposit fees and usage charges.

Submittal Requirements

1. Two sets of architectural plans drawn to scale, including all floor, elevation, roof framing, floor framing, and electrical plans. One set of plans is to be 11" x 17"; the other set is to be full-sized.
2. One plot plan (must show distance from building to property lines).
3. Building permit application with all information blocks completed.

4. Two copies of foundation plan and post-tension letter if using a post-tension foundation. One copy of plans is to be 11" x 17"; the other is to be full-sized.
5. Building Site Affidavit (must be notarized prior to submittal). For infill lots or if changing the elevation of a lot, a grading plan may be required to be submitted.
6. Copy of Residential Energy Code Compliance Form or Energy Calculation Report (i.e. ResChek).
7. One copy of Notice of Intent (TCEQ form 20022, for construction activity).
8. Construction Site Notice.
9. For infill lots, a water and sewer verification form.
10. If fence applied for with house, a site plan showing location of fencing and gate(s) is required.
11. Erosion Control Plan (on a plot plan, show the following):
 - Drainage arrows
 - Silt Fence, curlex, etc.
 - Concrete wash area
 - Covered trash location

Inspection Process

All work that is permitted must be inspected by the Building Inspection Department and occasionally by other City departments. In order to receive any inspection, a permit identification card must be posted at or in front of the building line. Failure to request these inspections is a violation of local ordinances, but it is also to your advantage to request inspections, or see that your subcontractors request inspections, in order to insure that the work is done correctly.

Each stage of construction must be inspected and approved prior to proceeding with the next phase of construction. Please call us if you have a question concerning the meaning of the terms on the list.

Called Inspections

The plumbing rough and sewer inspection is called in first, after the building permit is obtained. After the plumbing rough and sewer inspection has been approved, the foundation or piers and grade beam inspection is called in.

Note: Before calling the foundation inspection in, a form survey must be submitted to the Building Inspection office for review by a Plans Examiner. Once the form survey has been approved, the foundation inspection may be called in.

After the foundation inspection has been approved, the electrical rough, duct rough, and plumbing top-out inspections must be requested and approved before the framing inspection is requested. Top-out and duct rough must be requested together.

The frame and brick-tie inspections may be requested together.

After the frame inspection has been approved, the energy inspection follows.

Mechanical and Plumbing finals must be requested together. Electrical final may be requested at the same time. These inspections may be requested only after all previous inspections have been completed and green-tagged.

The building final, landscape final, energy final, and fence final (if applicable) are the last inspections to be requested and approved before utilities are released.

Contact Information

(/services/dpc/contact.asp)

Interactive Map

(http://www.garlandgis.com/)

Online Permitting

(https://my.garlandtx.gov)

Resource Center

(/services/dpc/resource/default.asp)



<http://www.garlandtx.gov/default.asp>

City of Garland

200 N. Fifth Street Garland, TX 75040

P. 972-205-2000

Home (<http://www.garlandtx.gov/>)

About Garland (</about/default.asp>)

City Services (</services/default.asp>)

Programs and Initiatives (</programs/default.asp>)

City Government (</gov/default.asp>)

How Do I... (</howdoi/default.asp>)

We're Social



(</social.asp>)



(</social.asp>)



(</social.asp>)

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(<http://www.civicasoft.com/>)

Building Permit Fees		
	Total Valuation	
1	\$1 - \$50,000.00	\$391.25 for first \$25,000.00, plus \$10.10 for each additional \$1,000.00 or fraction thereof, up to & including \$50,000.00
2	\$50,000.01 - \$100,000.00	\$643.75 for first \$50,000.00, plus \$7.00 for each additional \$1,000.00 or fraction thereof, up to & including \$100,000.00
3	\$100,000.01 - \$500,000.00	\$993.75 for first \$100,000.00, plus \$5.60 for each additional \$1,000.00 or fraction thereof, up to & including \$500,000.00
4	\$500,000.01 - \$1,000,000.00	\$3,233.75 for first \$500,000.00, plus \$4.75 for each additional \$1,000.00 or fraction thereof, up to & including \$1,000,000.00
5	\$1,000,000.01 and up	\$5,608.75 for first \$1,000,000.00, plus \$3.65 for each additional \$1,000.00 or fraction thereof
6	Plan Review Fee (assessed when permit is for a commercial or residential habitable structure)	10% of permit fee
7	Expedited Plan Review Fee	Actual cost + 15%
8	Plan Change Fee	\$50.00
9	Engineering Review Fee	See Engineering Fees (table 4)
10	Processing Fee	\$35.00
11	Inspection Fee	3% of certified construction cost
1) Building valuation data shall be based on the most current Building Safety Magazine, year-end issue as published by the International Code Council		
2) Permit fee includes electric, plumbing, mechanical, temp. power pole, temp utilities.		
3) The inspection fee will be three percent of certified construction costs of all public improvements. Inspection fees are to be paid at the final walk-through and final acceptance of the public improvements. The construction inspection fee is in addition to any other fees listed herein.		

Single Family, Two Family, Multifamily, and Commercial - Alterations, Remodel, Fire Damage, and Repairs		
	Type	
1	One and Two Family Dwellings	Table 1 - Based on valuation of \$65/sq ft
2	Triplex and Multifamily	Table 1 - Based on valuation of \$85/sq ft
3	Commercial	Table 1 - Based on valuation of \$85/sq ft

Sign Permit Fees		
	<i>TYPE</i>	
1	Pylon Sign	\$150
2	Monument or Subdivision Identity Sign	\$150
3	Wall Sign	\$150
4	Blade Sign	\$75
5	Window Sign	\$150
6	Directional Sign	\$100
7	Menu Board Sign	\$150
8	Project Development, Model Home, or Kiosk Sign	\$150
9	Utility Pole Banner Sign	\$20/pole
10	Temporary Signs	\$50
11	Other Non-Listed Signs	\$75
12	Sign Variance Request / Appeal	\$250
13	Special Sign Permit Request	\$125 (if approved by Council, applicable sign permit fee still applies)
14	Sign Repair	\$25

Automatic Fire Extinguishing System, Fire Alarm Permits, and Misc. Fire Permits		
	<i>Fire Protection Systems</i>	
1	Fire Sprinkler Installation Permit (per building)	1-100 Heads: \$275
		101-200 Heads: \$325
		201-300 Heads: \$350
		301-400 Heads: \$375
		401-500 Heads: \$425
		>500 Heads: \$500 + \$0.33 per head over 500
2	Fire Alarm Systems	1-25 Devices: \$150
		26-50 Devices: \$250
		51-75 Devices: \$350
		76-100 Devices: \$450
		>100 Devices: \$450 + \$1.00/device over 100 devices
3	Pyrotechnic / Fire Work Display	\$100 + \$45 an hour fire watch
4	Temp Tent / Canopy	\$65
5	Amusement Rides / Carnival Rides	\$65
6	Installation of Underground Fuel Storage Tanks	\$150
7	Removal of Underground Fuel Storage Tanks	\$100
8	Abandonment of Underground Fuel Storage Tanks	\$100
9	Re-inspection of Annual Fire & Life Safety Inspection (charged after 2nd failed inspection)	\$65
10	Special Event Change of Occupancy	\$75
11	Fire Hydrant Meter Deposit Fee	Included in Building Permit fee

Miscellaneous Fees		
	<i>TYPE</i>	
1	Accessory Building 200.00 sq. ft. or less	\$75
2	Accessory Building 200.01 sq. ft. or more	\$75 plus \$0.25 per sq. ft. over 200
3	Afterhours Inspection	\$65 per hour / minimum \$130
4	Alcoholic Beverage Permit	50% of TABC fees
5	Certificate of Occupancy, Commercial	\$35 at application submittal + \$165 upon application approval
6	Certificate of Occupancy, Residential (included with new construction permit fee)	\$100
7	Certificate of Occupancy, Temporary	\$100
8	Community Center Rental	In accordance with Community Center Reservation and Use Policy
9	Concrete Batch Plant	\$1,000
10	Construction Trailer (temporary)	\$65
11	Contractor Registration (pursuant to state law plumbers exempt from fee; however, they will be subject to a penalty for failure to register prior to work)	\$75 / \$25 renewal
12	Curb Cut / Drive Approach / Excavation	\$125 per curb cut / approach
13	Demolition, Commercial	\$200
14	Demolition, Residential	\$100
15	Electrical (not associated with building permit)	\$75
16	Fence	\$75
17	Grading Permit (requires eng review)	\$1,000
18	Grading Permit (no eng review needed)	\$200
19	Irrigation, Residential	\$100
20	Irrigation, Commercial	\$200
21	Mechanical (not associated with building permit)	\$75
22	Other Non-Listed Miscellaneous Permits	\$75
23	Patio, Sidewalk, and Other Concrete Work	\$100
24	Permit Replacement	\$25
25	Plumbing (not associated with building permit)	\$75
26	Public Swimming Pool Administrative Fee	\$50
27	Public or Semi-Public Swimming Pool Inspection Fee	\$350
28	Re-inspection Fee	\$75
29	Re-inspection Fee, Same Day	\$125 (must be paid no later than 2 p.m.)
30	Right-of-Way	\$75
31	Screening Wall	\$125
32	Sexually Oriented Business License Application	\$1,000
33	Sexually Oriented Business License Renewal	\$500
34	Sexually Oriented Business License Reinstatement	\$200

35	Solicitors	\$150 + \$50 per solicitor
36	Special Events / Sales (non-profit exempt, registration required)	\$65
37	Structural Roof Repair (not shingle replacement)	\$100
38	Structure Moving Permit	\$100
39	Swimming Pool, Above Ground, Spas and Hot Tub	\$135
40	Swimming Pool, In-Ground	\$275
41	Temporary Seasonal Sales	\$150
42	Tree Planting (if done by City)	\$100/tree
43	Working without Permit	Twice the Permit Fee

Food Establishment Inspection Fees		
<i>Food Service/Food Store Permits</i>		
1	0-5,000 sf	\$300
2	> 5,000 sf	\$350
3	Child Care Facility	\$150
4	Mobile Food Unit	\$250
5	Temporary Food Establishment	\$75
6	Food Vendor Permit	\$200
7	Plan Review	\$100
8	Re-Inspection Fee	\$75
9	Complaint Initiated Inspection (when violation established)	\$125
10	Pre-Certificate of Occupancy Inspection	\$125
11	Food Handler Health Card, Per Person	\$15