



MEMORANDUM

To: Mayor and City Council

From: Suzanne Arnold, Chief Building Official

Date: June 11, 2019

Reference: Consider a revision to certain residential building permit fees

2030: Special Place to Live

Executive Summary:

Governor Abbott signed House Bill 852 into law on May 21st, 2019, to be effective immediately. HB 852 prohibits cities from using a residential construction project's valuation to calculate building permit fees. As a result, the Community Development Department is proposing revisions to the permit fee schedule.

Introduction:

Like a number of Texas cities, Coppell has been using project valuations in determining the cost of certain building permits. House Bill 852 prohibits cities from using this practice for residential construction. As a result, Coppell must revise a portion of its permit fee schedule. The affected permit types include most residential alterations, additions, and repairs.

Community Development took two approaches in restructuring these fees:

- Implementing a flat fee for certain permits (where services rendered are consistent in scope);
- Instituting fees based on square footage, with fee minimums.

Community Development examined permit revenues from the year 2018 to determine average and median permit costs for each permit type. We then compared possible new fee scenarios to these numbers. The goal was to arrive at fair fees that yield comparable overall revenue. Staff also studied

fees from neighboring cities. It should be noted that most surrounding cities are working to convert their fees, just as we are now, so direct comparisons were not widely available.

Analysis:

The following permit fees were previously based on increments of project value. These fees apply to residential construction only. The new fees for these permits are as follows:

Flat Fee Permits

| | |
|--|-------|
| • Demolition | \$130 |
| • Mechanical (new unit/changeout) | \$130 |
| • Plumbing (alterations and repairs, other than water heaters) | \$80 |
| • Electrical (alteration, repairs, and services) | \$80 |
| • Electrical Generators | \$130 |
| • Solar Panels | \$240 |
| • Flatwork | \$100 |
| • Foundation Repair | \$130 |
| • Windows | \$160 |
| • Manufactured Home | \$100 |

Permit Fees Based on Square Footage

| | |
|--------------------------------------|-----------------------------|
| • Additions | \$0.50/sq ft, \$150 minimum |
| • Alterations, Remodels, and Repairs | \$0.45/sq ft, \$80 minimum |
| • Accessory Structures | \$0.45/sq ft, \$80 minimum |

Legal Review:

The documents were reviewed by Bob Hager at NJDHS.

Fiscal Impact:

N/A

Recommendation:

Community Development recommends approval of these revised permit fees with immediate effect.

Existing Fee Schedule to be Changed

Chapter 15, Coppel City Code (Buildings)

6) Additions, Alterations, Repairs and Demolition**

| <u>Occupancy Classification</u> | <u>Value of Construction</u> | <u>Building Fee</u> |
|---------------------------------|------------------------------|---|
| All Groups | 0 to 500 | \$39.00 |
| | 501 to 1,000 | \$49.00 |
| | 1,001 to 1,500 | \$58.00 |
| | 1,501 to 2,000 | \$68.00 |
| | 2,001 to 2,500 | \$78.00 |
| | 2,501 to 3,000 | \$88.00 |
| | 3,001 to 5,000 | \$107.00 |
| | 5,001 to 10,000 | \$146.00 |
| | 10,001 to 15,000 | \$195.00 |
| | 15,001 to 20,000 | \$243.00 |
| | 20,001 to 30,000 | \$292.00 |
| | 30,001 to 40,000 | \$340.00 |
| | 40,001 to 50,000 | \$389.00 |
| | 50,001 to 75,000 | \$486.00 |
| | 75,001 to 100,000 | \$584.00 |
| | 100,001 or more | \$584.00 for first 100,000 plus \$195 for each fraction thereof |

* If 5,000 sq. ft. in building area or less, then a 50% reduction in fees is applicable. If 5,000 sq. ft. in building and located within the Historic District, then a 75% reduction in fees is applicable.

** If project and/or lease space is 5,000 sq. ft. or less with a value of construction of \$150,000 or less, then a reduction in fees is applicable. If project and/or lease space is 5,000 sq. ft. or less with a value of construction of \$150,000 or less and is located within the Historic District, then a 75% reduction in fees is applicable.