

Memorandum



CITY OF DALLAS

DATE June 7, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Residential Construction Permit Fees**

On June 12, 2019, City Council will consider changing the method used to calculate construction permit fees for single family and duplex dwellings.

Summary

House Bill 852 was signed into law May 21, 2019 and was effective immediately due to a more than two-thirds margin vote in the legislature. The new state law prohibits the use of the value of the dwelling in the calculation of a permit fee, requiring the City to change the methodology used to calculate permit fees.

Background

Current Dallas City Code uses the value of the dwelling or improvements to calculate the required permit fees for the construction or remodel of dwellings. The new state law prohibits the use of value in calculating permit fees.

The proposed new method uses the square footage of a dwelling in the calculation of the permit fees for new dwellings. The larger the dwelling the higher the fee, as more square footage increases the time and effort required to issue a permit and inspect the structure for compliance with the code. Permits for remodel of existing structures will be based on the work performed. Permits are divided into trades such as plumbing, electrical and mechanical work. The permit fee will be based on the number of trades being affected by the remodel work.

The new method is designed to be revenue neutral compared to the current method. Sustainable Development and Construction is currently under contract with a vendor for a review and analysis of fees charged by the department. As an enterprise fund, Building Inspection is required to charge fees to cover the cost of providing service to the construction industry. The vendor has been asked to consider the changes to state law and provide an analysis based on the old and new proposed method of calculating fees. Once the study is completed, if necessary, the department will bring back an ordinance to revise the fees charged to ensure cost recovery.

Financing

No cost consideration to the City for this request

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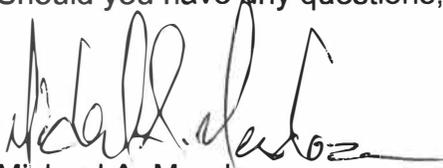
Coordination

Sustainable Development and Construction coordinated with the City Attorney's Office.

Recommendation

Staff recommends approval of the item to change the methodology used to calculate permit fees to be in compliance with state law.

Should you have any questions, please contact me at (214) 670-1696.



Michael A. Mendoza
Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Carol Smith, City Auditor (Interim)
Directors and Assistant Directors

ORDINANCE NO. _____

An ordinance amending Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code, as amended, by amending Section 303; amending Table A-I; to provide fees according to square footage for single-family and duplex structures; adding a new Table B-II; to allow for permit fees for single-family and duplex improvements; providing a penalty not to exceed \$2,000; providing a saving clause; providing a severability clause; and providing an effective date.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. Subsection 303.2, “Permit Fees,” of Section 303, “Fees,” of Subchapter 3, “Permits and Inspections,” of Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code is amended to read as follows:

“303.2 Permit fees.

303.2.1 New work, additions, alterations, or repairs.

303.2.1.1 Single-family and duplex structures. For new work, additions, alterations, or repairs, a fee shall be paid for a master permit based on the total square footage of the area where work is to be performed according to Tables A-I and B-II.

303.2.1.2 All other structures. For new work, additions, alterations, or repairs, a fee shall be paid for a master permit based on the total valuation of work to be performed according to Tables [~~A-I~~] A-II, A-III, and B-I.

303.2.2 Master permit. The master permit shall be issued for all work to be performed on a project, including but not limited to, building, electrical, mechanical, plumbing, fire sprinkler, fire alarm, landscaping, fence, tent, mechanical refrigeration, flammable liquid, liquid petroleum, septic tank, swimming pool, lawn sprinkler, security system, paving, grading, barricade, excavation, demolition, moving, sign demolition, and new sign work. Any work for which fees are not separately specified in Section 303.5 shall be included in the total valuation of the work, if applicable.”

SECTION 2. Subsection 303.3, “Value of Proposed Work,” of Section 303, “Fees,” of Subchapter 3, “Permits and Inspections,” of Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code is amended to read as follows:

“303.3 Value of proposed work for commercial structures. The building official shall determine the value of all proposed work for the purpose of computing permit and plan review fees under this section. The building official’s determination shall be based on the total value of all construction work for which the permit is issued and shall not exceed the value of the construction contract for the proposed work.”

SECTION 3. Table A-I, “New Single-Family Construction,” of Section 303, “Fees,” of Subchapter 3, “Permits and Inspections,” of Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code is amended to read as follows:

“TABLE A-I

NEW SINGLE-FAMILY AND DUPLEX CONSTRUCTION	
Square Footage [Value of Proposed Work]	Multiplier
	(also see minimum fee schedule)
0-700 square feet [\$0—60,000]	X <u>0.817</u> [0.0095] = Permit Fee
701-2350 square feet [\$60,001—200,000]	X <u>0.215</u> [0.0025] + \$ <u>422</u> [418] (If greater than or
2351-10500 square feet [\$200,001—900,000]	X <u>0.175</u> [0.00203] + \$ <u>516</u> [512] Equal to minimum
10501 square feet or greater [\$900,001—2,500,000]	X <u>0.071</u> [0.000826] + \$ <u>1,608</u> [1,596] fee)
[\$2,500,001 or more]	[X <u>0.0004</u> + \$ <u>2,661</u>]
MINIMUM FEE SCHEDULE (based on # of trades [*or valuation—whichever is greater])	
Number of Trades	Minimum Permit Fee
1	\$ 100.00
2	\$ 200.00
3	\$ 300.00
4	\$ 400.00
5	\$ 500.00
6	\$ 600.00
7	\$ 700.00
8	\$ 800.00”

SECTION 4. Table B, “Alterations or Repairs,” of Section 303, “Fees,” of Subchapter 3, “Permits and Inspections,” of Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code is retitled to read as follows: Table B-I, “Alterations or Repairs.”

SECTION 5. Section 303, “Fees,” of Subchapter 3, “Permits and Inspections,” of Chapter 52, “Administrative Procedures for the Construction Codes,” of the Dallas City Code is amended by adding a new Table B-II, “Alterations or Repairs of Single-Family and Duplex Structures,” to read as follows:

“TABLE B-II

ALTERATIONS OR REPAIRS OF SINGLE-FAMILY AND DUPLEX STRUCTURES	
Base permit fee	Additional trades
\$125 per dwelling unit	+ \$100 for each additional trade”

SECTION 6. That a person violating a provision of this ordinance, upon conviction, is punishable by a fine not to exceed \$2,000. No offense committed and no liability, penalty, or forfeiture, either civil or criminal, incurred prior to the effective date of this ordinance will be discharged or affected by this ordinance. Prosecutions and suits for such offenses, liabilities, penalties, and forfeitures may be instituted, and causes of action pending on the effective date of this ordinance may proceed, as if the former laws applicable at the time the offense, liability, penalty, or forfeiture was committed or incurred had not been amended, repealed, reenacted, or superseded, and all former laws will continue in effect for these purposes.

SECTION 7. That Chapter 52 of the Dallas City Code, as amended, will remain in full force and effect, save and except as amended by this ordinance. Any existing structure, system, development project, or registration that is not required to come into compliance with a requirement of this ordinance will be governed by the requirement as it existed in the former law last applicable to the structure, system, development project, or registration, and all former laws will continue in effect for this purpose.

SECTION 8. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of Chapter 1 of the Dallas City Code, as amended.

SECTION 9. That this ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

CHRISTOPHER J. CASO, Interim City Attorney

By _____
Assistant City Attorney

Passed _____

1 AN ACT
2 relating to information a municipality may consider in determining
3 the amount of certain building permit and inspection fees.

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

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

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

12 (1) the value of the dwelling; or

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

15 (b) A municipality may not require the disclosure of
16 information related to the value of or cost of constructing or
17 improving a residential dwelling as a condition of obtaining a
18 building permit except as required by the Federal Emergency
19 Management Agency for participation in the National Flood Insurance
20 Program.

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

H.B. No. 852

President of the Senate

Speaker of the House

I certify that H.B. No. 852 was passed by the House on April 16, 2019, by the following vote: Yeas 126, Nays 9, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 852 was passed by the Senate on May 8, 2019, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor