

AGENDA ITEM SUMMARY

DATE: 5/24/2010

DEPARTMENT: Legal

DEPT. HEAD SIGNATURE: _____

SUBJECT:

Ordinance reducing building and related permit fees for community housing

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

I am enclosing a proposed ordinance reducing building and related permit fees for community housing projects constructed by governmental and non-profit entities. Under the proposed ordinance, the fees would be reduced to 25% of the standard fee. I was asked to draft this ordinance in an attempt to promote the construction of community housing.

Ned

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Case # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: _____ Phone # _____

Comments:
The proposal diverts the cost of city plan review and inspection services from the specific party to the general taxpayer. The general taxpayer is currently a contributor to community housing through the following activities: a) paying for ordinance & policy development/management, b) contributions to BCHA and c) the lease of property (River Street lots) for 99 years to a community housing project.

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

___ City Attorney	___ Clerk / Finance Director	___ Engineer	___ Building
___ Library	___ Planning	___ Fire Dept.	___ _____
___ Safety Committee	___ P & Z Commission	___ Police	___ _____
___ Streets	___ Public Works, Parks	___ Mayor	___ _____

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Discuss the proposed ordinance and conduct a public hearing. Make a motion to a) continue the hearing to a date certain, b) table the discussion, c) approve the ordinance and conduct the first reading, or d) reject the proposed ordinance.

FOLLOW-UP REMARKS:

From: Dave Ferguson
Sent: Thursday, May 20, 2010 1:11 PM

Here are some hard numbers on the permit fees for the Walnut Street project. Since it turns out that both of the proposed residences are exactly the same size it was easy to calculate the cost for both structures. Below is a comparison of permit fees for "one" of the dwellings.

Based on \$153,050 cost of construction

-Existing Ordinance-		-Proposed Ordinance-	
Building Permit	= \$1,290	Building Permit	= \$322
Plan Review	= \$ 383	Plan Review	= \$ 95
Final Inspection	= \$ 418	Final Inspection	= \$104
Deposit (refundable)		Deposit (refundable)	
DIF's	= \$2,629	DIF's	= \$2,629
HFD	= \$0	HFD	= \$0
Total	<u>\$4,720</u>	Total	<u>\$3,150</u>

This is a savings of \$1,570

For a simple single family dwelling I don't feel that the City is losing a lot here. I have concerns when there is a commercial or multi-family project that either due to excessive work load in my department or complexity of the project, it is determined that it must be reviewed by a 3rd party plan reviewer. I think that it's safe to say that a 3rd party reviewer is not going to discount their services just because we have determined that certain projects are to be charged 75% less than others. Would the City (tax payers) pick up the remaining balance and pay the 3rd party?

Our current inspection policy is that a permit pays for 10 inspections. The permit holder is required to pay an additional \$50 per inspection if they exceed 10 inspections. This is not unusual for most commercial or multi-family projects. So, are we also proposing to reduce the cost of additional inspections from \$50 to \$12?

From: Mike Chapman
Sent: Thursday, May 20, 2010 10:48 AM

Regarding the proposed fee reduction ordinance I have the following concerns and comments: In general, the fire departments involvement with single family and duplex residential structures is virtually non-existent, with the exceptions of when fire department access is compromised such as extended driveway length, construction in flood plains, avalanche zones, or wildland interface areas. We would also regulate the installation of a residential fire sprinkler system if one was installed, (which is very rare).

However once a residential complex exceeds 12 units or two stories in height, the fire code kicks in and many portions of the fire code applies, requiring numerous reviews and on-site inspections. Our existing sliding fee schedule attempts to charge a realistic fee for those services. I believe that in general, these fees do actually reflect the cost of providing this service while also recognizing that on some projects the fees may exceed cost, while on other projects the fees fall far short of covering expenses. If this ordinance covers anything beyond single family and duplex residences, I would suggest that rather than give a 75% reduction in fees, that we simply charge by the hour for the services actually provided.

HAILEY ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HAILEY, IDAHO, AMENDING SECTION 15.08.010(E) OF THE HAILEY MUNICIPAL CODE BY REDUCING BUILDING PERMIT, PLAN REVIEW AND FIRE REVIEW FEES TO 25% OF THE FEES; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Hailey City Council has adopted the 2006 International Building Code, 2006 International Residential Code and 2006 International Fire Code with certain amendments and modifications in Chapters 15.08 and 15.12 of the Hailey Municipal Code;

WHEREAS, building permit, plan review and fire review fees have been established in Section 15.08(E) of the Hailey Municipal Code;

WHEREAS, the health, safety and welfare of the citizens of the City of Hailey is dependent upon a reasonable supply of affordable deed restricted community housing being made available to ensure that critical professional workers, essential services personnel and service workers live within proximity to their work to provide public and private sector services;

WHEREAS, the City of Hailey has determined through public input and the comprehensive planning process that a reasonable supply of deed restricted housing is needed to promote the economic diversity of the City of Hailey;

WHEREAS, the Hailey City Council finds that it is appropriate to encourage the construction of community housing constructed by governmental agencies and non-profit entities by reducing the expenses of building permit, plan review and fire review fees; and

WHEREAS, the Hailey City Council finds that it is appropriate to reduce building permit, plan review and fire review fees to 25% of the standard fees for community housing constructed by governmental agencies and non-profit entities subject to a recorded deed restriction.

NOW, THEREFORE BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HAILEY, IDAHO, AS FOLLOWS:

Section 1. Section 15.08.020(E) of the Hailey Municipal Code is amended by the addition of the underlined language, as follows:

E. Fees, Deposits and Refunds: For buildings, structures and other improvements requiring a building or other permit under this chapter, fees, deposits and refunds shall be paid to the City of Hailey as specified herein.

1. Building Permit Fee. Fees shall be charged utilizing Table 1-A of the 97 UBC, published by the International Conference of Building Officials (ICBO). Building valuation shall be factored at one hundred twenty dollars (\$120.00) per square foot. For new construction or substantial remodels, an application fee of \$500 shall be made at the time the building permit application is submitted to the city. Said fee shall be credited to the total amount of the building permit fee, but shall be forfeited if the building permit is not obtained by the applicant within 180 days of permit approval. Except as otherwise provided for herein, the remainder of the building permit fee and the deposit for final inspection shall be collected when the building permit is issued. At the election of the applicant, payment of the remainder of the building permit fee for an Energy Star certified single family residence may be deferred to the date of the issuance of a certificate of occupancy. For the purpose of Section 15.08.020(E), an Energy Star certified single family residence shall mean a single family residence certified as an Energy Star project in accordance with the Northwest Energy Star Program, as amended.

2. Plan Review Fee: Building Department review will be 65% of the building permit fee. Except as otherwise provided for herein, the plan review fee shall be collected when the building permit is issued. At the election of the applicant, payment of the plan review fee for a Energy Star certified single family residence may be deferred to the date of the issuance of a certificate of occupancy.

3. Fire Review Fee: Fire Department review for commercial or multi-family projects shall be 35% of the building plan review fee. Except as otherwise provided for herein, the fire review fee shall be collected when the building permit is issued. At the election of the applicant, payment of the fire review fee for a Energy Star certified single family residence may be deferred to the date of the issuance of a certificate of occupancy.

4. Deferred Submittal Fee: An additional 100% of the original plan review fee may be charged for all deferred submittals, as set forth in Section 106.3.4.2 of the 200 IBC, as amended by this chapter.

5. Moved Structure Fee: Moved structures will be calculated by using the estimated cost of the move applied to Table 1-A of the 97 UBC.

6. Manufactured Homes Fee: Fees shall be based on the on-site elements constructed, not the home itself.

7. Demolition Fee: Fee shall be \$75 and shall be due at the time the application is submitted to the city.

8. Re-roof Fee: Fee shall be calculated using Table 1-A of the 97 UBC. Valuation shall be based on scope of the work and materials.

9. Fence Fee: Fee will be \$30 and be paid when the application is submitted.

10. Shed Fee: Permits must be obtained for all sheds exceeding 120 square feet. Fees shall be based on Table 1-A of the 97 UBC.

11. Deposit for Final Inspection: In addition to the building permit fees as stated above, a deposit shall be collected when the building permit is issued, to ensure final inspection. A deposit shall be 25% of the total building permit fee or \$100 whichever is greater.

12. The building permit, plan review, fire review, moved structure, re-roof and final inspection fees established in this section 15.08.020(E) for any Community Housing Unit shall be reduced to 25% of the standard fee. For the purpose of this provision, Community Housing Unit shall mean a dwelling unit constructed by a governmental agency or by a non-profit corporation or entity which is restricted by size, type and cost with a recorded deed restriction, and/or which is for sale or rent exclusively to individual(s) meeting income, occupancy and/or other affordable community housing criteria. In the event one or more Community Housing Units are constructed in a multi-use or multi-family building, any reduced fee shall be based on a percentage derived by dividing the square footage of the Community Housing Unit by the square footage of all of the units within the building, and then multiplying that percentage by the entire square footage of the building. By way of example only, if one 1500 square foot Community Housing Unit is constructed in a ten unit 17,000 square foot condominium project (15,000 square feet attributable to the ten condominiums and 2000 square feet attributable to common area), the standard building permit fee attributable to the Community Housing Unit would be 1/10 (i.e., 1500 ÷ 15,000) of the fee attributable to the 17,000 square foot residential project; the building permit fee would then be reduced to 25% of the standard building permit fee attributable to the Community Housing Unit.

Section 2. Should any section or provision of this Ordinance be declared by the courts to be unconstitutional or invalid, such decision shall not affect the validity of the Ordinance as a whole or any part thereof other than the part so declared to be unconstitutional or invalid.

Section 3. All Ordinances or parts thereof in conflict herewith are hereby repealed and rescinded.

Section 4. This Ordinance shall be in full force and effect from and after its passage, approval, and publication according to law.

PASSED AND ADOPTED BY THE HAILEY CITY COUNCIL AND APPROVED BY THE MAYOR THIS ___ DAY OF _____, 2010.

Richard L. Davis, Mayor

Attest:

Mary Cone, City Clerk

Publish: Idaho Mountain Express _____, 2010



Why should The City of Hailey invest in community housing?

Economic stimulus – for every 1\$ invested in community housing, \$8 is returned to the community over 15 years. In this case, \$106,000

Vitality – this previously vacant lot will become home for two families who work and wish to live in Hailey and participate in life in Hailey

Long Term Community Asset - The homes built at 5th and Walnut will be permanently affordable providing opportunity to working

families in to the future and helping to ensure a base of committed citizens in Hailey

How significant will the impact of the regulatory concessions be for the families at 5th and Walnut?

If Hailey were to fund sidewalks and reduce permit fees to 25%, ARCH would be able to reduce the cost of the homes by 4%

The savings to each of the homeowners would equate to approximately \$50 per month or \$14,400 over the life the mortgage

For some families, this could be the difference between being able to qualify for a loan and being denied for a loan

Why regulatory concessions?

Communities seeking to encourage development of affordable housing have limited options – inclusionary zoning has been challenged

Regulatory concessions can have a significant impact on the ability to develop affordable housing and can take the place of programs

which require outright financial contributions such as down payment assistance

