

January 23, 2024

Dallas City Council
1500 Marilla St.
Dallas, TX 75201

Dear Mayor Johnson and Honorable Members of the City Council:

On behalf of the Dallas Builders Association (Dallas BA), I appreciate this opportunity to provide the residential construction industry's concerns regarding the proposed Development Services Department (DSD) fee updates that are scheduled to be brought before the City Council on Wednesday, Jan. 24. It is listed on the Council agenda as Agenda Item #35 (24-55).

In Summary, the Dallas Builders Association is concerned about how the amount of increased fees can negatively impact residential construction in the City of Dallas for both single-family and multifamily homes. We request that language regarding the calculation for residential plan reviews be corrected. Dallas BA also urges the City Council to phase in any increases to fees over a 3-year period.

Dallas BA recently met with DSD staff regarding questions we had about the fee increases and to seek needed language clarification. Below are some of the outstanding concerns we have regarding the proposed ordinance.

Fee Increases:

Multifamily Permit Fee — The permit fee for multifamily construction is well above what builders routinely see in the region per unit. The proposed ordinance increases the fee from \$225 to \$652 per unit. This is well over the amount our builders report in other cities currently.

We urge the council to consider the complexity and additional costs already assumed in multifamily construction. Due to housing affordability requirements, alternative transportation and parking arrangements and other items that can be levied on multifamily development during the planning and permitting process.

Residential Plan Review — Information provided by DSD indicates that a plan review for a single-family home will be \$577. Builders typically see this fee range from \$80 to \$150 in other cities. An amount beyond \$250 is excessive in comparison.

- **Amended language is needed for the provision's calculation** — The language for the provision related to the residential plan review (303.5.1.2) is incorrect and should be amended. The language in the draft released as of Monday, 1/22/24, refers to Table A-I, which is the table referenced for permit calculations. For a 2000 sq. ft. home, the table would assess an egregious fee of \$991. During a meeting on January 18, DSD staff agreed that the language was incorrect and should be changed.

Certificate of Occupancy — The proposed ordinance assesses a fee of \$375. Builders typically see this fee range from \$100 to \$250.

Temporary Certificate of Occupancy — Dallas BA requests clarification as to why this is being increased by more than 380%. (From \$104 to \$500 for the base fee.) Builders typically see this fee range from \$50 to \$125.

Dallas BA requests justification be provided for the following fee increases:

- **Excavation** — This fee increases from \$100 to \$2,825 (2,725% increase)
- **Development Impact Review** — Increases from \$50 to \$1,000 (1,900% increase)
- **Site Plan** — Increases from \$50 to \$313 (526% increase)
- **Determination Letter** — Increases from \$100 to \$435 (770% increase)

Fee Increases Should Be Phased In:

With consideration to how proposed fee increases can impact construction costs and the ability for projects to remain attainable, Dallas BA urges the City Council to phase in any fee increases over the first 3 years from the effective date of the ordinance.

Questions Regarding Fee Study Assumptions — Basis for Proposed Fees:

The Dallas BA still has questions regarding the assumptions used in the fee study that are the propellant of this ordinance change. Were ancillary cost items, which are not directly related to cost of service for plan review and inspection processes, used in the calculation for DSD's budget projections? The department continues to gain in revenue even with permit numbers not increasing at the rates of some other cities.

It is important to note that these proposed fee increases come in addition to other fee increases, including the recent hike in the sewer tap fee that was increased by more than \$2,000.

Thank you for your consideration on this matter. Dallas BA continues to offer to be a resource to the City of Dallas on this and other housing issues.

Sincerely,

A handwritten signature in black ink that reads "David Lehde". The signature is written in a cursive, flowing style.

David Lehde,
Director of Government Affairs
Dallas Builders Association