



## CITY OF HARRISONBURG COMMUNITY DEVELOPMENT

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To: Eric Campbell, City Manager  
From: Adam Fletcher, Director – Department of Community Development  
Date: April 14, 2020 (Regular Meeting)  
Re: City Code Amendment to Section 11-1-11(a) – To Remove Processing Fees for Building Permits

### **Summary:**

Consider an amendment to City Code Section 11-1-11(a)(2). If approved, the amendment would remove the thirty dollar (\$30) nonrefundable processing fee for building permit applications that is due at the time of submittal.

### **Background:**

Section 11-1-11(a) of the Harrisonburg City Code provides the amounts for application fees associated with building permits. As described in the current ordinance, a nonrefundable thirty-dollar (\$30) processing fee is required at the time of submitting the application. This fee is subtracted from the overall building permit cost when the permit fee is paid in full prior to issuance.

Over the past year, staff has been working on providing a service for customers to apply for building permits, along with other permits, through an online portal, including allowing customers to pay for the permit online. However, when paying online there is a credit card fee of \$3.50 or 3.5 percent of the total, whichever is higher, each time that an individual makes a payment. If applicants do not want to pay in full at the time of application submittal, they will have to pay a \$3.50 credit card fee for a \$30 payment and another card fee of \$3.50 or 3.5 percent of the balance for the remaining balance. The customer will save money on fees if they can pay all fees at once. We anticipate that the credit card fee could discourage people from paying online, especially if the fee is charged twice.

Removing the \$30 nonrefundable fee will also eliminate some technological issues that we have with the permitting and inspections software and the online payment process.

### **Key Issues:**

Staff is proposing to remove the \$30 nonrefundable processing fee required at the time a building permit is submitted. Customers would have the option to pay their fees online by credit card or at the Community Development office by cash or check, and would continue to have the option to pay for their building permit after the permit has been approved. There is no proposed change to the cost of the building permit fees.

Building permit data from 2017-2019 was reviewed to understand the cost of removing the \$30 nonrefundable fee. During this time period, 21 building permit applications were withdrawn. Of these 21, 17 paid in full at the time of submittal and were refunded the building permit fee, with the exception

of the \$30 processing fee and the required two percent state levy, which is paid when the full building permit application fee is paid. The other four withdrawn permits only paid the \$30 nonrefundable fee at the time of application. An additional four permit applications were never picked up by the applicants. All four of these abandoned permits only paid the nonrefundable \$30. Over this three-year period, \$750 of nonrefundable processing fees were received by the City for withdrawn or abandoned permit applications. Staff finds the amount to be insignificant compared to having the ability of allowing customers the option to pay online and to providing quality customer service by allowing customers the option to pay after approval.

If customers choose to pay fees at the time of submittal, then later decide to withdraw the application, the required two percent state levy, which must be charged with building fees per State Code, will not be refunded. This practice is the same as current policy.

**Environmental Impact:**

N/A

**Fiscal Impact:**

N/A

**Prior Actions:**

N/A

**Alternatives:**

- (a) Approve the City Code amendment as proposed;
- (b) Deny the City Code amendment; or
- (c) Table the request for further study or other or additional modifications.

**Community Engagement:**

No public hearing is required to remove fees within this section of the City Code. There was no community/public engagement.

**Recommendation:**

Staff recommends alternative (a) to approve the City Code amendment as proposed.

**Attachments:**

1. Building Code Amendment to Remove Nonrefundable Fees.

**Review:**

N/A