

## **Building Department Revenues FY 24/25 and 25/26**

### **Historically:**

Building department revenues currently are very difficult to estimate, as there are several projects in the works and one that appears to be set to move forward immediately. For the past ten years or so, revenues for the building department only, not including impact fees, have been very steady and have hovered around three hundred thousand dollar per year. This amount for that entire time did not cover the fully loaded costs of providing that service, and actually was at least one hundred thousand dollars short each year. I am trying to rectify that issue, but that attempt is being complicated by the addition of the Canopy project which will raise revenues for each of the next two years, and possibly several other projects that are being worked on but not necessarily set to start construction.

New home construction over the past five years I have been here, has totaled three units, with the bulk of our permits being for minor repairs and mid-size remodel projects. These projects make up the three hundred thousand dollars in revenue we collect annually, and should be raised by 25% to make the building department fully cost recovery. Since 25% is a very difficult number to justify all at one time, and we are going to see 82 new home permits over the next two years, we are proposing a more modest 12% raise which will generate an additional eighty to one hundred thousand dollars or so during a normal year. That said, the next 18-48 months will not be normal at all for building revenues based on new home construction. While we will see increased revenues over the next two years, it may not continue past that date. There are several projects in the works, none that appear to be moving soon, or even seem certain to move forward at all. Overall, there are very limited building sites in town that are open to this kind of further development.

Having experience working with the developer of the Canopy project on a different subdivision, I am confident that once construction starts, they will build and sell the 82 homes in eighteen-twenty months. For revenues sake we are anticipating 50 houses in 24/25 and the remainder in 25/26. I have included the revenue number we can expect based on that breakdown for the next two years, and also the total amount expected for the 82 homes below. All 82 should be built and sold before we get to 26/27 FY and revenues may very well drop back down to our historic levels(300-400K) depending on whether we raise permit fees or not. I have included for discussion several projects that are possible looking forward, but none are certain, especially with today's higher interest rates. We have already been informed the Downtown Hotel, already permitted, will not pencil at today's interest rates.

Normal Revenue Ongoing: \$300,000. To \$350,000.  
Normal Revenue Ongoing with increase: \$380,000. to \$420,000.

**Possibilities/Dates Unknown:**

Expected Revenue with existing fees for 82 homes: \$1.5M  
Expected Revenues with raised fees for 82 Homes: \$1.85M  
Expected Revenues for 50 homes without fee increase: \$900,000  
Expected Revenues 50 homes with fee increase: \$1.15M  
Expected 32 homes without fee increase: \$600,000  
Expected 32 Homes with fee increase: \$700,000

**Other Possible projects:**

- Huntley Square (entitled, no permit submission 10Units\$180,000 Permit Fees
- Healdsburg Avenue (in entitlement process) 22Units \$400,400 Permit Fees
- Barlow Hotel (Submitted to Planning) Approximately \$400,000 in gf revenues.
- Habitat Project (permits ready to issue) 4 Units \$72,000
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