

Proposal to Adjust Building Permit Fees for the Town of Ledyard

Introduction:

The purpose of this proposal is to address the current state of building permit fees in the Town of Ledyard. It has become evident that our current permit fees no longer accurately reflect today's prices and are significantly below the average of neighboring towns. By increasing these fees, the Town of Ledyard can generate additional revenue, which will benefit both the town itself and the building department, assisting in covering necessary expenses for maintaining the quality of services provided. We are proposing that we implement a revised building permit fee structure that considers today's economic realities and brings us in line with the average permit fees of adjacent towns. Specifically, we recommend raising the current fee of \$10.26 per \$1,000 of construction value to \$15 per \$1,000 of construction value. The \$15 would include the State fee of .26 per \$1,000.

Comparison with Neighboring Towns:

Here is a comparison of the proposed permit fee structure with those of neighboring towns for the first \$1,000 of construction value (and the fee for every additional \$1,000 for towns that charge a different amount for the first \$1,000 or \$3,000):

- **Town of Preston: \$8.00 per \$1,000 (Lowest)**
- **Town of Ledyard: \$10.26 per \$1,000**
- Town of Montville: \$12.00 per \$1,000
- Town of Voluntown: \$16.26 per \$1,000
- Town of New London: \$18.00 per \$1,000
- **Town of Colchester \$20.26 per \$1,000 (Highest)**
- Town of Norwich: \$35 first \$1,000 / \$17 per \$1,000 thereafter
- Town of North Stonington: \$20.00 first \$3,000 / \$10.00 per \$1,000 thereafter
- Town of Waterford: \$20.00 first \$1,000 / \$10.00 per \$1,000 thereafter
- Town of Groton: \$25.00 first \$1,000 / \$15.00 per \$1,000 thereafter
- City of Groton: \$20.00 first \$1,000 / \$10.00 per \$1,000 thereafter
- Town of Stonington \$25.00 first \$1,000 / \$12.00 per \$1,000 thereafter

In addition to the proposed adjustment of building permit fees, we recommend the implementation of a fee calculator for internal office use. This will provide a clear and standardized method for our office to calculate building permit fees for various construction projects. Many applicants undervalue the construction cost, resulting in a much lower fee and loss of revenue for the Town. The "fee calculator" is a chart of reasonable construction values – based on the International Code Council's Building Valuation Data which is updated every 6 months (See attached) and the following Item Cost per Structure Component (for Residential only).

Fee Calculator by Structure Component:

- Basement finished: \$110
- Living space: \$110
- Garage unfinished: \$70
- Garage finished: \$80
- Shed: \$40
- Deck: \$40

New Single Family or Duplex cost of construction: Per ICC Chart (Currently ~165/sf)

Item Cost (per square foot) Non-residential: Per ICC Chart and Type of Construction (current range ~\$85 – 260/sf).

Ultimately it is up to the Building Official to determine whether the value provided is reasonable, but the chart will allow staff to flag certain applications with potentially low construction values provided.

Step 1: Determine Project Type and Area: Calculate the total square footage of the project area. For example, if the project includes a finished basement, living space, and a deck, sum the square footage of each component.

Step 2: Calculate Fee: For each type of construction (e.g., basement finished, living space, deck), multiply the square footage by the respective cost per square foot as listed in the fee calculator.

Step 3: Sum Total Fees: Sum the fees for each component to calculate the total building permit fee.

By considering the specific characteristics of each project, the fee calculator will ensure that the Building Department assesses permit fees fairly and consistently for all applicants, reducing the potential for errors or discrepancies. The new fee structure also ensures that those undertaking larger construction projects contribute their fair share, promoting equity among builders and developers. The increased permit cost is borne by those receiving the service.

In addition to the proposed changes above, we would also propose a change to the current fee for the demolition of structures. The Town should encourage the removal of blighted or dilapidated structures. The Town currently charges \$10.00 per assessed value of the structure which can result in a potentially high fee (especially for non-residential properties) and may be a barrier to removal. Some Towns also charge a flat fee and others charge a percentage of the assessed value. We are proposing to switch to a percentage-based fee of 2% of assessed value for residential structures and 5% for Commercial and Industrial structures as the demolition process.

Why the proposed changes?

We are planning to switch to a different permit tracking/processing software that will allow on-line permit submission and payment. This will increase the overall efficiency of permit processing and allow applicants to track the progress of their permits without having to call the office. We are one of only a few towns that do not offer the ability to submit and pay for applications on line. The increased fees will offset the annual cost of the software somewhat. We also have a full-time Building Official and fully staffed Land Use Department of which the Building Department is part of. Permit Fees are intended to cover the cost of processing the permits (labor, equipment, software etc.), inspections (vehicle to do so), and time spent assisting applicants. With a combined Building and Land Use and all staff assisting applicants and processing permits, the overhead is high. We certainly do not fully cover the costs currently. This small adjustment in the fees will help close the gap a little.

In conclusion, the incorporation of a fee calculator for internal office use, alongside the adjustment of permit fees, is a valuable step towards promoting honesty, fairness, and accuracy in our permit fee structure. This change aligns with our goal of modernizing our policies and practices to better serve the community while generating additional revenue for the town to cover the rising personnel costs/cost of providing the service as well as enable us to move to an on-line permitting system which will greatly increase efficiency.

Your support and action on this matter will greatly contribute to the continued growth and prosperity of the Town of Ledyard.

Respectfully submitted,

Juliet Hodge, Director of Planning & Development

Seumus Quinn, Building Official

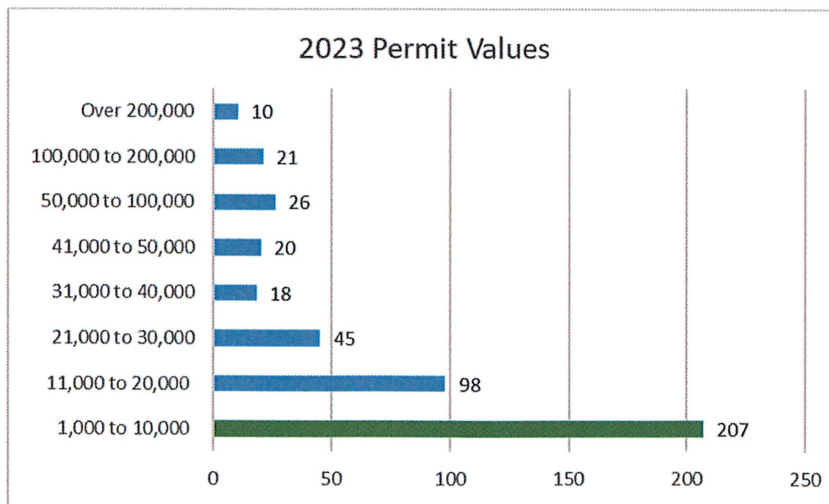
The following data show the potential financial impact of the proposed changes (Note: amounts do not include C.O. Fees as they do not apply to all applications.)

Construction Value	Current	Proposed	Difference to Applicant	Minus State Fee .26	
	\$ 10.26	\$ 15.00		\$ 14.74	Difference to Town
\$ 1,000.00	\$ 10.26	\$ 15.00	\$ 4.74	\$ 14.74	\$ 4.48
\$ 2,000.00	\$ 20.52	\$ 30.00	\$ 9.48	\$ 29.48	\$ 8.96
\$ 3,000.00	\$ 30.78	\$ 45.00	\$ 14.22	\$ 44.22	\$ 13.44
\$ 5,000.00	\$ 51.30	\$ 75.00	\$ 23.70	\$ 73.70	\$ 22.40
\$ 10,000.00	\$ 102.60	\$ 150.00	\$ 47.40	\$ 147.40	\$ 44.80
\$ 20,000.00	\$ 205.20	\$ 300.00	\$ 94.80	\$ 294.80	\$ 89.60
\$ 50,000.00	\$ 513.00	\$ 750.00	\$ 237.00	\$ 737.00	\$ 224.00
\$ 100,000.00	\$ 1,026.00	\$ 1,500.00	\$ 474.00	\$ 1,474.00	\$ 448.00
\$ 200,000.00	\$ 2,052.00	\$ 3,000.00	\$ 948.00	\$ 2,948.00	\$ 896.00
\$ 300,000.00	\$ 3,078.00	\$ 4,500.00	\$ 1,422.00	\$ 4,422.00	\$ 1,344.00
\$ 500,000.00	\$ 5,130.00	\$ 7,500.00	\$ 2,370.00	\$ 7,370.00	\$ 2,240.00

2023 Construction Values

Average	Current Fee	Proposed	Difference
\$30,251.72	\$318.06	\$465.00	\$146.94
Mean	Current Fee	Proposed	Difference
\$13,986.52	\$143.64	\$210.00	\$ 66.36
Total	Current Fee	Proposed	Difference
\$13,220,000.00	\$135,637.20	\$198,300.00	\$62,662.80

Had the new fees been implemented last year, the town would have received an additional \$62,663 in fees – enough to cover the cost of the vehicle for the Building Official and transition to the new proposed permitting software.



Most permits are for projects costing under \$10,000. The impact would be a potential increase between \$4.48 and \$44.80 per permit.

APPENDIX

TOWN OF LEDYARD

PERMIT FEE AND INSPECTION FEE SCHEDULE

NEW CONSTRUCTION, ALTERATION, REMOVAL, DEMOLITION OR OTHER
BUILDING OPERATIONS

**BUILDING PERMITS & TRADE PERMITS FEES, WHICH INCLUDE ELECTRICAL
PLUMBING AND MECHANICAL**

Fifteen Dollars (\$15.00) ~~Ten Dollars (\$10.00)~~ per Thousand Dollars (\$1,000), or part thereof, of estimated value based on the present cost of material and labor. Fee includes the State Education fee of .26 per \$1,000 of construction value.

CERTIFICATE OF OCCUPANCY:

Ten Dollars (\$10.00) (For Additions/New Homes/New Bathrooms or Bedrooms/Detached Garages/Sheds > 200sf - Added to the initial Building Permit Fee at time of submission.)

DEMOLITION PERMITS:

For Residential structures, Two Percent (2%) ~~Ten Dollars (\$10.00) per Thousand Dollars (\$1,000.00), or any part thereof,~~ of value computed on the Assessor's fair market value of the structure to be demolished.

For Commercial or Industrial structures Five Percent (5%) of value computed on the Assessor's fair market value of the structure to be demolished.

APPLICATION FEES WILL NOT BE REFUNDED REGARDLESS OF PERMIT STATUS OR OUTCOME

Acknowledged by the Ledyard Town Council on: _____

Naomi Rodriguez, Chairman