

**Planning & Development Services
Staff Report
Proposed Amendment to PDS Permit Fees: Townhouses**

Snohomish County Department of Planning and Development Services charges a variety of application and permit fees to recover its costs of regulating development. Most of these fees are currently listed in Chapter 30.86 of the Snohomish County Code (SCC). Other fees charged by PDS are found in SCC Chapter 13.

In the 2025-2026 biennium, PDS expects to recover 84% of permitting costs from charges for services and permit fees at their current levels and 11% from non-permit revenue. The budgeted gap of 5% between revenue and expense (net loss) is \$2.17 million¹. Thus far into 2025, PDS is on track with these projections. In addition, the number of new permit applications is down significantly from prior years which will negatively impact PDS's revenue in the coming months.

In 2020, PDS began a multi-phase effort called the "PDS Fee Alignment Project" to examine and update permit fees. Phase I was completed in 2020, through Ord. No. 20-039, when PDS updated the fees in the Building Permit Fee Table in SCC 30.86.400(7), which had not been updated since 1997. Phase II, adopted in 2021 through Am. Ord. No. 21-048, examined miscellaneous permit fees that were simple to analyze, had not been updated in decades, and for which PDS did not achieve cost recovery. Phase III will address reviews for which PDS does not currently charge a fee as well as the more complex land use fees. The Phase III ordinance will be coming to Council soon via a separate ordinance. Phase IV will address fire-related fees and other fees which need an adjustment due to the higher costs of doing business.

This ordinance addressing townhouses is not part of any of the Phases in the PDS Fee Alignment Project. The purpose of this ordinance is to clarify and slightly change how townhouses are permitted in Snohomish County. This change will help streamline one type of permit that is currently handled very inefficiently. It also meets PDS's goal of having a fee structure that is fair and equitable, while achieving cost recovery on all types of permits.

Over the past seven years, PDS has worked hard to streamline the permit process. In 2018, PDS implemented online permitting for all building permits and land use applications. In 2019, PDS undertook a formal review of the permitting process through a project called Electronic Permitting Process Improvements (EPPI). From 2017-2022, PDS worked on a series of small process improvements as part of the County's STEP program. In 2023, PDS hired an Operational Improvement Program Manager to help formalize PDS's continuous improvement efforts and embed it into the PDS culture. For the past several years, staff have been highly engaged in making improvements to PDS's permitting process. In 2024, PDS implemented a new online permit portal to streamline the intake of building permits, land use applications, and other permits. All of PDS's efforts to make its permitting system more efficient has coincided with the State of Washington's recent mandate to speed up the permit review process. Through Senate Bill 5290 adopted by the legislature in 2023, the State implemented mandatory review time frames for certain permit types. PDS also increased staffing levels to meet the new time frames. PDS has been able to reduce time frames, improve the level of customer service, and streamline the permitting process for both staff and customers.

¹ Excludes the Technology Reserve Fund revenue and expenses which is a separate, restricted fund.

Proposed Permit Fee Amendments – SCC Chapter 30.86

Snohomish County's fee code for building permits breaks structures out into two categories: residential and commercial. A townhouse is a single-family dwelling unit constructed in a group of three or more attached units in which each unit extends from the foundation to roof. Typically, the number of townhouse units in each building is between three and eight units. Townhouses are considered a type "R-3" residential occupancy in the International Residential Code (IRC); the International Building Code (IBC) is silent on townhouses. Although townhouses can be built under the IBC, nearly all are built under the IRC due to the rigorous commercial construction requirements in the IBC.

PDS has permitted townhouses as a commercial building permit and required separate permits for the mechanical and plumbing systems in each building. It costs the builders both time and money to apply for separate mechanical and plumbing permits, and it takes PDS staff time to review and issue each one. Extra process steps are needed on the front end at intake (by PDS staff) to ensure all the permits are linked, to make it easier on the Building Inspectors. In many instances it is difficult to determine which permits go with which townhouse building on the site plan, so it can take a lot of time to research and figure out which permits go together.

It also takes more time for the Building Inspector to inspect townhouses because the approved plans are on the building permit, the mechanical system information is on one or more commercial mechanical permits, and the plumbing system information is on a commercial plumbing permit. It takes longer to find the correct information in the Inspector Application (the Amanda software the inspectors use) and document the inspection results because the inspector has to flip back and forth between the various permits. Combining separate permits into one main townhouse permit would achieve a savings of time and cost for both builders and PDS staff.

Townhouse building and trade permit fees are amended to provide for a new Townhouse permit type by providing clarity on how fees are charged on townhouse building permits. Below is a summary of the actions proposed in ordinance:

Code Reference	Type of Permit Fee	Action
SCC 30.86.400	Base Permit Fees	Amended to separate out the base fee on townhouse permits (remains the same as commercial ²)
	Plan Review Fees	Amended to separate out the plan review fees and site review fees for townhouse permits (remains the same as commercial ²)
	Plumbing and Mechanical Fees	Added townhouses to the method of charging 11% of the building permit fee instead of separate commercial mechanical and plumbing permits (like residential building permits)
SCC 30.86.410	Commercial mechanical	Eliminates commercial

² Keeping the commercial base fee and plan review fee of 85% of the permit fee is warranted because townhouse structural plans are more complex and take more time to review compared to single family residences.

		mechanical permits for townhouses by changing the way mechanical work is permitted for townhouses. Fees to be included in the building permit and charged 11% like other residential building permits in SCC 30.86.400(7).
SCC 30.86.420	Commercial plumbing	Eliminates commercial plumbing permits for townhouses by changing the way mechanical work is permitted for townhouses. Fees to be included in the building permit and charged 11% like other residential building permits in SCC 30.86.400(7).

Permit Fees Charged by Other Jurisdictions

A comparison of other jurisdictions was conducted to determine how other jurisdictions permit townhouses. The method for charging mechanical and plumbing permits varies from jurisdiction to jurisdiction and there is little consistency on how townhouses are permitted. Some jurisdictions permit townhouses as commercial structures, while others treat them as residential. Some jurisdictions include the mechanical and plumbing fixtures with the building permit fee, while others issue separate mechanical and plumbing permits like at Snohomish County. Below are a few examples:

- Pierce County – Townhouses are permitted as commercial structure with commercial fees (they have two separate fee tables based on valuation³, one for residential and one for commercial). They issue separate mechanical and plumbing permits with a base fee plus unit fee charged for each fixture.
- Kitsap County – Townhouses are permitted as a residential structure and mechanical/plumbing are included in the building permit fee.
- City of Lynnwood – Townhouses are permitted as a commercial structure with mechanical/plumbing fees based on per fixture but of a more limited scope than Snohomish County.
- City of Everett – Townhouses are permitted as a residential structure. (Note: Plan review fees are same for residential and commercial so this is really a distinction without meaning.) It appears that no separate plumbing and mechanical permits are required.

Fiscal Framework

The permitting divisions within the Department of Planning and Development Services (PDS) operate as a special revenue fund, which means that (a) there is no revenue from

³ Snohomish County has one building valuation fee table in SCC 30.86.400(7).

taxes or the County's General Fund, and (b) a separate fund balance that carries over from year to year is maintained.⁴

Financial Impact of Change in Townhouse Permit

PDS has done an analysis on what the fiscal impact will be on the proposed code amendments. Based on a review of completed 2024 townhouse permits, it appears that on average, the overall combined fees to permit a new townhouse will decrease. This will result in cost savings to the applicant, and a loss of revenue for PDS. Based on the sample reviewed, the cost savings ranges from \$250 to \$1,500, with an average savings of \$600 per townhouse permit. The lost revenue for PDS is estimated to be around \$53,000 per year. However, the amount of staff time saved by both intake staff and building inspectors is significant and will offset the loss of revenue. The benefit to the applicants is overall lower cost to build and a more streamlined construction process.

Summary

PDS needs to update its permit fees to improve its recovery of the costs of processing, reviewing, issuing and inspecting various types of permits handled by PDS, while simultaneously ensuring that the fees are equitable and reasonable. The proposed changes to the fees related to townhouses will result in some cost savings to builders and therefore reduced revenue to PDS. However, the efficiency benefits outweigh the loss of revenue.

⁴ The discussion in this report is limited to the special revenue fund for PDS's permitting divisions (known as Fund 193). PDS has other divisions that do receive funding from the County's General Fund, such as the Long Range Planning, Code Enforcement, and the Fire Marshal's Office investigation divisions. PDS accounts for the activities and expenses of those divisions separately from the special revenue fund for PDS's permitting divisions.