

RESOLUTION NO.

WHEREAS, in fiscal year 2015-2016, Development Services Department (DSD) was established as an enterprise department that recovers the entirety of its costs through fees for services provided; and

WHEREAS, because DSD's existing fees do not sufficiently recover the full cost of service, DSD is projecting a substantial budget deficit in fiscal year 2025-2026 and is substantially increasing some fees so that the fees will recover (or more closely recover) cost of service; and

WHEREAS, permitting activity tends to be cyclical with substantial variation year over year because of both local and national volatility in the housing market, interest rates, and construction costs; and

WHEREAS, the real estate development cycle hurts the ability of DSD to function as an enterprise department when development slows down; and

WHEREAS, many different departments are part of the development permitting process and assess fees including Austin Energy, Austin Water, Fire Department, Parks and Recreation, Planning, Transportation and Public Works, and Watershed Protection; and

WHEREAS, full cost of service fees have a disproportionate impact on homeowners and small development projects compared to large scale development; and

WHEREAS, recent Council actions, including HOME, Site Plan Lite, and infill platting, demonstrate the need to better understand the cost to provide permitting services based on infill projects of different sizes; and

24 **WHEREAS**, even among small projects of 5-16 units, there are differing
25 abilities in projects to absorb increasing permitting, inspection, and review costs;
26 and

27 **WHEREAS**, DSD has already made improvements to departmental
28 efficiency and created cost savings for residential review and small projects; and

29 **WHEREAS**, Site Plan Lite Ordinance No. 20250306-037, passed on March
30 6, 2025, simplified and scaled drainage requirements for small projects and
31 provided direction for further improvements; and

32 **WHEREAS**, the City Manager continues to work on processes to streamline
33 and consolidate the development review process; **NOW, THEREFORE,**

34 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

35 The City Manager is directed to review the impact of the organizational
36 structure and current funding sources on development fees with the goal to find
37 opportunities for improvement.

38 **BE IT FURTHER RESOLVED:**

39 The City Manager is directed to create a stakeholder group, including
40 developers of both small and large projects, affordable housing developers and
41 advocates, relevant city departments and any other necessary stakeholders. The
42 stakeholder group shall assist in the review and provide input on the impact of
43 development fees assessed by all City departments for both large and small
44 projects. This should include consideration of:

- 45 • Continued scaling of fees to the size and complexity of the project,
46 especially for homeowners and small infill projects;
- 47 • Development processes and fee schedules in other Texas cities;

- Avoiding significant fee increases when permitting activity is lower than average;
- Consolidation of reviews and processes under the Development Services Department;
- Staff capacity to review permits and applications, especially when new rules are adopted;
- The role of the Technical Advisory Review Panel (TARP) as part of the review, including the potential expansion of the role of TARP;
- Changes to the enterprise fund structure of the Development Services Department; and
- Outsourcing reviews and inspections to third party professionals when appropriate.

BE IT FURTHER RESOLVED:

The City Manager is further directed to report back to Council with recommendations and suggested changes on or before January 30, 2026.

ADOPTED: _____, 2025 **ATTEST:** _____
Erika Brady
City Clerk