Seattle Department of Construction and Inspections (SDCI)

2027-28 Proposed Budget Overview



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Seattle City Council Select Budget Committee

City of Seattle

Seattle Department of Construction and Inspections (SDCI)

*Our **vision**: To set the standard for great local government service.*

*Our **purpose**: Helping people build a safe, livable, and inclusive Seattle.*

*Our **values**: Equity, respect, quality, integrity, and service.*

SDCI administers ordinances regulating building construction, the use of land, and housing. It supports key City priorities, including delivering essential services and building safer, more just communities.

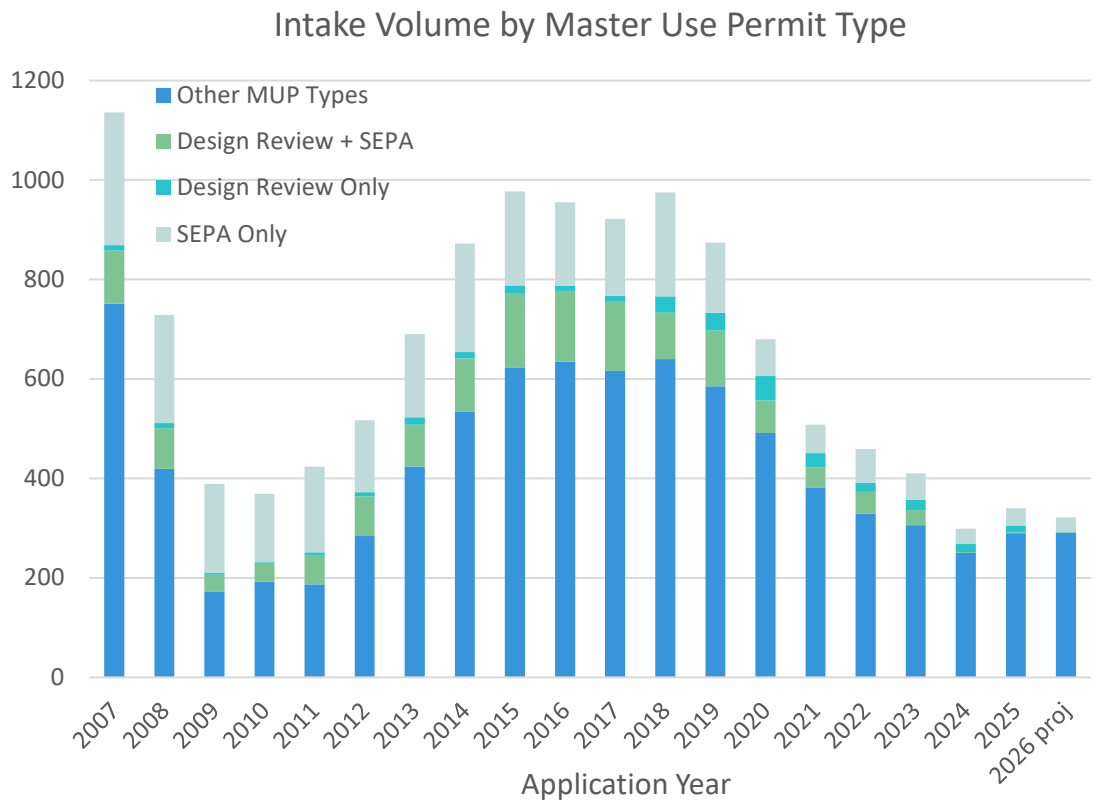
Summary

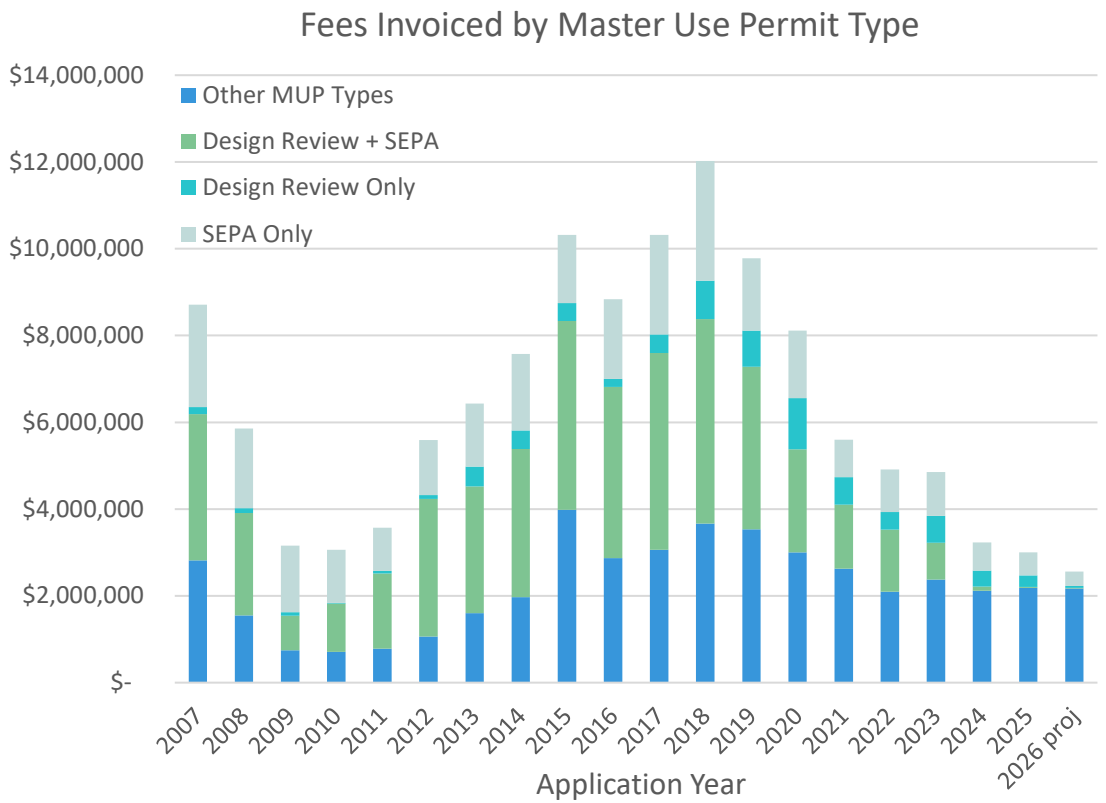
- SDCI is funded approximately 91% by permit fees and 9% by General Fund/other resources.
- State law requires SDCI to set fees that recover service costs and limits use of permit fee revenue to fee-supported services.
- SDCI is focused on advancing the City's housing and permitting priorities, improving permit speed and predictability, and sustaining core services amid changing development activity and constrained resources.

TOTAL BUDGET ($000s)	2026 Adopted	2027 Proposed	2028 Proposed
General Fund	$9,253	$8,166	$7,887
Permit Fees & Other Funds	$117,639	$112,135	$112,468
FTE	452	422	422

Master Use Permit Applications

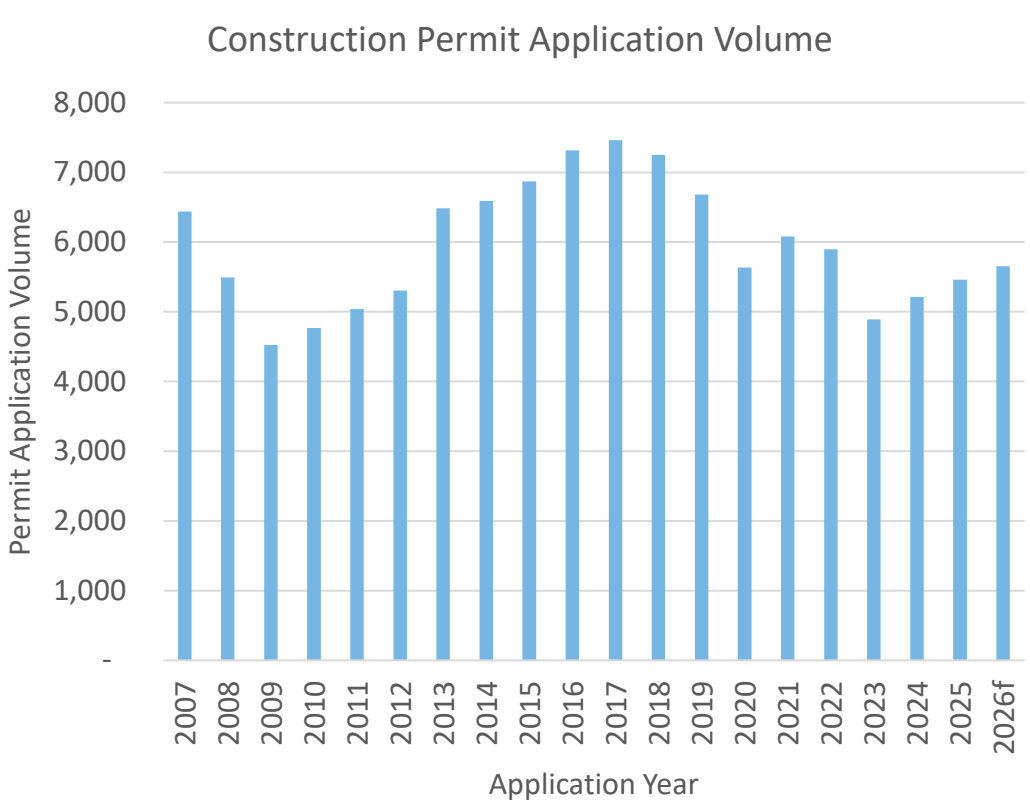
2026 projected MUP application volumes are expected to be 60% lower than 2019 levels, while construction permit applications are projected to be 15% lower across the same period.

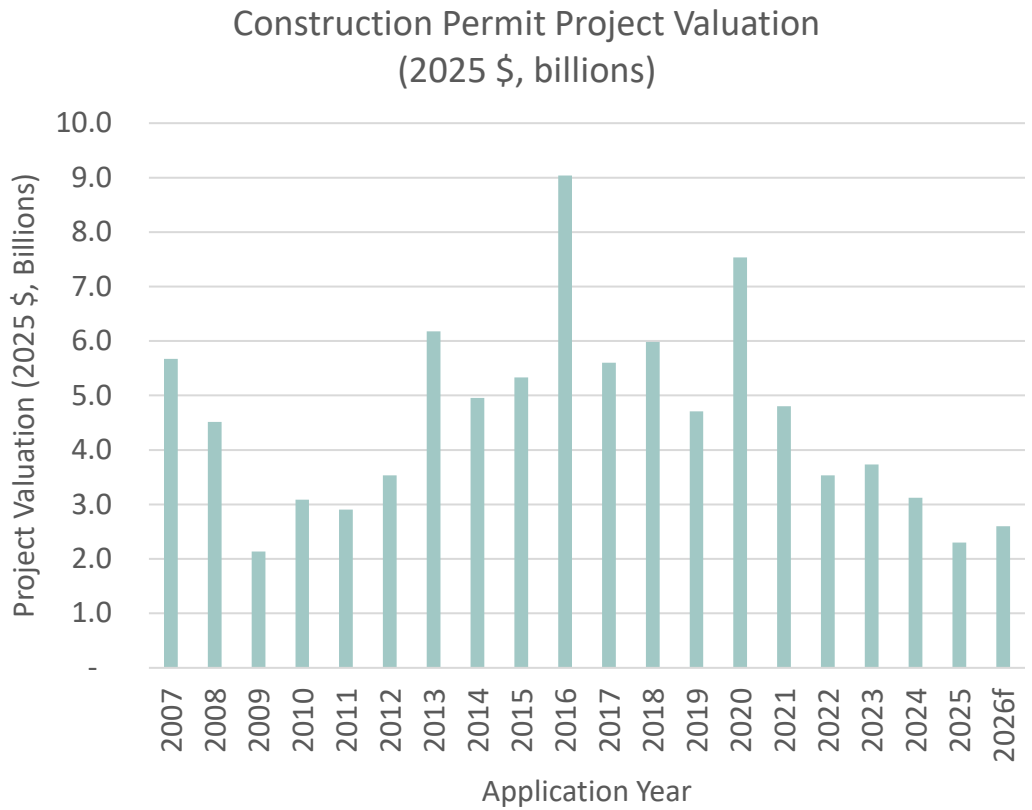




Construction Permit Applications

Construction permit application volumes have improved since 2024, but the continued shift toward less complex, lower-value projects has limited the corresponding recovery in permit fee revenue.





Department Rightsizing

1. Reduce Positions to Reflect Reductions in Permit Revenue

- Reduces 34 fee-funded positions, primarily vacant, to better align staffing and expenditures with projected workload.
- No anticipated impacts to core permitting, inspection, issuance, or timelines based on current and projected workload.
- Budget continues to draw down fund balance, but the planned reductions slow the rate of decline and preserve enough short-term reserves to restore staffing if workload increases.
- Filled-position reductions reflect ongoing workload decreases in cashiering/payment processing and Design Review-related functions; will also reduce capacity for internal special projects.

($000s)	2026 Adopted	2027 Proposed	% Change (Adopted to 2027 Proposed)	2028 Proposed	% Change (2027 Proposed to 2028 Proposed)
General Fund	--	--		--	
Permit Fees	$115,539	$109,504	(5%)	$109,438	(1%)
FTE	452	418	(8%)	418	(0%)

Implement New Regulation

1. Rental Regulation Enforcement

- Add staff to implement and enforce rental regulations under Ordinance 127497.
- Supports higher case intake, investigations, outreach, building-wide enforcement, and landlord assistance.
- Funded by a new self-supporting fee; includes one-time implementation support in 2027.
- Scaling up accelerates investigations and enforcement; scaling down slows case resolution and increases backlogs.
- Without added staff, enforcement remains uneven and ordinance requirements cannot be fully met.

($000s)	2026 Adopted	2027 Proposed	% Change (Adopted to 2027 Proposed)	2028 Proposed	% Change (2027 Proposed to 2028 Proposed)
General Fund	--	--		--	--
Permit Fees	$0	$915		$796	(13%)
FTE	--	3		3	0%

Ombud Support for Affordable-Housing Production

2. Housing Ombud Staffing

- Establishes a Housing Ombud to help low-income and community-driven projects navigate cross-departmental permitting and improve coordination.
- Shortens timelines and increases project success for community developers, affordable housing sponsors, and renters
- Funded by the JumpStart Payroll Expense Tax (JS/PET) Fund.
- Initiated by Mayor Wilson's Executive Order to Accelerate Housing Production.
- Scaling up expands capacity; scaling down limits service, and without the addition, navigation barriers and delays worsen.

($000s)	2026 Adopted	2027 Proposed	% Change (Adopted to 2027 Proposed)	2028 Proposed	% Change (2027 Proposed to 2028 Proposed)
General Fund	--	--		--	--
JS/PET Fund	$0	$294		$294	0%
FTE	--	1		1	0%

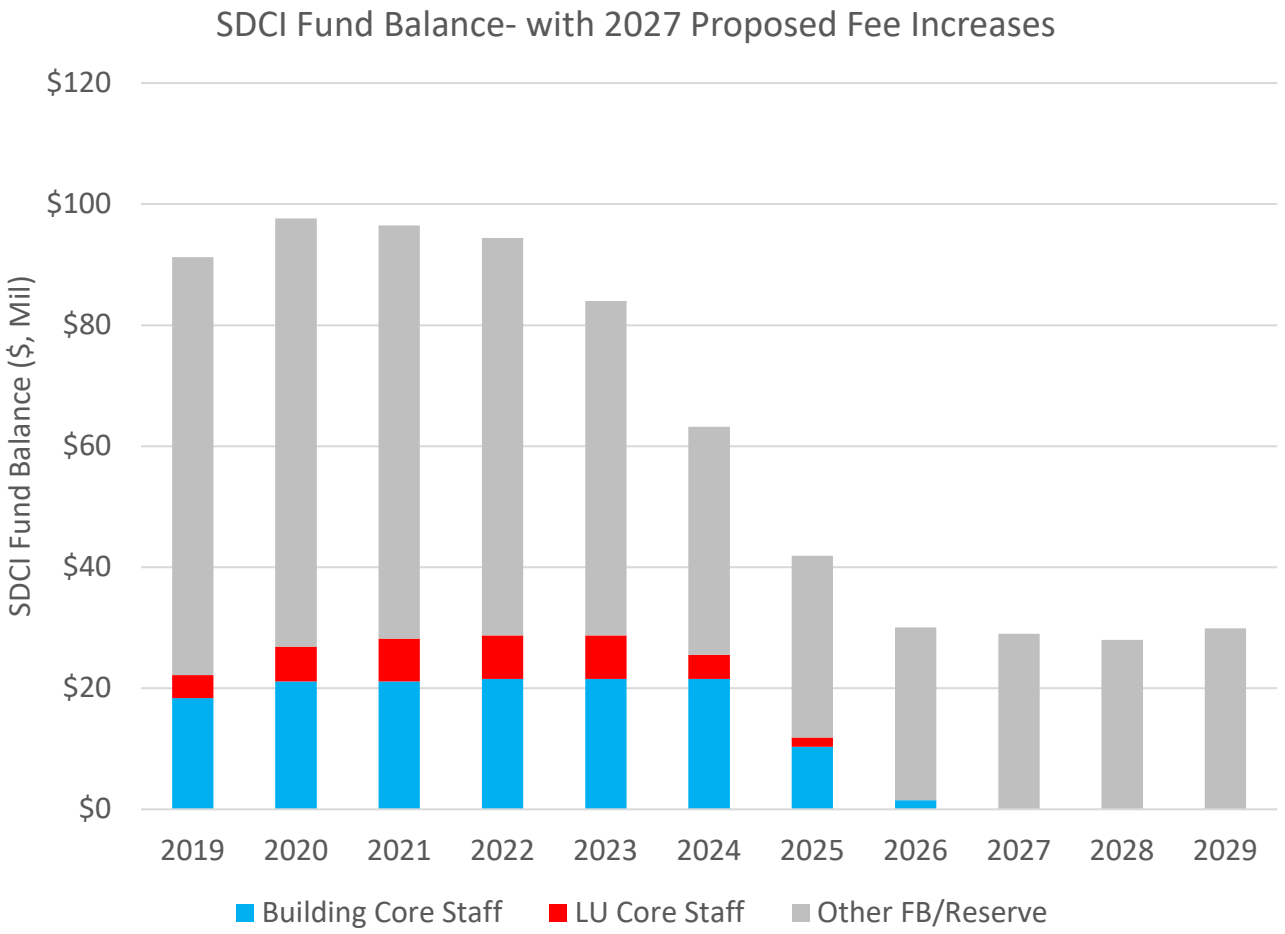
Fee Adjustments

2027 Fee Legislation

- Applies a 3.7% inflationary adjustment, with additional targeted cost-recovery increases in selected fee areas. Results in projected $6.3 million annual revenue increase.
- Building and land use fees increase 7% above the inflationary adjustment.
- Mechanical, refrigeration, furnace, boiler, and related inspection fees increase 15% above the inflationary adjustment, while conveyance fees increase 5% above the inflationary adjustment.
- Establishes a recurring, 2-year $11-per-rental-unit (equivalent to $5.50 per year) Rental Agreement Regulation fee to support implementation and enforcement of Ordinance 127497.

Purpose: Improve cost recovery, minimize staff reductions, slow reserve depletion, enforce rental regulations, and sustain core services as development activity continues to evolve.

Fund Balance Impact



The fee increases included in SDCI's 2027 proposed budget will slow further erosion of SDCI's fund balance, but SDCI's Core Staffing reserves for Building and Land Use are projected to be nearly exhausted by the end of 2026.

Fee Impact: Construction Permits (examples)

500 Square Foot DADU	2026	2027 Proposed	$ Change	% Change
Plan Review and Permit Fee	$3,453	$3,822	$369	10.7%
Housing Units	1	1		
Fee Per unit	$ 3,453	$ 3,822	$369	10.7%
SqFt per Unit	500	500		

4,500 Square Foot 4 Unit Townhouse	2026	2027 Proposed	$ Change	% Change
Plan Review and Permit Fee	$14,464	$15,953	$1,489	10.3%
Housing Units	4	4		
Fee Per unit	$3,616	$3,988	$372	10.3%
SqFt per Unit	1,125	1,125		

150,000 Square Foot 230 Unit Apartment w/ Parking	2026	2027 Proposed	$ Change	% Change
Plan Review and Permit Fee	$314,053	$347,935	$33,883	10.8%
Housing Units	230	230		
Fee Per unit	$1,365	$1,513	$147	10.8%
SqFt per Unit	652	652		

Position Changes

Summary

- Reduces **34 positions** in Building and Land Use fee-supported operations to align staffing with current and projected workload and available revenues.
- Based on staffing as of September 1, 2026, **27 positions are vacant and 7 are filled**, resulting in 7 anticipated layoffs.

Impact

- Generates ongoing savings for the Construction and Inspections Fund while preserving core permitting, inspection, and regulatory services.
- **No material impact to primary permit review, issuance, or inspection timelines is anticipated under current and anticipated workload conditions.**
- Reduced capacity is expected in selected administrative, policy, process-improvement, and support functions; remaining work will be absorbed within existing teams or reprioritized.

Questions?