

Memorandum

Date: April 4, 2023

To: Members of Council

From: Mark Sraga, Director, Building Services and Municipal Law Enforcement / Chief Building Official

Subject: 2022 Building Permit Activity and Annual Fee's Report

Highlights

- 2022 was a record year in terms of construction value and the highest number of building permits received by the Division.
- Overall permit issuance timeframes continued to improve in 2022 compared to performance levels in previous years.
- Staff continue to implement process improvements that will have an overall positive impact on our clients.
- Majority of permit applications submitted are of a residential category/use.

Background

Section 7(4) of the *Building Code Act (BCA)* requires that a municipality prepare a report about any fee's collected in relation to building permit applications along with costs that the municipality incurs in the administration and enforcement of the BCA and Ontario Building Code.

Building Permit Fees

The Building Permit Fee's report must identify the total amount of building permit fees collected, the direct and indirect cost of delivering services related to the administration and enforcement of the Act, and the balance in the Building Permit Stabilization Reserve. The report must be broken down into at least the following categories:

□ **Direct Costs** are the costs required to operate the Building Services Division in the delivery of administration and enforcement of the Building Code Act, including the review of applications for permits, and inspection of buildings.

□ **Indirect Costs** are the costs required to support the operations of the Building Services Division. These costs include building permit-related support from other municipal divisions and departments, such as staff support provided to the Division through Information Technology, Human Resources, and Finance. These costs also account for overhead charges to the Division, such as expenses associated with the use of Town facilities, software licensing, and hardware.

□ The **Building Permit Stabilization Reserve Fund** is established under the authority of the *Building Code Act* and can only be used for any purpose relating to the administration and/or enforcement of the Building Code Act. The report must include the amount of the dedicated fund at the end of the twelve (12) month period.

The following is a breakdown of the fees collected and operating costs for 2022:

- The Building Services Division collected \$4,113,519 in Building Permit fees during 2022;
- Total direct and indirect expenses for the Division during 2022 were \$3,619,605;
- The operating surplus for the Division, contributed to the Building Permit Stabilization Reserve Fund is \$550,879;
- The balance of the Building Permit Stabilization Reserve Fund as of December 31, 2022 is \$5,680,014 (after the contribution of \$550,879 to offset the operating surplus).

Permit Activity

The number of building permit applications (1717 applications) received by the Building Services Division in 2022 was the most that have ever been submitted to the Town. (See Attached Schedule A). The total construction value for these permit applications equates to \$631,286,313 – the highest construction value ever (See attached Schedule B). In conjunction with this significant volume of building permit applications there was also a record number of building permits issued in 2022 - 1962 issued permits (see attached Schedule C) and this volume of issued building permits represented \$683,279,891.00 in construction value.

The building classification types for the issued permits is as follows:

Building Permit Classification Type	% of Permits issued
Residential	90
Industrial	3
Agricultural/Commercial/Institutional/Other	7

The construction value based on building classification types is as follows:

Building Permit Classification Type	% of Construction Value
Residential	89%
Industrial	8%
Agricultural/Commercial/Institutional/Other	3%

Permit Processing Performance

Despite the very large volume of building permit activity that the Town experienced in 2022 the staff in the Building Services Division were able to review and approve 86% of the permit applications received in 2022 without the need for the applicants resubmit additional documentation/information. This is an 11% improvement over the performance in 2021 and can be attributed to changes in processes and procedures undertaken by staff such as marking up drawings with the necessary building code requirements instead of having applicants resubmit revised drawings as well as utilizing other documentation to supplement insufficient or incorrect details.

There has also been an improvement of the permit issuance timeframes in 2022 compared to previous year's performance standards as shown in Chart 1. These improvements can be attributed to several different factors including improved permit submission quality and staff efforts as referenced above.

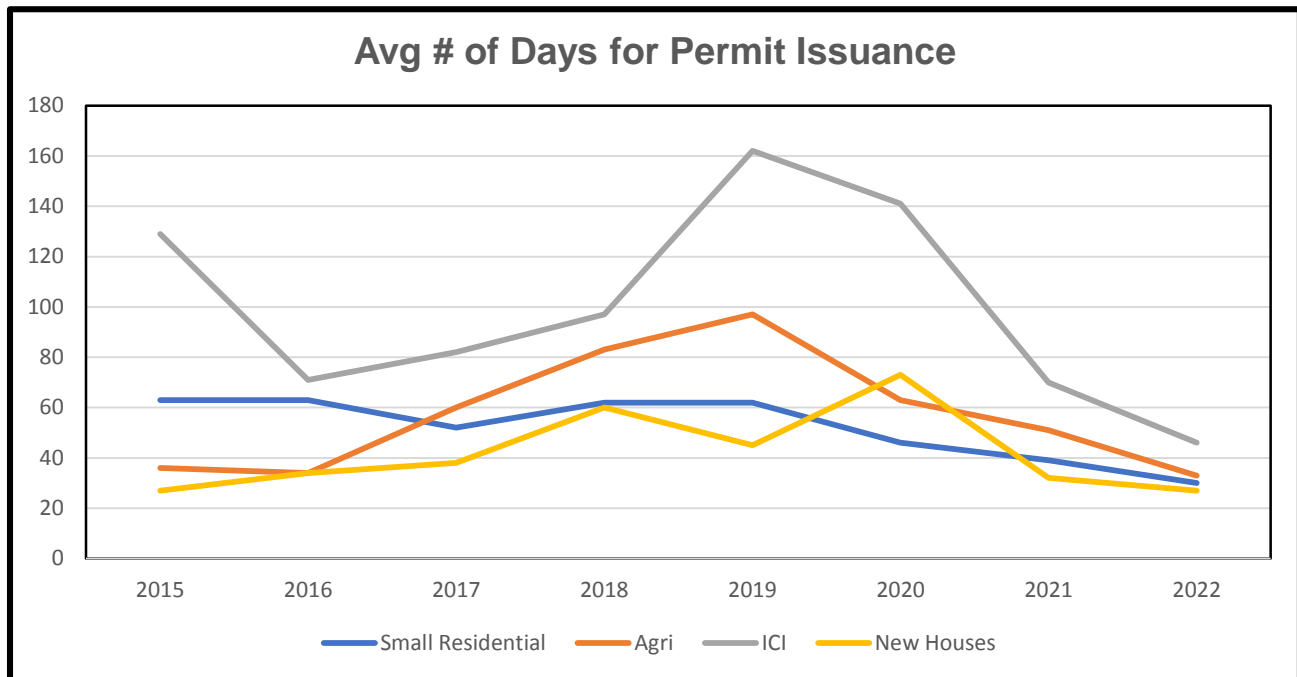


Chart 1

Staff continue to work to make further improvements not only to our processes and practices to improve the efficiency in how building permit applications are processed, but we are also making other customer service improvements to our webpages such as providing clear and easily understood information for applicants including homeowners on when a permit is required, what information is necessary to be submitted and how to submit a building permit application. Along with these service improvements, the Building Services Division in collaboration with Information Technology are currently working on having a dedicated web portal developed and operational by end August of 2023. Once this portal is operational it will enable permit applicants the ability to submit all building permit applications and associated documents/drawings including all necessary permit fees electronically. The development of this portal will also be able to be expanded to include Planning applications and other types of permits or licenses issued by the Municipal Law Enforcement Division.

FINANCIAL IMPLICATIONS

Building permit fees were established to fully recover the Town's cost of providing building permit services, including an allocation of administrative overhead/indirect costs. Any surplus revenue from building permit fees is transferred to a reserve fund, to be drawn upon in years of declining building activity.

Other than the Town's recovery, from the Building Services Division, for indirect costs such as human resources, finance/accounting, information technology, and facility space, there is no impact to Town's property tax revenues related to building permit activity.

The Building Division ended 2022 with an operating budget surplus of \$550,879 (Total 2022 Revenues of \$4,170,484 – Expenditures of \$3,619,605). The 2022 operating budget surplus, in the amount of \$550,879, was transferred to the Building Permit Stabilization Reserve Fund, account #08-00-910-35007-000-25000 in December 2022.

Following this transfer, the Building Permit Stabilization Reserve Fund is \$5,680,014. The Building Permit Stabilization Reserve was established to allow a municipality to stabilize slow years in terms of building activity and permit revenue. The council approved reserve budget target of 1 - 4 year of operating budget (e.g. sufficient reserves to cover 1 year of budgeted operating costs for the Building Services Division, including the costs associated with performing all duties required to process building permits and conduct all mandatory inspections). The ratio after the transfer from the reserve is 1.6 years using 2022 actuals.

COUNCIL WORK PLAN

Improved Service Delivery
Good Governance

ATTACHMENTS

Schedule A: Number of Permit Applications Received 2000 – 2022

Schedule B: Construction Value for Building Permit Applications 2000 - 2022

Schedule C: Number of Issued Building Permits 2000 – 2022