



TOWN OF
HALTON HILLS
Working Together Working for You!

REPORT

TO: Mayor Bonnette and Members of Council

FROM: Greg MacNaughtan, Director of Building Services & Chief Building Official

DATE: September 6, 2022

REPORT NO.: TPW-2022-0018

SUBJECT: 2021 Annual Building Permit Report

RECOMMENDATION:

THAT Report No. TPW-2022-0018, dated September 6, 2022 regarding 2021 Building Permit Fees, be received.

KEY POINTS:

The following are key points for consideration with respect to this report:

- This Report presents the Building Services financial summary for the full year of 2021 and is prepared for information purposes.

BACKGROUND AND DISCUSSION:

The purpose of this Report is to inform Council of the building permit fees collected for the full year of 2021, building permit related activities and the costs associated with the administration and enforcement of the Building Code Act in 2021.

In accordance with Section 7(4) of the Building Code Act (Act), the municipality is required to prepare an annual report, in order to enhance transparency and ensure that building permit fees do not exceed anticipated reasonable delivery service expenses.

As a requirement of Article 1.9.1.1., Division C of the 2012 Ontario Building Code, the annual report must include the following:

- a) Total fees collected between January 1, 2021 and December 31, 2021;
- b) The direct and indirect expenses of delivering services related to the administration and enforcement of the Act within the Town of Halton Hills;
- c) Itemization of the expenses as stated in b) into the following categories:
 - Direct costs of administration and enforcement of the Act, including the review of applications for building permits and inspection of buildings;
 - Indirect costs of administration and enforcement of the Act, including support and overhead expenses;
- d) Reserve Fund, if surplus exists (Reserve Fund is required to address likely ranges in year-to-year volatility in service volume)

Statistics

In 2021, Building Services issued 969 permits (24.2% increase over 2020), of which 829 were building permits and the remaining 140 were pool enclosure permits.

Thirty-eight (38) building permits were issued for the creation of accessory dwelling units within existing houses, equating to a 72.2% increase over 2020. Following completion of the work proposed under these building permits and all required inspections, 38 buildings were registered as new two- unit houses in 2021.

The Zoning Section issued 179 compliance letters/responses to the requests from the general public, builders, developers, real estate agents and appraisers.

In 2021, the Inspection Section conducted 9,148 (48.9% increase over 2020) inspections, of which 8,958 were mandatory inspections requested by building permit holders and violation/Code enforcement inspections as well as 190 pro-active inspections associated with the backlog of inactive (open) building permits.

Notwithstanding the restrictions caused by COVID-19, in general, there was no disruption in the delivery of the division's services. Except where limited under the Emergency Order, all complete applications were processed and building permits were issued within the timeframes set out in the Building Code. All inspections requested by the building permit holders were also conducted within the timeframes prescribed by the Code.

Revenue

For the full year of 2021, Building Services anticipated building permit revenue of \$2,100,000.00. The actual revenue earned was \$1,887,022.02. The actuals were \$212,977.98 below the budgeted amount. The decrease in the expected

revenue is due to the decreased value of the ICI permits and small project permits processed.

Expenses

The total budgeted (direct and indirect) expenses for the Building Services Division for the year 2021 were \$2,753,900, as provided below:

Direct Expenses:

Personnel	\$2,468,470
Operating	\$ 82,230
Contract Services (Lot Grading)	\$ 26,600

Indirect Expenses:

Corporate Charges	<u>\$ 176,600</u>
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Budgeted Building Services Expenses **\$2,753,900**

The expenses, as provided below, represent the actual cost of operation for the Building Services Division in its entirety for the year 2021:

Direct Expenses:

Personnel	\$1,993,672.95
Operating	\$ 42,692.78
Contract Services (Lot Grading)	\$ 43,198.00

Indirect Expenses:

Corporate Charges	<u>\$ 176,600</u>
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Total Actual Building Services Expenses **\$2,256,164.13**

The difference between the budgeted and actual expenses is primarily attributed to staff vacancies and the operating cost related savings.

As legislated by the Building Code Act, building permit revenue can only be used to fund the expenses associated with the issuance of building permits and performing the related building inspections.

Building permit related expenses were as follows:

Direct Expenses:

Personnel	\$1,672,486.99
Operating	\$ 35,819.24
Contract Services (Lot Grading)	\$ 43,198.00

Indirect Expenses:

Corporate Charges	<u>\$ 176,600</u>
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Total Actual Building Permit Related Expenses **\$1,928,104.23**

The building permit revenue collected between January 1, 2021 and December 31, 2021 is less than the total actual building permit related expenses in 2021 resulting in a deficit of \$41,082. However, for reporting years 2013 onwards, the building permit revenue is stated using accrual accounting methods. The revenues relating to cash received for building permits during the year have been adjusted to account for recognition of revenue received in the prior year but earned in the current year, and deferral of revenue received in the current year but earned in future years.

Building Permit Revenue (January 1 – December 31, 2021)	(\$1,887,022)
Revenue Deferred to 2022 (September 1 – December 31, 2021)	\$474,297
Contribution from 2020 Deferred Revenue (Sep. 1 – Dec. 31, 2020)	(\$916,542)
Total Building Permit Related Expenses	\$1,928,104

2021 Contribution to Building Reserve Fund	<u>\$401,163</u>
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A financial summary for the year ended December 31, 2021 is provided as **Attachment A** to this Report.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

The Finance Division was consulted during the preparation of this Report.

FINANCIAL IMPLICATIONS:

This report will be funded through an existing approved budget source.

The Building Code Act requires that the total amount of Building Permit fees meet the total costs for the municipality to administer and enforce the Building Code Act and Regulations.

A contribution of \$401,162.78 has been made to the Building Permit Reserve Fund for 2021.

As permitted by the Building Code Act, the purpose of the Reserve Fund is to address fluctuations in year-to-year service volumes.

The graph in **Attachment B** to this Report shows the Building Services Revenue & Expenses Comparison for the period between the year 2005 and 2021.

Reviewed and approved by,

Maureen Van Ravens, Director of Transportation and Acting Commissioner of
Transportation & Public Works

Chris Mills, Chief Administrative Officer