



REPORT

TO: Mayor Lawlor and Members of Council

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

DATE: May 29, 2023

REPORT NO.: TPW-2023-014

SUBJECT: 2022 Annual Building Permit Report

RECOMMENDATION:

THAT Report No. TPW-2023-014, dated May 29, 2023 regarding 2022 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 2022 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 2022, building permit related activities and the costs associated with the administration and enforcement of the Building Code Act in 2022.

In accordance with Section 7(4) of the Building Code Act (Act), the municipality is required to prepare an annual report, to enhance transparency and ensure that building permit fees do not exceed the 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, 2022 and December 31, 2022;
- 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:
 - o Direct costs of administration and enforcement of the Act, including the review of applications for building permits and inspection of buildings;
 - o 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 2022, Building Services issued 736 permits (24% decrease over 2021), of which 666 were building permits and the remaining 70 were pool enclosure permits.

Forty-six (46) building permits were issued for the creation of accessory dwelling units within existing houses, equating to a 21% increase over 2021. Following completion of the work proposed under these building permits and all required inspections, 46 buildings were registered as new two- unit houses in 2022.

The Zoning Section issued 138 compliance letters/responses to the requests from the general public, builders, developers, real estate agents and appraisers.

In 2022, the Inspection Section conducted 8,936 (2.3% decrease over 2021) inspections, of which 8,848 were mandatory inspections requested by building permit holders and violation/Code enforcement inspections as well as 88 proactive inspections associated with the backlog of inactive (open) building permits.

Revenue

For the full year of 2022, Building Services anticipated building permit fees of \$2,224,000.00 The actual fees collected was \$2,112,105.21, which were \$111,894.79 below the budgeted amount.

Expenses

The total budgeted (direct and indirect) expenses for the Building Services Division for the year 2022 were \$2,797,900, as outlined below:

Direct Expenses:

Personnel	\$2,502,170
Operating	\$ 85,330
Contract Services (Lot Grading)	\$ 30,300

Indirect Expenses:

Corporate Charges	<u>\$ 180,100</u>
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Budgeted Building Services Expenses **\$2,797,900**

The expenses, shown below, represent the actual operating costs for the Building Services Division in its entirety for the year 2022:

Direct Expenses:

Personnel	\$2,019,566.26
Operating	\$ 58,993.43
Contract Services (Lot Grading)	\$ 22,450.00

Indirect Expenses:

Corporate Charges	<u>\$ 180,100</u>
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Total Actual Building Services Expenses **\$2,281,109.69**

The difference between the budgeted and actual expenses is primarily attributed to staff vacancies and related operating cost 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	\$1,700,043.30
Operating	\$ 49,659.87
Contract Services (Lot Grading)	\$ 22,450.00

Indirect Expenses:

Corporate Charges	<u>\$ 180,100.00</u>
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Total Actual Building Permit Related Expenses **\$1,952,253.17**

The net surplus for 2022 (Fees less expenses) related to building permit activities is

outlined below:

Total Actual Building Permit Fees	\$2,112,105.21
Total Actual Building Permit Related Expenses	<u>\$1,952,253.17</u>
Surplus related to building permit activities	\$159,852.04

The above noted net surplus was transferred to the building permit reserve fund at the end of 2022.

A financial summary for the year ended December 31, 2022 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 net contribution of \$159,852.04 has been made to the Building Permit Reserve Fund for 2022.

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 2022.

Reviewed and approved by,

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

Chris Mills, Chief Administrative Officer