



## REPORT

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**TO:** Mayor Lawlor and Members of Council

**FROM:** Greg MacNaughtan, Director of Building Services and Chief Building Official

**DATE:** June 17, 2024

**REPORT NO.:** TPW-2024-012

**SUBJECT:** 2023 Annual Building Permit Report

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### RECOMMENDATION:

THAT Report No. TPW-2024-012, dated June 17, 2024, regarding 2023 Building Permit Revenue, 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 2023 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 2023, building permit related activities and the costs associated with the administration and enforcement of the Building Code Act in 2023.

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, 2023 and December 31, 2023;
- 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 2023, Building Services issued 574 permits (22% decrease over 2022), of which 526 were building permits and the remaining 48 were pool enclosure permits.

Seventy-six (76) building permits were issued for the creation of accessory dwelling units within existing houses, equating to a 65% increase over 2022. Following completion of the work proposed under these building permits and all required inspections, 76 buildings were registered having legal additional residential units in 2023.

The Zoning Section issued 146 compliance letters/responses to the requests from the general public, builders, developers, real estate agents and appraisers.

In 2023, the Inspection Section conducted 10,254 (15% increase over 2022) inspections, of which 9,666 were mandatory inspections requested by building permit holders and violation/Code enforcement inspections. In 2023, 588 proactive inspections were conducted associated with the backlog of inactive (open) building permits, in which 167 permits were closed.

## **Revenue**

For the full year of 2023, Building Services anticipated building permit fees of \$2,224,000.00. The actual fees collected were \$2,972,056.57, resulting in \$748,056.57 over the budgeted amount.

## **Expenses**

The total budgeted (direct and indirect) expenses for the Building Services Division for the year 2023 were \$2,886,800 as outlined below:

### **Direct Expenses:**

Personnel	\$ 2,574,270
Operating	\$ 87,430
Contract Services (Lot Grading)	\$ 45,000

### **Indirect Expenses:**

Corporate Charges	<u>\$ 180,100</u>
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**Budgeted Building Services Expenses** **\$2,886,800**

The expenses, shown below, represent the actual operating costs for the Building Services Division in its entirety for the year 2023:

### **Direct Expenses:**

Personnel	\$2,191,349.54
Operating	\$ 62,576.53
Contract Services (Lot Grading)	\$ 23,545.00

### **Indirect Expenses:**

Corporate Charges	\$ 180,100.00
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**Total Actual Building Services Expenses** **\$2,457,571.07**

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	\$1,836,350.91
Operating	\$ 52,439.14
Contract Services (Lot Grading)	\$ 23,545.00

### **Indirect Expenses:**

Corporate Charges	<u>\$ 180,100.00</u>
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**Total Actual Building Permit Related Expenses** **\$2,092,435.05**

The net surplus for 2023 (Fees less expenses) related to building permit activities is outlined below:

Total Actual Building Permit Fees	\$2,972,056.57
Total Actual Building Permit Related Expenses	<u>\$2,092,435.05</u>
<b>Surplus related to building permit activities</b>	<b>\$ 879,621.52</b>

The above noted net surplus was transferred to the building permit reserve fund at the end of 2023.

A financial summary for the year ended December 31, 2023 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 \$879,621.52 has been made to the Building Permit Reserve Fund for 2023.

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 2023.

Reviewed and approved by,

Bill Andrews, Commissioner of Transportation & Public Works

Chris Mills, Chief Administrative Officer