



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Slavica Josipovic, Director of Building Services & Chief Building Official

DATE: February 10, 2021

REPORT NO.: TPW-2021-0001

RE: 2020 Annual Building Permit Report

RECOMMENDATION:

THAT Report No. TPW-2021-0001, dated February 10, 2021 regarding 2020 Building Permit Fees, be received.

BACKGROUND:

The purpose of this Report is to inform Council of the building permit fees collected for the full year of 2020, building permit related activities and the costs associated with the administration and enforcement of the Building Code Act in 2020.

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, 2020 and December 31, 2020;
- 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 volumes).

COMMENTS:

Statistics

In 2020, Building Services issued 780 permits, of which 646 were building permits and the remaining 134 were pool enclosure permits.

Twenty-two (22) building permits were issued for the creation of accessory dwelling units within existing houses. One (1) permit was also issued for the construction of a purposely built two-unit house. Following completion of the work proposed under these building permits and all required inspections, 15 buildings were registered as new two-unit houses in 2020.

The Zoning Section issued 143 compliance letters/responses to the requests from the general public, builders, developers, real estate agents and appraisers.

In 2020, the Inspection Section conducted 6,142 inspections, of which 5,827 were mandatory inspections requested by building permit holders and violation/Code enforcement inspections as well as 315 pro-active inspections associated with the backlog of inactive (open) building permits.

One (1) existing on-site sewage disposal system that was due under the Mandatory Sewage System Maintenance Inspection Program was inspected in 2020.

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.

An itemized list of the permits and compliance letters issued, and buildings registered as two-unit houses in 2020 is provided as Attachment A to this Report.

Revenue

For the full year of 2020, Building Services anticipated building permit revenue of \$2,138,800. The actual revenue earned was \$1,994,402.82. The actuals were \$144,397.18 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 2020 were \$2,740,413, as provided below:

Direct Expenses:

| | |
|---------------------------------|-------------|
| Personnel | \$2,456,213 |
| Operating | \$ 86,600 |
| Contract Services (Lot Grading) | \$ 21,000 |

Indirect Expenses:

| | |
|-------------------|-------------------|
| Corporate Charges | <u>\$ 176,600</u> |
|-------------------|-------------------|

Budgeted Building Services Expenses **\$2,740,413**

The expenses, as provided below, represent the actual cost of operation for the Building Services Division in its entirety for the year 2020:

Direct Expenses:

| | |
|---------------------------------|-------------|
| Personnel | \$1,905,141 |
| Operating | \$ 30,339 |
| Contract Services (Lot Grading) | \$ 42,986 |

Indirect Expenses:

| | |
|-------------------|-------------------|
| Corporate Charges | <u>\$ 176,600</u> |
|-------------------|-------------------|

Total Actual Building Services Expenses **\$2,155,066**

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 | \$1,598,414 |
| Operating | \$ 25,454 |
| Contract Services (Lot Grading) | \$ 42,986 |

Indirect Expenses:

| | |
|-------------------|-------------------|
| Corporate Charges | <u>\$ 176,600</u> |
|-------------------|-------------------|

Total Actual Building Permit Related Expenses **\$1,843,454**

The building permit revenue collected between January 1, 2020 and December 31, 2020 exceeds the total actual building permit related expenses in 2020 in the amount of \$150,949. 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, 2020) | (\$1,994,403) |
| Revenue Deferred to 2021 (September 1 – December 31, 2020) | \$ 916,543 |
| Contribution from 2019 Deferred Revenue (Sep. 1 – Dec. 31, 2019) | (\$ 266,723) |
| Total Building Permit Related Expenses | <u>\$1,843,454</u> |
| 2020 Building Permit Deficit | <u>\$ 498,871</u> |

A financial summary for the year ended December 31, 2020 is provided as Attachment B to this Report.

RELATIONSHIP TO STRATEGIC PLAN:

This Report is for operational purposes and is not directly related to the Strategic Plan.

FINANCIAL IMPACT:

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.

The 2020 building permit deficit in the amount of \$498,871 will be covered by funding from the Building Permit Reserve Fund.

As permitted by the Building Code Act, the purpose of the Reserve Fund is to address fluctuations in year-to-year service volumes. The building permit revenue shortfall for the years 2007 and 2010 was covered from the Town's Tax Rate Stabilization Reserve. The full amount was repaid from the revenue surplus in 2011. The revenue surplus realized between 2011 and 2017 was contributed to the Building Permit Reserve Fund. The revenue shortfall for the years 2018 and 2019 was covered by funding from the Building Permit Reserve Fund.

The graph in Attachment C to this Report shows the Building Services Revenue & Expenses Comparison for the period between the year 2005 and 2020.

The graph in Attachment D to this Report shows year-to-year fluctuations in the number of building permits and the building permit revenue between 2005 and 2020.

CONSULTATION:

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

PUBLIC ENGAGEMENT:

There was no public engagement respecting the preparation of this Report.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this Report is not applicable to the Strategy's implementation.

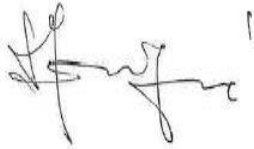
COMMUNICATIONS:

This Report presents the Building Services financial summary for the full year of 2020 and is prepared for information purposes.

CONCLUSION:

Reporting on Building Permit Fees on an annual basis is a mandatory requirement for the municipality as imposed by the Building Code Act.

Reviewed and Approved by,



Slavica Josipovic, Director of Building Services and CBO



Bill Andrews, Commissioner of Transportation and Public Works



Chris Mills, Acting Chief Administrative Officer