



Staff Report

If this information is required in an alternate accessible format, please contact the Accessibility Coordinator at 905-623-3379 ext. 2131.

Report To:	Planning and Development Committee	
Date of Meeting:	February 12, 2024	Report Number: FSD-006-24
Submitted By:	Trevor Pinn, Deputy CAO, Finance and Technology / Treasurer	
Reviewed By:	Mary-Anne Dempster, CAO	By-law Number:
Authored By:	Brent Rice, Chief Building Official	
File Number:		Resolution#:
Report Subject:	Building Permit and Inspection Fee Amendments and New Building By-Law	

Recommendation:

1. That Report FSD-006-24, and any related delegations or communication items, be received;
2. That the Building By-law, attached to Report FSD-006-24, as Attachment 2, repealing By-law [2017-086](#), be approved;
3. That all interested parties listed in Report FSD-006-24, and any delegations, be advised of Council's decision.

Report Overview

This report provides an update on the Building Permit Fee study and proposed amendments to the Building By-law.

1. Background

- 1.1 In the fall of 2022, the Municipality retained the services of Hemson Consulting Ltd., to undertake a building permit fees study to comply with Building Code Statute Law Amendment Act, 2002 – Bill 124. This study analyzes the costs of administering and enforcing the Building Code in Clarington and makes recommendations regarding the new building permit fees necessary to recoup the cost of providing the required building permit services.
- 1.2 The current building permit fees were approved by Council through Report EGD-020-17 and By-Law #2017-086. Building permit and inspection fees were increased by 3% each year (2018 to 2022). The building permit fees study was to be updated in 2023 to determine if the present permit fees are still adequate to administer and enforce the Building Code.
- 1.3 The Municipality hired Hemson Consulting Ltd. in the fall of 2022 to update the building permit fees study. Please refer to Attachment 1 for Hemson Consulting Ltd., 2023 Building Permit Fee Update Study.
- 1.4 The Building Code Statute Law Amendment Act, 2002 was passed by the provincial government in response to the building industry's concerns that many municipalities were collecting large permit revenues but not providing adequate services. The legislation created a business unit that operates within the municipality but is financially self-sustaining. The legislation requires that permit fees can only be used for the administration and enforcement of the Ontario Building Code Act. Permit fees can be set to cover direct and indirect costs, and to contribute to a reserve fund which will finance the administration and enforcement of the Building Code Act during an economic downturn when annual permit revenue may be reduced.
- 1.5 Bill 124 also included the following requirements of Municipalities and Building Inspectors:
 - Legislated minimum time frames for building permit review process which added more pressure to the building staff for the processing of building permit.
 - Legislated time frames for mandatory inspections of buildings plus additional heating inspections were required.

- Notification for an inspection must now be undertaken within two days of being notified, adding more pressure to the building staff. All Building Officials must take the Ministry of Housing exams and become qualified in numerous categories in order to perform plans examination and inspections.

Building Code Regulations

- 1.6 The Building Code is continually evolving to address lessons learned from building failures/fires, new technologies, and climate change.
- 1.7 A new Ontario Building Code is anticipated to be filed in the 1st quarter of 2024. The current edition of the Building Code was released in November 2012 and took effect January 1, 2014.

Requirements for Changing Fees

- 1.8 The Ontario Building Code, Division C – Part 1 article 1.9.1.2 requires that before passing a by-law, regulation, or resolution under Clause 7(1)(c) of the Building Code Act to introduce or change a fee imposed for applications for a permit or for the issuance of a permit, a principal authority shall:
- a) hold at least one public meeting at which any person who attends has an opportunity to make representations with respect to the matter,
 - b) ensure that a minimum of 21 days' notice of the public meeting is given in accordance with Clause (c), including giving 21 days' notice to every person and organization that has, within five years before the day of the public meeting, requested that the *principal authority* provide the person or organization with such notice and has provided an address for the notice,
 - c) ensure that the notice under Clause (b),
 - sets out the intention of the *principal authority* to pass the by-law, regulation, or resolution under section 7 of the Act and whether the by-law, regulation, or resolution would impose any fee that was not in effect on the day the notice is given or would change any fee that was in force on the day the notice is given,
 - is sent by regular mail to the last address provided by the person or organization that requested the notice in accordance with Clause (b), and
 - sets out the information described in Clause (d) or states that the information will be made available at no cost to any member of the public upon request, and

d) make the following information available to the public:

- an estimate of the costs of administering and enforcing the Act by the *principal authority*,
- the amount of the fee or of the change to the existing fee, and
- the rationale for imposing or changing the fee.

Building Permit Fees

- 1.9 In the 2005, Report [EGD-24-05](#) for Building Regulatory Changes – Impact of Building Code Statute Law Amendment Act and Ontario Regulation 305/03, Council approved the increasing of the building permit fees and inspections rates by 41.11%. The fees approved in 2005 were constant over a five-year period which enabled the building community to forecast its building construction costs in Clarington.
- 1.10 In the 2011, Report [EGD-011-11](#), Building Permit and Inspection Fee Amendments and New Building By-law, Council approved the increase of building permit fees and inspections by 16.4% along with an annual 3 percent indexing to be written into the building by-law. The annual indexing percentage was effective January 1st each year. This annual indexing percentage assisted in keeping the revenues more in alignment with the building permit and inspection costs that increase annually due to employer and employee benefits, staff negotiations, and operating costs within the Building Division.
- 1.11 In the 2017, Report [EGD-020-17](#) for Building Permit and Inspection Fee Amendments and New Building By-law, Council approved the increasing of the building permit fees and inspections rates by 1.30% and the fees were indexed by 3% each year over the past five-year period.
- 1.12 The updated study by Hemson Consulting Limited has determined that the present building permit fees are inadequate to recover the “anticipated reasonable cost” or administration and enforcement of the Building Code Act.
- 1.13 The following table lists the allowable cost recovery items and establishes a total cost projected for 2024 for the provision of Building Code services in the Municipality. Summary of the Analysis of Costs.

Cost Type	Average Annual Cost
Direct (Note 1)	\$3,181,000
Indirect (Note 2)	409,100
Reserve Fund Contribution	77,500
Total	\$3,667,600

Note 1 - Direct costs – cost of the Building Division for processing of building permit applications, review building plans, conducting inspections, and building related enforcement duties.

Note 2 - Indirect costs – cost for the support and overhead services to the Building Division.

1.14 The annual building permit revenue is estimated at \$3,667,600 on a forecast of future building activity. This forecast was prepared by Hemson Consulting Limited, based on current building data, existing trends and discussions with Municipal staff.

1.15 The total cost projected for 2024 exceeds the estimated building permit revenues by 8.99%.

Projected Costs \$3,667,645

Estimated Revenues \$3,365,023

% Difference 8.99%

1.16 In accordance with the provisions of the Building Code Act, the Municipality is permitted to increase all building permit fees and inspection fees by 8.99%, which equates to an increase for a single-family dwelling from \$15.33 to \$16.71 per square metre. A list of the current and proposed fees is included starting on page 23 of Hemson's report included as Attachment 1.

1.17 The revenue stream from the proposed fee increase will cover the anticipated direct and indirect costs to the Municipality as allowed by the Building Code Act, as well as contribute to the reserve fund as permitted by legislation. This reserve fund would be used to maintain services during an economic downturn.

Public Meeting

- 1.18 A Public meeting will be held pursuant to the Building Code Act on February 12, 2024, at the commencement of the same Planning and Development Committee meeting where Committee is receiving this report.
- 1.19 Should Council wish to consider amendments to the Building By-Law based on either communications or delegations at the public meeting or by Committee request, it is suggested that an addendum report be requested to specifically address issues raised.

Annual Building Permit Fees Report

- 1.20 The building code requires that a report be prepared annually showing the total fees collected in the previous twelve-month period. This report must also show a summary of the indirect and direct cost of delivering the building services and the amount of reserve fund established for administration and enforcement of the Building Code. This annual report is sent to Council as information and then posted on Clarington's website every year.

Changes to Our Building By-law

- 1.21 Changes have been made to the Building By-law to clarify and streamline the process, and administration and enforcement of the Building Code Act. A new Building By-law is proposed (see Attachment 2), which includes the following major changes:
 - Amended the requirement for plans, specifications, documents, and other information required to be submitted electronically.
 - Amended to reflect the new department names.

2. Financial Considerations

- 2.1 Should Council decide not to approve the 8.99% increase to the building fees or delay making a decision or modify the percentage increase to the building fees, it could place an undue burden on the tax levy as a result of the present shortfall in the building services unit.

3. Strategic Plan

- 3.1 Undertake a building permit fees study analyzing the costs of administering and enforcing the Building Code in Clarington and making recommendations regarding new building permit fees necessary to efficiently operate the Building Division and ensuring that the cost of providing the required building permit services is recouped aligns with

the Strategic Plans objective; To be a leader in the delivery of efficient, effective, and meaningful municipal services.

4. Concurrence

- 4.1 This report has been reviewed by the Deputy CAO, Finance and Technology and the Deputy CAO, Planning and Infrastructure who concur with the recommendation.

5. Conclusion

- 5.1 It is respectfully recommended that increasing the building permit fees by 8.99% on March 1, 2024, with an indexing of 3% annually on January 1st of each future year, allows the Building Division to be financially self-sustainable while providing the building industry the ability to budget for the applicable building permit fee. The revisions to the building by-law provide clarity and streamline the process of administering and enforcement of the Building Code Act and the Building Code.

Staff Contact: Brent Rice, Chief Building Official, 905-623-3379 extension 2303 or brice@clarington.net.

Trevor Pinn, Deputy CAO, Finance and Technology, 905-623-3379 extension 2602 or tpinn@clarington.net

Carlos Salazar, Deputy CAO, Planning and Infrastructure, 905-623-3379 extension 2402 or csalazar@clarington.net.

Attachments:

Attachment 1 – Hemson Consulting Ltd. 2023 Building Permit Fee Update Study

Attachment 2 – New Building By-law

Interested Parties:

There are no interested parties to be notified of Council's decision.