

Subject: 2023 Annual Report Pursuant to the *Building Code Act*

File Number: ACS2024-PRE-BCS-0001

Report to Planning and Housing Committee on 27 March 2024

and Council 3 April 2024

Submitted on March 18, 2024 by John Buck, Chief Building Official, Building Code Services, Planning, Real Estate and Economic Development

Contact Person: John Buck, Chief Building Official, Building Code Services, Planning, Real Estate and Economic Development

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Ward: Citywide

Objet: Rapport annuel de 2023 prescrit par la Loi sur le code du bâtiment

Dossier: ACS2024-PRE-BCS-0001

Rapport au Comité de l'urbanisme et du logement

le 27 mars 2024

et au Conseil le 3 avril 2024

Soumis le 18 mars, 2024 par John Buck, Chef du service du bâtiment, Services du code du bâtiment, Services de la planification, des biens immobiliers et du développement économique

Personne ressource: John Buck, Chef du service du bâtiment, Services du code du bâtiment

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That Planning and Housing Committee recommend Council receive this report for information.

RECOMMANDATION(S) DU RAPPORT

Que le Comité de la planification et du logement recommande au Conseil de prendre connaissance du présent rapport.

BACKGROUND

Pursuant to Section 7 (4) of the *Building Code Act*, the City is required to prepare a report every 12 months containing information on building permit fees collected as well as the cost of servicing building permits and enforcing the *Building Code Act* and Ontario Building Code. Regulation Division C Part 1 (1.9.1.1) further directs the municipality to distinguish between direct and indirect costs as well as to include in the report the balance of the reserve(s) at year-end where such have been established.

Accordingly, the 2023 Annual Report pursuant to the *Building Code Act* is provided to Planning and Housing Committee and Council for information.

Table 1 – Cost of Servicing Building Permits

The Cost of Servicing Building Permits and Enforcing the Building Code Act and the Ontario Building Code		Actual 2023	
		\$000	
Building Permit Revenues		22,464	
Expenditures	Direct Costs	(18,955)	
	Indirect Costs	(7,541)	
Transfer from Building Code Enforcement Reserves		(4,032)	
Building Code Enforcement Reserve Funds \$000			
	Revenue Stabilization	Insurance	Capital Contribution
Closing Balances			

December 31, 2023	15,954	7,847	1,863
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DISCUSSION

The *Building Code Act* directs municipalities to set building permit fees to fully recover the costs of servicing building permits and of enforcing the *Act* and Building Code. These include both direct and indirect costs. Direct costs include such costs as the compensation costs for the Building Officials (the Chief and Deputy Chief Building Officials, Plan Examiners, Building Inspectors and Building Code Enforcement Officers), staff involved in the processing of applications and managing records, claims management activities, training and development, computers, mobile tools and peripherals, vehicles, and mileage, to name a few. Indirect costs consist of expenditures by other departments incurred in support of Building Code Services' Code-related activities, for example legal assistance and representation from Legal Services, budget preparation and tracking by the Finance Department and accommodation expenses based on the square footage space that is occupied by the service area.

Revenues and Reserves

The *Building Code Act* stipulates that revenues must not exceed the anticipated reasonable costs required to administer and enforce the *Act* and Code. Accordingly, the building permit fee rate and other fees for services are set to generate sufficient revenues to ensure full cost recovery and ensure the program is revenue neutral.

Estimating annual building permit revenue is difficult because building permits are an economic indicator. Construction is an activity that is driven by external factors that are not controlled by the City. Fees are set by construction type and vary by project. As a result, revenues may be higher in one year due to an unusual number of large projects or may be lower if a greater number of projects entail renovations and small homeowner projects.

To assist in managing these variations, the *Building Code Act* provides for the establishment of reserve funds. These funds are used to ensure municipalities are able to fulfill their legislative mandate despite downturns in construction activity and to cover capital investments (growth vehicles, computers and software development, etc.) and special costs/liabilities. The service area has established the following reserve accounts: 1) a revenue stabilization fund, which safeguards the City's ability to enforce the Building Code despite a significant drop in construction activity and a decline in revenues; 2) a capital contribution fund, which covers capital expenditures in support of the activities related to servicing and enforcing building permits and enforcing the *Act*

and Code; and, 3) an insurance fund, which covers costs associated with appeals and lawsuits.

In 2024, Building Code Services will review building permit fees to better align with the cost of administering the *Act* and Code. Staff will continue monitoring revenues and expenditures to ensure the service area is well positioned to service building permits and enforce the *Act* and Code in future years. It is anticipated, because of expenditures having exceeded revenues in 2023, causing a drawdown of over four million dollars from reserves, that building permit fees will likely increase for 2025.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this information report.

LEGAL IMPLICATIONS

There are no legal implications associated with receiving this report for information.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report – not applicable.

ADVISORY COMMITTEE(S) COMMENTS

N/A

CONSULTATION

Pursuant to Section 7 (4) of the *Building Code Act*, the City is required to prepare a report every 12 months containing information on building permit fees collected as well as the cost of servicing building permits and enforcing the *Building Code Act* and Building Code.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with the recommendations of this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

There are no impacts on Term of Council Priorities as this report is a legislative requirement under the Building Code Act and is for information purposes.

DISPOSITION

The Background heading of this report outlines the legislative requirement for an Annual Report as per the *Building Code Act*. This portion of the report will be published on the City's website and distributed upon request.