

**Subject: 2024 Annual Report Pursuant to the *Building Code Act***

**File Number: ACS2025-PDB-BCS-0001**

**Report to Agriculture and Rural Affairs Committee on 3 April 2025**

**and Planning and Housing Committee on 9 April 2025 and**

**Council 16 April 2025**

**Submitted on February 27, 2025 by John Buck, Chief Building Official, Building Code Services, Planning, Development and Building Services Department**

**Contact Person: John Buck, Chief Building Official, Building Code Services, Planning, Development and Building Services Department**

**613-580-2424 ext. 41487, John.Buck2@ottawa.ca**

**Ward: Citywide**

**Objet: Rapport annuel de 2024 prescrit par la *Loi sur le code du bâtiment***

**Dossier: ACS2025-PDB-BCS-0001**

**Rapport au Comité de l'agriculture et des affaires**

**rurale le 3 avril 2025**

**et Rapport au Comité de l'urbanisme et du**

**logement le 9 avril 2025**

**et au Conseil le 16 avril 2025**

**Soumis le 27 février, 2025 par John Buck, Chef du service du bâtiment, Services du code du bâtiment, Direction générale des services de la planification, de l'aménagement et du bâtiment**

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

**613-580-2424 ext. 41487, John.Buck2@ottawa.ca**

**Quartier : À l'échelle de la ville**

**REPORT RECOMMENDATION(S)**

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

**RECOMMANDATION(S) DU RAPPORT**

Que les Comités de l'agriculture et des affaires rurales et 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 2024 Annual Report pursuant to the *Building Code Act* is provided to Agriculture and Rural Affairs and Planning and Housing Committee and Council for information.

**Table 1 – Cost of Servicing Building Permits**

<b>The Cost of Servicing Building Permits and Enforcing the Building Code Act and the Ontario Building Code</b>		<b>Actual 2024</b>	
		<b>\$000</b>	
<b>Building Permit Revenues</b>		23,273	
<b>Expenditures</b>	Direct Costs	(19,075)	
	Indirect Costs	(7,541)	
<b>Transfer from Building Code Enforcement Reserves</b>		(3,342)	
<b>Building Code Enforcement Reserve Funds \$000</b>			
	<b>Revenue Stabilization</b>	<b>Insurance</b>	<b>Capital Contribution</b>
<b>Closing Balances</b>			
<b>December 31, 2024</b>	13,992	6,348	595

## **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 reviewed building permit fees to better align with the cost of administering the *Act* and Code. As anticipated, because of expenditures having exceeded revenues in 2024, causing a drawdown of 3.342 million dollars from reserves, building permit fees have been increased by 6.75 per cent for 2025. 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.

### **FINANCIAL IMPLICATIONS**

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

### **LEGAL IMPLICATIONS**

There are no legal impediments to 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.