



Subject: Building Permit Fee Recommendation Report

To: Council

From: Development and Legislative Services Department

Report Number: 2022-167

Meeting Date: August 9, 2022

Recommendation:

That Development and Legislative Services Department Report 2022-167 be received; and

That Council approve the new Building Permit Fees identified in Appendix A of Appendix A - Building Fee Review Report; and

That the updated Schedule T of the User Fees and Charges By-law be included in a future amendment to By-law 6949/95/21

Purpose:

The purpose of this report is to present revised building permit fees (Appendix A) for Council's consideration.

Background:

Staff retained BMA Management Consulting Inc. (BMA) in November of 2021 to undertake a review of the City's building and planning application fees as they have not been reviewed in a number of years. Since the last review there has been an increase in regulatory requirements and applications have been more complex requiring more staff time to review.

BMA has completed the necessary background work; including analyzing the direct and indirect cost of the building permit process, mapping the application process to determine time estimates for all administrative, plans examination and inspection services, and a comparison of fees to other Niagara Region municipalities to ensure the recommended fees are competitive.

A public meeting, pursuant to Ontario Regulation 305/03 was held on June 14, 2022, to receive a presentation from BMA and to gather feedback from the public regarding the proposed fees. No members of the public spoke at the public meeting. Concerns were raised by members of Council that the proposed building fees did not account for contributions towards the Building Permit Stabilization Reserve Fund (the reserve fund). This fund is intended to manage the risk associated with an economic downturn by offsetting the cost to administer the building division during times of slower building permit activity. Legislation requires this reserve fund to only be used for expenditures related to building division operations and cannot be used to fund tax supported programs and services. As of December 31, 2021, the City has a reserve fund of \$251,000 which represents 55% of the total annual expenditures to operate the building division.

Discussion:

Following the June 14, 2022, public meeting, staff met internally to discuss using the building permit fees to increase the reserve fund to account for fluctuations in building permit revenues. It was determined that a modest increase to the proposed fees of 5% would be appropriate to ensure the reserve fund is not depleted.

Ontario Regulation 305/03 under the Ontario Building Code Act requires a public meeting to be held when a municipality is proposing to introduce or change a building permit fee. As the fees are now proposed to increase by 5%, another public meeting must be held. On August 9, 2022, prior to Council consideration of Report 2022-167 another public meeting will be held to satisfy the regulations and receive any additional feedback on the proposed fees.

The revised building permit fees that include the 5% increase are attached as Appendix A – Building Fee Review Report.

Internal Consultations:

The building division, engineering division and finance department have been consulted as part of the process for determining the proposed building application fees

Financial Implications:

The building permit fees are used to pay for the administration of the building division and do not impact the levy.

Below are a few examples of hypothetical building projects and what the increase in fees would amount to:

- In calculating the fees for a new single detached dwelling, the Group C – Residential Occupancies fee would apply to the main dwelling. The Group C fee is proposed to increase from \$1.33 per square foot (sq. ft.) to \$1.50 per sq. ft. If there is a garage, or covered/uncovered deck, a separate fee rate would apply. For example, for an 1,800 square foot residential dwelling, the fee would be increasing by \$306 (from \$2,394 to \$2700). If the dwelling has a covered deck or porch, at 400 sq. ft, the increase in fee would be \$28 (from \$188 to \$216). The per sq. ft. fee for covered/ uncovered decks is proposed to increase from \$0.47 to \$0.54.
- For a 600 sq. ft apartment dwelling the fee would increase by \$102 (from \$798 to \$900).
- An industrial warehouse would be classified as a Group F – Industrial Occupancies. This fee is proposed to increase from \$1.04 per sq. ft. to \$1.22 per sq. ft. For a 40,000 sq. ft. warehouse the increase in fees would be \$7,200 (from \$41,600 to \$48,800)

The new fees are recommended to increase by the inflation rate on January 1 of every year to help ensure that the fees keep pace with changes in the cost of service.

Public Engagement:

Both public meetings (June 14, 2022 and August 9, 2022) were advertised on the City's website. The public meeting information and the proposed fees were emailed to the Niagara Homebuilders Association, the Niagara Industrial Association and to a list of prospector investors that the economic development team has been collaborating with.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Value: Financial Management to Achieve Financial Sustainability
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Conclusion:

It is recommended that the new building permit fees as outlined in Appendix A be approved and take effect as of September 1, 2022.

Appendices:

a. Building Fee Review Report

Respectfully submitted,

Denise Landry, MCIP, RPP
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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.