



**SUBJECT: 2016 Annual Building Permit Revenues and Expenses**

**TO: Planning and Development Committee**

**FROM: Planning and Building Department**

Report Number: PB-26-17

Wards Affected: ALL

File Numbers: 565-05

Date to Committee: April 4, 2017

Date to Council: April 18, 2017

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### **Recommendation:**

Receive and file planning and building department report PB-26-17 regarding the 2016 annual building permit revenues and expenses.

### **Purpose:**

Responding to Provincial legislation.

A City that Grows

- Promoting Economic Growth
- Intensification
- Focused Population Growth

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### **Background and Discussion:**

The Building Code Act amendments (through Bill 124) eliminated the practice of applying excess building permit revenues to cover the costs of non-building permit related activities. An activity based costing model was developed at the time of the building permit fees review that took place in 2005/06. The model was used to determine costs (direct and indirect) associated with delivering services related to the administration and enforcement of the Building Code Act.

The financial model referred to above, was revisited as part of the comprehensive building permit fees review (refer to report PB-13/10) conducted in 2009/10, and revisited again in 2016 (refer to report PB-26-16) implemented on August 1, 2016

following approval by Council on July 4, 2016. Building permit services are based on a “Fee for Service” model that is not supported by municipal taxes and is in full compliance with legislation. The intent behind establishing a Building Permit Stabilization Reserve fund is to provide municipalities with a sustainable tool for providing and maintaining building permit and inspection services throughout a fluctuating construction industry and overall economy. The 2016 building permit fees annual financial report is required to be published before the end of the first quarter of 2016.

### **Strategy/process**

The purpose of this report is to present Committee and Council with an annual report on building permit fees collected; direct and indirect costs of administering and enforcing the Building Code Act, as well as the balance in the Building Permit Stabilization Reserve Fund for the period January 1 to December 31, 2016.

The reporting requirements respecting building permit activity for the year ending December 31, 2016 are provided in the attached Appendix “A”, the content of which has been provided by the Finance Department based on the financial model developed and implemented in 2006 and later revised in 2010 and 2016. The Building Code Act and its Regulations (the Ontario Building Code), require that a report be prepared annually on fees collected and costs incurred.

The Fees for Service Model for building permits was reviewed in 2016. The model and permit fee structure was adjusted to ensure continued sustainability of the model and viability of the permit fees charged in Burlington when compared to neighbouring municipalities. The consultant completed the review in the first quarter of 2016 and report PB-26-16 went to council for approval on July 4, 2016.

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### **Financial Matters:**

Appendix A, attached to this report, provides the prescribed information for the period January 1 to December 31, 2016. As of December 31, 2016, the balance in the Building Permit Stabilization Reserve Fund was \$3,190,672. This amount represents about 107% of the 2016 annual direct costs, and 87% of the total 2016 costs (direct + indirect costs) of administration and enforcement of the Building Code Act and the Ontario Building Code. The target balance for the reserve fund, as established by Council, is 1.63 times the direct costs (F-46/06).

The Chief Building Official and the senior management team monitor local and regional development and construction activity; and the associated building permit

and inspections revenues on a regular basis in coordination with local and regional industry representatives and stakeholders.

### **Total Financial Impact**

The net contribution to the Building Permit Stabilization Reserve Fund for the period of January 1 – December 31, 2016 is \$118,144; and the closing balance in the reserve fund as of December 31, 2016 is \$3,190,672.

### **Source of Funding**

Revenues generated by building permit fees are the sole source of funding for building permit services; including plans review and building inspections for all construction activity in Burlington, as required by legislation.

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### **Public Engagement Matters:**

The information contained in this public report will be shared with the Burlington Housing and Development Liaison Committee (BHDLC), Hamilton Halton Home Builders Association (HHHBA) and the Hamilton Halton Construction Association (HHCA).

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### **Conclusion:**

The annual report on building permit revenues and costs, and the status of the Building Permit Stabilization Reserve Fund for the 12 month period of January 1 to December 31, 2016 is provided for information.

This annual report indicates the continuation of the healthy construction activity in Burlington in 2016 and confirms the sustainability of the “Fees for Service” financial model for building permits and inspection services.

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Respectfully submitted,

Nick Anastasopoulos, P.Eng.

Chief Building Official | Manager Building Permit Services

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## **Appendices:**

- a. Building Permit Fees Annual Financial Statement for 2016

## **Notifications:**

Name : Hamilton Halton Home Builders Association (HHHBA)

Mailing or e-mail address : [smammel@hhhba.ca](mailto:smammel@hhhba.ca)

Name : Hamilton Halton Construction Association (HHCA)

Mailing or e-mail address : [ramsaysue@hhca.ca](mailto:ramsaysue@hhca.ca)

Name : Burlington Housing and Development Liaison Committee (BHDLC)

Mailing or e-mail address : [smammel@hhhba.ca](mailto:smammel@hhhba.ca)

## **Report Approval:**

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.