



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Building Division

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	December 11, 2018
SUBJECT/REPORT NO:	Increase to Permit Fees under the Building By-law (PED18247) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jorge M. Caetano (905) 546-2424 Ext. 3931
SUBMITTED BY:	Ed VanderWindt Director, Building and Chief Building Official Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the By-law, attached as Appendix “A” to Report PED18247 to amend City of Hamilton By-law No. 15-058, the Building By-law, be enacted;
- (b) That the fees prescribed in the By-law, attached as Appendix “A” to Report PED18247, be included in the User Fees and Charges By-law, replacing the fees listed under the heading “Classes of Permits and Fees under the Hamilton Building By-law”.

EXECUTIVE SUMMARY

On May 18, 2010, (Report PED10050(a)), Council directed the Building Division to adjust permit fees in January of every year to reflect budgetary increases. This Report explains the rationale for increasing the permit fees to cover the reasonable and necessary cost increases associated with budgetary increases expected in 2019. Based on projected expenses, the Building Division is proposing an increase of 3.1% for all permit fees.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: Approval of the revised Building Permit Fees will ensure that all direct and indirect costs associated with delivering services related to the administration and enforcement of the *Building Code Act, 1992* are fully recovered.

Staffing: Not applicable.

Legal: The recommendations have no legal implications.

HISTORICAL BACKGROUND

On May 18, 2010, (Report PED10050(a)), Council directed the Building Division to adjust permit fees in January of every year to reflect budgetary increases.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Ontario Building Code and *Building Code Act, 1992*.

RELEVANT CONSULTATION

Legal Services Division has been consulted.

Finance, Administration and Revenue Generation Division has been consulted.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Table 1 below provides a summary of the budgeted expenses under the Building Enterprise Model associated with the administration and enforcement of the *Building Code Act, 1992* for 2018 and 2019.

TABLE 1
Building Division
Statement of Expenses for the Building Enterprise Model
(Budget)

	2018 Budget	2019 Draft Budget
Expenses		
Direct Costs	\$10,629,570	\$10,954,520
Indirect Costs	<u>\$ 901,250</u>	<u>\$ 938,330</u>
Total Expenses	<u>\$11,530,820</u>	<u>\$11,892,850</u>

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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Based on budget figures, the Building Division's expenditures for 2019 are expected to increase to \$11.89 million from the 2018 budget expenditures of \$11.53 million. This increase is mainly due to inflationary/cost of living increases from labour and administrative costs including pension and other employee benefits which our Division will incur in 2019. Based on the figures noted in Table 1, the Division's projected increase in expenses from 2018 to 2019 is 3.1%. Accordingly, to meet this expected increase, the Building Division is proposing to increase permit fees by 3.1% (see Appendix "B"). This will ensure that fees cover the expected cost increases associated with budgetary increases in the cost of operations incurred in 2019.

Please note that, in order to simplify fees, the proposed 3.1% permit fee increase shown on the attached Appendices have been rounded off to the nearest full cent for all fees under \$100 and to the nearest full dollar for all fees over \$100.

As additional information, staff undertook a survey of the current permit fees of seven Ontario Municipalities for several different classifications of permits as shown in Appendix "C". The proposed 2019 permit fees for the City of Hamilton in these classifications, with the exception of Group B Institutional and Group C Residential House, are all below the average of the sampled Municipalities. However, it should be noted that the City of Burlington has two permit fees for a residential house. For a house with a total area of 300 m² the fee is \$12.85 per m², for a house over 300 m² the fee is \$16.57 per m². In Appendix "C" the lower fee was used for comparison purposes; if the higher fee had been used then the average for a residential house would have been \$15.53 per m² and would have put Hamilton's proposed 2019 fee of \$15.50 per m² for a residential house below the average of all seven municipalities. Additionally, the permit fees provided for comparison are based on current 2018 rates and do not reflect any proposed fee increase for 2019. All of our current 2018 permit fees are below the average of the seven municipalities surveyed.

Staff are also proposing the following changes to the Building By-law:

- Add two new fee categories for new water service and new sewer service for low density residential for when the water and sewer permit is included with a building permit application for a new building. This fee is lower than a standalone new water and new sewer service permit fee since there is less administrative work in processing these permits when they are included with a building permit for a new building;
- Add a clause to Schedule "A" of By-law No. 05-058 stating that fees in the Schedule are subject to the Harmonized Sales Tax (H.S.T.) where applicable; and
- Several housekeeping amendments in order to clarify the intent of the By-law.

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Increasing the permit fees to cover the reasonable and necessary costs associated with the expected rise in expenses from 2018 to 2019 will ensure these costs, associated with the administration and enforcement of the *Building Code Act, 1992*, are covered by the users of the system with no reliance placed on the general levy for its operation.

ALTERNATIVES FOR CONSIDERATION

The alternative would be to maintain the current fees, however, this could result in having to transfer additional funds from the Building Stabilization Fund which would go against the Building Division's mandate of administering and enforcing the *Building Code Act, 1992* as a fully cost-recovered and self-funded program within the City. Maintaining the current fees would also go against Council's direction given on May 18, 2010, (Report PED10050(a)) to the Building Division to adjust permit fees in January of every year to reflect budgetary increases in the cost of operations.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Proposed Building By-law Amendment

Appendix "B" – Existing and Proposed Fees for 2019

Appendix "C" – Permit Fee Comparison

JMC:ll