




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Building Division

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	December 5, 2023
SUBJECT/REPORT NO:	Increase to Building Permit Fees (PED23188) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jorge M. Caetano (905) 546-2424 Ext. 3931
SUBMITTED BY:	Alan Shaw Director, Building and Chief Building Official Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the By-law, attached as Appendix “A” to Report PED23188 to amend City of Hamilton By-law No. 15-058, the Building By-law, which has been prepared in a form satisfactory to the City Solicitor, be enacted.

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 2024. Based on projected expenses, the Building Division is proposing an increase of 2% for all permit fees.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

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.

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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.

Financial Planning, Administration and Policy 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 2024.

Expenses	
Direct Costs	\$ 14,797,594
Indirect Costs	<u>\$ 2,323,946</u>
Total Expenses	<u>\$ 17,121,540</u>

Based on budget figures, the Building Division's expenditures for 2024 are expected to increase to \$17.1 million. This increase is mainly due to increases from labour and administrative costs, including pension and other employee benefits, and increases in indirect costs which our Division will incur in 2024.

Under the Ontario Building Code our Division's permit fees should cover the reasonable and necessary costs associated with the administration and enforcement of the *Building Code Act, 1992*, so that no reliance is placed on the general levy for our Division's operation. Since construction activity is cyclical in nature, staff have reviewed the permit fees revenues (permit fees and Building Code fines) for the past 3 years and based on this analysis have projected that the expected revenue for the administration and enforcement of the *Building Code Act, 1992*, for 2024 would be \$16.75 million. Based on our Division's expected expenses in 2024 of 17.12 million staff are proposing to increase permit fees by 2% (see Appendix "B" to Report PED23188) so that our projected permit fees cover the expected cost associated with budgetary increases in the cost of operations incurred in 2024.

Please note that, in order to simplify fees, the proposed 2% 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 six Ontario Municipalities for several different classifications of permits as shown in Appendix "C" to Report PED23188. The proposed 2024 permit fees for the City of Hamilton in these classifications, with the exception of Group B Institutional, are all below the average of the sampled Municipalities. For clarification, the permit fees provided for the six municipalities are based on their current 2023 rates and do not reflect any proposed fee increase for 2024. All of our current 2023 permit fees are below the 2023 average of the six municipalities surveyed.

Staff are also proposing several housekeeping amendments in order to clarify the intent of the By-law. Additionally, staff are proposing the following new fee categories to address an increase in these types of permit applications:

- A new flat fee for an additional dwelling unit in an existing house. This will simplify the fee calculation for homeowners and applicants;
- A new flat fee for a detached additional dwelling unit in the rear yard of a house. This will simplify the permit fee calculation for homeowners and applicants;
- A new flat fee to address firefighting water reservoirs;
- A new flat fee of shelf and rack storage;
- A new flat fee for dust collectors;
- A new flat fee for paint booths; and,

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- A new occupancy permit fee to allow occupancy of an unfinished non-residential building.

Increasing the permit fees to cover the reasonable and necessary costs associated with the expected rise in expenses in 2024 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.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED23188 - Proposed Building By-law Amendment

Appendix "B" to Report PED23188 – Existing and Proposed Fees for 2024

Appendix "C" to Report PED23188 – Permit Fee Comparison

JMC:ll