

City of Vaughan

Building Permit Fees Review Finance, Administration, and Audit Committee

April 3, 2018

Introduction

- City retained Watson & Associates Economists Ltd. (Watson) to undertake a comprehensive review of development services fees
- Review comprises three phases
 - Phase 1 – Development Engineering and Infrastructure Planning Fees
 - Phase 2 – Planning Application Fees
 - **Phase 3 – Building Permit Fees**

Study Process

- ❑ Building permit costing category identification and staff capacity utilization assessment
- ❑ Activity-based costing model development
- ❑ Draft report findings - full cost recovery fees and financial impacts
- ❑ Consultation with the Development Industry Stakeholders – January 18, 2018
- ❑ Feedback from BILD (letter) received – February 2, 2018

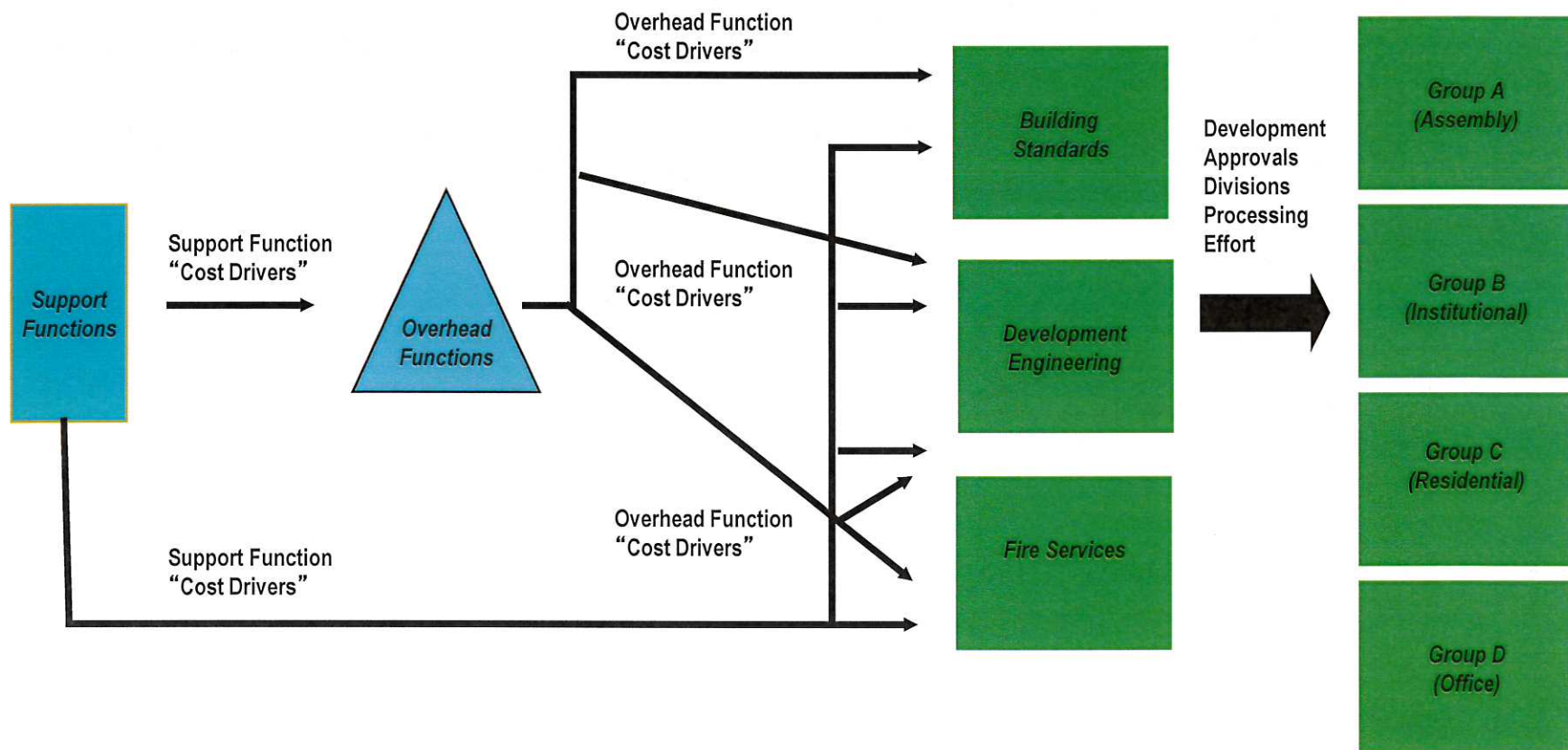
Fee Review Methodology

- Building Permit Fees are governed by the *Building Code Act, s. 7*
 - Require payment of fees on applications for and issuance of permits
 - Total amount of the fees must not exceed the anticipated reasonable cost to administer and enforce the *Building Code Act*
 - Reporting and public process requirements
- Methodology employed is an activity-based costing approach designed to fully recover the costs of administration and enforcement of the Building Code

Activity Based Costing Methodology

INDIRECT COSTS

DIRECT COSTS



Full Cost Definition

- Full cost recovery activity-based costing definitions:
 - Direct costs – labour costs (e.g. salaries, wages and benefits), operating costs (e.g. materials and supplies, etc.) and capital asset replacement costs associated with individuals directly participating in the permit review process
 - Indirect costs – operating costs associated with individuals supporting direct service departments (e.g. HR, facility maintenance, IT, etc.)

Staff Resource Capacity Utilization

- ❑ Analysis reflects updated effort estimates for building permit review, incorporating findings from Phase 1 (Development Engineering) and Phase 2 (Planning)
- ❑ Distribution of Building Permit staff effort by department:
 - Building Standards (89%)
 - Fire and Rescue (8%)
 - Small amounts for other departments (e.g. Development Engineering and Office of the Deputy City Manager)

Building Permit Fee Costing Results

- Full cost of annual building permit review totals \$11.3 million

	Costs (2017\$)
Direct Costs	9 million
Indirect & Capital Costs	2.3 million
Total Costs	11.3 million

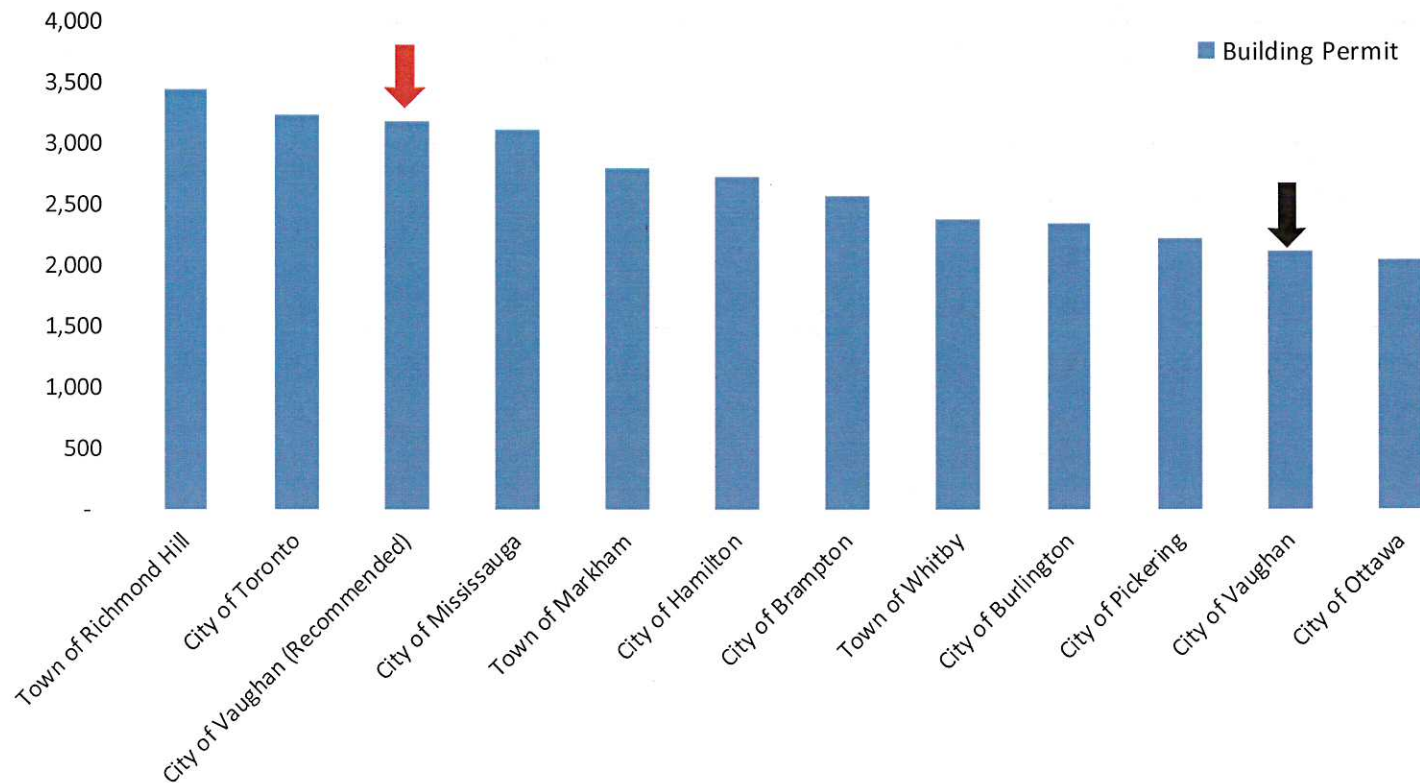
- Current building permit fees are recovering approximately 75% of full costs of service
 - New non-residential applications recovering costs and contributing to reserve fund sustainability
 - New residential permits and all alteration permits are under recovering costs of service

Building Permit Fee Recommendations

- Building permit fees assessed relative to policy for Building Code Stabilization Reserve Fund:
 - In 2004, a reserve fund was established with a target of 1.5x annual costs
 - Maintaining current fees, the reserve fund balance would decrease to 0.2x annual costs by 2022
 - Fee recommendations include a three-year (2019-2021) phased-in increase that:
 - recovers annual full costs of service
 - achieves reserve fund of 1.2x annual costs by 2022
 - maintains market competitiveness

Building Permit Fee Comparison (Single Detached Dwelling Unit)

Survey of Building Permit Fees Related to a Single Family Home Site Plan

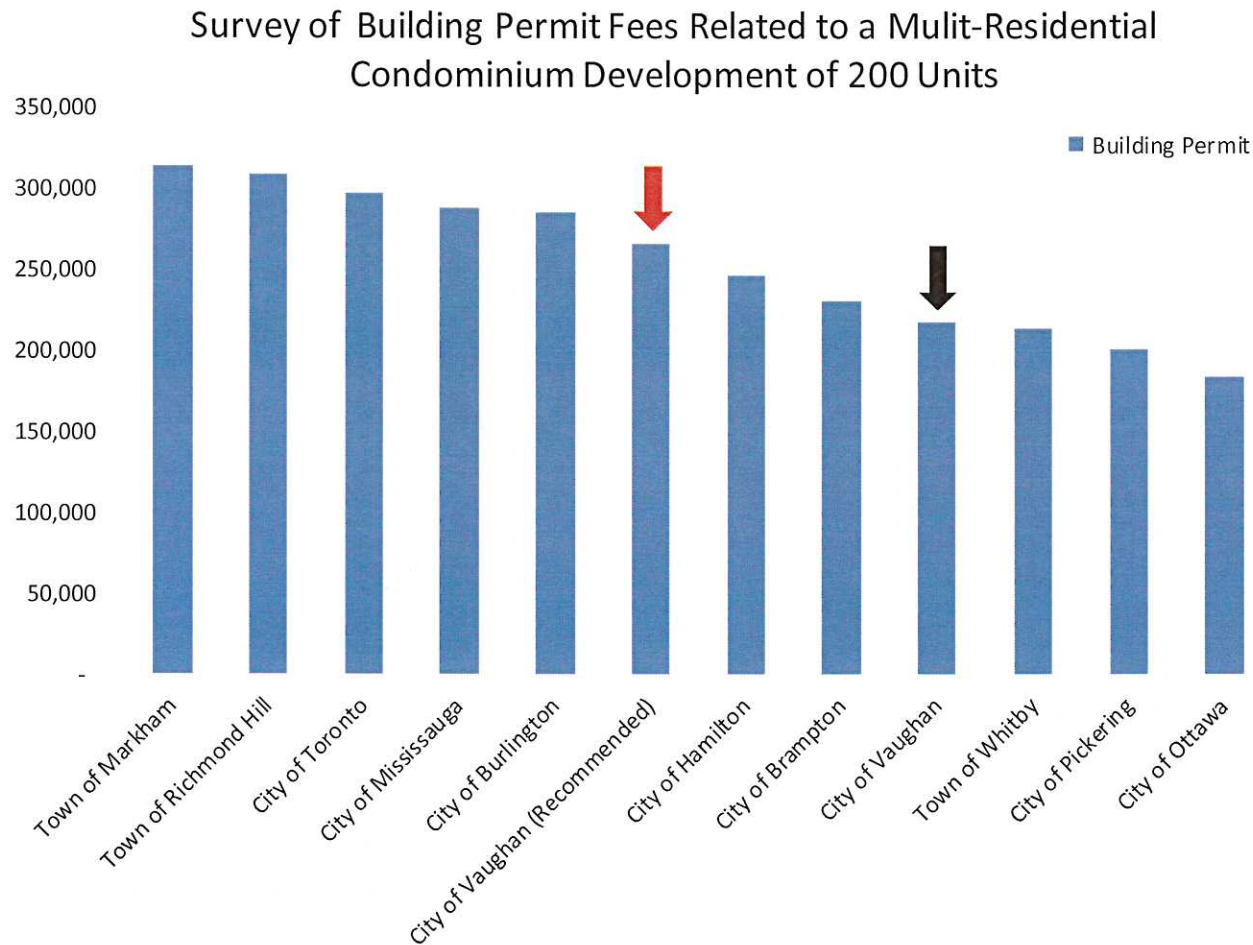


Development Fees Comparison

(Single Detached Dwelling Unit)

Rank	Municipality	Planning Fees (Site Plan)	Building Permit Fees	Development Charges	Total	Building Permit Fees %
1	City of Mississauga	\$ 10,455	\$ 3,112	\$ 81,546	\$ 95,114	3.3%
2	Town of Markham	\$ 22,373	\$ 2,804	\$ 69,262	\$ 94,439	3.0%
3	City of Vaughan (Recommended)	\$ 19,860	\$ 3,188	\$ 71,279	\$ 94,327	3.4%
4	City of Vaughan	\$ 19,860	\$ 2,118	\$ 71,279	\$ 93,257	2.3%
5	City of Brampton	\$ 4,063	\$ 2,564	\$ 81,830	\$ 88,457	2.9%
6	Town of Richmond Hill	\$ 11,305	\$ 3,437	\$ 64,351	\$ 79,093	4.3%
7	City of Toronto	\$ 20,887	\$ 3,241	\$ 40,301	\$ 64,429	5.0%
8	City of Burlington	\$ 7,418	\$ 2,349	\$ 51,776	\$ 61,542	3.8%
9	Town of Whitby	\$ 11,926	\$ 2,375	\$ 42,187	\$ 56,487	4.2%
10	City of Ottawa	\$ 20,684	\$ 2,040	\$ 33,600	\$ 56,324	3.6%
11	City of Hamilton	\$ 9,650	\$ 2,735	\$ 38,274	\$ 50,659	5.4%
12	City of Pickering	\$ 3,400	\$ 2,230	\$ 42,654	\$ 48,284	4.6%

Building Permit Fee Comparison (200 Unit Multi-Res. Condo)

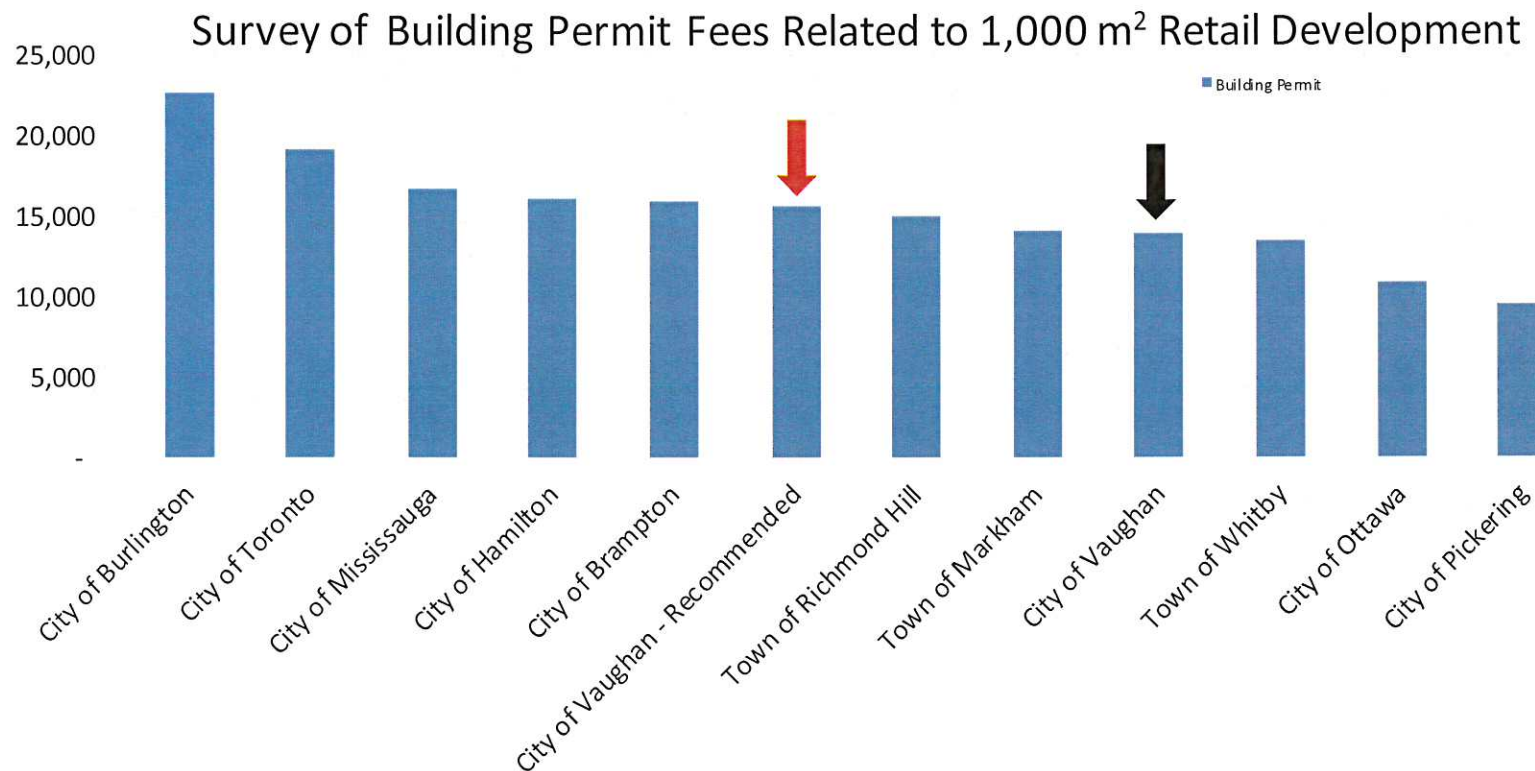


Development Fees Comparison

(200 Unit Multi-Residential Condominium)

Rank	Municipality	Planning Fees (OPA, ZBA, Site Plan, Condo)	Building Permit Fees	Development Charges	Total	Building Permit Fees %
1	City of Mississauga	\$ 246,122	\$ 288,464	\$ 10,638,850	\$ 11,173,436	2.6%
2	City of Brampton	\$ 127,309	\$ 230,771	\$ 10,109,330	\$ 10,467,410	2.2%
3	Town of Markham	\$ 496,085	\$ 313,548	\$ 9,066,400	\$ 9,876,033	3.2%
4	City of Vaughan (Recommended)	\$ 209,240	\$ 266,056	\$ 9,031,200	\$ 9,506,495	2.8%
5	City of Vaughan	\$ 209,240	\$ 217,393	\$ 9,031,200	\$ 9,457,833	2.3%
6	Town of Richmond Hill	\$ 111,165	\$ 309,367	\$ 8,422,400	\$ 8,842,932	3.5%
7	City of Burlington	\$ 169,934	\$ 285,119	\$ 5,764,004	\$ 6,219,057	4.6%
8	Town of Whitby	\$ 108,228	\$ 213,714	\$ 5,334,200	\$ 5,656,142	3.8%
9	City of Toronto	\$ 273,355	\$ 297,375	\$ 5,071,400	\$ 5,642,130	5.3%
10	City of Pickering	\$ 91,200	\$ 200,671	\$ 5,052,800	\$ 5,344,671	3.8%
11	City of Hamilton	\$ 104,785	\$ 246,156	\$ 4,824,600	\$ 5,175,541	4.8%
12	City of Ottawa	\$ 70,758	\$ 183,600	\$ 3,785,200	\$ 4,039,558	4.5%

Building Permit Fee Comparison (1,000 m² Retail Development)



Development Fees Comparison

(1,000 m² Retail Development)

Rank	Municipality	Planning Fees (Site Plan and ZBA)	Building Permit Fees	Development Charges	Total	Building Permit Fees %
1	Tow n of Markham	\$ 64,220	\$ 14,170	\$ 882,140	\$ 960,530	1.5%
2	Tow n of Richmond Hill	\$ 31,266	\$ 15,100	\$ 516,370	\$ 562,736	2.7%
3	City of Vaughan - Recommended	\$ 38,862	\$ 15,630	\$ 489,930	\$ 544,422	2.9%
4	City of Vaughan	\$ 38,862	\$ 14,000	\$ 489,930	\$ 542,792	2.6%
5	City of Burlington	\$ 29,899	\$ 22,650	\$ 417,620	\$ 470,169	4.8%
6	City of Mississauga	\$ 72,533	\$ 16,740	\$ 312,990	\$ 402,263	4.2%
7	City of Brampton	\$ 14,987	\$ 16,000	\$ 313,670	\$ 344,657	4.6%
8	City of Toronto	\$ 71,680	\$ 19,200	\$ 212,510	\$ 303,390	6.3%
9	City of Ottaw a	\$ 36,598	\$ 10,979	\$ 234,438	\$ 282,015	3.9%
10	Tow n of Whitby	\$ 28,734	\$ 13,580	\$ 177,281	\$ 219,595	6.2%
11	City of Pickering	\$ 17,950	\$ 9,500	\$ 187,507	\$ 214,957	4.4%
12	City of Hamilton	\$ 36,010	\$ 16,130	\$ 111,624	\$ 163,764	9.8%