



2023 Building Permit Fees Review

City of Niagara Falls

Final Report

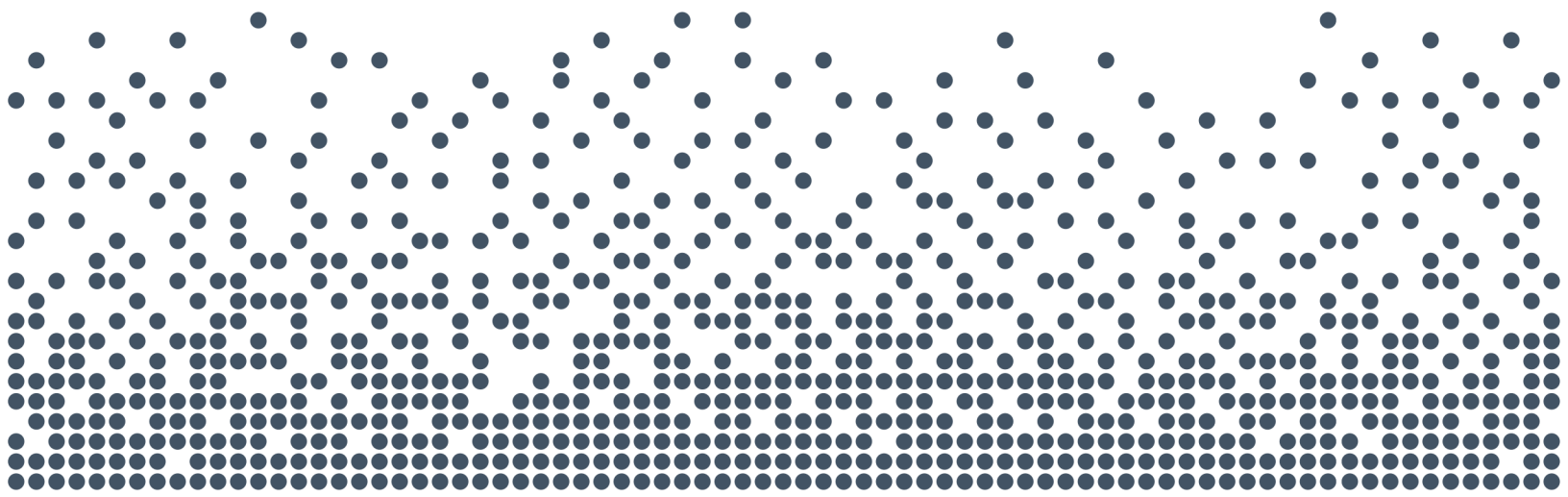
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Report



Chapter 1

Introduction



1. Introduction

1.1 Background Information

The City of Niagara Falls (City) retained Watson & Associates Economists Ltd. (Watson) to conduct a review and update of its building permit fees. The first objective of the building permit fee review is to develop an activity-based costing (A.B.C.) model to substantiate the full costs of service (i.e. administering and enforcing the *Building Code*. The full cost assessment (i.e., direct, indirect, and capital costs) will be used to inform recommended fees to recover the full cost of service, provide for the sustainable delivery of service, and mitigate the potential funding burden on property taxes. Moreover, the fee recommendations were developed with regard for the statutory requirements, the City's market competitiveness, and fiscal position. The Ontario *Building Code Act* governs fees related to the administration and enforcement activities under the authority of the *Building Code*.

This report summarizes the findings and recommendations related to the building permit fee services within the scope of the review. The following chapters of this report summarize the legislative context for building permit fees, the building permit fee review methodology developed, the full cost findings and fee recommendations of the building permit fee review.

1.2 Legislative Context – *Building Code Act*, 1992

The City's statutory authority for imposing building permit fees is provided under the provisions of Section 7 under the *Ontario Building Code Act*.

Section 7 of the *Building Code Act* provides municipalities with general powers to impose fees through passage of a by-law. The Act provides that:

"The council of a municipality...may pass by-laws

- (c) Requiring the payment of fees on applications for and issuance of permits and prescribing the amounts thereof;
- (d) Providing for refunds of fees under such circumstances as are prescribed;"



The *Building Code Statute Law Amendment Act* imposed additional requirements on municipalities in establishing fees under the Act, in that:

“The total amount of the fees authorized under clause (1)(c) must not exceed the anticipated reasonable cost of the principal authority to administer and enforce this Act in its area of jurisdiction.”

In addition, the amendments also require municipalities to:

- Reduce fees to reflect the portion of service performed by a Registered Code Agency;
- Prepare and make available to the public annual reports with respect to the fees imposed under the Act and associated costs; and
- Undertake a public process, including notice and public meeting requirements, when a change in the fee is proposed.

O. Reg. 305/03 is the associated regulation arising from the *Building Code Statute Law Amendment Act, 2002*. The regulation provides further details on the contents of the annual report and the public process requirements for the imposition or change in fees. With respect to the annual report, it must contain the total amount of fees collected, the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the purposes of administration and enforcement of the Act. The regulation also requires that notice of the preparation of the annual report be given to any person or organization that has requested such notice.

Relating to the public process requirements for the imposition or change in fees, the regulations require municipalities to hold at least one public meeting and that at least 21-days notice be provided via regular mail to all interested parties. Moreover, the regulations require that such notice include, or be made available upon request to the public, an estimate of the costs of administering and enforcing the Act, the amount of the fee or change in existing fee and the rationale for imposing or changing the fee.

The Act specifically requires that fees “must not exceed the anticipated reasonable costs” of providing the service and establishes the cost justification test based on the total administration and enforcement costs at global *Building Code Act* level. With the Act requiring municipalities to report annual direct and indirect costs related to fees, this would suggest that *Building Code Act* fees can include general corporate overhead indirect costs related to the provision of service. Moreover, the recognition of



anticipated costs also suggests that municipalities could include costs related to future compliance requirements or fee stabilization reserve fund contributions. As a result, *Building Code Act* fees modeled in this exercise include direct costs, capital related costs, indirect support function costs directly consumed by the service provided, and corporate management costs related to the service provided, as well as provisions for future anticipated costs.



Chapter 2

Activity Based Costing Methodology



2. Activity Based Costing Methodology

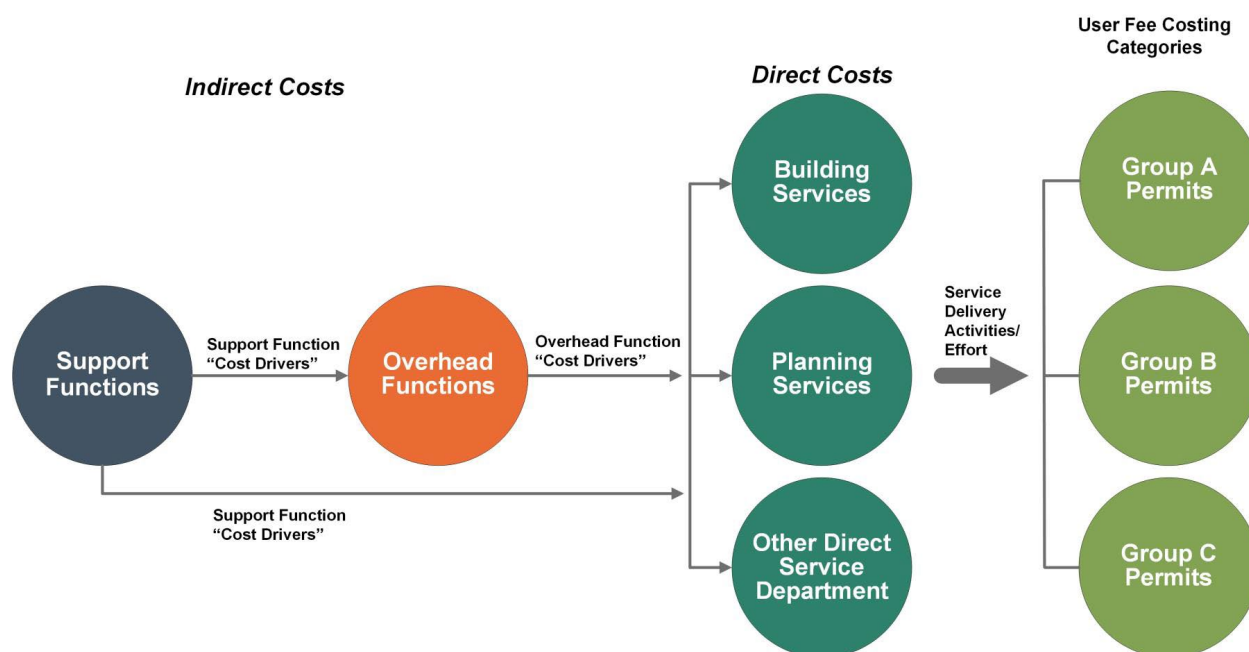
2.1 Activity Based Costing Methodology

An A.B.C. methodology, as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. Conventional municipal accounting structures are typically not well-suited to the costing challenges associated with application processing activities as these accounting structures are business unit focused and thereby inadequate for fully costing services with involvement from multiple business units. An A.B.C. approach better identifies the costs associated with the processing activities for specific application types and thus is an ideal method for determining the full cost of processing applications and other user fee activities.

As illustrated in Figure 2-1, an A.B.C. methodology attributes processing effort and associated costs from all participating municipal business units to the appropriate service categories (building permit fee costing categories). The resource costs attributed to processing activities and building permit fee costing categories include direct operating costs, indirect support costs, and capital costs. Indirect support function and corporate overhead costs are allocated to direct business units according to operational cost drivers (e.g., information technology costs allocated based on the relative share of departmental personal computers supported or full time equivalent (FTE) staff positions). Once support costs have been allocated amongst direct business units, the accumulated costs (i.e., indirect, direct, and capital costs) are then distributed across the various building permit fee costing categories, based on the business unit's direct involvement in the processing activities. The assessment of each business unit's direct involvement in the building permit fee review processes is accomplished by tracking the relative shares of staff processing efforts across the sequence of mapped process steps for each building permit fee category. The results of employing this costing methodology provides municipalities with a better recognition of the costs utilized in delivering building permit fee review processes, as it acknowledges not only the direct costs of resources deployed but also the operating and capital support costs required by those resources to provide services.



Figure 2-1
Activity-Based Costing Conceptual Flow Diagram



2.2 Building Permit Fee Costing Category Definition

The City imposes a variety of fees related to the administration and enforcement of the *Building Code*. These fees are captured in various cost objects or building permit fee costing categories. A critical component of the full cost building permit fee review is the selection of the costing categories. This is an important first step as the process design, effort estimation and subsequent costing is based on these categorization decisions. Moreover, it is important in costing building permit fees to understand the cost/revenue relationships by individual type of permit or costing category, to understand how costs and revenues may change in the future. This level of costing goes beyond the statutory cost justification for fees established at the level of administration and enforcement under the authority of the *Building Code*.

The City's A.B.C. user fee model allocates the direct and indirect costs presented in the following sections across these defined building permit fee categories. Categorization of building permit fees occurred during the project initiation stage of the study and through subsequent discussions with City staff to understand the difference in permit processing complexity and costs.



The building permit fee costing categories included in the A.B.C. model and later used to rationalize changes to the City's fee structure are presented in Tables 2-1. While many of these costing categories reflect the City's current fee schedule, a number of minor and miscellaneous fees were grouped together for costing purposes where the level of effort was deemed to be similar or minor in nature. categories were also considered

Table 2-1
Building Permit Fee Costing Categories

No.	Costing Category Name
1	Group A - New/Addition (Finished)
2	Group A - New/Addition (Shell)
3	Group A - New/Addition (Interior Finish)
4	Group B - New/Addition (Finished)
5	Group C - Single, Detached & Duplex
6	Group C - Multiple Dwellings
7	Group C - Apartments, Motels, Boarding & Lodging
8	Group C - Accessory Dwelling Units, Finish Basement & Additions to House
9	Group C - Accessory Building, Garage, Deck/Porch, Mobile Homes
10	Group D - New/Addition (Finished)
11	Group D - New/Addition (Shell)
12	Group D - New/Addition (Interior Finish)
13	Group E - New/Addition (Finished)
14	Group E - New/Addition (Shell)
15	Group E - New/Addition (Interior Finish)
16	Group F - New/Addition (Finished)
17	Group F - New/Addition (Shell)
18	Group F - New/Addition (Interior Finish)
19	Group F - Other
20	Site Services Construction
21	Building Improvements - Residential
22	Building Improvements - Non-Residential
23	Building Improvements - Other
24	Plumbing - Indoor
25	Plumbing - Outdoor
26	Plumbing - Water Meter
27	Fire Protection System - Other
28	Fire Protection System - Alarm, Sprinkler & Standpipe Systems
29	Mechanical System - Exhaust & Duct Work



No.	Costing Category Name
30	Mechanical Systems - HVAC Units
31	Miscellaneous Works
32	Designated Structures
33	Conditional Permits
34	Demolition - Residential & Accessory Structures
35	Demolition - Other
36	Occupancy of an Unfinished Building
37	Limiting Distance Agreement
38	Alternative Solution
39	Change of Use Permit with no construction
40	Compliance Letters
41	Permit Transfer, Suspension, Cancellation etc.
42	Pre-Application Review

2.3 Processing Effort Cost Allocations

To capture each participating City staff member's relative level of effort in processing activities related to building permit fees, effort estimates were obtained for each of the above-referenced costing categories. The effort estimates received were applied against historical average annual volumes for 2018 to 2022 to assess the average annual processing time per position spent on each building permit fee category and in aggregate.

Annual processing efforts per staff position were measured against available processing capacity to determine overall service levels. The capacity utilization results were refined with the City staff to reflect staff utilization levels reflective of current staffing patterns. Table 2-2 summarizes the utilization by department involved in the building permit review process and by major costing category grouping. The utilization is presented as a percentage of available time.



Table 2-2
Individual Staff Capacity Utilization

Permit Type	Building and Municipal Enforcement	Fire Prevention	Legal Clerk	Zoning Officer	FTE Positions Utilized
<i>Compliment</i>	35	4	1	1	
Group A/B New Construction	11.2%	5.1%	0.1%	12.2%	4.3
Group D/E New Construction	5.8%	2.8%	0.1%	10.1%	2.2
Group F New Construction	3.3%	1.6%	0.1%	5.7%	1.3
Non-Residential Interior Alterations/Improvements	8.2%	4.5%	0.1%	10.2%	3.1
Residential New Construction	31.7%	0.6%	1.2%		11.1
Minor Residential Permits	4.2%		0.2%		1.5
Plumbing	2.3%		0.1%		0.8
Other	5.4%		0.2%	0.1%	1.9
TOTAL	72.1%	14.5%	2.0%	38.3%	26.2

In aggregate there are 26.2 full time equivalent (FTE) staff positions utilized annually with respect to the administration and enforcement of the *Building Code*. Of that involvement, 96% or 25.2 FTEs are contributed by the Building and Municipal Enforcement department, with the remaining 4% of involvement from Fire Prevention (i.e., 2.2%), the Planning department (i.e. 1.5%), and the Legal department (i.e., 0.3%). When assessing the types of building permits staff are involved in reviewing: permits for new residential dwellings represent 42% of annual efforts; new non-residential buildings comprise 30% of staff time, and minor residential and non-residential permits (e.g. alterations and improvements) represent 18% of the annual efforts. In Table 2-2 the Building and Municipal Enforcement department is 72.1% utilized on permit review as the department includes eight municipal enforcement positions that spend minimal time on non-*Building Code* related activities.

2.4 Direct Costs

Based on the results of the staff capacity utilization analysis summarized above, the proportionate share of each individual's direct costs is allocated to the respective costing categories. The direct costs included in the City's costing model are taken from the City's 2023 budget and includes cost components such as:

- Labour costs, e.g., salary, wages, and benefits;
- Materials and services; and
- Other Direct Costs, e.g., professional fees, contracted services, etc.



2.5 Indirect Costs

An A.B.C. review includes not only the direct cost of providing service activities but also the indirect support costs that allow direct service business units to perform these functions. The method of allocation employed in this analysis is referred to as a step costing approach. Under this approach, support functions and general corporate overhead functions are classified separate from direct service delivery departments. These indirect cost functions are then allocated to direct service delivery departments based on a set of cost drivers, which subsequently flow to the building permit fee categories according to staff effort estimates. Cost drivers are a unit of service that best represent the consumption patterns of indirect support and corporate overhead services by direct service delivery departments or business units. As such, the relative share of a cost driver (units of service consumed) for a direct department determines the relative share of support/corporate overhead costs attributed to that direct service department. An example of a cost driver commonly used to allocate information technology support costs would be a department or business unit's share of supported personal computers. Cost drivers are used for allocation purposes acknowledging that these business units do not typically participate directly in the delivery of services, but that their efforts facilitate services being provided by the City's direct business units.

Indirect costs have been allocated to the full costs of building permit review from the following City departments:

- Risk Management Services;
- Auditing Services;
- Corporate Management and Support;
- Revenues and Receivables;
- Accounting and Reporting;
- Procurement Services;
- Human Resource Services;
- Information Services;
- Legal Services;
- City Council, Grants, and Committees;
- Chief Administrator's Office;
- Clerks Services; and



- Communications.

2.6 Capital Costs

The inclusion of capital costs within the full cost review follows a methodology similar to indirect costs. Capital costs for the utilization of facility space were included based on benchmark facility replacement costs and occupies space per employee needs per employee.

These costs have been allocated across the various costing categories based on the underlying effort estimates of direct department staff (as presented in section 2.3).

2.7 Building Code Act Reserve Fund Policy

The *Building Code Act* recognizes the legitimacy of creating a municipal reserve fund to provide for service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity. Specifically, a reserve fund should be maintained to reduce the staffing and budgetary challenges associated with a cyclical economic downturn and the requirement for ongoing legislative turnaround time compliance. Without such a reserve fund, reduced permit volumes during a downturn could result in severe budgetary pressures and the loss of certified City building staff, which would be difficult to replace during the subsequent recovery when mandatory permit processing turnaround times apply.

Although the *Building Code Act* does not prescribe a specific methodology for determining an appropriate reserve fund, municipalities have developed building permit reserve funds with the aim of providing service stabilization. The City's reserve fund policy was established in 2008 with a target of accumulating 1.28 times the annual costs of service in the building permit reserve fund. In the development of the policy, recognition was also given to the requirement of the City to manage some of their direct and indirect costs of service during an economic downturn. In reviewing historical building permit activity within the City over the past 30 years in comparison to the average annual building permit activity and the established policy, it is recommended that the City target between 1.0 to 1.25 times annual direct costs for reserve fund accumulation



The impact of anticipated building permit activity on costs, revenues (based on current and recommended fees), and reserve fund positions over the 2023 to 2028 period have been assessed in Section 3.3.



Chapter 3

Building Permit Fees Review



3. Building Permit Fees Review

3.1 Introduction

This chapter presents the full costs, cost recovery levels of current fees, and recommended fee structure and rates for building permit fees. Furthermore, the City's ranking in comparison to other neighbouring municipalities has been assessed for common permit types under the current and proposed fee schedule. Additionally, the impact of the proposed fees on municipal development costs for a sample development is presented in Section 3.4.

A municipal fee survey for all building permit fees was undertaken for market comparison purposes. The survey results were considered in conjunction with the fee impacts summarized in Section 3.4 and discussions with City staff in determining recommended building permit fees.

3.2 Full Cost of Building Permit Fees Review

Table 3-1 presents the City's annual costs and revenues associated with providing building permit review services. The costs and estimated revenues are presented in for the same major costing categories as shown in Table 2-2 and in aggregate. The annual costs (denoted in 2023\$ values) reflect the organizational direct, indirect, and capital costs associated with processing activities at average historical volumes levels for the period 2018-2022.

Costs are based on 2023 budget estimates and are compared with revenues modeled from current building permit fees applied to average permit volumes and charging parameters. The charging parameters for these permits (e.g., gross floor area) were based on the average historical permit characteristics.

The costs of administration and enforcement of the *Building Code* account for \$3.8 million. Direct costs represent 82% (\$3.1 million) and indirect and capital costs represent 18% (\$703,000) of the total annual costs. Based on the modelled volumes, the City's current fees recover approximately 80% (\$3.0) of total costs annually. In review of the cost recovery by permit type, only permit fees for new residential construction are recovering the full cost of service while other permits fees are under



recovering their costs. New residential construction permit fees are generating an annual surplus of \$545,900, while other permit fees are generating an annual deficit of \$1.3 million.

A detailed analysis of forecast building permit activity, revenues, and *Building Code Act* reserve fund levels is contained in Section 3.3, which has been used to inform potential fee structure revisions.

Further details on the cost recovery assessment, recommendations, and modelled impact on revenues is provided in the following sections.

Table 3-1
Cost Recovery Assessment of Current Building Permit Fees (2023\$)

Permit Type	Annual Costs					Annual Revenue (Current)	Cost Recovery %	Surplus/ (Deficit)
	Direct Costs		Indirect Costs	Capital Costs	Total Annual Costs			
	SWB	Non-SWB						
Group A/B New Construction - Subtotal	486,799	54,028	107,703	6,058	654,586	259,834	40%	(394,753)
Group D/E New Construction - Subtotal	253,071	28,417	56,746	3,135	341,370	264,037	77%	(77,332)
Group F New Construction - Subtotal	143,793	16,143	32,232	1,782	193,950	82,937	43%	(111,013)
Non-Residential Interior Alterations/Improvements - Subtotal	355,258	39,911	79,236	4,401	478,806	196,667	41%	(282,139)
Residential New Construction - Subtotal	1,134,512	140,023	282,398	17,042	1,573,975	2,119,831	135%	545,855
Minor Residential Permits - Subtotal	145,520	18,380	37,076	2,242	203,218	67,273	33%	(135,945)
Plumbing - Subtotal	81,755	10,326	20,830	1,259	114,170	44,832	39%	(69,338)
Other - Subtotal	196,064	23,832	48,148	2,910	270,953	14,857	5%	(256,096)
TOTAL	2,796,771	331,061	664,369	38,829	3,831,029	3,050,268	80%	(780,761)

3.3 Building Permit Fee Recommendations

As noted in Section 2.7 above, the recommendation is that the City adopt a policy to for their *Building Code Act* Reserve Fund for service stabilization at multiple of 1.0 to 1.25 times annual direct costs. Based on annual costs of \$3.8 million, the 2023 reserve fund target balance would be between \$3.8 million and \$5.7 million. The ability of current and proposed fees to recover the full cost of service and contribute to reserve fund sustainability was assessed over the 2023- 2028 forecast period based on forecast costs and revenues. Current and recommended fees have been assessed within fee category recommendations provided by City staff. Overall, permit volumes are expected to increase over the forecast period. The building permit volume forecast by major permit category is presented in Table 3-2 and was developed in discussion with staff based on average historical permit volumes, forecast development activity within the City's Community Benefits Charge Strategy (2022) growth forecast. Adjustments to the distribution of new residential dwelling units from low to medium density dwelling



units was made to reflect the distribution of recent residential construction vs. the distributions contained within the Community Benefits Strategy.

Table 3-2
Building Permit Volume Forecast (2023-2028)

Description	2023	2024	2025	2026	2027	2028
Group A/B New Construction	35.2	35.2	35.2	35.2	35.2	35.2
Group D/E New Construction	26.9	26.9	26.9	26.9	26.9	26.9
Group F New Construction	15.0	15.0	15.0	15.0	15.0	15.0
Non-Residential Interior Alterations/Improvements	33.8	33.8	33.8	33.8	33.8	33.8
Residential New Construction	309.6	309.6	309.6	309.6	322.4	322.4
Minor Residential Permits	195.7	195.7	195.7	195.7	195.8	195.8
Plumbing	111.8	111.8	111.8	111.8	111.8	111.8
Other	80.8	80.8	80.8	80.8	80.8	80.8
Total	808.8	808.8	808.8	808.8	821.7	821.7

Based on the forecast development activity and costs of service, the City's current fees would be insufficient to make contributions to the reserve fund for service sustainability or fund the full cost of service. Table 3-3 shows the reserve fund continuity over the forecast period considering the forecast costs, revenues, contributions/draws from the reserve fund, and target reserve fund balance. At current fees, average annual reserve fund draws of \$1.1 million would be required over the forecast period.

Table 3-3
Reserve Fund Continuity
Current Fees

Description	2023	2024	2025	2026	2027	2028
Opening Balance	3,082,857	2,229,270	1,251,641	145,264	(1,094,715)	(2,412,366)
Revenue	2,951,013	2,951,013	2,951,013	2,951,013	3,011,654	3,011,654
Expense	3,831,029	3,945,960	4,064,339	4,186,269	4,311,857	4,441,213
Contribution/(Draw)	(880,016)	(994,947)	(1,113,326)	(1,235,256)	(1,300,203)	(1,429,559)
Interest	26,428	17,318	6,950	(4,724)	(17,448)	(31,271)
Closing Balance	2,229,270	1,251,641	145,264	(1,094,715)	(2,412,366)	(3,873,197)
<i>Full Costs</i>	<i>3,831,029</i>	<i>3,945,960</i>	<i>4,064,339</i>	<i>4,186,269</i>	<i>4,311,857</i>	<i>4,441,213</i>
<i>Reserve Fund/Expense Ratio</i>	<i>0.58</i>	<i>0.32</i>	<i>0.04</i>	<i>(0.26)</i>	<i>(0.56)</i>	<i>(0.87)</i>

As such, fee increases have been recommended. Except where implemented on a flat fee basis, the City's fees are imposed on a per square metre of gross floor area fee with minimum fees imposed in some cases. As shown in Table 3-4, building permit fee revenue based on the anticipated development activity and imposing fees at the



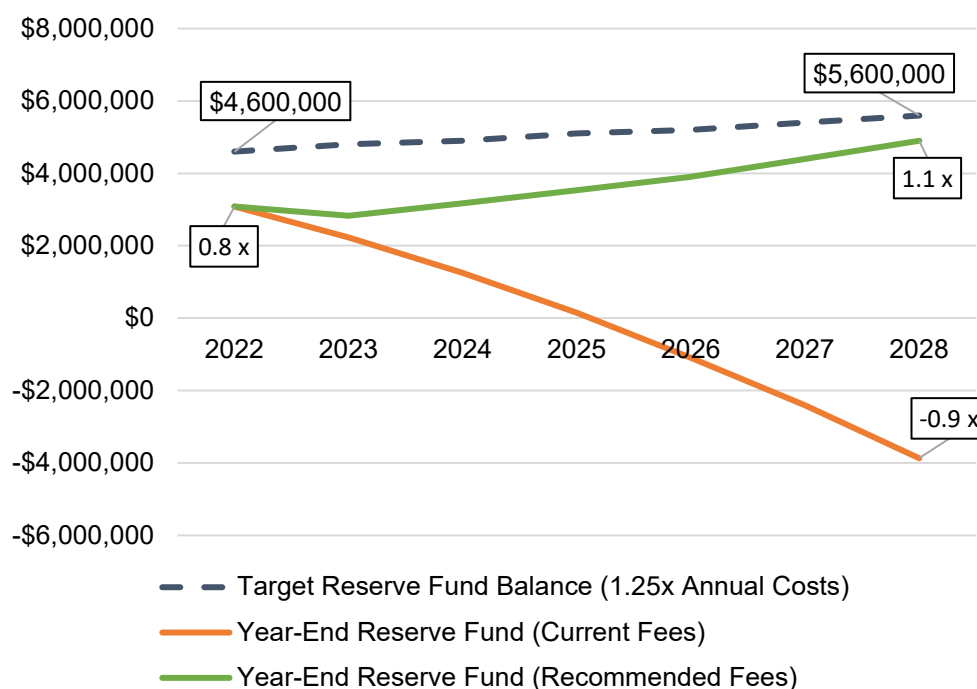
proposed rates (with 3% annual indexing beginning in 2024), would result in the City achieving a reserve fund balance equal to 1.1 times annual costs of service.

Table 3-4
Reserve Fund Continuity
Recommended Fees (with annual inflationary increases)

Description	2023	2024	2025	2026	2027	2028
Opening Balance	3,082,857	2,826,265	3,173,389	3,533,551	3,907,167	4,392,964
Revenue	3,545,038	4,263,235	4,391,132	4,522,866	4,756,360	4,899,051
Expense	3,831,029	3,945,960	4,064,339	4,186,269	4,311,857	4,441,213
Contribution/(Draw)	(285,991)	317,275	326,794	336,597	444,503	457,838
Interest	29,399	29,849	33,368	37,018	41,294	46,219
Closing Balance	2,826,265	3,173,389	3,533,551	3,907,167	4,392,964	4,897,021
Full Costs	3,831,029	3,945,960	4,064,339	4,186,269	4,311,857	4,441,213
Reserve Fund/Expense Ratio	0.74	0.80	0.87	0.93	1.02	1.10

Figure 3-1 illustrates graphically the difference in reserve positions between current and recommended fees and the relationship to the target reserve fund balance at 1.25 times annual costs of service.

Figure 3-1
Target and Forecast Reserve Fund Balances





Current and recommended building permit fees are presented in Table 3-5. It is anticipated that recommended building permit fees would be implemented in mid-2023.



**Table 3-5
Recommended Building Permit Fees**

	Description	Charging Parameter	Current Fees	Recommended Fees
NEW BUILDINGS				
Group A - Assemblies Occupancies				
1	All Recreation Facilities, Schools, Daycare Facilities, Libraries, Places of Worship restaurants (finished), Theatres, Arenas, Gymnasiums, Transit Stations, Bus terminals Indoor Pools, and all other Group A Buildings	Per sq. m	\$18.59	\$27.89
2	Open Public Swimming Pool	Flat Fee	\$475.00	\$2,000.00
3	Portable Classroom	Flat Fee	\$475.00	\$915.00
4	Assembly Building Shell	Per sq. m	\$14.87	\$22.31
5	Assembly Building Interior Finish	Per sq. m	\$11.15	\$11.88
Group B - Institutional Occupancies				
6	Institutional, Hospital, Medical Care Facilities, Nursing Homes, Care Homes, and All other Group B Buildings	Per sq. m	\$18.59	\$27.89
7	Institutional Building Interior Finish	Per sq. m	\$11.15	\$11.88
Group C - Residential Occupancies				
8	Single, Semi-Detached, Duplex Dwellings, Detached Accessory Dwelling Units	Per sq. m	\$12.09	\$17.00
9	Townhouses, Row Housing	Per sq. m	\$11.48	\$17.00
10	Stacked Townhouses, Multiple Dwellings up to fourplex	Per sq. m	\$11.48	\$17.00
11	Apartment and Hotel			
12	Hotel, Apartment buildings 6 storeys or Less	Per sq. m	\$14.92	\$18.59
13	Hotel, Apartment buildings 7 storeys or More	Per sq. m	\$14.92	\$17.00
14	Motels, Boarding, Lodging or rooming house	Per sq. m	\$18.59	\$18.59
15	Interior Renovation, Finished Basement, Interior Accessory Dwelling Units	Per sq. m	\$6.65	\$10.00
16	Heated Additions to a House	Per sq. m	\$12.09	\$17.00
17	Unheated Additions to a House	Per sq. m	\$12.09	\$12.09
18	Accessory Building (Garage, or Shed)	Per sq. m	\$3.89	\$7.00
19	Attached Garage/Carport to an existing House	Per sq. m	\$9.45	\$16.15
20	Cover Deck/Porch	Per sq. m	\$3.44	\$7.00
21	Uncover Deck/Porch	Flat Fee	\$150.00	\$225.00
22	Mobile Homes	Flat Fee plus	\$250.00	\$320.00
23	Uncertified Mobile Home (foundation included)	Per sq. m	\$6.43	
24	Mobile Home Foundation	Per sq. m	\$1.84	
Group D - Business and Personal Services				
25	Office, Medical Building, Financial Institution, and all other Group D Buildings Complete	Per sq. m	\$18.59	\$27.89
26	Office, Medical Building, Financial Institution, and all other Group D Buildings Shell	Per sq. m	\$14.87	\$22.31
27	Office, Medical Building, Financial Institution, and all other Group D Buildings Interior Finish	Per sq. m	\$11.15	\$11.88
Group E - Mercantile Occupancies				
28	Retail Building Complete	Per sq. m	\$15.13	\$27.89
29	Retail Building Shell	Per sq. m	\$12.11	\$22.31
30	Retail Building Interior finish	Per sq. m	\$9.07	\$11.88
31	Restaurants Interior Finish (not greater than 30 persons)	Per sq. m	\$9.07	\$11.88
Group F - Industrial Occupancies				
32	Industrial Buildings Complete	Per sq. m	\$7.36	\$14.72
33	Industrial Building Shell	Per sq. m	\$5.89	\$11.78
34	Industrial Building Interior Finish	Per sq. m	\$4.42	\$8.84
35	Gas Bar Canopies	Per sq. m	\$12.62	\$12.62
36	Car Washes	Per sq. m	\$12.62	\$12.62
37	Parking Garage (underground, open air)	Per sq. m	\$5.29	\$7.94
38	Farm Buildings	Per sq. m	\$3.72	\$5.58
39	Green Houses non-residential	Per sq. m	\$3.72	\$5.58
Site Services Plumbing Construction Outside of Building				
40	Sanitary and Storm Piping First 15m	First 15m	\$100.00	\$225.00
41	Per additional 15m	Per additional 15m	\$35.00	\$35.00
42	Manholes, Catch basin Domestic Water Supply	Flat Fee	\$200.00	\$225.00
43	First 15m	First 15m	\$100.00	\$100.00
44	Per additional 15m	Per additional 15m	\$35.00	\$35.00
45	Fire Services Main First 15m	First 15m	\$100.00	\$100.00
46	Per additional 15m	Per additional 15m	\$35.00	\$35.00
47	Geothermal for houses	Flat Fee	\$250.00	\$250.00
48	Geothermal Single for all Other	Flat Fee	\$250.00	\$250.00



Table 3-5 (Cont'd)
Recommended Building Permit Fees

	Description	Charging Parameter	Current Fees	Recommended Fees
BUILDING STAND ALONE PERMITS FOR ALTERATIONS, RENOVATIONS AND REPAIR				
Building Improvement				
49	Demising Wall	Flat Fee	\$150.00	\$225.00
50	Building Envelope Replacement (Roofing, cladding, windows, waterproofing etc.)	Flat Fee	\$375.00	\$375.00
51	Foundation Replacement	Per Sq. m	\$3.03	\$3.03
52	Roof Structure Replacement	Flat Fee	\$375.00	\$375.00
53	Concrete Restoration	Flat Fee	\$375.00	\$375.00
Plumbing Building Construction				
54	Plumbing Systems Alterations	Flat Fee	\$100.00	\$225.00
55	Grease, Oil Interceptor	Flat Fee	\$200.00	\$225.00
56	Backflow Valve, Backflow Preventer, Sump pumps	Flat Fee	\$150.00	\$225.00
57	Replacement of Domestic Water Lines and Risers	Flat Fee	\$200.00	\$225.00
58	Weeping Tile Replacement	Flat Fee	\$200.00	\$225.00
59	Plumbing Fixtures	Flat Fee	\$100.00	\$225.00
Fire Protection System and Life Safety Systems				
60	Electromagnetic Lock/Electric Strikes	Flat Fee	\$150.00	\$225.00
61	Fire Alarm System	Flat Fee	\$275.00	\$275.00
62	Fire Alarm Annunciator Panel	Flat Fee	\$275.00	\$275.00
63	Life Safety Devices	Flat Fee	\$275.00	\$275.00
64	Sprinkler System	Flat Fee	\$275.00	\$275.00
65	Standpipe System	Flat Fee	\$275.00	\$275.00
Mechanical System				
66	Commercial Cooking Exhaust System	Flat Fee	\$275.00	\$275.00
67	Heating, Ventilation, Air Conditioning Roof Top Units (per unit)	Flat Fee	\$275.00	\$275.00
68	Heating, Ventilation, Air Conditioning Duct Work (per Area)	Per Sq. m	\$7.90	\$7.90
69	Furnace or Hot Water Tank Replacement Unit (per Unit)	Flat Fee	\$150.00	\$225.00
70	Boiler Replacement unit	Flat Fee	\$150.00	\$225.00
71	Spray Booth	Flat Fee	\$275.00	\$275.00
Miscellaneous Works				
72	Stages	Flat Fee	\$275.00	\$300.00
73	Fire Place or Wood Stove	Flat Fee	\$150.00	\$225.00
74	For categories not listed \$15 per \$1,000 of valuated construction cost or portion thereof			
75	Shoring (per linear metre)	Per linear metre	\$29.00	\$29.00
76	Under Pinning (per linear metre)	Per linear metre	\$29.00	\$29.00
77	Storage Rack as per 3.16	Flat Fee	\$250.00	\$300.00
78	Roof Anchors	Flat Fee	\$250.00	\$300.00
79	Re-Roofing of Buildings Other than houses	Flat Fee	\$375.00	\$375.00
80	Tiny Homes	Per Sq. m	\$12.09	\$12.09
81	Site Grading for Residential developments that are 10 units or less	Flat Fee	\$250.00	\$300.00
82	Certified Model Homes Service	Flat Fee	\$250.00	\$300.00
DESIGNATED STRUCTURES				
83	Communication Tower	Flat Fee	\$250.00	\$300.00
84	Retaining Wall	Flat Fee	\$250.00	\$300.00
85	Silo	Flat Fee	\$250.00	\$300.00
86	Pedestrian Bridge/Walkway	Flat Fee	\$250.00	\$300.00
87	Outdoor Public Spa	Flat Fee	\$475.00	\$475.00
88	Outdoor Public Swimming Pool	Flat Fee	\$475.00	\$475.00
89	Satellite Dish	Flat Fee	\$250.00	\$300.00
90	Air Supported Structure, Tent, Temporary Fabric Structure	Flat Fee	\$150.00	\$300.00
91	Pylon Sign Structure	Flat Fee	\$250.00	n/a
92	Roof Sign with Face over 10 m2	Flat Fee	\$300.00	\$300.00
93	Pylon Sign over 7.5 m in height	Flat Fee	\$300.00	\$300.00
94	Projection Sign over 115 kg in weight	Flat Fee	\$250.00	\$300.00
95	Solar Panels	Flat Fee	\$350.00	\$350.00
96	Crane Runway	Flat Fee	\$250.00	\$300.00
97	Exterior Storage Tank	Flat Fee	\$250.00	\$300.00
98	Wind Turbine Generator having a rated output more than 3kW	Flat Fee	\$350.00	\$350.00
CONDITIONAL PERMITS				
99	Conditional Permit Agreement	Flat Fee	\$500.00	\$500.00
100	Conditional permit Security Deposit (10% of construction cost of phase being built)	% of Construction Cost of Phase Being Built	10%	10%
Condition Permit Stages:				
101	Site Servicing (100 % Permit fee)		100%	100%
102	Substructure Structure and Servicing (15%)		15%	15%
103	Superstructure (55%)		55%	55%
104	Building Envelope (80%)		80%	80%
105	Building Interior (100%)		100%	100%



Table 3-5 (Cont'd)
Recommended Building Permit Fees

	Description	Charging Parameter	Current Fees	Recommended Fees
	DEMOLITION			
106	Residential - Single, Semi-Detached, Duplex Dwellings Townhouses, Row Housing	Flat Fee	\$150.00	\$225.00
107	Accessory Structure	Flat Fee	\$150.00	\$150.00
	All Other Buildings			
108	•with gross floor area equal to or less than 600m ²	Per Sq. m	\$0.30	\$0.38
109	•with gross floor area greater than 600m ²	Per Sq. m	\$0.30	\$0.38
	ADMINISTRATION FEE			
110	Occupancy of an Unfinished Building (High-rise Residential)	Flat Fee	\$150.00	\$225.00
111	Occupancy of an Unfinished Building for all other	Flat Fee	\$150.00	\$225.00
112	Limiting Distance Agreement	Flat Fee	\$1,000.00	\$1,000.00
113	Alternative Solution	Per Hour (Minimum 4 hours)	\$125.00	\$125.00
114	Premature Inspection	Flat Fee	\$75.00	n/a
115	Suspended or Cancel Permit	Flat Fee	\$150.00	\$225.00
116	Change of Use Permit with no construction	Flat Fee	\$75.00	\$225.00
117	Compliance Letters	Flat Fee	\$215.00	\$225.00
118	Transfer of Permit Ownership	Flat Fee	\$150.00	\$225.00
119	Additional Plan Review	Per Hour	\$75.00	\$125.00
120	Liquor Licence Clearance Letter	Flat Fee	\$150.00	\$225.00
121	Not-Ready Inspection	Flat Fee	\$75.00	\$125.00
122	Construction without a permit		2x Permit Fee	2x Permit Fee
123	Fast Tracking Permit Review			\$600 in addition to permit fee
124	After Hour Inspection	Per Hour	\$150.00	\$150.00
125	Permission to defer Permit Revocation	Flat Fee	\$100.00	\$225.00
126	Amendment to Permit Administration	Per Hour	\$100.00	\$125.00
127	Pre-Application Review	Per Hour	\$75.00	\$125.00
128	Conditional Permit Administration Fee			
129	Amendment to a Conditional Permit Agreement	Per Hour	\$100.00	\$125.00
130	Partial Permit			
131	Permit Application Extension	Flat Fee	\$100.00	\$225.00

The fee recommendations have been made to remain with the range of fees imposed by comparator municipalities with the Region of Niagara with regard for the affordability and competitiveness of the fees. The key changes to the recommended fees are summarized as follows:

- Uniform fees to be imposed for Group A, B, D, E permit fees for complete construction, shell permits, and interior finishes and alterations.
 - \$27.89 per sq.m. for complete buildings (50% to 84% increases)
 - \$22.32 per sq.m for shell permits (50% to 84% increases)
 - \$11.88 per sq.m for interior finish/alterations (7% to 31% increases)
- Fees for Group F industrial permits to increase by 100%
- Fees for low and medium density residential housing, and heated additions to be charged \$17.00 per sq.m. (41% to 48% increase).
- Apartment and hotel permit fees to be charged \$18.59 per sq.m. for buildings of 6 storeys or less and \$17.00 per sq.m. for buildings of 7 storeys or more.
- Accessory building fees and covered deck/porch to increase from \$3.89 and \$3.44 per sq.m., respectively, to \$7.00 per sq.m.
- Attached garage/carport fees to increase by 71% to \$16.15 per sq.m.



- Pre-application review fees to be increased from \$75 per hour to \$125 per hour
- Introduction of \$225 minimum permit fee

3.4 Building Permit Fee Impacts

To understand the impacts of the proposed full cost recovery building permit fees, the current and proposed fee for a sample of common building permits has been compared with the fees in Niagara Region municipalities. Figures 3-2 to 3-7 summarize the building permit fees for the following permit types:

- 275 sq.m. single detached home permit;
- 200 sq.m. Townhouse permit;
- 15 sq.m. residential accessory building permit;
- 5,000 sq.m. high density residential building;
- 1,000 sq.m. commercial building permit; and
- 5,000 sq.m. industrial building permit

The comparisons demonstrate that under the current fees, the City's fees are the lowest in the Region, while for the proposed fees the City's position relative to the comparator municipalities will increase but will remain within the range of fees imposed. For example, the proposed fees for a 275 sq.m. single detached home would increase by \$1,350 (+ 41%) but would still be less than the fees imposed in St. Catharines, Port Colborne, Welland, and Pelham.



Figure 3-2
Municipal Comparison

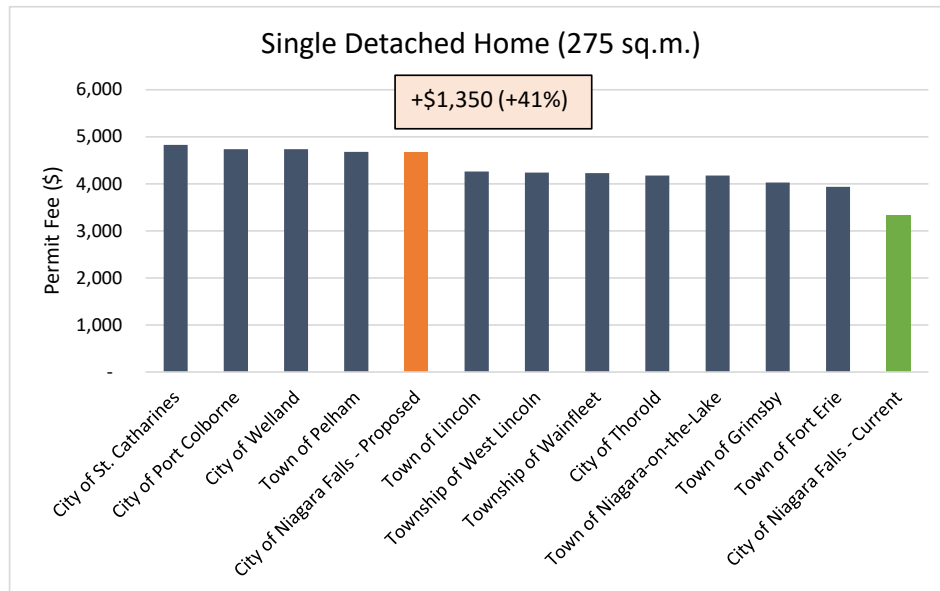


Figure 3-3
Municipal Comparison

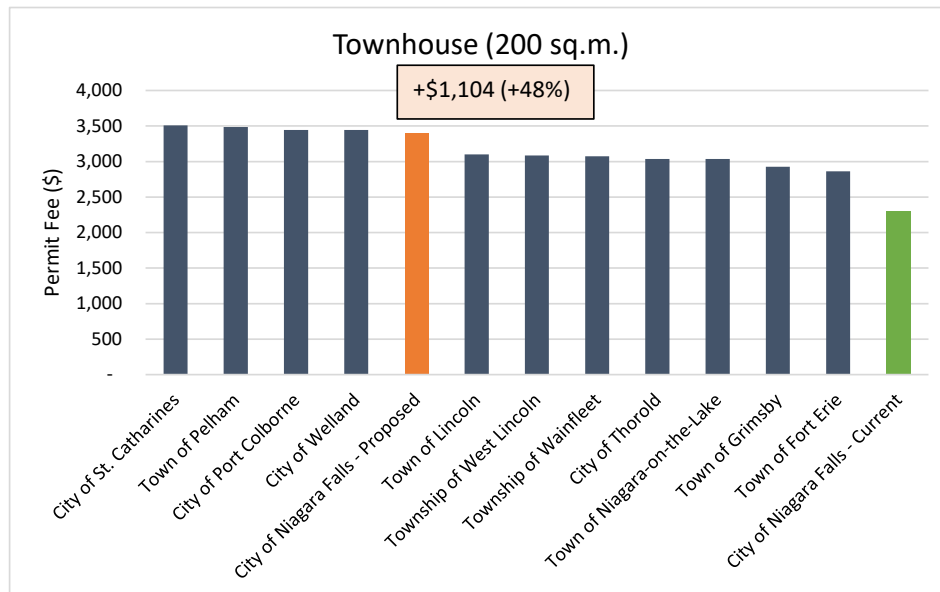




Figure 3-4
Municipal Comparison

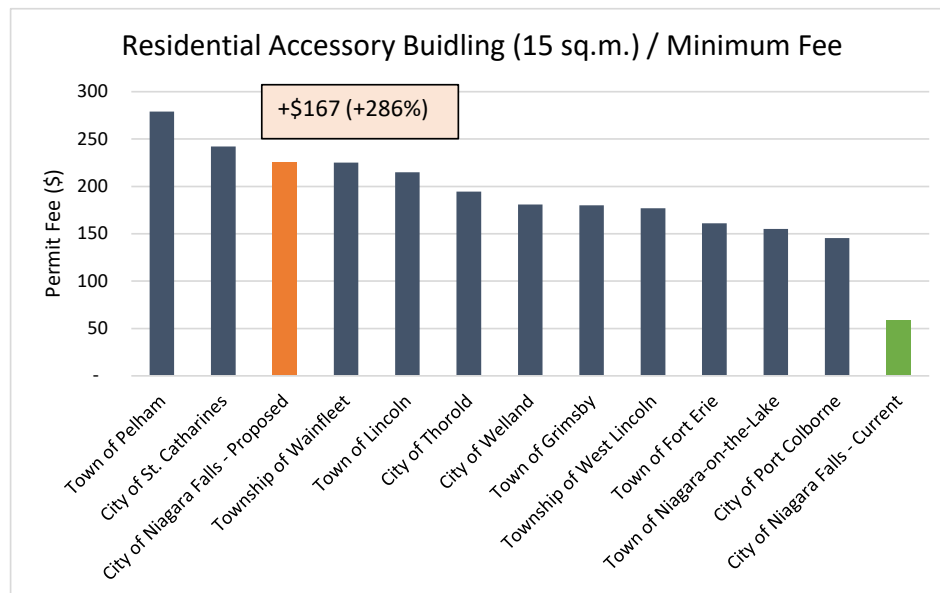


Figure 3-5
Municipal Comparison

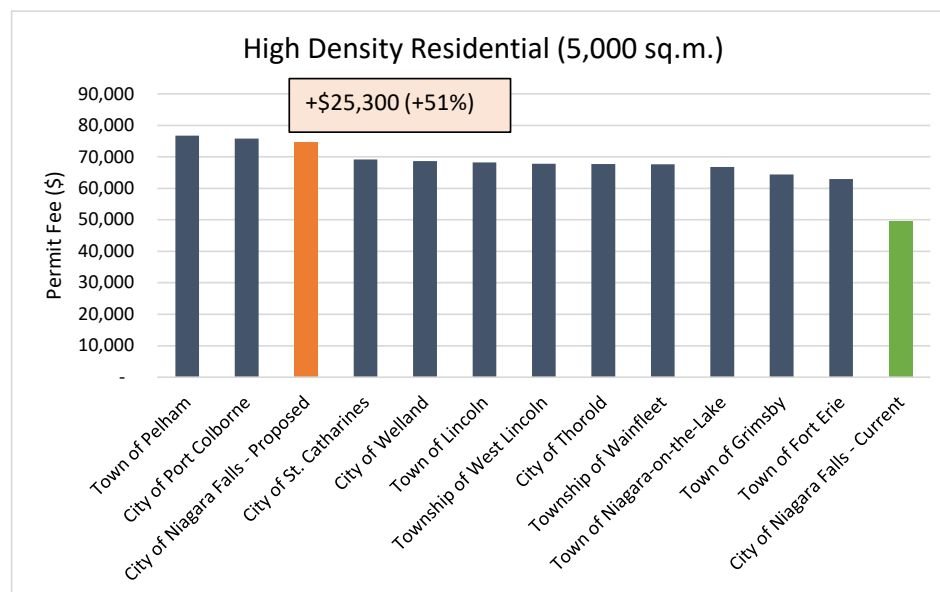




Figure 3-6
Municipal Comparison

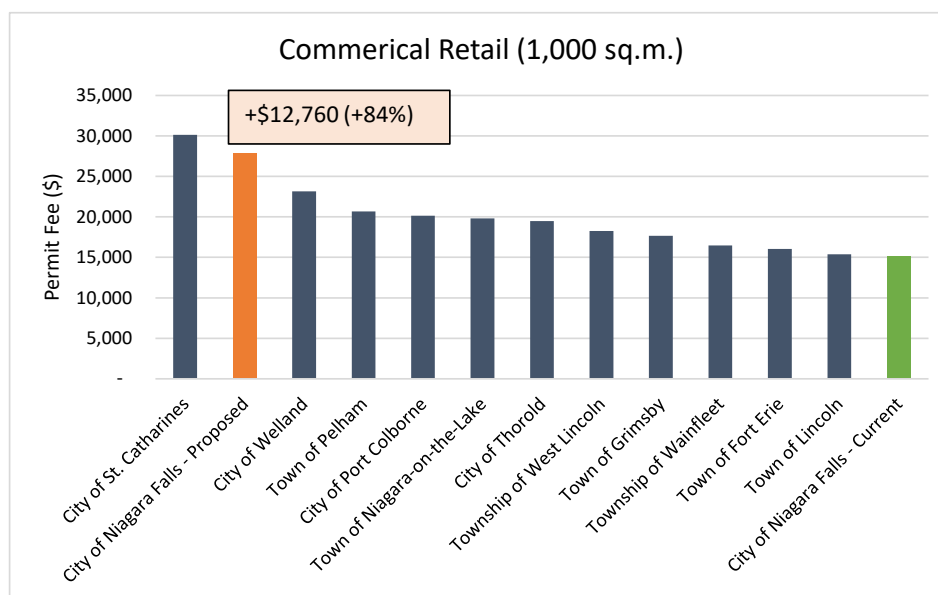
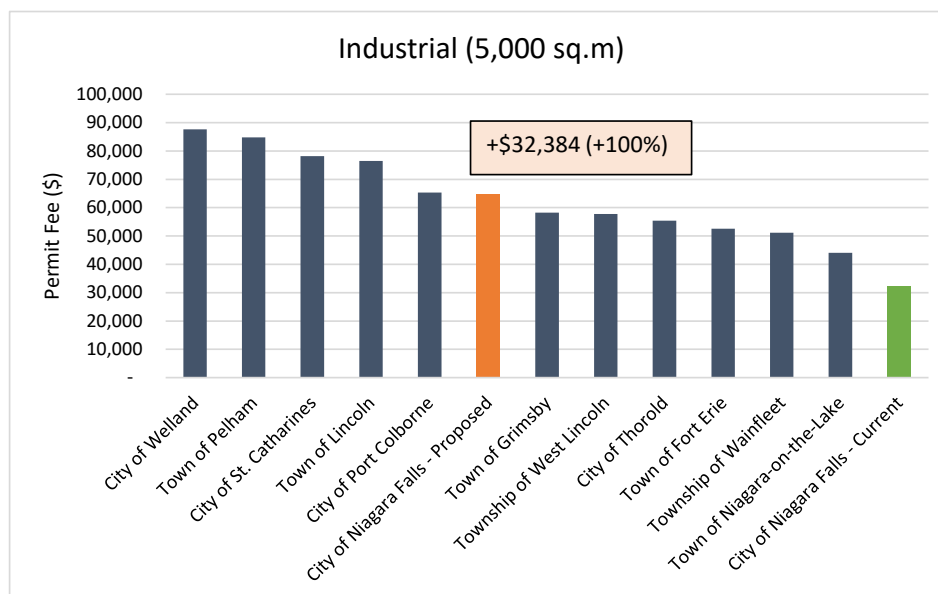


Figure 3-7
Municipal Comparison



An impact analysis has also been prepared to assess the total planning application fees, building permit fees, and development charges for a low-density residential development. The comparison illustrates the impacts of the recommended building permit fees in the context of the total development fees payable to provide a broader

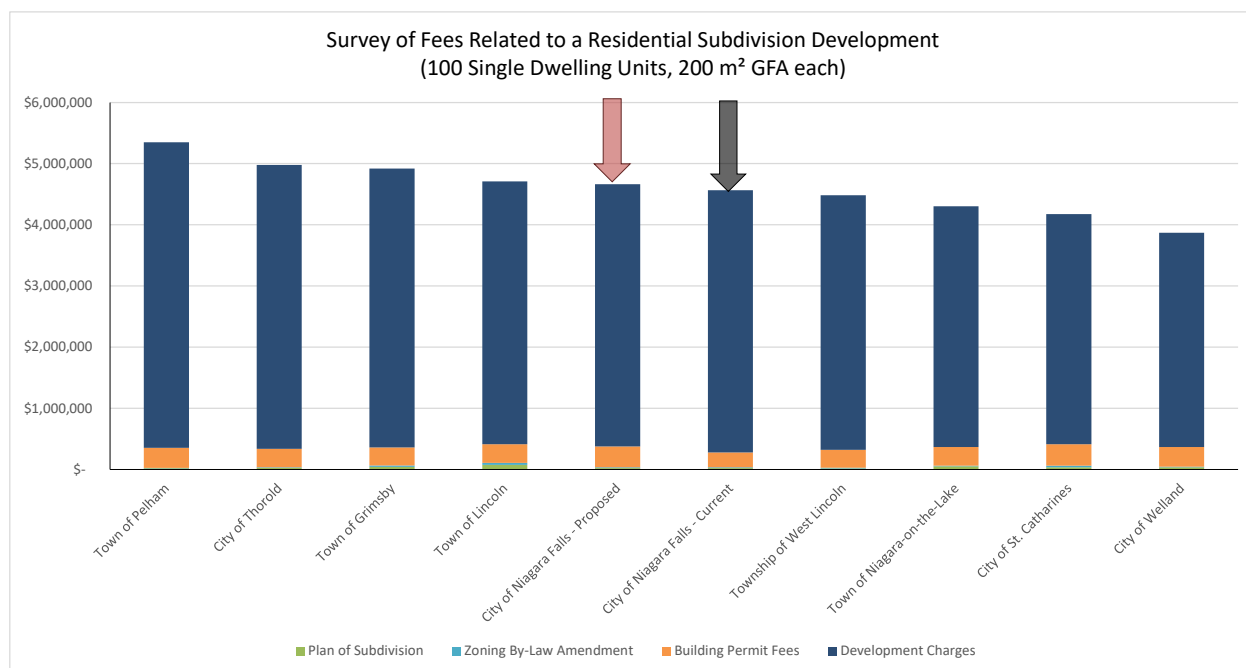


context for the fee considerations. In addition to providing the fee impacts for the City, the development impact analysis provides the comparisons for the same municipalities, within the Region as above.

The City's current development fees imposed on a 100-unit single detached residential subdivision that have been considered include zoning by-law amendment fees and subdivision application fees, building permit fees, and development charges. On a per unit basis, these fees currently total \$45,600. Building permit fees account for 5.1% of the total per unit fees imposed.

The recommended fees would increase the total fees payable by \$982 per unit or an increase of 2.1% in total development costs. With the proposed increases, the City's overall ranking would be unchanged at 5th in place relative to the nine other municipalities included in the survey and shown in Figure 3-8 below.

Figure 3-8
Survey of fees Related to a Low-Density Residential Development
(100-Unit Single Detached Units, 200 m² GFA each)





Chapter 4

Conclusion



4. Conclusion

Summarized in this technical report is the legislative context for the building permit fee review, the methodology undertaken, A.B.C. results and full cost of service, and fee structure recommendations. In developing the recommended fee structure, careful consideration was given to affordability, market competitiveness, and to the recent trends pertaining to building permit fees.

The full cost of administration and enforcement of the *Building Code* has been analyzed as well as current cost recovery levels and cost recovery levels based on the recommended fees. Furthermore, the impacts of the recommended fees would have on the City's building permit reserve fund have also been assessed. The fee recommendations have been made while having regard for applicant affordability, market competitiveness and compliance with the governing legislation.

Overall, based on these fee recommendations, average annual building permit fee revenue would increase by \$1.2 million or 37%, thereby reducing the burden on municipal taxes to fund these services and contributing to reserve funds to ensure future service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity.

The intent of the fees review is to provide the City with a recommended fee structure for Council's consideration to appropriately recover the service costs and contributions to reserve funds from benefiting parties. The City will ultimately determine the level of cost recovery and implementation strategy that is suitable for their objectives.