

5. BUILDING BY-LAW 2005-303 - UPDATE

RÈGLEMENT MUNICIPAL SUR LE BÂTIMENT (N^o 2005-303) – MISE À JOUR

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Repeal Building By-law 2005-303 and enact a new Building By-law, including the fees in Schedule “A”, as detailed in Document 1, effective June 18, 2014;**
- 2. Repeal old by-laws or portions thereof of former municipalities and townships that authorize the Chief Building Official to collect security deposits unrelated to the enforcement of the *Building Code Act*, as detailed in Document 2; and**
- 3. Authorize staff to finalize and to make minor amendments to the form of the By-law in Document 1.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. abroge le Règlement municipal sur le bâtiment (n^o 2005-303), y compris les droits à l'annexe A, et d'en adopter un nouveau, décrit au document 1, qui entrerait en vigueur le 18 juin 2014;**
- 2. abroge, en totalité ou en partie, les règlements municipaux d'anciennes municipalités ou d'anciens cantons qui autorisent le chef du service du bâtiment à recevoir des dépôts de garantie non liés à l'application de la Loi sur le code du bâtiment, comme l'explique le document 2;**
- 3. autorise le personnel à finaliser et à modifier légèrement la forme du règlement municipal au document 1.**

DOCUMENTATION / DOCUMENTATION

1. Deputy City Manager's report, Planning and Infrastructure, dated 20 May 2014 (ACS2014-PAI-PGM-0131).

Rapport de la directrice municipale adjointe, Urbanisme et Infrastructure, daté le 20 mai 2014 (ACS2014-PAI-PGM-0131).

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme**

**and Council
et au Conseil**

**May 20, 2014
20 mai 2014**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2014-PAI-PGM-0131

SUBJECT: Building By-law 2005-303 - Update

OBJET: Règlement municipal sur le bâtiment (n° 2005-303) – mise à jour

REPORT RECOMMENDATIONS

That Planning Committee recommend Council:

1. **Repeal Building By-law 2005-303 and enact a new Building By-law, including the fees in Schedule "A", as detailed in Document 1, effective June 18, 2014;**
2. **Repeal old by-laws or portions thereof of former municipalities and townships that authorize the Chief Building Official to collect security deposits unrelated to the enforcement of the *Building Code Act*, as detailed in Document 2; and**
3. **Authorize staff to finalize and to make minor amendments to the form of the By-law in Document 1.**

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil :

1. **d'abroger le Règlement municipal sur le bâtiment (n° 2005-303), y compris les droits à l'annexe A, et d'en adopter un nouveau, décrit au document 1, qui entrerait en vigueur le 18 juin 2014;**
2. **d'abroger, en totalité ou en partie, les règlements municipaux d'anciennes municipalités ou d'anciens cantons qui autorisent le chef du service du bâtiment à recevoir des dépôts de garantie non liés à l'application de la Loi sur le code du bâtiment, comme l'explique le document 2;**
3. **d'autoriser le personnel à finaliser et à modifier légèrement la forme du règlement municipal au document 1.**

EXECUTIVE SUMMARY

Assumption and Analysis

The current Building By-law was enacted July 1, 2005 to respond to the then significant changes to the *Building Code Act* and the Ontario Building Code. The *Act* and Code have been amended a number of times necessitating the review and update of the current By-law to best address new responsibilities, processes, standards, etc. Changes have been introduced to position the By-law and processes in line with ServiceOttawa eportal enhancements and EPaL (enterprise solution for permits and licenses) implementation for building permits in Q1 2015. Although the By-law changes are not

significant, for clarity and ease of reference, it is recommended that the current By-law be repealed and a new By-law be enacted.

The report does propose changes to building permit fees. Some new fees are required for new processes and class of permits, while other fees are slated for reduction based on the results of initiatives introduced in 2006 to improve service delivery, improved coordination of the allocation of the Branch's limited inspection resources and more recently, in line with changes introduced to the method of calculating building permit fees. A reduction of the building permit fee rate is recommended to further adjust the rate to better align revenues to match the cost of servicing building permits and enforce the *Act* and Code.

The new By-law reflects the following key improvements:

- Reduce some fees:
 - Building permit fee rate for projects that do not result in the creation of new Gross Floor Area – reduce by 8.33%.
 - Building permit fee for farm buildings – reduce by 8.33%.
 - Refundable Inspection Fee - reduce by 70% from current \$1000 per dwelling unit to \$300 per dwelling unit.
 - Request for Conditional Building Permit – levy only a flat fee.
 - Change of Use application – reduced from \$250 to \$80.00.
 - Plumbing permit only – flat rate of \$80.00.
- Introduce new fees:
 - For reviews of alternative solutions related to a permit application or permit based on the complexity of the proposed design, material, system.
 - Administrative surcharge where the owner commences construction or demolition without a permit. Currently, the By-law provides for a surcharge fee at 50% of the regular permit fees to a maximum amount, however, the formula does not always result in appropriate surcharges for certain illegal construction. Accordingly, the following have been added:
 - For Permit to Demolish where the building was located on property subject to the Demolition Control By-law 2012-377 - \$1000.

- For Permit to Demolish where the building was located on property subject to the Heritage Act - \$3000.
- For Partial Permit to Construct: 50% of permit fees calculated for the complete building for Partial Permit to Construct up to a maximum of \$5000 for each stage of construction.
- Establish a process for the review of alternative solutions to support new and innovative building designs, materials and systems.
- Establish a fee for the certification of master plans.
- Clarify submission requirements to facilitate the submission of complete applications.
- Clarify the provisions for construction fencing.
- Provision of refunds for the cancellation of building permit applications and clarification of the method for calculating refunds.
- The repeal of old by-laws or portions thereof (pre-amalgamation) requiring performance deposits unrelated to the *Building Code Act* activities be repealed.

Fees are set to ensure the costs related to servicing building permits and the enforcement of the *Building Code Act* and Code are fully recovered through fees. In essence, Branch operations must be revenue neutral and although the legislation does not require the municipality to adopt a cost accounting approach to each stream of expenditures, rather the legislation only requires the entire operation to be recovered through fees levied for this purpose, the Branch does align fees to cost recover directly from those who occasion the additional costs where possible.

Accordingly, some of the changes in this report will realign the assignment of costs to those who occasion the expenditures and will have minimal impact on the overall annual budget. Such assignment will introduce efficiencies thereby enabling better resource assignment for improving client service delivery. For example, the new fee for the certification of master plans will encourage the industry to submit only plans that they actually intend to market and construct rather than submit a slew of models that will not be sold or constructed.

The area of significant impact is the reduction of the fee rate based on the valuation of construction from \$12.00 per \$1000 in construction value to \$11.00. Based on construction activity for the last two years, if replicated in 2014 and subsequent years, total revenues from building permit fees will drop by \$450,000 in 2014 and by \$750,000 to \$1M commencing 2015. The drop in revenues will thereby bring revenues in line with expenditures.

Financial Implications

The proposed fee reductions will better align actual revenues with budgeted revenues.

Public Consultation/Input

Industry representatives, including members and the Executive Director of the Greater Ottawa Home Builders' Association, and members sitting on the Steering Committee and Building Code Liaison Sub-Committee were consulted. Some changes reflect comments provided by permit applicants and permit holders to the Building Code Services Branch in response to the Branch's Client Satisfaction Survey conducted in 2013 as well as individual discussions with industry and clients.

RÉSUMÉ

Hypothèse et analyse

Le *Règlement municipal sur le bâtiment* en vigueur a été adopté le 1^{er} juillet 2005 en réponse à d'importants changements apportés à la *Loi sur le code du bâtiment* et au *Code du bâtiment de l'Ontario*. Or, la Loi et le Code ont tous les deux été modifiés plusieurs fois depuis, d'où la nécessité de réviser et de mettre à jour le règlement municipal actuel en fonction des nouvelles responsabilités, procédures, normes, etc. Des changements ont donc été proposés pour harmoniser le règlement municipal et ses processus aux améliorations du portail électronique de ServiceOttawa ainsi qu'à l'intégration des permis de construire dans l'outil EPaL (permis et licences électroniques), au premier trimestre de 2015. Même s'il s'agit de modifications mineures, il est recommandé d'abroger le règlement municipal actuel et d'en adopter un nouveau, afin d'en faciliter la compréhension et la consultation.

Le rapport propose également d'apporter des changements aux frais des permis de construire. Certains frais s'ajoutent pour financer les nouveaux processus et types de permis. D'autres seront réduits en fonction des résultats d'initiatives visant l'amélioration de la prestation des services lancées en 2006, d'une meilleure répartition des ressources limitées de la Direction en matière d'inspection et, récemment, des changements apportés à la méthode de calcul des frais associés aux permis de construire. La réduction recommandée des frais de permis de construire permettrait d'harmoniser davantage les recettes aux coûts de traitement des permis de construire et d'appliquer la Loi et le Code.

Le nouveau règlement municipal reflèterait les améliorations principales suivantes.

- Réduction de certains frais :
 - permis de construire visant des projets qui n'entraînent pas la création d'une nouvelle surface de plancher hors œuvre brute (réduction de 8,33 %);
 - permis de construire visant des bâtiments agricoles (réduction de 8,33 %);
 - inspections remboursables (réduction de 70 %, les frais passent de 1 000 \$ par logement à 300 \$ par logement);
 - demandes de permis de construire conditionnels (imposition de frais fixes seulement);
 - demandes de changement d'utilisation (les frais passent de 250 \$ à 80 \$);
 - permis de travaux de plomberie seulement (frais fixes de 80 \$).
- Application de nouveaux frais :
 - examen des solutions de rechange en lien avec une demande de permis ou un permis, selon la complexité de la conception proposée, des matériaux et du système;
 - frais administratifs supplémentaires imposés aux propriétaires qui commencent des travaux de construction ou de démolition sans avoir obtenu de permis. À l'heure actuelle, le règlement municipal prévoit un supplément de 50 % des frais d'un permis ordinaire, jusqu'à concurrence d'un montant maximal. Cependant, la formule ne produit pas toujours des résultats adéquats pour certaines constructions illégales. Par conséquent, les frais suivants ont été ajoutés :

- pour les permis de démolir visant une propriété régie par le *Règlement sur le contrôle des démolitions* (n° 2012-377), 1 000 \$;
- pour les permis de démolir visant une propriété située sur un terrain assujéti à la *Loi sur le patrimoine de l'Ontario*, 3 000 \$;
- pour les permis de construire partiels, 50 % des frais d'un permis calculé pour la totalité du bâtiment, jusqu'à concurrence de 5 000 \$, pour chaque étape de construction.
- mise en œuvre d'un processus d'examen des solutions de rechange pour encourager la création de conceptions, de matériaux et de systèmes novateurs;
- application de nouveaux frais d'attestation de plans directeurs;
- clarification des critères de demande pour faciliter la présentation de demandes complètes;
- clarification des dispositions concernant la construction de clôtures;
- remboursement des demandes de permis de construire annulées et clarification de la méthode de calcul des remboursements;
- abrogation, en totalité ou en partie, des anciens règlements municipaux (avant la fusion) qui exigent des dépôts d'exécution non liés à la *Loi sur le code du bâtiment*.

Ces frais ont pour but de recouvrer complètement les coûts associés au traitement des permis de construire ainsi qu'à l'application de la *Loi sur le code du bâtiment* et du Code. En somme, les activités de la Direction ne doivent avoir aucune incidence sur les recettes. Cela dit, la loi n'oblige pas les municipalités à recourir à la comptabilité analytique pour chaque catégorie de dépense; elle exige seulement que tous les frais liés aux activités soient recouverts grâce aux frais imposés à cet effet, mais la Direction

recouvre en effet les coûts supplémentaires directement auprès de ceux qui en sont responsables, lorsque c'est possible.

Par conséquent, certains des changements recommandés dans le rapport réattribueront les coûts à ceux qui les ont entraînés et auront une incidence minime sur le budget annuel global. Cette réattribution permettra d'économiser et ainsi de mieux répartir les ressources afin d'améliorer la prestation de services à la clientèle. Par exemple, les nouveaux frais d'attestation des plans directeurs inciteront l'industrie à ne soumettre que les plans qui seront réellement mis sur le marché et réalisés, plutôt que de soumettre une panoplie de modèles qui ne seront jamais vendus ni réalisés.

La plus grande conséquence de ces mesures consiste en la réduction des frais en fonction de la valeur de la construction, qui ont passé de 12 \$ à 11 \$ par tranche de 1 000 \$. Si la tendance des activités de construction suivie au cours des deux dernières années se maintient en 2014 et dans les années suivantes, le revenu total généré par les frais de permis de construire baissera de 450 000 \$ en 2014, puis de 750 000 \$ à 1 million de dollars à compter de 2015, ce qui harmonisera les recettes aux dépenses.

Répercussions financières

Les réductions des droits proposées permettront une meilleure correspondance entre les recettes réelles et les recettes budgétées.

Consultation publique et commentaires

Des consultations ont été réalisées auprès de représentants de l'industrie, y compris des membres et le directeur général de la Greater Ottawa Home Builders Association ainsi que des membres siégeant au comité directeur et au sous-comité de liaison sur le *Code du bâtiment*. Certains des changements découlent des commentaires adressés par des demandeurs ou des détenteurs de permis à la Direction des services du *Code du bâtiment* en réponse au sondage sur la satisfaction de la clientèle réalisé par la direction en 2013, et lors des discussions individuelles avec les membres de l'industrie et les clients.

BACKGROUND

Section 7 of the *Building Code Act* authorizes municipalities to pass by-laws prescribing classes of permits, required minimum documentation in support of application for construction permits, fees, etc. The *Act* further assigns to the Chief Building Official, the responsibility to establish operating policies, procedures, etc for the administration and enforcement of the *Act*. Building By-laws clarify to applicants and permit holders the responsibilities and requirements that if adhered to facilitate the reviews and inspections and thus the enforcement of the *Act* and Code.

The current Building By-law was enacted July 1, 2005 to respond to the then significant changes to the *Building Code Act* and the Ontario Building Code. The *Act* and Code have been amended a number of times necessitating the review and update of the current By-law to best address new responsibilities, processes, standards, etc. Some new fees are required for new processes and class of permits, while other fees are slated for reduction based on the results of initiatives introduced in 2006 to improve service delivery, improved coordination of the allocation of the Branch's limited inspection resources and more recently, in line with changes introduced to the method of calculating building permit fees.

DISCUSSION

A number of changes to the *Building Code Act* and Ontario Building Code have been introduced since July 1, 2005. Also, consistent with the Building Code Services Branch goal of balancing its regulatory role and responsibilities with its focus of improved client services, the proposed changes reflect the on-going reviews and development of updates and changes to operating policies and procedures that are then reflected in the Building By-law.

Most recently, the Branch developed and City Council approved the new fee methodology for calculating building permit fees (refer to [ACS2012-PAI-PGM-0225](#)). The Branch also piloted and developed policies, procedures and a by-law for managing the remediation of buildings previously used for marijuana grow operations.

There is also a need to update the By-law provisions in advance of the ServiceOttawa portal enhancements and EPaL (enterprise solution for permits and licenses) implementation for building permits slated for 2015. The changes incorporated in the

new By-law will further improve clarity and efficiencies for both the Branch and clients, and lower building permit fees for renovations and refurbishment projects.

Recommendation 1

That Planning Committee recommend Council repeal Building By-law 2005-303 and enact a new Building By-law, as detailed in Document 1, effective June 18, 2014.

The following summarizes the changes proposed.

1. Fee adjustments

The Branch is recommending a number of fee adjustments that have been enabled partly due to initiatives introduced in 2006 and subsequently, to improved data and analysis of costs, and due to the continued robust construction activity levels. In some cases the Branch is recommending the lowering of fees while in other cases the Branch is recommending the establishment of specific user fees to ensure costs are assigned appropriately.

1.1 Building Permit Fee Rate

Commencing in 2013, Building Code Services Branch adopted a new methodology for calculating building permit fees. The purpose of the change (approved by City Council on 2012 October 24, refer to ACS2012-PAI-PGM-0225) was to align revenues to better reflect anticipated operating costs and provide for improved benchmarking with similar sized municipalities by switching to the same methodology. The Branch recommended fee rates that were considered conservative as a starting point with intent to review and adjust the fees, if necessary, after implementing these for a two year period. Although the two year mark is the end of 2014, the Branch is confident in recommending some adjustments earlier in order to further pass on savings to some permit holders.

Building permit fees are to be set to cost recover anticipated costs of servicing building permits and enforcement of the *Act* and Code. The fees for a building or demolition permit vary based on the building type, or based on square footage where the construction activity adds Gross Floor Area (GFA).

A review of the 2013 and part year 2014 revenues has identified that the fee rate based on a per \$1000 or part thereof of the estimated valuation of work for certain construction projects is generating more revenues than anticipated, and thus it is recommended that the fee rate for construction that is not creating new GFA be reduced from \$12.00 per \$1000 or part thereof of the estimated valuation of work to \$11.00 per \$1000 or part thereof of the estimated valuation of work. This represents an 8.33% reduction in fees.

The fee rate reduction will benefit applicants for the following types of projects that do not result in the creation of new GFA:

- Tenant fit ups (restaurants and businesses).
- Homeowner projects (interior alterations such as finishing a basement).
- Large refurbishment projects (such as the refurbishment of interior of the Parliament Buildings).

Farm buildings are pegged at 70% of the above rate and thus the fee rate for farm buildings would drop from \$8.40 per \$1000 or part thereof of the estimated valuation of work to \$7.70.

This reduction, based on the building permit activities of 2013 and on anticipated construction activities of 2014, will result in a drop of \$750,000 to \$1M in revenues annually and approximately \$450,000 in 2014 (reflects the mid-year implementation).

1.2 Refundable Inspection Fee

Where there is an opportunity to assign costs to those who occasion the costs specifically rather than to expect all applicants to shoulder the costs equally, the Branch will recommend a specific user fee. This has been effective in keeping operating costs in check and more importantly, allowing the Branch to meet legislative responsibilities with limited resources.

The Refundable Inspection Fee (RIF) was introduced in 2005 as an incentive for the owner / builder of residential construction (single detached units, semi-detached, and row house or townhouse units) to complete the

inspection process in a timelier manner and make more judicious use of the limited inspections resources. The fee is reimbursed once the final inspection is passed and the permit file is closed. There is a drawdown on the fee when a builder has called for an inspection prematurely (not ready) or failed to give proper notice of cancellation or has occasioned unnecessary repeat inspections.

The program has been successful in ensuring timely closure of the permit files. In fact, since the introduction of this program, over 80% of permit files are now closed within four years.

Proposed changes:

i. Lump sum deposits

Presently, larger builders have arranged at the discretion of the Chief Building Official, to provide a lump sum deposit in lieu of paying a RIF for each permit to construct a dwelling unit. However, the lump sum deposits cannot be tagged to specific permits and thus if any drawdowns are processed, the builder is not able to assign responsibility for the premature calls for inspection or no-shows, etc. In addition, it is difficult to provide timely reports to the builder setting out the status of deposit vs permits issued, vs inspections called, vs drawdowns. Research and preparation of such reports require an inordinate amount of time and resources and is not the most efficient use of limited resources.

Also, with the Branch migrating in 2015 to the new EPaL enterprise system and electronic applications, there is also a need to modify the program. The new enterprise system will enable detailed tracking of the status of the RIFs subject to these being tagged to specific permits and units (i.e., door to door RIF). The new system will enable on-going and timely tracking of RIFs and any drawdowns by the permit holder, a significant service improvement. This will only be possible if all RIFs are door to door.

Thus, the alternate lump sum payment of RIFs will be discontinued in order to streamline the tracking of RIFs and to provide clear, accurate and accessible

status of each RIF in relation to the specific permit and unit for the benefit of the permit holders and staff.

ii. Door to door RIF

In view of the cancellation of the lump sum option, and in recognition of the success of this program in lowering the number of open permit files (and number of final inspections not completed), it is proposed that the rate per unit be reduced from the current \$1000 per unit to \$300.00 per unit.

It is anticipated that this amount will provide sufficient incentive for permit holders to continue to manage their portfolios efficiently and provide notice of completion under Section 11 of the *Act*, while recognizing the successes and compliance that has been achieved.

This reduction of the deposit represents a 70% reduction, a significant benefit for builders of production homes.

iii. Dormant applications

Review of dormant applications has revealed that the Branch is holding close to \$200,000 in related RIFs. This liability and the migration to portal applications and the new EPaL are also necessitating a change in the processes to minimize this liability. It is proposed that the RIF be collected at the time of issuance as opposed to at the time of application submission as is the case presently. Thus, commencing with applications submitted June 18, 2014, RIFs will be collected only prior to the issuance of the building permit along with any outstanding development charges.

Implementation of changes

Following Council approval, the new rate will apply for building permit applications submitted by all applicants of residential buildings (singles, semis and row / town units) commencing June 18, 2014 and the Branch will refund the lump sum deposits to the permit holders who have submitted deposits in lieu of a RIF per unit. For applications submitted prior to June 18, 2014, the RIF amount will be reimbursed pursuant to the previous program as introduced in 2005.

These RIFs will be processed and reimbursed, less any drawdowns, over the next four years.

1.3 Request for a Conditional Building Permit

The fee for conditional building permits presently is a combination of a flat fee and a rate based on the value of construction. The fee is levied in addition to the regular permit application fee as it offsets additional costs associated with processing such requests and the preparation of agreements itemizing the conditions by which a permit is issued. It is recommended that only the flat fee be levied based on the type of building: \$300.00 for single detached units, semi-detached and row house units and a flat fee of \$900 for all other buildings/construction projects.

It is anticipated that the adjustment will result in a loss of approximately \$60,000 annually based on the number of conditional permits approved over the last five years.

1.4 Change of Use permit application

It is recommended that the current fee of \$250.00 be reduced to \$80.00, the minimum fee rate for other applications. Change of Use applications are infrequent and thus it is anticipated that the impact of the adjustment will be nominal.

1.5 Minimum administrative surcharge fee

The administrative surcharge is levied in addition to the regular permit fee (paid at the time of application) when a builder commences construction or demolition without a building permit. The additional fee is collected at the time of the issuance of the permit and is set to recover the associated additional costs incurred in bringing the illegal construction into compliance, including court action.

The current provision sets the surcharge at 50% of the regular permit fee with an upset limit of \$10,000. In practice, this formula does not always yield an appropriate surcharge in all cases, particularly with regards to cases where an owner of a low rise dwelling unit or heritage building proceeds to

demolish the unit or building without the requisite approvals under the Demolition Control By-law or the *Heritage Act*, as applicable, and without a demolition permit. In these instances, the surcharge amounts to \$50.00 in addition to the regular \$100 flat minimum fee, which does not cover the additional costs incurred to bring the owner into compliance.

Thus changes to the method of calculating the surcharge have been introduced based on the following scenarios:

- For Permit to Demolish where the building was located on property subject to the Demolition Control By-law 2012-377: \$1000.
- For Permit to Demolish where the building was located on property subject to the Heritage Act: \$3000.
- For Partial Permit to Construct: 50% of permit fees calculated for the complete building for Partial Permit to Construct up to a maximum of \$5000 for each stage of construction.
- For a regular Permit to Construct: 50% of permit fees calculated for a regular Permit to Construct up to a maximum of \$10,000.

1.6) Plumbing

It is proposed to levy a flat fee rather than \$10.00 per fixture with a minimum fee of \$80.00. Most of these permits are the minimum flat rate of \$80.00. A flat fee will simplify calculations.

4. Establish a process and fee for the review of alternative solutions

In 2006, the *Act* was amended to support innovative building designs, materials and systems by assigning to the Chief Building Official, the authority to review and approve these for specific construction projects for which a building permit is being sought, if deemed by the Chief Building Official to be as “as good as” the designs, building systems and materials specifically prescribed in the Building Code.

This new responsibility has required municipalities to explore how best to review such applications without having to create engineering labs to evaluate proposals. Building Code Services opted to pilot processes to determine the best way to review proposals

for innovative construction as part of the building permit review while assessing the risk exposure to liability should the municipality accept the innovations.

The Branch has identified submission requirements, developed a review process, and identified the average costs for reviewing and assessing alternative solutions. In addition, a flat fee based on the complexity of the proposal is proposed. Specifically, there will be two different non-refundable fees, \$300 for simple and repeat proposals and \$750 for complex proposals. In addition to the \$750 fee for complex proposals, the applicant will be required to cover third party evaluation costs where a professional consultant is retained by the City to undertake a review of the proposal and prepare a report for the Chief Building Official. The requirement for a third party evaluation will be determined by the Chief Building Official following preliminary discussions with the applicant.

This approach of levying a flat fee and invoicing any additional costs over and above the flat fee will ensure the applicant is covering the additional costs unique to their project as opposed to having the additional costs offset and subsidized by all other permit applicants.

Building Code Services receives between 50 - 75 such applications annually and thus the financial impact of this new fee will not be significant in terms of year end projections, particularly, in view of the fact that a portion of the fees may be offsetting third party or peer reviews.

5. Establish a fee for the review and certification of master plans

Home builders of new subdivisions submit a series of plans for production homes for each phase of subdivision or new subdivision. These are typically referred to as Model A, Model B, Model C, etc. With a view of streamlining processes and expediting plan reviews, the Building Code Services Branch developed a process where production home builders were able to pre-establish their models as Code compliant. This enabled a faster turnaround time when applications for building permits were subsequently submitted as with the certified master plan, the only reviews left to be completed were those related to applicable law (*Zoning By-law, Conservation Act, etc.*) and grading.

A flat fee of \$80.00 for the certification of a master plan is being introduced (in addition to the eventual permit fee when a building permit is sought for actual construction of a

building) to ensure plans that have been pre-determined as compliant are not repeatedly amended, requiring further reviews which escalate costs, or to ensure the submissions are not purely speculative. By assigning a fee for the review and approval of a master plan, the quality of submissions will improve and only plans for buildings that will be built have been submitted and the costs associated with multiple reviews or reviews of plans for models that are never actually sold and built, will be allocated to the applicant occasioning the costs rather than being offset by all other applications of building permits.

The financial impact of this new fee will not be significant in terms of year over year projections, as the number of times a builder submits new models as compared to all the other permit applications is small. The new fee serves to ensure limited resources are properly accessed.

6. Clarification of the provisions for construction fencing

Fencing requirements have been clarified to ensure permit holders clearly understand the City's expectations for fencing construction sites, particularly in the urban areas of the city. The enhancements are not significant in the sense that the industry must make significant adjustments. Clarifying the expectations in the Building By-law will ensure that the projects are properly secured from the outset of construction and not in reaction to the community alerting the City of the unsafe condition.

7. General improvements to the Building By-law

A number of changes have been introduced to the new Building By-law to ensure clarity and effectiveness, correct syntax, etc.

In addition, submission requirements have been clarified in support of the efficient allocation of limited resources and of meeting the mandatory turnaround times set out in the Building Code. The submission requirements for an application for authorization of an alternative solution as well as those related to electronic submission of permit applications (in addition to electronic submission of building permits for production homes), once the EPaL enterprise system is launched in 2015 to enable electronic submissions of more types of building permit applications are two such examples.

The previous by-law provided for the transfer of a permit only. The new By-law provides for the transfer of an application as well. The previous by-law did not provide for refund provisions for the cancellation and withdrawal of applications. The new By-law will provide such and will outline how the refund of the fees is calculated. Finally, a section that resulted in the forfeiture of fees, where despite the provision of a notice to the applicant that their application was deemed to be abandoned, no action or response ensued and two years had elapsed, has been deleted. This provision has not been triggered to date in view of the higher revenues generated due to the peak construction activities and for some applications, the large fee amounts. The new cancellation provisions provide for a written notice, the calculation of the refund based on costs incurred by the Branch (reviews and inspections) and who will receive the refund, a practice considered more appropriate and reflective of client-centric approach, improved service delivery, transparency and accountability.

Implementation

It is recommended that the new Building By-law will take effect on June 18, 2014. Although a delay of two – three months may assist in a smooth transition between the old and new By-law, an earlier implementation date will benefit property owners and the industry as the lower fees will result in savings for the applicants.

Recommendation 2

It is recommended that old pre-amalgamation by-laws that required a permit holder to submit performance deposits for activities unrelated to the enforcement of the *Building Code Act* be repealed and that the practice of collecting these deposits be immediately discontinued. It is noted that in 2001, most of provisions in these by-laws, except for the sections relating to the performance deposits were repealed. The remnant provisions which require the collection of deposits for properties located in the former townships of Cumberland and Osgoode as well as the former City of Gloucester, are no longer appropriate. The listing of by-laws or provisions of by-laws to be repealed is outlined in Document 2.

RURAL IMPLICATIONS

Construction of farm buildings will benefit from the reduced building permit fee rate.

CONSULTATION

Industry representatives, including members and the Executive Director of the Greater Ottawa Home Builders' Association, and members sitting on the Steering Committee and Building Code Liaison Sub-Committee were consulted. Some changes reflect comments provided in 2013 by permit applicant and permit holders to the Building Code Services Branch in response to the Branch's Client Satisfaction Survey as well as individual discussions with industry and clients.

COMMENTS BY THE WARD COUNCILLOR

This is a City-wide report – not applicable.

LEGAL IMPLICATIONS

There are no legal impediments with respect to implementing the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

Estimating building permit revenues is difficult as the fees vary project to project and the mix of construction work varies year to year. Construction is an activity that is driven by external factors that are not controlled by the City. The economy is the biggest influence and thus, revenues may be higher in one year due to an unusual number of large projects or lower if most projects entail renovations.

The fee rates have been adjusted to improve cost allocation and to avoid collecting year over year surpluses. However, due to the mix of construction there is a risk that revenues may drop by more than anticipated. Therefore, the Building Code Services Branch proposes that any deficit experienced be offset by the Building Code Enforcement Revenue Stabilization Reserve Fund in the short term and that if fees require upward adjustments, that these be brought forward as necessary.

FINANCIAL IMPLICATIONS

A fee schedule with the current and proposed fees is in Document 3 – User Fees. The proposed fee reductions will better align actual revenues with budgeted revenues.

ACCESSIBILITY IMPACTS

There are no direct accessibility implications associated with the report recommendation.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the report recommendation.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report is consistent with the City's strategic priorities, strategic objectives and strategic initiatives that are to be achieved during the Term of Council, facilitating and improving operational performance, delivering municipal services to Ottawa residents.

- SE1 Provide consistent and high-quality information and services to residents, visitors and enterprises and improve clients' interactions with the City by ensuring services are timely and coordinated, easy to find and access, and delivered in a way that respects residents' needs.
- SE2 Improve the effectiveness and efficiency of service delivery to reach targets that have been approved by Council and communicated to residents and staff.

Strategic Priority: Governance, Planning and Decision Making

Achieve measurable improvement in residents' level of trust in how the City is governed and managed, apply a sustainability lens to decision-making, and create a governance model that compares well to best-in-class cities around the world.

- GP1 Put into place business practices that are democratic, engaging and visible by encouraging citizens to participate in decision-making and community life, by informing them in a timely manner of decisions that affect them, and by providing reasons for decisions.
- GP2 Integrate planning and performance processes at the City to strengthen decision-making, improve transparency and accountability, align operations with Council

priorities, enhance governance, and improve local decision-making while allowing Council and City management to focus on citywide challenges.

SUPPORTING DOCUMENTATION

Document 1 Building By-law 2014 *(previously distributed to all Members of Council and held on file with the City Clerk)*

Document 2 List of By-laws to be Repealed

Document 3 User Fees *(previously distributed to all members of Council and held on file with the City Clerk)*

DISPOSITION

City Solicitor to prepare the new Building By-law, including the fee schedule and the by-laws to repeal by-laws of the former municipalities or portions thereof, for the enactment by Council.

Building Code Services Branch of the Planning and Growth Management Department to implement all other recommendations and initiatives set out in this report.

Document 2 – List of By-laws to be Repealed

By-laws to be repealed:

The following by-laws or sections are hereby repealed:

1. By-law 66-92 of the Corporation of the Township of Cumberland in the Regional Municipality of Ottawa-Carleton being a By-law Respecting Tariff of Fees;
2. By-law 67-92 of the Corporation of the Township of Cumberland in the Regional Municipality of Ottawa-Carleton being a By-law Respecting Building Permits and Inspections;
3. By-law No 120 of 1995 of the Corporation of the City of Gloucester; and
4. By-law 96-1981 of the former Township of Osgoode.