

EXAMINATION OF RECENT REFORMS TO THE BUILDING CODE ACT AND THE BUILDING PERMIT PROCESS IN THE GTA

Residential and Civil Construction
Alliance of Ontario



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Constructing Ontario's Future

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EXECUTIVE SUMMARY

This report examines how the recent reforms to the *Building Code Act* (the *Act*) in Ontario (through Bill 124) have affected the way both the construction industry and municipalities participate in the building permit process. The study has three aims:

- to describe the manner in which municipalities in and around the GTA undertake construction plan reviews and inspections of buildings;
- to identify practices which municipalities and builders could adopt to further streamline and improve the permit process, and;
- to identify how inefficient practices in the building construction process affect both municipalities and builders.

Based on the research undertaken for this report the following conclusions can be reached:

1. There Has Generally Been No Significant Streamlining Of The Building Permit Process

- The business model under which most GTA municipalities staff their building departments – based on the peak period demand levels – is costly and inefficient. However, the past municipal practice of accumulating a backlog of applications in periods of high activity and working to reduce the backlog in periods of low activity is no longer feasible given the legislated time-frames that require a consistent level of service for all applications to be maintained.
- The rise and fall of construction activity affects all municipalities in the GTA. For this reason, qualified full-time staff are in short supply across the GTA during construction booms. In slower periods staff workloads are likely to drop considerably. Synchronizing staffing levels with economic and seasonal fluctuations in building activity is a difficult challenge especially within the municipal employee contract environment.

- There are no comprehensive measures of municipal performance with respect to permit processing. The Toronto Area Chief Building Officials Committee (TACBOC) does collect some related statistics and they were made available for this study. However, the statistics are not readily available to the public nor does TACBOC currently measure municipal performance with respect to processing time-frames.
- Notwithstanding the lack of statistics, it is clear that meeting the legislated time-frames for making decisions on permits remains a challenge for many GTA building departments. Resource reallocation and investments in staff and resources have improved processing times in some municipalities. However, few if any municipalities are meeting all of the prescribed time-frames for complete applications.
- It is essentially impossible for municipalities to meet the 30 day time-frame for making decisions on permits for complex buildings. As a result, ad-hoc arrangements have been developed between municipalities and builders for dealing with permits relating to such buildings. While some builders accept this arrangement it is not a satisfactory situation since it can cause unpredictable delays in construction schedules.

2. Legislative Tools For Mitigating High Permit Volumes Are Not Being Used

- Of the proposed Bill 124 reforms, the provision of Registered Code Agencies (RCAs) was among the more innovative. However, for the most part RCAs are not being utilized by municipalities in the GTA. Chief Building Officials (CBOs) claim there are significant administrative and liability issues with using RCAs. However, these concerns have not been tested.

3. Municipal Practices Contribute To Inefficiencies In The Permit Processing System

- Some municipalities offer a two stream permit application process one of which requires applicants to waive the obligation to process permits within mandatory time-frames. This undermines the spirit of the Bill 124 legislation and, if practiced widely, may result in delays becoming the norm rather than the exception. Moreover, it may lead to builders feeling pressured to forgo the right to timely processing of a permit application.

- A number of CBOs are of the view that it is a small minority of builders who are responsible for a disproportionate share of Building Code infractions and corresponding staff workload. Unfortunately, efforts to encourage proper building practices often fail to reach the builders that have the greatest need to improve. Also, fines for infractions do not reflect the full cost of the additional reviews or inspection work involved. Thus, responsible builders are in effect subsidizing municipal efforts to deal with Code violations.

4. A Significant Portion Of Permit Fee Revenues Are Now Placed In Reserve Funds

- Under the new full cost recovery regime that the Act imposes, many municipalities chosen to increase building permit fee reserve funds to stabilize revenue in periods of low building activity. While it is argued that these reserve funds are to be used to fund additional costs required in periods of high activity or shortfalls during downturns, these marginal costs could be offset by increasing fees if and when the need arises.
- Builders are not generally aware that a portion of their permit fees is being used to build a reserve fund to cover costs during market downturns. This practice is not being communicated through municipal outreach programs or in the fee schedules themselves. In some jurisdictions outside Ontario the reserve fund portion of a fee is identified as a separate surcharge; when the reserve fund is capped the surcharge is removed and the overall fee rate reduced. This practice is not being employed in the GTA.

5. Some Builder Practices Contribute To Permit Processing Inefficiencies

- Many builders are insufficiently aware of what is required for a complete application and do not take enough time to manage the application through the permit process. The submission of complete applications and timely responses to municipal requests for information or for clarification considerably increases the probability of approval in a timely manner. It is in the interest of both parties to resolve problems with applications early in the process.

- Many municipalities would like to see more builders ensure that sites are ready for inspection on time and that qualified supervisors are present to meet with inspectors. The roles and responsibilities of builders in the site inspection process are not set out clearly in either the *Act* or the Ontario Building Code.
- Builders generally acknowledge that many site supervisors do not fully understand the requirements of the Building Code. Municipalities claim that under-experienced and underqualified site supervisors slow down the site inspection process. The Building Regulatory Reform Advisory Group (BRRAG) report made recommendations on licensing and certification of site supervisors but these have not been implemented. While the *Act* imposes examination requirements on building officials, the legislation places no requirements on builders and designers.

Given the above conclusions the following recommendations for municipalities and the Province are made:

- Municipalities should make use of RCAs as a realistic way of avoiding permit bottlenecks caused by seasonal and long term fluctuations in building activity. RCAs have been shown to work effectively in other jurisdictions and RCA services are currently available in the GTA.
- Although the *Act* provides the legislative framework to enable RCAs to function in Ontario, provincial clarification is required in order to address municipal concerns about liability.
- Municipalities need to adopt a coordinated and consistent approach to construction plans submitted by professional engineers and architects. This would have a streamlining effect on the plans review process. The Province and/or the Building Advisory Council need to provide guidance to municipalities in this respect.
- Comprehensive municipal performance measures with respect to the building permit process should be publicly available. Performance measures could be used to assess which municipal practices are effective in delivering Building Code services. Data should be collected and maintained by an independent body, perhaps the Building Advisory Council (BAC).

- GTA Chief Building Officials need to take coordinated steps to communicate the roles and responsibilities of municipalities and builders in the building permit process and to provide clear guidelines on what is required in order to expedite the issuance of a permit.

Streamlining the permit process also depends upon builders making improvements. In this respect:

- The most straightforward mechanism for ensuring that permits are issued in a timely manner is for builders to increase their efforts to understand what is required to submit a permit application and to ensure that applications are 'complete'.
- Notwithstanding that there are no mandatory requirements, builders should improve efforts to ensure that site supervisors are adequately trained in Building Code matters.

I INTRODUCTION

It is widely acknowledged that the construction industry is a major component of Ontario's economy. The industry provides thousands of well paying jobs and generates many millions in tax revenues. It delivers the housing for Ontario's rapidly growing population and the non-residential space that is required to accommodate the expanding employment base. In recent years demand for new building space has been high. As a result, construction activity has risen dramatically, especially in the Greater Toronto Area (GTA) where growth has been most pronounced.

The responsibility for ensuring that buildings are constructed safely rests in large part with municipal governments. Municipalities review construction plans, inspect buildings, and enforce the standards set out in the *Building Code Act* (the *Act*) and the Ontario Building Code. For many municipalities, especially those experiencing high levels of growth, the challenge of delivering these services efficiently is substantial.

Recent reforms to the *Act* and Building Code brought about by Bill 124 have affected the way both the construction industry and municipalities participate in the building process. However, concerns have been raised by both groups about aspects of the new legislation, particularly the effect it has had on the time taken to issue building permits. To better understand these concerns the Residential and Civil Construction Alliance of Ontario (RCCAO) has commissioned a study of what changes have been made since the reforms and what practices could help streamline the permit process. Hemson Consulting Ltd. was retained to undertake the study.

The study has three aims:

- to describe the manner in which municipalities in and around the GTA undertake construction plan reviews and building inspections;
- to identify practices which municipalities and builders could adopt to further streamline and improve the permit process; and,
- to identify how inefficient practices during the permit application and building construction process affect both municipalities and builders.

This report is structured as follows:

Section II provides a background to Bill 124 and its effects on the building permit process.

Section III summarizes the building permit process and describes how municipalities in the GTA are currently administering the Building Code.

Section IV provides an evaluation of current practices and makes recommendations for further improving and streamlining the permit process.

The conclusions in the report are the result of a broad survey of municipalities in and around the GTA. The survey included, but was not limited to:

- a review of municipal documents, including staff reports to Council, reports on building permit activity, financial information returns, municipal by-laws, website material, and full cost recovery/rate setting studies;
- a questionnaire sent to all municipalities in the GTA;
- telephone, e-mail, and face to face interviews with a number of municipal organizations, chief building officials, plans reviewers and inspection staff;
- interviews with a number of representatives of the building and development industry, and;
- a broad survey of municipal involvement in building regulation outside the GTA and Ontario.

It is important to acknowledge the time and effort provided by a number of Chief Building Officials, municipal staff, and construction industry representatives during the course of this study. It should be noted that no attempt has been made to rank municipal performance.

II BACKGROUND TO BILL 124

This report examines how municipalities in and around the GTA have implemented Bill 124. It also evaluates the changes that municipalities have made to the building permit process with a view to determining which practices have succeeded with streamlining and accountability. In addition, the report demonstrates how some GTA municipalities have been able to meet the new statutory requirements while at the same time cutting costs. The effects of an inefficient permit process on municipalities and the building industry is also discussed.

It should be noted that the focus of this report is restricted to one part of a larger process of government regulation of the building and development industry. In this regard, municipal approvals of development applications under the *Planning Act* can take many months, even years, and often overlap with the building permit process. Fire Code inspections of new buildings are undertaken over and above Building Code inspections but do not come under the remit of the Bill 124 reforms. Thus, while municipal interaction with builders and developers is wide ranging, the focus of this report is on the regulatory role municipalities play in the building permit process only.

A. OBLIGATIONS OF BOTH MUNICIPALITIES AND BUILDERS UNDER THE BUILDING CODE ACT HAVE CHANGED

In 2000, building on previous reviews of the building regulatory regime in Ontario through initiatives such as the One Window Initiative and Red Tape Commission, the Minister of Municipal Affairs and Housing established the Building Regulatory Reform Advisory Group (BRRAG) to review and propose revisions to the *Building Code Act*. BRRAG submitted a report recommending a package of reforms designed to improve safety standards, streamline the building approval process, and increase municipal accountability. Given the integrated nature of the reforms the report recommended that the package be implemented in its entirety. Subsequently through Bill 124 some, but not all, of the proposed reforms were incorporated into the Act. The amendments to the legislation were phased in over the three years 2003 to 2006. The reformed legislation is now in force in its entirety.

The Bill 124 reforms have changed the obligations of both builders and municipalities in the building permit and inspection process. The reforms impose stringent

qualification requirements on ‘designers’, i.e. those professionals who submit design plans for review by municipalities. They also require that builders submit ‘complete’ applications for building permits. The reforms that have most affected municipalities relate to streamlining the permit approval and inspection process and to accountability. They can be summarized as follows:

1. Streamlining

- mandatory examinations on the Building Code for municipal building officials;
- mandatory time limits for decisions on applications for building permits and for site inspections;
- standardized building permit application forms;
- the option to contract out plans reviews and inspections to external Registered Code Agencies (RCAs).

2. Accountability

- requirement that building permit fees be set on a ‘cost recovery’ basis;
- introduction of a public process regarding fee setting;
- requirement for annual reports on fees and costs.

A Provincially appointed Building Advisory Council (BAC) was established in 2006 in part to monitor the effects of the new legislation. In February 2007, the BAC issued its first report on how the construction industry and municipalities are implementing the changes. The report includes recommendations on the definition of a ‘complete application’ under the Act for the purpose of clarifying how the mandatory time-frames are to be administered.

B. MUNICIPALITIES HAVE REACTED TO THE NEW REGIME IN DIFFERENT WAYS

The Bill 124 reforms apply uniformly to all municipalities in southern Ontario (municipalities in northern Ontario were treated separately). However, the new legislation has affected individual municipalities in very different ways. This is particularly true in the GTA where the unique conditions of each municipality influence how they carry out their responsibilities under the Act, whether it be the pace of building activity, the range and complexity of construction projects, or specific policies relating to municipal organization, service delivery, and user fees.

Two examples serve to illustrate this range. The City of Toronto, with a population of 2.7 million, processes more than 33,000 permit applications per year and has more than 400 full time Building Code staff, including almost 140 building inspectors. Many staff members are highly specialized as the City oversees a wide range of construction projects, from backyard decks to complex residential, institutional and manufacturing facilities. Because of the large volume and the complexity of the projects it has to deal with the City needs a large and sophisticated Building Division.

In contrast, the Township of Scugog, situated at the eastern edge of the GTA, and with a population of 21,000, processes about 400 permit applications per year, with a full time equivalent staff complement of three, of which two are building inspectors. The construction of a complex non-residential building would be unusual in the Township and would probably command the full attention of building staff and resources for some time. Builders and building officials in Scugog are often on first name terms and the permit process, while no less rigorous, is more informal. Given such contrasting conditions, implementation of the Bill 124 reforms has presented entirely different challenges to each municipality, even though the size of the challenges remains proportionately similar.

More generally, municipalities have not been equally affected by Bill 124. Indeed, some municipalities claim not to have been affected by the legislation at all because their practices already conformed to the new standards. However, for the majority of municipalities the new rules did require changes, sometimes quite significant. In general terms:

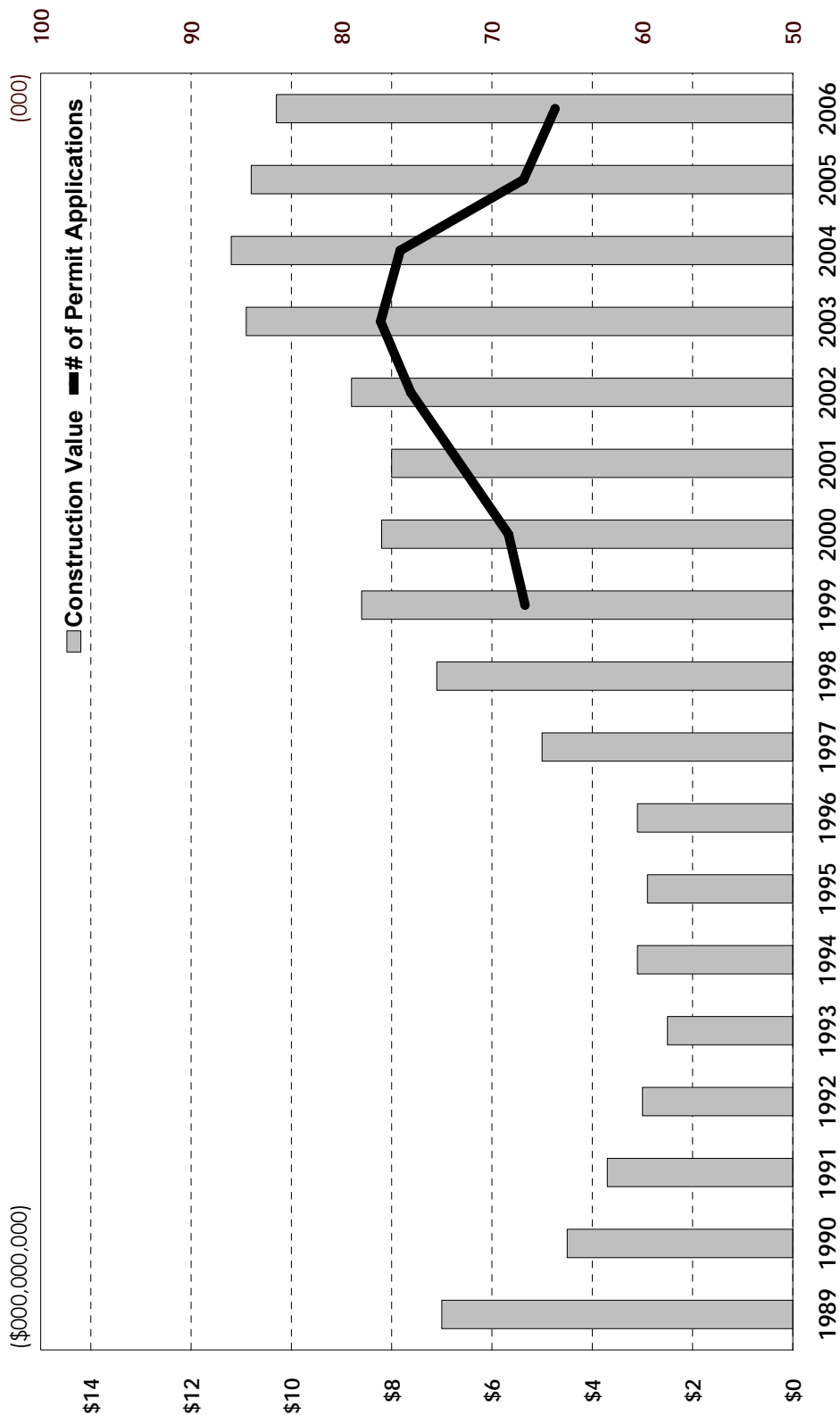
- the mandatory examination requirements have led many GTA municipalities during and after 2004 to invest heavily in training courses for their building officials.
- for municipalities that were not already meeting the statutory time limits for processing permit applications, staff roles and responsibilities had to be reorganized. In some cases temporary staff were hired to expedite application backlogs. In other cases new plans examiners were hired so that plans reviews could be accelerated. To meet the legislative requirements the City of Toronto had to hire more than 40 new full-time equivalent staff. The City also implemented new procedures for fast-tracking certain types of residential and commercial permits and for pre-screening applications.

- very few municipalities had to hire new building inspectors as a direct result of Bill 124 because the time limits for inspections imposed by the legislation were already being achieved. However, several municipalities have made significant investments in technology to improve the building inspection process.
- many municipalities have undertaken studies of the cost of providing Building Code services in order to establish full cost recovery fee rates as prescribed by the Act and to fulfill annual reporting obligations. These studies have often been conducted in the context of a wider analysis of planning and development fees.
- in order to stabilize revenues in years of slow building activity, a number of municipalities have either established building permit fee reserve funds, or have revised existing reserve fund policies.

According to most municipal building officials in the GTA, implementation of the changes has been difficult. Complicating factors have been the introduction of an updated Building Code and the concurrent construction boom. As Exhibit 1 overleaf demonstrates, municipalities in the GTA were at their busiest in 2003 and 2004 just as they were preparing to implement the Bill 124 reforms. The exhibit provides the total value of building construction and total number of permit applications in the ten largest GTA municipalities from 1999 to 2007.

Few municipal building officials consider that Bill 124 has enabled the building permit process to be streamlined. Indeed, many officials are of the opinion that municipal workloads and the bureaucracy associated with processing permits has increased since the legislation took effect. Whether this is the result of short term adjustments required to implement the reforms or a more systemic issue is examined in Sections II and III.

EXHIBIT 1
GTA DEVELOPMENT ACTIVITY
10 LARGEST MUNICIPALITIES
1989 - 2006



Source: Hemson Consulting Ltd. based on Statistics Canada Data and Toronto Area Chief Building Officials Committee (TACBOC) surveys 1999 - 2006.
 Municipalities include 10 largest by construction value in 2007: Toronto, Brampton, Vaughan, Mississauga, Markham, Oakville, Burlington, Oshawa, Richmond Hill, and Ajax.
 Note: All values in unadjusted dollars. 2001 data for total number of applications is unavailable.

III CURRENT BUILDING PERMIT PROCESS IN GTA

This section describes the building permit process and the various ways that GTA municipalities carry out their responsibilities under the *Act* and the Building Code. Municipal approaches to staffing, customer service, permit application reviews, site inspections, and user fees, are discussed.

A. STAFF

Administering the *Act* and the Building Code is labour intensive. In addition to building officials, the process of reviewing applications and inspecting buildings can involve a number of staff in other municipal departments. Payroll costs usually account for anywhere between 60 per cent and 75 per cent of the total cost of providing Building Code services.¹ Maintaining a reasonable match between the number of applications and staff levels and work rates is therefore key to delivering services effectively and efficiently.

1. Staff Levels

Although municipalities are permitted under the *Act* to provide Building Code services jointly, either with other municipalities or with external Registered Code Agencies, municipalities in the GTA manage the permit process using their own staff and resources almost exclusively.

The *Act* requires that municipalities appoint a Chief Building Official (CBO) to be responsible for enforcing the *Act* and the Building Code within the jurisdiction of the municipality. The CBO's powers and duties in this regard are prescribed by the *Act* and by a companion code of conduct. Nevertheless, considerable discretion is given to CBOs to establish policies and practices to ensure the legislation is enforced.

In addition to the CBO, GTA building departments typically comprise a number of other specialized staff:

¹ This estimate is based on a survey of municipal annual permit fee reports and full cost recovery fee studies. The variation can be explained by differences between municipalities and the ways they deliver services (mileage and vehicles costs can be higher in municipalities where site inspectors have to travel large distances) as well as in the ways in which costs, particularly indirect costs, of providing services are allocated.

Plans Examiners — who review building plans and designs to ensure they comply with the requirements of the Act and Building Code. Plans examiners are required to undergo exams and certification as a result of Bill 124.

Building Inspectors — who inspect buildings at various intervals during the construction process to ensure that the standards established by the Building Code are adhered to. In larger municipalities inspectors are highly specialized, for example in heating systems or plumbing systems. As with plans examiners, building inspectors are required under the Bill 124 reforms to take regular exams to demonstrate their knowledge of the Building Code.

Clerical Staff — who assist with processing applications, collecting application fees, and managing archives. There are no requirements for clerical staff to undergo professional exams.

Contract Staff — who are hired on a temporary basis and can be used to conduct the full range of municipal services including, if they are qualified, plans reviews and inspections. A number of GTA municipalities hire contract staff and summer students to assist with the additional workload during peak periods of construction. However, it is rare for municipalities to hire contract staff for any work that requires plans reviews and inspections.

Other Municipal Staff — usually planners, engineers, public works officials, by-law enforcement officers, and/or fire department staff, who are involved at specific points in the review and inspection process. The extent of their involvement varies greatly from municipality to municipality.

Since the passage of Bill 124, most municipalities have sought to maintain sufficient staff to deal with periods of highest building activity, when the number of permit applications peaks. The management of staffing levels can be a challenge for municipalities for the following reasons:

- The Bill 124 reforms require that a consistent level of service be maintained for all permit applications. In the past, municipalities would often accumulate a backlog of permits during periods of high building activity and reduce the backlog during periods of slow growth. This practice is no longer permitted though there are instances where backlogs remain.
- Building permit activity across the GTA fluctuates seasonally and from year to year. Moreover, future levels of activity are difficult to predict. Given the uncertainties about permit volume and the strict time-frames within which they have to respond municipalities take a conservative approach to staffing by ensuring they are not understaffed.

- Given the limited assistance contract staff can provide, full-time staff are preferred by municipalities. However, permanent full-time staff cannot be hired or let go on short notice.
- In periods of high construction activity shortages of qualified plans examiners and inspectors develop as municipalities try to cope with the increased number of permit applications.

2. Staff Workloads

The building permit review process in GTA municipalities can result in overworked staff during periods of high building activity and relatively low workloads during slow growth periods. Even municipalities with fairly stable annual levels of construction activity experience substantial seasonal swings with high workloads in the building season and low workloads during slower months.

A comparison of municipal permit application workloads in several of the larger municipalities in the GTA, using data provided by municipalities to the Toronto Area Chief Building Officials Committee (TACBOC), is provided in Tables 2.1 to 2.5. Tables 2.1 and 2.2 show the average number of permit applications processed per staff member and per inspector. These tables demonstrate how workloads in municipalities vary significantly from year to year as building activity rises and falls. In Ajax the number of permit applications per staff member decreased from 244 in 2005 to 139 in 2006 as the municipality added four full time equivalent staff members and the volume of permit applications decreased by 20 per cent. Despite this decrease in volume, by this measure building staff in Ajax have the highest workload of any large municipality in the GTA. The tables also demonstrate that, by both measures, the average permit workload in the GTA has decreased since the introduction of Bill 124.

The measures of workload used in Tables 2.1 and 2.2 do not account for the range of application types received by different municipalities. High per staff workloads prevalent in municipalities which are experiencing high levels of new residential construction (Whitby, Brampton, or Vaughan for example) may reflect the comparative ease with which permits for new housing units, especially in large subdivisions, can be processed. More mature municipalities like Toronto or Oakville often have to deal with more complex residential permit applications relating to conversions or infill projects. Municipalities such as Mississauga can receive a higher proportion of permit applications that relate to large non-residential buildings and that require considerable staff time and resources to process.

That said, the variation in application types does not appear to significantly affect the ability of most municipalities to process permits. Tables 2.3 to 2.5 show the total annual construction value of building permits received per plans examiner, per inspector, and per application, for the same set of municipalities. The tables show that municipalities

Table 2
Comparison of Municipal Building Permit Application Workload
Greater Toronto Area

1. Number of Applications Per Employee

Municipality	2003	2004	2005	2006	Average
Ajax	245	214	244	139	211
Whitby	160	100	114	69	111
Clarington	106	136	110	91	111
Brampton	141	138	59	78	104
Markham	112	97	106	76	98
Richmond Hill	87	95	124	66	93
Toronto	95	97	83	83	89
Vaughan	91	69	65	104	82
Burlington	86	80	78	79	81
Oakville	79	77	66	62	71
Pickering	78	87	56	52	68
Caledon	107	64	43	46	65
Oshawa	51	39	47	101	59
Mississauga	52	48	46	41	47
Average	107	96	89	77	92

Source: TACBOC surveys 1999-2006, supplemented by municipal interviews.

Note: Part-time staff weighted at 0.5; summer students weighted at 0.25.

2. Number of Applications Per Inspector

Municipality	2003	2004	2005	2006	Average
Ajax	393	342	407	278	355
Richmond Hill	298	327	427	218	318
Brampton	303	325	263	182	268
Vaughan	278	271	213	302	266
Markham	304	269	278	199	262
Toronto	277	282	232	242	258
Clarington	235	301	230	174	235
Oakville	212	208	186	178	196
Burlington	221	204	175	179	195
Pickering	175	196	133	144	162
Oshawa	150	109	132	226	154
Caledon	258	136	91	79	141
Whitby	210	126	150	73	140
Mississauga	140	128	123	109	125
Average	245	229	216	185	218

Source: TACBOC surveys 1999-2006, supplemented by municipal interviews.

Note: Part-time staff weighted at 0.5.

Table 2
Comparison of Municipal Building Permit Application Workload
Greater Toronto Area

3. Total Annual Construction Value Per Plans Examiner ('000s)

Municipality	2003	2004	2005	2006	Average
Whitby	\$175,400	\$87,100	\$110,100	\$74,800	\$111,900
Ajax	\$98,400	\$81,500	\$86,500	\$128,500	\$98,700
Clarington	\$76,600	\$95,000	\$101,600	\$117,400	\$97,700
Brampton	\$89,600	\$118,700	\$56,200	\$67,300	\$83,000
Vaughan	\$62,200	\$55,700	\$52,300	\$96,500	\$66,700
Burlington	\$91,200	\$38,900	\$67,300	\$55,500	\$63,200
Richmond Hill	\$47,500	\$59,300	\$72,600	\$36,600	\$54,000
Pickering	\$80,000	\$82,000	\$26,000	\$25,500	\$53,400
Oakville	\$61,300	\$54,400	\$43,000	\$45,200	\$51,000
Markham	\$56,500	\$45,700	\$52,300	\$45,700	\$50,100
Mississauga	\$41,900	\$42,000	\$34,500	\$34,000	\$38,100
Oshawa	\$35,000	\$24,000	\$31,200	\$60,500	\$37,700
Toronto	\$38,200	\$35,800	\$37,600	\$28,100	\$34,900
Caledon	\$27,600	\$30,600	\$17,800	\$19,500	\$23,900
Average	\$70,100	\$60,800	\$56,400	\$59,700	\$61,800

Source: TACBOC surveys 1999-2006, supplemented by municipal interviews.

Note: Part-time staff weighted at 0.5; summer students weighted at 0.25.

4. Total Annual Construction Value Per Inspector ('000s)

Municipality	2003	2004	2005	2006	Average
Ajax	\$59,000	\$48,900	\$72,100	\$73,500	\$63,400
Brampton	\$52,700	\$73,800	\$61,800	\$39,000	\$56,800
Richmond Hill	\$47,500	\$59,300	\$72,600	\$36,600	\$54,000
Vaughan	\$50,300	\$49,500	\$46,500	\$67,600	\$53,500
Clarington	\$36,300	\$45,000	\$40,600	\$39,100	\$40,300
Markham	\$43,900	\$35,500	\$42,300	\$34,800	\$39,100
Oakville	\$38,300	\$34,000	\$29,600	\$36,700	\$34,700
Oshawa	\$35,000	\$22,000	\$28,600	\$45,400	\$32,800
Toronto	\$32,800	\$30,800	\$36,900	\$27,300	\$32,000
Mississauga	\$35,900	\$33,800	\$27,600	\$27,000	\$31,100
Pickering	\$40,000	\$41,000	\$15,600	\$19,100	\$28,900
Whitby	\$42,300	\$21,000	\$26,600	\$16,600	\$26,600
Burlington	\$28,900	\$24,600	\$31,700	\$18,500	\$25,900
Caledon	\$33,100	\$19,100	\$11,100	\$9,800	\$18,300
Average	\$41,100	\$38,500	\$38,800	\$35,100	\$38,400

Source: TACBOC surveys 1999-2006, supplemented by municipal interviews.

Note: Part-time staff weighted at 0.5.

5. Average Construction Value Per Permit Application

Municipality	2003	2004	2005	2006	Average
Mississauga	\$256,000	\$263,000	\$224,000	\$248,000	\$248,000
Oshawa	\$266,000	\$221,000	\$237,000	\$201,000	\$231,000
Brampton	\$174,000	\$227,000	\$235,000	\$215,000	\$213,000
Vaughan	\$181,000	\$183,000	\$218,000	\$224,000	\$202,000
Whitby	\$201,000	\$161,000	\$177,000	\$229,000	\$192,000
Ajax	\$150,000	\$143,000	\$177,000	\$264,000	\$184,000
Oakville	\$181,000	\$164,000	\$159,000	\$206,000	\$178,000
Clarington	\$155,000	\$150,000	\$177,000	\$225,000	\$177,000
Pickering	\$229,000	\$209,000	\$117,000	\$133,000	\$172,000
Richmond Hill	\$159,000	\$181,000	\$170,000	\$168,000	\$170,000
Markham	\$145,000	\$132,000	\$153,000	\$175,000	\$151,000
Burlington	\$131,000	\$121,000	\$181,000	\$103,000	\$134,000
Caledon	\$129,000	\$141,000	\$122,000	\$124,000	\$129,000
Toronto	\$119,000	\$109,000	\$145,000	\$113,000	\$122,000
Average	\$177,000	\$172,000	\$178,000	\$188,000	\$179,000

Source: TACBOC surveys 1999-2006, supplemented by municipal interviews.

such as Brampton, Ajax, and Vaughan, are able to handle large workloads despite the relatively higher value of the applications.

It should be pointed out that the above tables do not account for:

- the speed and quality of service provided by each municipality.
- variations in the way municipalities receive applications. For example, a complex construction project that requires one permit application in Mississauga may require several applications in Toronto (one for each component of the project).
- variances in the types of construction requiring a building permit. For example, permits are required for re-roofing or the replacement of a hot water tank in some municipalities and not others.
- variations in the way municipalities complete the TACBOC survey. For example, some municipalities may not include staff in other municipal departments who assist with the processing of permits.

Notwithstanding these limitations, Tables 2.1 to 2.5 demonstrate that over a period of many years there has been considerable variation in building staff workloads in the GTA. Moreover, this variation in workload has not changed despite the standardization in application processing and inspections that Bill 124 was supposed to bring about.

3. The Use of Registered Code Agencies

The BRAGG report recommended that municipalities be permitted to outsource plans review and inspection work to other authorities, including the private sector. The report also recommended that certain statutory functions – permit issuance and undertaking prosecutions for example – remain under municipal authority.

Following these recommendations, Bill 124 permitted municipalities to contract plans review and inspection work out to Registered Code Agencies (RCAs). The Town of Innisfil and the City of Kawartha Lakes (north and north-east of the GTA respectively) have made use of this provision as a way of alleviating the high workload that results from peaks in building activity. In the GTA, despite RCA services being available, no municipality has used RCAs in this way.

The decision not to use RCAs is often a matter of municipal policy. For example, in 2004 the City of Toronto Council directed that Building Code services be provided entirely by City staff. However, building officials also cite pragmatic reasons for not using RCAs:

- in many municipalities there is reported opposition to RCAs amongst building official union representatives.
- many municipalities are of the opinion that the effort involved in hiring RCAs outweighs potential benefits. A number of CBOs claim that, notwithstanding the quality control provisions in the Building Code, the use of an RCA would necessitate a municipality to establish onerous oversight measures, make procedural changes to ensure compatibility with RCA practices, and make additional investments in technology (for example, software upgrades).
- despite conflict of interest rules and codes of conduct imposed on RCAs under the Act a number of municipalities remain concerned that private sector firms, being profit oriented, cannot operate effectively in the public interest. Specific concerns relate to:
 - the potential segregation of permit applications by RCAs into ‘profitable’ and ‘non-profitable’ work and the consequent risk of different standards for each type of work.
 - the development of an RCA market in which firms seek to establish pro-builder or pro-municipal reputations.
- notwithstanding the liability protections contained in the Act, a number of municipalities remain concerned that, in the absence of strict oversight, they could become liable for RCA mistakes.

The reluctance to use RCAs is not shared by all CBOs. None of the CBOs who were interviewed for this review expressed opposition to the principle of using RCAs. Indeed, a number of CBOs have either already established or are contemplating policies which would enable RCAs to be used in certain situations. Examples include:

- the Municipality of Clarington, where the possibility of using an RCA to inspect manufactured buildings (i.e. buildings that are manufactured in pieces outside the municipality and assembled on site) is being examined.
- several small municipalities, where the use of RCAs would replace existing joint service agreements with other municipalities. For example, the Township of Scugog, where there is no designated deputy CBO, has made provision for an RCA to provide temporary CBO services in lieu of a prior joint service agreement with the Town of Aurora.

Because municipalities in the GTA do not use RCAs, building departments continue to have to adjust staff levels to meet anticipated peak permit volumes. This practice may become increasingly difficult for those municipalities that need to add staff since (as several CBOs have attested) the supply of qualified staff in the GTA is restricted. Conversely, municipalities anticipating a slowdown in building activity may have difficulties downsizing given staff contract provisions.

B. CUSTOMER SERVICE

The extent to which municipal building departments in the GTA view themselves as service providers as well as a regulators varies. For many municipalities, the permit process accounts for an overwhelming proportion of the cost of administering the Building Code. Some municipalities, however, have made significant investments, in terms of time and money, in activities designed to improve the process. These investments include:

- engaging local builders on issues relating to the Building Code or municipal service delivery, either through seminars, newsletters, or in rare instances, by allowing builder representatives onto municipal committees (e.g. development charges steering committees). Many CBOs consider that, while municipal building staff have both a high level and standardized knowledge of the Building Code, the level of knowledge of the Code and building best practices varies enormously amongst builders.
- improving the quality of service delivery. A number of municipalities sent customer improvement surveys to builders in the wake of Bill 124.
- communicating with the public and construction industry about building standards and the requirement to obtain a building permit. This is seen to be particularly important in areas where a high proportion of renovation projects proceed without a permit.

The extent to which these activities achieve their desired goals is difficult to measure. However, many CBOs expressed frustration that outreach programs have done little to deter building practices that violate the Building Code. Moreover, it is their view that such building practices are the biggest impediment to streamlining the permit and inspection process because they require considerable additional effort by the

municipality (particularly with attempts to obtain supporting documentation for an application and with re-inspections) to resolve.

Construction industry representatives have suggested that outreach activities would be more successful if municipalities undertook them in a more coordinated manner. Industry representatives are of the view that there is a lack of consensus amongst GTA municipalities regarding the respective roles and responsibilities of building departments and builders in the permit process. Moreover, there are no agreed upon guidelines on what is required to expedite the issuance of a permit.

C. BUILDING PERMIT PROCESS

The building permit process involves various stages from application, through plans review, to the issuance of a permit, to building inspection. The manner in which these are undertaken varies across the GTA.

1. Application Forms

Bill 124 introduced a standard application form for all municipalities. In the view of most building officials the form is inadequate, for the following reasons:

- It is not updated regularly to reflect the ongoing changes to the Building Code.
- It is too complicated. This has led a number of municipalities to move plans review staff to front counter areas to assist builders with their application. This in turn reduces the amount of time reviewers have available to review plans.
- The form does not account for the individual characteristics of a municipality. For example, in Richmond Hill, where poor soils are an issue, the municipality has for many years requested information about soil conditions on a site. This is not provided for on the standard form.

To counter such shortcomings, many municipalities supplement the standard form with a form of their own; in effect making applicants complete two forms.

Across the GTA the easiest way for a builder to submit an application is in person at the municipal offices. Nowhere in the GTA can a permit application be made in full (including the payment of fees) on-line. Some municipalities make the application available on-line for printing. A few provide the form in an electronic format which can

be submitted on-line. Table 3 outlines the different methods of accessing the forms and submitting an application.

A number of CBOs have expressed the view that the demand for on-line services is low. In their experience most builders prefer to submit applications in person and appreciate having qualified staff members available at the counter should they require assistance.

A number of recommendations for resolving the technical deficiencies in the Provincial application forms were proposed by the Complete Applications Working Group of the Building Advisory Council in February 2007. As yet, the application forms not been changed to implement these recommendations.

2. Application Time-frames

Bill 124 introduced mandatory time-frames for making decisions regarding permits. The time-frames are:

- 10 days for a house;
- 15 days for a small building;
- 20 days for a large building;
- 30 days for a complex building.

Crucially, the time-frames only start once an application is considered complete. Municipalities are however required to accept an application if the applicant declares that it is complete. The issue of what constitutes a 'complete' application is therefore critical to how quickly a permit is to be processed. This issue has been the focus of the Complete Applications Working Group report referred to previously. It is not within the scope of this review to comment on the BAC recommendations.

Municipal approaches to dealing with incomplete applications vary considerably:

- some municipalities have reorganized their process to ensure that as many applications as possible are complete when they are submitted. They have, for instance, placed experienced plans review staff at front counters to assist builders to fill out application forms correctly. Some municipalities offer pre-consultation services for complex permit applications. This practice is rare and has not been widely used by applicants where it exists.
- most municipalities do a minimal screening of applications at the front counter then quickly subject the applications to a thorough review. Builders who have submitted incomplete applications are immediately informed and the mandatory time-frame on the application is suspended.

Table 3

Comparison of Municipal Site Inspection Technology

Technology		Markham	Pickering	Whitby	Clarington	Vaughan	Brampton	Scugog	London	Richmond Hill
Permit Tracking Software	Type # of Users	Amanda All staff	Amanda All staff	Amanda All staff	Land Development Office All as of 2008	Amanda All staff	Amanda All staff	None	Amanda All staff (47)	Internal database All staff
Mobile Communications	Type # of Users	Cell/Videophones All inspectors	Cellphones All inspectors	Cellphones All inspectors	Cellphones All inspectors	Cellphones All inspectors	Cellphones All inspectors	Cellphones 3	Cellphones All inspectors	Cellphones All inspectors
Remote Access Technology	Laptops	No	Forthcoming	Yes (inspectors)	No	No	Yes	No	Yes	Handheld notebooks coming
	Tablets	No	No	No	No	No	Yes	No	Yes	Yes
	Digital Cameras	Most inspectors	All inspectors	All inspectors	1 - office use only	3 or 4	All inspectors	Yes (1)	No	Forthcoming
	Touchpads for Signature Capture	No	No	No	No	No	Yes	No	No	No
	Document Scanners	No	No	No	No	No	No	No	No	No
Wireless Internet/E-mail	Wireless Connection to Permit Tracking Software	No	Forthcoming	Forthcoming	No	No	Forthcoming	No	Yes	Forthcoming
	Tracking Software	No	Forthcoming	Forthcoming	No	No	Forthcoming	No	Yes	Forthcoming
Online Services	Application Form ¹	Yes	Yes	No ²	Yes	No	Yes	Yes	E-permit system allows for application and receipt of permit on-line for res. additions; forthcoming for all permits	Yes
	Print Only	Yes	No	No	No	No	No	No	No	No
	Can be Filled In	Yes	No	No	No	No	No	No	No	No
	Application Submission	No	No	No	No	No	No (phone only)	No	No	No
Fee Payment	Inspection Bookings	No (phone/fax)	No	No	No	No	No	No	No	No
	Permit Application Tracking	Forthcoming	No	Yes	Discontinued	No	No (phone/fax)	No	No	Yes
	Teranet Land Registry	No	Yes (legal work)	Yes (CBO & Clerks)	No	No	No	No	Yes	No
Large Format Scanner	Plans Review Software	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	GIS	No (investigated)	No	No	No	No	No	No	No	No
	Other	Yes	Yes	Yes	Yes	No	Forthcoming	Yes	Yes	Forthcoming
Use of Other Technology in Permit Process	Aerial photos	Aerial photos	Aerial photos	Aerial photos	Aerial photos	Aerial photos	Aerial photos	Orthophotography	Yes	Forthcoming
	Other									

1. Application form can be downloaded in .pdf format from Ministry of Municipal Affairs website.

2. Whitby is contemplating the use of online application software.

- a few municipalities, including the City of Toronto, will accept incomplete applications if applicants sign a waiver relieving the municipality of the requirement to make a decision within the prescribed time-frame. Rightly or wrongly, this practice is often perceived to be a way of circumventing the requirements of the new Act.

Municipalities are reticent to provide information about the extent to which they are meeting the mandated time-frames. Of the five municipalities that did provide performance data only one is consistently achieving the 10 day time-frame requirement for permits related to houses. The City of Toronto is currently processing 77 per cent of complete applications for houses within 10 days. The best performance was by a municipality that processes approximately 1,000 applications per year. Based on its own survey of the four months January to April 2007 the municipality took an average of 7.1 days to process residential permits and 9.7 days to process permits for small buildings. Altogether, 91.2 per cent of all applications were processed within the required time-frames, with the remaining 8 per cent of applications being processed no more than four days beyond the time limits. To meet Bill 124 requirements the municipality added a full time heating inspector in 2005 but also had to significantly increase its permit fees.

Despite the apparent success of the municipality noted above, the consensus among building officials is that the 10 day time-frame is very difficult to meet consistently. Many officials also feel strongly that the 30 day time-frame for a complex building application is unreasonable. As a practical matter, for especially complicated buildings it is essentially impossible for municipalities to meet the 30 day time-frame.

Starting in 2008, the Toronto Area Chief Building Official Committee (TACBOC) will be collecting data from each of its members on the following:

- the percentage of incomplete applications received in each municipality;
- the percentage of complete applications processed within given time-frames (as yet undecided);
- the average processing time for a complete application.

The data should clearly show to what extent municipalities are meeting the Bill 124 time-frames for making decisions on applications.

3. Plans Reviews

The plans review stage of the permit process involves staff with a detailed knowledge of the Building Code. Each municipality organizes its plans review process in its own way. A comparison of how municipalities review plans with reference to individual

sections of the Building Code is not the focus of this review. That said, a number of municipalities have put in place mechanisms for expediting reviews.

For example, a number of municipalities issue conditional permits for individual stages of construction even though all the requirements for obtaining a permit have not been met. Conditional permits often enable construction to be started in the absence of a complete application. However, the decision to issue conditional permits is typically left to the discretion of the Chief Building Official. As a result, there are inconsistencies in their use across the GTA.

The City of Toronto has implemented fast-tracking programs for additions and renovations to residential buildings and for interior renovations of commercial buildings. Under these programs permits can be issued in time-frames that are shorter than those prescribed by the Act. In periods of low building activity the residential fast-track program can issue same day over-the-counter permits.

The qualifications of the person(s) responsible for plans that are submitted affects the scope of review in some municipalities. The Building Code has strict qualification requirements for 'designers', which are defined as people qualified to prepare design plans for a building permit, and obligates municipalities to scrutinize design plans. However, in June 2007 a court decision excluded engineers and architects from a number of the qualification requirements of the Act. This has led to uncertainty among municipalities as to how to deal with plans submitted by such professionals. The Province has provided little guidance to them in this regard. As a result, municipalities generally treat the issue in one of two ways:

- some municipalities take the view that liability for the work of engineers and architects is now covered by legislation that regulates these professionals. Accordingly, they have significantly reduced the scope of their reviews for plans affixed with an engineer's or architect's seal. This has had the effect of speeding up average permit processing times.
- the majority of municipalities, especially the larger ones in the GTA, maintain that they are still obligated, and indeed legally liable, to review the work submitted by architects and engineers. For these municipalities, the court ruling has therefore had little or no streamlining effect on the permit process.

4. Building Inspections

Under the Building Code, all buildings are to be inspected by building officials at specified stages of construction. Builders are required to inform the municipality of their readiness for inspection (by filing a 'notice of inspection') whereupon the municipality is obligated to perform an inspection of the site:

- within two working days of receipt of the notice of inspection; or,
- within five working days if the notice relates to sewage systems.

Municipalities are given discretion to establish their own time-frames for additional inspections over and above those required under the Code.

Bill 124 did not significantly affect the way municipalities in the GTA conduct site inspections since the time-frames were already being met in most, if not all, jurisdictions. That said, in recent years two distinct approaches to the inspection process have developed amongst the larger GTA municipalities:

- under the first 'business as usual' approach the organization of site inspections takes place in the municipal office. Builders file a notice of inspection by phone or in person (some municipalities also allow notices by fax) and inspectors are dispatched to the site. Inspectors return to the office to complete their paperwork.
- under the second approach much of the organizational aspects of the inspection process is conducted either on site or in transit. This approach requires an investment by the municipality in technologies such as cellphones, videophones, and laptops equipped with software that provides remote access to e-mail, the internet, and municipal computer networks.

Several of the CBOs interviewed for this review expressed the opinion that there is little evidence that the second approach streamlines the inspection process. For example, in smaller municipalities where municipal offices are centrally located inspectors are never far enough from the office to justify the need for remote access technology.

This view is not shared in a number of municipalities where new technology has been adopted. These municipalities claim that savings, both in time and cost, are being achieved as a result of the investment. In Toronto major technological investments are being contemplated in order to improve the quality rather than the speed of service delivery as inspection time-frames already meet requirements.

Table 3 identifies the technologies used by several of the larger GTA municipalities.

5. High Rise Construction

In general, high rise projects are too complex to be dealt with in a timely manner. The reasons for this are as follows:

- although most large projects are issued building permits in phases (shoring and excavation, followed by foundation, framing, superstructure, HVAC, and plumbing) builders are still required to submit technical drawings for the entire project before the first phase permit is issued. As the later stage designs are seldom if ever in their final form at the point when the first stage of work is started effectively all applications for such projects are technically incomplete.
- builders are unwilling to wait until they have the final drawings required for a complete application as project economics dictate that they begin building as soon as possible. This is especially true of condominium projects where signs of construction are needed order to attract sales.
- irrespective of the builders' issues, were they to submit complete applications it is extremely unlikely that GTA municipalities would be capable of processing them within the prescribed 20 or 30 day time-frames.
- the practical result of this is often an ad-hoc arrangement for processing permits for high-rise buildings. Such arrangements suit both the builder and the municipalities. One builder expressed a preference for this arrangement with the City of Toronto because it provides the flexibility to negotiate the timing of each stage of construction as long as the City is able to accommodate the construction schedule.
- on the other hand, a number of high-rise builders are exasperated by the inefficiency of the process and the risk of construction delays associated with the permit process. In their opinion, construction timelines have become increasingly dependent upon permit scheduling and therefore proper planning on projects has become very difficult. The typical time-frame for all permits for a multi-phase construction project in the City of Toronto can exceed one year.

D. BUILDING PERMIT FEES

To pay for the costs of providing Building Code services, municipalities are permitted to charge fees for processing permit applications. In the past, these fees were often set at rates much higher than was required to recoup the direct cost of providing services. This practice was for years criticized by developers and builders. Both the BRRAG report and Bill 124 addressed this issue by amending the section of the *Act* that deals with permit fees.

The *Act* now requires that permit fees not exceed “the anticipated reasonable costs” required to administer and enforce the Building Code during building construction. In addition, municipalities are required to prepare annual reports that record the amount of fees received and the costs incurred in administering the process.

Ontario Regulation 305/03 expands on the requirements, specifying that annual reports must record both the direct and indirect costs of reviewing building permit applications and of conducting building inspections. It also requires municipalities to report on any building permit reserve funds they may have. Finally, the *Regulation* sets out the requirements for a public process that must accompany the setting of fees.

In response to the changes many municipalities in and around the GTA have undertaken studies to establish the full cost of providing services and corresponding full cost recovery fee rates. As building permit fee surpluses were in many cases prior to Bill 124 being used to subsidize municipal planning activities, the studies were often conducted in conjunction with studies to determine full cost recovery planning fees.

Table 4 compares the current and historic fee rates charged on single dwelling residential units in and around the GTA since 1999. The table shows that there is a wide range of fees. It also demonstrates that, with the exception of the Towns of Oakville and Markham, no municipality has reduced its fees either before or since Bill 124 took effect. Indeed, few municipalities changed their fee rates at all in response to the new legislation.

It should be pointed out that Table 4 does not account for service level differences between municipalities that may have existed in terms of, for example, the time taken to process a permit. Nor does it indicate whether a municipality is recovering the entire cost of providing services through fees.

1. Reserve Funds

One reason for building permit fees remaining relatively unchanged in recent years appears to be related to the decision by municipalities to revise building permit fee reserve fund policies. Before the advent of Bill 124 permit fee surpluses were often used to subsidize municipal planning functions or were treated as general revenue. These practices are now prohibited. However, rather than reducing fees a number of municipalities appear to have chosen to move annual surpluses into a reserve fund. The potential size of these reserve funds can be significant. For example, the Town of Milton

Table 4

**Comparison of Municipal Building Permit Fees
Greater Toronto Area and Surrounding Municipalities
Single Dwelling Residential Units (\$/m²) 1999 - 2008**

Municipality	1999	2000	2002	2003	2004	2005	2006	2008	Change 1999 - 2008	Change 2004 - 2008
Toronto	\$12.00	\$12.00	\$12.00	\$12.60	\$12.60	\$13.18	\$13.18	\$13.94	\$1.94	\$1.34
Halton Hills	\$11.27	\$11.27	\$11.27	\$11.27	\$11.27	\$11.27	\$13.38	\$13.92	\$2.65	\$2.65
Mississauga	\$8.59	\$11.09	\$11.09	\$11.65	\$11.65	\$11.65	\$11.65	\$11.65	\$3.06	\$0.00
Aurora	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$0.00	\$0.00
Burlington	\$7.00	\$7.19	\$7.19	\$9.46	\$9.46	\$10.42	\$10.94	\$10.94	\$3.94	\$1.48
Brampton	\$9.10	\$9.10	\$9.10	\$9.10	\$9.10	\$9.10	\$9.80	\$10.50	\$1.40	\$1.40
New Tecumseth	\$10.44	\$10.44	\$10.44	\$10.44	\$10.44	\$10.44	\$10.44	\$10.44	\$0.00	\$0.00
Milton	\$10.32	\$10.32	\$10.32	\$10.32	\$10.32	\$10.32	\$10.32	\$10.32	\$0.00	\$0.00
Cambridge	\$9.47	\$9.47	\$9.47	\$9.47	\$9.47	\$10.01	\$10.00	\$10.23	\$0.76	\$0.76
Caledon	\$9.93	\$9.93	\$9.93	\$9.93	\$9.90	\$9.90	\$9.90	\$10.20	\$0.27	\$0.30
Richmond Hill	\$9.50	\$9.50	\$10.03	\$9.75	\$9.75	\$9.75	\$10.03	\$10.03	\$0.53	\$0.28
Vaughan	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75	\$0.00	\$0.00
Markham	\$10.55	\$10.55	\$10.55	\$10.55	\$10.55	\$7.62	\$7.62	\$9.39	-\$1.16	-\$1.16
Clarington	\$6.46	\$6.46	\$6.46	\$6.46	\$6.46	\$9.12	\$9.12	\$9.12	\$2.66	\$2.66
Pickering	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$9.00	\$9.00	\$9.00	\$0.50	\$0.50
Ajax	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$0.00	\$0.00
Whitby	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$0.00	\$0.00
Innisfil	\$5.94	\$5.94	\$5.94	\$5.94	\$5.94	\$8.29	\$8.29	\$8.29	\$2.35	\$2.35
Oakville	\$8.67	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	-\$0.87	\$0.00
Oshawa	\$6.46	\$6.46	\$6.46	\$7.25	\$7.25	\$7.75	\$7.75	\$7.75	\$1.29	\$0.50
Whitchurch-Stouffville	\$7.10	\$7.10	\$7.10	\$7.10	\$7.10	\$7.53	\$7.53	\$7.53	\$0.43	\$0.43

Average	\$9.00	\$9.09	\$9.11	\$9.30	\$9.30	\$9.57	\$9.74	\$9.94		\$9.94
Average Increase (annual)	1.0%	1.0%	0.3%	2.0%	0.0%	2.8%	1.8%	2.1%		2.1%
Average Increase (cumulative)	1.0%	1.0%	1.2%	3.2%	3.2%	5.9%	7.6%	9.5%		9.5%

is aiming to establish a reserve fund equal to two years worth of the total cost (direct and indirect) of providing services. In the City of Brampton there is no policy to cap the reserve fund at all.

Some stated reasons for establishing these reserve funds are the need to:

- offset fluctuations in permit revenues caused by volume changes;
- cover additional costs associated with complying with Bill 124 (including legal costs).

A minority of municipalities in Ontario have taken a more conservative approach to reserve funds. The City of London for example has struck an agreement with local homebuilders to cap its reserve fund at 40% of one year's annual cost of providing services. Should the fund drop to 30% of annual costs a review would be undertaken with a view to increasing permit fees. Conversely, if the fund exceeds 50% of annual costs, a review will be undertaken with a view to decreasing permit fees.

The Act does not specify the frequency with which fees are to be adjusted to match costs nor are there repercussions for municipalities in which fees do not match costs over time.

IV IMPROVING PRACTICES WOULD HELP STREAMLINE THE PERMIT PROCESS

The focus of this review is on how municipal practices could be improved so that the twin goals of better streamlining and accountability are achieved. In this section various approaches designed to achieve these results are proposed.

A. BILL 124 HAS NOT RESULTED IN A STREAMLINED PROCESS

It is evident from the survey that municipalities in the GTA have worked hard to implement the Bill 124 reforms. Staff have taken training courses and, without exception, are now qualified to undertake plans reviews and inspections. Additional plans review staff have been hired in many municipalities to expedite decisions on applications. Permit backlogs have for the most part been eliminated despite the high level of building activity. Also, for all but the very complex permit applications there is greater certainty that a complete application will be processed within the set time-frames. A number of municipalities have undertaken reviews of their permit processes and of their costs.

However, despite these efforts there has generally been no significant streamlining of the permit process. Municipalities that were already meeting the mandatory timeframes prior to the new legislation have not felt the need to modify the way they deliver services. Municipalities that have made changes have done so by adding staff, delaying implementation, and in some cases instituting mechanisms for circumventing the mandatory time-frames.

Investments in technology have been and are being made by some municipalities to streamline the inspection process. However, a number of municipalities remain unconvinced that the benefits justify the cost. Also, it must be pointed out that the technological investments have not necessarily been made in response to Bill 124.

Contrary to expectations, especially in the development industry, building permit fees have, with some notable exceptions, not been reduced. Annual fee surpluses that were previously being used to fund other services are, at least for the time being, often being used to build building permit fee reserve funds.

The majority of CBOs interviewed consider that Bill 124 had made processing permits more complicated and expressed doubt that the time taken to process applications has decreased since 2004. That said, very few municipalities keep performance statistics in relation to the mandatory time-frames or, if they do, were reluctant to provide the information for this review.

B. MUNICIPALITIES AND BUILDERS BOTH CONTRIBUTE TO INEFFICIENCIES IN THE PERMIT PROCESS

Both builders and municipalities have been critical of Bill 124. In the view of many CBOs the legislation imposed stringent conditions on municipalities but did not fully address the role builders play in the permit process. On the other hand, many builders are of the opinion that the permit process has become more complicated and costly since the legislation took effect.

Based on the review of municipal practices the following conclusions can be drawn:

- The business model under which most GTA municipalities staff their building departments – based on the peak period demand levels – is costly and inefficient. However, the past municipal practice of accumulating a backlog of applications in periods of high activity and working to reduce the backlog in periods of low activity is no longer feasible given the legislated time-frames that require a consistent level of service for all applications to be maintained.
- The rise and fall of construction activity affects all municipalities in the GTA. For this reason, qualified full-time staff are in short supply across the GTA during construction booms. In slower periods staff workloads are likely to drop considerably. Synchronizing staffing levels in accordance with the economic and seasonal fluctuations in building activity is a difficult challenge, especially with municipal employee contract environment.
- Of the Bill 124 reforms the provision of RCAs was among the more creative. However, for the most part RCAs are not being utilized by municipalities in the GTA. Chief Building Officials claim there are significant administrative and liability issues with using RCAs. However, these concerns have not been tested.

- Some municipalities offer a two stream permit application process one of which requires applicants to waive the obligation to process permits within mandatory time-frames. This undermines the spirit of the Bill 124 legislation and, if practiced widely, may result in delays becoming the norm rather than the exception. Moreover, it may lead to builders feeling pressured to forgo the right to timely processing of a permit application.
- There are no comprehensive measures of municipal performance with respect to permit processing. The Toronto Area Chief Building Officials Committee (TACBOC) does collect some related statistics and they were made available for this study. However, the statistics are not readily available to the public nor does TACBOC currently measure municipal performance with respect to processing time-frames.
- Notwithstanding the lack of statistics, it is clear that meeting the legislated time-frames for making decisions on permits remains a challenge for many GTA building departments. Resource reallocation and investments in staff and resources have improved processing times in some municipalities. However, few if any municipalities are meeting all of the prescribed time-frames for complete applications.
- It is essentially impossible for municipalities to meet the 30 day time-frame for making decisions on permits for complex buildings. As a result, ad-hoc arrangements have been developed between municipalities and builders for dealing with permits relating to such buildings. While some builders accept this arrangement it is not a satisfactory situation since it can cause unpredictable delays in construction schedules.
- A number of CBOs are of the view that it is a small minority of builders who are responsible for a disproportionate share of Building Code infractions and corresponding staff workload. Unfortunately, efforts to encourage proper building practices often fail to reach the builders that have the greatest need to improve. Also, fines for infractions do not reflect the full cost of the additional reviews or inspection work involved. Thus, responsible builders are in effect subsidizing the cost of municipal efforts to deal with Code violations.

- Under the new full cost recovery regime that Bill 124 imposes, many municipalities chosen to increase building permit fee reserve funds to stabilize revenue in periods of low building activity. While it is argued that these reserve funds are to be used to fund additional costs required in periods of high activity or shortfalls during downturns, these marginal costs could be offset by increasing fees if and when the need arises.
- Builders are not generally aware that a portion of their permit fees is being used to build a reserve fund to cover costs during market downturns. This practice is not being communicated through municipal outreach programs or in the fee schedules themselves. In some jurisdictions outside Ontario the reserve fund portion of a fee is identified as a separate surcharge; when the reserve fund is capped the surcharge is removed and the overall fee rate reduced. This practice is not being employed in the GTA.
- Many builders are insufficiently aware of what is required for a complete application and do not take enough time to manage the application through the permit process. The submission of complete applications and timely responses to municipal requests for information or for clarification considerably increases the probability of approval in a timely manner. It is in the interest of both parties to resolve problems with applications early in the process.
- Many municipalities would like to see more builders ensure that sites are ready for inspection on time and that qualified supervisors are present to meet with inspectors. The roles and responsibilities of builders in the site inspection process are not set out clearly in either the *Building Code Act* or the Building Code.
- Builders generally acknowledge that many site supervisors do not fully understand the requirements of the Building Code. Municipalities claim that under-experienced or underqualified site supervisors slow down the site inspection process. The BRRAG report made recommendations on licensing and certification of site supervisors but these have not been implemented. While Bill 124 imposes examination requirements on building officials, the legislation places no requirements on builders and designers.

C. STREAMLINING IS POSSIBLE IF IMPROVEMENTS ARE MADE BY MUNICIPALITIES AND THE PROVINCE

Given the above conclusions the following recommendations are made:

- Municipalities should make use of RCAs as a realistic way of avoiding permit bottlenecks caused by seasonal and long term fluctuations in building activity. RCAs have been shown to work effectively in other jurisdictions and RCA services are currently available in the GTA.
- Although the Act provides the legislative framework to enable RCAs to function in Ontario, provincial clarification is required in order to address municipal concerns about liability.
- Municipalities need to adopt a coordinated and consistent approach to construction plans submitted by professional engineers and architects. This would have a streamlining effect on the plans review process. The Province and/or the Building Advisory Council need to provide guidance to municipalities in this respect.
- Comprehensive municipal performance measures with respect to the building permit process should be publicly available. Performance measures could be used to assess which municipal practices are effective in delivering Building Code services. Data should be collected and maintained by an independent body, perhaps the Building Advisory Council.
- GTA Chief Building Officials need to better coordinate their efforts to communicate the respective roles and responsibilities of municipalities and builders in the building permit process and to provide clear guidelines on what is required in order to expedite the issuance of a permit.

D. BUILDERS ALSO HAVE A ROLE IN STREAMLINING THE PROCESS

Streamlining the permit process also depends upon builders making improvements. In this respect:

- The most straightforward mechanism for ensuring that permits are issued in a timely manner is for builders to increase their efforts to understand what is required to submit a permit application and to ensure that applications are 'complete'.
- Notwithstanding that there are no mandatory requirements, builders should improve efforts to ensure that site supervisors are adequately trained in Building Code matters.

