

To: Electoral Area Services Committee
From: Bill Ozeroff, Manager of Inspection Services

Date: 2025-03-13

Subject: Building Bylaw Fee

Reviewed by: Graham Daneluz, Director of Planning & Development
Kelly Lownsbrough, Director of Corporate Services & CFO
Jennifer Kinneman, Chief Administrative Officer

RECOMMENDATION

THAT the Fraser Valley Regional District Board support the recommended Building Permit Fee increase and provide comments in preparation of an amendment to the Fraser Valley Regional District Building Bylaw No. 1188, 2013, Appendix 'A' Building Permit Fee Schedule

BACKGROUND

Through authority from the Local Government Act and Community Charter, the FVRD administers compliance of the BC Building and Plumbing Codes and regulates other construction through the FVRD Building Bylaw. Fees are collected for plan reviews and inspections ensuring life safety requirements are met as prescribed in the BC Building and Plumbing Code.

Building bylaws are typically updated in approximately five year cycles. Regular updates are required to address changing regulations and fees charged for services. The last update to the FVRD Building Bylaw was completed on May 25, 2017.

The existing Building Bylaw, adopted in 2013, has undergone several amendments but now requires a major update to address changes in enactments, codes and current construction methods. A review of the building bylaw is underway. The bylaw will be revised in two parts:

1. The first will address building permit fees. It will be presented to the EASC and Board in March with the intent of establishing new fees for the start of the 2025 budget year.
2. The second revision to the Building Bylaw will be a major update to the regulations of the bylaw. It is expected to be presented in the spring of 2025. The Municipal Insurance Association of BC (MIABC) has developed and provided access to Model Building Bylaws to suit larger cities, small communities and regional districts. The MIABC model bylaw is widely used across the Province which helps to maintain a relatively consistent approach between jurisdictions. The major update to the Building Bylaw planned for the spring will utilize the MIABC model bylaw.

[Section 397](#) of the Local Government Act allows for the imposition of fees payable for services. There is a considerable degree of flexibility in how Regional Districts structure building fees. The Local Government Act allows for fees to be charged for all or part of a service; different levels of fees can be charged in relation to different factors; and, fees can vary by the class of persons, property, or business involved.

Generally, user fees must be reasonably connected to the cost of the service – in the language of the Supreme Court of Canada, **“there must be a clear nexus between the quantum charged and the cost to the government of providing such services... the fees charged cannot exceed the cost to the government of providing the service.”** Fee revenues can exceed service costs in a given year so long as a reasonable effort is made to align fee revenues with administrative costs.

DISCUSSION

In 2024, a review of Building Bylaw fees was completed. The review focused on fees charged for **services and the tax requisition required to meet the department’s operational budget for the years 2019 - 2023**. A review of fees charged by other regional districts was also considered as part of the review.

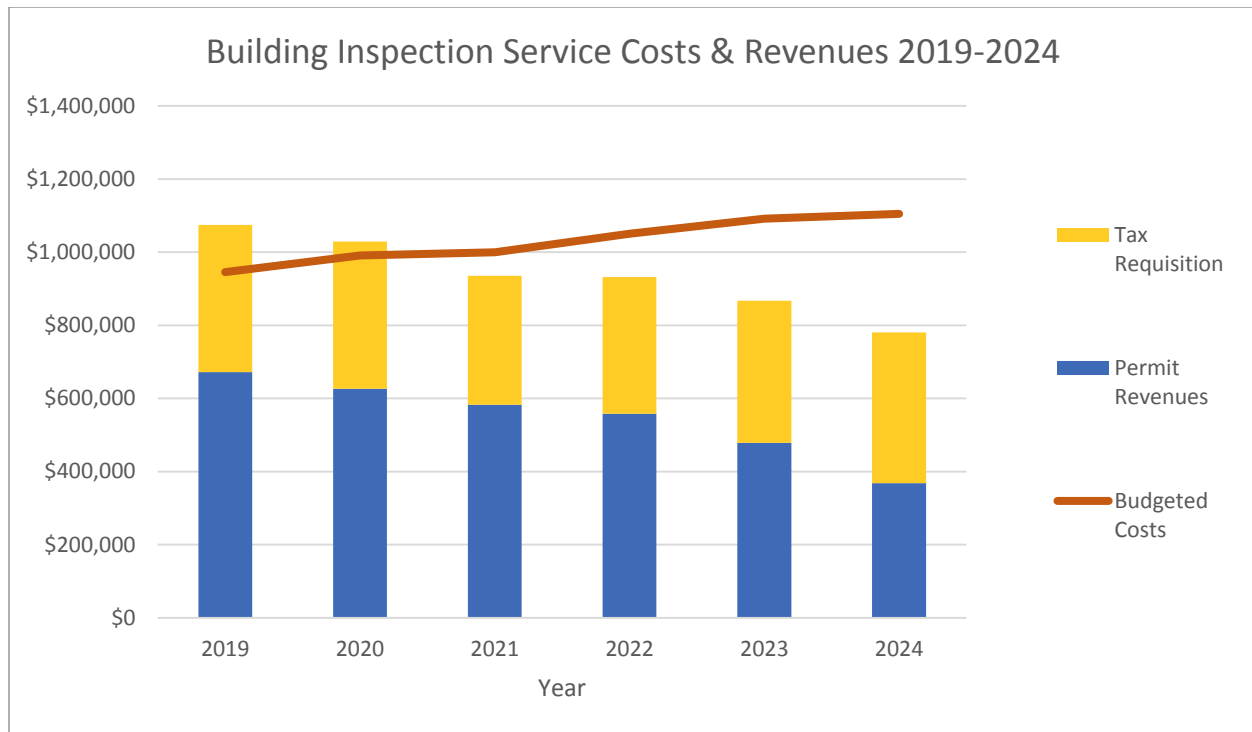
Building Inspection Service Costs, Revenues and Allocation of Costs

The Building Inspection service is funded almost exclusively by revenues from:

- property tax requisitioned from properties within the service area; and,
- building permit fees paid by users of the service.

Fees are collected for all building permit types as prescribed in the FVRD’s Consolidated Building Bylaw No. 1188, 2013.

The chart below identifies service costs in relation to revenues from permit fees and tax revenues.



The proportion of revenues from taxes versus fees varies from year to year depending permit volume and types. However, over the long-term, about 60% of the annual revenues required to support the building inspection service come from property taxes. Between 2019 and 2023, taxes amounted to 52-63% of the annual revenues required to support the service with a five year average of 58%. That means permit fees paid by users of the service covered 40-48% of the annual service costs. The percent of total annual costs covered by tax requisition for the years 2019-2023 are shown below.

2019 = 52% 2020 = 60% 2021 = 57% 2022 = 63% 2023 = 60%

The fee changes proposed below are intended to lessen the burden on electoral area property tax payers by shifting a greater portion of the overall service costs from the tax requisition to permit fees paid by the users of the service.

Our goal is to set permit fees at a level that consistently results in annual fee revenues equalling not less than 60% of the costs for the service. Property tax requisition would then consistently fall to 40% or less of required revenues on average (though the proportion will continue to vary each year depending on permit volumes).

Staff recommend that building permit fees be increased to an amount that consistently results in fees equalling at least 60% of annual costs to deliver the service.

Upward Cost Pressures

Like other FVRD services, the Building Inspection service is facing significant cost increases that are putting greater pressure on the property tax base.

Consumer Price Index

The Consumer Price Index (CPI), represents changes in prices as experienced by Canadian consumers. The CPI is widely used as an indicator of the change in the general level of consumer prices or the rate of inflation. Note that CPI may not be the best measure of cost pressures facing the Building Inspection service, but it is useful as a well-recognized measure of general inflation.

2019 = 1.9% 2020 = 0.7% 2021 = 3.4% 2022 = 6.8% 2023 = 3.9% Total 16.7%

The average annual rate of CPI inflation over this period was 3.12%.

Building Permit Fees

Building permit fees have not changed over this period between 2019 - 2023. However, an operational change in how the fees are determined helped fee amounts keep pace with inflation. The calculation of building permit fees is complicated, but the bulk of the total fee amount for a building permit boils down to the value of construction multiplied by a ‘fee factor’ (i.e. a monetary amount per unit of construction value) set in the bylaw.



The ‘fee factor’ is set by the bylaw. It is expressed as a percentage of the value of construction (i.e. 1% of the VOC) or as an amount per \$1000 of VOC (i.e. \$1 per \$1000 VOC) and it has not changed since 2017. However, the bylaw offers different methods for determining the value of construction which influences total fee amounts.

The Building Bylaw defines *Value of Construction* as, “the greater of the construction value as calculated under Appendix A to this bylaw or a verified contract price for the completion of the construction and, in any event, as determined by the building official.” The table below summarizes the options provided by the bylaw for determining the value of construction and comments on their use/suitability.

Methods of Determining Value of Construction for Calculating Building Permit Fees	
Method	Comment
Use the values prescribed in Appendix A of the Building Bylaw	These values are out-of-date and don’t reflect the significant increase in material and labour construction costs over this period. Building officials now seldom use this method because it greatly

	underestimates values and results in low permit fees.
Use a verified contract price	Owners and builders are seldom willing to provide reliable evidence of the contract price. Owner- builders don't have such contracts in place. Where reliable contract prices are provided by the applicant, we will use them for calculating fees.
Use a value determined by the building official	We have shifted to using this method for the majority of applications. The building official determines the value of construction using an industry-standard construction cost calculator (RS Means) which is adjusted on an ongoing basis to reflect actual costs in our region. This results in fair permit fees that have a strong relationship to the actual value of construction.

Using a construction cost calculator (RS Means) to determine the value of construction has ensured that increases in construction costs are factored into our permit fees because the cost calculator is frequently updated to reflect current costs. As a result, we lost less ground to inflation than we would have if we had continued to rely on the construction values set out in Schedule A of the Building Bylaw. However, there is still a need to update the fees to not only keep pace with inflation but to shift a greater portion of the cost of the building inspection service from tax requisition to user fees.

Property Taxes

Property tax increases for the building inspection services, shown as percent change over the prior year, are identified below for the years 2019 to 2024.

2019 = 3% 2020 = 6.3% 2021 = -12.4%¹ 2022 = 6% 2023 = 4% 2024 = 6.1%

As a result of a one-time decrease of 12.4 % in 2021 as a Covid-19 relief measure, Building Inspection service tax increases over this six year period only amount to an overall increase of 12% and an annual **average increase of 2.2%.** However, in 'normal' years (i.e. excluding the C-19 year), the upward pressure on building inspection taxes is 3.0 to 6.3% annually with three years of this 6 year period seeing an increase of 6% or more and the average increase is 5.1%. Note, however, that part of the reason for greater tax increases after 2021 was to make up for the large tax decrease in 2021.

Proposed Fee Increase

Permit fee revenues vary year-to-year based on the volume of permits issued and the nature of construction occurring. Generally, about 60% of the annual costs of providing the building inspection service is borne by property taxes. The remaining 40% comes from building permit fees.

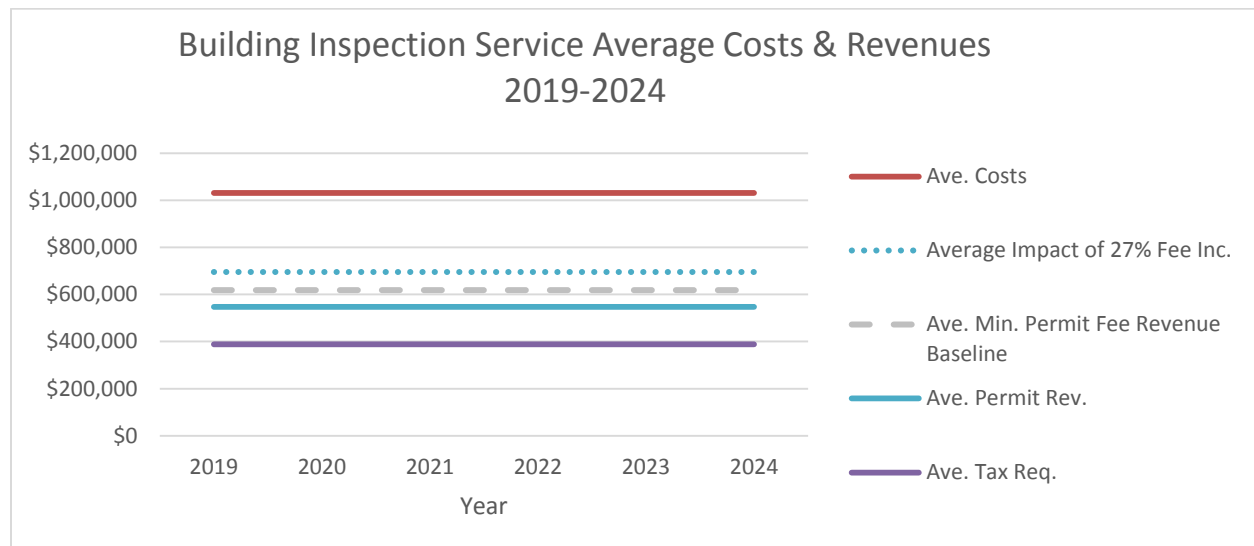
¹ In the 2021 budget year, the tax requisition was **reduced** by 12.4% as a one-time adjustment to help ease the tax burden for EA residents during Covid-19.

In the years 2019 through 2024, taxes amounted to 52-63% of the annual revenues required to support the service with a five year average of 58%. Permit fees paid by users of the service covered 40-48% of the annual service costs during this period.

Staff recommend that building permit fee levels be established with the objective that at least 60% of service costs be recovered from permit fees and the remaining 40% (or less) from property taxes.

In order to reliably recover 60% of costs from permit fees, staff estimate that a 27% increase in building permit fees would be necessary. A 27% increase in permit fees would reduce the tax requisition to 40% of service costs (based on 2023 values).

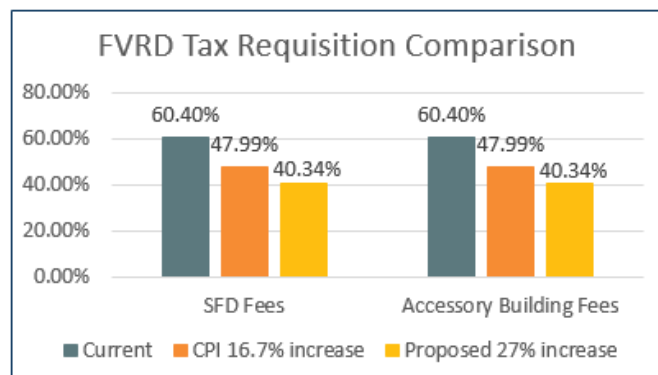
The table below shows the average cost of delivering the building services between 2019 and 2024. It shows that a fee increase of 27% would have resulted in fee revenues over this period averaging over 60% of service costs.

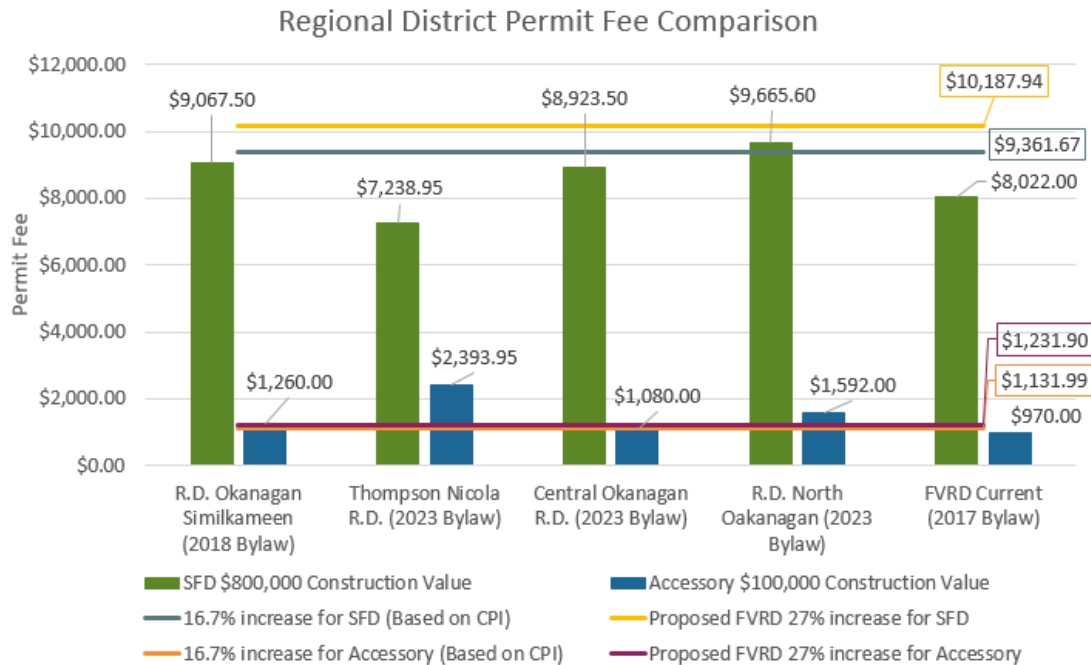


The table to the right shows the impact of a 27% increase in building permit fees would on tax requisition and compares a 27% increase with a lesser increase of 16.7% which only addresses the rate of inflation as measured by the Consumer Price Index (CPI).

Comparison with Other Jurisdictions

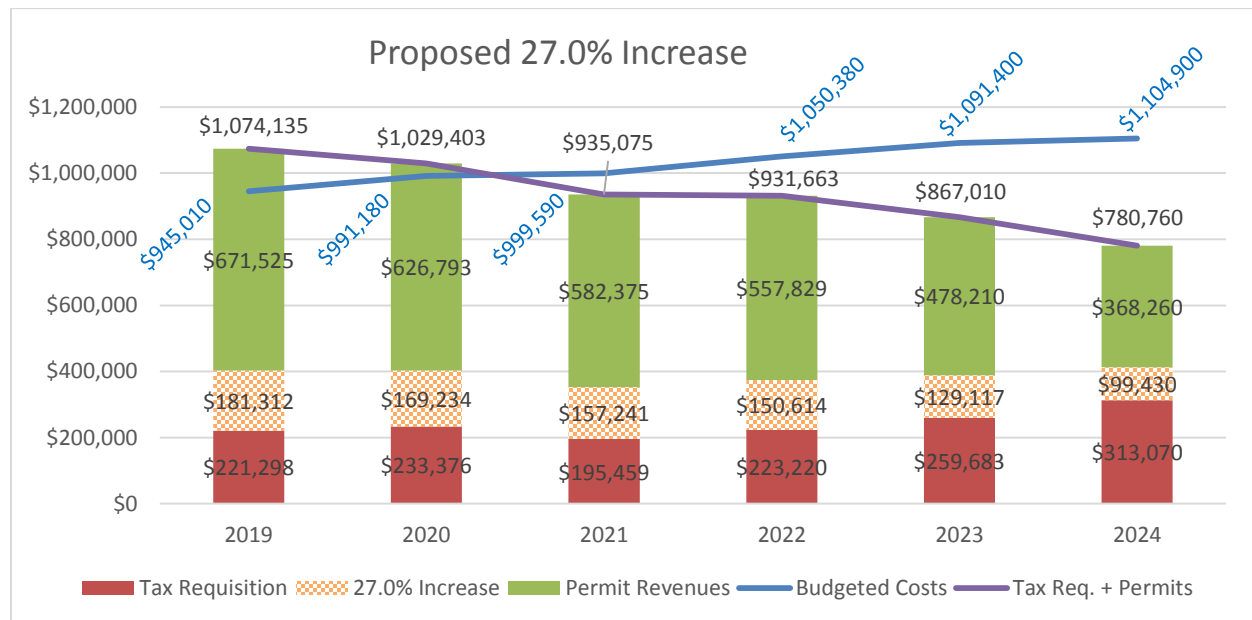
Information below shows the current comparable fees charged by other regional districts for the same values of construction for a new Single Family Dwelling (SFD) and for a new Accessory Building. The CPI increase is shown along with the recommended fee increase of 27%. It should be noted if regular increases in fees were applied based on the CPI, the recommended increase in fees would be a difference of 10.3%.





Impact on Tax Requisition with Recommended 27.0% Increase in Permit Fees

The table below shows the impact the increase in fees would have on the reliance of tax payer funding. The proposed increase has been directly applied to the tax requisition for each year.



The full revision to the Building Bylaw expected to be completed in the spring of 2025 will include provisions to ensure fees will be adjusted on a yearly basis based on the CPI.

Next Steps

If the Board supports the proposed fee increase, staff will bring an amendment to the Building Bylaw to the March EASC and Board meetings to implement this change.

COST

There are no costs associated to the update of the permit fee schedule.

CONCLUSION

A review of permit fees was completed during the 2024 period. Staff are recommending an increase in building permit fees of 27% to address inflationary cost increases and reduce the share of service costs covered by property tax requisition taxpayers from roughly 60% to not more than 40%. Of the 27% increase, 17% is required to address inflationary cost increases and 10% is recommended to shift the cost burden for the service from property tax requisition to permit fees.

COMMENTS BY:

Kelly Lownsbrough, Director of Corporate Services & CFO: The analysis used by staff is based upon historical cost trending, **however FVRD's Financial Statements and year-end audit** are not complete therefore amounts shown for 2024 are estimated. References to Covid-19 Safe Restart Funding relate to the use of grant funds to offset costs, which therefore had a positive impact on taxation in that particular year.

APPENDIX A – Draft Fee Schedule

<div>APPENDIX A TO FRASER VALLEY REGIONAL DISTRICT BUILDING BYLAW NO. 1428, 2017 BUILDING PERMIT FEES (BL 1428)</div>				
	Current Fees	Recommended Fee	CPI Increase 16.70% \$175.00	Recommended Increase 27% \$190.00
1 Non-refundable portion and minimum fee for any building permit application (except for work identified in sections 11, 13 and 16 of this schedule).	\$150	\$300.00		
2 Moving a building within the Regional District	\$330			
3 Moving a building into the Regional District from outside the Regional District	\$330			
4 Moving buildings: Refundable security deposit to ensure the clean-up of both the former site and exterior finish of foundation at new site	\$1,000	\$2,500.00		
5 Plan Review Fee: Non-refundable once a site inspection is undertaken. (Including drawing revisions once permit is issued)	\$1.00 per \$1,000 of value to a maximum of \$500 and a minimum of \$50		\$1.167 per \$1,000 of value to a maximum of \$585.00 and a minimum of \$50	\$1.27 per \$1,000 of value to a maximum of \$635.00 and a minimum of \$50
Projects using a Registered Professional	- 50% reduction of Plan Review Fee above			
6 Inspection Fee: For work, the value of construction of which is determined in accordance with this bylaw to be:	\$150 plus 1% of value of construction, subtracting the Plan Review Fee		\$150 plus 1.167% of value of construction, subtracting the Plan Review Fee	\$150 plus 1.27% of value of construction, subtracting the Plan Review Fee
(up to and including \$1,000,000)				
7 Inspection Fee: For work, the value of construction of which is determined in accordance with this bylaw to be:	\$10,150 plus 0.75% of the value of construction in excess of \$1,000,000, subtracting the Plan Review Fee		\$10,150 plus 0.917% of the value of construction in excess of \$1,000,000, subtracting the Plan Review Fee	\$10,150 plus 1.02% of the value of construction in excess of \$1,000,000, subtracting the Plan Review Fee
(more than \$1,000,000)				
8 Where no changes are proposed in design or siting, for a re-application for a building permit which has lapsed	\$150 or 10% of the original building permit fee, whichever is greater	\$200 or 10% of the original building permit fee, whichever is greater		
9 Building requiring specialized technical knowledge (includes Commercial, Industrial, Institutional and Multiple Family Dwelling)	All applicable fees listed in this Appendix A and in addition all consultants' professional fees incurred by the Regional District			
10 For permit to install plumbing: for any number of fixtures up to ten	\$175		\$205.00	\$225.00
for each additional fixture in excess of ten	\$7		\$8.00	\$9.00
11 For permit to install a chimney to serve a solid fuel or oil burning appliance	\$110	\$150.00	\$130.00	\$140.00
12 For permit to install a fireplace (including masonry or factory-built chimney)	\$220		\$250.00	\$280.00
13 For permit to place a mobile home (CSA 2240 standard) – not in a mobile home park	\$330		\$385.00	\$420.00
14 For permit to place a mobile home in a mobile home park	\$220		\$250.00	\$280.00
15 For permit to erect fencing around a swimming pool in accordance with section 19.2	\$100	\$150.00	\$115.00	\$125.00
16 For recall fee (when inspector is called to site prematurely)	\$110	\$150.00	\$130.00	\$140.00
17 Demolishing a structure	\$150		\$175.00	\$190.00
18 Valuation per square foot of new construction for permit purposes shall be calculated as follows:				
19 For a permit where the property is not accessible by a highway maintained by the Ministry of Transportation and Infrastructure and where the owner requests a permit [as per Section 5.3.2]	All applicable fees listed in this Appendix A and in addition all costs of travel and costs of time to travel between the proposed construction site and the nearest access to a highway maintained by the Ministry of Transportation and Infrastructure.			
20 For obtaining property title search from Land Title Office (per title)	\$20	\$25.00	\$24.00	\$25.00
21 Where work has started before the building official has issued a Building Permit in accordance with this bylaw	Double all applicable fees listed in this Appendix A			
22 The fee for removing a notice that has been placed on the title to land in accordance with Section 57 of the Community Charter as amended or re-enacted from time to time	\$500	\$635.00	\$585.00	\$635.00
23 Alternative Solution Review		\$550.00		
24 Change of Owner or Registered Professional		\$100.00		
25 Occupant Load Calculation (for Liquor License)		\$200.00		

Value of Construction means the greater of the construction value as determined by the building official using the current edition of RSMeans Data Online (or equivalent) or a verified contract price for the completion of the construction for the purpose of assessing permit fees.