

**Municipality Of Chatham-Kent**  
**Community Development**  
**Building Development Services**

**To:** Mayor and Members of Council  
**From:** Paul Lacina, C.B.O.  
Director, Building Development Services  
**Date:** February 10, 2020  
**Subject:** Residential Building Permit Fees

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**Recommendations**

It is recommended that:

1. The Municipality of Chatham-Kent set a maximum amount of \$50,000.00 per building for residential building permit fees.
2. The User Fee By-law 44-2019 be amended in lines 3, 4, 5, 6, and 9 relating to Residential Building Permit Fees to include "Permit fee maximum amount set at \$50,000.00 per building," as outlined in the report.

**Background**

On January 14, 2020, Council held a public strategic planning session emphasizing the demand for growth in Chatham-Kent today and beyond 2035.

The discussions looked at the realities of growth projections, metrics to evaluate growth and strategies to meet and exceed growth projections.

As part of the session, Council discussed barriers to growth and ideas that could inspire growth. Council looked at possible opportunities to find growth initiatives, and ways of encouraging new development across Chatham-Kent.

**Comments**

New residential building permits have steadily increased over the last 5 years, however they have been mainly single detached dwellings, semi-detached dwellings and row house dwellings. It has been over 28 years since Chatham-Kent has seen a large residential development of residential units.

In 2013, a permit was issued for an 88-unit condominium. However, this is an anomaly as developments of this size have not been active in Chatham since the early 90's.

Further to the strategic planning session held on January 14, 2020, Building Development Services suggests that similar to the \$20,000.00 cap on industrial development, a maximum limit on building permit fees be set on residential building permit fees. This maximum amount on permit fees would be \$50,000.00 per building for all residential building permits. This maximum limit would be a positive incentive for future development and would target large residential development.

The following lines of the User Fee By-law would require amendment.

| Item # | Division                      | Business          | Issue  | 2019 fees<br>(excluding taxes) |
|--------|-------------------------------|-------------------|--|--------------------------------|
| 3      | Building Development Services | Building Services | Building Permits (new residential) finished floor area above grade per sq. ft. <b>Permit fee maximum amount set at \$50,000.00 per building.</b>                               | \$1.12                         |
| 4      | Building Development Services | Building Services | Building Permits (new residential) finished floor area below grade (drywall on walls) per sq. ft. <b>Permit fee maximum amount set at \$50,000.00 per building.</b>            | \$0.56                         |
| 5      | Building Development Services | Building Services | Building Permits (new residential) finished floor area below grade (no drywall on walls) per sq. ft. <b>Permit fee maximum amount set at \$50,000.00 per building.</b>         | \$0.15                         |
| 6      | Building Development Services | Building Services | Building Permits (new residential) attached garage per sq. ft. <b>Permit fee maximum amount set at \$50,000.00 per building.</b>   | \$0.20                         |
| 9      | Building Development Services | Building Services | Building Permits (Residential-addition / renovation) per \$1000.00 construction value up to \$10,000,000.00. <b>Permit fee maximum amount set at \$50,000.00 per building.</b> | \$16.90                        |

## Conclusion

The proposal has been reviewed by the Community Development Leadership Team. It is the department's position that this initiative will help to contribute to future growth.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

## **Consultation**

### **Internal**

#### **Community Development Leadership Team**

The Community Development Leadership Team has reviewed the proposal and is in support of the building permit fee change.

**Financial Implications**

A 120 residential unit development has a construction value of approximately \$40,000,000.00 dollars. Based on our current fee structure, the building permit fee would be \$214,000.00.

Currently this type of development represents less than 1% of our building permit revenue. As an example, should the Municipality receive a building permit application for a large residential development which includes 3 buildings, each with 120 residential units, then the permit fee would be \$50,000.00 for each building totaling \$150,000.00 for the building permit fee. In such a scenario the loss of revenue will be absorbed within Building Development Services base budget.

Prepared by:

Reviewed by:

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