

2022 Budget Notes

Toronto Building

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Description

We enforce provincial and municipal building regulations and bylaws, where our primary responsibilities are established through the Building Code Act, such as reviewing and issuing building permits and conducting mandatory inspections of construction to make sure work is in compliance with the Building Code and building permits.

In addition to the roles and responsibilities prescribed by the Building Code Act, the Program administers and enforces the City of Toronto Sign Bylaw and other applicable law. Applicable law is a term used to describe all of the regulations and municipal bylaws, which a project must comply with in order for a permit to be issued.

In 2021, Toronto Building expects to issue 45,000 building permits, complete 160,000 building inspections and complete over 3,000 annual Building Investigations.

Why We Do It

Buildings in Toronto are constructed to be safe, accessible, and sustainable for all, through compliance with the Ontario Building Code.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Building Permission & Information

Who We Serve: Agent, Applicant, Architect / Firm, Builder and Organization, Business, Complainant, Consultant, Contravener, Designer Firm/Professional, Developer, Engineer, Lawyer, Licensee, Mayor & City Council, Operator, Owner's Agent, Police, Property Owner, Ratepayers, Sign Owner, Staff - City Divisions, Surveyor, Tenant.

What We Deliver: Preliminary Plan Review, Building Permit Issuance, Building Record Information Provision.

How Much Resources (2022 gross operating budget): (\$36.117 million)

Building Compliance

Who We Serve: Building User or Occupant, Property Owner, Agent, Contractor, Design Professional, Sign Owner, Developer, City Divisions, Council/Mayor.

What We Deliver: Building Inspection, Building Enforcement.

How Much Resources (2022 gross operating budget): (\$31.929 million)

Budget at a Glance

2022 OPERATING BUDGET

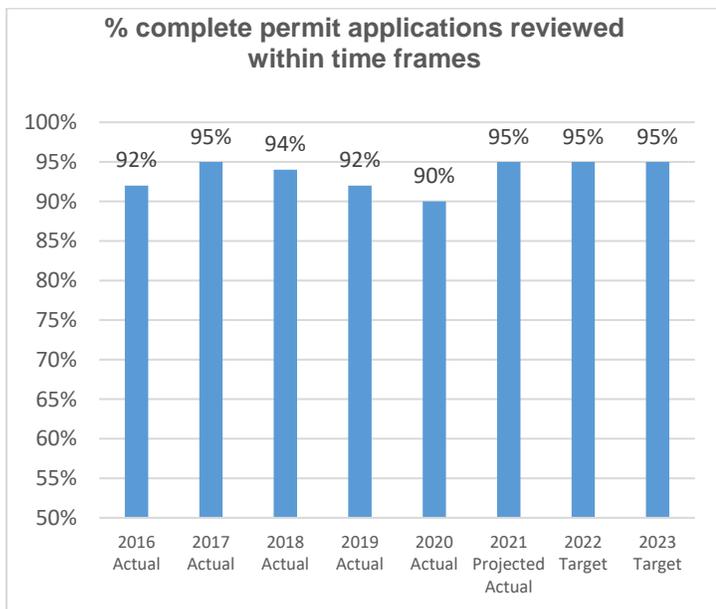
<u>\$Million</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues	\$84.2	\$85.2	\$86.5
Gross Expenditures	\$68.1	\$69.1	\$70.4
Net Expenditures	(\$16.1)	(\$16.1)	(\$16.1)
Approved Positions	534.0	534.0	534.0

2022 - 2031 10-YEAR CAPITAL PLAN

<u>\$Million</u>	<u>2022</u>	<u>2023-2031</u>	<u>Total</u>
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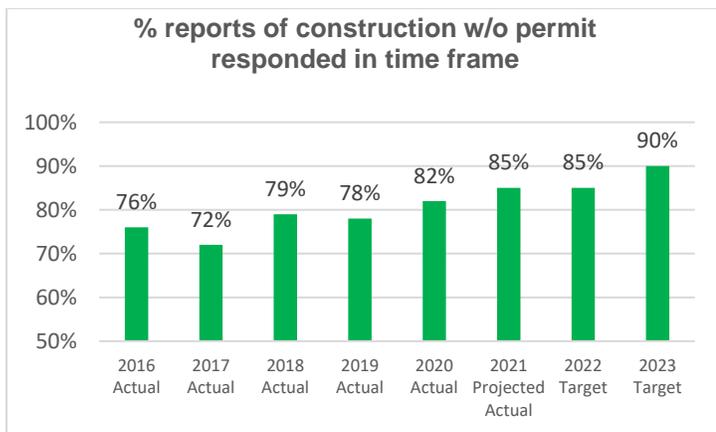
This program does not have a capital budget

How Well We Are Doing – Behind the Numbers



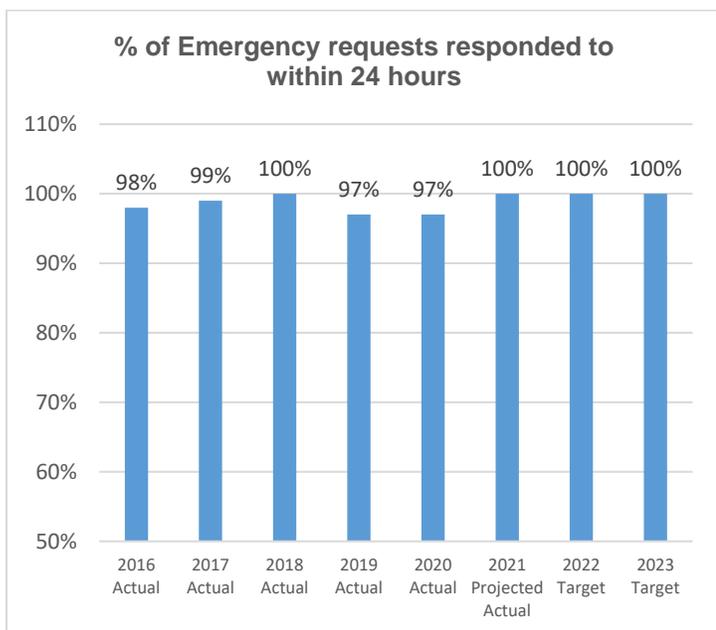
During the last three years Toronto Building has faced challenges in meeting its target mostly attributed to:

- Increasing application volumes and application complexity.** Over the last ten years, building permit applications have increased by 24%, with much of the increased workload managed by improving efficiency (i.e. Electronic Service Delivery). However, the complexity and size of buildings and building sites has also been increasing, which is affecting the Division’s ability to manage the workload impacts of higher application volumes.
- Staff Turnover and Hiring** – Primarily due to retirements and COVID-19 impact on hiring. As a result, vacancy rates in core areas remain relatively high.
- Program Review** – Implementation of recommendations including additional staff resources and new service delivery model expected to yield improvements in meeting service demands.



Investments in Inspection Services, including the Residential Infill Construction Strategy and Dedicated Enforcement Team have resulted in a more consistent and improved response to complaints of work being done without a permit. Additional improvements could be realized through:

- Explore and adopt Innovative approaches to inspections** to increase staff capacity to focus on more value-added work.
- Improve division’s business intelligence capabilities** to improve ability to respond to problems sites and reoccurring issues and enhanced coordination with partner divisions.



Through the use of the Dedicated Enforcement Team established in 2015, the Division has been able to improve its ability to respond to emergency complaints and take immediate action where appropriate if an unsafe order is required. The additional resources have resulted in an increasing response times from 81% in 2015 to 100% in 2021. Additional challenges that can be addressed include:

- Modernizing technology systems** – Response times and performance can be maintained and improved further by modernizing core technology platforms and reducing the administrative workload to free up additional inspector capacity.
- Staff Turnover and Hiring** – Staff turnover and challenges filling vacant inspector positions continues to impact response times in all service areas.
- Program Review** – Implementation of recommendations including additional staff resources and new service delivery model expected to yield improvements in meeting service demands.

How Well We Are Doing

Service	Service Measure	2019 Actual	2020 Actual	2021 Target	2021 Projection	Status	2022 Target	2023 Target
Service Level Measures								
Building Permission & Information	% preliminary zoning reviews completed within service standard *	73%	71%	75%	75%	●	80%	85%
Building Permission & Information	# preliminary zoning reviews completed *	4,857	4,291	4,000	4,000	●	4,000	4,000
Building Permission & Information	% sign applications reviewed within legislated time frames	78%	84%	94%	94%	●	94%	94%
Building Permission & Information	# sign applications reviewed	2,165	1,556	1,500	1,500	●	1,500	1,500
Building Compliance	% building inspections conducted within time frames	92%	91%	94%	94%	●	94%	94%
Building Compliance	# building inspections conducted	176,644	167,189	160,000	160,000	●	160,000	160,000

* Legacy preliminary project review and zoning certificate programs historical data merged from 2017 to 2020. Implementation of the new one-stream zoning review program reflected in 2021.

● 80% - 100% ● 64 - 79% ● 63% and Under

Service	Service Measure	2019 Actual	2020 Actual	2021 Target	2021 Projection	Status	2022 Target	2023 Target
Outcome Measures								
Building Permission & Information	% complete permit applications reviewed within legislated frames	92%	90%	95%	95%	●	95%	95%
Building Permission & Information	# building permits issued	47,148	37,817	45,000	45,000	●	45,000	45,000
Building Compliance	% reports of construction w/o permit responded to within established time frame	78%	82%	85%	85%	●	85%	90%
Building Compliance	# reports of construction w/o permit responded	3,543	3,696	3,300	3,300	●	3,300	3,300
Building Compliance	% of Emergency requests responded to within 24 hours	97%	97%	100%	100%	●	100%	100%
Building Compliance	# of Emergency requests responded to	69	60	75	75	●	75	75

● 80% - 100% ● 64 - 79% ● 63% and Under

COVID-19 IMPACT AND RECOVERY**2022 Impact and Recovery****Operating Budget Impact**

- There are no anticipated impacts to Toronto Building 2022 Operating Budget.

Service Level Changes

- There are no anticipated impacts to service levels as a result of COVID-19 during 2022.
 - The Service Levels will be reviewed and adjusted to reflect processes and protocols as required in accordance with prevailing health and safety guidelines and advice from the Medical Officer of Health.
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EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Completed a comprehensive examination of the Division and initiated implementation of recommendations to support transformation to a new operating model. The new modern building regulator model and customer-focused service delivery processes will also help facilitate and support the City's economic recovery from the COVID-19 pandemic.
- Advanced on divisional hiring strategy and succession management plan through the addition of dedicated resources to support the Division's workforce planning and development efforts and implementation of the program review recommendations.
- Participated in the development of legislative and Building Code changes including proposed amendments related to "tiny homes" and enabling inspectors to conduct remote video inspections.
- Worked with divisional partners to facilitate the building approvals in support of the City's modular housing initiative and transit priorities.

Key Challenges and Risks

- **Organizational Transformation** - realize objectives of program review recommendations for a modernized building regulatory model and practices for the Division.
- **Service Delivery** - ability to drive service quality, efficiency, innovation, and meet service levels in the context of economic recovery from the COVID-19 pandemic and beyond.
- **Technology** - accelerate adoption of modern client-centric technology to enable and support modernized building regulatory model and practices, and client expectations.
- **Training and Development** - maintaining and enhancing a progressive and continuous learning environment for staff training and development.
- **Fiscal Responsibility** - investment in resources needed to support business transformation in the context of economic recovery from the COVID-19 pandemic and beyond.

Priority Actions

- **Organizational Transformation** – phased-in implementation of program review recommendations
- **Service Delivery** - drive service quality, efficiency and innovation by implementing new collaboration platforms and tools for staff
- **Technology** - pursue a seamless customer service experience and further implement electronic service delivery enhancements and online tools as part of digital first service strategy
- **Training and Development** - invest in a knowledgeable and engaged workforce by advancing succession planning and enhancing employee training and development programs
- **Fiscal Responsibility** – implement adjustments to full cost-recovery model based on third-party review recommendations, and actively monitor and assess development and construction market.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2022 Operating Budget for Toronto Building of \$68.046 million gross, \$84.193 million revenue and \$16.147 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Building Compliance	31,928.9	38,695.2	(6,766.3)
Building Permission & Information	36,117.0	45,497.6	(9,380.6)
Total Program Budget	68,045.9	84,192.8	(16,146.9)

2. City Council approve the 2022 staff complement for Toronto Building of 534.0 operating positions.

2022 OPERATING BUDGET

2022 OPERATING BUDGET OVERVIEW

Table 1: 2022 Operating Budget by Service

(In \$000s)	2020 Actual	2021 Budget	2021 Projection*	2022 Base Budget	2022 New / Enhanced	2022 Budget	Change v. 2021 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Building Compliance	47,621.8	36,533.8	45,232.7	38,695.2		38,695.2	(6,537.4)	(14.5%)
Building Permission & Information	57,449.0	42,423.2	54,136.8	45,497.6		45,497.6	(8,639.2)	(16.0%)
Total Revenues	105,070.8	78,956.9	99,369.5	84,192.8		84,192.8	(15,176.7)	(15.3%)
Expenditures								
Building Compliance	23,580.8	29,370.1	23,253.4	31,928.9		31,928.9	8,675.5	37.3%
Building Permission & Information	28,401.6	33,440.0	26,821.8	36,117.0		36,117.0	9,295.3	34.7%
Total Gross Expenditures	51,982.3	62,810.1	50,075.1	68,045.9		68,045.9	17,970.8	35.9%
Net Expenditures	(33,088.5)	(16,146.9)	(49,294.3)	(16,146.9)		(16,146.9)	33,147.5	(67.2%)
Approved Positions**	487.0	534.0	N/A	534.0		534.0	N/A	N/A

*2021 Projection based on Q3 Variance Report

**YoY comparison based on approved positions

COSTS TO MAINTAIN EXISTING SERVICES

Total 2022 Base Budget expenditures of \$68.046 million gross reflecting an increase of \$17.971 million in spending above 2021 projected year-end actuals, predominantly arising from:

- Inflationary increases to salaries and benefits for existing positions and annualization costs for 47 new positions added in 2021 related to Toronto Building Program Review Implementation.
- Increase to equipment related to underspending in general equipment and computer hardware due to vacant positions in 2021, and additional spending for equipment to support remote work added in 2022 budget.
- Increase to services & rents related to renovation expenses for centralized records centre postponed from 2021, and less spending on contracted services related to contingency provision for remedial action.

EQUITY IMPACTS OF BUDGET CHANGES

Toronto Building's 2022 Operating Budget maintains funding for outreach and communications to newcomers, persons with disabilities, seniors, Indigenous Peoples, Black and other equity-deserving communities. The Division will expand the information in multiple languages and formats to clarify building regulations concerning building new housing, including affordable housing for low-income individuals, renovations for improving accessibility and access to safe, healthy and adequate homes. The Division is also preparing an Equity, Diversity, and Inclusion Action Plan, to identify and remove systemic barriers to policies, services and practices through the Equity Lens tools. This investment supports the City of Toronto's Corporate Strategic Plans priority a "Well run City" and Toronto at Your Service: The City's integrated customer service initiative.

2022 OPERATING BUDGET KEY DRIVERS

The 2022 Operating Base Budget for Toronto Building of \$68.046 million gross is 35.9% higher than the 2021 Projected Actuals. Table 2a below summarizes the Operating Budget by revenue and expenditure category.

Table 2a: 2022 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2019 Actual	2020 Actual	2021 Budget	2021 Projection*	2022 Budget	2022 Change from 2021 Projection	
	\$	\$	\$	\$	\$	\$	%
User Fees & Donations	93,190.2	99,003.0	65,358.5	91,489.9	65,358.5	(26,131.3)	(28.6%)
Transfers From Capital			156.1	156.1	156.1		
Contribution From Reserves/Reserve Funds	5,567.8	6,016.6	10,110.6	6,684.5	15,326.9	8,642.4	129.3%
Sundry and Other Revenues	269.4	51.2	3,331.7	1,039.0	3,351.3	2,312.2	222.5%
Inter-Divisional Recoveries	924.7						
Total Revenues	99,952.2	105,070.8	78,956.9	99,369.5	84,192.8	(15,176.7)	(15.3%)
Salaries and Benefits	47,541.7	47,278.2	56,911.6	46,467.3	62,190.2	15,722.9	33.8%
Materials & Supplies	96.7	95.5	132.4	100.7	128.1	27.4	27.2%
Equipment	75.5	336.9	855.9	310.0	1,793.5	1,483.5	478.5%
Service and Rent	1,365.6	1,149.1	2,707.9	970.9	2,678.1	1,707.3	175.8%
Contribution To Reserves/Reserve Funds	952.1	2,811.9	1,686.4	1,686.4	740.2	(946.2)	(56.1%)
Other Expenditures	515.5	297.0	515.8	515.8	515.8		
Inter-Divisional Charges	1,643.1	13.7		24.1		(24.1)	(100.0%)
Total Gross Expenditures	52,190.1	51,982.3	62,810.1	50,075.1	68,045.9	17,970.8	35.9%
Net Expenditures	(47,762.1)	(53,088.5)	(16,146.9)	(49,294.3)	(16,146.9)	33,147.5	(67.2%)

*2021 Projection based on Q3 Variance Report

Key Base Drivers:**Salaries & Benefits:**

Includes inflationary increases to existing salaries and benefits, and annualization costs for 47 new positions added in 2021 related to Toronto Building Program Review Implementation. Toronto Building will strengthen recruitment efforts to implement the Program Review recommendations and further reduce vacancies in 2022.

Equipment:

Includes remote work equipment expenses added in 2022 and less 2021 spending on general equipment and computer hardware primarily due to vacant positions.

Services and Rents:

Includes renovation expenses for centralized records centre postponed from 2021 and less spending on contracted services related to contingency provision for remedial action.

Contributions to Capital:

Includes reduced contribution to the Building Code Service Improvement Reserve due to less than required budgeted contribution needs as per the Division's reserve fund target balance analysis.

User Fees and Donations:

2021 user fee projection increase is driven by higher than anticipated volume of building permit applications. In 2022 permit fees will remain at the 2021 rates while the Division is in the implementation phase of the Program/Organizational Review which also included a review of the full cost model.

Other Revenues/Contribution from Reserves:

Includes increases to recoveries of salaries and benefits costs for existing reserve-funded positions and annualization costs for 47 new positions added in 2021 related to Toronto Building Program Review Implementation. Recoveries in 2021 were lower than planned as a result of higher than expected vacancies due to COVID-19 impact.

Offsets and Efficiencies:

The **2022 Operating Budget** includes \$1.323 million in gross expenditure and \$1.118 million in net expenditures reductions attributed to:

Line by Line Review:

A reduction in base budget expenditure requirements (includes items such as consulting expenses and various professional services) to reflect actual experience.

Toronto Building Fiscal Strategy:

Adjustments to budgeted reserve contributions and draws based on base budget changes and review of future year funding requirements and obligations.

Note:

1. For additional information on 2022 key cost drivers refer to [Appendix 2](#) for a summary of balancing actions, [Appendix 3](#) for a more detailed listing and descriptions of the 2022 Service Changes and [Appendix 4](#) for the 2022 New and Enhanced Service Priorities, respectively.

2023 & 2024 OUTLOOKS**Table 3: 2023 and 2024 Outlooks**

(\$000s)	2021 Projection	2022 Budget	2023 Outlook	2024 Outlook
Revenues	99,369.5	84,192.8	85,260.7	86,489.2
Gross Expenditures	50,075.1	68,045.9	69,113.9	70,342.3
Net Expenditures	(49,294.3)	(16,146.9)	(16,146.9)	(16,146.9)
Approved Positions	N/A	534.0	534.0	534.0

Key drivers

The 2023 Outlook with total gross expenditures of \$69.114 million reflects an anticipated \$1.068 million or 1.6 per cent increase in gross expenditures above the 2022 Operating Budget; the 2024 Outlook expects a further increase of \$1.229 million or 1.8 per cent above 2023 gross expenditures.

These changes arise from the following:

- Increases in salaries and benefits to reflect inflationary adjustments in accordance with the collective agreement.

These increases are offset by anticipated inflationary increases to building permit revenues to maintain full cost recovery.

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

N/A

Appendix 2

2022 Balancing Actions

(\$000s)									
Recommendation	Savings Type	Equity Impact	2022				2023 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Line by Line Review	Line By Line	None		(234.1)	(234.1)				
Toronto Building Fiscal Strategy	Other	None	(205.1)	(1,088.5)	(883.5)				
Total Balancing Actions			(205.1)	(1,322.7)	(1,117.6)	-			-

The **2022 Operating Budget** includes \$1.323 million in gross expenditure and \$1.118 million in net expenditures reductions attributed to:

Line by Line Review:

- A reduction in base budget expenditure requirements (includes items such as consulting expenses and various professional services) to reflect actual experience.

Toronto Building Fiscal Strategy:

- Adjustments to budgeted reserve contributions and draws based on base budget changes and review of future year funding requirements and obligations.

Appendix 3

Summary of 2022 Service Changes

N/A

Appendix 4

Summary of 2022 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2022 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

2022 Capital Budget; 2023 - 2031 Capital Plan Including Carry Forward Funding

N/A

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Summary of Capital Needs Constraints

N/A

Appendix 9

2022 User Fee Changes (Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2022 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2022	2023	2024
		\$	\$	\$
Beginning Balance		182,219.3	164,320.3	146,991.5
Building Code Act Service Improvement RF	XR1305			
<i>Withdrawals (-)</i>		(18,243.3)	(17,636.9)	(17,542.3)
<i>Contributions (+)</i>		-	-	-
<i>Interest Income</i>		344.3	308.0	271.8
Total Reserve / Reserve Fund Draws / Contributions		164,320.3	146,991.5	129,721.0
Balance at Year-End		164,320.3	146,991.5	129,721.0

* Based on 9-month 2021 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2022	2023	2024
		\$	\$	\$
Beginning Balance		42,929.0	35,036.0	24,102.0
Insurance Reserve Fund	XR1010			
<i>Withdrawals (-)</i>		(78,304.7)	(77,769.7)	(77,800.1)
<i>Contributions (+)</i>		65,371.1	66,818.7	68,326.7
<i>Interest Income</i>		40.6	17.1	-
Total Reserve / Reserve Fund Draws / Contributions		30,036.0	24,102.0	14,628.7
Other Program / Agency Net Withdrawals & Contributions				
Balance at Year-End		30,036.0	24,102.0	14,628.7

* Based on 9-month 2021 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2022	2023	2024
		\$	\$	\$
Beginning Balance		836.5	894.0	770.5
Vehicle Reserve - Toronto Building	XQ1301			
<i>Withdrawals (-)</i>		-	(181.0)	(43.0)
<i>Contributions (+)</i>		57.5	57.5	57.5
<i>Interest Income</i>		-	-	-
Total Reserve / Reserve Fund Draws / Contributions		894.0	770.5	785.0
Other Program / Agency Net Withdrawals & Contributions				
Balance at Year-End		894.0	770.5	785.0

* Based on 9-month 2021 Reserve Fund Variance Report

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).