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2026 OPERATING BUDGET BRIEFING NOTE

Toronto Building – Building Permit Fees

Issue/Background:

This briefing note provides details on Toronto Building's 2026 Operating Budget and how building permit fees are collected, administered and used to support the administration and enforcement of the *Building Code Act (BCA)*. In alignment with legislated *BCA* reporting requirements, the "Building Permit Fees Annual Report (2023 - 2027)" for the 12-month calendar year, including projections for the years 2025, 2026 and 2027, is attached in [Appendix 1](#).

Key Points:

- *The Building Code Act, 1992 (BCA)* sets out the legal framework for building and construction regulation in Ontario, including the standards under which Toronto Building delivers a number of its services.
- Toronto Building enforces provincial and municipal building regulations and bylaws, where Toronto Building's primary responsibilities are established through the *Building Code Act*, such as reviewing and issuing building permits and conducting mandatory inspections of construction/demolition to verify that work is in compliance with the Building Code and building permits.
- In addition to the roles and responsibilities prescribed by the *Building Code Act*, Toronto Building 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.
- The services identified above aim to ensure buildings in Toronto are constructed to be safe, accessible, and sustainable through compliance with the Ontario Building Code.
- Toronto Building also plays a critical role in advancing the City's housing initiatives and achieving City Council objectives, including the construction of affordable housing and implementation of the Expanding Housing Options in Neighbourhoods (EHON) program.

Building Permit Fees:

- Revenues collected from Building Permit Fees are determined by the City in accordance with the requirements stipulated by *Section 7* of the *BCA*. The total amount of the fees authorized by Council under the authority of the *BCA* must not exceed the anticipated reasonable costs (both direct and indirect) of the City to administer and enforce the *Act* in the City of Toronto.
- The Division is legislated to operate on a cost recovery basis in the delivery of building code-related services under the *Act*. In addition, there is a requirement to report annually on the relationship between direct and indirect costs, and permit fees charged.
- Approximately 97% of fees charged are associated with the administration and enforcement of the *BCA*.
- Toronto Building also administers several non-*BCA* programs, each supported through user fees or administrative charges that fully cover the associated resource costs. This includes programs such as Development Review Application support, Municipal Road Damage Deposit Administration, Sign Permits issued under the City of Toronto Act (COTA), Property Information Reports, and the Rental Renovation Licence Bylaw program.
- The 2026 Operating Budget, Toronto Building includes approximately \$3.400 million in non-*BCA* program expenditures and approximately \$3.500 million in corresponding revenue and other recoveries, representing roughly 3% of the Division's total revenue.
- To maintain full cost recovery for all services, building permit and other building related fees contained in Chapter 441 Appendix C – Schedule 8, Toronto Building, are increased by 4% in the 2026 budget, effective January 1, 2026, in alignment with the annual inflationary adjustment provisions set out in Chapter 441-4 of the Municipal Code.

Building Permit Fees Annual Report:

- *Section 7* of the *BCA* requires the City to produce a report annually outlining how revenues collected have been used to cover the direct and indirect costs of administering and enforcing the *Building Code Act* and the *Ontario Building Code*.
- The report must also include information on contributions to/from and balance of the "Building Code Service Improvement Reserve" established under the authority of the *Act*.
- Direct costs include those associated with the review of applications for permits, and inspection and enforcement activities.

- The indirect support costs related to Building Code services delivered by Toronto Building represents the share of costs of the City's programs that can reasonably be attributed as support and overhead services associated with the provision of building permit services and includes areas such as Legal Services, People and Equity, Technology Services, 311, Facilities, and Finance and Accounting.
- The net expenditure portion of the Toronto Building operating budget is contributed annually to the City's general revenues stream to cover the costs of indirect support.
- Table 1: 2026 Net Operating Budget shows the \$15.363 million net expenditure established in the budget to cover indirect support.
- The "Building Permit Fees Annual Report (2023 - 2027)" for the 12-month calendar year, including projections for the years 2025, 2026 and 2027, is attached as [Appendix 1](#).

Building Code Service Improvement Reserve:

- An obligatory dedicated reserve was established in 2005, under the authority of *Section 7* of the *Building Code Act*, with funds protected for the purposes of: investment in maintenance of systems and processes which enable legislated service delivery timelines and reporting requirements to be met; contingency for stabilization due to economic downturn; and investment in service improvements.
- Contributions and withdrawals of funds is managed and approved through the annual operating budget process. Appendix 8 of the 2026 Budget Notes - Toronto Building contains information regarding the inflows and outflows to/from the reserve.
- The dedicated reserve fund has supported a range of strategic investments. These include technology enhancements such as electronic service delivery, online application submissions, and digital tools for reviewing and marking up drawings.
- The reserve has also funded service improvements, including the division's new client-centric organizational structure and streamlined service delivery model and associated increased requirements for indirect support services.
- These investments have resulted in faster approvals and better service outcomes. By focusing on innovation and process efficiency, the Division has improved responsiveness and reduced turnaround times for applicants.
- The reserve continues to provide funds that are protected to support its original purpose: maintaining systems that meet legislated service timelines and reporting requirements, providing financial stability during economic downturns, and enabling ongoing service improvements.

2026 Operating Budget

The 2026 Operating Budget for Toronto Building is shown in Table 1 below.

Table 1: Toronto Building Net Operating Budget

(in \$000's)	2024 Budget	2025 Budget	2026 Budget	2027 Outlook	2028 Outlook
Total Revenues	98,823.0	107,436.8	117,474.5	123,060.7	125,810.4
Total Gross Expenditures	82,676.1	91,670.4	102,112.1	107,698.3	110,448.0
Net Expenditures*	(16,146.9)	(15,766.4)	(15,362.4)	(15,362.4)	(15,362.4)
Approved Positions	572.0	641.0	643.0	657.0	657.0

*Contribution for indirect support

- Salary and benefits of \$93.860 million represent 91.9% of total expenditures.
- The 2026 budget includes investments of over \$9.055 million to streamline processes, accelerate approvals, and support faster housing delivery including:
 - Continued implementation of the new client-centric organizational structure and service delivery model to yield improvements in meeting service demands.
 - Additional resources to support the recently expanded Reliance on Professional Engineer's Seal Program for houses and small residential projects.
 - Strengthened resubmissions and permit revisions service targeting a 50% reduction in review and processing times for eligible permit applications.
 - Expanding the Pre-Approved Plans Program to include four-plex and six-plex homes, building on existing pre-approved designs for garden and laneway suites. These new code-compliant plans will be available to the public at no cost to support permit applications under the Building Code Act, simplifying the process and accelerating housing delivery in established neighbourhoods.
- In addition, capital investments in technology of \$2.446 million and \$1.206 million in associated operating costs are being made in 2026 to support innovation and modernization through several key initiatives. The capital investments listed below are managed by the Technology Services Division (TSD) on behalf of Toronto Building as part of TSD's 10-year Capital Budget and Plan. Funding is provided through the Building Code Service Improvement Reserve (XR1305). See Appendix 8 of the Toronto Building Budget Notes and Appendix 5 and 5a of the Technology Services Division Budget Notes:
 - **Artificial Intelligence (AI) - Assisted Building Plan Assessment:** A proof-of-concept and pilot project will introduce AI tools to assist with permit application pre-checks for completeness and building code compliance. This investment is expected to accelerate permit processing times. The associated

costs for the development of a proof-of-concept are included as part of the operating budget.

- **Enhanced Online Services:** The Toronto Building Online Services and Toronto Building Express Services projects will improve the customer experience by expanding self-service options for resubmissions, general review reports, and as-built surveys. These upgrades will make it easier for applicants to submit documents online, reducing manual handling and allowing staff reviews to start sooner.
- **Integrated Business Management System (IBMS) Upgrade:** Through the Community Development and Regulatory Licensing (CDRL) System Modernization Project, the City will replace its end-of-life IBMS permitting and development tracking system. This upgrade, delivered in coordination with the Technology Services Division (TSD) and other Development and Growth Services partner divisions, is critical to meeting strategic goals for faster housing delivery, including affordable housing. The operating costs associated with this upgrade including licensing fees are included as part of the operating budget.

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Appendix 1

Building Permit Fees Annual Report (2023 – 2027)

Toronto Building
Building Permit Fees Annual Report¹
For the 12-Month Calendar Year

	2023 Actual ²	2024 Actual ²	2025 Projection ²	2026 Projection ²	2027 Projection ²
REVENUE					
Building Permit Fees Collected ³	86,430,297	83,814,068	82,950,469	99,755,119	102,644,028
Year-end Adjustments ⁴	4,854,883	9,089,842	5,000,000	1,040,000	1,081,600
Total Adjusted Building Permit Fees	91,285,180	92,903,910	87,950,469	100,795,119	103,725,628
EXPENDITURES					
Direct Costs	58,061,507	61,758,176	72,994,632	85,356,519	87,072,993
Indirect Costs	15,898,002	15,862,932	15,862,932	15,862,932	15,862,932
Total Expenditures	73,959,508	77,621,108	88,857,564	101,219,451	102,935,924
RESERVE BREAKDOWN⁵					
Opening Balance	220,552,887	229,880,811	232,693,806	228,031,761	181,930,407
Interest	4,587,381	2,313,230	1,163,469	1,140,159	909,652
Capital Project Funding	-	-	(2,185,202)	(3,240,959)	(4,270,227)
Total Withdrawals	(21,311,457)	(18,000,234)	(19,597,256)	(44,000,554)	(39,148,803)
Contribution	26,052,000	18,500,000	15,956,943	-	-
Closing Balance	229,880,811	232,693,806	228,031,761	181,930,407	139,421,029

1. Report prepared in accordance with the requirements of *Section 7* of the *Building Code Act*.

2. Based on preliminary unaudited figures for 2023 and 2024, and projected figures for 2025, 2026, and 2027.

3. This includes total unadjusted revenue collected during the year, which reflects both current-year activity and carryover projects that will be deferred to future years. It also includes planned draws from the reserve to fund existing reserve-supported positions and service improvements.

4. These adjustments represent the net difference between revenue recognized from prior years' carryover projects and the deferral of new carryover projects into future years.

5. "Building Code Act Service Improvement Reserve" (Toronto Municipal Code Chapter 227, Schedule No. 14, State of Good Repair Obligatory Reserve Funds) established under the authority of *Section 7* of the *Building Code Act (BCA)*.