

From: "Mochrie, Paul" <[Paul.Mochrie@vancouver.ca](mailto:Paul.Mochrie@vancouver.ca)>

To: "[Direct to Mayor and Council - DL](#)"

Date: 10/1/2024 3:18:05 PM

Subject: Memo to Mayor & Council - Staff Update on Changing the Methodology for Charging Building Permit Fees

Attachments: Memo to Mayor & Council - Staff Update on Changing the Methodology for Charging Building Permit Fees.pdf

---

Dear Mayor and Council,

Please find attached a memo to Mayor and Council providing an update on DBL's progress in responding to the Auditor General's recommendations regarding building permit fees.

This memo provides a summary of the following:

- As part of DBL's phased response, staff completed research on various building permit fee assessment processes and reviewed the City of Vancouver's current building permit fee calculation methodology.
- Staff are seeking a new process that would replace the current methodology for building permit fee cost estimates and have identified promising practices regarding a new calculation methodology based on the project area and a service index fee of the proposed occupancy classification.
- To further explore this approach, DBL intends to retain a consultant to develop a service index model that reflects Vancouver's building construction values. This will enable staff to complete their analysis of the new approach before reporting back to Council.

If you have any questions, please contact Corrie Okell at [corrie.okell@vancouver.ca](mailto:corrie.okell@vancouver.ca).

Best,  
Paul

Paul Mochrie (he/him)  
City Manager  
City of Vancouver  
[paul.mochrie@vancouver.ca](mailto:paul.mochrie@vancouver.ca)



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x'm k'y'm (Musqueam), S'wxwú7mesh (Squamish), and s'lilw'ta (Tsleil-Waututh) Nations.

## MEMORANDUM

October 1, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief Communications Officer, CEC  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Corrie Okell, General Manager, Development, Buildings and Licensing

SUBJECT: Staff Update on Changing the Methodology for Charging Building Permit Fees

RTS #: 15899

The purpose of this memo is to provide an update on Development, Buildings and Licensing's (DBL) response to a recommendation from the [Auditor General report on Building Permit Fees](#) to research a different method for charging building permit fees in Vancouver.

Staff have researched options to change the administrative design of the City of Vancouver's building permit fee assessment process. Staff are seeking a process that would replace the current use of cost estimates provided by applicants as the basis for calculating building permit fees and have found promising practices regarding a new calculation methodology based on the project area and a service index fee of the proposed occupancy classification. This approach would be more consistent, reliable, equitable and more efficient than using the value of the proposed work declared by applicants. It would provide a transparent and straightforward process for applicants, and clarity for staff to understand and administer.

To further explore this approach, using departmental funds, DBL will retain a consultant to develop a service index model that reflects Vancouver's building construction values. This service index will enable staff to complete their analysis of the new approach before reporting back to Council.

### Background

In January 2023, the Auditor General (AG) for the City of Vancouver presented to Council an audit report of building permit fees. This report examined the methods by which building permit

fees were calculated and administered five recommendations (see Appendix A) for process improvements. The recommendations aimed to enhance accuracy and consistency of establishing building permit fees for the benefit of applicants, taxpayers, and the City. Staff brought forward a report to Council in September 2023 indicating a two-phase plan responding to the AG recommendations. Phase 1 now complete, Staff worked on phase 2 of the plan and now requires the expertise of a consultant to develop a Service Index model in order to validate our findings.

Staff completed jurisdictional research on various building permit fee assessment processes and reviewed the City of Vancouver's current building permit fee calculation methodology. Staff identified three different models used in Canada to calculate building permit fees including:

- floor-area method in accordance with a service index;
- construction value to determine building permit fees using an established base fee that represents a value of construction range plus a fee per each additional \$1,000 of estimated construction; and,
- combination of Gross Floor Area and Construction Value depending on the type of work being done.

The floor-area method in accordance with a service index model method was the most promising practice of the different models explored as it best supports standardization, predictability, and transparency. This model calculates the building permit fee with the following equation:  $\text{Gross Floor Area} \times \text{Service Index} = \text{Building Permit Fee}$ . The fee schedule can include an expansive list of service index values (multipliers) based on the associated building classifications and aligned with the BC Building Code and Vancouver Building By-law. Available to the public, this model is easy for applicants to understand and calculate using the formula and service index. The formula and service indexes are easy for staff to use to validate the building permit. The service index values will apply to various construction projects, making it easy for applicants to categorize with higher accuracy and creates the opportunity to budget better by knowing what the permit fee will be up front.

### **Next Steps**

DBL will retain a consultant to develop a service index framework for Vancouver, which will include a baseline and schedule for fees. This service index will enable the final phase of analysis to validate the model. Once validated, staff will bring forward the model to Council for decision.

Should you have any questions, please contact me directly.



Corrie Okell  
General Manager, Development, Buildings and Licensing

604.873.7160 | [corrie.okell@vancouver.ca](mailto:corrie.okell@vancouver.ca)

## APPENDIX A: AUDITOR GENERAL RECOMMENDATIONS

Excerpt from the [2023 Building Permit Fees Audit Report \(vancouver.ca\)](https://www.vancouver.ca)

Themes	Recommendations
<b>Administration of Building Permit Fees</b>	<p>1. The Development, Buildings and Licensing department should address discrepancies between the Building By-law and the administrative design of the City of Vancouver's building permit fee assessment process by either:</p> <ul style="list-style-type: none"> <li>• Redesigning processes to more explicitly comply with the Building By-law and address risks of under-charging or over-charging fees; or,</li> <li>• Researching and recommending to Council amendments to the Building By-law to include a different method for charging building permit fees that is consistent, reliable, equitable and more efficient than using the value of the proposed work submitted by applicants as a basis for charging fees, taking the following into consideration:               <ul style="list-style-type: none"> <li>○ The alignment of the selected method with the purpose of charging fees in order to recover the full cost of providing the service of issuing permits; and,</li> <li>○ Developing a transparent method for calculating fees that can be consistently and accurately applied, with administrative efficiency (which may be unique to different types of buildings).</li> </ul> </li> </ul>
	<p>2. The Development, Buildings and Licensing department should develop written guidelines or standard operating procedures for staff to follow when administrating processes to determine building permit fees and provide training to staff on the processes.</p>
	<p>3. The Development, Buildings and Licensing department should enhance the guidance provided to building permit applicants' in order to support applicants' inclusion of complete and accurate information in their application forms.</p>
<b>Accuracy of Building Permit Fees</b>	<p>4. The Development, Buildings and Licensing department should develop a process, utilizing information available in POSSE, to monitor for administrative consistency of the building permit fee process to ensure that fees are being assessed correctly.</p> <p>5. The Building Review Branch should review the value of the proposed work submitted for projects that have provided estimates during rezoning applications (for Community Amenity Contribution requirements) to determine if they would assist in assessing the reasonability of the values provided in building permit applications.</p>