



Report to: Development Services Committee

Report Date: March 26, 2024

SUBJECT: 2023 Building Permit Activity

PREPARED BY: Stephanie Di Perna, Chief Building Official, Director, Building Standards Ext. 3940

REVIEWED BY: Arvin Prasad, Commissioner of Development Services

RECOMMENDATIONS:

- 1) That the report dated March 26, 2024 entitled "2023 Building Permit Activity" be received;
- 2) AND THAT staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

The Building Permit Activity Report presents activity statistics that are intended to provide a clear picture of all development activity within Markham during the period analyzed. The period of analysis for this current report is January 1 to December 31, 2023 and will be analyzed against the same period in 2022. A comparison of the current statistics against five and ten-year averages (where data is available) is also being provided to give an indication of the status of the current building market.

2023 key results are:

- Building Standards issued building permits with a construction value of \$1.69 billion. This is 33% more than the 10-year average.
- Building Standards received 2429 applications for new residential dwelling units and issued 1980 building permits for new residential dwelling units.
- Growth has been robust for accessory dwelling units with a 158% increase from 2022
- 2023 was the highest year on record for occupancies with 2524 new dwellings units delivered to the market. This is 29% higher than 2022 and 60% higher than the 5-year average.

- There is a slow return of ICI with 2022 and 2023 being consistent at slightly less (2%) than the ten-year average of 472 building permits.

PURPOSE:

The purpose of this report is to provide information to Council on building permit activity including;

- Construction value
- New dwelling unit activity
- New dwelling unit occupancies
- Industrial, Commercial and Institutional activity
- Inspections activity
- Mandated response timeframe
- CMHC data comparison and Building Faster Fund update

Building construction, as measured by building permits issued, is an indicator of the continued strength and growth of the City. Building permit data is often used in population and employment growth monitoring, development charge estimations, development tracking, assessment growth, budgets and forecast.

BACKGROUND:

The Department carries out Council's responsibilities for the enforcement of the Building Code Act and the Building Code in Markham. Principally, this involves administering building permit applications, conducting technical review of design plans prepared by Architects, Engineers and other designers, issuing permits, inspecting buildings during construction, authorizing the occupancy of new buildings, and initiating enforcement and prosecutions in cases of noncompliance. In addition to these core Building Code duties, the Department also administers and interprets the City's sign and zoning by-laws and determines the applicability of other laws that may affect the issuance of building permits. The Department includes the office of the Chief Building Official and inspectors, who are qualified and registered by the Province. The Chief Building Official is appointed to these official duties by Council and inspectors are appointed by the Chief Building Official.

About half of the building permits issued are tied to the broader development process that includes development applications that eventually require building permit issuances and occupancy issuances. The Building Standards Department is part of a broader and integrated development process within the Development Services Commission to support and build communities in Markham.

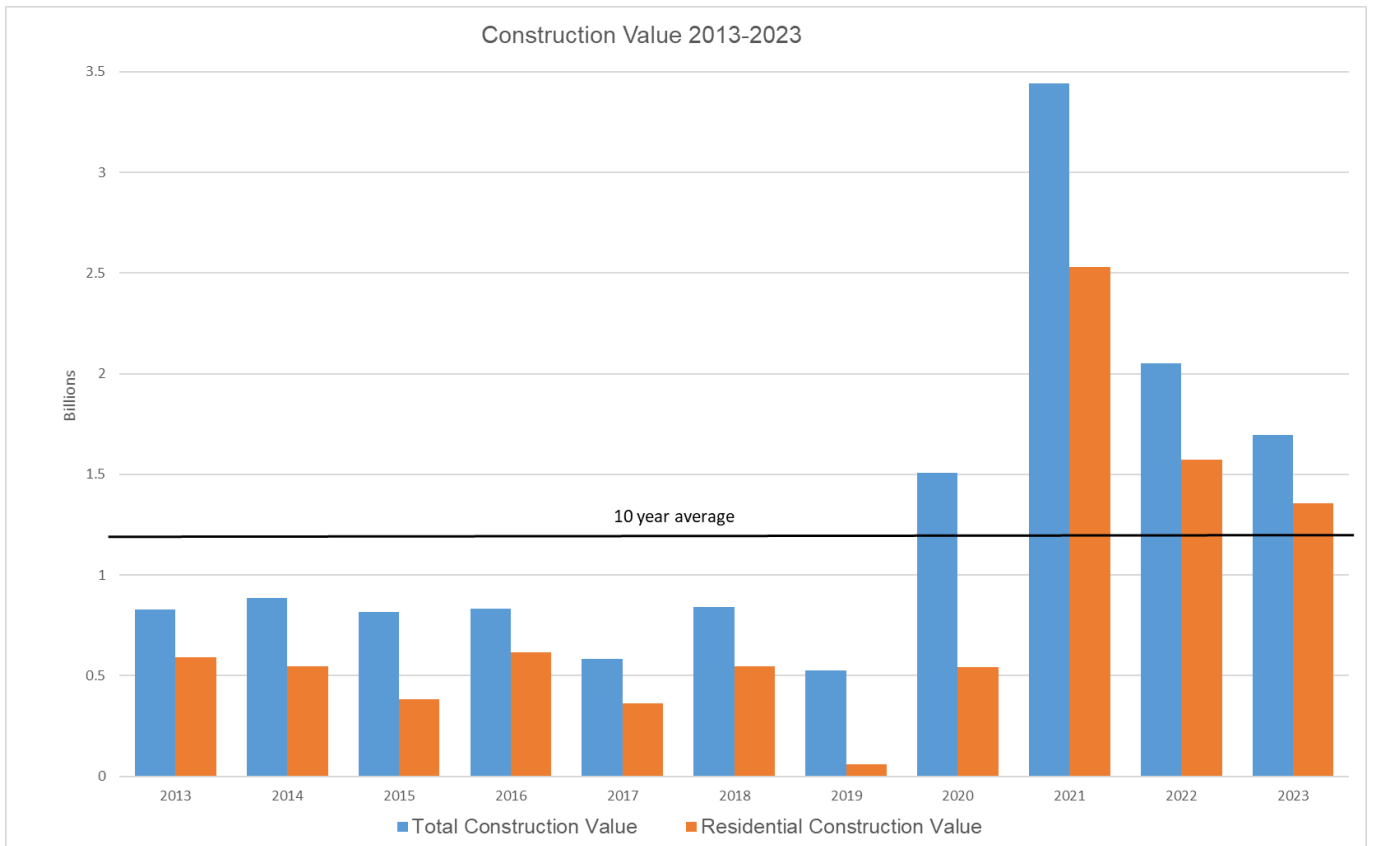
DISCUSSION:

1. Construction Value

Construction Value is the total dollar value of construction activity within a defined period and is a measure of economic activity as a whole. The Ontario Large Municipality Chief Building Officials (OLMCBO) provides construction value multipliers for each type of building permit to Building Departments within the Province. They are representative construction values for typical buildings provided for more consistent construction values reported by Building Departments across the Province.

In 2023 Building Standards issued building permits with a construction value of \$1.69 billion. This is 33% more than the 10-year average.

Residential construction activity represents about 80% of the total construction value of 2023 with a value of \$1.35 billion. Historically residential construction represents about 62% of the total construction value. 2021 was a record year for the City of Markham issuing building permits with a total construction value of \$3.4 billion. 2022 and 2023 values have declined, however maintain well above historic averages and include a robust residential component.



2. New Dwelling Unit Activity

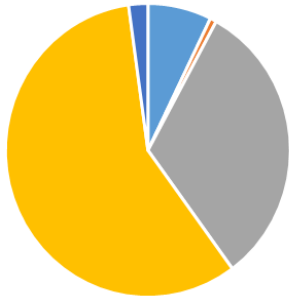
The City regularly tracks and reports on the number of building permits issued to create new residential units in the City. The City also maintains monthly reporting of this data to Statistics Canada.

In 2023 Building Standards received 2429 applications for new residential dwelling units and issued 1980 building permits for new residential dwelling units. Applications represent 306% increase over 2022 applications and permit issuance represents a slight decrease of 10% from 2022 issuance data.

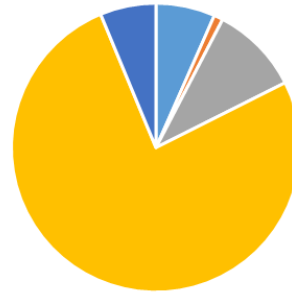
New Dwelling Unit Development- Applications		
Type	2022	2023
Single Detached	150	149
Semi Detached	14	9
Townhouse Units	315	554
Apartment Units	61	1557
Accessory Dwelling Units	59	160
Total New Dwelling Unit Applications	599	2429
New Dwelling Unit Development- Issued		
Type	2022	2023
Single Detached	159	131
Semi Detached	16	20
Townhouse Units	703	197
Apartment Units	1274	1508
Accessory Dwelling Units	48	124
Total New Dwelling Unit Issued	2200	1980

Growth has been robust for accessory dwelling units with a 158% increase from 2022 while townhouse units experienced a significant decrease. The mix of new units was predominantly apartments and consistent for both 2022 and 2023.

Issued Dwelling Type- 2022



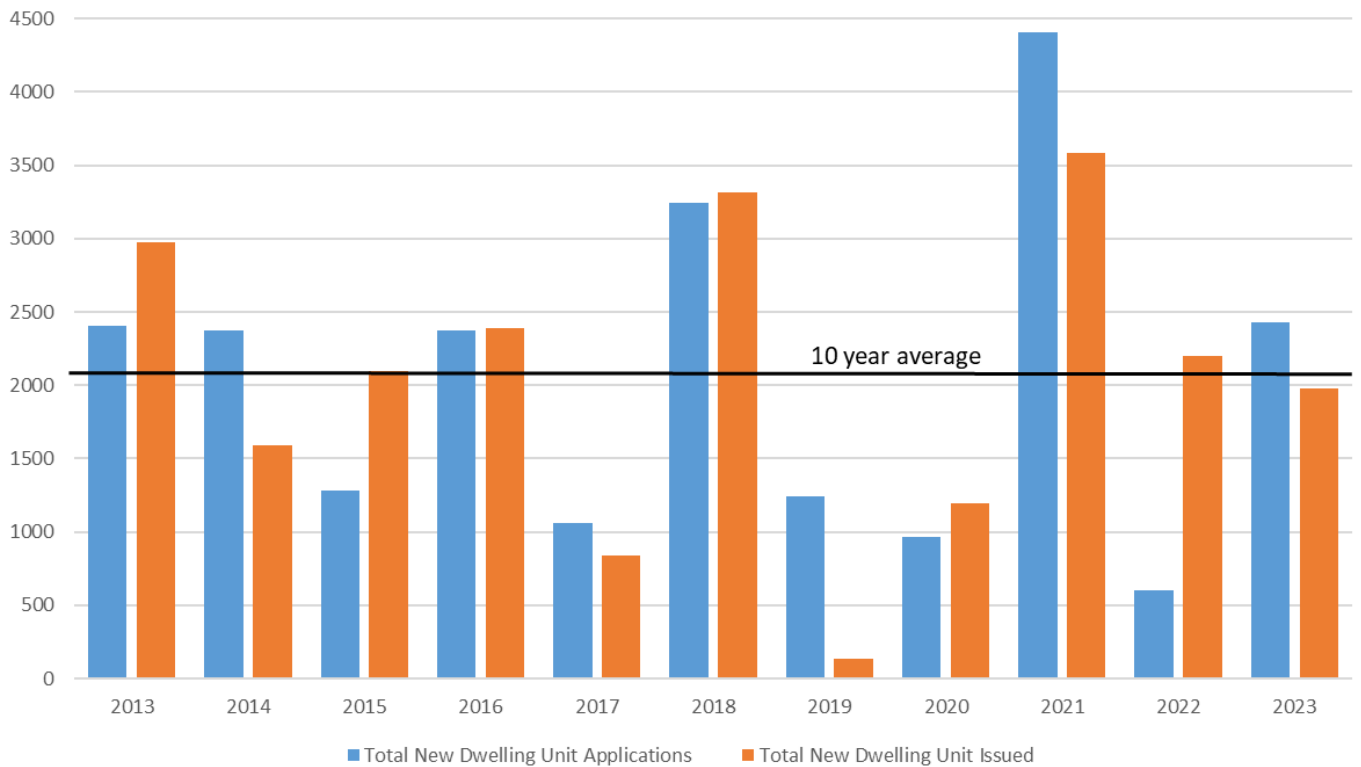
Issued Dwelling Type- 2023



- Single Detached
- Semi Detached
- Townhouse Units
- Apartment Units
- Accessory Dwelling Units

Over the past decade, with the exception of 2019 and 2020, new unit development has been consistently distributed with an average of 2027 new unit building permits issued every year.

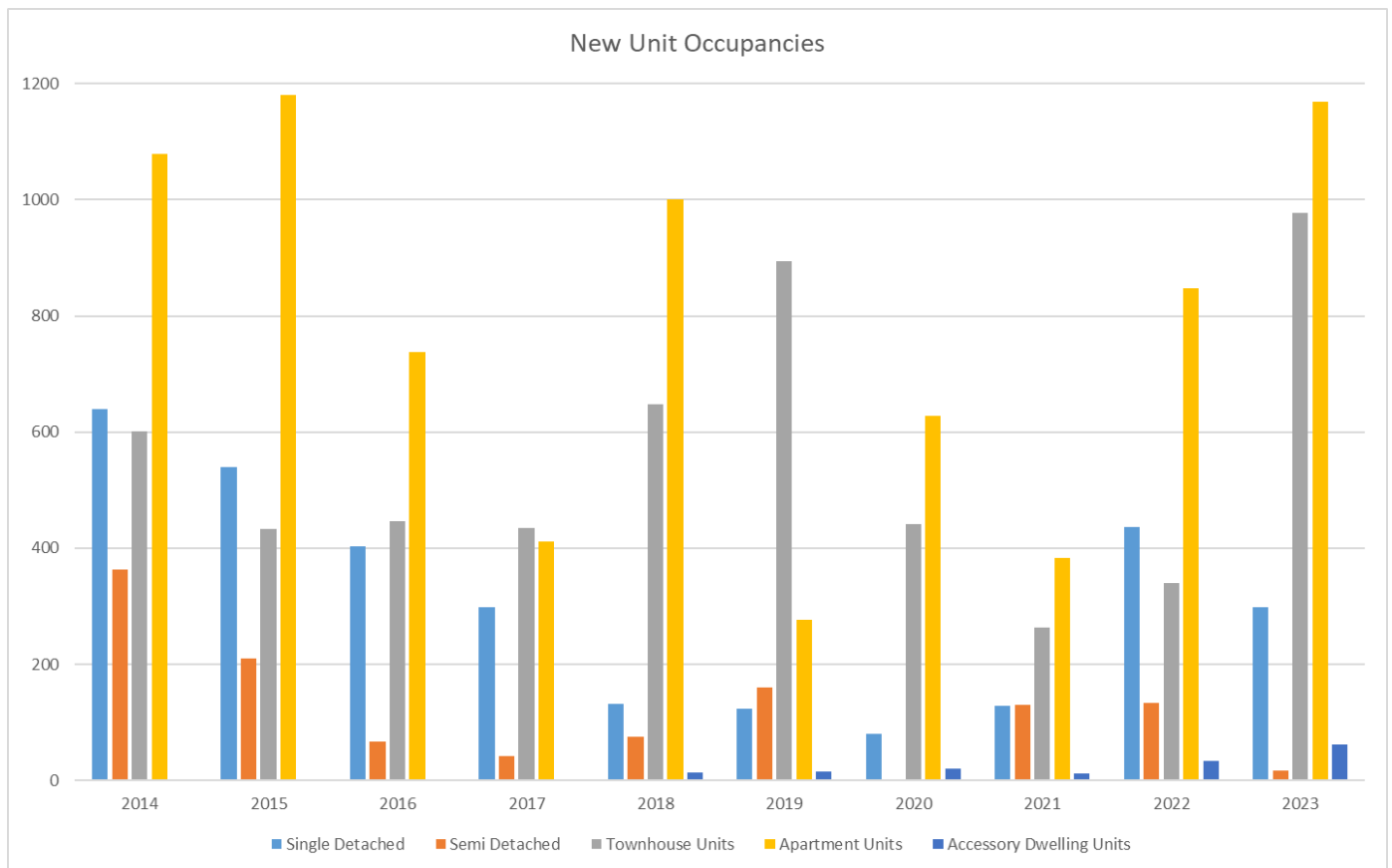
Total New Dwelling Unit Development 2013-2023



3. New Dwelling Unit Occupancies

Building Standards started a forecast and tracking program of occupancies for new residential units in 2014. The program assists in projecting workload and required resources along with projecting assessment growth for the City.

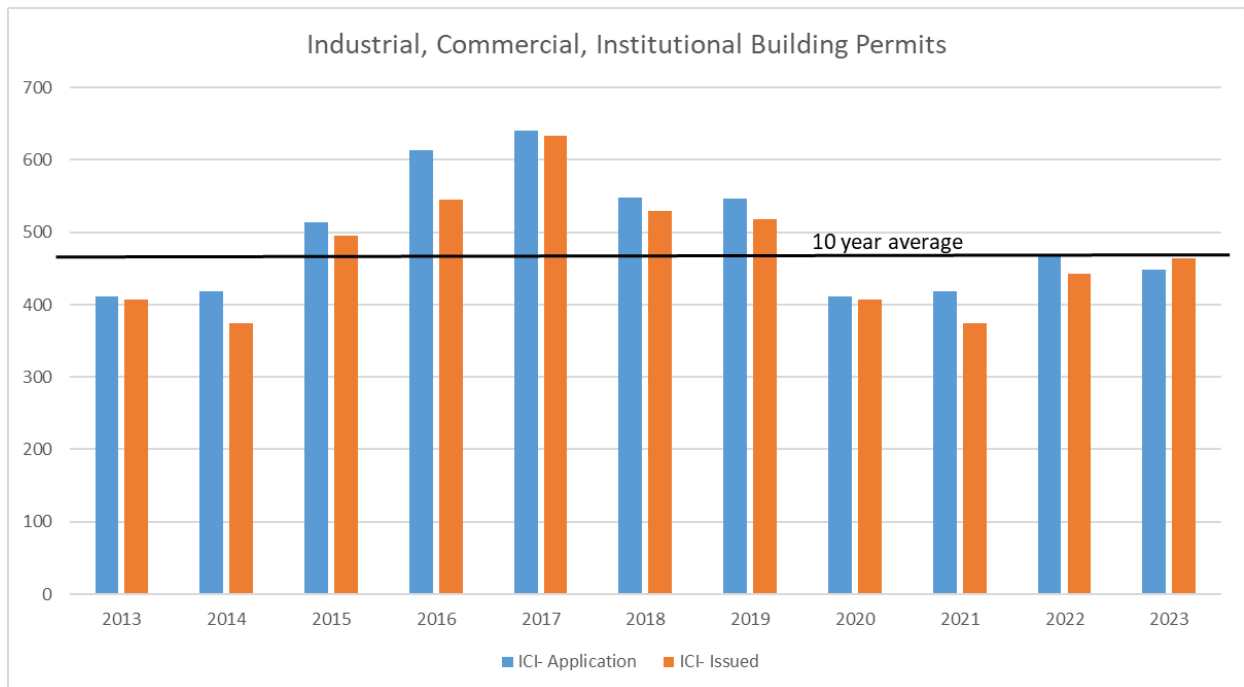
2023 was the highest year on record for occupancies with 2524 new dwellings units delivered to the market. This is 41% higher than 2022 and 60% higher than the 5-year average (1574).



4. Industrial, Commercial and Institutional

Industrial, Commercial and Institutional (ICI) projects play an equally important role in economic growth within the City. The COVID-19 Pandemic affected ICI development with 2020 being the lowest year within a ten-year span.

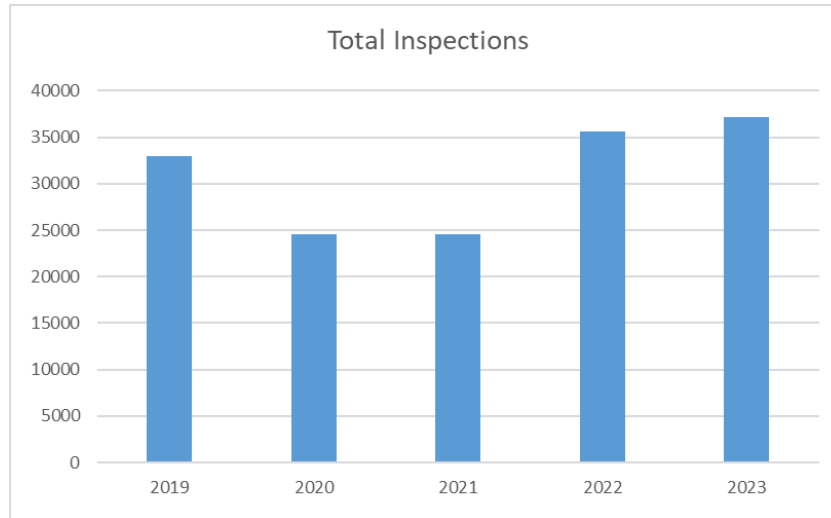
There is a slow return of ICI with 2022 and 2023 being consistent at slightly less (2%) then the ten-year average of 472 building permits.



5. Inspection Activity

After permit issuance the Building Code requires Building Officials to conduct a number of inspections at various stages of construction. Building inspections are conducted at the request of the applicant, as routine status inspections of development and as investigation request. Robust building permit activity creates equally robust inspection activity.

2023 was the highest year on record with 37322 building inspections conducted. Building inspections were conducted within 48hours of the request.



6. Mandated Response Time

The Ontario Building Code mandates that complete building permit applications be issued or the applicant be notified that the permit is being refused and provided with the reasons within a prescribed time period based on the type of building. Building departments are required to report performance of these metrics through the Municipal Performance Measurement Program (MPMP).

From January 1 to December 31, 2510 building permit applications were received and 2108, or 84%, of those applications were deemed as complete. For complete applications, the following table reports on the median number of days it took for Building Standards to either issue the permit or notify the applicant why the application was being refused.

Permit Type	Legislated Timeframe Days	MPMP Number of Days 2022	MPMP Number of Days 2023
House	10	10	10
Small Building	15	12	13
Large Building	20	10	12
Complex Building	30	11	16

7. CMHC data Comparison and Building Faster Fund Update

On March 22, 2023 Council passed a resolution to accept the Housing Pledge committing to facilitate the construction of 44,000 (Markham's target) new housing units by 2031. This would contribute toward the 1.5 million homes target to be built by 2031 that was issued by the Province.

On August 21, 2023 the Province announced the Building Faster Fund (the Fund), a new three-year \$1.2 billion fund for up to \$400 million per year for municipalities that have pledged to achieve their overall 2031 housing target. Currently, eligibility of this fund relies on monthly housing starts data provided by the Canada Mortgage and Housing Corporation (CMHC) and for the City to achieve the following housing unit starts:

- 2023 – 3,227 units
- 2024 – 3,667 units
- 2025 - 4,400 units

CMHC uses Statistic Canada reports to identify relevant addresses for new construction and by way of site visits confirm the housing start. CMHC defines housing start as the stage when concrete has been poured for the whole of the footing around the structure for low density development and the completion of the underground structure to grade for high density development.

A Staff report was prepared for the October 17, 2023 Development Services Committee providing background information on the Building Faster Fund. The report recommended using Markham building permit issuance data rather than CMHC housing starts since an applicant can start construction once a permit is issued and is the nearest milestone measurable in the building permit process before construction starts. The City does not have data to confirm CMHC's data and it is outside of the City's control when construction begins.

CMHC data is lower than City of Markham permit issuance data within the same time period.

The City of Markham's funding allocation from the Building Faster Fund in each of 2023, 2024, and 2025 is \$11.733 million. Markham is required to achieve at least 80% of the housing unit starts target assigned to receive funding in each of 2023, 2024, and 2025. The funding would be prorated to the level of target achieved, with attainment beyond the target qualifying for a bonus. 80% of the

2023 target is 2,582 units. CMHC 2023 posted housing starts for Markham is 1,151 units. Markham will not receive funding in 2023.

The City consistently meets Building Code review and permit issuance timelines. Achieving the Province's housing targets is also dependent on factors outside of the City's control including building permit submissions by applicants, macro economic factors (interest rates) and construction labour availability. The City continues to request the Province to review metrics and align those to what is within the City's' control.

NEXT STEPS:

Not applicable.

FINANCIAL CONSIDERATIONS:

In the short term, any money received from the Building Faster Fund could help mitigate some of the revenue reductions due to the impacts of Bill 23 (reductions in parkland/cash-in-lieu, removal of studies and potential removal of land from the list of DC-eligible capital projects, phase-in of DC rates, and incentives for affordable housing). However, as Building Faster funding is limited and time-constrained, it does not represent a long-term solution to the fiscal challenges faced by municipalities due to Bill 23. In support of identifying a sustainable path to address these fiscal challenges, the City has been and will strive to continue to be at the forefront of discussions with the Province, which announced in late 2023 that it will be reviewing aspects of Bill 23.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal 1 - Exceptional Services by Exceptional People
Goal 3 – Safe, Sustainable and Complete Community.

BUSINESS UNITS CONSULTED AND AFFECTED:

RECOMMENDED BY:

Stephanie Di Perna, MBA, PMP, M.A.A.T.O.,
Chief Building Official, Director, Building Standards

Arvin Prasad, R.P.P., M.C.I.P.
Commissioner of Development Services