

Report to Planning and Environment Committee

To: Chair and Members
Planning and Environment Committee
From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Planning and Economic Development
Subject: Building Division Staffing Enhancements: A Path to 47,000
Units by 2031
Date: June 19, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the attached report on staffing enhancements for the Building Division to accommodate the requirements of Bill 23 (More Homes Built Faster Act, 2022) related to the creation of 47,000 residential units by 2031, **BE RECEIVED** for information purposes.

Executive Summary

Bill 23 (More Homes Built Faster Act, 2022) received royal assent on November 28, 2022. A requirement stemming from this Act is for select municipalities to pledge on the creation of a certain number of residential units by 2031. Accordingly, the City of London has pledged to create 47,000 units by 2031. An increase in residential building permit application submissions is anticipated from now until 2031 to reach this target. The additional building permit demand will inevitably require additional staff to be hired in the Building Division both for permit processing and for building inspections. This report discusses staffing enhancements as well as what is being done in the short-term and a strategy for the long-term to enhance the level of service provided by the City's Building Division.

Linkage to the Corporate Strategic Plan

Growing our Economy

- London is a leader in Ontario for attracting new jobs and investments.

Leading in Public Service

- The City of London is trusted, open, and accountable in service of our community.
- Improve public accountability and transparency in decision making.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

London's Housing Pledge: A Path to 47,000 units by 2031 – February 7, 2023 – Strategic Priorities and Policy Committee

2.0 Discussion and Considerations

2.1 Building Division Resources – Short Term

Bill 23 (More Homes Built Faster Act, 2022) received royal assent on November 28, 2022. The City of London made a pledge to the provincial government, to create 47,000 dwelling units by 2031. The pledge involves a municipal housing target that includes homes of all unit types and tenures. The intent of the pledge is to demonstrate the City's commitment to accelerating housing supply and to identify the strategies and actions that the City is taking, or plans to undertake, to facilitate housing construction.

Based on available data related to the building permits issued and the associated dwelling units created, the to-date, the 5-year average number of dwelling units created was 3,144. To achieve the target of 47,000 units by 2031, an average number of 4,700 units per year would need to be created. Inevitably, the additional dwelling units that would be created, would be accomplished by an increase in residential building permit application submissions. The increased building permit demand will require additional staff to be hired in the Building Division, both for permit processing and for subsequent building inspections.

As in all recruitment and onboarding efforts, it takes time to hire and train new staff. In anticipation of the increasing need for building related services, 11 new staff will be hired to provide additional capacity to process and support the building permitting and inspection processes. Further to the analysis conducted in terms of additional staffing needs, the following Table depicts the total number of staff required to be hired, by position.

Table 1. Building Division Staffing Needs

Job Title	Number of staff
Plans Examiners	3
Inspectors	3
Review Engineers	2
Business and Zoning Co-ordinators	2
Building Connector	1
Total Additional staff	11

It is anticipated that the hiring process will take place immediately recognizing there may a need for initial training depending on the qualification levels of the candidates. As these positions are often difficult to fill, our People Services area has been engaged to assist in the creation of a recruiting plan. Moving forward with these positions quickly will place the Building Division in an advantageous position to be ready for the anticipated influx of residential building permit applications.

1.2 Building Connector

To facilitate improved customer service for both building permit processing and building inspections, a proposed Building Connector position is being created. The role of the Connector position will be a liaison for high volume and/or high construction value permit applicants. It is expected that the position will involve a staff member with both a technical background in Building Code matters as well as other broader applicable regulations, limited-scope technology assistance, as well as a Customer Service focus. This position is being rolled out as a pilot and if it successful additional Building Connectors may be brought forward in the future to extend the service to additional applicants.

2.1 Building Division Resources – Long Term

In addition to the short-term staffing needs and funding source review, the Building Division will undertake a further review of whether additional staff may be required to be hired depending on workload trends. New customer service initiatives as well as process improvements will be the ongoing focus forward.

The following items highlight the primary principles of long-term improvements in the Building Division.

Process Improvement

It is proposed that a 'deep-dive' Lean Six Sigma analysis on current permit processing methods be conducted to determine how plan reviews and building inspections could be expedited. There would have to be an undertaking of mapping of the current processes and development of analytics and metrics to identify current performance, as a first step.

An increase in the submission of complete applications is the desired outcome as well as the minimization of plan resubmissions as a result of deficiencies noted during plan reviews.

To achieve this outcome, the following vision and goal would need to be worked towards:

- **Vision: One and Done.** The review of multiple resubmissions adds on additional process steps and has implications to the overall review time. Multiple resubmissions 'disrupt' the flow of plan reviews. Ideally, the reviews of applications would be conducted once, with the first application submission, resulting in permit issuance.
- **Goal: Two and Through.** Implement improvements to the permit application review process to reduce the total number of resubmissions and the overall permit issuance timeframes. It is expected that enhancements to the online permit application portal will help achieve this in terms of ensuring the correct documentation has been submitted.

Process improvements will require further discussions with key industry partners. The following initiatives are proposed:

- Enhance existing and develop new Standard Operating Procedures (SOP) that incorporate Standard Work documentation by process.
- Enhance the onboarding process for new employees specific to their role(s) and training needs.
- Focus on plan review common deficiency items and collaborate with industry as to how to minimize/absolve them.
- Enhance the existing protocols on permit application submissions and strengthen the process for plan resubmissions.
- Review the current communication tools with a focus on standardization.
- Work towards clarity of comments to assist applicants through the permit review process by making them focused, actionable, and tied to policies and procedures.
- Explore annotations on drawings by plan review staff, where possible, to minimize resubmissions.
- Establish a Continuous Improvement Plan for the Building Division to continue work identified to date, over the next 3 to 5 years, including staff development and training, value stream mapping and benchmarking with other municipalities.

Enhanced Customer Experience

With respect to enhanced customer service experience, a proposal to establish a new hub area on the second floor at City Hall is being considered. It is expected that the hub will be staffed by a 'on duty' plans examiner, during work hours, that will assist with general permit application processing and building inspection inquiries. The hub will facilitate both 'in-person inquiries as well as calls or virtual meetings.

As discussed above, a new role of Building Connector will be established in a support role to applicants with a high volume of permit applications annually, or applicants whose proposed construction projects are of a significant construction value. A possible separate permit application processing stream, perhaps utilizing a dedicated staff member, would be explored for those applicants.

Furthermore, additional enhancements to the online permit application portal will be explored to provide a 'live' update to applicants in terms of how their applications are transitioning through the various plan review phases, providing an estimated date of permit issuance, where possible.

Increasing Capacity & Capability

Efforts towards a proactive approach will be made, in terms of monitoring upcoming industry demands (close discussions with industry partners, review of industry reports, etc.) so that appropriate staffing levels are maintained, ensuring service delivery levels remain satisfactory.

A focus is being considered on enhanced staff training via the establishment of an internal Training Committee that will review training needs on an ongoing basis in terms of expediting and fulfilling training results and ensuring the outcome aligns with the services delivered.

In cooperation with Fanshawe College, the Building Division has a representative that sits on the college's Architectural Technology Program Advisory Committee providing feedback on expected qualifications for a building official. This ensures that graduates from the Architectural and/or Construction Technology programs are well prepared and qualified to apply for a position with the Building Division.

3.0 Financial Impact/Considerations

3.1 Additional Salary Costs & the Building Permit Stabilization Fund Status

On February 7, 2023, a report was presented to the Strategic Priorities and Policy Committee titled "London's Housing Pledge: A Path to 47,000 units by 2031". As flagged in this report, there was a need for short-term resources to support the additional capacity needed to develop and sustain the City's Housing Supply Action Plan and other key initiatives. Furthermore, it was stated in the report that a review of the Building Permit Stabilization Reserve Fund will be undertaken in order to assess whether further Building Division staff can be funded through this to provide additional capacity in 2023.

The Building Permit Stabilization Reserve Fund has been established to provide a source of funding when permit activity is reduced to levels when there are revenue shortfalls in any given year.

In consultation with the City's Finance Supports service area, the anticipated short-term (first year of employment) cost amount attributed to staff salaries is expected to be \$726,741, if all 11 additional Building Division staff members are hired.

The current balance of the Building Permit Stabilization Reserve Fund is \$3,354,991.35. It is proposed to drawdown from the Building Permit Stabilization Reserve Fund the total amount of \$726,741. This would result in a revised Building Permit Stabilization Reserve Fund balance of \$2,628,250.35. The proposed drawdown would only occur during the first year (short-term funding).

During the building permit fee review in 2019, consultations occurred with industry, and it was agreed that the Building Permit Stabilization Reserve Fund target should be set to 100% of the annual operating costs to administer and enforce the Ontario Building Code. The revised Building Permit Stabilization Reserve Fund balance of \$2,628,250.35 results in the Building Permit Stabilization Reserve Fund target of 30.9% of the total 2022 annual operating costs.

In accordance with the legislation, costs associated with the administration and enforcement of the Building Code Act and Building Code Regulation, are to be offset by building permit fee revenues. A consultant is currently being retained to undertake a review of the building permit fees. The analysis will consider the costs incurred as a

result of the additional 11 staff members to be hired and the anticipated increase in permits due to the 47,000 unit pledge to support a long-term funding strategy. In addition, there will be consideration to partially support the additional positions through the multi-year budget process. A future report will be prepared and submitted to the Planning and Environment Committee outlining the consultant's findings with respect to permit fee increases following engagement with the building industry.

Conclusion

London has pledged to create 47,000 residential units by 2031. An increase in residential building permit application submission is anticipated from now until 2031 to reach this target. As a result, additional Building Division staff will need to be hired for permit processing and for building inspections.

In the short-term, the creation of a new Building Connector position will be established with a liaison role for high volume and/or high construction value permit applicants, in addition to a focus on process improvements and enhanced customer experience. An increase in staff capacity & capability will be prioritized, as well. These additional positions will allow staff to be trained and in place to support the anticipated increase in building permit application driven by the city and industries' work to support 47,000 residential units in London by 2031.

Prepared and Recommended by: **Peter Kokkoros, P.Eng.**
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