

## City of Spruce Grove Permit Report – Mid-Year 2013

### ***Introduction***

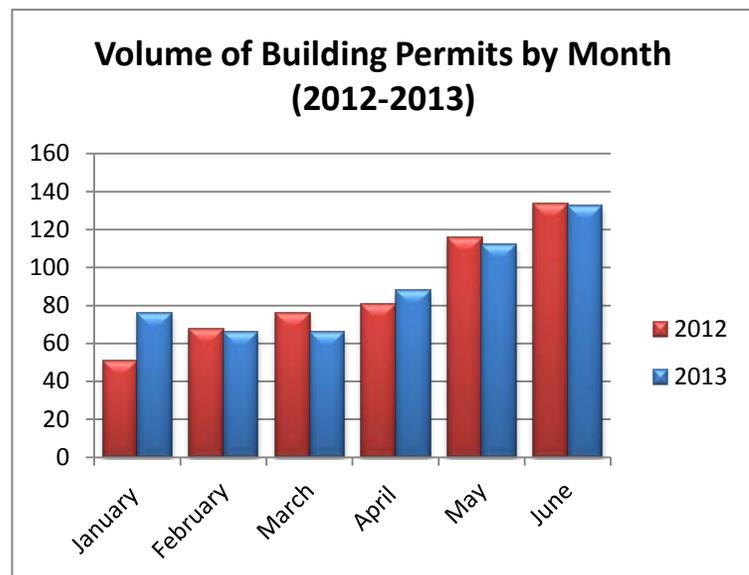
The Planning and Development Department prepares a mid-year permit activity report, along with a year-end summary highlighting additional data and analysis. Administration compiles these reports in order to provide an outlook to Council that might indicate future trends in population growth, increases in property tax payers, and the cost for providing both hard and soft infrastructure to the community at large. The reports are posted on the City's website with a press release. Timing of the reports will typically be in late summer for the first six months of activity each year and in March for the full year report. The full year annual report will also be presented to Council or Committee of the Whole at a public meeting.

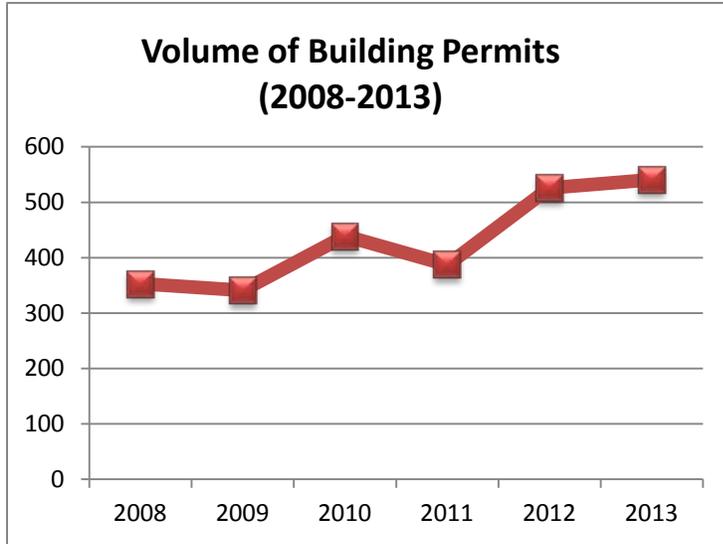
**Readers should note that all of the data shown in this report, whether for this year or previous years, refers solely to activity taking place between January 1 and June 30.** For a more complete picture, readers should refer to the annual report.

### ***Building Permits***

Building permits are issued by the City's contractor according to the regulations set out in the Alberta Building Code. Approvals are based on building plans that conform to safety codes. For new construction of houses and businesses, both a building and a development permit are required. However, for structural alterations to buildings, only a building permit may be required. Building permits are the industry standard used to track growth in development for communities as it is the last permitting process before building construction, and therefore the most indicative of pending construction activity. As such, more attention is typically placed on analysis of building permits than development permits.

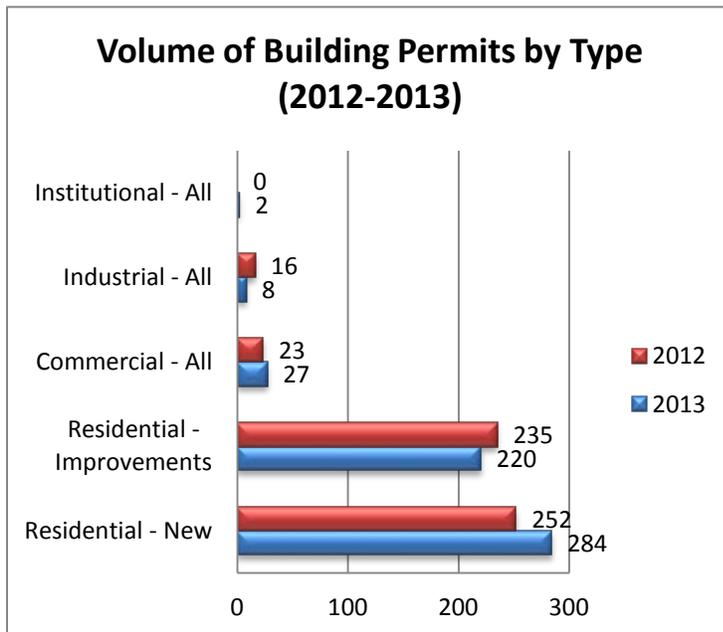
The first two quarters of activity followed typical trends in Alberta, seeing lower permitting levels in winter, with greater activity growth as summer begins. The first half of 2013 has seen the highest building permit volume since 2008, as shown in the figure on the next page.





Delving deeper into the numbers, the City looks at the distribution of building permits issued, categorized by residential, commercial, industrial or institutional use.

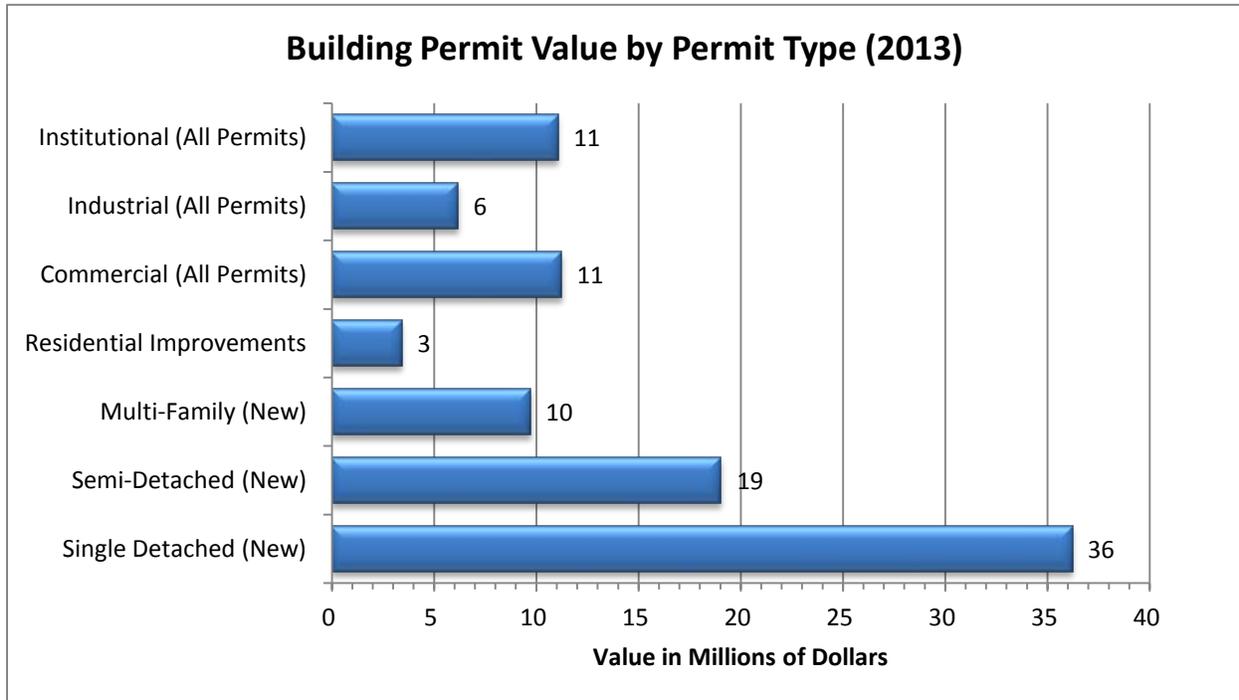
Residential construction continues to dominate permit activity in Spruce Grove. Therefore, residential permit activity is broken down into new construction and improvements for charting purposes. For the purpose of this report, improvements also include new detached garages.



About 52.5% of building permits issued in the first half of 2013 were for new dwellings, and another 40.5% of permits were for residential improvements, for a total of 93% of all permits. Commercial permits accounted for approximately 5% of the building permit activity in Spruce Grove, up slightly from 2012. Industrial activity comprises 1.5% of building permits, which is half the permits pulled in the same time frame in 2012.

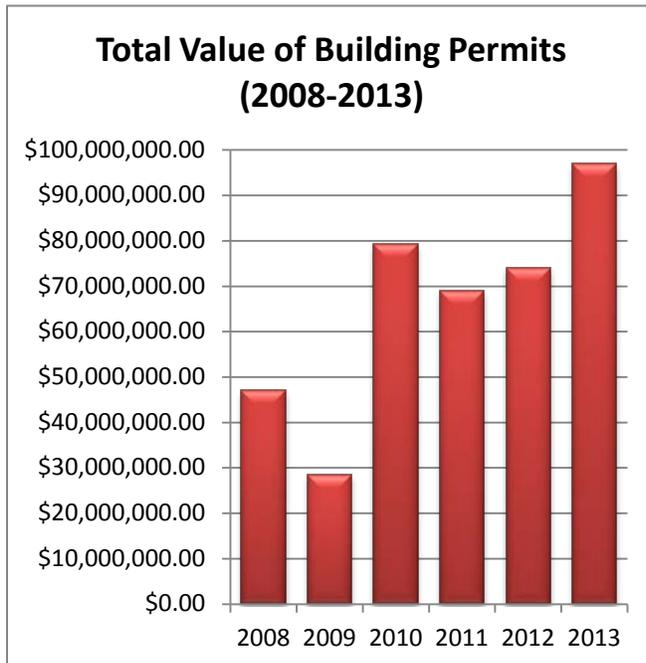
When looking at building permit values, a slightly different picture of construction trends in the city emerges. The graph on the following page depicts the value of building permits when assessed by building type. Although commercial construction represents only 4.4% of the total number of building permits, commercial construction for the first six months of 2013 comprises 12% of building permit valuation. Similarly, institutional permits, representing just 0.4% of permit volume, comprise over 11% of valuation for permits in 2013 (largely due to the high valuation of the new public works building).

Overall most of the private investment in Spruce Grove is going toward the construction of new residential units, including single detached, semi-detached and multi-family dwellings. Generally, over the course of a year, the residential permit values are higher than the non-residential values. At the beginning of 2013, Administration predicted high levels of non-residential development for the year, similar to recent years, with a shift to



less commercial development than 2012, but with greater industrial activity. However, growth to date seems to be a reduction in permitting levels in both commercial and industrial activity.

The last graph in this section, below, displays the value of building permits by year since 2008. These values are not adjusted for inflation. We can see from the graph that the first six months of 2013 show permit valuation at the highest level in recent years, with a



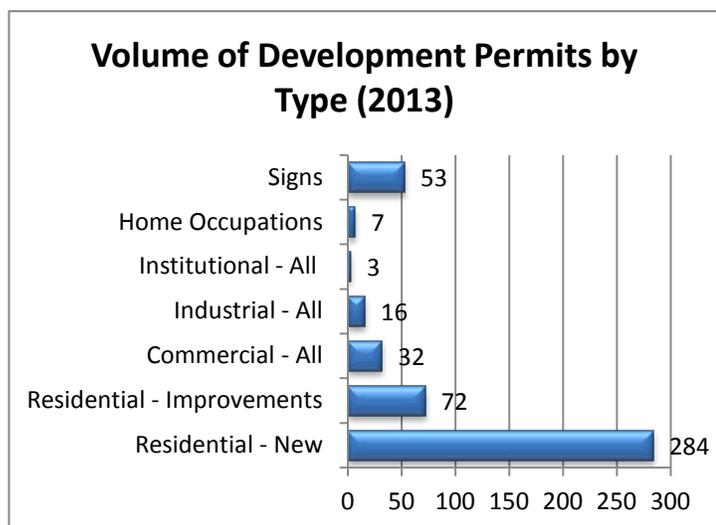
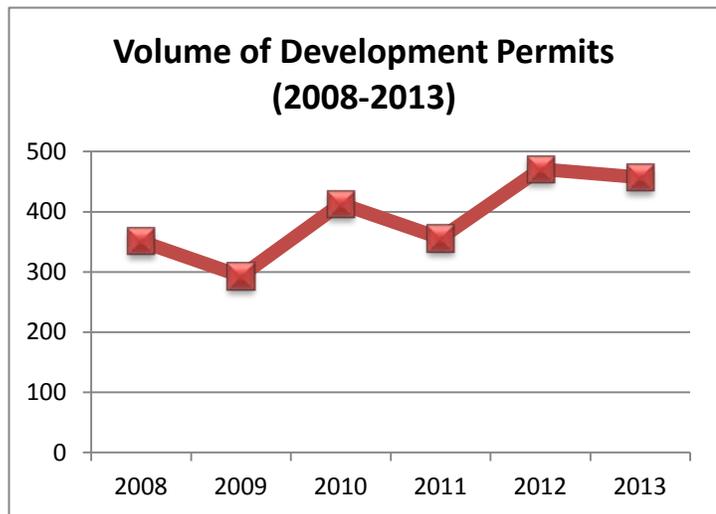
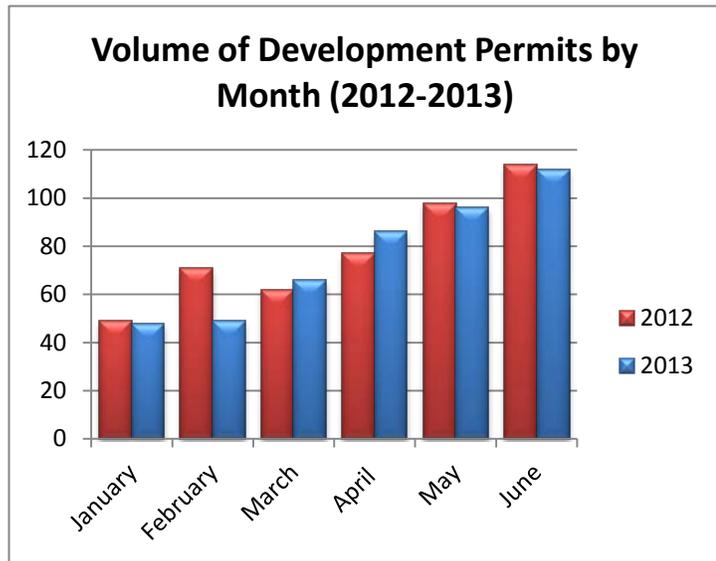
total permit value of approximately \$96.8 million. Two major projects received building permits in the first half of 2012: the public works facility (\$10.4 million) and the Holiday Inn Express hotel (\$8 million). Administration expects the remainder of the year to have tempered growth in terms of major industrial or commercial projects in comparison to previous years. Residential development is expected to remain high for the rest of the year, as homebuilders try to make up for an unseasonably wet spring and summer. Activity levels will remain dependent on favourable weather conditions as fall approaches.

### Development Permits

Development permits are issued by the City’s development officers in order to approve the location and use of a building on a property in accordance with the Land Use Bylaw. Development permits are valid for one year after the date of approval, and are therefore often a good indicator of what levels of construction *may* occur in the next several months.

For the first six months of the year, development permits have decreased in volume by approximately 3% compared to the same period in 2012. The drop may be due to the unseasonably warm weather that occurred in 2012, which led to a spike in activity in February. Activity patterns in 2013 appear normal with slightly higher activity than typical when looking at years preceding 2012.

The last image in this section, at right, looks at the number of development permit approvals broken down by the type of permit. As expected in Spruce Grove, residential permits represent the majority of applications. Residential development is broken down by new development and improvements, but for all other categories new and improvements are combined, due to smaller overall numbers. Residential improvements include new garages. The number of commercial permits includes changes in occupancy (i.e. a new



shop moving into an existing building) as well as the development of new commercial buildings.

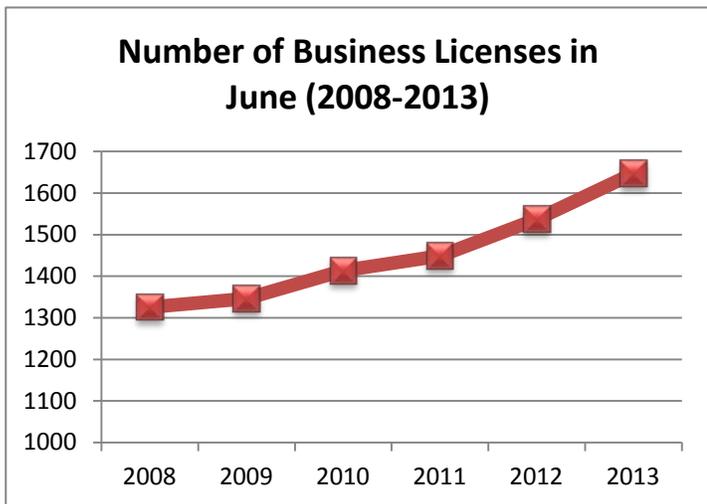
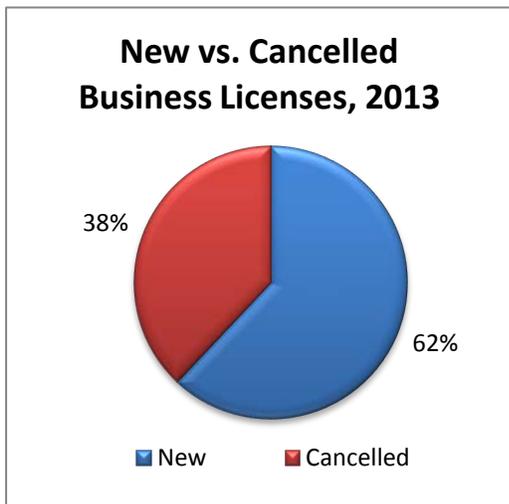
**Business Licenses**

The City of Spruce Grove issues business licenses to people or companies wishing to operate a commercial enterprise. Licenses are issued for typical ‘storefront’ businesses, as well as temporary operations, one-time projects and home

occupations. The business license numbers in this graph also include non-resident businesses, which are businesses physically located outside Spruce Grove, that conduct business within the city. The number of businesses fluctuates throughout the year as new licenses are approved, and some are cancelled. The first graph in this section illustrates the total number of licenses that are valid in each month. Typically, January will have the highest number of licenses, with cancellations occurring in February and March after business owners receive invoices for renewal, and the City is advised that businesses have closed, relocated or non-resident businesses wish to cancel their license until they resume business in the city. License numbers will then increase throughout the year as construction projects begin.



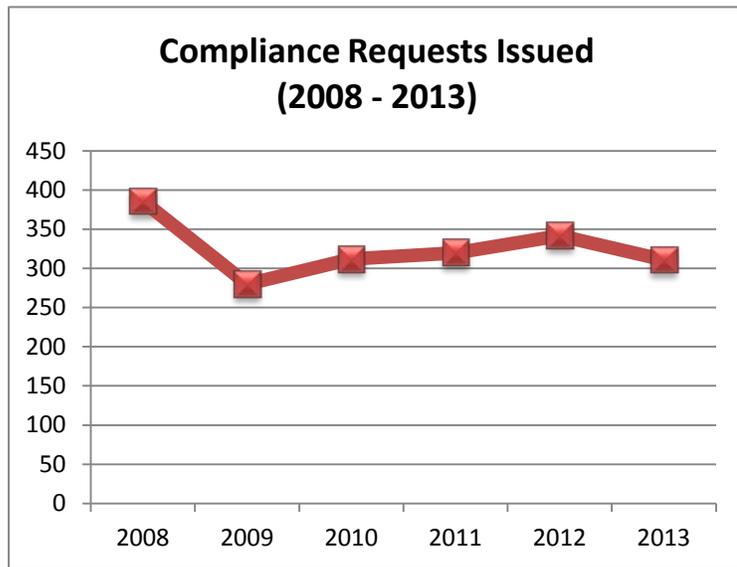
This typical fluctuation has not occurred over the past two years, however, as the number of new businesses are keeping up with cancelled business licenses. This balance is depicted in the graphic at the top of this page. Despite some cancellations typical of the first few months of the year, the city has sustained over 1600 licensed businesses.



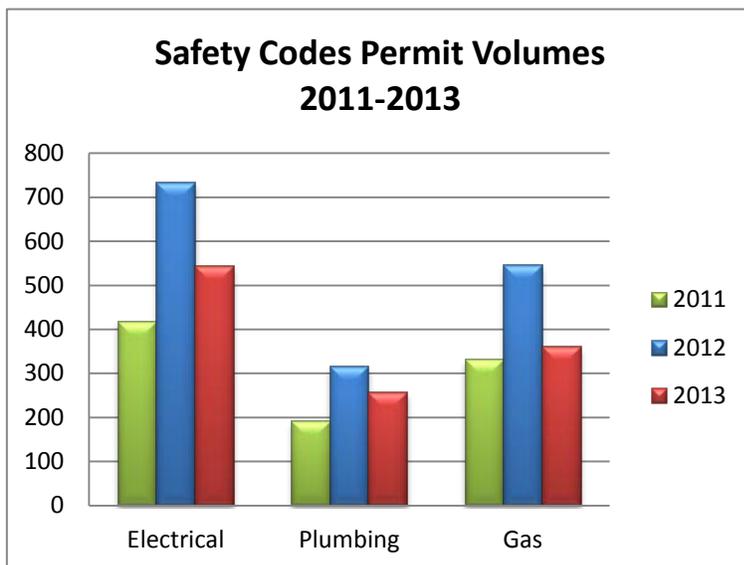
The final image in this section (previous page) shows the number of licensed businesses in the city since 2007. The numbers chosen to represent this issue are the totals for the month of June. We observe that the number of businesses in Spruce Grove continues to increase, which is expected to continue into the foreseeable future.

**Other**

Spruce Grove continues to track the number of compliance requests received by the City (above chart). Letters of compliance are a service offered by the City to assist homeowners with real estate transactions. Generally, the number of compliances issued reflects the level of activity in the real estate market. We can see from the above graph that compliances were at a high following the “boom” year of 2007, due to the number of new units that were completed and therefore for sale at the time. Activity levels have since stabilized between 300 and 350 compliance requests during a six month period.



Prior to 2010, the City did not collect information on the number of safety codes permits issued, other than building permits. However, in order to track the department’s activity and productivity, Administration has kept data on electrical, plumbing and gas permits since the start of 2010. Typically, a new building requires two electrical permits, one gas and one plumbing permit, though that may vary depending on the specifics of the building and proposed uses. We can see that the number of safety codes permits issued has substantially increased in 2012, and has tempered in 2013.



Activity was especially strong in 2012 due to the unprecedented commercial growth that year, which often requires multiple permits per structure. Part of the reduction in plumbing and gas permits in 2013 is due to ATCO Structures ceasing to use City inspection services as of April 2013. Previously, ATCO pulled permits for gas and plumbing

with the City for structures manufactured in Spruce Grove (but delivered throughout the province). The City anticipates approximately 200 fewer gas permits per year, as well as approximately 134 fewer plumbing permits, due to ATCO switching inspection providers.