

# **The Regional Municipality of York**

Committee of the Whole  
Planning and Economic Development  
December 12, 2019

Report of the Commissioner of Corporate Services and Chief Planner

## **Development Application Fee Review 2019**

### **1. Recommendations**

1. Council approve the fees outlined in Attachment 1 for the processing of development applications pursuant to Section 69 of the *Planning Act* and Section 391 of the *Municipal Act*, to take effect on January 1, 2020.
2. Council authorize a development application fee increase of 3% for planning applications, in addition to an annual cost of inflation increase to take effect on January 1, 2021 and January 1, 2022.
3. Council authorize the Commissioner of Finance to execute agreements related to the administration of the Development Charges By-law and requirements of Bill 108.
4. The Regional Clerk forward this report to local municipalities and Building Industry and Land Development Association for information.

### **2. Summary**

This report recommends development application fees for Planning and Finance be updated through an amendment to Schedule 'A' of Bylaw 2010-15, the Region's Schedule of Fees and Charges, to be in place for the 2020 calendar year.

#### Key Points:

- Development application fees have been reviewed and adjusted approximately every three years, with the last update occurring in 2016
- The proposed fee increases and new fee categories are to capture the cost of service delivery
- A new Finance fee category is proposed to cover administrative costs associated with changes made to the *Development Charge Act*, 1997 by Bill 108
- An annual indexed fee increase is proposed to maintain cost recovery and support continuous improvement

- Continued investment in YorkTrax (development tracking system) is required to manage changes to development charges and reduced timelines for development approval implemented through Bill 108

### 3. Background

#### **Planning Act and Municipal Act permit collection of fees**

Section 69 of the *Planning Act* allows municipalities to charge a fee to meet the anticipated costs for processing development applications. Anticipated costs represent the estimated cost of processing activities for each application type. The Region collects fees for review and approval of a number of development related applications including:

- Official Plan Amendments (e.g. Regional official plan amendments, secondary plans)
- Plans of Subdivision and Condominium
- Site Plans

As the Region continues to urbanize, planning applications are becoming increasingly complex requiring additional staff time and involvement to ensure the Region's policy directions are coordinated with other agencies; implemented and Regional interests are protected.

Section 391 of the *Municipal Act* authorizes a municipality to impose fees or charges for services or activities provided by it. Together with the processing of planning applications, this allows the Region to charge for services such as negotiating and drafting legal documents.

#### **Regional review ensures Regional interests are identified and protected early in the planning process**

Regional and local Official Plans establish over-arching policy directions that support development approvals at the local level. Regional staff work closely with local municipal partners on development applications and appeals to ensure Regional and local policy objectives are met. The Region has noticed a shift toward more complex policy matters and development projects associated with intensification in urban areas. These areas are generally more technically complex and require more coordination.

Regional review of development applications ensures Regional interests are identified and protected early in the planning process. This helps to facilitate timely and effective coordination of development approvals. The following highlights some of staff's involvement:

- Provide submission checklist for all pre-consultation applications and attending pre consultation meetings for more complex applications to ensure Regional issues are identified upfront
- Preliminary review of studies prior to a formal applications being submitted

- Attend Local Technical Advisory Committees and Working Groups for urban expansion areas, new Secondary Plans and Key Development Areas
- Coordinate comments with York Region Rapid Transit Corporation and Toronto Transit Commission
- Attend Technical Advisory Workshops for Yonge Subway Expansion
- Track servicing allocation to ensure infrastructure investment aligns with growth

The Region recognizes the need for timely responses and approvals. Staff continually seek opportunities to streamline the review process and have invested in technology to ensure development review and approval meets established timeframes.

### **Staff time is not fully recoverable**

Data provided through YorkTrax has provided a better understanding of staff time to process development applications. A significant amount of planning staff time is allocated toward tasks for which the Region does not collect fees such as attendance at Local Planning Appeal Tribunal hearings and review and approval of local municipal official plans. Costs associated with these tasks are not covered by the Fee Bylaw.

In addition, the Region does not charge fees for applications that are not of Regional interest. However, these applications are tracked in the YorkTrax system to provide the Region with a complete picture of development activity across the Region to inform infrastructure investment and monitoring of growth.

## **4. Analysis**

### **Fee reviews are conducted to ensure alignment with the costs of development review**

Planning staff have conducted a fee review generally every three years, with the last update occurring in [2016](#). This is to ensure fees reflect the current process, staff time and resources to cover the “cost of doing business”. In addition to planning fees, the development review process includes input from several departments and associated fees such as the cost of administering legal documents by Legal Services and services provided by Finance related to development charge collection. Legal Services fees will be reviewed in 2020.

This year staff reviewed development applications fees associated with Planning and Development and Finance. The fee bylaw review process included:

- Consulting with staff to determine if fee categories are correct and capture work involved in the review of development applications and administration of legal documents associated with development
- Determining average time to process development applications and associated legal documents including involvement of other Regional departments

- Identifying any changes to the Region's development review process (e.g. changes to *Planning Act* and *Development Charges Act*, Environmental Compliance Approval)
- Determining total costs for each fee type (e.g. salaries, overhead costs)

Moving forward, annual cost recovery assessments are proposed using improved data from YorkTrax. Required fee adjustments will be considered as part of setting the annual budget.

### **YorkTrax has strengthened coordination and efficiencies for review of development applications**

Since the last fee update, there have been changes to the way development applications are processed. In 2017 the Region launched YorkTrax, an electronic development tracking system, to manage the review and approval of development applications. This has improved customer service including:

- Reducing time to send development applications out for comments (two days to 30 minutes)
- Centralized area for documents related to development files
- Moving to a paperless environment
- Digital review and commenting on applications and drawings
- Electronic receipts/credit memos
- Consistent approach to development review through automated workflows
- Tracking servicing allocation (to be shared with local municipalities in 2020)

Collectively, these changes have improved the development review process providing a single source of data for Regional departments. Cost savings from the efficiencies in application review have been offset by the cost of maintaining and further developing the YorkTrax system.

### **Continued investment in YorkTrax is required to manage Bill 108 changes**

Recent provincial changes will impact timelines for reviewing and approving development applications, as well as how development charges are collected. The Region is well positioned to manage these Provincial changes using YorkTrax, provided resources continue to be made available to advance its development.

The Region is currently working on a Development Charges module in YorkTrax to manage the changes from Bill 108 (e.g. locked in rates at site plan or zoning bylaw amendment application, deferred and phased payments.). Continued investment in YorkTrax will facilitate further efficiencies including enabling the Region to connect with local municipal development tracking systems. This will improve data sharing and help further reduce development application review times.

## **Proposed fees capture costs associated with the development review process**

To move closer towards recovering the cost of development review, a revised schedule of fees is proposed to accurately capture costs associated with Regional review and approval for the Fee Bylaw as shown in Attachment 1. Key changes proposed to the fee structure include:

(a) Block Plan

A new fee for review of Block Plans (Tertiary Plan) to ensure Regional interests are protected. This is a non-statutory document and not all municipalities require Block Plans.

(b) Inspection fees

The Region has a construction coordination team of four staff to manage inspections across the Region related to unaddressed deficiencies, compliance with public and property safety standards related to construction activities, traffic management and security releases.

There are instances where inspectors are called to inspect work that is not complete, requiring subsequent site visits. To ensure efficient use of staff time, inspection fees are proposed to cover the cost of staff attending sites for non-compliant inspections, security releases and reductions. Inspection fees related to security reduction and release will only be imposed for third and subsequent security reduction or release inspection requests.

(c) Environmental Compliance Approval (ECA)

In 2018, the Province's Transfer of Review program allowed municipalities to expand the list of sewage works that may be reviewed for ECA's. The Region currently provides this review for five non-participating municipalities. The time it takes a developer to receive environmental compliance approval has improved substantially over the last year. The Region can provide an approval within four to six weeks depending on the quality of submission, compared to the Province's one year turnaround timeframe. Fees set by the Province in 2000 are outdated and do not reflect the time it takes to review and approve ECA's. Staff are proposing new fees to capture staff time.

(d) Peer Review Fee

The Region's base cost for Peer Review was updated in 2007 but the fee was not identified in the current Fee Bylaw Schedule. This fee has been incorporated into the Fee Bylaw Schedule and readjusted to be based on actual costs.

(e) Finance fees

New fees categories are proposed for Finance to cover staff costs associated with changes made to the *Development Charges Act* by Bill 108 for the administration of various agreements (e.g. development charge deferral agreements).

In addition to better reflecting costs of timely service delivery, fees have been reviewed with the goal of improved efficiencies in areas such as inspections and use of technology.

## **Consultation with Building Industry and Land Development Association**

A consultation session with the Building Industry and Land Development Association (BILD) was held on October 18, 2019 and November 22, 2019. Staff presented the draft fee schedule (Attachment 1) and engaged in a brainstorming session through the first session with BILD to identify areas in the development review process that could be further improved. The following comments were provided by BILD:

- Requested background analysis for determining fees
- Higher fees with faster timelines are acceptable
- Consider a graduated approach to fee increases
- Supportive of the Region's process improvements initiatives (e.g. intake for development applications, team structure, digital submissions)
- Digital submissions are working well
- Requested workflows be published on the website
- Supportive and interested in piloting new technology related to direct submission for engineering approval applications
- Supportive of the Region investigating opportunities to connect development tracking systems with local municipalities to find efficiencies in data exchange

Regional staff will continue to communicate and consult with BILD as development application process improvements continue to be implemented. Staff are also working with BILD and local municipalities to review the secondary plan process to find efficiencies to reduce the time it takes to develop and approve new secondary plan areas.

## **Initiative supports strategic goal of Vision/Strategic Plan**

Implementation of YorkTrax and the new Fee Bylaw supports Vision 2051 goals by providing efficiency in service delivery and operations. These projects also contribute to Council's strategic priority (2019 to 2023) to 'Deliver Trusted and Efficient Services' by advancing technology solutions to streamline administrative processes and improve service delivery through technology solutions. Continued investment in YorkTrax will allow the Region to advance online and mobile device platforms for public facing transactions (e.g. online payment, status of development application etc.).

## 5. Financial

Development application revenues fluctuate on an annual basis, dependent on the number of development applications received which is influenced by a number of factors such as the economy, housing market, interest rates, servicing etc. Over the last three years, development planning and engineering sections recovered approximately 78% of the costs of processing development applications.

**Table 1**  
**Fee Revenue and Recovery for Development Applications in 2018**

|             | Estimated Cost of<br>Development Review | 3 Year Average<br>Revenue | Estimated Cost<br>Recovery |
|-------------|---|---------------------------|----------------------------|
| Planning    | \$1400,000                              | \$735,000                 | 53%                        |
| Engineering | \$3,500,000                             | \$3,082,000               | 88%                        |
| Total       | \$4,900,000                             | \$3,817,000               | 78%                        |

On average, planning fees are only recovering 53% of development review costs. As shown in Attachment 2, a number of planning applications are currently not recovering the cost of processing these applications.

The proposed fees have been determined with consideration of municipal comparators and the impact of individual fees on development. The approach to reconcile this shortfall is discussed below.

Based on the 3 year average number of development applications, the proposed planning fee increases are projected to provide an additional \$300,000 in revenue in 2020 (Table 2). This is expected to increase to approximately \$450,000 in 2021 and 2022. Based on the three year average development activity, the proposed fee increases would bring Community Planning cost recovery close to 80% by 2022.

**Table 2**  
**Additional projected fee revenue based on three year average number of  
development applications**

|                      | 2020      | 2021      | 2022      |
|----------------------|-----------|-----------|-----------|
| Planning Fee Revenue | \$300,000 | \$450,000 | \$450,000 |

New finance fee categories are also recommended to capture staff time preparing payment schedules, administering the Development Charges Bylaw and various agreements required to facilitate development. Changes introduced to the *Development Charges Act* through Bill 108, will require additional staff time to administer documents (e.g. deferral agreements).

### **An annual indexed fee increase is proposed to support cost recovery**

Even with the proposed increases, some planning application fee types will not recover costs (Attachment 1). To provide the development industry with more certainty on fee requirements, and to lessen the need for major increases every three to four years, staff are recommending an annual indexed fee increase be applied to maintain cost recovery.

Staff recommend an increase of 3% be applied to planning application fees over the next two years, starting in 2021, to help maintain cost recovery and support continued investment in YorkTrax. This is in addition to the cost of inflation applied to the Fee Bylaw annually. Based on a three year average of development activity, the proposed fee increases would bring Planning cost recovery close to 80% by 2022. The next comprehensive fee review is expected to take place in 2022 to coincide with Council's four-year budget cycle.

### **Regional planning fees represent less than 1% of total government charges for new homes**

Regional staff have conducted a review of fees charged in other regional municipalities. Not all Regions have the same procedures for processing development applications and therefore some fees are not applicable or comparable (Attachment 3). There are currently no comparables for the proposed new Finance administration fee related to changes to Bill 108. A comparison of planning fees and total government charges in relation to new home prices provides a better understanding of how the Region compares to other municipalities.

The three largest government charges on new low density homes in the Greater Toronto Area are HST, development charges and land transfer taxes (Source: Altus Group). Local and Regional planning fees account for approximately 1.3 % of total government charges for low density development (Attachment 4). The proposed new Regional planning fees would represent 0.2% of total government charges on new low rise development.

For high rise development, the largest government charges are development charges, HST and parkland dedication. Bill 108 replaces parkland dedication (Section 51.1 of the *Planning Act*) and density bonusing (Section 37) with a new Community Benefit Charge. The Region and local municipalities will be determining these new charges in 2020. Local and Regional planning fees account for approximately 0.6% of total government charges for high density development (Attachment 4).



## 6. Local Impact

The new fee structure does not directly impact local municipalities. Revised planning timelines set out in the *Planning Act* will require the Region and local municipalities to work closely together to meet reduced approval timelines. Continued investment in YorkTrax will facilitate further efficiencies in development application review time including enabling local municipal tracking systems to connect with the Region.

### **Complete development application submissions ensure timely responses**

The Region is depending on local municipalities to ensure regional submission requirements identified through the pre-consultation process are submitted prior to deeming an application complete. Complete submissions assist the Region to provide a comprehensive and timely response to local municipalities and developers. Not meeting new planning approval timelines can increase the number of Local Planning Appeals Tribunal appeals Regional and local municipal staff have to attend.

### **Coordination of data required to manage collection of development charges through Bill 108**

Bill 108 changes the way municipalities collect development charges. Developers will have the ability to lock in development charge rates earlier in the development process and delay and phase payments for certain types of development. The Region and local municipalities will need to work closely to meet the requirements of Bill 108. This will require additional staff time to manage administration of fees, develop a new module in YorkTrax to track development charges payments and coordinate building permit and occupancy data with local municipalities.

## 7. Conclusion

Planning and Economic Development conducts a fee review generally every three years, with the last update occurring in 2016, to ensure fees reflect the current process and are covering the “cost of doing business”. This year’s review includes Finance fees for planning related matters.

The Region is proposing an increase to some existing fee categories to better capture staff time involved in processing development applications and administration of documents associated with development approvals as identified in Attachment 1. Staff are recommending an indexed fee increase of 3% be applied in 2021 and 2022 to maintain cost recovery levels and lessen the need for major increases every three to four years. The new fee structure would take effect January 1, 2020.

Since the last fee update, there have been changes to the way development applications are processed at the Region. The Region’s new development tracking system (YorkTrax) has led to several customer service improvements (e.g. reduced circulation times, digital review of drawings). Regional staff will continue to work with local municipalities and the development

industry to leverage YorkTrax and other digital solutions to shorten review times and strengthen coordination and efficiencies in the development review process.

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For more information on this report, please contact Teema Kanji, Manager, Programs and Process Improvement at 1-877-464-9675 ext. 71506. Accessible formats or communication supports are available upon request.

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Attachments (4)  
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