

**PLANNING APPLICATION FEES – FINANCIAL IMPACT OF BILL 124****Recommendation**

The Commissioner of Planning in consultation with the Senior Management Team recommends:

1. That the first of a two phase process to achieve full cost recovery of Planning Application Fees for the Development Planning Department be comprised of an across the board increase of 279%, representing an initial cost recovery of 90%.
2. That Planning Application Fees for the Committee of Adjustment be increased by 40.6%, representing a full cost recovery of 100%.
3. That amending application fee by-laws be brought forward to the Council Meeting of January 24, 2005 for enactment, reflecting the revised Planning Application Fees for the Development Planning Department and the Committee of Adjustment, respectively, as set out in this report.
4. That a further report be brought forward to a future meeting of the Committee of the Whole and Council, to finalize phase two of the fee review.

**Purpose**

The purpose of this report is to provide the Budget Committee with information concerning increases to the Planning Application Fees (Development Planning Department and Committee of Adjustment), related to full cost recovery.

**Background - Analysis and Options****Bill 124 (Building Code Statute Law Amendment Act, 2002)**

Bill 124 was given Royal Assent by the Province on June 27, 2002, and amended the Building Code Act, 1992, as it relates to the imposition of building permit fees (Section 11(2)). The amendments relating to the building permit fees will come into force on July 1, 2005.

Vaughan currently uses building permit revenues collected relatively late in the development applications approvals process (DAAP) to fund the earlier application review and processing activities subject to the Planning Act. Bill 124 restricts the use of building permit revenues to recover only the “reasonable anticipated costs” of activities subject to the Building Code Act. On July 1, 2005, the cost of DAAP activities related to the Planning Act will be ineligible for funding from building permit revenues.

Generally, application fees collected under the Planning Act have recovered a relatively small share of Planning DAAP costs in most GTA growth municipalities, such as Vaughan. Accordingly, it is considered to be appropriate to increase the Planning Application fees to recover the costs associated with the processing of development/planning applications.

**Planning Act (Section 69) - Planning Application Fees**

Section 69 of the Planning Act, allows municipalities to impose fees by way of a by-law for the purposes of processing planning applications. The Act requires:

“The Council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the

council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff.”

The Act requires municipalities to have regard for the “anticipated cost” of providing the service. This would suggest that such fees and charges can include direct costs, capital-related costs, and indirect costs related to the service provided.

Under the Planning Act, there is no notification requirement or direct appeal mechanism in respect to the passing of a fee by-law. However, an applicant may protest an individual Planning Act application fee by paying the prescribed amount, and then subsequently appeal to the Ontario Municipal Board (OMB), against the levying of the fee or the amount of the fee charged by giving written notice to the OMB within 30 days of the fee payment. The OMB will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such an amount as determined by the OMB. Upon individual appeal, the OMB would be looking at cost accountability. Persons may apply to a court for an order quashing the by-law, as with any by-law, on various grounds.

#### Vaughan Budget Committee – December 14, 2004

On May 14, 2004, the City retained C.N. Watson and Associates Ltd. to undertake an activity based costing review of user fees, permit fees and service charges. The final report dated October 19, 2004, provided the Senior Management Team and the Bill 124 Activity Costing Steering Committee with the legislative compliance implications for fees and charges as contained in the Municipal Act, Planning Act and Building Code Act, with more detailed advisory services being provided regarding fees and charges related to the development applications approvals process (ie. Planning Act and Building Code Act).

On December 14, 2004, the Budget Committee considered a report entitled “Development Application Approvals Process (DAAP), Activity Costing and User Fee Justification for Building Permits and Planning Application Fees – Financial Impact of Bill 124”. Briefly, this report identified the following as it relates to Planning Application fees:

- An opportunity exists for a permanent solution to offset the negative financial impact of Bill 124 through increasing the Planning Application Fees to recover their costs as allowed by legislation. The planning applications activity costing identified an opportunity for significant fee increases totaling \$3.8 million in planning applications which would result in the fee revenue equaling the cost.
- A 100% recovery of the Planning Application Fees translates to an increase of \$3.7 million or 321% in planning fees, and an increase of \$0.1 million or 41% in Committee of Adjustment fees, for a total of \$3.8 million.
- The ability to permanently address the financial impact of Bill 124 resides with increasing Planning Application Fees to match costs as allowed by legislation. The quicker the Planning Application Fees are increased to recover costs, the quicker the financial impact of Bill 124 is addressed.

As related to Planning Fees, on December 14, 2004, the Budget Committee resolved the following (in part):

“That the fees be adjusted to achieve full cost recovery and a report be provided to the Committee of the Whole meeting of January 17, 2005.”

“That the Planning Fee By-law be brought forward to the Council Meeting of January 24, 2005.”

**Cost Recovery of Planning Application Fees**

a) Development Planning Department Application Fees (Phase 1)

The Planning Application Fees for the Development Planning Department are currently achieving 22.9% cost recovery. In order to achieve full cost recovery, Staff is proposing an immediate across the board increase of 279%, representing an initial cost recovery of 90%, being the first component of a two-phase implementation approach. The current and proposed base application fees are as follows:

| <u>Application Type</u>                | <u>Current Base Application Fee (22.9% Cost Recovery)</u> | <u>Proposed Base Application Fee (90% Cost Recovery; 279% Cost Increase)</u> |
|--|---|--|
| Official Plan                          | \$2,500   | \$9,475  |
| Block Plan/<br>Secondary Plan          | \$125/ha  | \$475/ha   |
| Zoning By-law                          | \$1,500   | \$5,685  |
| By-law to Remove<br>Holding Symbol (H) | \$1,000   | \$3,790  |
| Part Lot Control                       | \$1,000   | \$3,790  |
| Site Plan                              | \$1,000   | \$3,790  |
| Condominium                            | \$2,000   | \$7,580  |
| Subdivision                            | \$3,000   | \$11,370   |

General Note: When both Zoning By-law and Subdivision applications are submitted within a 1-year period, the applicable per unit and per ha fees shall be required with the Subdivision application only.

In addition to the increase to the base fees, the additional fee details including but not limited to per/unit, per/ha, and surcharge fees, will also be increased by 293% to achieve 90% cost recovery, as follows:

| <u>Surcharges: Application Type</u>          | <u>Current</u> | <u>Proposed</u> |
|--|----------------|-----------------|
| <u>Official Plan:</u>                        |                |                 |
| a) Surcharge if application is approved:     | \$750          | \$2,845         |
| <u>Zoning By-law:</u>                        |                |                 |
| a) Base Fee, plus:                           |                |                 |
| • Singles, Semis, Townhouses:                | \$150/unit     | \$570/unit      |
| • Multiple Unit Blocks:                      | \$50/unit      | \$190/unit      |
| • Non-Residential or Mixed Use Blocks:       | \$2,000/ha     | \$7,580/ha      |
| • Private Open Space (golf course/cemetery): | \$1,000/ha     | \$3,790/ha      |
| • Maximum Fee for Private Open Space:        | \$50,000       | \$189,500       |

|   |       |         |
|---|-------|---------|
| b) Surcharge if Zoning Application is approved: | \$750 | \$2,845 |
|---|-------|---------|

Site Plan:

Base Fee, plus:

- |   |                       |                       |
|---|-----------------------|-----------------------|
| • Industrial/Office/Private Institutional:                          | \$0.30/m <sup>2</sup> | \$1.15/m <sup>2</sup> |
| Portion of GFA over 4,500 m <sup>2</sup> :                          | \$0.10/m <sup>2</sup> | \$0.40/m <sup>2</sup> |
| Maximum Fee:  | \$3,000               | \$11,370              |
| • Commercial (Service, Retail Warehouse):                           | \$1.00/m <sup>2</sup> | \$3.80/m <sup>2</sup> |
| Portion of GFA over 4,500 m <sup>2</sup> :                          | \$0.25/m <sup>2</sup> | \$0.95/m <sup>2</sup> |
| Maximum Fee:  | \$5,000               | \$18,950              |
| • Residential:  | \$150/unit            | \$570/unit            |
| Or if previously paid in subdivision application:                   | \$100/unit            | \$380/unit            |
| • Complex Revision to Site Plan Agreement requiring circulation:    | \$1,000               | \$3,790               |
| • Simple Revision to Site Plan Agreement not requiring circulation: | \$500                 | \$1,895               |

Condominium:

Base Fee, plus:

- |                      |           |            |
|----------------------|-----------|------------|
| • Industrial Plans:  | \$50/unit | \$190/unit |
| • Commercial Plans:  | \$50/unit | \$190/unit |
| • Residential Plans: | \$20/unit | \$80/unit  |

Subdivision:

a) Base Fee, plus:

- |  |               |                |
|--|---------------|----------------|
| • Single, Semi, Townhouse Units:   | \$150/unit    | \$570/unit     |
| • Multiple Unit Blocks:  | \$50/unit     | \$190/unit     |
| • Part Lots for Residential Use:   | \$75/part lot | \$285/part lot |
| • Non-Residential or Mixed Use Blocks (excluding parks/open space, storm ponds, roads, buffer spaces): | \$2,000/ha    | \$7,580/ha     |

|   |         |         |
|---|---------|---------|
| b) Revision to Draft Approved Plan requiring circulation: | \$1,000 | \$3,790 |
|---|---------|---------|

|  |         |         |
|--|---------|---------|
| c) Revision to Condition(s) of Draft Approval: | \$1,000 | \$3,790 |
|--|---------|---------|

|                             |       |         |
|-----------------------------|-------|---------|
| d) Extension of Draft Plan: | \$500 | \$1,895 |
|-----------------------------|-------|---------|

|   |       |         |
|---|-------|---------|
| e) Registration of Each Additional Phase of Plan: | \$600 | \$2,275 |
|---|-------|---------|

|   |       |       |
|---|-------|-------|
| f) Referral of Plan to Ontario Municipal Board: | \$150 | \$570 |
|---|-------|-------|

Other General Fees:

Maintenance Fee for inactive files over  
1 year (applicant does not wish to close file):                      \$100                      \$380

b) Development Application Tracking (Phase 2)

As of January 2005, Development Planning Staff has initiated a study process to track the number of hours spent on various application types, and the amount of time spent by staff in other departments that review Planning applications, to refine the fee structure based on the cost of service of the various application types. This time docketing approach will track staff service hours against each of the major development applications. Time tracking will be used to refine the cost of service and adjust fees.

The application tracking will be completed by May 2005, and a report and implementing fee by-law will be forwarded to the Committee of the Whole and Council meetings, respectively, in June 2005, prior to summer hiatus, with the fees to be adjusted accordingly to implement the phase two component to achieve full cost recovery of 100%.

c) Committee of Adjustment Application Fees

The Committee of Adjustment fees for Minor Variance and Consent Applications are currently achieving 71% cost recovery, and are proposed to be immediately increased by 40.6% across the board to achieve a full cost recovery of 100%. The current and proposed fees are as follows:

| <u>Application Type</u>  | <u>Current Fee<br/>(71% Cost<br/>Recovery)</u> | <u>Proposed Fee<br/>(100% Cost<br/>Recovery; 40.6%<br/>Cost Increase)</u> |
|--|--|---|
| <b><u>Consent/Severances</u></b>   |  |   |
| Residential/Agricultural/Institutional                                     | \$1,000  | \$1,410   |
| Industrial/Commercial  | \$1,000  | \$1,410   |
| Changing Condition(s) of<br>Provisional Consent                            | \$500  | \$705   |
| Stamping of Deeds (issued upon<br>completion of Consent Application)       | \$200  | \$285   |
| Certificate of Official (issued upon<br>completion of Consent Application) | \$200  | \$285   |
| Same day service (if received before<br>noon) an additional                | \$100  | \$145   |
| <b><u>Minor Variances</u></b>  |  |   |
| Residential/Agricultural/Institutional                                     | \$450  | \$635   |
| Industrial/Commercial  | \$750  | \$1,055   |
| <b><u>Permission</u></b>   |  |   |
| Residential/Agricultural/Institutional                                     | \$450  | \$635   |
| Industrial/Commercial  | \$750  | \$1,055   |

## **Relationship to Vaughan Vision 2007**

The recommendations forthcoming as a result of this report have significant impact to the 2005 Operating Budget and beyond. This report is consistent with the priorities set out in Vaughan Vision 2007, particularly with regards to B-1, "Ensure Short-Term & Long-Term Financial Stability" for the municipality.

## **Conclusion**

Bill 124 will cause a significant financial impact for municipalities, particularly high growth cities like Vaughan. To address this impact, Staff has undertaken an initial review of the Planning Application Fees for both the Development Planning Department and the Committee of Adjustment, to mitigate the financial impact and to achieve Council's goal of full cost recovery.

The Planning Application Fees for the Development Planning Department are currently achieving 22.9% cost recovery. In order to achieve full cost recovery, Staff is proposing an immediate overall increase of 279%, representing an initial cost recovery of 90%, being the first component of a two-phase implementation approach. As of January 2005, Development Planning Staff has initiated a study process to track the number of hours spent on various application types, and the amount of time spent by staff in other departments that review Planning applications, to refine the fee structure based on the cost of service of the various application types. The application tracking will be completed by May 2005, and a report and implementing fee by-law will be forwarded to the Committee of the Whole and Council meetings, respectively, in June 2005, prior to summer hiatus, with the fees to be adjusted accordingly to implement the phase two component to achieve full cost recovery of 100%.

The Committee of Adjustment fees for Minor Variance and Consent Applications, which are currently achieving 71% cost recovery are proposed to be immediately increased by 40.6% to achieve a full cost recovery of 100%.

The implementing application fee by-laws for the Development Planning Department and the Committee of Adjustment will be forwarded to the Council Meeting on January 24, 2005, for enactment.

## **Attachments**

N/A

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Respectfully submitted,

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