

## **BUDGET COMMITTEE FEBRUARY 9, 2009**

### **AMENDMENT TO PLANNING APPLICATION FEES BY-LAW AMENDMENT TO COMMITTEE OF ADJUSTMENT FEES BY-LAW CITY OF VAUGHAN - FILE 12.13**

#### **Recommendation**

The Commissioner of Planning and the Commissioner of Legal & Administrative Services recommend:

1. THAT an amending Planning Applications Fee By-law and an amending Committee of Adjustment Application Fees By-law, be brought forward to the Council Meeting of February 24, 2009, for enactment to reflect revised fees outlined in this report, dated February 9, 2009.
2. THAT the Development Planning Department in conjunction with the Finance Department develop a forecasting model to project future revenues.

#### **Economic Impact**

There are no requirements for new funding associated with this report. The proposed new application fees for both Planning Applications and Committee of Adjustment Applications are intended to assist in receiving fuller cost recovery.

The Development Planning Department has undertaken an analysis comparing the revenue generated by Planning Applications under the current Tariff of Fees By-law (135-2007) and the proposed fees identified in this report for the highest, median and lowest months in 2008 and January 2009. This review indicates that based on the volume of applications received in 2008, the revenues generated from Planning Applications would increase slightly under the proposed new fees.

The City Clerk's Department has determined that based on an average applications experience, the potential revenue that may be generated based on the proposed increase in Committee of Adjustment fees is \$141,975.

#### **Communications Plan**

N/A

#### **Purpose**

To amend the Vaughan Development Planning Department's Planning Application Fees By-law, and the City Clerks Department's Committee of Adjustment Application Fees By-law, respectively.

#### **Background – Analysis and Options**

1. 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 a 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, thereby reflecting the estimated costs of processing an application type and not the actual processing costs related to any one specific application. This would suggest that such fees and charges can include direct costs, non-growth capital-related costs, support function costs directly related to the service provided, and general corporate overhead costs apportioned to the service provided. The Act requires that the anticipated costs of such fees should be cost justified by application type (eg. Official Plan, Zoning By-law, Site Plan, etc.), as defined in the tariff of fees. Cross-subsidization of planning fee revenues across application types is not permissible.

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.

## 2. Recent Planning Application & Committee of Adjustment Fee Increases

On January 24, 2005, Vaughan Council approved a report from the Commissioner of Planning and the Senior Management Team respecting an across the board increase in Planning Application fees of 279% and 40.6% for Committee of Adjustment Application fees. The respective implementing fee by-laws were enacted at the same Council meeting.

Since January 2005, the Planning Application Fee By-law has been amended to include an Interim Control By-law Amendment Fee; an Administrative Fee for appeals of Planning Applications to the Ontario Municipal Board (OMB); a Site Development Fee for new single-detached dwellings located within the Kleinburg-Nashville Heritage Conservation District (excluding new single-detached dwellings proceeding through the plan of subdivision approval process); and, a Footnote to clarify the calculation of fees for Multi-use developments, and when both Zoning By-law Amendment and Site Development Applications are required to implement a development.

The current Planning Application Fee By-law is 135-2007, and the current Committee of Adjustment Application Fee By-law is 20-2005, which are each proposed to be amended, should Council approve the Staff recommendation to revise the respective Planning and Committee of Adjustment Application fees in accordance with the Watson & Associates Review and Final Report (2008).

## 3. Watson & Associates Review (2006-2008)

The Vaughan Development Planning Department and the City Clerk’s Department are proposing to amend the Planning Application Fees and Committee of Adjustment Fees, respectively. This will require an amendment to the current Planning Application Fees By-law 135-2007, and to Committee of Adjustment Application Fees By-law 20-2005.

In 2006/2007, Watson & Associates Economists Ltd. in association with Performance Concepts Consulting Inc. was retained by Vaughan to:

- i) update the City's Planning Development Applications Approval Process (DAAP) fees;
- ii) assess the levels of cost recovery; and,
- iii) provide recommendations on Planning and Committee of Adjustment fee structure design.

The consultants completed their review and submitted a final report including draft fees to the City in Spring 2008 (Attachment #1 – Council Only). The Development Planning Department and the City Clerk's Department have completed its respective review of the Watson report and the draft fees that were proposed by the consultant. The following matters within the Watson report are of significance:

a) Full Cost Recovery of Individual Applications

The Watson report applies an "Activity Based Costing" (ABC) approach to recover full costs for planning applications in Vaughan. "An ABC methodology attributes processing effort and associated costs from all relevant City business units to the appropriate planning application user fee categories and sub-categories. Direct operating costs, indirect support and corporate overhead costs, and capital replacement costs are all eligible cost flows for fees based recovery."

Watson & Associates identified the planning process structure in Vaughan and collected processing time effort data from City Departments that are directly involved in processing Planning applications, including: Planning, Building Standards, Engineering, Fire, Parks Development, Legal Services, and City Clerk's. Planning application processes directly involve approximately 60 City staff members working within various City Departments, to varying degrees. An effort estimation template set out the specific sequence of typical process steps for each application type for each City Department. Time estimates per process step were provided from all participating City staff, and added together, thereby setting out the complete processing time for a typical planning application. Watson & Associates further compared the planning application effort estimates to peer municipalities to further assess their reasonableness.

The Watson report indicated:

"...there are specific application type revenues that are recovering more than the full costs of processing and as such are subsidizing other application categories that are not recovering sufficient costs. Based on these findings subdivision, condominium, zoning amendment, and other (ie. part lot control, interim control, etc.) applications are over-recovering the costs of processing... Committee of Adjustment (ie. consent and minor variance), official plan amendment and site development are under-recovering the costs of processing... The implication of this analysis is that the City needs to adjust the current fee structure to ensure that at a minimum no fees are over-recovering the anticipated costs of processing applications. To maintain an overall full cost recovery position then fee structures would have to be increased and decreased based on the findings presented."

The recommended fees in the Watson report reflect user fee adjustments (both increases and decreases) to address overall cost recovery decisions with greater correlation to planning application processes.

b) Vaughan Planners Working at 90-95% Capacity

A highlight of significance in the Watson & Associates report is worthy of note:

"At average historic application levels capacity utilization results for the City's development planners (those whose jobs are focused primarily on application

processing) are utilized at 90%-95% of total available capacity for these positions. This level of utilization is higher than levels witnessed in other GTA municipalities, but not inconsistent with other large GTA centres. The consulting team is of the view that the City's historic volumes have been processed by a comparatively lean pool of planning professionals and that high utilization may indicate a longer term sustainability challenge to the City if current application volume trends continue."

Watson & Associates has indicated to the Development Planning Department that planners in other GTA municipalities are generally operating at 65% capacity. To confirm, the Development Planning Department contacted neighbouring GTA municipalities to compare Vaughan's "Number of Development Planners" and "File Load Per Planner" versus Markham, Richmond Hill, Brampton and Mississauga, as follows:

Number of Development Planners

<b>Vaughan</b>	<b>Markham</b>	<b>Richmond Hill</b>	<b>Brampton</b>	<b>Mississauga</b>
10	8	8	11	18

File Load Per Planner

<b>Vaughan</b>	<b>Markham</b>	<b>Richmond Hill</b>	<b>Brampton</b>	<b>Mississauga</b>
66	40	50	41	25

The above-noted statistics confirms that Vaughan's Development Planners are carrying a heavier application file load than other GTA comparable municipalities.

Although in 2007, the total number of all planning applications processed by the Development Planning Department declined by 14.6% from 274 in 2006 to 234 in 2007, with a further projected 2.6% decline in the number of applications processed in 2008 to 228 applications, the types of applications received and being processed today and the types of applications anticipated to be submitted by the development community in the future is substantially increasing in complexity and processing time, with increasing Council and City staff involvement and participation in the planning process to complete projects. These application types include high density residential and infill projects, which Watson & Associates has indicated other GTA municipalities (that are moving from greenfields to urban infill development) as citing as time consuming projects in times of declining application numbers.

Over 660 applications are currently in various stages of processing by the Department, which when combined with the application review and report preparation, numerous meetings, public inquiries, data input and OMB Hearings, contributes to a high workload volume per Planner. In addition to the Planner position, the Administrative, GIS and Urban Design Sections of the Department must also perform to meet these challenges and deadlines.

The work performed by all Planning staff and those in the other City Departments that work on development applications, have been costed for each application type and the fees appropriately adjusted by Watson & Associates. It is noted that most fees have increased, while fees for some application types have decreased, as identified in the next section. The proposed new fees include a 3% cost of living increase for 2009.

4. Existing and Proposed Planning Application Fees

a) The current and proposed (as suggested by Watson & Associates) Base application fees are as follows:

<u>Application Type</u>	<u>Current Base Application Fee</u>	<u>Proposed Base Application Fee (Includes 3% Cost of Living Increase for 2009)</u>	<u>+ / - Change</u>
Official Plan	\$9,475	\$20,233	+ \$10,758
Block Plan/ Secondary Plan	\$475/ha	\$490/ha	+ \$15/ha
Zoning By-law	\$5,685	\$5,261	- \$424
By-law to Remove Holding Symbol "H"	\$3,790	\$3,562	- \$228
Part Lot Control	\$3,790	\$1,623	- \$2,167
Interim Control By-law Amendment	\$3,790	\$4,016	+ \$226
Site Plan	\$3,790	\$6,217	+ \$2,427
Condominium	\$7,580	\$10,610	+ \$3,030
Subdivision	\$11,370	\$13,232	+ \$1,862

b) The current and proposed Supplementary application fees (ie. \$/unit, \$/m2, \$/ha, and surcharge fees) are as follows:

<u>Supplementary / Surcharge</u>	<u>Current</u>	<u>Proposed (Includes 3% Cost of Living Increase for 2009)</u>	<u>+ / - Ch</u>
<u>Official Plan:</u>			
i) Surcharge, if Application Approved	\$2,845	\$5,104	+ \$2,259
<u>Zoning By-law:</u>			
i) Base Fee, plus:			
• Singles, Semis, Townhouses	\$570/unit	\$433/unit	- \$137/unit
• Multiple Unit Blocks	\$190/unit	\$145/unit	- \$45/unit

<u>Supplementary / Surcharge</u>	<u>Current</u>	<u>Proposed</u>	<u>+ / - Ch</u> <u>(Includes 3%</u> <u>Cost of</u> <u>Living Increase</u> <u>for 2009)</u>
• Non-Residential or Mixed Use Blocks	\$7,580/ha	\$5,734/ha	- \$1,846/ha
• Private Open Space (golf course, cemetery)	\$3,790/ha	\$2,867/ha	- \$923/ha
- Maximum Fee	\$189,500	\$148,415	- \$41,085
ii) Surcharge, if Application Approved:	\$2,845	\$2,633	- \$212

Site Development:

i) Base Fee, plus:			
• Industrial, Office, Private Institutional	\$1.15/m2	\$1.73/m2	+ \$0.58/m2
- Portion of GFA over 4,500 m2	\$0.40/m2	\$0.60/m2	+ \$0.20/m2
- Maximum Fee	\$11,370	Eliminate	No Max
Commercial (Service, Retail Warehouse)	\$3.80/m2	\$5.71/m2	+ \$1.91/m2
- Portion of GFA over 4,500 m2	\$0.95/m2	\$1.42/m2	+ \$0.47/m2
- Maximum Fee	\$18,950	Eliminate	No Max
Residential			
- Singles, Semis, Townhouses	\$570/unit	\$871/unit	+ \$301/unit
- Or, if Previously Paid in Sub. Applic.	\$380/unit	\$580/unit	+ \$200/unit
- Multiple Units (Apts.)	\$190/unit	\$291/unit	+ \$101/unit
- Or, if Previously Paid in Sub. Applic.	\$125/unit	\$191/unit	+ \$66/unit
• Complex Revision	\$3,790	\$6,218	+ \$2,428
• Simple Revision	\$1,895	\$3,109	+ \$1,214

Condominium: (the Supplementary fee is being eliminated as the Base fee has been substantially increased to cover costs)

i) Base Fee, plus:			
• Industrial	\$190/unit	Eliminate	Base Only
• Commercial	\$190/unit	Eliminate	Base Only
• Residential	\$80/unit	Eliminate	Base Only

<u>Supplementary / Surcharge</u>	<u>Current</u>	<u>Proposed</u>	<u>+ / - Ch</u> <u>(Includes 3%</u> <u>Cost of</u> <u>Living Increase</u> <u>for 2009)</u>
<u>Subdivision:</u>			
i) Base Fee, plus:			
• Single, Semi, Townhouse Units	\$570/unit	\$221/unit	- \$349/unit
• Multiple Unit Blocks (ie. Apartments)	\$190/unit	\$74/unit	- \$116/unit
• Part Lots for Residential	\$285/part lot	\$111/PtLt	- \$174/PtLt
• Non Residential or Mixed Use Blocks	\$7,580/ha	\$3,072/ha	- \$4,508/ha
• Minus 40% of Block Plan fee from Subdivision fee, if plan of subdivision is within a Block Plan		Eliminate	No Discount
• Revision to Draft Approved Plan, requiring Circulation	\$3,790	\$3,321	- \$469
• Revision to Condition of Draft Approval	\$3,790	\$3,321	- \$469
• Extension of Draft Plan	\$1,895	\$1,661	- \$234
• Registration of Each Additional Phase of Plan	\$2,275	\$1,668	- \$607

5. Existing and Proposed Committee of Adjustment Application Fees

The Planning Applications User Fee Review by Watson & Associates also considered applications to the Committee of Adjustment, which are applications under the Planning Act. The Committee of Adjustment considers two types of applications – Minor Variances and Consents. The current application fees and recommended application fees (adjusted for 2009) are provided below:

<u>Application Type</u>	<u>Current Fee</u>	<u>Recommended Fee</u> <u>(Includes 3% Cost of Living Increase for 2009)</u>	<u>+ / - Change</u>
Consent – all land uses	\$1,410	\$1,740	+ \$330
Consent – Changing of Conditions	\$705	\$870	+ \$165
Consent – Application Recirculation	\$150	\$990	+ \$840
Consent – Certificate of Official	\$285	\$190	- \$95
Minor Variance – residential, agricultural, institutional	\$635	\$875	+ \$240
Minor Variance – industrial, commercial	\$1,055	\$1,750	+ \$695
Minor Variance – Application Recirculation	\$150	\$1,120	+ \$970
Minor Variance & Consent – OMB Appeal Fee	\$150	\$650	+ \$500

The recommended fees represent a significant increase, except for the fee related to the issuance of the Certificate of Official. These increases recognize the amount of work that is involved in the review and processing of Committee of Adjustment applications. Applications must be reviewed by several City Departments, in addition to the administrative work done by the City Clerk's Department staff. The City has been well below full cost recovery on these applications for some time.

It should be noted that the Minor Variance application fee for residential, agricultural and institutional uses, as recommended by Watson & Associates, was \$1,750.00. City Clerk's Staff recognize that a fee of this amount may deter residents from seeking relief from the zoning by-law requirements. In an effort to encourage by-law conformity, and to limit the burden on the residential property owner, City Clerk's Staff is recommending the fee be \$875, being 50% of the total cost recovery established by Watson and Associates.

#### 6. GTA Trend

The Watson & Associates report indicated that the majority of 905 GTA municipalities were previously recovering approximately 25%-33% of their planning application processing costs (ie. direct, indirect and non-growth capital). However, over the past 3 years, the majority of these municipalities have undertaken cost fee reviews and subsequent fee adjustments have resulted.

The proposed fees being recommended by Watson & Associates for Vaughan's Planning and Committee of Adjustment application fees reflect fuller cost recovery for each application type.

#### 7. Indexation/Currency of Fees

The Planning Application fees and Committee of Adjustment fees will be reviewed each year and adjusted accordingly by the Vaughan Development Planning Department and City Clerk's Department, respectively, to reflect the annual cost of living increase.

It will also be necessary to periodically review the respective fee structure every few years, and make any necessary adjustments, in consultation with the Finance Department.

#### **Relationship to Vaughan Vision 2020 / Strategic Plan**

This report is consistent with the priorities set out in Vaughan Vision 2020, particularly "Ensure Financial Sustainability".

#### **Regional Implications**

N/A

#### **Conclusion**

In accordance with the review undertaken by the City's consultants (Watson & Associates Economists Ltd. in association with Performance Concepts Consulting Inc.) during 2006-2008 respecting Vaughan's Planning Application Fees and Committee of Adjustment Fees, the Development Planning Department and City Clerk's Department are respectively proposing to amend the Planning Application and Committee of Adjustment Application Fees, which will require an amendment to the current Planning Applications Fee By-law 135-2007 and Committee of Adjustment Fee By-law 20-2005. Should the Budget Committee concur, the implementing Planning Applications Fee By-law and Committee of Adjustment Fee By-law can be forwarded to the Council Meeting on February 24, 2009 for enactment, which will replace the current respective fee by-laws.



Also, that the Development Planning Department in conjunction with the Finance Department develop a forecasting model to project future revenues.

**Attachment**

1. Watson & Associates Final Report (Planning Applications Fee Review, April 2008) - COUNCIL ONLY

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Respectfully submitted

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