

Update on **Development Services Fees** Review

Regional Council
November 12, 2020

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Objectives



- Establish a framework that is consistent, fair and transparent for establishing fees
 - Outside of inflation, fee structure and baseline assumptions remained unchanged
 - Common practice to periodically undertake a review of fees
- Better respond to emerging mix of application types and complexity of development
 - Increased development and redevelopment in urban areas
 - Complex applications require more evaluation, approvals and conditions
 - Non-traditional planning approaches and agreements are utilized
 - More staff time spent per application



Region of Peel Development Services Fees Review

Council Meeting
November 12, 2020

Introduction

- The Regional Municipality of Peel (Region) retained Watson & Associates Economists Ltd. (Watson) to undertake a review of its development services fees comprised of
 - Planning Application fees;
 - Engineering and Site Servicing fees; and
 - Traffic Development and Permit fees.
- These fees are collectively referred to as Development-Related Fees

Introduction

- The objectives of the assignment are to:
 - Provide a fee structure that allows for full cost recovery, having regard for the emerging mix of application types and complexity, and the beneficiaries of service;
 - Develop a consistent, fair, and transparent approach in establishing fees for all development and engineering services in compliance with applicable legislation, leading practices, and delivery of services; and
 - Promote equity by recovering the cost of services from those who receive direct benefits from the service.

Legislative Context



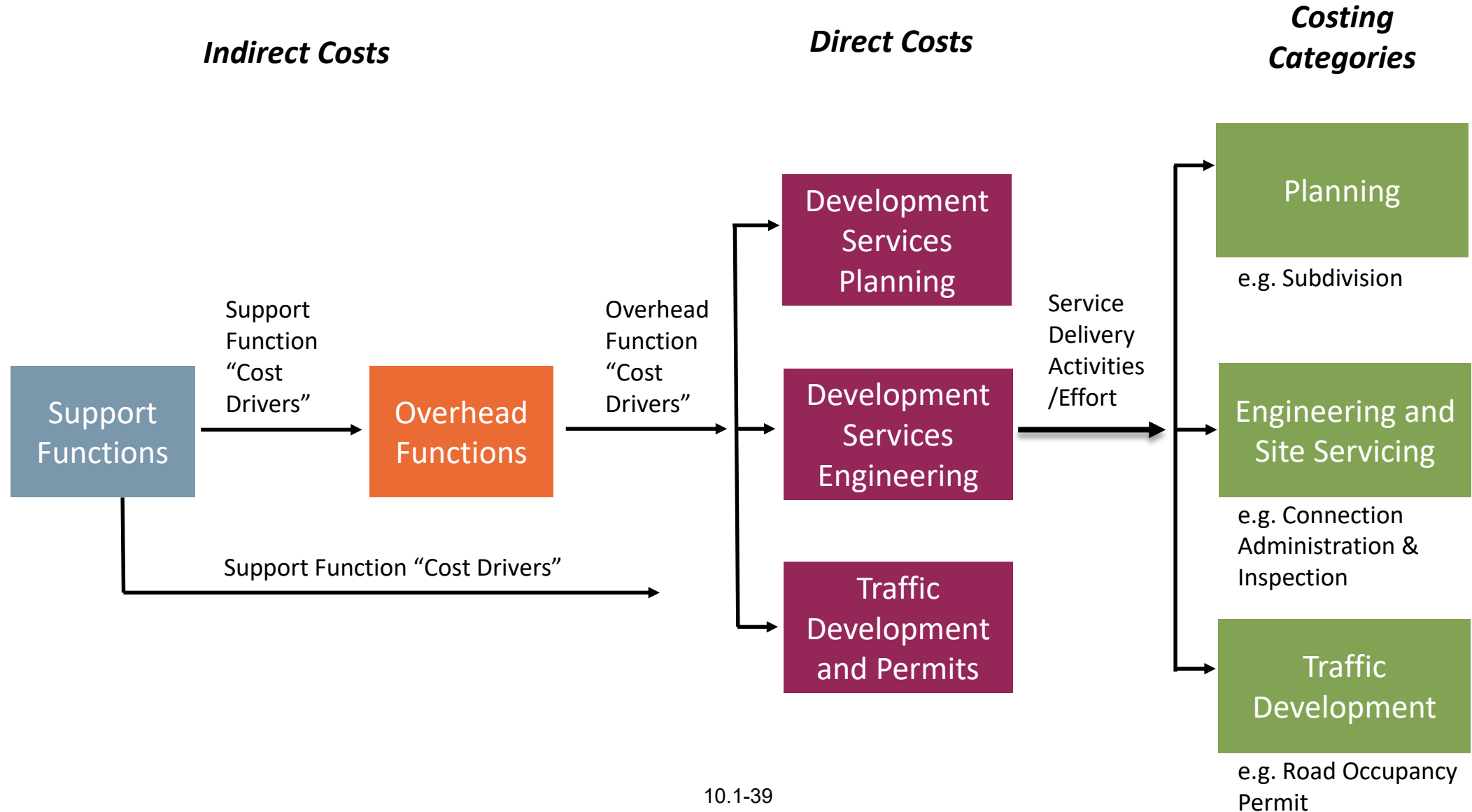
Legislative Authority

- Planning application fees are governed by s.69 of the *Planning Act, 1990*
 - Municipalities can recover the anticipated costs of processing by type of application
 - Fees may be paid under protest and appealed to the Local Planning Appeal Tribunal (LPAT)
- Engineering and Site Servicing as well as Traffic Development and Permit fees are governed by Part XII of the *Municipal Act, 2001*. s. 391
 - Fees may be imposed for services provided by a municipality and include costs related to administration, enforcement, and capital
 - There is no explicit requirements for cost justification when establishing fees however, municipalities must have regard for legal precedents and fees cannot be a tax, as these fees can be appealed to the courts

Activity-Based Costing Methodology



Activity-Based Costing Methodology



Development-Related Fee Categories

Planning Applications

1. Existing Fee Categories

- Regional Official Plan Amendment
- Local/Area Municipal Official Plan Amendment
- Plan of Subdivision
- Plan of Condominium
- Agreement Review and Execution

Interim Fee Categories

- Site Plan – Major
- Site Plan – Minor

2. Potential New Fee Categories

- Zoning By-law Amendment
- Secondary Plan Amendments
 - currently imposed as Local Official Plan Amendments
- Part Lot Control
- Niagara Escarpment Commission Development Permit
- Permit to Take Water
- Environmental Compliance Approvals
- Non-potable Groundwater

Development-Related Fee Categories

Engineering and Site Servicing

- Application/Service Categories largely based on existing fees
 - Site Plan Servicing (Engineering) 1st Submissions
 - Connection Administration & Inspection Fees
 - Subdivision Engineering & Inspection Fees
 - Miscellaneous Development Permits

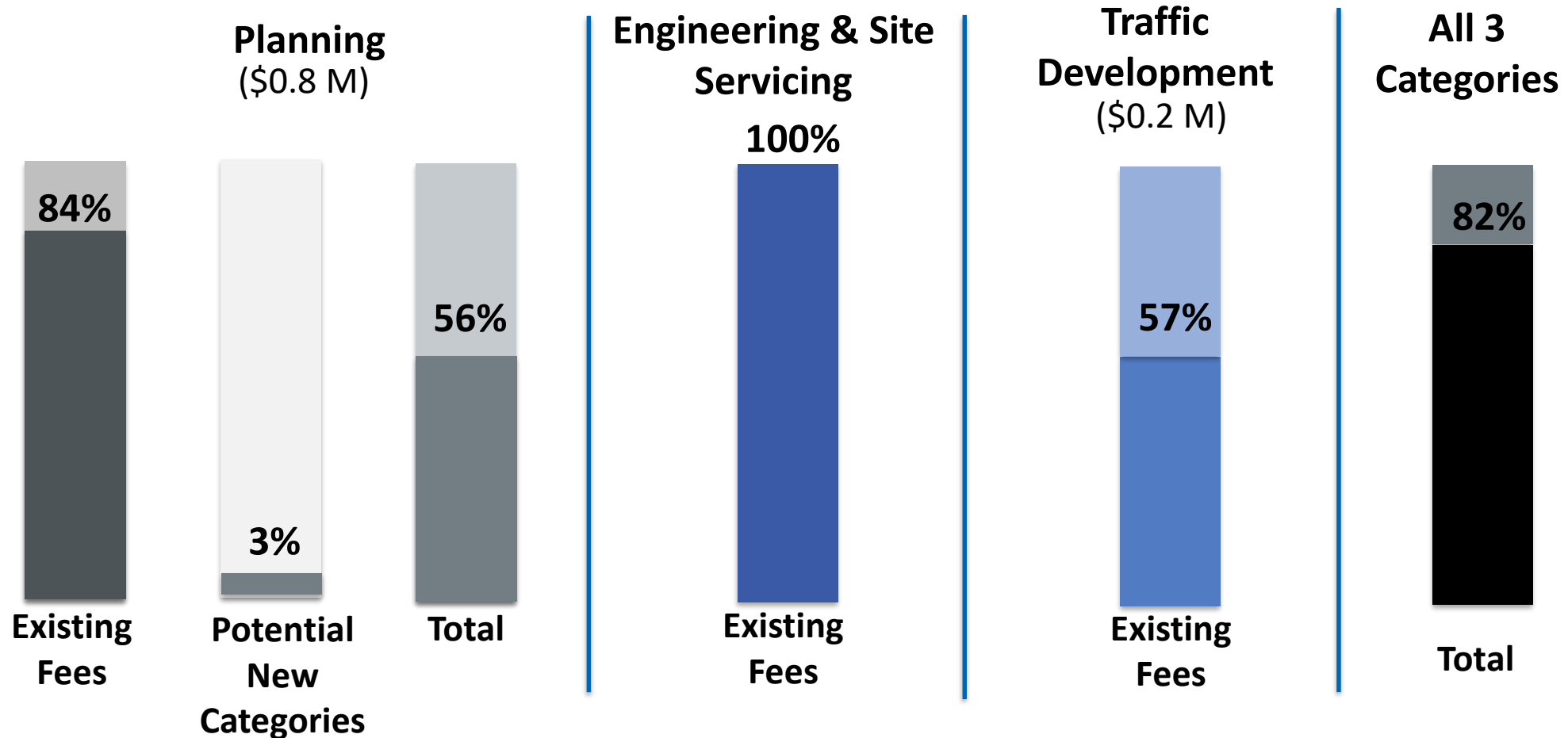
Traffic Development and Permits

- Site Plan Review/Development Applications/ Engineering & Inspection Fees
- Legal Letters (Access/Servicing Compliance Letters)
- Temporary Access Fees
- Road Occupancy Permit - Development

Results and Recommendations



Cost Recovery Impacts of Existing Fees



- Net annual costs - \$5.5M
- Total Annual Revenue - \$4.5M
- Total Annual Deficit - \$1M
- Approximately 1,000 applications approved annually

Recommended Fees (Planning)

Existing Fee Categories

- In aggregate, fees for Agreement Review and Execution, Plan of Condominium, Local Official Plan, Regional Official Plan Amendment, and Plan of Subdivision are recovering the full costs of service
 - Recommended fees would recover the full cost of service by application type
- Site Plan fee structure modified to consist of graduated flat fees differentiated into three categories, “Full”, “Scoped”, and “Limited”
 - Full cost recovery fees are recommended for Full Site Plan and Scoped Site Plan
 - No fee is recommended for Limited Site Plan applications
 - Site Plan fees currently recover between 30% and 33% of costs

Recommended Fees (Planning)

Potential New Fee Categories

- Full cost recovery fees recommended for Consent and Zoning By-law Amendment applications
- Though investigated as a potential new fee category, applications for Secondary Plan Amendments are a sub-category of Local Official Plan Amendments.
 - This fee serves as a graduated flat fee that allows for a greater degree of accuracy in how fees for the service are provided.
 - For applications that have multiple amendments, the singular higher order fee would be applied (i.e. either \$9,000 for LOPA or \$7,400 for Secondary Plan Amendments).

Recommended Fees (Planning)

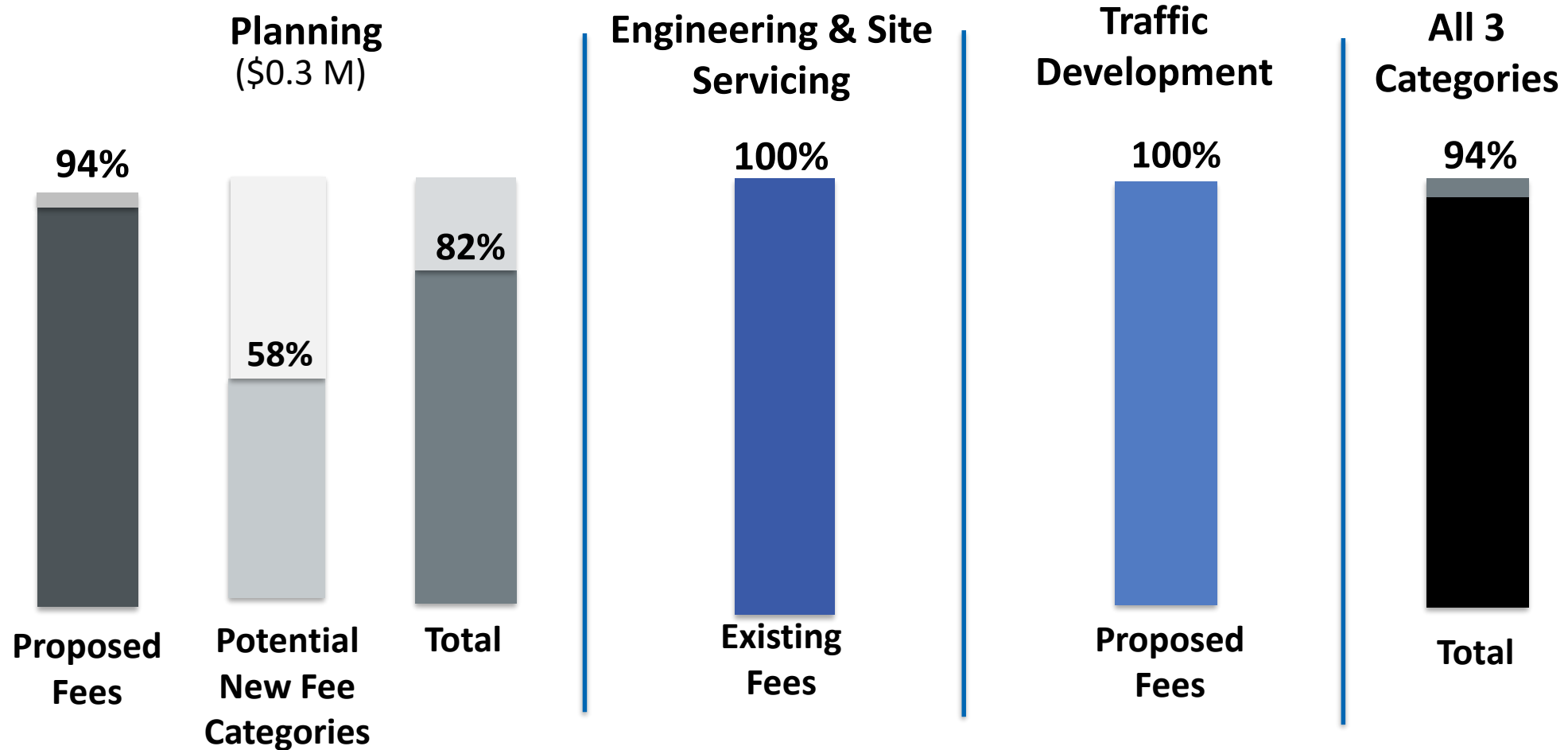
Description	Current Fee	Recommended Fee	% Change
Existing Fees			
Regional Official Plan Amendment	\$20,000	\$22,100	+ 11%
Local/Area Municipal Official Plan Amendment	\$12,000	\$9,000	- 25%
Plan of Subdivision	\$20,000	\$20,000	0%
Plan of Condominium	\$3,000	\$3,700	+ 23%
Full Site Plan (Prior to Agreement)	\$1,000* (2020 interim fee)	\$3,100	+ 210%*
Scoped Site Plan (Prior to Agreement)	\$500* (2020 interim fee)	\$1,700	+ 240%*
Limited Site Plan (Prior to Agreement)	\$500*	No charge	- 100%*
Agreement Review and Execution	\$2,000	\$2,200	+ 10%
Potential New Fees			
Consent	-	\$1,400	N/A
Minor Variance	-	No charge	N/A
Zoning By-law Amendment	-	\$4,700	N/A
Secondary Plan Amendment	-	\$7,400	N/A
Part Lot Control	-	No charge	N/A
Niagara Escarpment Commission Dev Permits	-	No charge	N/A
Permit to Take Water	-	No charge	N/A
Environmental Compliance Approvals	-	No charge	N/A
Non-Potable Groundwater	-	No charge	N/A

Recommended Fees (Traffic Development and Permits)

Description	Current Fee	Recommended Fee	% Change
Site Plan Review/Development Applications/Engineering & Inspection Fees	7.0% or minimum charge of \$1,724.40	10.8% or minimum charge of \$1,724.40	+54%
Legal Letters (Access/Servicing Compliance Letters)	\$308	\$1,667	+441%
Temporary Access Fees	\$334	\$1,940	+481%
Road Occupancy Permit-Development/Construction Related	\$450	\$1,509	+235%

- Better reflects staff processing efforts towards increasingly complex and challenging applications
- Reduces revenue shortfall by \$213K and reliance on the property tax base
- Original fee structure and baseline assumptions are over 10 years old

Cost Recovery Impacts of Fee Recommendations



- Existing planning application cost recovery improves to 94%
- Potential new planning application cost recovery improves to 58%
- Planning application cost recovery improves to 82%
- Overall cost recovery (all 3 categories) improves to 94%

Development **Impacts**



Development Impacts

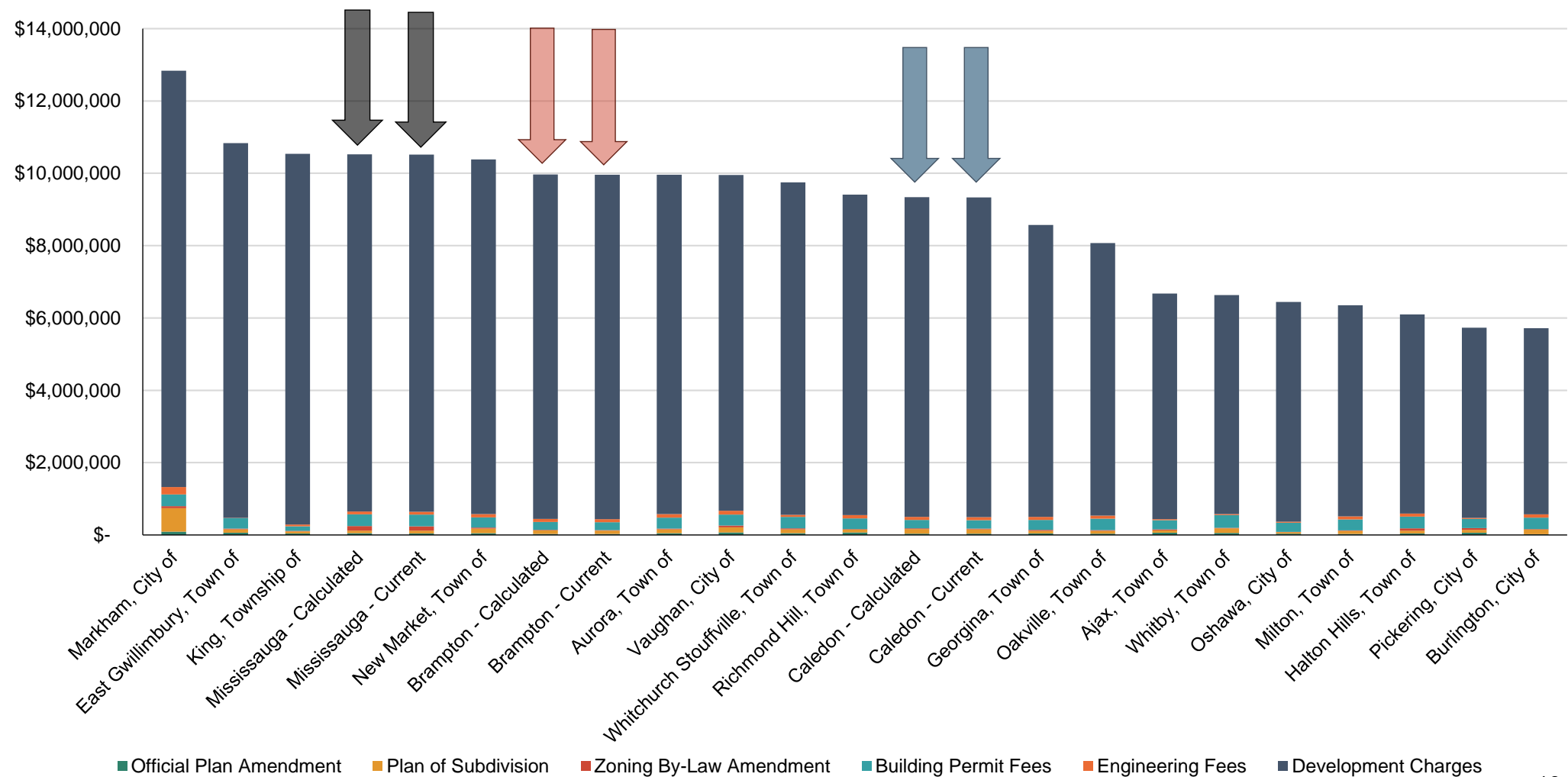
- Impact of fee recommendations on the total municipal cost of development was assessed for Peel Region municipalities and compared to other municipalities within the GTA
- Total municipal development fees considered include:
 - planning application fees;
 - building permit fees;
 - engineering fees (including traffic); and
 - development charges from the lower-tier and upper-tier municipalities.
- Development impacts were prepared for multiple development types, including residential and non-residential developments, with differing development densities

Development Impacts

- Planning and Engineering (including Traffic) fees represent a small proportion of the total municipal cost of development
 - 2-9% for low-density and high-density residential developments;
 - 5-16% for medium-density residential development;
 - Due to the fixed application costs and limited economies of scale, development-related fees account for a larger share of costs for small non-residential developments than large non-residential developments
- Implementing the fee recommendations increases the total municipal development costs by:
 - 0.1 – 0.3% for low-density and high-density residential development;
 - 0.3 – 0.4% for medium-density development; and
 - 0.4 – 2.5% for non-residential developments (dependent on development size)

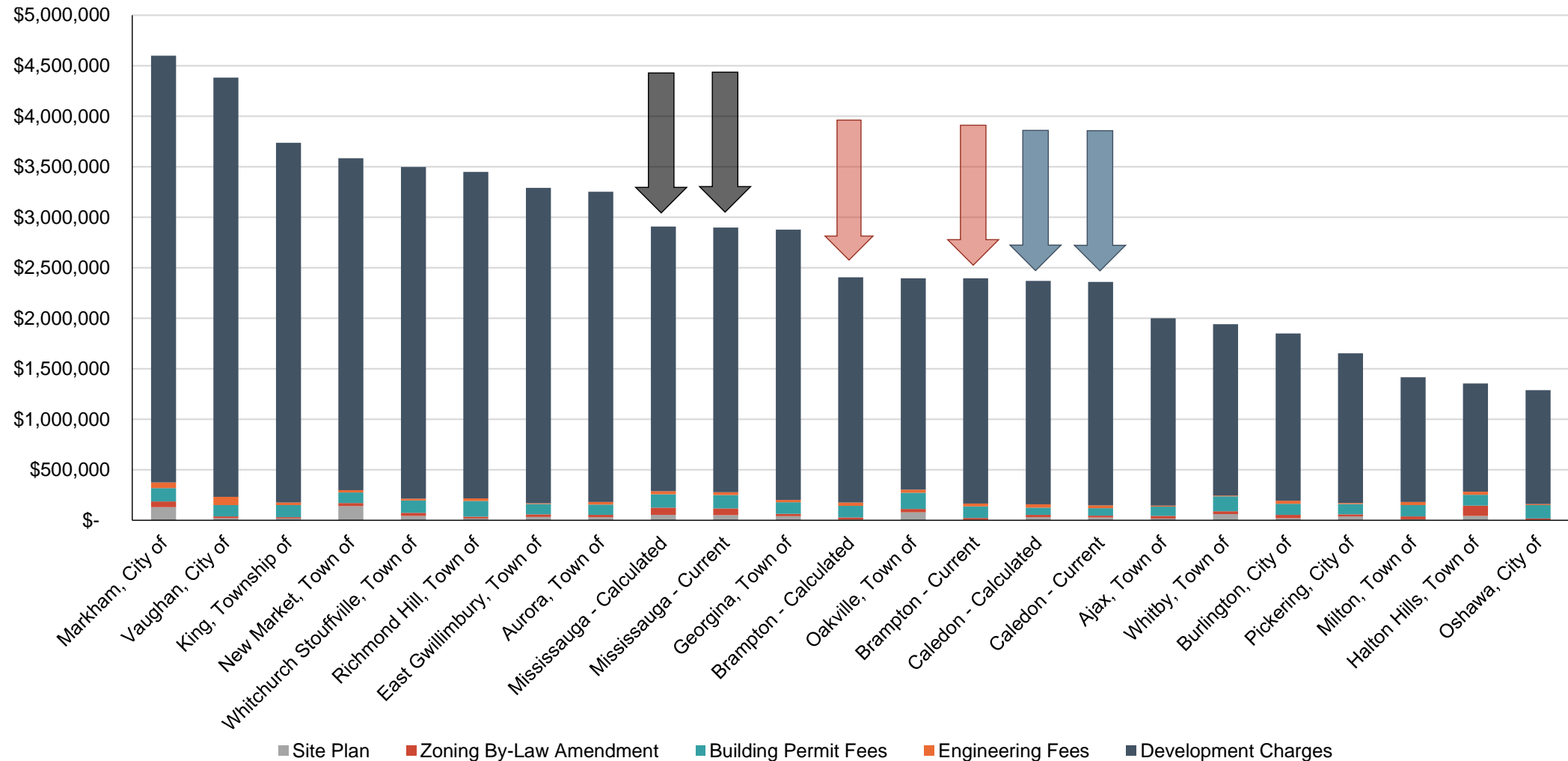
Development Fee Impacts Survey for a Residential Subdivision

100 Single Dwelling Units, 186 m² Gross Floor Area each, Cost of Works = \$1,550,000



Development Fee Impacts for an Industrial Development

10,000 m² Gross Floor Area, Cost of Works = \$400,000



Proposed Implementation **Strategy**



Stakeholder Consultations

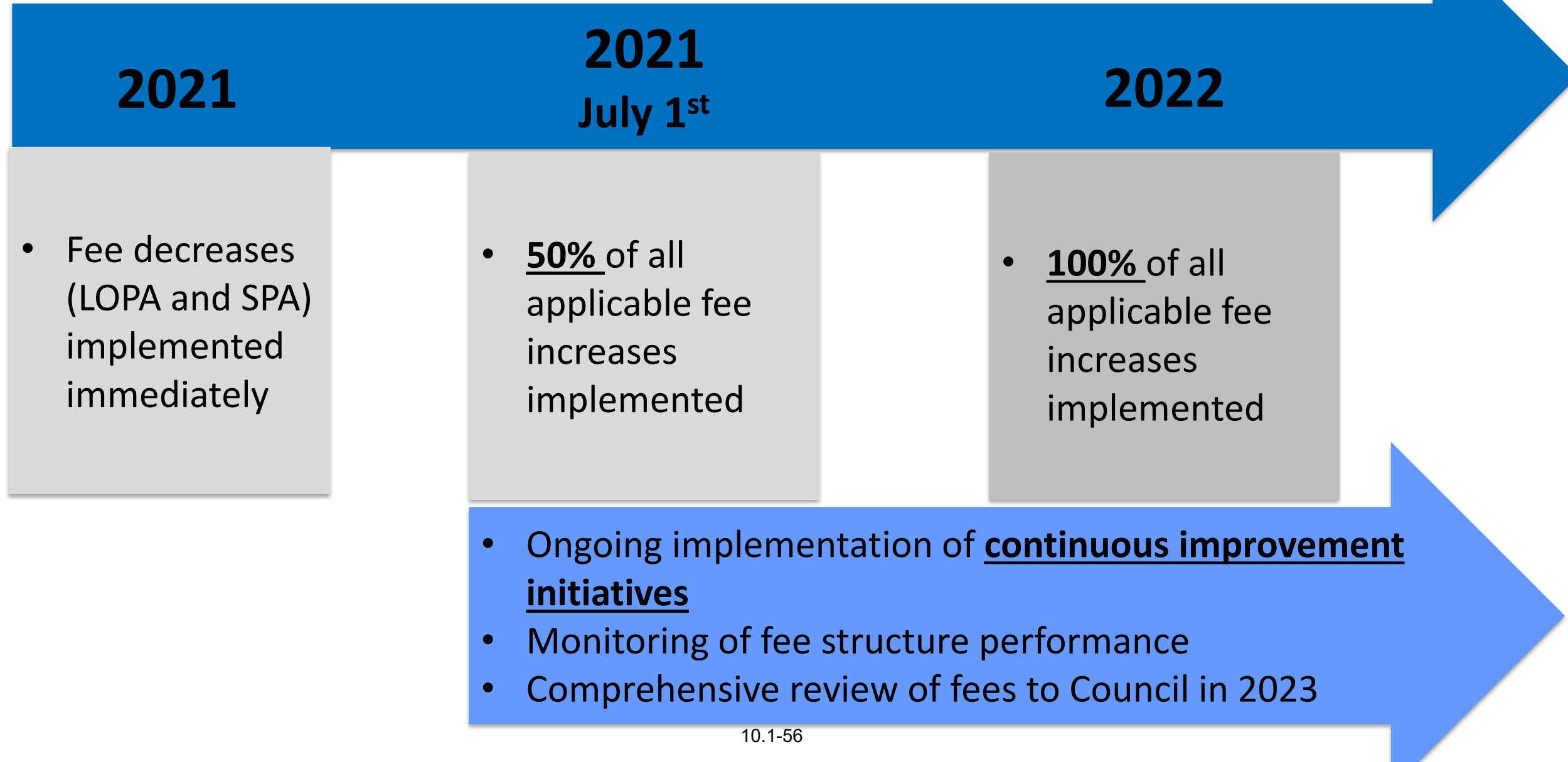
What We Heard

- **Economic impacts of COVID-19** should warrant revisiting any planned immediate implementation of fee increases
- Challenges with **fee structure for site plan applications** (e.g. alignment with local municipalities)
- Potential impacts of **temporary workarounds** and planned **continuous improvement initiatives**
- Industry stakeholder (BILD) **request for further information**

How We Responded

- **Phased implementation strategy.** No fee increases until July 1, 2021 to allow the development industry and local economy to recover
- **Established clear criteria** for site plans to allow fees to remain equitable across all 3 municipalities
- Future iterations of fee review will present an **opportunity to align fees** with any cost efficiencies through the **implementation of continuous improvement initiatives**
- **Additional material** on staffing, methodology and recommended fee structure **provided to BILD for review**, with follow-up meeting held on October 9, 2020. **Additional correspondence** received from BILD on November 3, 2020.

Proposed Phased Implementation Strategy



Proposed Phased Implementation Strategy

Planning Fees

Description	Current Fees	Proposed Fees 2021	Proposed Fees July 1, 2021 (50%)	Proposed Fees 2022 (100%)
EXISTING FEES				
Regional Official Plan Amendment	\$20,000	\$20,000	\$21,050	\$22,100
Local/Area Municipal Official Plan Amendment	\$12,000	\$9,000	\$9,000	\$9,000
Plan of Subdivision	\$20,000	\$20,000	\$20,000	\$20,000
Plan of Condominium	\$3,000	\$3,000	\$3,350	\$3,700
Full Site Plan (Prior to Agreement)	\$1,000 (2020 interim fee)	\$1000	\$2,050	\$3,100
Scoped Site Plan (Prior to Agreement)	\$500 (2020 interim fee)	\$500	\$1,100	\$1,700
Limited Site Plan (Prior to Agreement)	\$500 (2020 interim fee)	\$500	No charge	No charge
Agreement Review and Execution	\$2,000	\$2,000	\$2,100	\$2,200
POTENTIAL NEW FEES				
Consent	-	-	\$700	\$1,400
Minor Variance	-	-	No charge	No charge
Zoning By-law Amendment	-	-	\$2,350	\$4,700
Secondary Plan Amendment	-	\$7,400	\$7,400	\$7,400
Part Lot Control	-	-	No charge	No charge
Niagara Escarpment Commission Dev Permits	-	-	No charge	No charge
Permit to Take Water	-	-	No charge	No charge
Environmental Compliance Approvals	-	-	No charge	No charge
Non-Potable Groundwater	-	-	No charge	No charge

Proposed Phased Implementation Strategy

Traffic and Development Permit Fees

Description	Current Fee	Proposed Fees July 1, 2021 (50%)	Proposed Fees 2022 (100%)
TRAFFIC DEVELOPMENT FEES			
Site Plan Review/Development Applications/ Engineering & Inspection Fees	7.0% or minimum charge of \$1,724.40	8.9% or minimum charge of \$1,724.40	10.8% or minimum charge of \$1,724.40
Legal Letters (Access/Servicing Compliance Letters)	\$308	\$987	\$1,667
Temporary Access Fees	\$334	\$1,137	\$1,940
Road Occupancy Permit-Development Related	\$450	\$980	\$1,509

Summary

Current cost recovery for development related applications results in \$1M being absorbed by the tax base annually

Proposed fee changes would allow for more equitable cost recovery from benefiting parties

Phased implementation strategy allows for balanced consideration of the impacts of COVID-19 alongside an over reliance on property tax base to support services

Thank you

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Region of Peel

