



SUBJECT: Planning Application Fee Review

TO: Community Planning, Regulation & Mobility Cttee.

FROM: Community Planning Department

Report Number: PL-07-22

Wards Affected: All

File Numbers: 435-04

Date to Committee: February 1, 2022

Date to Council: February 15, 2022

Recommendation:

Approve the proposed Planning Application Fees contained within the report titled “Planning Applications Fees Review – City of Burlington – Final Report” prepared by Watson and Associates Economists Ltd., dated December 22, 2021 and attached as Appendix “A” to community planning department report PL-07-22; and

Approve the proposed update to By-Law 61-2021, attached as Appendix “B” to community planning department report PL-07-22, effective March 1, 2022.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The purpose of this report is to recommend new Planning Application Fees that will more accurately recover the City’s costs in consideration of current activities for processing development applications. In September of 2020, the Community Planning Department retained Watson and Associates Economists Ltd. (Watson) to study the City’s Planning Application Fees, the City’s costs in delivering development services, and to make recommendations for fee updates to ensure appropriate cost recovery.

The City last conducted this type of review in 2012 and it was reflected in the 2013 Planning Application Fees (see Report PB-09-13). Since that time, the Planning Application Fees have been indexed annually to reflect inflation, however they have not been adjusted to reflect the City's actual costs to deliver these services. It is noted that Watson are the same consultants who prepared the study in 2012 so this current review builds on that previous effort.

Since 2012, the City has shifted from growing outward as a greenfield community to growing from within through intensification. This is reflected in the City's current Growth Framework as identified in the council approved new Official Plan (2020). It has also changed the landscape of development applications; in the context of intensification, processing an application is significantly more complicated due to various technical matters.

Because of the complexities with intensification, the City's time and effort to process development applications have risen since 2012 resulting in increased costs beyond the standard annual indexing of fees. Many aspects of development review have changed since 2012 that influence the City's costs such as:

- Legislative updates including the Planning Act, Provincial Policy Statement, and Growth Plan;
- Transition of planning appeal tribunals and associated regulations (Ontario Municipal Board, Local Planning Appeal Tribunal, and Ontario Land Tribunal);
- Increased litigation at the Ontario Land Tribunal;
- Amendments to the Region of Halton and City of Burlington Official Plans;
- Greater focus on urban design, forestry, grading, drainage, and construction management;
- Increased customer experience expectations and interactions;
- The creation of an urban design advisory panel; and,
- Revisions to various processing requirements including: technical pre-consultation; pre-application community meetings; statutory public meetings; reduced legislative turnaround times; delegated authority; project web page set up and maintenance; and notifications.

The above items have led to increased pressure on staff to efficiently process development applications. Furthermore, it has informed recent organizational changes across Development Services to better align staff teams and their respective work portfolios for improved service delivery. These organizational changes facilitated a modified management and leadership structure as well additional staff resourcing. It is appropriate to recover the costs for required staff resourcing through application fees as it is intended to provide improved processing timelines and business process improvements.

The intent of the updated fees is to establish cost recovery reflective of the current service to deliver efficient application processing, allowing the City to invest in Development Services and deliver better outcomes and customer experiences. A development review process in the context of intensification can be more expensive to provide as it requires more staff capacity to do the work effectively while serving the public interest and assisting customers. By recovering for additional staff in Development Services, the City increases its capacity and ability to deliver on key performance targets.

Strategy/process

Section 69 of the Planning Act allows municipalities to establish fees, through bylaw, for the purposes of processing planning applications. In establishing planning application fees, it is recognized that the Planning Act does not allow for cross subsidization of application types and requires that each fee be designed to meet only the anticipated cost to process each type of application provided for in the by-law.

Consistent with the 2012 study, Watson utilized an activity-based costing (ABC) methodology for this review. An ABC approach identifies the costs associated with the processing activities for specific application types and thus is ideal for determining cost recovery in planning application fees. Time estimates (staff processing effort) were provided to Watson reflecting staff involvement for each application type. The processing effort estimates were then used to calculate direct costs. The City's processing effort and cost estimates were also benchmarked against municipal comparators as a test of reasonableness. Indirect costs related to supporting functions for Development Services (i.e. Human Resources, Information Technology, Financial Management, Facility Maintenance, etc.) were also considered for establishing fees to determine the total cost of processing a planning application.

Options Considered

Not applicable.

Financial Matters:

Total Financial Impact

Based on the findings from Watson, the processing of planning applications currently accounts for approximately \$6.3 million in annual costs to the City. The Watson study indicates that the current Planning Application Fee schedule recovers approximately \$4.0 million in costs annually (63% cost recovery). The recommended Planning Application Fees (see Appendix B) are intended to increase cost recovery to

approximately 92% while maintaining market competitiveness relative to Halton Region area municipalities. The reason it is not 100% cost recovery is due to applications that the City does not administer (i.e. Niagara Escarpment Commission Development Permits), that require staff time to review and provide comment, but we do not charge a fee to recover our effort. Similarly, the City's costs to process the most minor of applications, such as those for decks and sheds, would lead to cost prohibitive fees for customers.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

The proposed amendments to the Planning Application Fees were presented to the Burlington Housing and Development Liaison Committee (HDLC) on November 11, 2021. Comments received through HDLC are attached as Appendix "C" to this report. Watson has provided a response to the comments received through HDLC and are attached as Appendix "D" to this report.

Staff will actively monitor the processing effort required for all planning application types and seek efficiencies where possible through future business process reviews and increased leveraging of technology. It is anticipated that the study of Planning Application Fees will occur more frequently, likely every two years, instead of once a decade. Staff will work with the City's Communications team and post all adjustments to the Planning Application Fees through applicable channels including the City of Burlington website and social media.

Conclusion:

The results of the study, as prepared by Watson, provide the basis for improved recovery of the City's costs associated with processing development applications. Based on the recommendations from Watson, staff recommend that the Planning

Application Fees be approved through an amendment to the City' Rates and Fees by-law for implementation on March 1, 2022.

Respectfully submitted,

Jamie Tellier, MCIP RPP
Manager of Planning Implementation
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Appendices:

- A. Planning Applications Fees Review – City of Burlington – Final Report
- B. Update to By-Law 61-2021
- C. Comments received through HDLC
- D. Watson Response to Comments received through HDLC

Notifications:

WEHBA - Mike Collins-Williams
BILD - Victoria Mortelliti

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.