

November 25, 2021

Mr. Jamie Tellier, MCIP RPP  
City of Burlington  
426 Brant Street P.O. Box 5013  
Burlington, Ontario  
L7R 3Z6

Dear Mr. Tellier,

#### **RE: 2022 Planning Applications Fees Review Study and Draft Fee Schedule**

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The Building Industry and Land Development Association (“BILD”) is in receipt of the City of Burlington’s Planning Applications Fees Review presentation and draft Fees Schedule that were provided at the Halton Developers Liaison Committee (“HDL”) meeting held on November 11<sup>th</sup>, 2021. We continue to see value in this forum as it is a transparent way for the industry and the City to engage and discuss matters such as this, and look forward to utilizing this forum in future.

To begin, we would like to acknowledge our understanding that this is the first fulsome review of the Development Applications Fees that the City has undertaken since 2012. While we understand that it was time for the City to undertake a review of these fees, we are disappointed in the rushed review deadline for the industry, as well as the lack of meaningful consultation, and methodology provided by the City.

Though, based on the information that has been provided to date, BILD retained Altus Group to undertake an analysis of the proposed changes to the planning application fee rates. In the memorandum attached in Appendix 1 below, there are questions and comments stemming from Altus’ review that we look forward to the City’s response on.

While our industry understands the purpose of taxes, fees and charges, it is always important to note that levies such as these have a direct impact on new development projects that are then paid by new home owners of these units, and that they hinder the ability for people to find homes they can afford. As such, we felt it important to attach a guiding document entitled, “BILD’s General Policy Positions; A Framework for Municipal Government Imposed Taxes, Fees and Charges” in advance of this and future reviews. We note that this document is born out of work with other engagements and its cornerstones have led to industry support for fees in other jurisdictions.

Now, on behalf of our Halton Chapter members, BILD would like to elaborate on our preliminary concerns that are in addition to those addressed in Altus’s review.

#### **Council Consideration in December**

Based on the presentation provided the City, the timeline to present this item to Council for adoption will be in December. **Provided the concerns expressed within this submission and others, we respectfully ask staff to defer this item from Council consideration until industry concerns are sufficiently addressed.**

#### **Engagement with the Industry**

While BILD and its members appreciate being notified of the City’s intentions to increase fees for 2022, insufficient time and information was provided to allow for meaningful discussion in order for the industry to fully understand the magnitude of these changes.

Prior to Council consideration on this item, **we strongly recommend that engagement with the industry, in addition to the November 11<sup>th</sup> HDLC meeting, needs to be had in order to address our concerns.**

In the future, for reviews like these we hope staff will allot and accommodate for longer consultation periods to ensure BILD and its members can provide staff with meaningful feedback on policy matters.

### Methodology and Justification Report

BILD and its members were not provided the appropriate materials to undertake a fulsome analysis of the proposed fee schedule. At this time, we request that a full report outlining the methodology used to assess the full costs of processing development applications, as well as the justification to why these proposed changes are necessary be provided. Within this methodology report, we also request that the City provide us with the cost recoverable departmental overhead by personal units and fee base activity forecast for each of the proposed fees. This will aid us in understanding the total development overhead for staff complement, percent to tax supported workload, departmental recoverable percentage and any double-counting that might be justified on a risk that one fee based activity might fall outside of the forecast. Once provided, we ask that appropriate time be given to the industry to review the report prior to a commenting deadline.

### Additional Questions

- Does this review consider cross-departmental inefficiencies?
- What is the applicability of variable fees on multiple applications for the same development?
- What fee considerations are available for concurrent applications?
- Will the City still be utilizing the Condo Exemption application?
- Please confirm the reasoning for a cost recovery over 100% for certain application fees?

As your community building partners, we trust you will find our comments helpful. Should you have any questions, please do not hesitate to contact the undersigned at [vmortelliti@bildgta.ca](mailto:vmortelliti@bildgta.ca) and [slin@bildgta.ca](mailto:slin@bildgta.ca) respectively.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria Mortelliti".

Victoria Mortelliti  
Manager, Policy and Advocacy

A handwritten signature in black ink, appearing to read "Sophie Lin".

Sophie Lin  
Planner, Policy and Advocacy

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*The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in*

*the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.*

November 25, 2021

Memorandum to: Victoria Mortelliti  
BILD

From: Daryl Keleher, Senior Director  
Altus Group Economic Consulting

**Subject: Burlington Planning Application Fees - Analysis**  
**Our File: P-6811**

Altus Group Economic Consulting was retained by BILD to review the City of Burlington's proposed changes to the planning application fee rates. This memorandum provides the questions and comments stemming from our review.

- 1) The \$200,000 cap on variable zoning, subdivision and site plan need to be revisited, as under the current proposal, the caps are functionally irrelevant given that the number of units required within an individual application are so large as to render them nearly impossible to reach:
  - a. Zoning – would require development with 865 units to reach cap of \$200,000 under proposed base and variable rates (would take 541 units under current rates)
  - b. Subdivision – would require development with 1,181 units to reach cap of \$200,000 under proposed rates (would take 582 units under current rates)
  - c. Site Plan – would require development with 976 units to reach cap of \$200,000 under proposed rates (would take 1,601 units under current rates).
- 2) By raising the OPA fee to \$114,592 per application (from \$22,300 currently), and keeping the ZBA fee to \$22,690 (from \$21,020 currently), the impact of the City's allowance for a 30% discount on the lesser of the two fees is diluted significantly. Under the current fee rates, the 30% discount would equate to an overall 15% discount on base OPA/ZBA fees. Under the proposed fee rates, the 30% discount would equate to a discount of just 5% on the combined base OPA/ZBA fees (see Figure below).

**Figure 1**

	OPA Base Fee	ZBA Base Fee	Combined Base Fees	Less: 30% Discount on ZBA Base Fee	Total Fee Payable	Discount as % of Combined Fees
<b>Current</b>	\$22,300	\$21,020	\$43,320	\$6,306	\$37,014	14.6%
<b>Proposed</b>	\$114,592	\$22,690	\$137,282	\$6,807	\$130,475	4.9%

- 3) The current schedule of fees allows for only one variable fee rates for joint OPA/ZBA/Subdivision applications. Has the City contemplated a similar policy for applications with three application types but Site Plan instead of Subdivision?
- 4) What was the rationale for lowering the per unit rates for ZBA and Subdivision, but raising the per unit fees for Site Plan?
- 5) What is the rational for imposing per unit fees for site plan applications – at the point of site plan review, most, if not all development details will have been determined at the OPA/ZBL stage, with little to no changes to built form from subsequent site plan review.
- 6) One of the recommended policy changes is to “recommend annual indexing of the maximum fees” – what index is proposed to be used to index the maximum fees?
- 7) Is the proposal to revise the by-law to treat one building with a common podium but separate tower elements as separate buildings for the purposes of application fees suggested to apply to all application types, or only certain application types where the massing makes a difference in terms of the efficiency of staff review? Is the City aware of this approach having been used in other municipalities?
- 8) Can the table in the presentation showing the total municipal development fees, which includes planning application fees, but also building permit fees and development charges, be revised to only include planning application fees? As those are the only component in the graph that is changing through this initiative, it does not make sense to include DCs and building permit fees. In particular, the inclusion of DCs dilutes the information meant to be presented.
- 9) We have several questions with the slide (#18) showing “Annual Cost of Service and Current Revenues”:
  - a. Can additional detail be provided for how the “direct” and “indirect” costs included in the estimate of total annual costs were calculated?
  - b. How were the “Total Annual Revenues” determined – what year(s) is this data from?
  - c. To what extent are some of the annual costs (direct and indirect) costs fixed and other costs dependent on the amount of growth?
- 10) The fee schedule does not include a “Minor Official Plan Amendment” category – why was this not included?
- 11) The base fee for ZBA Revisions, for both Major and Minor applications are greater than the base fee for the initial ZBA application. What is the rationale for this approach?
- 12) The fees for Minor Changes to Subdivision and Development Agreement conditions not requiring Council Approval is \$7,439, up from \$105 currently. What is the rationale for this increase?
- 13) The fee schedule includes separate condominium application fees for common element, vacancy land, standard condo and condo conversion fees. What is the expected application of the other base Condominium fee of \$58,495 (up from \$3,920)?
- 14) What is the reason for a \$7,600 site plan review fee for school portables and sales centres?
- 15) In many cases, the fees for minor applications is far too close to those for major applications. For example, a minor consent application fee would be \$8,083, while a major consent application would have a fee of \$10,404. Can the City explain the differences between major and minor applications for

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consent and other application types to help stakeholders understand the basis for the relative costs of minor and major applications to ensure that the minor application fees are not overstated?

- 16) Can the rationale for site plan pre-consultation fees be provided – typically these applications have already been through other planning approval processes and the details of the developments are known.

## **BILD's General Policy Positions**

### **A Framework for Municipal Government Imposed Taxes, Fees and Charges**

#### **Preamble**

All taxes, fees and charges related to a new development project are paid by new homeowners. These costs consistently increase year-over-year and they affect the ability for people to find homes they can afford. The regulatory burden to have development applications approved and its associated red tape, also creates longer processing timelines, which adds costs to the price of a house.

On average, government imposed taxes, fees and charges amounted to more than 20% the cost of a new home. The biggest contributor being development charges which comprise from 23% to 45% of the government charges on new homes (*Government Charges and Fees on New Homes in the Greater Toronto Area, Altus Group, 2018*). In 2019, the average government imposed charges on a new home in the GTA was \$222,652 for low-rise residential and \$124,582 for high-rise residential (*Comparison of Government Charges on New Homes in Major Canadian and US Metro Areas, Altus Group, 2019*).

While some of the content of this general policy position for Municipal Government Imposed Taxes, Fees and Charges does not pertain to Conservation Authorities (e.g. Planning Act, Development Charges Act), many of the guiding principles and subsequent points continue to have value when holistically reviewing fees for service and its effect on housing affordability.

#### **BILD's Guiding Principles for Cost Recovery**

- The Planning Act allows municipalities to charge fees based upon the anticipated costs to process the application. Growth should not pay for planning functions associated to existing resident inquiries and economic development promotions. There is an inherent benefit to the existing residents by having a planning department and in the interest of fairness, a base cost of staff's wages should be covered by the residential tax base.
- The provincial Development Charges Act allows municipalities to set a tax applicable to each new home/unit built to recover capital costs related to growing communities, for example, costs of building roads, water and wastewater systems and libraries for new residents. Development charges often accommodate studies which benefit growth, including official plan updates, zoning by-law updates and other planning studies, environmental assessments, and various master plans, feasibility studies, and needs assessments (according to a recent Watson DC Background Study). Staff time associated with the foregoing needs to be separated from any fees calculations.
- Additionally, a municipality's anticipated cost to process or review an application should be a fraction of the cost of completing the work by the applicant's consultant. The industry employs primarily licenced professionals and practitioners that shouldn't require extensive reviews.
- Any application fee increases, beyond the cost of inflation should be commensurate with an equal level of enhanced service, particularly when the fee is based on an inflationary adjusted base, i.e. percentage cost of work. Enhanced services levels should pay strict attention to adherence to timelines.

- Fee review work should be holistic. For example, in a work plan, increased fees should not come forward in phase 1 while service efficiencies following in phase 2.
- Development taxes, fees and charges should not cover historic deficits or fund operating shortfalls.

### **Reliance on the Sign-off the Private Consultant**

- As a general recommendation, municipalities should allow for our consultants to sign-off on drawings. Drawings prepared and signed-off by qualified consultants should be sufficient from a liability perspective. It also creates efficiencies in the approval process and reduces red tape.

### **Outsourcing**

- If a municipality is not fully staffed nor allowing sign-off from the industry's consultants, then outsourcing should be instituted if the volume of applications increases beyond a municipality's current personnel capacity or outside their staff skills. However, these engagements should be structured by way of a contract, with an appropriate fee cap, for efficiency and not open to overbilling.
- Municipalities should be balancing the internal fee increases with any external outsourcing costs.

### **Avoid Duplication**

- There are inherent redundancies associates to plan review between a Regional review and its local area municipalities.
- Upper and lower tier municipalities, as well as Conservation Authorities should coordinate their fee reviews to avoid any and all duplication of service. Any service agreements or Memorandums of Understanding between municipalities and/or agencies should be updated regularly to avoid any duplication of work. This information should be publicly disclosed.
- Work should not be produced or asked of an applicant that is outside of the regulatory bodies' scope of work as pre-established and detailed in those service agreements.

### **Ensuring the Right Staff Complement**

- A municipality should maintain the appropriate staff complement to complete their work within reasonable timeframes, especially given the cyclical nature of economic cycles. Stronger reliance on licenced professionals should also assist in this regard.
- A municipality should not simply retain personnel for fear of losing the capacity, especially if the volume of applications has proven to be low year-over-year.
- To help manage the volume of work, municipalities should track their chargeable hours. This would also create utilization metrics to inform better planning for ebbs and flows, as well as fees calculations.

### **Capping or Including a Maximum Fee**



- BILD would recommend the addition of a capped rate or maximum fee for any fees being charged at a percentage or charged as it relates to the size of a development site, in order to address economies of scale in processing effort.

### **Performance Measures**

- Performance measures should be implemented and updates as a part of all fee reviews, and that they involve adherence to timelines and other matters.
- There have been many changes made to the way applications and permits are being processed to prioritize safety during COVID-19. We believe these changes have translated into a number of streamlining initiatives which have positively impacted performance measures and should therefore reduce the amount of time staff will require to administer and review files.
- If the quality of applications is inferior, they could be referred to senior staff to address the matter and confirm internally that it is sub-par, once confirmed the matter should be brought forward to the consultant, applicant, or professional association to rectify the situation, versus perpetuating habitual poor submissions being made.

### **Accountability and Efficiency**

- Greater accountability is need for instances when things are missed on a first submission and then caught on a second submission, which would not be at the fault of the applicant, and would cause additional costs to be incurred by both parties.
- Municipalities should routinely consider revamping their processes to find efficiencies.

### **Consultation**

- Early consultation should be a key priority to build trust and transparency, also to catch any methodology errors from the onset. As a best practice example, for the York Region 2020 fees, our membership requested additional disclosure materials related to staffing and further analysis outlining the methodology of the review. We believe these additional materials and transparency demonstrated commensurate levels of service to the industry. As a result, BILD was able to submit a positive letter to Council.
- As a general rule of thumb, the time that it takes to prepare the draft work for review should be considered to guide the time allocated to review and digest the draft changes through stakeholder consultation.

November 25, 2021

Jamie Tellier, MCIP RPP  
**Manager of Planning Implementation**  
**Community Planning Department – City of Burlington**  
426 Brant St, Burlington, ON, L7R 3Z6

## **West End Home Builder's Association | Submission on Proposed Application Fee Increases**

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The West End Home Builders' Association (WE HBA) is the voice of the land development, new housing and professional renovation industries in Hamilton and Halton Region. The WE HBA represents approximately 300 member companies made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, consultants, and suppliers. In 2020, the residential construction industry employed over 25,300 people, paying \$1.7 billion in wages, and contributed over \$3 billion in investment value within Halton Region.

The WE HBA appreciates the efforts of City Staff to further engage with our industry, however we have significant concerns regarding the City's approach to application fee increases. We would suggest that through the consultation process, the City has an important opportunity to build upon the spirit of collaboration and working in partnership that we have been striving towards as evidenced by the re-establishment of the terms of reference for the Housing and Development Liaison Committee.

While our members anticipate annual inflationary fee increases from our municipal partners, fee increases are typically minor in nature. The fee increases being proposed by the City, as presented by Watson and Associates, amount to much more than annual indexing. The proposed changes represent a fundamental change to the City's approach to application fees that has not been carefully reviewed nor has meaningful consultation with the building industry occurred. WE HBA would like more time to work with City Staff and the consultant to better understand how these increases are justified and will affect our members and their projects. We are requesting this matter be deferred until next year to accommodate more robust industry consultation that better considers and addresses stakeholder concerns, interests, affordability, competitiveness and service improvements.

The largest concern our members have expressed surrounds the significant increase in fees across the full spectrum of planning applications. For contrast, the WE HBA wanted to illustrate that the proposed fee increase for an Official Plan Amendment in Burlington is proposed to increase from \$22,500 to \$114,592, or an increase of \$92,092 (509%). This proposed fee is greater than the total fee for an Official Plan Amendment in the City of Toronto (at \$59,324.85). In addition, when compared with nearby municipalities we would like to emphasize that the official plan amendment fee in the City of Hamilton is \$70,060 and Oakville is proposing an increase to \$27,830. The significant fee increases proposed across all types of planning applications without broad and in-depth industry and stakeholder consultation makes it very difficult for our members to plan and manage the many projects they have underway to help Burlington grow.

Our members also have significant concerns regarding the proposed condominium application fee. Burlington has traditionally followed a condominium exception process which—although different from a



number of other municipalities—is a traditional procedure intended to expedite and simplify the condominium registration process. The proposed fee increases the cost to \$58,495, which is an increase of approximately \$54,500 (or almost 14 times). WE HBA has questions regarding the City's intentions. Is the City proposing to change this process and/or service delivery structure? This fee is also in stark contrast to both the City of Hamilton's fee (\$18,110) and the Town of Oakville's (\$19,163). In the absence of continued consultation with City Staff and its consultant, we do not understand the rationale for the proposed fee increase.

Furthermore, our members would appreciate more clarity around how fees will be applied to concurrent applications. We would suggest fees for concurrent applications be structured in a way that recognizes how these types of applications build on each other as they move through the planning applications process.

Fee increases of this magnitude should not be raised without advance notice to ensure we are adequately prepared for consultation as it was during the presentation given to us by City Staff and Watson and Associates on November 11, 2021.

Through this potential fee increase, WE HBA believes it would be the City's intention to fund corresponding improvements in service delivery including increased efficiencies and tighter timelines within the City of Burlington's planning process. We believe that through continued open, transparent and proactive conversations, beginning well in advance of a change of this scale and magnitude, will lead to better outcomes.

WE HBA's members could be supportive of potential fee increases where they are directly tied to system improvements specifying that all development applications are processed within provincially mandated timelines, and the City of Burlington could guarantee this as a service standard. However, at this time we are still unclear about how the increase in fees will benefit the industry so that we can deliver new housing supply to consumers more efficiently.

Finally, putting in place a proactive and realistic planning and zoning framework that is updated in a timely manner, reflects what the market is able to deliver, and has a vision towards the future would establish an as-of-right framework and therefore decrease the number of applications requiring multiple layers of planning approvals. This would result in a lessening of the overall burden on Staff capacity that had been identified. Put simply, there is a need for continued dialogue on this proposed fee increase between the City of Burlington and the development community. As such, WE HBA would reiterate its request that the City of Burlington postpone the date of this fee increase going to Council, to allow for more fulsome stakeholder consultation and to resolve our concerns.

Sincerely,

A handwritten signature in black ink that reads 'Michelle Diplock'.

Michelle Diplock, M.Pl.

**Manager of Planning & Government Relations**

West End Home Builders' Association

