

## **REPORT**

**REPORT TO:** Chair and Members of the Planning, Public Works and Transportation Committee

**REPORT FROM:** Jeff Markowiak, Manager (Acting) of Development Review

**DATE:** May 16, 2018

**REPORT NO.:** PLS-2018-0044

**RE:** Recommended changes to the Planning & Sustainability development application fee structure

### **RECOMMENDATION:**

THAT Report No. PLS-2018-0044, dated May 16, 2018, regarding “Recommended changes to the Planning & Sustainability development application fee structure” be received;

AND FURTHER THAT the Planning & Sustainability Application Fees be approved by Council as outlined in SCHEDULE 2 attached to this report;

AND FURTHER THAT staff bring forward a by-law to establish the approved Planning & Sustainability Application Fees and to amend By-law 2017-0074;

AND FURTHER THAT the approved Planning & Sustainability Application Fees come into effect on July 1, 2018.

### **PURPOSE OF THE REPORT:**

The purpose of this report is to present to Council a new Planning & Sustainability development application fee structure for consideration and approval. The new fee structure will be imposed on applicants and is intended to more accurately recover the cost to the Town to process and review development applications.

The recommended fee structure outlined in **SCHEDULE 2** of this report was prepared by Watson & Associates following their review of the Town’s current planning application fees and development review process.

### **BACKGROUND:**

The Town last reviewed its planning application fees in 2011, which resulted in the adoption and implementation of a 5 year fee model for the 2012 to 2016 time period.

The preparation of that fee model relied on estimates of development application volume and type expected to be received during that 5 year time frame.

In 2016 Town Finance staff undertook a review of all rates and fees being collected by each Town department. As a result of that review, a general fee update was approved for implementation at the beginning of 2017. However, Finance staff concluded that the Planning & Sustainability application fees required further review outside the scope of the 2016 fee update given that:

- over the past 5 years the Town has experienced an increase in the number of complex development applications, especially infill proposals, which require more multifaceted reviews to be completed; and
- since the 2011 fee review the Town's development review and approval process has undergone substantial changes, including a greater emphasis on pre-consultation and increased community engagement.

As a result, in April 2017 Town Council approved the retention of Watson & Associates to assess the current cost of processing development applications in Halton Hills and make recommended changes to the Planning & Sustainability fee structure to ensure that fees are appropriately structured relative to cost recovery and competitiveness with comparator municipalities (Report PI-2017-0052).

Through 2017 and into early 2018 Watson & Associates undertook a review of the Town's development review process, with a primary objective to:

- study the Town's current planning application fees and determine historical levels of cost recovery; and
- assess the current costs of processing development applications in the Town of Halton Hills.

Watson completed their review and prepared a draft report entitled "Town of Halton Hills Planning Fees Review" that was presented to the Planning, Public Works and Transportation Committee on April 30, 2018. That draft report contained recommended changes to the Town's development application fee structure. At the April 30<sup>th</sup> Committee meeting Town staff was directed to undertake consultation with development industry stakeholders regarding the recommended changes to the development application fee structure (Report PLS-2018-0033).

## **COMMENTS:**

As outlined in the Watson & Associates report, the changes being recommending to the Town's development application fee structure are intended to:

- balance the Town's need to maximize cost recovery with stakeholder interests, affordability and competitiveness with comparator municipalities;
- reflect industry best practices; and
- conform to applicable legislation and be defensible if challenged.

In addition to a recommended fee structure, the report also outlines Watson's methodology for calculating the full cost recovery for the Town's development review service delivery. Watson estimates that the Town's current planning application fees presently recover about 40% of the Town's cost to process development applications. The fee structure being recommended by Watson & Associates should achieve approximately 70% cost recovery of Town staff's development review service delivery.

As directed at the April 30<sup>th</sup> PPT Committee meeting, Town staff held a consultation meeting with industry stakeholders on May 10, 2018, to obtain their comments and feedback on Watson's findings and the recommended fee structure changes. Notice of the meeting was provided to approximately 50 industry stakeholders, including BILD, the Chamber of Commerce and the Georgetown and Acton BIAs. Only 4 parties attended the meeting and no objections were raised regarding the recommended changes to the Town's planning application fees (questions asked by the attendees, along with answers provided by Watson, are outlined in the "Public Engagement" section of this report).

Following the May 10 meeting Town staff directed Watson & Associates to finalize their draft report and recommended fee changes for consideration and approval by Council. The final May 16, 2018, "Town of Halton Hills Planning Fees Review" document is attached as **SCHEDULE 1** to this report. An excerpt from the report outlining the recommended fee changes is attached as **SCHEDULE 2**.

This report is recommending that Council approve the Planning & Sustainability Development Application Fees being recommended by Watson & Associates (**SCHEDULE 2**). The report also seeks direction from Council to bring forward a by-law to establish the new fee schedule; staff are targeting July 1, 2018, for implementation of the new fees.

## **RELATIONSHIP TO STRATEGIC PLAN:**

This report supports the following strategic directions outlined in Council's 2014-2018 Strategic Action Plan:

### Municipal Service Delivery:

- Effective, efficient and economical delivery of the Town's existing services.

### Financial Sustainability:

- Establish sustainable financing, asset management, and master plans to acquire, operate, maintain, renew and replace infrastructure.

## **FINANCIAL IMPACT:**

The revenue collected from the recommended fees will ensure appropriate cost recovery of the Town's development review service delivery and the competitiveness of the Town's development review fee structure.

## **CONSULTATION:**

Planning staff and Watson & Associates consulted with staff from the various Town departments involved in the development review function (ie. Development Engineering, Transportation, Rec & Parks, Buildings and Zoning) to determine the relative level of effort by those departments in processing planning applications. These effort estimates were important to help determine the current costs to the Town for processing development applications.

## **PUBLIC ENGAGEMENT:**

On May 10, 2018, Town staff and Watson & Associates held a consultation meeting with industry stakeholders at the Gellert Community Centre to obtain comments and feedback on the fee structure changes being recommended by Watson.

Notice of the consultation meeting and a copy of Watson's draft report and recommend fee changes was provided to approximately 50 industry stakeholders via e-mail on April 27, 2018. Stakeholders that were notified included BILD, the Chamber of Commerce, the Georgetown and Acton BIAs and known developers/planners/lawyers who regularly or currently have active applications being considered by the Town.

Notified stakeholders were requested to RSVP to indicate their intention of attending. The Town received 6 RSVPs; however, only 4 parties attended the May 10 meeting:

- BILD (Carmina Tupe);
- Mattamy Homes (Ryan Oosterhoff);
- Matthews Design & Drafting Services (Doug Matthews); and
- Ray Chesher.

At the meeting Watson & Associates gave a presentation to outline their review of the Town's current planning application fees, the estimated cost to the Town to process development applications and the fee changes being recommended by Watson. While no objections were raised by any of the stakeholders, a summary of the questions asked at the consultation meeting, along with answers provided by Watson, are outlined below:

**Q1. *For a residential Official Plan Amendment, would the declining block rate fee apply to the total number of units proposed or just to the units that exceed the permitted density? (ie. for an OPA seeking a 100 unit condominium on a site that permits a density of 60 units, would the variable per unit fee be applied to all 100 units or just the 40 units that exceed the density permission)***

The variable declining block rate would be applied to the entire application (ie. all units being proposed, not just the ones exceeding the density permissions). The fee is intended to cover the cost to the municipality to process and review the entire proposal, not just the units that exceed the current permissions.

***Q2. Did Watson ever consider increasing the base application fee and lowering the variable per unit/gross floor area fees in order to reduce the cost for larger proposals?***

Watson's review of the current costs to the Town to process development applications identified that there was a greater effort required by staff to review larger proposals. Therefore, the variable rate fee was structured to try and ensure that costs were commensurate with the level of review required by staff. Establishing a reasonable base fee should make sure that smaller development proposals would incur negligible increases to the planning application fees, which is important from an affordability and municipal competitiveness standpoint.

***Q3. Did the Town ever consider reducing their processing/review efforts to address cost recovery instead of changing the planning application fees?***

Questions of this nature are typically geared towards a desire to obtain development approvals more quickly. The fee review studied the Town's current development review process, which is necessary to ensure that development occurs in an appropriate manner and is consistent with mandatory and Council approved policies, procedures and guidelines. Typically, municipalities are continuing to look for ways to improve their level of service and offer a more efficient review process; however, doing so often does not result in a less expensive process as this may require greater resources to be dedicated to the review.

**SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

**COMMUNICATIONS:**

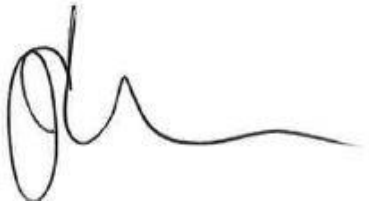
There are no communications impacts associated with this report.

## **CONCLUSION:**

The planning application fees being recommended by Watson & Associates should better reflect the current costs to the Town to process and review development proposals. Therefore, this report recommends that the Planning & Sustainability Application Fees prepared by Watson & Associates, as outlined in **SCHEDULE 2**, be approved by Council.

Further, this report recommends that Council direct staff to bring forward a by-law to establish the new Planning & Sustainability Application Fees. Town staff are targeting July 1, 2018, for the implementation of the new planning fee structure.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to be 'John Linhardt', with a stylized, flowing script.

John Linhardt, Commissioner of Planning and Sustainability

A handwritten signature in black ink, appearing to be 'Brent Marshall', with a stylized, flowing script.

Brent Marshall, CAO