



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Lawlor and Members of Council

FROM: Jeff Markowiak, Director of Development Review
Jeff Jelsma, Director of Development Engineering

DATE: April 15, 2025

REPORT NO.: PD-2025-023

SUBJECT: Recommended changes to the Planning & Development and Development Engineering fee structures

RECOMMENDATION:

THAT Report No. PD-2025-023 dated April 15, 2025, regarding “Recommended changes to the Planning & Development and Development Engineering fee structures” be received;

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

AND FURTHER THAT the Development Engineering Fees be approved by Council as outlined in SCHEDULE 3 attached to this report;

AND FURTHER THAT staff bring forward a by-law to amend By-law 2024-0087 in order to adopt the approved Planning & Development and Development Engineering Fees;

AND FURTHER THAT the approved Planning & Development and Development Engineering Fees come into effect on July 1, 2025.

KEY POINTS:

The following are key points for consideration with respect to this report:

- In April 2024 Council approved retaining Watson and Associates Economists Ltd. (referred to as Watson hereout) under a single source purchase order to complete a joint review of the Planning & Development and Development Engineering fee structures.
- The need to review the two fee structures was identified in order to respond to the additional responsibilities placed on the Town as a result of Bill 23, *More*

Homes Built Faster Act, 2022 and Bill 185, *Cutting Red Tape to Build More Homes Act, 2024*, and ensure the Town's fees reflect industry best practices; balance the Town's needs to maximize cost recovery with stakeholder interests; and, are competitive with comparator municipalities.

- Watson has completed their review and recommended new fee structures as a result of their findings.
- A consultation session was held on February 19, 2025, for Watson to present the recommended fee structures to development industry stakeholders for comment and feedback. There were twelve attendees at the consultation session; staff also received correspondence from three developers following the meeting asking a number of questions. No objections to the recommended fees were raised.
- This report recommends that Council approve the Planning & Development and Development Engineering fee structures proposed by Watson and Associates Economists Ltd. and that the new fees come into effect on July 1, 2025.

BACKGROUND AND DISCUSSION:

1.0 Retention of Watson and Associates and Rationale for Fee Reviews

In April 2024 Council approved retaining Watson and Associates Economists Ltd. to complete a review of the Planning & Development and Development Engineering fee structures associated with the review of development applications and related permits, agreements and associated works. Given the interconnected nature of the application review processes associated with the different departmental fees, the reviews were completed jointly to achieve cost and process efficiency. The rationale to complete the review of the two departmental fees is explained further below:

Planning & Development Fees

The Planning & Development fees were last reviewed in 2018, resulting in Council approving a new development application fee structure, which continues to be used by the Town to the present day. The fee structure adopted in 2018 was developed and formed on the basis of estimates of application volume and type within a 5-year time frame as well as the roles and responsibilities of the municipality for reviewing development applications at that time. The need to review the current fee structure has been identified, given:

- the 5-year time frame for application volume and type used to develop the current structure has expired;
- over the past 5 years the development application review process has continued to get more complex and multifaceted, with enhanced public consultation efforts, all of which requires greater staff time and resources; and,
- the roles and responsibilities of the Town in the review of development applications has changed as a result of the Province adopting Bill 23, *More Homes Built Faster Act, 2022* and Bill 185, *Cutting Red Tape to Build More Homes Act, 2024*. These two Bills had the effect of identifying Halton Region as an upper-tier municipality without planning responsibilities, which resulted in

certain responsibilities being transferred to the local municipalities such as the review of natural heritage matters, contaminated sites and hydrogeological concerns.

Development Engineering Fees

In 2021 Development Engineering identified that the fees related to various applications and functions managed by the Section had not been reviewed or evaluated in several years. Additionally, the efforts and responsibilities for the Section have evolved significantly beyond the traditional subdivision project matters to also include a greater focus on Site Plan matters. The nature of the responsibilities also expanded from solely technical compliance and problem solving to include working with developers and contractors to manage/mitigate construction impacts and complaints. Therefore, a review was required to ensure that operational costs remained sustainable.

2.0 Watson and Associates Recommended Fee Changes

Through 2024 Watson undertook a review of both fee structures and the Town's development and engineering review processes, with the intent to determine:

- the Town's current application fees relative to the levels of cost recovery over the past 5 years;
- assess the current costs of processing applications in the Town of Halton Hills; and,
- impacts that the Town's increased roles and responsibilities has had and is expected to continue to have on the review and processing of applications.

As a result of the review Watson determined that the Town's fees are presently operating at a cost recovery of approximately 59% for Planning & Development and 55% for Development Engineering. This means that the Town is only recovering approximately 59% of the service delivery cost to the municipality to operate the development review function and 55% of the development engineering function; the balance of the service delivery costs (41% and 45% respectively) are funded from the municipal tax base. As a result of Watson's findings they are recommending new fees and fee structure improvements which are intended to:

- appropriately recover the Town's service delivery costs for the Development Review and Development Engineering functions;
- 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.

The recommended fee changes and the methodology for calculating the full cost of the Town's development review service delivery are outlined in Watson's "Planning and Engineering Fee Review" report attached as **SCHEDULE 1** to this report.

Watson's recommended fee structures are being brought before Council for consideration as municipalities are required to submit to Council for approval all rates and fees that they will impose for the year. As part of this approval the Municipal Act, 2001, S.O. 2001, c. 25, as amended, requires a by-law be adopted annually listing all fees and charges imposed by the Town of Halton Hills.

A summary of the key recommended changes to each fee structure is set out below:

Planning & Development Fees

A table outlining the recommended new Planning & Development fee structure, compared against the current 2025 fees, is attached to this report as **SCHEDULE 2**. The current structure of the Town's Planning & Development fees has generally been maintained, with the following notable changes:

- a new fee of \$240,000 for Official Plan Amendment applications proposing to expand and bring new lands into the Town's Urban Boundary. For proposals of 50 hectares or less the fee will include any peer review consultants costs; for proposals greater than 50 hectares additional peer review fees may be required;
- a new fee of \$163,500 for Official Plan Amendment applications seeking to establish new or expanded quarry/aggregate extraction operations to reflect that the Town has inherited the responsibility from the Region to lead any Joint Agency Review Team process for proposals within the Town's boundaries;
- a new Block/Tertiary Plan application fee (\$70,000) that would apply to future Block Plan submissions for new greenfield expansion areas;
- a new Administrative Zoning By-law Amendment application fee (\$6,700) for proposals that require an amendment to the Town's Zoning By-law that are minor in nature and do not require substantial staff effort, but are not appropriate to proceed through the minor variance process;
- a new Secondary Site Plan application fee that has a lower Base Fee than the Standard Site Plan application (\$20,000 vs. \$40,000), which would apply in the following circumstances:
 - a Site Plan application received concurrently with an Official Plan and/or Zoning By-law Amendment application, or within 1 year of the date of an OPA and/or ZBA application having been approved, to recognize that some of the work traditionally completed at the Site Plan stage likely already occurred through the review of the OPA/ZBA applications; or
 - Site Plan applications for commercial or retail uses under 2,500 m² located outside of the Premier Gateway Employment Area to support their development and acknowledge that the typical size and complexity of those projects usually require less staff effort. It should be noted that the recommended fee structure continues to include the existing 50% reduction applied to applications for industrial, commercial and office uses in the designated Employment Areas of Acton and Georgetown.
- A new fee of \$1,500 applied to each additional lot (beyond the first lot) proposed to be created through a Consent (severance) process.

Increases to the cost of most of the existing fees are also recommended to more accurately reflect the current and expected service delivery costs to the Town for the review of those application types. However, the more substantial fee increases apply to Official Plan Amendment and Draft Plan of Subdivision applications to reflect the amount of staff effort required to evaluate proposals that seek to amend the Town's vision established through its Official Plan or the general effort needed to properly review multi-lot development proposals. More modest increases were applied to Zoning By-law Amendment, Site Plan, Condominium and Consent applications to balance the increased cost to the municipality to process these applications against the Town's desire to continue to support and encourage proposals that typically implement the established vision for the community. The fees for Minor Variance applications remain the same to acknowledge that these applications are usually filed by homeowners proposing minor changes to their properties.

Development Engineering Fees

A table outlining the recommended new Development Engineering fee structure is attached to this report as **SCHEDULE 3**. Similar to the Planning fees, the Development Engineering fee structure generally remains the same. However, the following bullets highlight the major recommended changes:

- A simplified fee structure for Entrance Permits is proposed that includes a lower fee for entrance widening applications (\$310) and a higher fee for all other entrance permit applications (\$676);
- License Agreement fees (i.e. agreements for temporary encroachments or permissions to work in the municipal ROW) have been organized into applications that impact municipal infrastructure and those that do not. The agreement fee for both application types is \$1,000, with a surcharge of 15% of the estimated cost of works being applied to applications that impact municipal infrastructure;
- For Site Alteration and Excavation Permit applications new fees are proposed to apply when additional resubmissions are needed to be reviewed (\$619) or extra inspections are required (\$426);
- New fees are proposed to be created for inspection activities related to Site Plan applications. Inspections are a necessary part of the post Site Plan approval process, once construction has been completed, to ensure that the site has been developed in accordance with the approved Site Plan drawings, to release securities and to manage construction impact issues. The new fees would apply as follows:
 - Site Plan Simple – Commercial or Industrial - \$5,000 plus \$0.44/m² of GFA;
 - Site Plan Complex – Residential - \$5,000 plus \$509 per unit
- Engineering fees for the post-draft approval review and inspection of subdivision applications will continue to be charged based on the cost of municipal infrastructure (i.e. cost of earth works, sewers, roads and stormwater infrastructure); however, the infrastructure thresholds and percentages have

been revised to more appropriately recover the anticipated costs from future development; and,

- A fee will now be charged to review each post-draft approval resubmissions for the 5th or greater submission for subdivision and site plan applications (\$1,299 per submission).

Increases to the cost of most of the existing fees are also recommended to more accurately reflect the current and expected service delivery costs to the Town for the review of those application types. Under the current fee structure, inspection fees were only imposed for subdivision applications. However, over the past several years staff have begun to see similar levels of efforts being required to manage the Site Plan construction process which led to the need to establish similar fees, as outlined above.

3.0 Anticipated Impact of Recommended Fees

As mentioned earlier in the report, Watson determined that the Town's current fees represent approximately 59% recovery of the service delivery cost to operate the development review function and 55% of the Development Engineering function. The balance of the service delivery costs (41% and 45% respectively) are funded from the municipal tax base. The recommended fees set out in Watson's "Planning and Engineering Fee Review" report (SCHEDULE 1) and summarized above would result in the Planning & Development fees increasing from 59% cost recovery to 80% and the Development Engineering fees increasing from 55% to 94%. The recommended increase to the fees should substantially minimize the impact to the Town's municipal tax base.

However, as outlined earlier, the level of cost recovery was only one of the considerations for Watson when preparing the recommended fees. Balancing the Town's need for cost recovery with stakeholder interests, affordability and competitiveness with comparator municipalities were also key components. As explained in Watson's report (pages 4-1 to 4-6), the recommended fees would place the Town:

- near the highest fee range amongst comparator municipalities in Halton Region and the GTA for Official Plan Amendment applications; and,
- near the middle for Zoning By-law Amendment, Draft Plan of Subdivision and Site Plan applications.

This model would ensure greater cost recovery for proposals that seek to amend the Town's vision established through the Official Plan but continue to reflect the Town's interest of supporting applications that typically implement the policies of the Official Plan. Watson has indicated the recommended fees align with industry best practices and were developed using a model that is defensible if challenged.

Given the above, this report is recommending that Council approve the updated Planning & Development and Development Engineering fee structures being recommended by Watson & Associates and that the fees come into effect on July 1, 2025.

4.0 Development Industry Stakeholder Consultation

On February 19, 2025, Town staff and Watson & Associates held a consultation session with development industry stakeholders to present the recommended changes in order to obtain their comments and feedback. There were twelve attendees at the consultation session; staff also received correspondence from three developers/stakeholders following the meeting.

No objections to the recommended fees were identified; however, a number of questions were raised, which are outlined below, along with answers provided by Watson or staff:

Q1. Why is the Town considering raising its application fees at a time when there is uncertainty in the development industry due to factors such as higher borrowing costs, concerns over tariff impacts and general increased costs to build.

The Town began the fee review process in the Spring of 2024, before any of the tariff concerns materialized. However, many of the general financial concerns expressed by the development community are also shared by municipalities, as increased costs are placing a greater strain on the municipal tax base. Therefore, ensuring that the Town's application fees appropriately recover the cost for the associated service deliveries is important to minimize impacts to taxpayers. However, it should be noted that Watson estimates that the recommended change to the Town's fees, outlined in this report, should only represent a 1% increase in the overall total development fees and charges (i.e. planning applications, building permit applications, development charges, etc.) payable for a development project.

Q2. Were efficiencies in the Town's application review process also considered as part of this exercise in addition to increasing fees to address cost recovery concerns?

Process efficiencies are typically explored in order to issue decisions more quickly. A more efficient review doesn't necessarily result in reduced costs as processing applications faster may actually require additional resources dedicated to the review functions. Therefore, evaluating efficiencies was not part of the scope of Watson's review; Watson was retained to assess the full cost to the municipality of the development review and development engineering service deliveries and recommend changes to the Town's fee structure to appropriately recover those costs. However, it should be noted that Town staff continuously explore opportunities to improve efficiency and shorten review timeframes by considering things such as digitizing some of the submission/review processes or exploring the benefits of AI to help with some administrative steps.

Q3. A letter was submitted by Keleher Planning & Economic Consulting Inc. (KPEC), on behalf of the Southwest Georgetown Landowners Group, that had eight questions/comments which sought clarification on some of the recommended fees, how some of the new fees amounts were determined and the rationale for some of the recommended changes to current fees.

A copy of a response memorandum prepared by Watson and provided to the Southwest Georgetown Landowners Group on March 27, 2025, is attached to this report; see **SCHEDULE 4**. The Watson memo includes the eight questions/comment from KPEC and provides a detailed response to each.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement has been conducted as follows: On February 19, 2025, Town staff and Watson & Associates held a consultation session with development industry stakeholders. At the meeting Watson gave a presentation to outline their review of the Town's current fees and the new fees being recommended. Stakeholders were given the opportunity to ask questions or raise concerns.

INTERNAL CONSULTATION:

Planning, Development Engineering and Watson & Associates consulted with staff from the various Town departments involved in the development review function (i.e. Transportation, Parks & Open Space, Building 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.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

User fees represent an important revenue tool for municipalities to ensure proper recovery of costs for service delivery. Through the recommendations of this report, the fees to be put in place for Planning & Development, as well as Development Engineering, will ensure appropriate recovery of costs for service delivery are in place. Staff will work to include any potential impacts resulting from these fee changes in the development of the 2026 Operating Budget.

Reviewed and approved by,

John Linhardt, Commissioner of Planning & Development

Chris Mills, Chief Administrative Officer