

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 26, 2017.

#### **6 CITY OF VAUGHAN DEVELOPMENT SERVICES FEE STRUCTURE REVIEW PHASE 2 - PLANNING APPLICATION FEES CITY-WIDE**

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Deputy City Manager of Planning & Growth Management, the Chief Financial Officer & City Treasurer, the Director of Development Planning, the Director of Financial Planning and Development Finance, Deputy City Treasurer, and the Deputy City Clerk, dated September 20, 2017, be approved;
- 2) That the presentation by Mr. Andrew Grunda, Watson & Associates, Argentia Road, Mississauga and Communication C4, presentation material entitled "*Planning Application Fees Review Presentation*", be received.

#### **Recommendation**

The Deputy City Manager of Planning & Growth Management, the Chief Financial Officer & City Treasurer, the Director of Development Planning, the Director of Financial Planning and Development Finance, Deputy City Treasurer, and the Deputy City Clerk recommend:

1. That the City of Vaughan Development Services Fee Structure Review, Phase 2 – Planning Application Fees, and Planning Applications Fee Review – Additional Staff Resource Impact, included as Attachments #1 and #2 respectively, prepared by Watson & Associates Economists Ltd., BE RECEIVED.
2. That the following By-laws be amended to implement the recommendations of the City of Vaughan Development Services Fee Structure Review, Phase 2 – Planning Application Fees, included as Attachment #1, prepared by Watson & Associates Economists Ltd.:
  - a) the Tariff of Fees for Vaughan Planning Applications By-law 173-2013;
  - b) By-law 203-15 to provide for fees and charges under the *Planning Act* for Committee of Adjustment applications; and
  - c) By-law 198-2016, to provide general fees and charges under the Municipal Act.
3. Notwithstanding Recommendation 2 above, should Council approve the Development Planning Department's additional resource requests as discussed in this report through the 2018 budget process, that the Tariff of Fees for Vaughan Planning Applications By-law 173-2013, be further amended to implement the fees shown on Attachment #2 for Development Planning applications. Alternatively, should Council approve the additional resource requests in part, that the Tariff of Fees for Planning Applications shown on Attachment #2 be reviewed by Watson & Associates Economists and modified to capture the full cost recovery only for the approved additional resource requests.

#### **Contribution to Sustainability**

The Development Planning Department retained Watson & Associates Economists Ltd. ("Watson") to undertake a review ("Fee Review") of the full costs of processing the Development Planning Department and Committee of Adjustment (CofA) applications and to make fee structure

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

#### **Item 6, Finance Report No. 8 – Page 2**

recommendations to achieve full cost recovery pursuant to the *Planning Act* and Council's Fiscal Framework Guiding Principles.

The planning application and CofA fees were last reviewed by Watson approximately 9 years ago. The proposed fees and charges will ensure the City continues to provide timely reviews of Development Planning and CofA applications.

#### **Economic Impact**

The purpose of the Fee Review is to identify the total costs of processing Development Planning and CofA applications and establish a fee structure to achieve full cost recovery for each application type and services. This will allow continued funding of the Development Planning and CofA application review processes with no impact on the property tax rate.

The Fee Review recommendations are anticipated to increase the overall Development Planning Department and CofA application cost recovery performance to full cost recovery levels.

Based on the anticipated application volumes and application characteristics for 2017, the City budgeted Development Planning application fee revenues of \$5.6 million and CofA application revenues of \$0.8 million. The Fee Review results indicate that the City's current fee structure is recovering only 82% and 61% of the cost of processing Development Planning and CofA applications, respectively. The remaining balance of the costs are subsidized from property taxation. The proposed fee structure would eliminate the property tax subsidy and appropriately recover the balance of costs from the user fee base. If the full cost recovery fee recommendations had been applied to the 2017 budgeted application volumes and characteristics, they could have been expected to generate approximately \$1.9 million in additional revenue for the Development Planning Department and \$0.5 million for the CofA.

The approach to full cost recovery for Development Planning and CofA application fees is aligned with the City's Fiscal Framework Guiding Principles and ensures that the City is effectively managing its long term financial sustainability. In particular, this approach is in line with the guiding principle of growth pays for growth such that infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues. New property tax assessment should not subsidize existing service levels.

The Fee Review also included a review of other Greater Toronto Area (GTA) municipalities and has demonstrated that the application fees imposed under the recommended fee structure would be comparable to those GTA municipalities.

#### **Communications Plan**

The development industry has been engaged in the Fee Review and will continue, through the Building Industry and Land Development Association (BILD), to be engaged in the final phase of the Fee Review for the Building Standards Department.

BILD and the York Chapter members were engaged at the following stages of the Fee Review process:

- *City of Vaughan Fee Review:* During the Fee Review of the Development Engineering and Infrastructure Planning Department, an introduction forum was held on October 5, 2015, to introduce Watson and to present the methodology for the Fee Review. Watson conducted all phases of the Fee Review using the same methodology to maintain consistency throughout the process.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

#### Item 6, Finance Report No. 8 – Page 3

- *Project Initiation and Methodology:* At a BILD executive meeting held on October 11, 2016, BILD was advised that a planning application fee review would commence in 2017. Subsequently, at a March 21, 2017, BILD executive meeting, BILD was advised that the Fee Review had commenced and that further consultation regarding the draft results would be communicated to BILD representatives.
- *Preliminary Results:* A meeting was held with the York Chapter of BILD and development industry representatives on May 29, 2017, to present the preliminary results of the Fee Review and to receive comments from the development industry.
- *Follow-up:* At the May 29, 2017 meeting, several comments were received from BILD representatives. BILD also submitted a letter dated June 8, 2017 (Attachment #3) that included questions and some concerns regarding the proposed fee structure. A response brief (Attachment #4) was prepared to provide additional information related to the questions raised at the meeting and the June 8, 2017 letter. The input and comments received from BILD and development industry representatives were considered in the Fee Review process and the final recommendations.
- *Notice:* A Notice of this Finance, Administration and Audit Committee meeting was sent to BILD and distributed to the York Chapter of BILD on August 30, 2017.
- *Follow-up:* At the time of report publication a meeting is scheduled for September 11, 2017 where Development Planning Department staff will make a presentation at a regularly scheduled BILD executive meeting. The presentation will summarize the findings and recommendations of the Fee Review and provide an additional opportunity for BILD to ask questions related to the review.

It is noted that the Planning Application Fee Review - Additional Resource Impacts (Attachment #2) addendum report undertaken by Watson did not form part of the consultation process with BILD outlined above.

#### **Purpose**

The purpose of this report is to:

1. Provide Council with the results of the Development Planning Department and Committee of Adjustment Application Fee Review conducted by Watson.
2. Seek Council's approval of Watson's recommendations contained in the Fee Review (Attachment #1) for Development Planning and Committee of Adjustment applications and for general Fees and Charges related to the review of Development Planning applications.
3. To advise Council of the Development Planning Department's additional resource requests (ARRs) for the 2018 budget process and the impact on the Fees and Charges for Development Planning applications recommended by Watson in the Fee Review to maintain full cost recovery; and, to seek Council's approval of the revised Fees and Charges (Attachment #2) should the ARRs be approved, in full or in part, through the budget process.
4. To obtain Council direction to amend the current in-effect fee By-laws, as identified in this report, to implement the Fees and Charges recommended by the Fee Review for Development Planning and CofA applications.

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 4

#### **Background - Analysis and Options**

The City of Vaughan is one of Canada's fastest growing cities. Vaughan's current population of approximately 318,000 is expected to grow by over 30% in the next 15 years to over 416,000 by 2031, and potentially upwards to 490,000 by 2041. Based on the City of Vaughan Official Plan 2010 (VOP 2010), approximately 50% of the planned growth over the next 15 years will occur through urban intensification. This growth is anticipated in the Vaughan Metropolitan Centre (VMC), along transit corridors and through infill development within existing communities.

#### **1. Continuous operational and efficiency reviews have positioned the Development Planning Department to respond to the planned development forms envisioned in the City's Official Plan**

Since the adoption of Vaughan Official Plan 2010, the Development Planning Department has reviewed its operations, procedures, and processes to meet the challenges associated with city building, and includes:

- In November 2013, the first VMC Project Manager staff complement was hired followed thereafter by two additional staff complement to form the VMC Project Management Team dedicated to facilitating development applications in the VMC.
- In 2014, a functional review the Public Works Commission was undertaken which included a review of the Development Planning Department. The review recommended that one additional Senior Manager of Development Planning position be created to respond to development pressures. This review resulted in the Development Planning Department being organized into two geographic teams that are responsible for all development applications located west and east of Highway 400.
- In 2015, an exercise of mapping the development process was undertaken with the objective of documenting the land development process in Vaughan, identifying gaps and challenges in the current development approval process and assessing resource capacity, and recommended process improvements. The initial results of the mapping exercise revealed the need to leverage technology to improve application tracking for both internal and external stakeholders, and to develop standard operating procedures to improve efficiency.
- In 2015, a concerted effort was undertaken to update PLANit, the Development Planning Department's database used to manage development applications. This included upgrades to the software, enhancements to its' functionality and the introduction of the PLANit Viewer, which allows anyone with internet access to view development application information on-line. A permanent part-time position was also created to update PLANit with current and historical data related to planning applications. The data has been updated going back to 2010 Development Planning applications.
- The Development Planning Department will continue to review its processes and procedures to deliver Service Excellence to achieve the objectives of the Term of Council Strategy Map 2018.

#### **2. Planning application and Committee of Adjustment fees were last reviewed 9 years ago and the increased effort to process complex intensification and infill development proposals has necessitated a review of the Development Planning and Committee of Adjustment fees and charges**

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 5

As previously noted, Development Planning and CofA application fees were last reviewed by Watson approximately 9 years ago. Municipalities periodically undertake a review of their fees to address changes in development cycles, application characteristics and cost-recovery levels to identify fee structures that more accurately reflect processing levels. With new and emerging Provincial and Regional policy initiatives, the City of Vaughan is experiencing more medium and high density development proposals in intensification areas and infill development in existing communities.

These development proposals have contributed to an increased level of complexity and time required to process Development Planning applications. In addition, new regulatory and non-regulatory initiatives such as the requirement for water balance reports, the introduction of Pre-Application Consultation (PAC) Meetings, and requirements for wind and sun/shadow studies and other technical studies related to high density development have added new layers of review that were not previously required legislatively or deemed necessary to assess more historic low rise forms of development in Vaughan.

Greater effort and time is required to review intensification/infill development proposals due to the complexity associated with the planning review and approvals often requiring multiple applications (e.g. Official Plan, Zoning, Subdivision and Site Development applications). Development Planning applications proposing infill/intensified development require additional planning reviews, increased public consultation and multiple meetings with the applicant and agencies to address matters such as land use compatibility, site organization, built form, etc.

Large scale and more intense Development Planning applications in the VMC require the consideration, evaluation and implementation of new approaches to development not previously experienced in the City of Vaughan including, but not limited to, stratified road and park proposals, density transfer requests, and Design Review Panel reviews. Implementing documents such as Official Plan and Zoning By-law Amendments, Site Plan Agreements, Section 37 and strata agreements and other development agreements are also more complex requiring more time and effort to draft, review and execute.

**3. Watson was retained by the City to carry out a comprehensive Fee Review of development related fees and charges including those for the Development Planning Department and the Committee of Adjustment**

Watson was retained by the City to complete a comprehensive Fee Review of the development related fees and charges, which commenced with the Development Engineering and Infrastructure Planning (DEIP) fees. The second phase of the Fee Review relates to the Development Planning and CofA application fees, followed by the final phase of the Fee Review, representing the Building Standards Department fee review. The scope of the Fee Review, included the following key objectives:

- Provide an evidence-based rationale that considers the processes involved in the Development Planning Department and CofA application review processes and the level of staff effort to achieve full cost recovery. The approach to full cost recovery for fees is aligned with the City's Fiscal Framework Guiding Principles and ensures that the City is effectively managing its long term financial sustainability.
- Review current processes and capture the current overall staff effort required in the Development Planning and CofA application review processes.
- Consider new revenue opportunities and best practice fee-based funding model options.
- Consider the impact of the recommended fee structure changes on the development industry.
- Consider Vaughan's Development Planning and CofA application fees compared to other municipalities.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

#### Item 6, Finance Report No. 8 – Page 6

The approach to full cost recovery for fees is aligned with the City's Fiscal Framework Guiding Principles and ensures that the City is effectively managing its long term financial sustainability. The proposed fee structure would eliminate any property tax subsidy and appropriately recover the balance of costs from the user fee base.

#### 4. Key finding of Watson's Fee Review

A copy of Watson's final Fee Review reports are appended to this report as Attachments #1 and #2. The draft Fee Review was completed in July 2017, and an addendum report titled Planning Application Fee Review – Additional Staff Resource Impacts was completed on August 10, 2017. The key finding of the Fee Review is that the current fee structure for Development Planning and CofA applications with the exception of site development applications are not recovering the City's costs for development applications as follows:

Application Type	% Current Full Cost Recovery
Official Plan	81%
Zoning By-law Amendment	89%
Site Development Application	123%
Draft Plan of Subdivision	42%
Draft Plan of Condominium	60%
Part Lot Control	62%
Pre-Application Consultation (PAC)	52%
<b>Other Application Fees</b>	
Landscape Plan Review	61%
Street Naming / Numbering	57%
<b>Total Planning Applications</b>	<b>82%</b>
<b>Committee of Adjustment</b>	<b>61%</b>

Overall the fees currently charged are not recovering the City's costs for both Development Planning and CofA applications based on 2017 budgeted revenue as follows:

	\$ (millions)		
	2017 Budget Revenue	Unrecovered Processing Costs	Total Processing Costs
Planning Applications	5.6	1.9	7.5
CofA Applications	0.8	0.5	1.3
Total	6.4	2.4	8.8

The Fee Review demonstrates that the City is not achieving full cost recovery for the review of Development Planning and CofA applications and therefore the current fee structure is not aligned with Council's Fiscal Framework Guiding Principles to ensure long term financial sustainability.

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 7

**5. The key recommendations of the Watson Study include adjusting planning application and Committee of Adjustment fees to achieve full cost recovery consistent with Council's Fiscal Framework Guiding Principles**

The Fee Review includes several key recommendations related to Development Planning and CofA application fees. The guiding principles for the fee recommendations is to achieve full cost recovery as permitted by the *Planning Act* and consistent with Council's Fiscal Framework Guiding Principles. The recommendations are generally summarized for each application type as follows:

**General Recommendations**

- Implement a new fee structure that aligns the full cost recovery of processing costs to application characteristics to balance *Planning Act* compliance, applicant benefits and municipal revenue certainty. The Fee Review recommendations included in Attachment #1 are anticipated to increase overall planning applications cost recovery performance to full cost recovery levels for each application type.
- Generally, increase the base fee for each application type with less reliance on per unit fees.
- The introduction of surcharge fees for Development Planning applications in the VMC, Intensification Areas and infill projects.
- Implementation of a declining unit rate structure to recognize economies of scale in processing larger applications.
- Should Council approve the Development Planning Department's additional resource requests through the 2018 budget process, that the fee structure for Development Planning application fees and charges shown on Attachment #2 be implemented to achieve cost recovery.

**Proposed Fee Structure Summaries**

The fee structures for Development Planning applications and Committee of Adjustment application are included in Attachments #1 and #2. A summary of these fees structures for ease of reference is provided for Development Planning and CofA applications on Attachments #5 and #6, respectively. The fees shown on Attachment #5 included the recommended fee structure by the Fee Review, and the impact on the recommended fee structure resulting from Development Planning Department additional resource requests in 2018 and 2019, as discussed in this report. The Attachment also includes the draft explanatory notes related to certain fees that will be included in the Tariff of Fees for Vaughan Planning Applications By-law, should Council approve the recommendations in this report. The fees shown on Attachments # 5 and #6 are based on 2018\$. The 2019 fees shown on Attachment #5 will be subject to the annual inflationary fee increase to be determined by the City, in recent years in the range of 3%.

**Recommendation by Application Type**

**a) Official Plan Amendment (OPA) Application**

The City currently charges fees for Major and Minor OPAs and surcharges upon application approval. Major OPA and surcharge fees are \$26,198 and \$6,607 respectively. Minor OPA and surcharge fees are \$12,272 and \$3,687 respectively. Based on the results of the activity based costing model prepared by Watson, Major and Minor OPA applications would require fees of \$41,400 and \$26,900 respectively, to achieve full cost recovery.

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 8

**b) Zoning By-Law Amendment (ZBA) Application**

Fee recommendations for ZBA applications were designed to recover the average processing costs for different (e.g. residential, non-residential and mixed-use) application types. The recommendations are based on the average processing costs and consideration was given to the marginal anticipated processing costs of the application sub-types (e.g. VMC, Intensification Areas, Heritage Conservation Districts (HCD) and standard applications).

On average, residential and non-residential Zoning applications are over recovering the costs of processing, while mixed-use Zoning applications are under recovering the anticipated processing costs, resulting in an overall under recovery of fees for ZBA applications. As applications increase in size, cost recovery levels improve. Thus, the recommended fee structure includes a higher application base fee and a decreasing block fee structure for residential per unit fees as the number of units increases. The decreasing block fee is designed to align cost recovery with the marginal costs of processing a larger application with a greater number of units. Base fees for non-residential and mixed-use applications have been increased in line with residential base fees. Increased base fees and the average size of non-residential and mixed-use applications indicates that variable per hectare fees should be decreased.

**c) Site Development Application**

Average revenues for residential and mixed-use applications are currently greater than the average processing costs for larger applications, while non-residential applications are generally under recovering average processing costs.

The recommended fee structure for a Site Development application includes an increased base fee and the imposition of a declining block fee structure for residential per unit fees. Although the proposed fee structure has been designed to recover processing costs by Site Development application type (residential, non-residential, mixed-use), the fee structure was also measured against the costs of processing application sub-types (VMC, Heritage Conservation Districts, Intensification Areas, standard applications). Large scale residential applications in the VMC and other areas are recovering higher revenues than average costs and as such a declining block fee structure will help to improve the relationship between cost recovery and processing effort.

The recommended fee structure for mixed-use applications also includes the imposition of a declining block fee structure for the residential component of development. Per unit fees are lower than currently imposed, reflective of the large size of mixed-use Site Development applications.

**d) Draft Plan of Subdivision Application**

Draft Plan of Subdivision application fees are currently on average recovering 42% of the costs of processing. As such, Watson recommended base and variable fee increases for all Draft Plan of Subdivision application types. Furthermore, as with residential ZBA and Site Development applications, Watson recommended that the variable per unit fee structure for residential applications be modified from its current format to a declining block structure.

The one fee for the registration of additional subdivision phases increased substantially based on the underlying processing effort estimations. A review of similar fees charged by other surrounding municipalities was conducted to assess this fee for reasonableness. The



## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

#### Item 6, Finance Report No. 8 – Page 9

Fee Review identified similar fees charged by several surrounding municipalities are much lower. To ensure reasonableness, Watson and the City have proposed revising the recommended fee for this charge from \$23,097 to \$3,126.

#### **e) Draft Plan of Condominium Application**

The process of reviewing Draft Plan of Condominium applications was costed and the Fee Review recommended a flat fee of \$22,944.00 for Draft Plan of Condominium applications to achieve full cost recovery. The recommended fee would apply to Standard, Common Element, Vacant Land, Amalgamated, Phased, and Leasehold Draft Plan of Condominium applications.

#### **f) Part Lot Control, Landscape Plan Review, Pre-Application Consultation (PAC), Street Naming, Street Name Changes and Street Numbering/Number Changes**

The fees imposed for a Part Lot Control application and planning services are flat fees (i.e. a base fee without any surcharges). Watson's recommended fee structure to achieve full cost recovery for these planning services are shown on Attachment #1.

#### **g) New Fees - Zoning By-law Amendment Section 37, Cash-in-Lieu of Parking**

Application review processes were included to consider the imposition of new fees related to Zoning By-law Amendment applications requiring a Section 37 benefit and Cash-in-Lieu of Parking. These fees would cover the additional time and effort incurred to determine the cash-in-lieu amounts (e.g. review of land appraisals, negotiations, peer reviews as necessary and the preparation and execution of implementing documents). The full recovery cost recommendations for each application requiring for these services are as follows:

Zoning By-law Amendment with a Section 37 benefit - \$28,410

Zoning By-law Amendment with a Cash-In-Lieu of Parking - \$2,616.

#### **h) Committee of Adjustment Application Fees**

Committee of Adjustment application fees were last reviewed approximately 9 years ago by Watson. Since that time CofA fees have increased based on a "cost-of-living" rate, but now only recover approximately 61% of the processing costs. Increasing the CofA application fees to recover the City's costs for processing these applications will reduce the tax-base subsidy for operating costs. The proposed application fees are expected to increase revenues by approximately \$500,000 in 2018.

The Committee of Adjustment full cost recovery Fee Review recommendations are included in Attachment #6. Except for Change of Conditions Consent applications, all fees are recommended to increase, based on the cost recovery performance results of the Fee Review. The Fees and Charges shown on Attachment #6 include a 3% increase for 2018.

Committee of Adjustment staff have reviewed the Fee Review and recommend an additional "adjournment fee" of \$515.00. This fee represents the additional staff time, effort and costs associated to accommodate an adjournment request from an applicant. The fee will not be imposed when the Committee of Adjustment or staff recommends an adjournment for a CofA file. A request to adjourn a CofA application requires that an application be rescheduled and recirculated, the re-production of agenda packages and draft decisions, and the re-posting of information online. The Committee, the Manager of Development Services/Secretary-Treasurer to the Committee of Adjustment, as well as Planning and Zoning staff must also address the application, as required, at each re-scheduled hearing.

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 10

The \$515.00 fee represents the additional staff time required to process a request from an applicant to adjourn a CofA application.

**6. Fee review recommends surcharges for development applications in the VMC, Intensification Areas and for Infill Development**

The Fee Review recommends surcharge fees for Zoning By-law Amendment, Site Development, and Draft Plan of Subdivision applications in the VMC, Intensification Areas and for Infill Development to achieve full cost recovery of these applications. The recommended surcharge would be cumulative and applied for each application type being processed. For the purposes of the new Tariff of Fees By-law for Development Planning applications, the VMC, Intensification Areas and Infill Development applications subject to the recommended surcharge will only apply to the Development Planning applications that meet the following criteria:

- a) VMC - Any Development Planning application for a property located within the boundary of the Vaughan Metropolitan Centre (VMC) as defined by the VMC Secondary Plan. The surcharge will apply to Development Planning applications that facilitate new development and redevelopment proposals.
- b) Intensification Areas - Any Development Planning application for a property located within an Intensification Area identified on Schedule 1 - Urban Structure of Vaughan Official Plan (VOP) 2010, or any Secondary Plan Policies (Section 11), Area Specific Policies (Section 12), or Site-Specific Policies (Section 13) constituting Volume 2 of VOP 2010. The surcharge will apply to Development Planning applications that facilitate new development and redevelopment proposals.
- c) Infill Development - Any Development Planning application for a property where the proposal is for development that meets the following definition:

Infill Development means the development or redevelopment of a property, site or area with new development at a higher density or building height than is currently permitted by the Official Plan. The surcharge fee will not apply to a Development Planning application for street townhouse development, but shall apply to all other forms of townhouse development (e.g. common element, back-to-back, row, stacked, etc.). Infill development also includes all residential apartment and mixed-use buildings.

In each case above (i.e. VMC, Intensification Area and Infill Development) the surcharge will not apply to Development Planning applications that are minor in nature such as additions or expansions of existing buildings, a change in use in an existing building, or an amendment to a development standard (e.g. number of units or gross floor area).

**7. Recommended fees to apply only to redevelopment / new development in the City's Heritage Conservation Districts (HCDs)**

The Fee Review recommendations will not apply to any Development Planning application that will facilitate the retention, adaptive reuse, or a minor alteration(s) (e.g. addition) of an existing building that is designated as Part 4 or Part 5 under the *Ontario Heritage Act* or recognized in the City's Built Heritage Inventory. However, any Development Planning application for new development / redevelopment within a HCD will be subject to the Intensification Area/Infill surcharge fee recommended in the Fee Review.

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 6, Finance Report No. 8 – Page 11

**8. Planning application fees will be adjusted from year to year to reflect cost of living increases**

The Fee Review is based on an analysis of the past 5 years of Development Planning and CofA applications. Watson's recommended fee structures for Development Planning and CofA applications included in Attachments #1 and #2 are based on recommended fees in 2017\$.

Should Council approve the Fee Review recommendations in this report, the Development Planning and CofA application fees shown on Attachments #1 and #2, will take effect on January 1, 2018, and will incorporate a 3% inflationary adjustment. Thereafter, Development Planning and CofA application fees will be adjusted on an annual basis to reflect inflationary increases in line with targets approved by Council to ensure no future cross-subsidization from property taxation. The increases have typically been, in recent years, in the range of approximately 3%. Other adjustments, as may be required to respond to new legislative review requirements, additional staff resources, or adjustments as necessary may be applied from time to time, as required.

**9. Based on an industry scan, the proposed Development Planning application fees and charges are comparable with neighbouring municipalities**

To ensure the recommended fees are in line with neighbouring municipalities, a fee comparison was undertaken. Watson undertook a review of the proposed application fees utilizing different development application scenarios (e.g. a 200-unit residential and mixed-use condominium, 1,000 m<sup>2</sup> retail development, 100-unit subdivision, 40,000 m<sup>2</sup> office building) relative to other municipalities in the Greater Toronto Area (GTA) and southern Ontario (Mississauga, Brampton, Toronto, Markham, Richmond Hill, Burlington, Whitby, Hamilton, Pickering, and Ottawa).

The Fee Review also included an analysis of the application fees as a percentage of the overall cost of development, which includes building permit fees and development charges. The results of the reviews are included in Attachment #1 and demonstrate that the proposed fee structure for Development Planning applications in the City of Vaughan would not be the highest relative to these municipalities and that in most cases would remain lower than most direct comparables, those being Mississauga, Markham and Richmond Hill.

The analysis also demonstrates that the new Development Planning application fees would represent 1 to 2% of the overall approval costs associated with development, save and except for the retail development scenario where planning fees would account for 7% of the overall cost of development, which is still the lowest amongst all the other municipalities reviewed, except Brampton (4%). Given the comparison, the recommended fees are in line with the city's comparator municipalities and therefore, validate the Fee Review completed by Watson.

**10. The Development Planning reserve fund will manage the cyclical nature of land development**

The Fee Review recommendations will ensure that the City can continue to provide Development Planning Department review services for land development proposals without subsidy from property taxation. The number, type and scale of Development Planning applications received by the City in any calendar year is subject to many external factors such as interest rates, government policy, general market conditions, and available servicing capacity. The City has been the recipient of continued growth and the number of Development Planning applications has remained strong for the last number of years.

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

#### Item 6, Finance Report No. 8 – Page 12

However, a Development Planning Reserve exists to mitigate the financial impact of volatile economic trends. Funds in the reserve will serve to smooth significant revenue variances that may result from the cyclical nature of land development.

#### **11. Additional Resource Requests (ARRs) through the 2018 budget process, if approved by Council, will increase the Development Planning application and CofA application fees recommended by the Fee Review**

The Development Planning Department has requested 5 full time, and 1 conversion of a part-time complement position to a full time permanent position through the 2018 budget process and an additional full time position is contemplated for 2019. These positions are required to meet the increased time and effort related to processing more complex Development Planning applications while at the same time, maintaining service levels. In addition, these ARR requests respond to comments raised during consultations with the development industry that included requests for further processing resources to address applications in a timely manner.

Staff requested Watson to undertake a review of the impact of the ARRs on the Development Planning and CofA fee structures recommended in the Fee Review, should Council approve the additional ARRs. The principle of full cost recovery of the ARRs, through Development Planning and CofA application fees was applied to this review. The results of Watson's analysis are included on Attachment #2. The analysis undertaken by Watson demonstrates that certain fees for Development Planning applications will increase should Council approve the Development Planning Department's ARR requests.

Staff has included a recommendation in this report requesting that should Council approve the ARRs through the 2018 budget process, that the Tariff of Fees for Vaughan Planning applications shown on Attachment #2 be implemented, instead of the fees identified in Attachment #1, commencing January 1, 2018. Should Council approve the ARRs in part, Watson will re-examine the fee structure shown on Attachment #2 to ensure cost recovery for only the approved positions. Should Council not approve any of the ARRs, the Tariff of Fees for Planning Applications shown on Attachment #1 will be implemented, should Council adopt the recommendations of the Fee Review.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

The Fee Review of the Planning Application and Committee of Adjustment fees and charges supports the following Term of Council Service Excellence Strategy Map:

- Council Priority - Meet Council tax rate targets; and
- Service Excellence Strategic Initiative - Sustainable Fiscal Framework.

#### **Regional Implications**

There are no Regional implications associated with this report.

#### **Conclusion**

In late 2015, the City retained Watson & Associates Economists Ltd., to undertake a comprehensive Fee Review of the full costs of the City of Vaughan Service Fee Structure. Phase 2 of the Fee Review consisted of a review of Planning Application and Committee of Adjustment Fees and to make fee structure recommendations to provide for reasonable full cost recovery for the service. The review has included consultation with BILD, other active stakeholders and a

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

#### **Item 6, Finance Report No. 8 – Page 13**

review of fee structures in comparable municipalities. The recommended fee structure approach to full cost recovery for fees is aligned with the City's Fiscal Framework Guiding Principles and ensures that the City is effectively managing its long term financial sustainability.

The recommended fee structure will ensure that the City can continue to provide Development Planning Department and Committee of Adjustment services for land development without subsidy from property taxation while maintaining or improving the levels of service subject to the outcome of budget deliberations. In addition, the proposed fee structure will provide for a recovery of the full costs of providing the Development Planning Department and Committee of Adjustment review services. This report also includes recommendations to ensure full cost recovery is achieved for additional resource requests through the 2018 budget process, should Council approve the requests in whole or in part. This report also identified that the Development Planning Department's Reserve will be maintained and utilized to mitigate financial impacts resulting from the cyclical nature of the land development industry.

In consideration of the above, staff is recommending that the fee structure for Development Planning and CofA applications included in Attachment #1 be approved, and that should Council approve the Development Planning Department's ARRs through the 2018 budget process, that the fees for Development Planning Application included in Attachment #1, be amended, as shown in Attachment #2, to achieve cost recovery.

#### **Attachments**

1. Watson & Associates Economists Ltd. - Report on Development Services Fee Structure Review - Phase 2 - Planning Application Fees, July 28, 2017
2. Watson & Associates Economists Ltd. Memorandum - Planning Application Fee Review - Additional Staff Resource Impacts, August 10, 2017
3. BILD Letter - June 8, 2017
4. BILD Response Brief – June 26, 2017
5. Recommended Tariff of Fees Vaughan Planning Applications, Including Impact of Additional Resource Requests
6. Recommended Tariff of Fees for Committee of Adjustment Fees and Charges

#### **Report prepared by:**

Mauro Peverini, Director of Development Planning, Ext. 8407

Bill Kiru, Senior Manager of Development Planning, Ext. 8633

Todd Coles, Deputy City Clerk, Ext. 8332

Rita Selvaggi, Manager, Financial Planning & Analysis, Financial Planning and Development Finance, Ext. 8438

Christine Vigneault, Manager of Development Services, Secretary Treasurer of the Committee of Adjustment, Ext. 8332

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)