BRAMPTON

Report
Staff Report
The Corporation of the City of Brampton
2022-01-23

Date: 2022-12-13

Subject: **Recommendation Report – 2023 Fee Changes for Development and Site Plan Applications**

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Report Number: Planning, Bld & Growth Mgt-2023-043

Recommendations:

1. **THAT** the report titled: Recommendation Report - 2023 Fee Changes for Development and Site Plan Applications (File #), to the Planning and Development Committee meeting of January 23, 2023, be received; and,

2. **THAT** Schedule A to the Tariff of Fees By-law with respect to Planning and Other Municipal Applications By-law 85-96, as amended, be amended to reflect the fee changes as set out in Appendix A of this report, effective February 1, 2023.

Overview:

- **Brampton is experiencing significant growth in both the volume and complexity of development applications that are submitted to the City for approvals. This in conjunction with the recent Provincial legislative changes (Bill 109 – More Homes for Everyone Act, and Bill 23 - More Homes Built Faster Act) can create financial and service delivery pressures that need to be appropriately managed to minimize financial risk in effort to ensure true costs of service delivery are realized.**

- **Through adoption of this report and accompanying by-law, the City is proposing to increase the fees associated with development and site plan applications, and eliminate the Mature Neighbourhoods site plan fee, as required by Bill 23.**

- **This report recommends the following changes to the City's Tariff of Fees By-law for Development applications:**
    - **Increase all Development and Site Plan application Fees by 25%, with the exception of Committee of Adjustment (CofA) applications;**

    - **Increase Pre-consultation fees to $2000 in association with the new pre-consultation processes implemented on January 1, 2023, in response to Bill 109;**

    - **Introduce a new resubmission fee for applications that utilize the new withdrawal option for Official Plan and Zoning By-law Amendment; and,**

    - **Eliminate the fee associated with Mature Neighbourhood Site Plans, as required by Bill 23.**

- **Staff are not recommending increases to CofA applications at this time pending implementation of recommendations from the CofA Modernization Review (see report PBGM-2023-036).**

- **Staff undertook consultation with other municipalities and BILD (Building Industry and Land Development Association) on the fee increases.**

- **These recommended measures will help to mitigate associated financial risks while ensuring attracting development and investment is not cost-prohibitive.**

Background:

The City of Brampton is experiencing a surge of development application activity. Development applications increased 56% from 2020 to 2021. 2022 volumes remain high, with a modest 6% reduction from 2021 volumes. Development applications are now predominantly urban and infill-focused development as opposed to traditional greenfield development – reflecting the city's evolution in built form. This type of growth comes with increased complexities in the application review process, with greater development constraints, increased focus on compatibility, and unique infrastructure challenges.

<u>Changing Legislative Landscape</u>

New Planning Act legislation in 2022, specifically Bill 109 - More Homes for Everyone Act, 2022 requires mandated reimbursement of fees to applicants of development applications, should municipalities not meet the timelines prescribed in the Planning Act. Staff brought forward a recommendation report to the December 12, 2022 Planning & Development Committee that addressed implications and recommended changes to current business practices to minimize the financial implications of this Bill (PB&GM-2022-950). While the legislation was approved with a commencement of January 1, 2023, staff are of the understanding that the Minister of Municipal Affairs has indicated in a communication to the Association of Municipalities of Ontario (AMO) that he intends to defer this requirement to July 1, 2023. At the time of writing this report, no legislative changes have been announced. Staff will monitor the situation and advise Council should a change be formalized.

Further financial impacts related to application fees have been created through Bill 23, More Homes Built Faster Act, 2022. Beginning in January 2023, all residential developments of 10 units or less will be exempt from the site plan application review process, resulting in additional revenue loss.

Combined, these changes in policy and development activity can create financial and service delivery pressures that need to be appropriately managed to minimize financial risk to the City. To offset financial exposure, the City can increase fees associated with Development and Site Plan Applications by amending the Tariff of Fees By-law. This report provides insights to the City's cost recovery for development application types to support the following fee increases:

- all Development and Site Plan application fees by 25%, with the exception of Committee of Adjustment applications;
- Pre-consultation fees increased to $2000 to better reflect the level of service provided;
- Introduce a new resubmission fee for applications that utilize the new withdrawal option for Official Plan and Zoning By-law Amendments; and,
- Elimination of the fee associated with Mature Neighbourhood Site Plans, as required by Bill 23.

Outcomes associated with these increases include:

1. Mitigate revenue loss resulting from Bill 109 and Bill 23; and,
2. Reduce financial burden on the tax base.

Current Situation:

Brampton has made significant improvements to its development review process over the past few years. This success is reflected in the 2022 Municipal Benchmarking Study commissioned by the Building and Land Development Industry (BILD). Brampton ranked fourth in the category for speed of development application processing, with an average processing period of 13.4 months.

Maintaining and surpassing the City's level of service in the face of increasing development activity and complexity in development review, and an ever-shifting provincial policy landscape requires a comprehensive approach, part of which is a deep dive into the fees charged for services rendered.

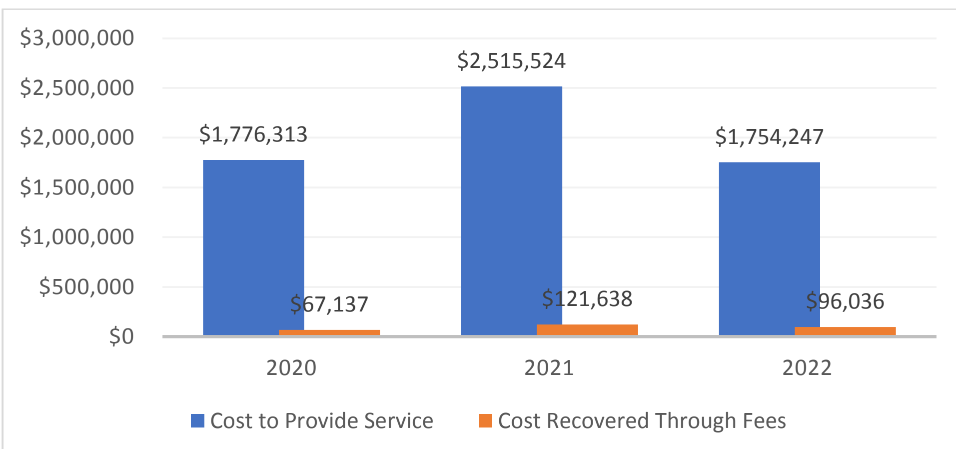
Pre-Consultation Fee Increase

Pre-consultation Application review represents 25% of all development applications received annually. Generally, half of these applications are realized as full development applications by the landowner. Service provided to applicants through the Pre-Consultation application review include:

- confirmation of appropriate planning approvals required for the development of a site;
- identification of drawing and studies required in support of an application;
- feedback on applicable planning policies, processing timelines and potential areas of concern; and
- a meeting with staff and applicant to discuss application

Each Pre-Consultation consumes approximately 80 hours of staff time and represents a significant labour cost that is marginally offset by the application fee as demonstrated in Table 1 below. Of note, in 2022, approximately 159 pre-consultation applications were reviewed, costing the City close to $1.75M in labour costs, but only recovering $96,000 through fees. This delta clearly underscores the need to increase our fees.

Table 1: Pre-consultation Labour Costs vs. Fee Recovery



Average labour cost is $11,033. Application volumes: 2020 – 161; 2021 – 228; 2022 - 159

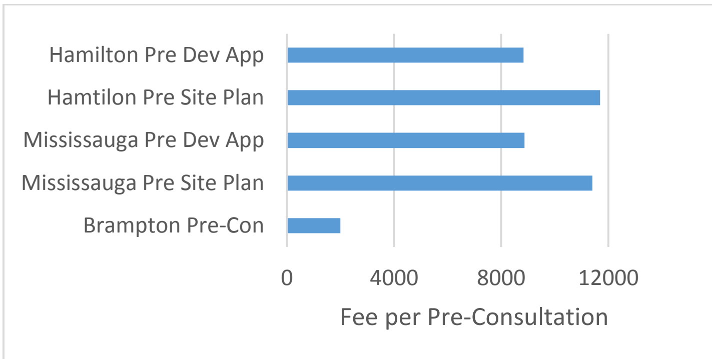
The new fee schedule proposes a fee increase that better accounts for the level of service provided for this application type, while not being cost-prohibitive to discourage submission.

Current Pre-Consultation Fee	$604
New Pre-Consultation Fee	$2000

This increase will offset the cost of delivering this service and decrease the burden on the tax base. In addition, this fee is non-refundable under Bill 109 and will offer a small degree of protection against revenue loss. If this fee had been in place for 2022, the City would have recovered $318,000, a 235% increase over what was collected in 2022.

This approach is consistent with actions in other municipalities. Table 2 below shows the new fees proposed by Brampton, Mississauga and Hamilton.

Table 2: Pre-Consultation Fee Comparison



Source: City of Mississauga Corporate Report "2023 Planning Act Processing Fees and Charges" Appendix A Dated: October 5, 2022
City of Hamilton, Electronic Communication from Bill 109 Municipal Roundtable

Fee increases for Pre-Consultations are anticipated to be implemented in other comparator GTAH municipalities as well in 2023, as fee reviews and impacts of Bill 109 are better understood. This was shared with staff through the Bill 109 Municipal Roundtable Working Group consultations. Development Services staff also plans on completing a comprehensive fee review in 2023 and will recommend appropriate adjustments to fees thereafter.

<u>Application Withdrawal and Resubmission Process and Fee</u>

The new 'Application Withdrawal and Resubmission' process will allow applicants to withdraw their application and then resubmit at a nominal fee. This will accommodate those applicants that would like to continue to work with staff to address technical issues with their applications, and negate the staff having to potentially recommend a refusal to Council in order to satisfy the mandated deadlines of Bill 109. This would avoid the need to issue refunds.

Staff are proposing the following fee for this new process:

Resubmission of Official Plan and/or Zoning By-law Amendment	$2000

It is uncertain how much uptake there will be with this new approach, and staff will monitor its usage to better understand the potential of this new tool to both protect and grow revenue associated with these application types.

Fees Eliminated Due to Bill 23

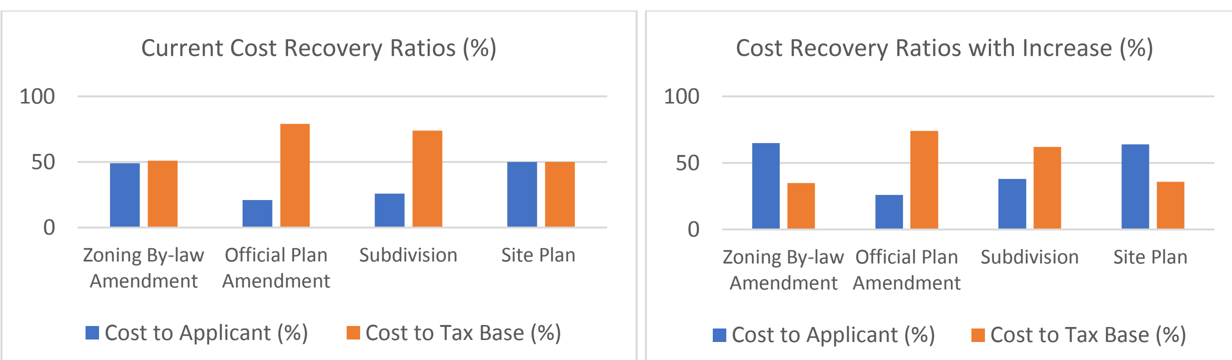
In a presentation to Committee of Council on November 23, 2022, staff outlined the implications that Bill 23, would have on Brampton. One of the key changes is that Bill 23 exempts residential development with 10 units or less from site plan approval. This change means that the City can no longer charge the Site Plan Approval fee for single detached dwellings and building additions in Older, Mature neighbourhoods as currently outlined in the City's Site Plan Control By-law. The associated fee of $1,101 will be removed from the Tariff of Fees by-law.

In 2022 the City received 20 Mature Neighbourhood Site Plans applications. The financial impact of this change, had it been in place for 2022, would equate to $22,020.

Reducing Reliance on Tax Base

Based on an analysis of underlying costs of service, the development application fees charged only cover a relatively small portion of the full costs the City bears to provide our development review/approval service. Other sources of revenue at the City, namely property taxes, are used to pay for these services. Generally, development and site plan application fees recover about half of these costs, as seen in Table 3 below. The proposed 25% increase to the application fees will narrow the gap and help mitigate financial burden on the tax base, recovering a greater degree of the cost from those who receive direct benefit from the service.

Table 3: Current & Future State Cost Recovery Ratios (%)



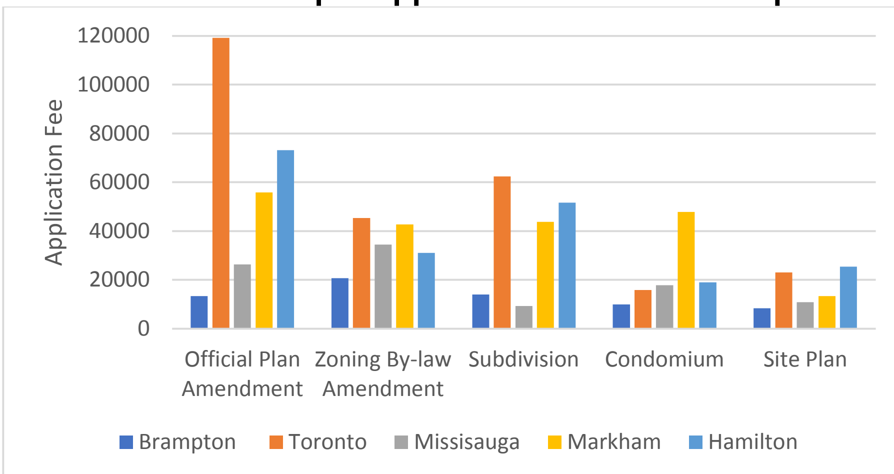
*Fees calculated at Base + Unit Fee for 25 units. No units calculated for OPA

By implementing this marginal fee increase the impact on the tax base for this service will decrease.

Municipal Benchmarking

The City of Brampton's application fees have been significantly lower than other comparable municipalities and represent a higher subsidization from the City's tax base to provide these services. The proposed 25% fee increase keeps Brampton's base application fees at the lower end of application types. As Table 4 below demonstrates, Brampton's fees are thousands of dollars lower than other municipalities experiencing similar growth in application volume and complexity.

Table 4: 2022 Municipal Application Base Fee Comparisons



Source: Municipal Fee By-laws, 2022

Corporate Implications:

<u>Financial Implications:</u>

The 2023 proposed operating budget for Planning, Building and Growth Management Department includes an annual revenue increase of $1,811,175 based on a forecasted increase in fees of 25% and the addition of the Pre-consultation Fee, and the Resubmission Fee. Due to in-year effective dates, changes to fees have less than annualized impact on the 2023 budget and will result in a prorated increase of approximately $1,660,245, pending Council approval. Upon completion of the comprehensive fee review, staff will bring forward another recommendation report to Council.

<u>Term of Council Priorities (2019-2022)</u>

This report and associated recommendations comply with the 2019-2022 Term of Council Priorities "A Well-run City" priority by helping foster an efficient development review process and providing good stewardship of City resources by mitigating impacts on City revenues.

Conclusion:

The City is proposing to increase development and site plan application fees by 25% (with the exception of Committee of Adjustment fees) and increase the fee for Pre-Consultation applications. The proposed fee increase will ensure that the Planning, Building and Growth Management Department is able to continue to provide the high-quality services our residents and businesses expect while mitigating financial risks.

The proposed changes to fees represent a gradual increase. In 2023 staff will undertake a comprehensive fee review to fully assess all application fees. This work will be completed in advance of the 2024 budget for Council's consideration.

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Appendices:

Appendix A: Schedule A of City Fee By-law (By-Law Number 85-96 "To Establish a Tariff of Fees By-law with Respect to Planning and Other Municipal Applications")