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Mike Davis
Planning Application Fees Review

TO:	CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	REVIEW OF PLANNING APPLICATION FEES NOVEMBER 12, 2013

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, pursuant to the PricewaterhouseCoopers LLP Quarterly Report on Internal Audit results and further direction from Municipal Council respecting planning application fees:

- (a) the proposed by-law attached hereto as Appendix "A" **BE INTRODUCED** at the Municipal Council meeting on November 19, 2013; and
- (b) Civic Administration **BE DIRECTED** to include an annual fee escalation rate of 2.0% in future updates of the Various Fees and Charges By-law for Zoning By-law, Official Plan and combined Zoning By-law and Official Plan amendment applications beyond 2014.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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July 14, 2008 – Review of Planning Application Fees – this report reviewed planning application fees and tabled possible revisions to the fee structure for circulation to the London Development Institute, the London Home Builders Association and the Urban League of London for their feedback and input. The report highlighted the importance of greater cost recovery and introduced the idea of a revenue stabilization fund.

November 24, 2008 – Review of Planning Application Fees – this report addressed comments received from development industry representatives regarding the proposed fee structure changes. Ultimately, this report recommended revisions to the planning application fee structure. Planning application fees have remained unchanged since the recommendations of this report were implemented in a phased manner from 2009-2010.

June 27, 2013 – Quarterly Report on Internal Audit Results – this report was presented to the Audit Committee to communicate the results of internal audit projects including Urban Forestry and Planning Application Processes. The report requested Committee approval of the action plans developed collaboratively between PricewaterhouseCoopers LLP and Management. Item #10 of the PwC report recommended that management perform a cost-benefit analysis to determine whether application fees should be modified.

PURPOSE AND EFFECT OF RECOMMENDED ACTION

The purpose and effect of the recommendation is to increase the fees for Official Plan and Zoning By-law amendment applications and to establish an annual escalation rate for these fees in order to lessen the need for more significant fee increases when reviewing application fees comprehensively. The fees adjustment also proposes to delete the maximum Site Plan Application Fee. The proposed increases will align the foregoing application fees with those charged in like-sized urban municipalities to ensure the maintenance of appropriate levels of cost recovery through the planning application process.

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BACKGROUND

On July 30, 2013, Council resolved that the June 27, 2013 Quarterly Report on Internal Audit Results for urban forestry and planning applications and Corporate Services/Finance’s budgeting process “**BE RECEIVED**” and that the action plans identified in Appendices A, B and C of the report “**BE IMPLEMENTED**”.

Further to the above, the following excerpt from the June 27, 2013 PricewaterhouseCoopers LLP Internal Audit report was included in Appendix ‘A’ of the June 27, 2013 Audit Committee Report:

PricewaterhouseCoopers LLP Internal Audit:

Observation:

An opportunity exists for the City to increase their planning application fees (including Official Plan Amendment and Zoning By-law Amendment fees) closer to those charged by comparable municipalities in Ontario.

If planning application fees were increased by 20%, based on the number of applications received in 2012, fee revenue would increase by approximately \$35,000.

For example, Official Plan Amendment fees could be raised by approximately 50% to be in line with the average fees charged by the cities of Windsor, Sarnia and Hamilton.

Business Impact:

A potential risk exists that the City of London is undercharging for the planning application process. However, it is noted that such an increase may have impacts on the ability for the City to attract future development.

Action Plan:

It is recommended that management perform a cost-benefit analysis to determine whether application fees should be modified.

Upon Council’s endorsement of the PwC recommendation, as generally provided above, staff have conducted a detailed review and analysis of planning application fees. This report provides a summary of the analysis and, accordingly, an overview of the recommended changes to planning application fees for Official Plan and Zoning By-law amendment applications.

Review of Fees:

The City’s last review of planning application fees occurred in 2008. Changes to the City’s application fee structure were implemented in 2009 in a phased manner with the final recommended increases occurring in 2010. As such, planning application fees have remained static for the past five years.

Since the 2008 review, changes to Planning Division expenditures have been impacted by a new collective bargaining agreement, increased overhead costs and general inflationary costs. Also of significant impact to the Division’s expenditures, the nature of the planning application process continues to evolve, including:

Pre-Application Expenditures

- Increasing requests for pre-application consultation which is a service that is currently free of charge for which costs are not always able to be recovered through the

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submission of application fees;

Processing Expenditures

- More active consultation with the Public (satisfying the goal of involving the community in all planning decisions – a goal supported by the Planning Act and Council’s 2011 – 2014 Strategic Plan);
- Increased complexity of applications with new Provincial regulations and requirements;
- The litigious nature of planning applications and the potential for applicants and neighbours to appeal Council decisions places an emphasis on ensuring reports are detailed and fully defensible;
- Greater proportion of infill and intensification projects which introduce new and often more intense land uses within existing neighbourhoods and, as such, are more complex to process;

Post-Application Expenditures

- Litigation of planning applications to the OMB – either by applicants, interest groups or neighbours; and
- Referrals back to Staff by Council for additional consultation;

Previous planning fee review reports presented to Council in the Fall of 2008 acknowledged that planning application fees were well below cost recovery. These reports recommended fee increases which resulted in fees that are still well below cost recovery.

Recognizing the increased intricacies involved in processing individual planning applications as a result of a more integrated and complex planning process and the need to provide a high level of planning service while resisting increasing property taxes, consideration must be given to recovering costs by more prudently utilizing available revenue sources including application fees permitted by the Planning Act.

Guiding Principles:

Planning Staff have collaborated to establish a series of principles intended to guide and inform decisions on planning application fees. These principles are as follows:

i. Competitive

Fees should be comparable, competitive and reasonable within the scope of planning application fees charged by comparable mid-sized cities across Ontario and surrounding municipalities.

ii. Maintain appropriate cost recovery levels

Application fees should result in reasonable levels of cost recovery through the Official Plan and Zoning By-law amendment process recognizing the variable factors which lead to increased Planning Division expenses, that application fees have not changed since the recommended revisions in 2008 and that there is an inherent public interest that is realized when applications are processed and result in a positive change in use or development.

Staff recognize that applicants stand to gain from the planning application process but also recognize there is a public benefit component in the planning application process both through the requirement for public consultation and for the City’s ability to examine and evaluate

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development proposals. Application fees should reflect this balance in their approach to cost recovery.

iii. Not be a disincentive to development

Fees should balance the current economic climate and the City’s desire for growth. While recognizing the need to be competitive and maintain appropriate cost recovery levels, the fees should not increase to levels which would provide a disincentive to development or be excessive relative to the total costs for a given development project. At the same time, the value of the fees should reflect the fact that the requested land use change will result in an increase in economic activity on a given site and often the marketability of the site.

iv. Maintain quality service

Fees should be set so that adequate resources continue to be available within the Planning Division to provide high levels of service in meeting designated timelines and that adequate resources are available to work collaboratively with the Public and commenting agencies. The PwC Audit explained, “Our review shows that planning applications are processed expeditiously within an efficient and effective process”. The value of the fees should be set at a level which will allow staff to continue to provide this quality level of service.

COST-BENEFIT ANALYSIS

Proposed Fee Changes:

This report recommends the following changes to the Planning Division’s application fees:

Figure 1:

Application Type	Current	Proposed
Official Plan Amendment	\$6,000	\$10,000
Zoning By-law Amendment	\$5,000	\$7,000
Combined OPA/ZBA Application	\$10,500	\$15,000

The recommended changes are intended to take effect as of January 1, 2014. The proposed fee changes have been analyzed by Staff with respect to their appropriateness, considering comparisons between similar sized urban municipalities, local municipalities, historical and current levels of cost recovery, and in terms of their potential impact to the development industry. The analysis is intended to demonstrate the appropriateness of the proposed fee increases in the context with the direction provided by the PwC and Audit Committee recommendations. In addition to the recommended 2014 fee increases noted above, it is recommended that Council endorse an escalation rate for the above noted applications of 2%, compounded, annually. It is intended that the annual escalation of 2% will help to lessen the need for more significant increases (if any) during future comprehensive reviews of planning application fees and will provide the development industry with greater certainty and stability in this regard. The recommended escalation rate of 2% generally reflects the rate of inflation and increases to Planning Division personnel expenses as required under the Collective Bargaining Agreement.

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Comparative Analysis:

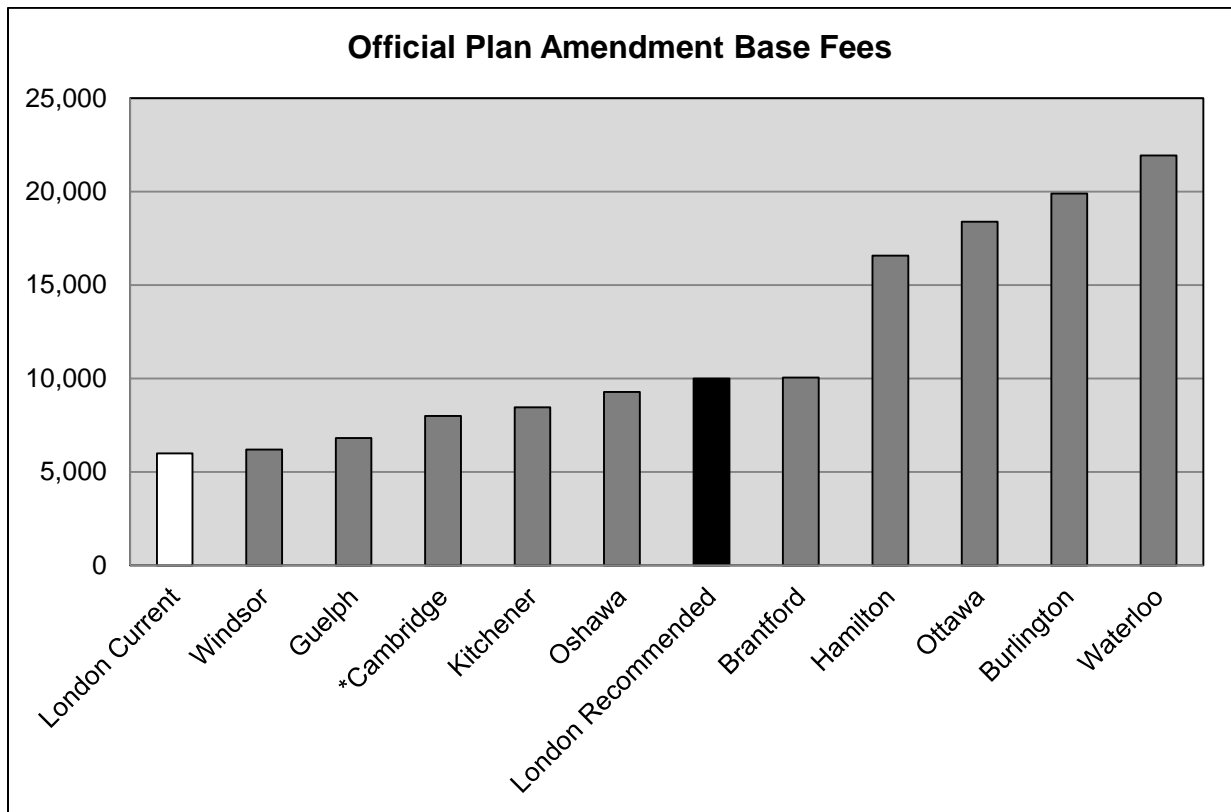
Mid-Sized Cities:

Through the recommendations contained in the PwC Audit and the guiding principles developed by Management and Staff, it is a key objective that planning application fees be competitive, comparable and reasonable in the context of similar mid-sized cities.

As a prelude to the following analysis, it is important to highlight the difficulty in making direct comparisons with fees from various municipalities. Difficulties arise from the fact that the services of other municipalities are often different, their fees can include significant variable fees in addition to the base fees provided below and they exclude or include other components of planning services. However, an attempt has been made to provide a representation of base Official Plan amendment and Zoning By-law amendment fees in analyzing and demonstrating the appropriateness of the proposed fee increases.

The following graphs provide context relative to fees being charged in comparable mid-sized urban municipalities across Ontario. These charts show the City of London’s current fees along with the recommended fees.

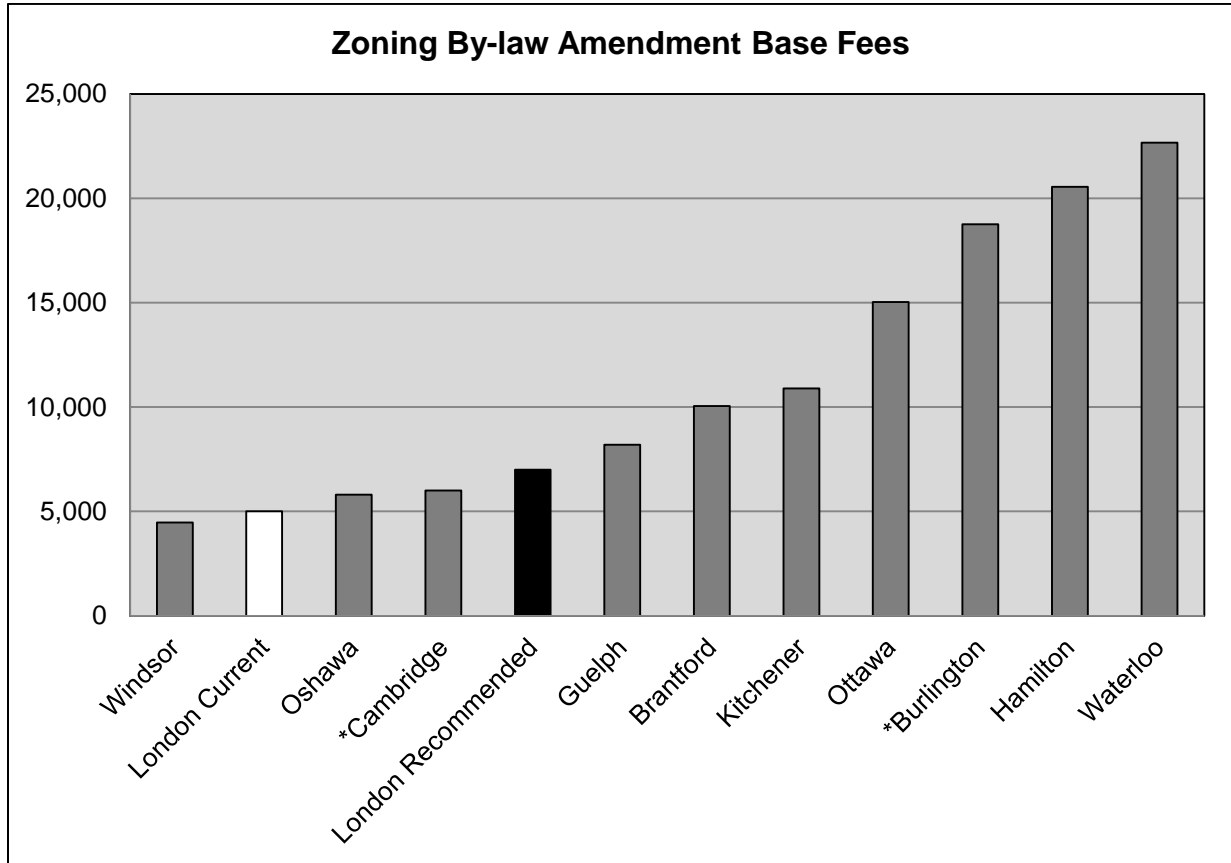
Figure 2:



* Municipalities which also charge substantial variable fees in addition the base fees provided above (e.g. a fee per unit or per hectare of site area) (Note: Mid-sized GTA municipalities have not been included)

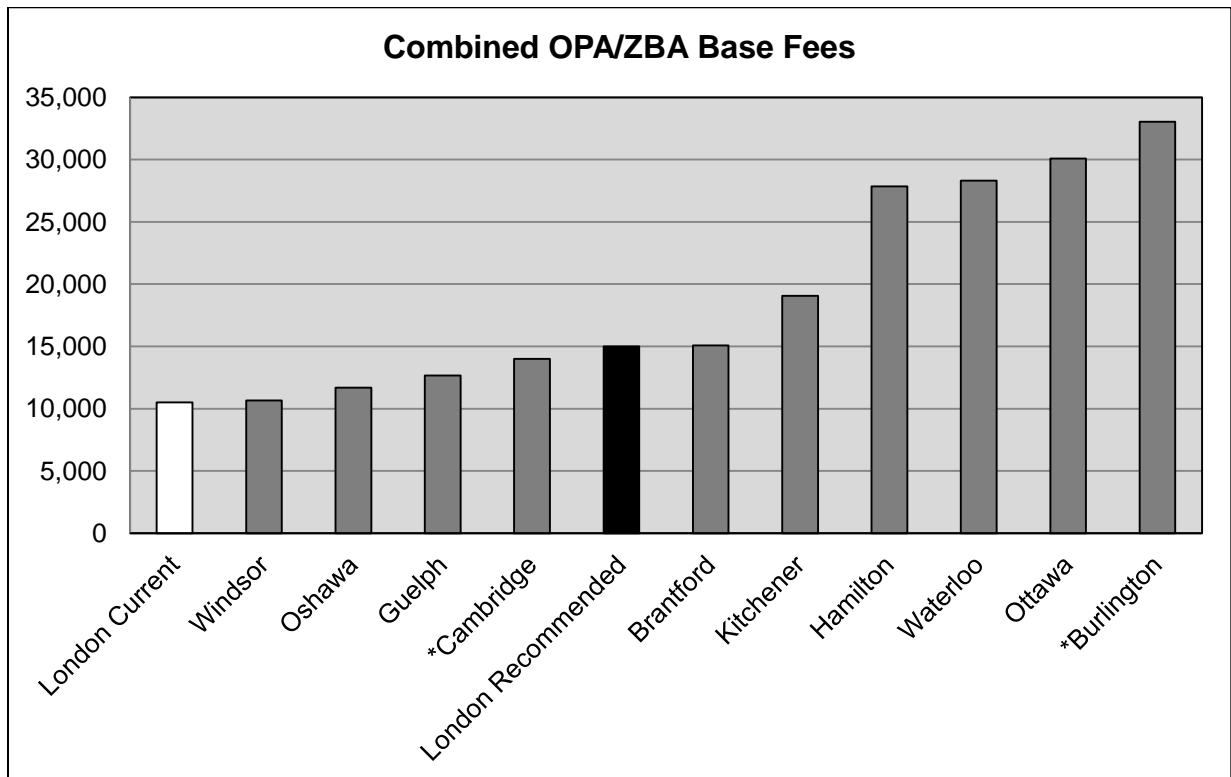
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Figure 3:



* Municipalities which also charge substantial variable fees in addition the base fees provided above (e.g. a fee per unit or per hectare of site area) (Note: Mid-sized GTA municipalities have not been included)

Figure 4:



* Municipalities which also charge substantial variable fees in addition the base fees provided above (e.g. a fee per unit or per hectare of site area) (Note: Mid-sized GTA municipalities have not been included)

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The graphs provided above show the City of London’s current fees for Official Plan, Zoning By-law and combined amendment applications as well as the recommended fees relative to ten (10) comparable mid-sized cities across Ontario. The cities were selected based on their population size and similarity in terms of market strength. An effort was also made to ensure that there is a significant Southwestern Ontario sample size.

As provided in these graphs, London’s current fees for ZBA, OPA and combined OPA/ZBA applications are currently the lowest or among the lowest in the sample size. The PwC Internal Audit highlighted the opportunity to increase fees and remain competitive with comparable mid-sized cities. The increased fees recommended by this report are displayed in black above. The recommended fees will shift London’s fees closer to the middle of the spectrum in the context of comparable municipalities with the proposed fees still remaining competitive.

Surrounding Municipalities:

In presenting the above information to members of the development community it was suggested by industry representatives that the smaller communities surrounding London directly compete for development, and regard should be had for any increasing requirements and costs of doing business in the City which may result in the developers and ultimately the home purchasers to begin to look for less costly opportunities in the surrounding municipalities. They suggested that the proposed fees in the context of these smaller surrounding municipalities is perhaps more relevant than those of cities of comparable size.

A cursory review showed that the current and recommended application fees for OPA’s and ZBA’s in London are greater than those in surrounding smaller municipalities.

Although Staff are sensitive to the disparity in fees charged in adjacent municipalities, it is difficult to analyze the appropriateness of the City’s application fees in this context. City Staff are of the opinion that it is more appropriate to draw comparison with comparably sized urban centres to establish planning application fees since they generally experience higher processing costs for a variety of reasons including:

- The surrounding municipalities often process lower density forms of residential development whereas the range of applications in London includes: industrial, institutional, commercial, environmental, high-density residential and downtown related;
- Greater pressure and trend toward intensification and infill proposals which often require significant public consultation efforts whereas smaller municipalities experience more “Greenfield” development which is often less contentious;
- There tend to be more complex issues involved with planning applications in a larger urban setting such as the provision of services, transportation, noise, heritage preservation, etc. requiring more time/resources to review and resolve;
- There are often more interest groups and more stakeholder consultation relating to applications in larger urban centres requiring more consultation;
- Population density leads to greater amount of people being affected by a given planning application resulting in higher circulation costs;
- There are specialized professionals (eg. Heritage Planner, Urban Designer, Ecologist) dealing with many applications in larger urban centres;
- Some outlying municipalities use consultants to peer review technical reports (eg. Environmental Impact Study, Hydrogeological Assessment, Slope Stability, etc.) and pass this cost onto the developer which is not reflected in the base application fee

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whereas these services are included in the application fee in London;

- Some outlying municipalities charge further fees or require an upfront deposit to cover legal fees incurred by the municipality if an application is appealed to the OMB which is not reflected in the base fee; and
- London is within a single tier municipal system, whereas many smaller outlying municipalities are located within a two-tiered system where some planning applications would require the amendment of both local and regional planning documents.

Cost Recovery Analysis:

The concept of cost recovery calls for a municipality to charge fees for a given service in order to generate the required revenues intended to recover the costs associated with providing that service. As an example, if a service costs \$1 million to provide, full cost recovery would be achieved if the application fees submitted by the associated user for that service are equal to \$1 million.

A key concept of cost recovery is that it avoids the assignment of costs for a service to the general tax base. For example, if a service costs \$1 million, and only \$100,000 is recovered through fees for that service, the general tax base is left to subsidize the remaining \$900,000 required to cover the cost of providing the service. Currently, the services offered by the Planning Division related to the processing of planning applications are not provided at full cost recovery given that, as mentioned previously, there is an inherent public interest component when applications are processed which is covered through the general tax base.

The following table provides a generalized cost breakdown for 2013, showing revenues collected through Official Plan and Zoning By-law amendment application fees versus the personnel costs associated with processing these applications. It is important to emphasize the conservative and general manner in which this table attempts to quantify current cost recovery levels. This analysis does not include significant non-personnel related costs or costs incurred by other departments (eg. Legal, Engineering (Stormwater, Wastewater, Transportation, etc), Clerks, Development Services, etc.) which also play a significant role in the processing and review of Official Plan and Zoning By-law amendments.

Figure 5:

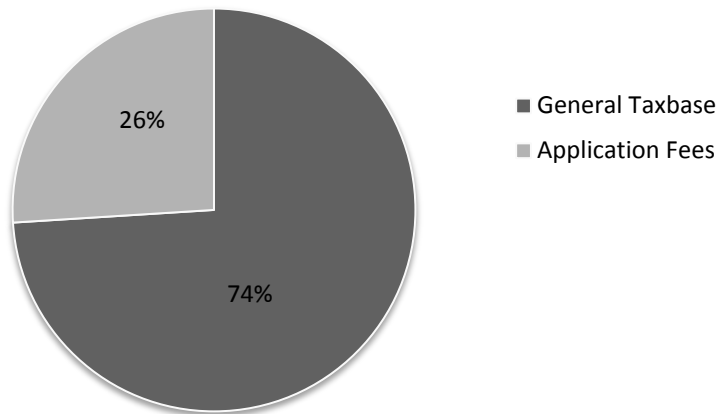
2013 Planning Application Revenues vs. Expenses Relating to Application Processing	
Planning Division Expenses	\$4.7 million
Planning Division total personnel expenses	\$3.78 million
Estimated Planning Division personnel expenses devoted to processing OPA/ZBA applications	\$1.03 million
2012 Planning Application Revenues (OPA & ZBA)	\$269,000
Funding gap	\$761,000

Figure 5 reveals that approximately 74% of those Planning Division personnel expenses that were estimated to be devoted entirely to the processing of planning applications were subsidized by general tax revenues in 2013. This results in an estimated cost recovery level of 26%.

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2013 Cost Recovery
Planning Division Personnel Expenses



As noted above, this cost recovery estimate is limited in scope and is quite conservative in that it specifically excludes non-personnel related costs and personnel costs associated with processing planning applications from outside the Planning Division. Nevertheless, it provides a baseline estimate for cost recovery levels as a basis for Staff's review.

In considering appropriate levels of cost recovery, Staff are cognizant of seeking opportunities for other sources of revenue given Council's direction for 0% property tax increases and fairness in balancing the varying benefits provided to the applicant and the taxpayer through the planning process.

The planning process provides benefits to both private and public interests. Private interests stand to gain from the planning application process through increased property value derived from expanded land use permissions and greater marketability. However, there is also an inherent public interest in the planning application process both through the Planning Act requirements for public consultation which often results in positive changes to a development proposal and to avail of the services provided on a particular site and/or increasing the utility of existing infrastructure. In general, current cost recovery levels are estimated to be in the range of 25%-27%. In order to relieve pressure on the municipal taxbase and ensure that applicants are paying an appropriate share of the cost to process an application, cost recovery targets should reflect the balance of interests involved in the planning process.

Marginal Cost Analysis

In order to determine the general financial impact of the proposed fee increase to the viability of development in the City, Staff have analyzed the recommended fee schedule in the context of the myriad of fees and development costs applicable to a variety of projects which required Official Plan and/or Zoning By-law amendment approvals in 2011. Statistics were obtained from the City's building department and reflect development projects at varying scales.

Zoning By-law amendment (small infill development)

497 Central Avenue (permit #12-021319) 5-plex	
Permit Fee	\$3,167
Development Charges	\$49,105
Construction Value	\$450,000
2011 ZBA Fees	\$5,000
Total	\$507,272
2014 Total (w/recommended 2014 fees)	\$509,272
2014 Fees as proportion of project costs	1.3%

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Increase as a proportion of project costs	+0.39%
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352 Ridout Street South (permit #11-017181) 8-Unit Townhouse Block	
Permit Fee	\$3,299
Development Charges	\$63,752
Construction Value	\$800,000
2011 ZBA Fees	\$5,000
Total	\$872,051
2014 Total (w/recommended 2014 fees)	\$874,051
2014 Fees as proportion of project costs	0.8%
Increase as a proportion of project costs	+0.23%

As provided above, staff applied the recommended 2014 fees to a conservative estimate of the total project costs for a 5-plex infill development at 497 Central Avenue and 4-unit townhouse development at 352 Ridout Street South which both required a Zoning By-law amendment in 2011. The recommended 2014 application fee of \$7,000 would represent 1.3% and 0.8% of total development costs respectively.

The projects noted below reflect some larger scale developments requiring planning approvals in 2011. As is evident by the scale of the total development costs, the OPA and ZBA planning application fees represent a small portion of the total development costs.

Zoning By-law amendment (infill apartment development)

1235 Richmond Street (permit #13-003898) 19-Storey Apartment Building	
Permit Fee	\$204,255
Development Charges	\$4,374,604
Construction Value	\$55,000,000
2011 ZBA Fees	\$5,000
Total	\$59,578,859
2014 Total (w/recommended 2014 fees)	\$59,580,859
2014 Fees as proportion of project costs	0.012%
Increase as a proportion of project costs	+0.0034%

Official Plan and Zoning (greenfield apartment development)

3025 Pomeroy Lane (permit #12-13343) 16-Storey Apartment Building	
Permit Fee	\$131,990
Development Charges	\$2,875,376
Construction Value	\$44,000,000
2011 ZBA Fees	\$10,500
Total	\$47,017,866
2014 Total (w/recommended 2014 fees)	\$47,022,366
2014 Fees as proportion of project costs	0.032%
Increase as a proportion of project costs	+0.0096%

Overall, Official Plan and Zoning By-law amendment application fees comprise a small portion of the fees charged for a given development and an even smaller portion of total development costs. Further, it is important to consider that the Official Plan and Zoning By-law amendment process is likely to provide an increase to property value by way of expanded land use permissions and increased utility. As such, it is reasonable to conclude that the proposed fee increases are unlikely to serve as a disincentive to development in the City.

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CONSULTATION

Staff met with representatives from a variety of development industry stakeholders including the London Development Institute, Home Builders Association and Area Planning Consultants on three (3) occasions to discuss the 2013 application fees review process. These discussions were valuable in assisting Staff to gain further understanding of the issues facing these industries and, reciprocally, for industry representatives to gain a further understanding of the financial issues facing the Planning Division and the City. These discussions helped to alleviate some of the concerns raised by representatives of affected stakeholders and have allowed Staff an opportunity to respond to such concerns in a meaningful and considerate way. In general, Staff are sensitive to the potential impacts that fee increases pose for the local stakeholders and have approached this review with goal of managing balance and fairness.

The following chart provides a summary of the comments received throughout the consultation process and Staff’s initial response to each of these items. A submission was received from the London Development Institute as a follow up to these discussions. This submission is attached as Appendix “B” to this report for further reference.

Figure 6:

Comment	Response
Increased fees will have a detrimental effect on smaller scale projects which require land use approvals including Official Plan and Zoning By-law amendments.	<p>Although Staff are sensitive to the impact of fee increases on the viability of “smaller scale” projects requiring a rezoning, from a processing standpoint, it is difficult to discern appropriate criteria for qualifying for a reduced rate.</p> <p>Based on experience, the correlation between project value and resources required to process such applications is relatively unpredictable. Often, seemingly “minor” amendments have planning related issues that arise through the processing period or public consultation sessions which add to the complexity of the application.</p> <p>Although the fees may add significantly to the additional upfront costs for “minor” projects, ultimately, these land use approvals increase the viability and value of the lands and result in a positive benefit for the applicant.</p>
Fee increases have the potential to drive development to surrounding municipalities which have lower fees.	<p>Staff have completed a cursory survey of planning application fees in surrounding, primarily rural, municipalities. Although it is evident that fees in these municipalities are generally less than those proposed for London, these fees are typically related to the cost of processing low density residential subdivisions. London processes a wider array of applications more often than surrounding municipalities including institutional, residential infill, high density residential, industrial, downtown redevelopment, etc. which are not commonly processed in the surrounding municipalities.</p>

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	<p>It is difficult to determine any correlation between an increase in planning application fees and an exodus of low density residential development to these surrounding municipalities given that these planning application fees make up a very small component of the overall expenses of a development project, especially on a cost per unit basis. As evident by staff’s marginal cost analysis, the recommended increases are unlikely to be a contributing factor in locating low density residential development to surrounding municipalities or to increasing housing costs.</p> <p>Comparing the proposed fees to smaller surrounding municipalities is also particularly difficult since London would experience higher processing costs for a wide variety of reasons, as noted in the comparative analysis section of this report. Also, applicants are likely to receive a greater corresponding increase in property value from the Official Plan and Zoning By-law amendment process in London.</p> <p>The 2008 fees review report also analyzed development activity in a regional context before and after previous fee increases and found no correlation between an increase in Official Plan and Zoning By-law amendment application fees and an exodus of development to surrounding municipalities.</p>
<p>It is inappropriate to include GTA municipalities in a comparative analysis as the development climate is much more robust.</p>	<p>In previous surveys provided to industry representatives during the consultation process, comparisons were made to a selection of GTA municipalities. Staff recognize that comparisons to GTA municipalities are challenging given the different development climate and market conditions. As such, GTA municipalities have been excluded from our analysis of the proposed fees.</p>
<p>Section 69(1) of the Planning Act places restrictions on the amount municipalities can charge for planning application fees.</p>	<p>Section 69(1) of the Planning Act permits municipalities to establish a tariff of fees to recover the costs of processing planning applications, which shall be designed to meet only the anticipated cost to the municipality in respect of the processing of each type of application provided for in the tariff. In other words, the Planning Act permits municipalities to recover 100% of the processing costs through application fees but does not allow the municipality to profit from these fees. The proposed fees are well below 100% cost recovery as permitted by the Planning Act.</p>

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	Staff have considered many of the effects of fee increases on the development industry and would not recommend a full cost recovery model at this time.
Drastic fee increases on an inconsistent basis causes a shock to the development industry. Consider more moderate but more frequent escalation.	Staff appreciate the industry's desire for greater clarity with regard to future fee increases. As such, Staff have recommended that beyond 2014 Council endorse an escalation rate of 2%, compounded annually. It is intended that the proposed 2% annual increase will assist in recovering general inflationary costs associated with equipment and expenses as well as escalating staff resource expenditures realized through salary increases required by the collective bargaining agreement. The inclusion of an automatic annual escalation will lessen the impact of future fee increases ,if necessary, as determined through a comprehensive review of planning application fees.
It is our understanding that the PricewaterhouseCoopers LLP audit identified that the Staff process was generally "efficient" but did the report highlight any areas in the process that could be implemented more efficiently? Was there a time management study done on the planning application process to determine efficiency, if so is it available for review?	<p>As a result of the recommendations contained in the PwC audit and further direction from Council, Planning Division Staff and management are currently:</p> <ul style="list-style-type: none"> i) Preparing additional file documents checklists to further increase consistency in documents maintained by planners to support processing of Official Plan and Zoning By-law amendment. ii) Reviewing report templates with Legal and Clerks departments in order to reduce length and repetition in reporting; and iii) Preparation of updated application process mapping according to business practices and Planning Act requirements. <p>A time management study was not undertaken, per se, in addition to the efficiency study. The results of the June 27, 2013 Quarterly update report from PwC is accessible to the public.</p>
The PwC audit also identified there was an "opportunity" for an increase to planning fees. What was their justification for an increase? Was this simply because the City was being compared to a variety of other like sized cities in Ontario or the GTA area? It is hard to justify a rate increase just because our rates are currently lower than many municipalities that	The PwC audit identified that there was an opportunity to increase planning application fees as London was observed to be inconsistent in comparison to a selection of like sized cities. In identifying the opportunity, PwC and Council directed the Planning Division to complete a detailed review of fees to ultimately determine the appropriateness

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<p>may not be as efficient.</p>	<p>and merit of an increase. The foregoing review provides a detailed summary of Staff's analysis in this regard and the conclusions contained within suggest that the fee increases contained in Staff's recommendation are warranted. This analysis extended beyond comparative analysis by looking at appropriate cost recovery levels and to ensure that the potential for increased fees do not result in a disincentive to development.</p>
<p>Not all planning applications are created equal. Tiered fee structure could be implemented to ensure simpler applications (addition of a use) often made directly by small business owners are not unduly burdened by the same fee paid by those undertaking a complicated OPA/ZBA change in land use.</p>	<p>Although staff are sensitive to the impact of fee increases on the viability of "smaller scale" projects requiring a rezoning, from a processing standpoint, it is quite difficult to discern appropriate criteria for qualifying for a reduced rate.</p> <p>Based on experience, the correlation between project value and resources required to process such applications is relatively unpredictable.</p> <p>Although the fees may add significantly to the additional upfront costs for minor projects, ultimately, these land use approvals increase the viability and value of the lands and result in a positive benefit for the landowner.</p> <p>The suggestion of "addition of a use" is extremely problematic. Controversial uses are often implemented through site specific rezoning applications in this manner and can require significant staff resources to process.</p> <p>Additionally, a tiered structure for "simpler" applications would require a reciprocal increase to more "complex" applications considering that the current and proposed fee structures average out all the processing times and expertise required to review all applications resulting in a single simplified fee.</p>
<p>All planning applications require a planning justification report to be prepared by the applicant. The subsequent planning report prepared by staff is often very similar and is a duplication of the effort put forward by the applicant or their consultant that adds costs to both the City and the Applicant. The planning application file should incorporate the proponents or consultants report directly into the planning report to save staff time and effort or include it as an appendix.</p>	<p>In tandem with the review of planning application fees, Staff and Management are addressing a number of recommendations contained in the PwC Audit report endorsed by Council. Staff are currently examining the potential for streamlining planning reports in consultation with Legal Staff. As a result of this review, there may be an opportunity to utilize the planning justification reports submitted by applicants in situations where circumstances permit.</p>
<p>The "Breakdown of Costs by City Department" for ZBA Application provided at our meeting lists the process for an application but it does</p>	<p>We agree that a more detailed system of tracking Staff time on individual applications would assist in painting a clearer picture of the</p>

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<p>not have any time component attached to each department or staff member and therefore no way to evaluate cost. We suggest a tracking system on a few random applications be implemented to determine if the process or city staff is working efficiently. This could show the true cost of an application and perhaps identify weaknesses in the system, duplication and efficiencies to be had.</p>	<p>costs associated with processing planning applications. Staff may consider implementing this suggestion on a sample of applications to assist in future application fee reviews and discussions regarding cost recovery.</p>
<p>The current Official Plan (OP) and Zoning by-law (ZB) are so prescriptive that they require amendment applications for relatively any modifications as evidenced by SWAP being OPA #548 to the current OP. Perhaps as a result of the implementation of ReThink many of these amendments would be eliminated therefore saving a significant amount of staff resources to be able to expedite the few OP and ZB amendments that would need to be processed.</p>	<p>Staff are generally in agreement that the City's current planning tools limit flexibility in their interpretation and, as such, require amendments from time to time. LDI is correct in suggesting that Staff are seeking more generality and room for interpretation within future planning documents. However, the prescriptive nature of municipal planning tools provided by the Planning Act is not unique to London. The analysis in this report demonstrates the modesty and reasonableness of the proposed fee increases in the current context.</p>
<p>Given the OP is under review, and that the ZB will have to be updated within 2 years in order to implement the OP, would it not be beneficial to hold off on creating a new fee structure until ReThink is completed?</p>	<p>As demonstrated by the analysis summarized in this report, Staff believe the proposed fee increases are appropriate in the context of our current planning regime and are in the public interest. It is appropriate to evaluate the current fee structure between now and such time as the final approval of the City's new Official Plan and subsequent zoning by-law are in force and effect.</p>
<p>The City of London budget process now requires City Departments to prepare a business plan showing how the financing of the department is structured. Is it possible to see the breakdown of Staff time related to planning application processing to their time spent on other planning files? Has the City conducted job evaluations to make sure staff time is being spent efficiently?</p>	<p>Staff have provided a breakdown of Planning Division personnel expenses in Appendix "B" to this report. Staff and management have collaborated to complete estimates for which personnel expenses specifically are attributed to processing Official Plan and Zoning By-law amendment applications.</p>
<p>How is staff time allocated for city-led OP and ZB amendments? Many times city staff undertake amendments (eg. SWAP) but there are presumably no fees formally paid. Increasing application fees on private applications should not be used to subsidize applications made by the city.</p>	<p>City initiated Official Plan and Zoning By-law amendments were excluded from Staff's estimate of Planning Division personnel expenses attributed to processing planning applications and from the analysis of cost recovery per application provided previously in this report.</p>

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Mike Davis
Planning Application Fees Review

CONCLUSION

Further to the recommendations outlined in the PricewaterhouseCoopers LLP departmental audit, Planning Staff and Management have reviewed planning application fees and completed an analysis which concludes that an increase to Official Plan and Zoning By-law amendment applications are warranted. Staff have conducted consultation with industry representatives on three (3) occasions. In light of these discussions and the foregoing analysis, Staff are of the opinion that the recommended changes to planning application fees are reasonable and therefore appropriate in that:

- They will maintain and/or enhance the cost recovery of planning application expenses, thus reducing the burden on the general taxpayers of subsidizing these costs.
- In recognition of the inherent public interest associated with the planning application process, the recommended fees remain well below full cost recovery, even with very conservative assumptions regarding planning application processing expenses.
- The recommended fees approach the “middle of the spectrum” when compared to planning application fees charged in comparable mid-sized cities across Ontario. In fact, the increased fees remain substantially lower than the average fee value of surveyed municipalities.
- The increase in planning application fees typically represent a small percentage of development project costs.
- The increased fees will help the Planning Division to maintain and continually improve upon a high level of service to the development community, commenting agencies and the public.
- Only one change is proposed to development application fees – deleting the maximum site plan application fee. All other fees related to development applications such as subdivisions, consents, minor variances and site plan have remained unchanged, with the only exception being the elimination of a maximum fee for site plan applications.

PREPARED BY:	REVIEWED BY:
MIKE DAVIS, B.U.R.PI. PLANNER II, COMMUNITY PLANNING AND DESIGN	MICHAEL TOMAZINCIC, MCIP, RPP MANAGER, PLANNING REVIEW COMMUNITY PLANNING AND DESIGN
SUBMITTED BY:	RECOMMENDED BY:
JIM YANCHULA, MCIP, RPP MANAGER, COMMUNITY PLANNING AND DESIGN	JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER

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Mike Davis
Planning Application Fees Review

October 16, 2013

MD

"Attach"

Y:\Shared\implement\ADMIN\Fees\2013 Review\Report\Report - 2013 Fee Increase (Final).docx

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Planning Application Fees Review

Appendix "A"

Bill No. (number to be inserted by Clerk's Office)
2013

By-law No. CP-____

A by-law to provide for the Tariff of Fees for the processing of applications under the *PLANNING ACT*, R.S.O.1990, c. P.13, as amended.

COMMUNITY PLANNING

BY-LAW INDEX

Part 1
TARIFF OF FEES

- 1.1 Applications – planning matters – processing

Part 2
REPEAL – ENACTMENT

- 2.1 By-law – previous
- 2.2 Effective date

WHEREAS Section 69 of the *Planning Act*, R.S.O. 1990, c.P.12, as amended, provides that councils may by by-law prescribe a tariff of fees for the processing of applications made in respect of planning matters;

THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

SHORT TITLE
PLANNING FEES BY-LAW

Part 1
TARIFF OF FEES

1.1 Applications – planning matters – processing
Pursuant to Section 69 of the *Planning Act*, R.S.O. c. P. 13, as amended, the tariff of fees for the processing of applications made in respect to planning matters shall be as set out in the attached Schedules "A", "B", "C" and "D" to this by-law.

2.1 By-law – previous
By-law CP.-18 and all of its amendments are hereby repealed.

2.2 Effective date
This by-law comes into force on January 1, 2014

PASSED in Open Council on November 19, 2013

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Mike Davis
Planning Application Fees Review

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – November 19, 2013
Second Reading – November 19, 2013
Third Reading – November 19, 2013

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Planning Application Fees Review

SCHEDULE "A"
PLANNING APPLICATION FEES

TYPE OF APPLICATION	FEE EFFECTIVE JANUARY 1, 2014
Official Plan Amendments	\$10,000
Zoning By-law Amendments	\$7,000
Combined Official Plan/Zoning By-law Amendments	\$15,000
Plans of Subdivision	<u>Application Fee</u> \$7,500 plus variable fee <u>Variable Fee</u> \$125 per single family lot*, plus \$250 per block for multiple family residential, commercial, industrial, institutional or park blocks** <u>Revisions to Application, Draft or Final Approval Fee</u> \$1000 <u>Draft Approval Extension Fee</u> \$1000 <u>Agreement</u> \$1000 <u>Subdivision Servicing Design Drawings Review Fee</u> \$60 per lot or block per submission
Condominium - Amalgamated	<u>Application Fee</u> \$1,500 <u>Additional site visits prior to registration</u> \$200 <u>Revisions to Application or Draft Approval</u> \$200 <u>Draft Approval Extension Fee</u> \$100 <u>Final Approval Fee</u> \$300 <u>Letters/Statements Required by the Condominium Act</u> \$30 per letter
Condominium - Standard, Common Element, Phased and Leasehold (includes conversions)	<u>Application Fee</u> \$3,000 <u>Revisions to Application or Draft Approval</u> \$200 <u>Draft Approval Extension Fee</u> \$100 <u>Final Approval Fee</u> \$300 <u>Letters/Statements Required by the Condominium Act</u> \$30 per letter
Condominium – Vacant Land	<u>Application Fee</u> \$3,750 plus \$125 per unit <u>Revisions to Application or Draft Approval</u> \$1000 <u>Draft Approval Extension Fee</u> \$500 <u>Final Approval Fee</u> \$500 <u>Letters/Statements Required by the Condominium Act</u> \$30 per letter

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Planning Application Fees Review

TYPE OF APPLICATION	FEE EFFECTIVE JANUARY 1, 2014
Site Plan (also see attached chart)	<u>Residential 3-10 units</u> \$750 <u>Residential over 10 units</u> \$750 plus \$40 per unit <u>Non-residential</u> – \$750 plus the greater of \$150 for each 1000m ² of site area in excess of 2000m ² (vacant land) or \$750 plus \$150 for each 1000m ² of Gross Floor Area in excess of 1000m ² of any existing floor area. <u>Amendments to Site Plan/Fire Routes</u> \$450 As defined in Schedule “C” (attached)
Removal of Holding Provision	\$1000
Extension of Temporary Use By-law	\$1300
Part Lot Control Exemption	\$200
Municipal Number Re-assignment	\$100
Consent	Consents - that result in lot creation -\$1100 for the first lot to be created and an additional \$100 for each additional lot Other Consents - \$900 Certification of Deed - \$100 for the first certificate and \$200 for each additional certificate
Variance	As defined in Schedule “B” (attached).

* applicant is required to provide a reasonable estimate of the lot yield based on the single detached residential zone requested if the plan is a “block” plan (single detached lotting not shown)

** there is no fee for road widenings or reserve blocks

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Planning Application Fees Review

SCHEDULE "B"
VARIANCE APPLICATION FEE CATEGORIES

Category 1 \$300	Category 2 \$400	Category 3 \$800	Category 4 \$1000
<p style="text-align: center;">Accessory Structures (includes pool equip, garage, sheds, decks, air-conditioner, boat)</p> <ul style="list-style-type: none"> - height - yard setbacks - gross floor area - coverage - location 	<p style="text-align: center;">Yard Setbacks</p> <ul style="list-style-type: none"> - interior side yard - exterior side yard - rear yard - front yard <p style="text-align: center;">MDS regulations</p>	<p style="text-align: center;">Legal Non-Conforming Uses (LNCU)</p> <ul style="list-style-type: none"> - change in one LNCU to another - extension or enlargement 	<p>Lot/Yard Requirements as a result of a consent application</p>
			<p>Uses not specifically mentioned in the Zoning Bylaw</p>
			<p>Home Occupation Definitions</p>
			<p>Increase in Density of Floor Area Ratio</p>
			<p>Lot Coverage - area, depth and frontage (non consent)</p>
			<p>Other – not limited to but may include trucks, motorhomes, rec. vehicles etc.)</p>
			<p>Boulevard Parking insufficient parking spaces</p>
<p>Yard Setbacks for Porches and Decks</p>	<p>Height</p>		<p>Front Yard Parking insufficient parking spaces</p>
	<p>Front Yard Parking Existing prior to Oct 1/95 (Council Oct 6/97)</p>		<p>Front Yard Parking</p>

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Planning Application Fees Review

SCHEDULE "C"
SITE PLAN APPLICATION FEES

Site Plan Approval Application Fee

Base Fee

All residential and non-residential development	\$750.00
Plus variable fee....	

Plus for Residential

Residential Development.....		
Number of residential dwelling units		
Subtract	10	
	=====	
		x \$40.00 =

Plus for Non-Residential

Non-residential Development – (The site area calculation in **part (a)** below is not applicable for additions to buildings that are included within a previously approved site plan i. e. vacant parcel.)

(a) Site Area sq. metres

Subtract 2,000 sq. metres

+ 1,000 sq. metres = X \$150.00 =

(next whole number)

OR

Non-Residential Development previously approved where a new building or an addition is being added, and includes the conversion of an existing building.

(b) New Building Gross Floor Area sq. metres

subtract 1,000 sq. metres

+ 1,000 sq. metres = x \$150.00 = \$

Amendment to existing Site Plan with no building or Addition or no new building	\$450.00
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Plus for Fire Route/Amendment To Fire Route	\$450.00
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Total Site Plan Approval Application Fees.....	\$
Fire Route Approval Application Fee.....	\$

1. 3 Lodging house units is the equivalent to 1 dwelling unit.
2. All numbers that exceed a whole number shall be taken to the next highest whole number.

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**SCHEDULE “D”
ONTARIO FEED-IN TARIFF (FIT) APPLICATIONS**

Project Type	Description	File Handler	Process Requirements	Fee
Micro FIT	Renewable Electricity Generation Projects (10 kW or less)	Zoning Officer	Issuance of Compliance Form	\$60
FIT – Category 1	All rooftop solar panel installations anywhere	Zoning Officer	Issuance of Compliance Form	\$30
FIT – Category 2	All ground mounted solar panel installations at specific locations with little impact on adjacent properties	Development Services Staff	PEC Report for Municipal Support Resolution	\$300
FIT – Category 3	Wind turbines, biomass and biogas installations at specific location	Development Services Staff	PEC Report for Municipal Support Resolution	\$1000

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Mike Davis
Planning Application Fees Review

Appendix "B"

London Development Institute

October 9, 2013

City of London
300 Dufferin Avenue
London, Ontario
N6A 4L9

Attn.: John M. Fleming, City Planner

Re: Planning Application Fee Increases

Dear Mr. Fleming,

The LDI is pleased to be afforded the opportunity to consult with City Staff regarding the proposed fee increase for planning applications. The industry supports the periodic review of various planning and development related issues done in partnership with the stakeholders including the London Home Builders Association (LHBA), the LDI land development representatives and urban planning and engineering consultants.

Following are key points we feel the City of London needs to consider when reviewing Planning Application fees:

- It is our understanding that the Price Waterhouse Coopers (PWC) audit identified that the staff process was generally “efficient” but did the report highlight any areas in the process that could be implemented more efficiently? Was there a time management study done on the planning application process to determine efficiency, if so is it available for review?
- The PWC audit also identified there was an “opportunity” for an increase to planning fees. What was their justification for an increase? Was this simply because the City was being compared to a variety of other like sized cities in Ontario or the GTA area? It is hard to justify a rate increase just because our rates are currently lower than many other municipalities that may not be as efficient.
- Not all planning applications are created equal. Tiered fee structure could be implemented to ensure simpler applications (addition of a use) often made directly by small business owners are not unduly burdened by the same fee paid by those undertaking a complicated OPA/ZBA change in land use.
- All planning applications require a planning justification report to be prepared by the applicant. The subsequent planning report prepared by staff is often very similar, and is a duplication of the effort put

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forward by the applicant or their consultant that adds costs to both the City and the applicant. The planning application file should incorporate the proponents or consultants report directly into the planning report to save staff time and effort or include it as an appendix.

- The “Breakdown of Costs by City Department” for ZBA Application provided at our meeting lists the process for an application but it does not have any time component attached to each department or staff member and therefore no way to evaluate cost. We suggest a tracking system on a few random applications be implemented to determine if the process or city staff is working efficiently. This could show the true cost of an application and perhaps identify weaknesses in the system, duplication and efficiencies to be had.
- The current Official Plan (OP) and Zoning By-law (ZB) are so prescriptive that they require amendment applications for relatively any modifications as evidenced by SWAP being OPA #548 to the current OP. Perhaps as a result of the implementation of ReThink many of these amendments would be eliminated therefore saving a significant amount of staff resources to be able to expedite the few OP and ZBA amendments that would need to be processed.
- Given the OP is under review, and that the ZB will have to be updated within 2 years in order to implement the OP, would it not be beneficial to hold off on creating a new fee structure until ReThink is completed?
- The City of London budget process now requires City Departments to prepare a business plan showing how the financing of the department is structured. Is it possible to see the breakdown of staff time related to planning application time to their time spent on other planning files? Has the City conducted job evaluations to make sure staff time is being spent efficiently?
- How is staff time allocated for city-led OP and ZB amendments? Many times city staff undertake amendments (SWAP for example), but there are presumably no fees formally paid. Increasing application fees on private applications should not be used to subsidize applications made by the city.

The issue of full cost recovery verses public and private benefit needs to be addressed. The City of London requires extensive consultation with the public through public meetings undertaken by the applicant and at Planning Committee. Additional reports to protect the public interest are required by Provincial government agencies and municipal departments which require additional staff time for review on environmental issues, urban design and

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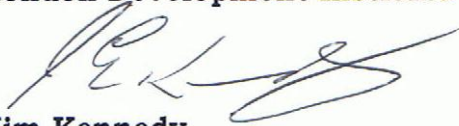
Mike Davis
Planning Application Fees Review

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engineering design studies. These reports are provided for the public's benefit and should be paid for through municipal taxes.

The LDI welcomes further discussion with City of London staff to ensure the right balance is struck between the application fees and the value received to both the applicant and the public.

Sincerely,
London Development Institute



Jim Kennedy
President, LDI

cc LDI Members
cc Michael Tomazincic, Planner