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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 26, 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 the proposed by-law attached hereto as Appendix "A" **BE INTRODUCED** at the Municipal Council meeting on December 3, 2013.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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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.

November 12, 2013 – Review of Planning Application Fees – this report detailed the Planning Division's 2013 review of planning application fees. Staff's review considered comparisons between like-sized urban municipalities, local municipalities, historical and current levels of cost recovery, and potential impact to the development industry. The report also provided an overview of consultation with industry stakeholders and addressed comments received from the London Development Institute and London Area Planning Consultants regarding the proposed fee structure changes. This report recommended increases to the fees for Zoning By-law and Official Plan amendment applications as well as the removal of the maximum fee for site plan approval applications.

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 delete the maximum Site Plan Application Fee. The proposed increases will align the foregoing application fees with those charged in like-sized urban municipalities and ensure the maintenance of appropriate levels of cost recovery through the planning application process.

INTRODUCTION

Planning Staff seek recognize that applications for a change in land use result in benefits to the applicant as well as public benefits received through the planning application process. Such benefits include, increased property assessment realized through developments subject to the planning approval process, a comprehensive public consultation process which often results in positive changes to a development proposal, the availability of now or additional amenities in the community, and an increased utilization of existing infrastructure.

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Given the inherent public benefit received through the planning application process, it is beneficial to achieve a balance between the proportion of the planning application fees allocated to the applicant and the proportion allocated by the public.

BACKGROUND

In August 2013, Planning Division Staff commenced a review of planning application fees. This review was initiated as a result of recommendations from the PricewaterhouseCoopers LLP (PwC) Internal Audit of Urban Forestry and Planning Application processes endorsed by the Audit Committee and Council. On November 12, 2013, Planning Division Staff tabled a report with the Planning and Environment Committee which detailed the review process and included a cost-benefit analysis which concluded that an increase to certain fees is warranted. A copy of the November 12, 2013 report is attached as Appendix “B” to this report. Appendix “A” of the November 12, 2013 report included recommended amendments to the City’s Planning Fees By-law which would have resulted in the following increases to planning application fees:

Application Type	Current	Proposed	% Increase
Official Plan Amendment	\$6,000	\$10,000	66%
Zoning By-law Amendment	\$5,000	\$7,000	40%
Combined OPA/ZBA Application	\$10,500	\$15,000	43%
Site Plan Application	Delete maximum fee		

In addition to the recommended amendments to the Planning Fees By-law noted above, the November 12, 2013 report included a recommendation that Council endorse an escalation rate for the above noted applications of 2%, compounded annually in order to introduce smaller, more frequent increases due to inflationary pressures which would lessen the need for more significant increases (if any) during future comprehensive reviews of planning application fees and provide the development industry with greater certainty and stability in this regard.

At the November 12, 2013 public participation meeting, representatives of the London Development Institute (LDI) expressed some concern with the Staff report and the general lack of time to review the document and discuss these issues with Staff. LDI requested that the recommended amendments to the Planning Fees By-law be referred back to Staff for further discussions with LDI and other relevant industry stakeholders. As a result of this submission from LDI and the acceptance of Staff, the Planning and Environment Committee recommended:

That, the Managing Director, Planning and City Planner’s report dated November 12, 2013, relating to planning application fees, BE REFERRED back to the Civic Administration for further consideration and to report back at the November 26, 2013 PEC meeting; it being noted that, at the request of J. Page, Solicitor II, the Managing Director, Planning and City Planner’s report dated November 12, 2013, relating to planning application fees was referred back to the Civic Administration;

As provided above, Staff were directed to return to the Planning and Environment Committee on November 26, 2013 with a subsequent report detailing the outcome of further consultation with LDI and a recommendation regarding planning application fees.

ANALYSIS

On November 15, 2013, in accordance with the direction provided by the Planning and Environment Committee, Planning Division Staff met with representatives from the London

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Development Institute, London Home Builders Association and London Area Planning Consultants to engage in supplementary discussions regarding the proposed increases to planning application fees and address outstanding issues with the November 12, 2013 Staff report. Staff feel this consultation was valuable in that it provided industry stakeholders an opportunity provide comments regarding the November 12, 2013 Staff report and a venue to attempt to cooperatively resolve outstanding issues.

Staff believe that these discussions, coupled with a variety of commitments respecting consultation during future application fee review processes, helped to alleviate a significant amount of the development industry's concern with the proposed increases to planning application fees. The following provides a summary of the key discussions points of the November 15, 2013 meeting and an overview of the various commitments agreed to by Staff in order to improve aspects of the application fee review process in the future.

It is important to note that Staff remain sensitive to the potential impacts that fee increases pose for industry stakeholders and have continued to approach this review with the goal of managing balance and fairness.

Discussion Points:

i. Public Interest in the Planning Application Process

Among other details, the November 12, 2013 report included an analysis of the recommended fees with respect to cost recovery through the planning application process. The recommended fees were intended to provide for a cost recovery which would "reflect the balance of interests involved in the planning process."

Industry stakeholders expressed some concern that the benefits to public realized through the planning application process were understated. Accordingly, Staff would like to emphasize the inherent public benefit that is realized through the processing of planning applications and reiterate their previous conclusion that the proposed fees are reflective of the balance of interests and benefits realized by the public and applicants.

ii. Justification for removal of maximum Site Plan fee

The November 12, 2013 Staff report analyzed the recommended fees in the context of a variety of considerations. Generally this analysis was intended to highlight the rationale and appropriateness of the proposed fee increases. Industry stakeholders expressed some concern regarding the lack of analysis to support the removal of the maximum fee for site plan approval applications. As a result of this discussion, Development Services Staff have reviewed the site plan applications for 2013 and the associated fees based upon the \$4000 maximum. The revenues to date are \$298,120 based upon 120 applications. According to their analysis, removing the cap for these same applications results in a potential additional revenue of \$17,815. This represents an increase of 5.9% or \$150 per application on average.

The site plan fees were last amended in 2006. At that time, Staff anticipated that the average cost of processing site plans was \$3950. Staff costs have increased over the last seven years as well as there has been increased time involvement by staff on a day to day basis as a result of new policies. In 2006, Staff anticipated potential cost recovery would keep up with changes approved at the time. The removal of the cap will result in a further increase of the revenues and increase the cost recovery (staff costs).

Commitments:

In general, industry stakeholders expressed some remaining concerns about certain aspects of the recommended fees. In an effort to provide some level of relief to these outstanding concerns and continually improve upon the application fee review process moving forward,

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Planning Division Staff agreed to the following commitments with development industry stakeholders:

i. Documenting time allocation of Planning Application processing

Staff agreed to implement a “pilot project” to track and account for Staff time spent on a select range of planning applications. The intent of this exercise is to accurately account for the Staff resources allocated to processing various planning applications in an effort to provide a more accurate account of the true processing costs involved with such applications. The results of time allocation tracking, presumably, would be useful in informing future decisions regarding the logistics of implementing:

- a) A tiered fee structure wherein criteria are established to categorize zoning by-law amendment applications as “minor” or “major” with the applicable fee reflecting the varying resource requirements for each type of application;
- b) Other forms of variable application fees (including the potential for a base fee plus a refundable variable fee) whereby the fee is more accurately aligned with the anticipated costs of processing each type of application and includes a built-in buffer in the event that additional costs are incurred such as multiple revisions to applications and/or appeals to the Ontario Municipal Board; and
- c) Identifying potential efficiencies in the planning application review process.

At minimum, this pilot project would provide Staff and stakeholders with an accurate cost estimate for processing a range of application types to substantiate future discussions regarding cost recovery.

ii. Review fees on an annual basis

As noted previously, the November 12, 2013 Staff report included a recommendation for an annual 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. This recommendation would have facilitated automatic increases designed to help recover annual expense increases anticipated through Staff remuneration increases provided in the Collective Bargaining Agreement. The annual escalation was intended to lessen the significance of potential increases recommended through more sporadic comprehensive fees reviews, thereby providing greater certainty to the development industry.

Notwithstanding the intent of this recommendation, industry stakeholders expressed a desire to be more involved in the review of fees on an annual basis and have a meaningful opportunity for input. They noted this may actually result in greater than 2% increases if it would provide further stability year over year. As a result of these discussions, Staff have committed to undertaking a review of planning application fees annually, with any increases to be included in the City’s annual update to the Various Fees and Charges By-law and consultation with industry stakeholders including LDI, LHBA and LAPC beginning in April of each year.

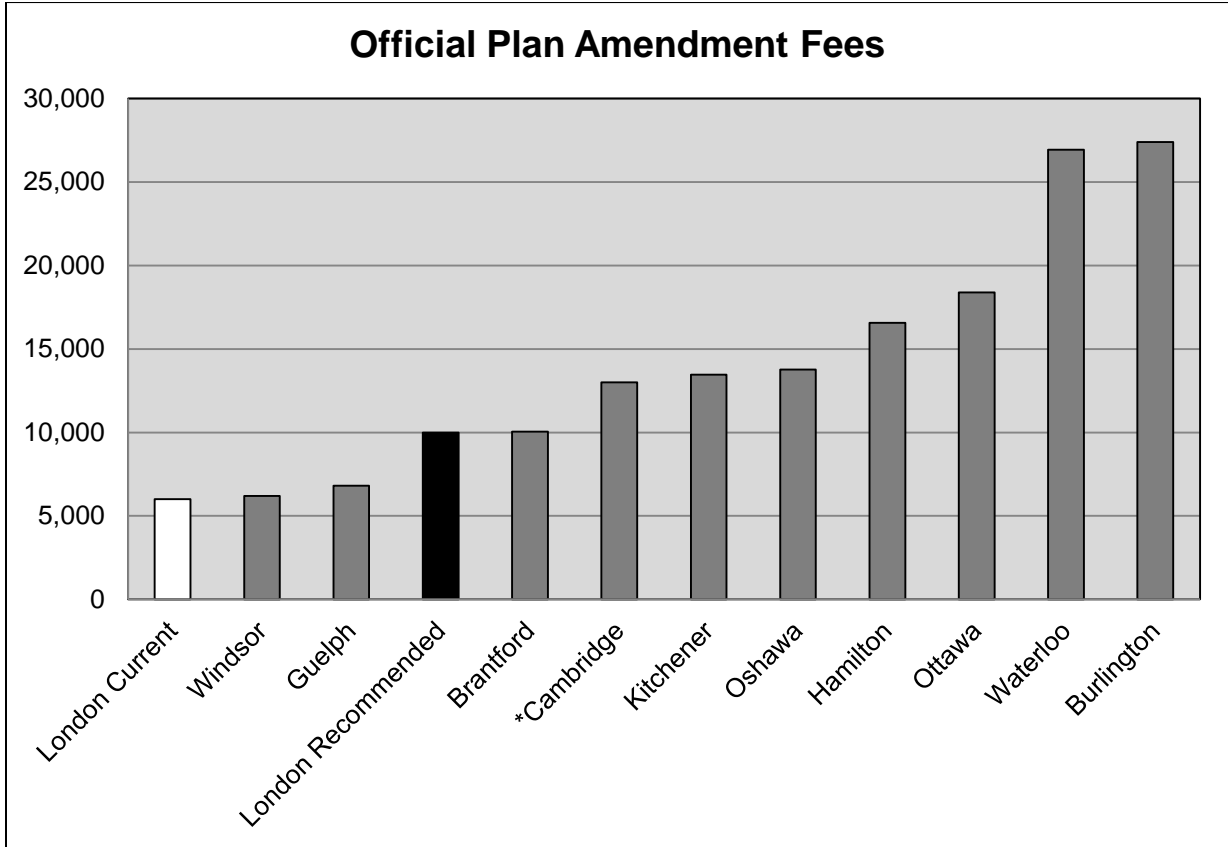
Further Analysis:

The November 12, 2013 Staff report, provided as Appendix “B” to this report, included an analysis of the recommended fees in comparison to those charged in liked-sized urban municipalities across southern and southwestern Ontario. As noted in that report, the comparative analysis focused on “base” fees and excluded additional variable fees or “regional approval fees” applicable to certain applications in these municipalities. As part of the November 12, 2013 Planning and Environment Committee’s recommendation for referral back to Staff, it was requested that Staff provide further information with regard to the comparison of Official Plan amendment fees to municipalities whose local official plan amendments require regional approval and, as such, additional fees. The following graphs provide an overview of

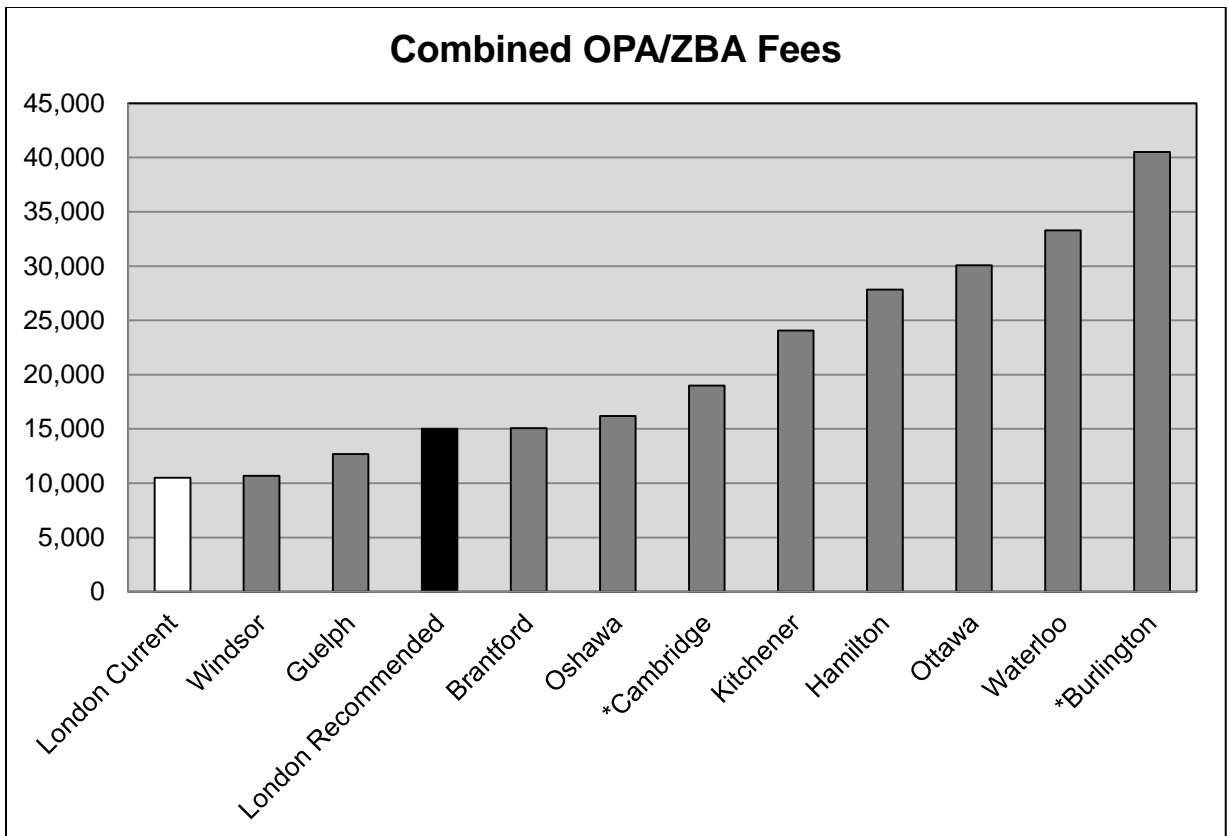
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this research.



(Above fees include associated upper-tier fees for the approval of lower-tier Official Plan amendments)



(Above fees include associated upper-tier fees for the approval of lower-tier Official Plan amendments)

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Section 16 of the Planning Act delegates approval of lower-tier Official Plans and Official Plan amendments to upper-tier municipalities when said municipality is located within a two-tier municipal government system. The upper-tier approval of lower-tier Official Plan amendments typically requires Staff review at the upper tier level and a statutory process including additional fees. A number of London's comparable municipalities operate within a two-tiered municipal structure and, as such, Official Plan amendment applications in these municipalities are subject to additional fees through the upper-tier approval requirements of the Planning Act. Official Plan amendments in the municipalities of Kitchener, Cambridge and Waterloo require approval from The Region of Waterloo. Similarly, Official Plan amendments in Oshawa require approval from Durham Region and in Burlington approval is required from Halton Region. This added layer of approval results in additional fees for proponents of Official Plan amendments. The necessity for additional fees is important in considering the comparative costs of the recommended increase to Official Plan amendment application fees in the City of London.

CONCLUSION

Further to the November 12, 2013 Staff report to the Planning and Environment Committee and Council's November 19, 2013 resolution to refer the recommended amendments to the Planning Fees By-law back to Staff for further consultation with development industry stakeholders, Staff have met with representatives from the London Development Institute, London Area Home Builders Association and London Area Planning Consultants and have prepared the foregoing report to detail the discussions and subsequent commitments made to resolve concerns. In light of these discussions, further analysis and commitments made in regard to future fees review processes, Staff are of the opinion that the recommended changes to planning application fees are reasonable and therefore appropriate in that:

- The recommended fees remain below full cost recovery, in recognition of the inherent public interest associated with the planning application process.
- Staff have provided further analysis and rationale which supports the deletion of the maximum fee for site plan approval applications.
- The recommendation to endorse an annual escalation rate of 2.0% has been removed and Staff have committed to reviewing fees on an annual basis through consultation with industry stakeholders beginning in April of each year.
- 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 and even lower when consideration is given to regional approval fees required for Official Plan amendment applications in a number of comparable municipalities.
- 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.

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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

November 26, 2013
MD"Attach"
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Appendix "A"

Bill No.
2014

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 and to repeal By-law CP-18.

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;

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

1. Pursuant to section 69 of the *Planning Act*, R.S.O. 1990, c.P.12, 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. By-law CP-18 entitled "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" and all amendments are hereby repealed.
3. This by-law comes into force and effect on January 1, 2014.

PASSED in Open Council on December 3, 2013.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – December 3, 2013
Second Reading – December 3, 2013
Third Reading – December 3, 2013

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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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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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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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SCHEDULE "C"
SITE PLAN APPLICATION FEES

Site Plan Approval Application Fee

Base Fee

All residential and non-residential development	<input style="width: 80%;" type="text" value="\$750.00"/>
Plus variable fee....	

Plus for Residential

Residential Development.....			
Number of residential dwelling units	<input style="width: 80%;" type="text"/>		
Subtract	10		
	<hr style="border-top: 3px double black;"/>		
	<input style="width: 80%;" type="text"/>	x \$40.00 =	<input style="width: 80%;" type="text"/>

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	<input style="width: 80%;" type="text" value="\$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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Appendix "B"