



Report to: Development Services Committee

Meeting Date: April 18, 2023

SUBJECT: 2023 Interim Development Application and Agreement Fee Option
PREPARED BY: John Yeh, MCIP, RPP, Manager, Strategy & Innovation, Ext.7922

RECOMMENDATION:

1. That the Report titled “2023 Interim Development Application and Agreement Payment Fee Option” dated April 18, 2023 be received;
2. That for the period between May 1, 2023 and December 31, 2023, for site plan and subdivision applications, Planning, Urban Design and Engineering submissions, and when agreements are executed:
 - a. The Applicant shall make a partial fee payment in the amount of 50% of the fees in By-law 211-83 “Tariff of Fees for the Processing of Planning Applications” (Development Fee By-law).
 - b. Where site plan or subdivision agreements are executed between May 1 and December 31, 2023, the Applicant shall pay 50% of any outstanding fees owing according to the by-law in effect, and the balance shall be secured by letter of credit which shall be drawn on or released once the fee has been recalculated in accordance with the 2024 Development Fee By-law.
 - c. Where site plan or subdivision agreements executed between May 1 and December 31, 2023, the amounts payable will be recalculated in accordance with 2024 Development Fee By-law, provided that in no case shall an Applicant be required to pay more than the fees payable in accordance with the fee by-law in effect as of the date of this report and any overpayment shall be refunded to the Applicant; and
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

This report recommends permitting applicants to make a partial payment of development fees payable according to the City’s Development Fee By-law for site plan and subdivision development application submissions, Planning, Urban Design and Engineering submissions, and at agreement execution from May 1, 2023 to December 31, 2023. Once the Development Fee By-law has been updated with a new fee model/structure in 2024 the City will recalculate the fees and issue a refund if there is any overpayment or request payment if there is an amount owing.

BACKGROUND:

The Development Fee By-law was established to recover the anticipated reasonable costs associated with the administration and review of *Planning Act* applications. Annual adjustments to the Development Fee By-law have occurred in one or more of the following categories:

- overall adjustments driven by indirect and direct costs
- adjustments to provide opportunities to balance reserve accounts;
- refinements to existing fees to better reflect actual and anticipated costs of providing the related services

Staff has been proactive to address changes to the development fees over the past few years. For example, during 2021-2022, Council held development fee increase to at or below inflation and also refining fees to better reflect the actual cost of the administration and review activities. In addition to these changes there has been significant work to streamline development processes. These include implementing several KPMG development review process recommendations, conducting a Lean review (recommendations forthcoming in later 2023), and technological changes recently completed or in progress to ePLAN to improve customer services and processes (e.g. ePLAN software upgrade, ePLAN web portal upgrade, 3D modelling, online development application viewer).

Development application fees have increased significantly for site plans and subdivisions the past several years in most part because of rising cost of construction materials resulting in increased Engineering and Urban Design fees as they are calculated on a percentage of construction cost. The increases may not necessarily reflect the increase in the cost to review and process site plan and subdivision applications. Markham has also experienced an increase in fees due to evolving development patterns in the City from low-density ground related to higher density development. Other development application fee types such as official plan amendments, minor variance, and plan of condominium are flat fees (cost per application) that have not increased as dramatically.

Building on the incremental changes to the Development Fee By-law, development process improvements, recognizing the increases in development fees and feedback from the development community, staff have begun a review of the Development Fee By-law structure to develop a full cost recovery approach.

OPTIONS/ DISCUSSION:

An interim solution is proposed until the review of the Development Fee By-law is completed in Q4 2023 and implemented in 2024.

Recommend applicants for site plan and subdivision development applications, Planning, Urban Design, and Engineering submissions, and when agreements are executed to make partial payment of fees payable according to the Development Fee by-law from May 1 to December 31, 2023

Site plan (residential large developments and industrial, commercial and institutional developments) and subdivision application fees are calculated at application submission and are payable in stages in the following way:

- Site Plan
 - At application submission: Base fee and 40% of calculated fees
 - At agreement: 60% of the remaining calculated fees
- Subdivision
 - At application submission: Base fee, 40% of calculated Planning and Urban Design fees
 - At submission of landscape and engineering drawings upon draft plan approval: 40% of calculated Urban Design fees and 60% of calculated Engineering fees
 - At agreement: 60% of calculated Planning and Urban Design Fees and 40% of calculated Engineering fees

Staff recommend permitting a 50% partial fee payment for the above noted stages and application types and all other site plan and subdivision application types received from May 1 to December 31, 2023. Staff are reviewing internal processes and procedures to implement the 50% partial fee payment to be applied beginning May 1, 2023.

To implement the 50% partial fee payment, the Development Fee By-law, in accordance with the *Planning Act*, includes a provision that authorizes Council to waive the requirement for the payment of a fee(s) or reduce the fee(s) in respect of an application(s) as Council deems reasonable (see Appendix A, page 2).

In addition to the 50% partial fee payment, when the Development Fee By-law is updated, Staff recommend the City reconcile the fees already received between May 1 to December 31, 2023. Where site plan or subdivision agreements are executed between May 1 and December 31, 2023, the Applicant shall pay 50% of any outstanding fees owing according to the By-law in effect. The balance shall be secured by letter of credit, which shall be drawn on or released once the fee has been recalculated in accordance with the 2024 Development Fee By-law.

The amounts payable will be recalculated in accordance with the 2024 Development Fee By-law, provided that in no case shall an Applicant be required to pay more than the fees payable in accordance with the fee by-law in effect as of the date of this report and any overpayment shall be refunded to the Applicant.

For site plan and subdivision applications submitted between May 1 to December 31, 2023 that provide a 50% partial payment, the new Development Fee By-law in 2024 will address the reconciliation of those paid fees.

Consultation with the Development Community

Staff met with members of the Building Industry and Land Development Association (BILD) in April 2023 to outline the proposed 50% partial payment for fees from May 1 to

December 31, 2023. Members of BILD generally agreed with this approach until the Development Fee By-law review is completed by the end of 2023. There were suggestions on the amount of the partial payment but staff recommend 50% as a suitable compromise in order to sustain Planning & Urban Design's and Engineering's operations.

FINANCIAL CONSIDERATIONS

The proposed approach of permitting partial payment of development fees paid at site plan and subdivision application submission, Planning, Urban Design and Engineering submissions, and at agreement execution will result in reduced revenue to recover the costs associated with the administration and review of *Planning Act* applications. Finance and Development Services staff will monitor financial performance against budget as a result of the reduced revenue and report back to Council as part of the Year-to-Date Results of operations reports.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Growth Management and Municipal Service delivery

BUSINESS UNITS CONSULTED AND AFFECTED:

Planning & Urban Design, Engineering, Financial Services, Legal Services, Strategy & Innovation

RECOMMENDED BY:

Giulio Cescato, MCIP, RPP
Director of Planning & Urban Design

Frank Clarizio, P.Eng
Director of Engineering

Arvin Prasad, MCIP, RPP
Commissioner of Development Services

ATTACHMENTS:

Appendix 'A' – By-law 211-83 "Tariff of Fees for the Processing of Planning Applications" (Development Fee By-law)