

Presentation to Council

# Development Application Fees Review



CITY OF MARKHAM  
October 31, 2023

HEMSON

# Agenda

- Study objectives
- Main conclusions
- Proposed fees
- How do Markham's new fees compare?





# Study Objectives

## **Phase 1: Review Existing Cost Models**

- Comprehensive review of City's direct & indirect costing models and fee structure
- Legislative framework
- Jurisdictional scan
- Preliminary report

## **Phase 2: Calculate New Development Application Fees**

- Analyze full cost of service
- Calculate full cost recovery fees
- Consultation with stakeholders
- Final report and fee by-law schedules
- New Fee By-law to be simplified for ease of navigation, application and administration

# Planning Act & Relevant Case Law

- Allows City to “establish a tariff of fees for the processing of applications made in respect of planning matters” (s.69(1))
- Tariff “shall be designed to meet only the anticipated cost...in the respect of the processing of each type of application”
- Applicants can appeal fees to OLT

# Fee Calculation Methodology

- Activity based costing (by “type of application”)
- Current costs
  - Direct costs – departments that provide service and staff that handle applications
  - Indirect costs – departments that support direct service providers (e.g. corporate overhead)
  - Reserve funds – to offset revenue shortfalls

# Overall Study Conclusions

1. Development Application Fees should be reduced to align with full cost recovery
2. Fee structure should be simplified
3. New full cost recovery fees would bring Markham in line with GTA municipalities
4. Contributions to fee reserve fund should be discontinued until next fee study update

# Focus of Study Restricted to Development Application Fees

- Development application fees are a very small share of development costs
- Other fees levied on development:
  - Development charges (City, Region & School Boards)
  - Parkland dedication or cash-in-lieu
  - Community benefits charges
  - Provincial & Federal taxes
  - Hydro fees

# Local Developers & BILD Have Been Consulted Throughout

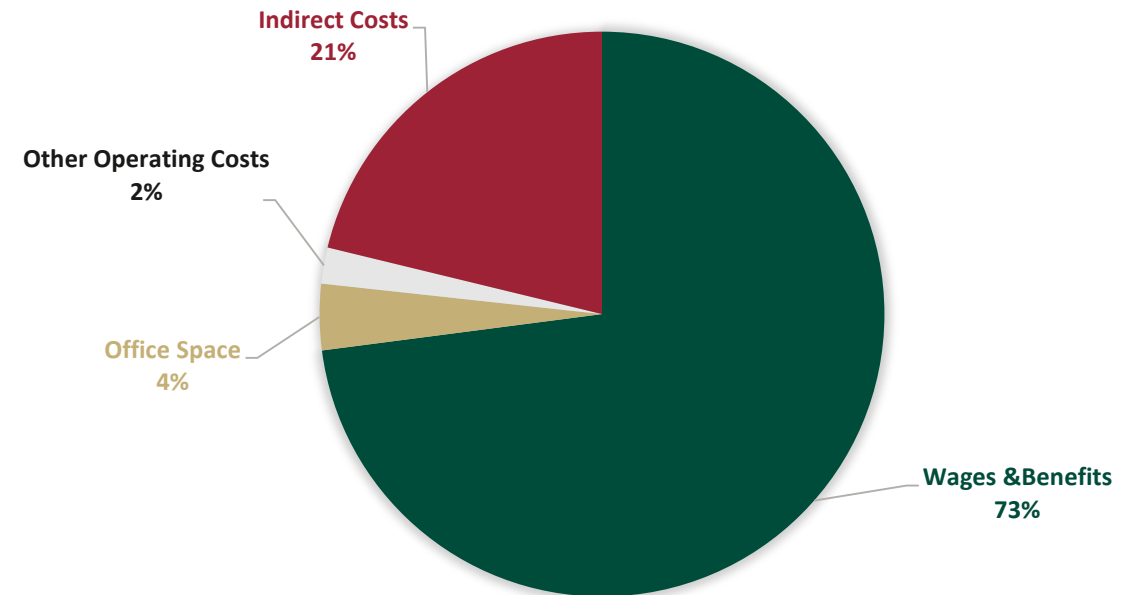
Milestone	Date
Stakeholder meeting	April 25
Fee structure & benchmarking memo	July 7
Stakeholder meeting	July 25
Written response to BILD comments	August 31
Stakeholder meeting	September 28



# Full Cost Recovery Analysis – Summary

- Total cost of service = \$16.5 million (2024\$)
- Planning fee revenue has exceeded costs since 2020:
  - 2017 - \$14.3 million
  - 2018 - \$17.4 million
  - 2019 - \$13.3 million
  - 2020 - \$23.6 million
  - 2021 - \$32.6 million
  - 2022 - \$33.6 million

DEVELOPMENT APPLICATION REVIEW COSTS = \$16.5M  
(2024\$)



# Most Revenue Comes From Site Plans & Subdivisions

- Increasingly denser development proposals in recent years has led to spike in fee revenue
- Site plan/subdivision **variable fee rates** are high and generated:
  - 79% of all revenue in 2022, up from
  - 53% of all revenue in 2019
- Therefore, need to reduce
  - # of variable fees charged
  - Variable fee amounts
- Proposed Site Plan and Subdivision variable fees would generate 59% of total revenue moving forward

Year	# of SP Applications	# of Site Plan Units
2019	51	2,078
2022	49	5,476

# Impact of New Site Plan Fees

## ▪ Small Development

- 20 units
- 1,960 sq.m. GFA
- \$1M onsite engineering works
- \$0 offsite engineering works

▪ **Current Fees – \$250,040 (9 fees)**

▪ **Proposed Fees – \$40,250 (3 fees)**

- Site Plan – \$40,250
- Municipal Services Agreement Fee – \$0

▪ **Decrease = 84%**

## ▪ Large Development

- 100 units
- 9,800 sq.m. GFA (3,000 sq.m. non-res)
- \$1M onsite engineering works
- \$5M offsite engineering works

▪ **Current Fees – \$1,268,570 (9 fees)**

▪ **Proposed Fees – \$507,530 (4 fees)**

- Site Plan – \$87,530
- Municipal Services Agreement Fee – \$420,000

▪ **Decrease = 60%**

# Impact of New Subdivision Fees

## ▪ Small Development

- 20 units
- 1 ha site
- 1,000 sq.m. non-res GFA
- \$1M engineering works

- **Current Fees – \$349,920 (10 fees)**
- **Proposed Fees – \$193,830 (3 fees)**
- **Decrease = 45%**

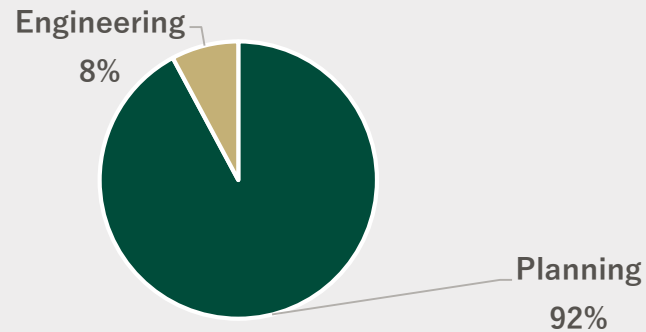
## ▪ Large Development

- 120 units
- 6 ha site
- 5,000 sq.m. non-res GFA
- \$20M engineering works

- **Current Fees – \$3,661,654 (10 fees)**
- **Proposed Fees – \$1,323,628 (3 fees)**
- **Decrease = 64%**

# Pre-Consultation

Direct Cost Contributors



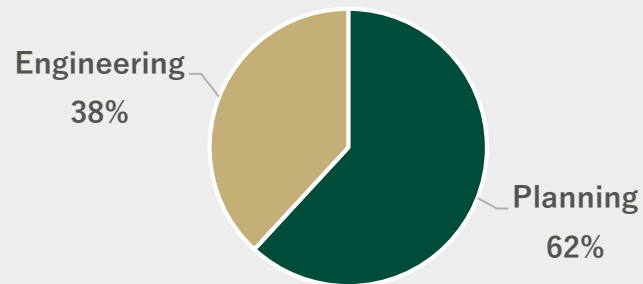
	Current Fee	Proposed Fee	Difference (%)
Pre-Consultation	\$791	\$987	25%

## Notes:

- Same fee structure
- Fee aligns with other municipalities
- Some pre-consultation costs have been rolled into subdivision/site plan fees

# Official Plan Amendments

Direct Cost Contributors



	Current Fee	Proposed Fee	Difference (%)
Major OPA	\$82,797	\$79,394	-4%
Minor OPA	\$31,192	\$29,693	-5%

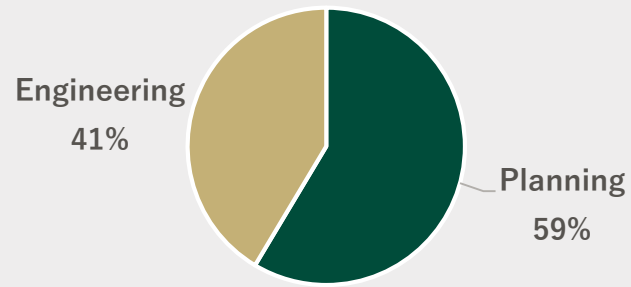
## Notes:

- Same fee structure
- Full cost recovery fees within benchmark range, though Major OPA at high end



# Zoning By-law Amendments

Direct Cost Contributors



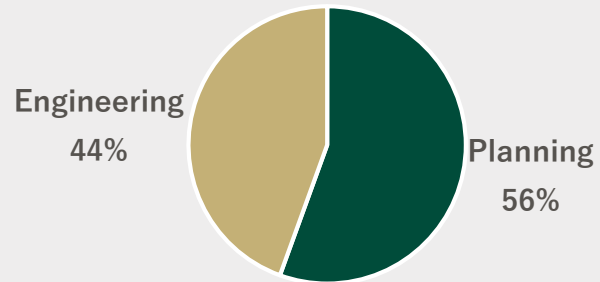
	Current Fee	Proposed Fee	Difference (%)
Major ZBA	\$58,167	\$53,650	-8%
Minor ZBA	\$28,916	\$27,196	-6%
Removal of "H"	\$9,773	\$9,773	0%

## Notes:

- Same fee structure
- Both Major & Minor ZBA similar to benchmark average

# Condominium

Direct Cost Contributors



	Current Fee	Proposed Fee	Difference (%)
Plan of Condominium*	\$48,795	\$57,083	17%
Extension	\$9,773	\$9,199	-6%
Revision	\$13,187	\$12,412	-6%

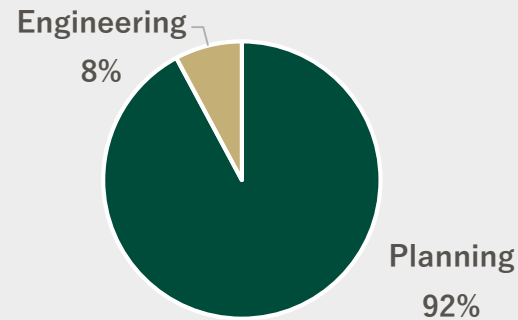
\*Includes standard, common element (POTL), and vacant land condo applications

## Notes:

- One flat condo fee instead of two
- Fees now within benchmark range

# Minor Variance

Direct Cost Contributors



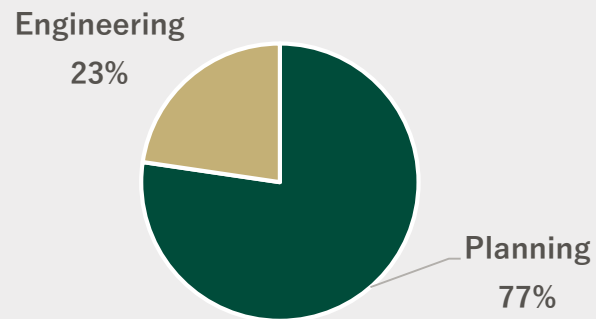
	Current Fee	Proposed Fee	Difference (%)
Development Standards	\$6,653	\$6,475	-3%
Residential Small Scale	\$2,824	\$2,748	-3%
Use Variance	\$15,329	\$14,919	-3%
Technical Variance	\$2,316	\$2,254	-3%
Multi Var – Base	\$11,203	\$10,903	-3%
Multi Var – Per Unit	\$2,316	\$2,254	-3%
Multi Var – Max	\$58,167	\$56,612	-3%

## Notes:

- Fee structure, though complex, is maintained
- Fees still within benchmark range

# Consent

## Direct Cost Contributors



	Current Fee	Proposed Fee	Difference (%)
Base	\$15,329	\$13,366	-13%
Per Unit	\$2,316	\$2,019	-13%
Land Area /ha	\$22,959	\$20,019	-13%
Maximum Fee	\$44,578	\$38,869	-13%
Other Consent	\$8,033	\$7,004	-13%
Change of Condition	\$2,021	\$1,762	-13%
Re-Application Consent	\$6,425	\$6,569	2%

## Notes:

- Fee structure maintained
- Although fees reduced, still at high end of benchmark range

# Reserve Fund

- Purpose
  - offset revenue shortfalls in periods of slow activity
  - fund new capital
- Recommend no provision for contributions to reserve fund until next fee study update

# Major Fees Are Generally In Line With GTA Benchmarks

Application Type	Vaughan	Richmond Hill	Brampton	Mississauga	Oakville	Whitby	Benchmark Average	Benchmark Median	Markham (Current)	Markham (Calculated)
			NB. Excludes Peel Region Fees For Underground Eng. Review							
Official Plan/Secondary Plan Amendment (40 units, 2 ha site, 2 recirculations, 1 add'n public meeting)										
Minor	\$ 28,338	\$ 33,901	\$ 14,166	\$ 67,853	\$ 34,310	\$ 24,836	\$ 33,901	\$ 31,120	\$ 31,192	\$ 29,693
Major	\$ 65,357	\$ 56,709	\$ 14,166	\$ 94,906	\$ 34,310	\$ 37,546	\$ 50,499	\$ 47,128	\$ 82,797	\$ 79,394
Zoning By-Law Amendment (40 units, 2 ha site, 2 recirculations, 1 amendment, 1 add'n public meeting)										
Minor	\$ 28,027	\$ 9,261	\$ 51,122	\$ 87,547	\$ 34,510	\$ 14,855	\$ 37,554	\$ 31,269	\$ 28,916	\$ 27,196
Major	\$ 52,061	\$ 15,031	\$ 51,122	\$ 122,974	\$ 34,510	\$ 27,589	\$ 50,548	\$ 42,816	\$ 58,167	\$ 53,650
Part Lot Control (10 lots, 1 extension)	\$ 15,823	\$ 2,591	\$ 11,788	\$ 10,408	\$ 14,232	\$ 14,912.50	\$ 11,626	\$ 13,010	\$ 9,773	\$ 9,680
Site Plan										
Small Development	\$ 98,384	\$ 91,218	\$ 38,807	\$ 103,581	\$ 93,049	\$ 146,218	\$ 95,210	\$ 95,717	\$ 250,039	\$ 40,248
Large Development	\$ 233,720	\$ 494,820	\$ 169,307	\$ 174,651	\$ 430,599	\$ 519,111	\$ 337,035	\$ 332,160	\$ 1,268,573	\$ 507,528
Plan of Subdivision										
Small Development	\$ 213,060	\$ 83,142	\$ 52,347	\$ 107,871	\$ 165,862	\$ 158,653	\$ 130,156	\$ 133,262	\$ 349,919	\$ 193,828
Large Development	\$ 1,386,012	\$ 1,300,889	\$ 208,365	\$ 837,027	\$ 1,399,012	\$ 1,364,049	\$ 1,082,559	\$ 1,332,469	\$ 3,661,654	\$ 1,323,628
Plan of Condominium	\$ 44,150	\$ 25,258	\$ 80,052	\$ 22,127	\$ 214,896	\$ 12,650	\$ 66,522	\$ 34,704	\$ 48,795	\$ 57,083



# Next Steps

- Finalize full cost recovery fees and prepare report (November 2023)
- Prepare and present new fee by-law to Council
- Implement new fees (January 2024)