



Report to: Development Services Committee

Meeting Date: October 31, 2023

SUBJECT: Lean Review of the Development Review Process
PREPARED BY: Farnaz Bigdeli, PMP, Project Manager, Strategy and Innovation, Ext.7927
REVIEWED BY: John Yeh, RPP, MCIP, Manager, Strategy & Innovation, Ext. 7922

RECOMMENDATION:

1. That the report dated October 31, 2023 titled “Lean Review of the Development Review Process” be received;
2. That the report titled “Lean Review of the Development Review Process” be forwarded to the Ministry of Municipal Affairs and Housing as per the terms of the Streamline Development Approval Fund;
3. That staff be directed to evaluate the findings of the study entitled “Lean Review of the Development Review Process” and report back to Development Services Committee on implementation; and further;
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

This report provides a summary of the results of a Lean Review of the development review process (Appendix ‘A’) that was undertaken as part of the Streamline Development Approval Fund (SDAF).

In January 2022 through the SDAF funding program, the Province invited the City to submit a proposal to receive up to \$1,000,000 for initiatives aimed to get development approved faster. In March 2022, the City executed the Transfer Payment Agreement with the Province to implement various initiatives including the Lean review.

The City of Markham retained KPMG in June 2022 to undertake a Lean review of the City’s fourteen development application types. A Lean review is designed to identify process steps that add value, remove unnecessary steps or waste, to create more efficient and streamlined processes, enhance existing process capacity and capability to improve development application processing times, while maintaining legislated requirements and excellence in customer service.

From September to December 2022, KPMG consulted with internal and external stakeholders to understand opportunities, challenges, and operational experience within

each of the 14 development application types. There was also an online industry survey with responses and a thorough review of available documentation and analysis of available data.

KPMG identified that the City's processes are generally working well. Some strengths include:

- Problem solving and solution-oriented culture
- City embraces technology
- Staff are responsive, helpful, and committed to supporting clients

However, key challenges for each of the application types have been recognized. Some of those examples include:

- Legislative changes and pressures (e.g., Bill 109 and Bill 23 pressures on staffing)
- Ensuring applications meet submission requirements
- Process inefficiencies within ePLAN that require multiple resubmissions by applicants for application material and rigid ePLAN requirements for applicants
- Internal staff changes that impact applicant timelines and customer service standards

In order to address the challenges, KPMG prepared a report that contains 18 key recommendation areas and more specific recommendations within for the City's consideration, building on what is working well today, maximizing value for money, and creating resilience for future changes in demand and service delivery. This Staff report provides a summary of some of the key recommendation areas, which include application intake, development fee calculation, application intake workflow, standardization of commenting and circulation, and application review sequence and timelines.

Bill 109, *More Homes for Everyone Act, 2022* on Planning Act changes came into effect on July 1, 2023 to partially or entirely refund fees for certain application types if a decision or approval is not made within prescribed timelines. The application types affected are combined official plan amendments and zoning by-law amendments, stand alone zoning by-law amendments, and site plans. A number of internal processes were updated taking into account the Lean review recommendation areas noted above.

From the 18 key recommendation areas from KPMG, five have been addressed to further streamline processes and address Bill 109 as noted above for combined official plan amendments and zoning by-law amendments, stand alone zoning by-law amendments, and site plans. The same five recommendations will be reviewed in the context of the remaining application types such as plan of subdivision and consent. The remaining 13 recommendation areas will be evaluated as Staff will develop a work program and identify required resources to implement.

PURPOSE:

This report provides a summary of the results of KPMG's efficiency and effectiveness assessment through a Lean review of the City's Development Review Process for 14 application types, which included:

1. Official Plan Amendment;
2. Zoning By-law Amendment;
3. Draft Plan of Subdivision including Technical Review;
4. Draft Plan of Condominium;
5. Site Plan;
6. Minor Variance;
7. Consent;
8. Heritage Site Plan;
9. Heritage Permit;
10. Townhouse Siting;
11. Site Alteration;
12. Draft Plan Extension;
13. Building Permit Application (only processes intersecting with development applications); and,
14. Building Permit Inspections.

BACKGROUND:

Since 2018, the City of Markham has undertaken an ambitious program to streamline development processes and realize efficiencies in planning and development. Working closely with the development industry through the Markham City Builders Forum, City Staff has committed to continuous improvement in the development review process. This is an ongoing priority to achieve improved timelines, improved customer experiences, and efficiencies while ensuring excellence in the built environment. Appendix 'A' provides a list of approximately 150 process improvements from 2019 to 2023.

The Building Markham's Future Together 2020-2023 Strategic Plan contains Action 1.2.1 – to Streamline the Development Process. City Staff have been implementing this action through several initiatives including implementing KPMG's 2019 recommendations from their assessment of the development review process and implementing and improving ePLAN, the City's online development application submission and electronic review system. More recently this year Staff updated and streamlined processes for official plan amendments, zoning by-law amendments, and site plans to respond to Bill 109, *More Homes for Everyone Act, 2022* (fee refunds issue) and Bill 23, *More Homes Built Faster Act, 2022* (various development process amendments).

In January 2022 through the Streamline Development Approval Fund (SDAF), the Province invited the City to submit a proposal to receive up to \$1,000,000 for development approval initiatives aimed to get development approved faster. In March 2022 the City executed the Transfer Payment Agreement with the Province to implement continuous improvement projects.

The funded projects are:

- Conduct a Lean review of the development review process;
- Upgrade ePLAN development review and commenting software to version 9.2;

- Implement updated ePLAN website application submission process for development and building permit applications;
- Build a Mobile app for building permit inspections;
- Acquire 3D modelling software and professional services to build modelling of selected secondary plan areas with capability to calculate development site statistics; and
- Prepare a Geographical Information System (GIS) map interface for the public to view development application details.

The above projects have all been substantially completed. In terms of the Lean review, KPMG was retained in June 2022 for \$254,250 inclusive of HST.

The remaining projects are described in a separate report to Development Services Committee while the Lean review will be discussed in this report..

OPTIONS/ DISCUSSION:

This report summarizes the findings of the assessment of the City's Development Review Process for 14 application types through a Lean review. The methodology being used through this assessment, is designed to identify process steps that add value, remove unnecessary steps or waste, to create more efficient and streamlined processes, enhance existing process capacity and capability to improve development application processing times, while maintaining legislated requirements and excellence in customer service.

Consultation with stakeholders revealed the City's processes are generally working well but analysis indicates key challenges

From September to December 2022, KPMG consulted with internal and external stakeholders to understand opportunities, challenges, and operational experience within each of the 14 development applications. There was also an online industry survey with responses and a thorough review of available documentation and analysis of relevant data. An analysis of development administration and review timelines was undertaken as well.

The key findings of the assessment are in the following three areas.

- Pre-consultation and Application Submissions: The 15-day deadline to provide the pre-consultation checklist to applicants is challenging to meet and processes can stall when staff in different divisions do not agree on an approach
- Circulation and Commenting Process: Applications not always up to standard, commenting timelines are not met, all internal teams have the same 6-week deadline.
- Stakeholder Engagement and Approvals Process: Frequent escalation from developers, lack of communication on application status, workflows in ePLAN are not flexible, lack of clear procedures.

18 recommendation areas for Markham's development review process

The Lean approach includes 18 recommendation areas and more specific recommendations within to help Markham scale operations to match the increasing complexity and volume of development it is experiencing. Please see Appendix 'B' Section 6 attached for a full list of the specific recommendations

Improvements to Markham's development review process have been prioritized based on the level of effort required and the benefits and impacts of each

Working group sessions with City Staff determined the effort required and benefits of each of the recommendations. Recommendations for improvement are defined by projected implementation effort and outcome and benefit to the organization/customer outlined in Appendix 'B', Section 7. They are organized into Lean Projects which can be resolved through process improvements in the shorter term and Strategic Initiatives, which require significant effort and participation for implementation.

The following are recommended to be prioritized sequentially for implementation as Lean projects:

- PDF File Accessibility (Recommendation Area 8) (completed after the recommendation was prepared)
- Streamline Workflow Approval (Recommendation Area 9)
- Final sign-off (Recommendation Area 13)
- Building Permit Submission Standards (Recommendation Area 15)
- Intake Workflow (Recommendation Area 3)

The following recommendations are prioritized sequentially for implementation as Strategic projects:

- Fee Calculation (Recommendation Area 2) (fee study in progress and aiming for Q1 2024 implementation)
- Application Intake (Recommendation Area 1)
- Standardization of Commenting and Circulation (Recommendation Area 4)
- Application Review Sequence and Timelines (Recommendation Area 6)

Recent Provincial legislative changes from Bills 109, 23, and 97 resulted in several related Lean review recommendations to be implemented

The Province of Ontario's changes to the Planning Act under Bill 109, *More Homes for Everyone Act, 2022* requires municipalities to partially or entirely refund fees for applications for zoning by-law amendment, combined official plan amendment and zoning by-law amendment applications if a decision by the municipality is not made within prescribed timelines. Partial or full refunds for site plan applications are required if an approval has not occurred by the municipality within prescribed timelines.

Bill 23, *More Homes Built Faster Act, 2022* includes additional changes to the development process through amendments to various Acts, including the *Planning Act* by exempting site plan control for an application with no more than 10 units. And Bill 97,

Helping Homebuyers, Protecting Tenants Act, 2023 extended the in effect date of partial refunds from January 1, 2023 to July 1, 2023.

In response to these Provincial changes, on June 28, 2023 Council approved amendments to the City's Official Plan and Pre-Consultation By-law to implement development process changes. Staff undertook a significant amount of analysis, research and stakeholder engagement that has resulted in clearer, more transparent and a more efficient development application process (see link to June 13, 2023 Development Services Committee report and Appendix G "City of Markham's Response to Bill 109 – *More Homes of Everyone Act, 2022*, and Bill 23 – *More Homes Built Faster Act, 2022*" for additional information on process changes: <https://pub-markham.escribemeetings.com/filestream.ashx?DocumentId=76844>).

To implement the changes a number of internal processes were amended taking into account the following Lean review recommendations and internal consultations. The following includes a summary of updated and upcoming internal processes changes.

- Recommendation Area 1: Application Intake –
 - New 2 business days service level has been created for Prescreen Task
 - Markham staff to rename files, create space for stamp by resizing drawings as needed
 - While designing the new Municipal Services and Parkland Dedication processes specific checklists have been created to list all documents required for internal reviews
- Recommendation Area 2: Fee Calculation –
 - 2023 Development Fee Review Project is in progress and aiming for implementation in 2024
- Recommendation Area 3: Intake Workflow
 - Dashboards have been created to monitor the duration of ePLAN tasks
 - A layer of extra supervision has been added to oversee the workload
 - Standard operating procedures project initiated to provide guidance on process within and outside ePLAN
- Recommendation Area 4: Standardization and Commenting Circulation
 - Engineering project for identifying and standardizing the review items is in progress and in final approval stage
 - Roles, responsibilities and review items for all internal reviewers for site plan, official plan amendment, zoning by-law amendment, municipal services, and parkland dedication have been defined.
 - One review cycle to meet prescribed timelines from Bill 109
- Recommendation Area 6: Application Review Sequence Timelines
 - New processes from Bill 109 addresses several of the specific recommendation for site plans, official plan amendments, and zoning by-law amendments
 - Will consider the specific recommendations for application types not affected by Bill 109

KPMG has prepared an implementation road map and Staff will evaluate the recommendations and develop a work program

KPMG has a recommended implementation road map, outlining key milestones along the way to support the City of Markham in implementing improvements to the development review process. More details regarding implementation planning are outlined in Appendix 'B', Section 10.

The proposed implementation timelines recommended by KPMG in Section 10, are based on assumptions that resources are adequately dedicated to this work. These anticipated timelines are indicative of the sequencing and relative level of effort required to implement the recommendations. Furthermore, although the timeline suggests a beginning and end date, progress against these recommendations should be reviewed and assessed on an on-going basis and it is likely that there will be need for adjustment based on changing context, priorities and other circumstances.

Five of the 18 key recommendation areas from KPMG, have been acted on to further streamline processes and address Bill 109 for combined official plan amendments and zoning by-law amendments, stand alone zoning by-law amendments, and site plans. The same five recommendations will be reviewed in the context of the remaining application types such as plan of subdivision and consent. The remaining 13 recommendation areas will be evaluated as Staff develop a work program and identify required resources to implement.

FINANCIAL CONSIDERATIONS

The total cost of the Lean review is \$254,250 including HST. The other SDAF technology projects is reported to Development Services Committee under a separate cover and the cost of those projects are \$758,003.58. This brings the total cost of all SDAF projects to \$1,012,254.58 including 13% HST. The City has already received \$500,000 from the Province. The remaining \$512,254.58 (includes 13% HST) and after conversion to \$411,565.70 (includes 1.76% HST after Provincial rebate), the latter amount will be remitted to the City once Staff submits a Final Report Back to the Province by November 1, 2023.

HUMAN RESOURCES CONSIDERATIONS

The Development Services Commission will develop a work program that includes identifying resource requirements and prepare longer-term plans to ensure sustainability in process improvements and project management related to the development process.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The assessment of the City's development application review process supports efforts to manage growth and provide efficient and high quality municipal services, which are key

elements of the Exceptional Services by Exceptional People; Safe and Sustainable Community; and Stewardship of Money and Resources strategic priorities.

BUSINESS UNITS CONSULTED AND AFFECTED:

Planning & Urban Design, Engineering, Building Standards, and Legal Services have been consulted on this report

RECOMMENDED BY:

Darryl Lyons, RPP, MCIP
Deputy Director, Planning & Urban Design

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

Arvin Prasad, RPP, MCIP
Commissioner Development Services

ATTACHMENTS:

Appendix 'A' – City of Markham Development Process Improvements 2018 to 2023
Appendix 'B' – KPMG Summary Report on the Lean Review of the Development Application Review Process