

## Report

Prepared by Hemson for City of Markham

# Development Application Fee Review

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# List of Acronyms

COA Committee of Adjustment

FCR Full Cost Recovery

GFA Gross Floor Area

ICI Industrial, Commercial and Institutional

MZO Ministerial Zoning Order

OPA Official Plan Amendment

RIGS Residential Infill Grading and Servicing

SALT Site Alteration Permit

SPA Site Plan Application

ZBA Zoning By-law Amendment

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# Executive Summary

This report summarizes the results of the City of Markham's Development Application Fee Review. The purpose of the review is to establish the full cost of providing application review services and determine appropriate fee rates for recovering the costs as permitted under the *Planning Act*.

The *Planning Act* permits the City to impose fees for planning matters provided they “meet only the anticipated cost” to the City of each type of development application. The application types covered in this report are based on the different planning approvals required under the *Planning Act*: official plan amendments; zoning by-law amendments; plans of subdivision/condominium; site plans; consents (or severances); minor variances; part lot control; as well as a range of more minor fees for miscellaneous application review services.

The results of the review are as follows:

- **Revenue Analysis** – Over the three-year period of 2017 to 2019, the City’s development application fee revenue averaged \$15.0 million per annum. Since 2020, fee revenue has increased significantly, to an average of \$29.9 million per annum between 2020 and 2022. Most revenue is generated from fees applied to site plan and subdivision applications: 82% of all revenue collected between 2020 and 2022. The spike in revenue that has occurred in recent years is due to increasingly denser and complex development proposals that have been received by the City rather than the increase in the number of applications.
- **Cost Analysis** – The total cost of providing development application review services is estimated at \$16.0 million, including \$12.8 million in direct costs and \$3.2 million in indirect costs. Direct costs include: payroll (\$11.7 million); office space (\$623,000); and other operating costs

(\$345,000). Of the total \$12.8 million in direct costs, the vast majority are associated with processing subdivision applications (\$4.4 million) and site plan applications (\$4.4 million). Indirect costs amount to \$3.2 million. The breakdown of direct and indirect costs by application type are set out in Table 1 below.

**Table 1: Summary of Direct and Indirect Costs**

<b>Application Type</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
Pre-consultation	\$164.9	\$42.7	\$207.7
Official Plan/Secondary Plan	\$961.0	\$229.2	\$1,190.2
Rezoning	\$940.0	\$222.4	\$1,162.3
Plan of Subdivision	\$4,390.6	\$1,125.1	\$5,515.8
Plan of Condominium	\$298.6	\$79.6	\$378.2
Site Plan	\$4,372.2	\$1,041.6	\$5,413.8
Minor Variance	\$898.3	\$218.7	\$1,117.0
Consent	\$426.9	\$95.9	\$522.8
Other	\$401.4	\$105.9	\$507.3
<b>TOTAL</b>	<b>\$12,853.9</b>	<b>\$3,161.1</b>	<b>\$16,015.0</b>

The gap between estimated costs and revenues for each application type is provided in Table 2 below.



**Table 2: Gap Between Estimated Costs and Revenues**

<b>Application Type</b>	<b>Total Costs</b>	<b>Estimated Revenues Under Current Fees</b>	<b>Difference</b>	
Pre-consultation	\$207,662	\$170,660	\$37,002	22%
Official Plan/Secondary Plan	\$1,190,210	\$1,180,588	\$9,622	1%
Rezoning	\$1,162,321	\$1,173,980	-\$11,659	-1%
Plan of Subdivision (Total)	\$5,515,762	\$17,396,744	-\$11,880,983	-68%
Plan of Condominium	\$378,192	\$335,457	\$42,735	13%
Site Plan	\$5,120,583	\$18,203,616	-\$13,083,033	-72%
Site Plan (Other)	\$293,181	\$147,786	\$145,395	98%
Minor Variance	\$1,117,023	\$1,115,398	\$1,625	0%
Consent	\$522,766	\$516,638	\$6,128	1%
Other*	\$507,307	\$1,061,223	-\$553,916	-52%
<b>TOTAL</b>	<b>\$16,015,006</b>	<b>\$41,302,090</b>	<b>-\$25,287,084</b>	<b>-61%</b>

\* Note: excludes SALT and RIGS fees.

- **Reserve Fund** – The City has for many years diverted a component of the development application fee to a dedicated development fee reserve fund. Because fee revenues were lower than costs prior to 2020, the City has drawn on the reserve fund regularly in order to cover costs and the reserve fund was in a deficit position in most years. That has changed in the last 3 years. The reserve fund currently shows a healthy surplus, above its target amount. As such, it is recommended that contributions to the reserve fund be discontinued, at least until the next fee study update.

This report presents new development application fee rates that would recover the full cost of application review services as set out above. The report also makes recommendations on a new, streamlined development application fee structure based on a comprehensive review and analysis. A

jurisdictional scan of other municipal fee structures in the GTA was undertaken and fee rate comparisons are provided in the report.

Detailed tables on the breakdown of costs to provide application review services, fee structure recommendations, revenue projections, and proposed fees are provided in a series of appendices.

The review has been highly consultative. A stakeholder group comprised of local developers and representatives of the Building Industry and Land Development Association (BILD) has been consulted at multiple points throughout the process. The consulting team have shared technical background analysis, as well as key input and assumptions, with the stakeholder group and have responded to all written submissions.

# 1. Introduction

Municipalities in Ontario are responsible for ensuring that their land use planning responsibilities, including the processing of planning applications, are carried out in accordance with the *Planning Act*. The *Planning Act* permits municipalities to charge fees to offset the cost of providing these application review services. The City of Markham has levied such fees for many years. It has not, however, comprehensively updated its fee structure or analysed the full cost of review services since 2005.

In light of this, the City has undertaken a thorough review of its planning fees. The purpose of the review is to establish the full cost of providing application review services and determine appropriate fee rates for recovering the costs as permitted under the *Planning Act*. Hemson Consulting was retained to conduct the review and this report summarizes the results.

The fee analysis in this report:

- establishes fees that fully recover the anticipated cost of application review services in 2024. All costs, revenues, and fee rates in this report are therefore expressed in 2024\$;
- addresses staffing and application review processes arising from changes to statutory application review timeframes brought about through Bill 108, the *More Homes More Choice Act* (in 2019), and requirements to refund fees if timeframes are not achieved, imposed through Bill 109, the *More Homes for Everyone Act* (in 2022);
- addresses the effects of Bill 23 *More Homes Built Faster Act*, also imposed in 2022, including changes to the scope of site plan control powers granted to the City under s.41 of the *Planning Act*;

- incorporates anticipated changes to the complexity of application reviews brought about by the increasing greater range and mix of housing types and built form being proposed in Markham (e.g. intensification and redevelopment), the opening up of new “greenfield” lands in the northern part of the City, and the increasing complexity of engineering review of applications; and
- incorporates the cost of application review work undertaken by City staff to develop secondary plans for new development areas.

The analysis is based on a review of municipal documents, including capital and operating budgets, by-laws, staff reports, website materials, as well as meetings, telephone calls, e-mails, and interviews (virtual and in-person) with more than 200 City staff involved in delivering planning (or development) application fee-based services.

The review has been highly consultative. A stakeholder group comprised of local developers and representatives of the Building Industry and Land Development Association (BILD) has been consulted at multiple points throughout the process. The consulting team have shared technical background analysis, as well as key input and assumptions, with the stakeholder group and have responded to all written submissions.

After this introductory chapter the report is divided into the following sections:

**Section II** describes the way in which the City carries out its responsibilities under the *Planning Act*. It also describes the current development application fee structure.

**Section III** contains an analysis of past development application activity and an assessment of the level of activity that can reasonably be anticipated for 2024.

**Section IV** presents an analysis of the costs of delivering services required to review and approve development applications.

**Section V** presents full cost recovery development application fees for the City.

**Section VI** includes a jurisdictional scan of development application fee structures and presents fee comparison with similar GTA municipalities.

## 2. Development Application Approvals in Markham

This section summarizes the way in which the City carries out its responsibilities under the *Planning Act* and *Municipal Act*. It also describes the current development application fee structure.

### A. Planning Act Requirements

The *Planning Act* stipulates that planning (or development) application fees must “meet only the anticipated cost to the municipality” of each type of application provided in its tariff of fees. Section 69 (1) of the *Planning Act* contains the following provision:

69. (1) The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff. R.S.O. 1990, c. P.13, s.69 (1); 1996, c. 4, s. 35 (1).

Most tariffs of development application fees in Ontario are structured so that separate and distinct fees apply to each type of application. Application types are typically defined based on the different planning approvals required under the *Planning Act*: official plan amendments; zoning by-law amendments; plans of subdivision/condominium; site plans; consents (or severances); minor variances; and part lot control. A range of more minor fees for miscellaneous services that do not lend themselves to easy

categorization is also common. The City's tariff of fees reflects this typical structure.

The *Planning Act* also allows these fees to be waived for any application (ss. 69 (2)). Moreover, it provides a mechanism for fees to be appealed to the Ontario Land Tribunal (ss. 69 (3)).

## **B. Municipal Act Fee Provisions**

Some planning application review services are not specified as “planning matters” under the *Planning Act* (e.g. pre-consultation). In such cases, the City is granted general powers to impose fees and charges under sections 9, 10, and 11 of the *Municipal Act*. Specific authority to establish most of the fees and charges levied by the City is contained in Parts XII and IV. Under Part XII of the *Municipal Act*, municipalities can establish wide ranging user fees and penalties either for services they provide or for services provided on their behalf. Part IV of the legislation gives municipalities the power to impose licensing fees.

Section 391(1) of the *Municipal Act* stipulates that a municipality or local board may impose a fee or charge on persons: for services or activities provided or done by or on its behalf; for costs payable by it for services or activities provided or done by or on behalf of municipalities or local boards; and for the use of its property including property under its control.

Fees and charges can be used to pay for service administration and enforcement costs as well as the cost of acquiring or replacing capital assets (ss. 391 (3)). They can also include capital costs associated with a deferred benefit (ss. 391 (2)). Services for which fees are charged can be either mandatory or discretionary (ss. 391 (4)). However, ss. 394 (1) prohibits fees that are based on:

- (a) the income of a person, however it is earned or received, except that a municipality or local board may exempt, in whole or in part, any class of persons from all or part of a fee or charge on the basis of inability to pay;
- (b) the use, consumption or purchase by a person of property other than property belonging to or under the control of the municipality or local board that passes the by-law;
- (c) the use, consumption or purchase by a person of a service other than a service provided or performed by or on behalf of or paid for by the municipality or local board that passes the by-law;
- (d) the benefit received by a person from a service other than a service provided or performed by or on behalf of or paid for by the municipality or local board that passes the by-law; or
- (e) the generation, exploitation, extraction, harvesting, processing, renewal or transportation of natural resources.

### **C. Development Application Fees**

In Markham, fees under both the *Planning Act* and *Municipal Act* are set out in the tariff of fees under By-law No. 211-83, which is available on the City’s website.

The City’s development application fees, administered by the Development Services Commission, are generally one-time fees payable upon application submission. Note that fees for review of subdivision and site plan control applications are currently paid in two installments; 40% at application submission (or engineering drawings); and 60% at execution of pre-servicing or subdivision agreement (for subdivisions) or the earlier of the execution of an agreement or issuance of a building permit, or conditional building permit (for site plans). This “dual payment” approach is proposed to be discontinued moving forward (see Section V).



For some application types, different fee rates apply. For example, for Official Plan and Zoning By-law Amendments, applications are categorized as “Major” or “Minor”. As well, given that applications to subdivide land or for site plan control approval are typically much more complex, these types of applications trigger multiple fees.

For some applications, the City’s legal and systems engineering staff assist with the review. However, given that separate *Municipal Act* fees are imposed for the work of these staff (e.g. water conservation fees; waterworks site plan administration fee), the associated costs have not been included in this review.

## **D. Development Review Process**

Responsibility for reviewing development applications in Markham falls to the City’s Development Services Commission. Some applications, such as minor variances, involve relatively small effort. Others, such as plans of subdivision, plans of condominium, and site plans, may require a substantial level of effort and may take many weeks or months and involve a variety of City staff. The City also provides pre-consultation services to potential applicants for development applications. Pre-consultation involves Planning, Urban Design and Engineering staff, as well as staff in other departments.

The detailed requirements of the *Planning Act* mean that the municipal application review process is generally complex and time consuming. In Markham, the process can engage many staff with a range of expertise in development planning, policy planning, urban design, landscape architecture, transportation and traffic engineering, development engineering, environmental engineering, parks planning, waste management, fire protection, and legal matters. Almost all application review work is done in-house by City staff.

The general process for complex applications in Markham can involve several rounds of submission, review of materials, meetings with staff to resolve issues, and preparation of comments. Even after applications are endorsed they often go through more rounds of submission (including re-review of materials, meetings to resolve issues, and comments) before approvals are secured. Often, formal agreements, setting out conditions for development, are required. Moreover, for some applications, further comments and issues resolution is required post-approval, especially with respect to municipal infrastructure.

A high degree of inter-departmental co-ordination and tracking is therefore required throughout the process.<sup>1</sup> As well, multiple site visits by staff are typically needed. The full scope of the process for any one development depends in part on the size and complexity of the development proposal. In general, larger developments require greater time for review.

The City's development application approval process has undergone numerous changes in recent years. Generally, applications have become more varied and complex, in part the result of a greater diversity of applications for residential development, particularly high-density housing proposals, in existing built-up areas.

The types of development application approvals in the City are summarized as follows:

**i. Pre-Consultation**

Pre-consultation is a process that occurs before an application is processed to ensure that the application is ready to be submitted. The City has been charging a flat rate fee for the time staff spend reviewing pre-consultation

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<sup>1</sup> Process management involves the use of "E-Plan" and "Amanda" application management and tracking software, both of which have online portals.

applications and holding meetings with applicants and their consultants. Pre-consultation meetings typically provide the applicant the opportunity to present and discuss their application to City staff prior to submission. At this stage, municipal staff provide input on the submission requirements for the proposed development. Given that the precise details of proposed developments are typically not known during this stage, the level of effort for pre-consultation is relatively uniform across all applications.

The City began charging pre-consultation fees in 2020, with the average number of applications annually being 102 over the last three years, and increasing rapidly.

## **ii. Official Plan/Secondary Plan Amendment**

The City's Official Plan is a broad long-term planning policy document which sets out the City's long-range planning objectives. All development that proceeds in the City must conform to the policies in the Official Plan. In some cases, a development application requires an amendment to the Plan prior to its being approved. The amendment process involves detailed review by City staff, Council, other public bodies, and the public.

There are two types of Official Plan Amendment (OPA): Major and Minor. OPAs initiated by the applicants are generally considered Major unless authorized by the Director of Planning. Minor OPAs are limited to one site and small-scale exceptions to a specific Official Plan standard. All types of OPA are presented at Council for approval.

On average, 14 OPA applications have been received by the City annually over the last three years.

## **iii. Zoning By-Law Amendment**

Zoning by-laws regulate the use of land in the City. When a proposal for development includes a plan for uses which are not permitted under a zoning by-law, an amendment to the by-law is required in order for the

proposal to be approved. The amendment process is detailed and involves a public consultation process. For fee purposes, zoning by-law amendment applications are classified as either Major or Minor. Most applications are Major unless authorized by the Director of Planning.

A Holding or “H” provision is an instrument under the *Planning Act* that permits the City to pause development within a defined area. A fee is charged to remove the H provision.

Over the past three years, the City has received an average of 23 Major and Minor ZBA applications and six H removals per year.

#### **iv. Plan of Subdivision**

The process for subdividing land is lengthy and involves considerable City planning and engineering resources. The actual length of any one review is highly dependent on the size and complexity of the subdivision being processed. In general, larger subdivisions, or those that require extensions or reactivation after a long period of inactivity, require greater time and resources for review. The City’s fee structure for subdivision applications reflects this complexity. Uniform “base fees” cover costs common to all applications. Variable fees are then added to the base fees based on the number of dwelling units, size of buildings, site area (or developed site area), and/or value of construction of municipal infrastructure to reflect the level of complexity involved. Additional flat fees for revisions to draft plan conditions can also apply.

The number of subdivision applications received by the City varies from year to year: anywhere between 6 and 11 since 2017 (see Table 4).

#### **v. Plan of Condominium**

Condominium application reviews trigger the involvement of City staff in many departments. Plan of condominium application flat fees apply and are

the same for standard, common element and vacant land applications. All other application types attract a slightly lower flat fee.

The number of condominium applications received by the City has averaged five per year over the last three years.

## **vi. Site Plan**

Site plan control provisions are set out in s. 41 of the *Planning Act*, which provides that a municipality may designate all or part of the area of the municipality as a “site plan control area”. Within this area, and for uses designated by the municipality, a site plan application leading to a site plan and site plan agreement is required for any kind of development or redevelopment (with “development” being specifically defined in s. 41(1)). The Act then requires that nothing falling within this definition of “development” may be undertaken in a site plan control area without first obtaining approval of a site plan from council.

There are detailed requirements for site plan control and, as a result, the City’s site plan application review process is generally complex and time consuming. Site plan fees in the City’s tariff of fees reflect a typical “base + variable” fee structure. As well as a range of base fees, there are per unit fees for planning, urban design and engineering for small residential developments, and three categories of fees for large residential developments including a base fee, and two variable fees for planning, urban design and engineering. Different fees also apply to large residential developments and non-residential (ICI) applications. There are additional flat fees for parking lots or outdoor patios, other minor applications and heritage site plans.

The sheer number of site plan fees in Markham—46 altogether—suggests that the City’s tariff of fees is overly complex. Table 3 below compares the number of site plan fees in select GTA municipalities.

**Table 3: Site Plan Fees for Selected GTA Tariffs of Planning Fees**

<b>Municipality</b>	<b># of Site Plan Fees (All Line Items)</b>
Brampton	8
Toronto	8
Oakville	12
Ottawa	18
Mississauga	27
Vaughan	34
Richmond Hill	35
<b>Markham</b>	<b>46</b>

Over the past three years, an average of 51 site plan applications have been received by the City (see Table 4). These figures exclude resubmissions.

**vii. Minor Variance**

Often a proposed development will require that one or more development standards established by a zoning by-law be waived to allow the development to proceed. In such cases an approval for variance must be secured. The City charges different fees for minor variances depending on the scope of the variance requested: development standards, residential small scale, variance with respect to use, technical variance, multiple variances (base and per unit fees), and heritage variance.

The City's Committee of Adjustment (COA) is responsible for approving applications for minor variance. The City has processed on average 150 minor variance applications annually over the last three years.

**viii. Consent to Sever**

The Committee of Adjustment also reviews consents to sever land. A consent is a mechanism for land division smaller in scale than that of a subdivision. Through a consent, the City can impose conditions on an

approved development and, as such, many City departments, as well as external commenting agencies, review consent applications.

Over the last three years, the City has processed approximately 17 applications annually.

#### **ix. Other Applications**

The City also charges various other flat fees to pay for supplementary and miscellaneous planning application review services such as:

- Electronic Submission
- Additional Public Meeting
- Additional Report to Committee or Council
- Re-circulation of drawings (major and minor)
- Review of major studies
- More than two inspections
- Review and comment on a Ministerial Zoning Order (MZO)
- Deeming By-law
- Exemptions from Part Lot Control
- Telecommunication Tower
- Heritage Permit
- Townhouse Siting
- Site Alteration Permit
- Shoring and Hoarding Encroachment Permit

**x. Non Fee-Based Review Work**

City Development Services Commission staff also undertake work for which fees are not charged. This non fee-based work includes City-wide OPAs, City-wide planning policy studies that are unrelated to localized secondary plans (e.g. Sustainability Metrics, City-Wide Urban Design Guidelines, Bird Friendly Guidelines, Enhanced Streetscape Manual, Tree By-law), cross-border municipal planning (e.g. managing boundary road issues), general customer service activities, and review work for which fees cannot be charged.

**xi. Summary of Historical Applications Received Data**

**Table 4: Major Applications Received by Year 2017-2022**

<b>Application Type</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>5-Year Average</b>	<b>3-Year Average</b>
Pre-consultation	143	95	85	92	110	103	<b>97</b>	<b>102</b>
OPA	13	8	9	17	11	15	<b>12</b>	<b>14</b>
ZBA	38	30	18	22	25	23	<b>24</b>	<b>23</b>
Plan of Subdivision	10	8	4	7	6	11	<b>7</b>	<b>8</b>
Site Plan	86	61	41	46	55	51	<b>51</b>	<b>51</b>
Minor Variance	182	168	150	110	168	171	<b>153</b>	<b>150</b>
Consent to Sever	35	22	22	15	18	19	<b>19</b>	<b>17</b>
<b>Total</b>	<b>507</b>	<b>392</b>	<b>329</b>	<b>309</b>	<b>393</b>	<b>393</b>	<b>363</b>	<b>365</b>



### 3. Analysis of Revenues

This section contains an analysis of past development application activity in the City and an assessment of the level of activity that is reasonable to anticipate for the purpose of setting full cost recovery planning fees.

#### A. Historical Fee Revenue

In order to calculate new fees, an assessment of the revenue that might be expected to be generated under current fee rates needs to be analyzed. Table 5 shows the revenue generated from development applications issued by the City since 2017. Over the three-year period of 2017 to 2019, fee revenue averaged \$15.0 million per annum. Since 2020, fee revenue has increased significantly, to an average of \$29.9 million per annum between 2020 and 2022. Most revenue is generated from fees applied to site plan and subdivision applications: 82% of all revenue collected between 2020 and 2022 (see Table 5).

The spike in revenue that has occurred in recent years is due to increasingly denser and complex development proposals that have been received by the City rather than the increase in the number of applications. For example, while the number of site plan applications only increased from 49 applications in 2019 to 51 applications in 2022, the density of units on sites more than doubled: from 2,078 total units in 2019 to 5,476 total units in 2022. This has led to significant increase in revenue associated with site plan and subdivision variable fee rates that are based on the number of units, building GFA, amount of landscaping, and complexity of engineering construction on sites. These variable fee rates now (in 2022) generate 79% of all revenue, whereas they generated on 53% of all revenue in 2019. This suggests that both the number of subdivision and site plan variable fees, as well as the fee amounts, need to be re-evaluated in the City's tariff of fees.

It is noted that changes in development application revenue on any given year does not necessarily reflect the level of building or development activity because the timing of fee payments and development activity do not always correspond.

**Table 5: Application Revenue 2017-2022 (\$Millions)**

Type of Application	2017	2018	2019	2020	2021	2022	3 Year Avg.
<b>OPA</b>	\$456	\$302	\$443	\$984	\$629	\$968	<b>\$860</b>
<b>ZBA</b>	\$810	\$1,085	\$572	\$886	\$1,101	\$934	<b>\$974</b>
<b>Plan of Subdivision</b>	\$4,338	\$6,473	\$3,513	\$7,619	\$10,448	\$13,511	<b>\$10,526</b>
<b>Site Plan</b>	\$6,157	\$7,065	\$6,016	\$10,513	\$16,841	\$14,933	<b>\$14,096</b>
<b>Minor Variance</b>	\$513	\$464	\$814	\$1,027	\$980	\$992	<b>\$1,000</b>
<b>Consent to Sever</b>	\$422	\$1,008	\$284	\$281	\$206	\$430	<b>\$306</b>
<b>One-Off Fees*</b>	\$129	\$171	\$85	\$106	\$129	\$92	<b>\$109</b>
<b>Agreements</b>	\$500	\$191	\$255	\$458	\$686	\$567	<b>\$570</b>
<b>Misc. and Supp. Fees</b>	\$815	\$511	\$1,024	\$745	\$930	\$740	<b>\$805</b>
<b>SALT</b>	\$99	\$47	\$211	\$916	\$594	\$334	<b>\$615</b>
<b>One-time Fees**</b>	\$56	\$52	\$50	\$82	\$93	\$79	<b>\$85</b>
<b>TOTAL</b>	<b>\$14,294</b>	<b>\$17,370</b>	<b>\$13,268</b>	<b>\$23,617</b>	<b>\$32,637</b>	<b>\$33,580</b>	<b>\$29,945</b>

\*Engineering and Planning one-off fees for telecom towers, ICI 50m<sup>2</sup> or less, residential Addition, Minor Change and etc.

\*\*Includes Extension of Draft Plan Approval (Subdivision and Condominium), Extension of Endorsement, Condominium revision, OLT Appeals etc.

## B. Anticipated Future Activity

Historical development application and revenue data set out in Table 5 demonstrate a pattern of steadily increasing application volume and application complexity over the past three years. This is anticipated to continue as the City continues to grow, intensify, and work towards achieving ambitious growth targets established for it by the Province.<sup>2</sup> For fee setting purposes, 2024 revenues have been estimated for each fee type based on current fee rates. The estimates are based on:

- 2022 revenues for fee types that have generated steady revenues since 2017;
- four year historical average revenue for fee types that have generated fluctuating revenues since 2017;
- “best estimates” based on discussions with City staff for fee types where historical revenue is unavailable or unreliable (mainly associated with minor fees); and
- a “growth premium” of 15% applied to all revenue estimates to account for increasing application volumes and application complexity.

For some fee types, future revenue is likely to be lower or non-existent. For example, fees associated with small site plans will no longer apply as the City no longer has the authority to impose site plan control on developments of 10 residential units or less.

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<sup>2</sup> The Ministry of Municipal Affairs and Housing 10-year historical household growth target for Markham is 44,000 (by 2031). This is more than double the number of households added in the City between 2011 and 2021 (20,300) and more growth than would occur under current rates of construction (28,600, based on CMHC under construction data from CMHC *Starts and Completions Survey*).

Table 6 sets out the forecast of revenue anticipated in 2024 for all fee types. The forecast reflects changes to the fee structure proposed in Section V. Revenues for applications for site plan approval are lower than historical revenues to reflect:

- the removal of responsibility for site plan control for small site plans;  
and
- the removal of revenues associated with new municipal servicing agreement fees, which are to be imposed under a separate by-law under the *Municipal Act*.

**Table 6: Anticipated Annual Application Revenue under Current Rates**

Type of Application	Current Fees (2023)	Estimated Revenue (\$2023) (1)	Estimated Revenue Under Current Fees (\$2024) (2)
<b>Pre-Consultation</b>	\$791	\$140,000	\$170,660
<b>Official Plan Amendment</b>			
Major	\$82,797	\$569,301	\$693,978
Minor	\$31,192	\$399,188	\$486,610
<b>Zoning By-law Amendment</b>			
Major	\$58,167	\$738,197	\$899,862
Minor	\$28,916	\$196,128	\$239,081
Removal of Holding Provision	\$9,773	\$28,743	\$35,038
<b>Plan of Subdivision (Planning)</b>			
Base application fee	\$44,578	\$1,952,231	\$2,317,494
Unit Fee	\$2,316		
Land Area	\$22,959		
<b>Plan of Subdivision (Urban Design)</b>			
Base application fee	\$10,108		
Unit Fee	\$442		
Land Area	\$22,959		
Landscape Review (Per Unit/Lot)	\$764		
Landscape Review (% Construction Cost)	15.7%		
<b>Plan of Subdivision (Engineering)</b>			
Landscape Review (Per Unit/Lot/Block)	\$2,276	\$11,610,248	\$14,152,892

<b>Type of Application</b>	<b>Current Fees (2023)</b>	<b>Estimated Revenue (\$2023) (1)</b>	<b>Estimated Revenue Under Current Fees (\$2024) (2)</b>
Landscape Review (% Construction Cost)	13.1%		
<b>Miscellaneous Subdivision Fees</b>			
Extension of Draft Approval	\$9,773	\$78,947	\$96,236
Revision of Draft Approved Plan / Draft Plan Conditions			
Major	\$19,143	\$75,000	\$91,425
Minor	\$6,050	\$45,000	\$54,855
Request for Subdivision Agreement (First Phase)	\$64,122	\$560,986	\$683,842
Request for Subdivision Agreement (Subsequent Phases)	\$45,047		
<b>Plan of Condominium</b>			
Condominium Fee	\$48,795	\$239,190	\$291,573
Extension of Condominium Draft Approval	\$9,773	\$18,000	\$21,942
Revision of Condominium Draft Approved Plan	\$13,187	\$18,000	\$21,942
<b>Site Plan (Residential)</b>			
Planning Base	\$13,588	\$6,487,386	\$7,908,124
Planning Unit Fee	\$2,316		
Planning Calculated GFA Fee	\$6.32		
Urban Design Base	\$13,588		
Urban Design % Fee	\$2,316		

<b>Type of Application</b>	<b>Current Fees (2023)</b>	<b>Estimated Revenue (\$2023) (1)</b>	<b>Estimated Revenue Under Current Fees (\$2024) (2)</b>
Urban Design Calculated GFA Fee	\$6.32		
Engineering Base	\$9,906	\$2,472,556	\$3,014,046
Engineering % Fee	14.4%		
Engineering Calculated GFA Fee	\$6.32		
Residential Additions Alterations (per unit)	\$2,800	\$48,089	\$58,621
<b>Site Plan (ICI)</b>			
Planning Base	\$13,588	\$4,324,924	\$5,272,082
Planning Calculated GFA Fee	\$6.32		
Urban Design Base	\$13,588		
Urban Design % Fee	\$2,316		
Urban Design Calculated GFA Fee	\$6.32		
Engineering Base	\$9,906	\$1,648,371	\$2,009,364
Engineering % Fee	14.4%		
Engineering Calculated GFA Fee	\$6.32		
<b>Site Plan - Parking Lot or Outdoor Patio</b>		\$9,202	\$11,217
Planning Review Fee	\$4,940		
Urban Design Review	\$1,004		
Engineering Review	\$1,004		
Expansion / Alteration of Existing Parking Lot or Outdoor	\$4,470	\$3,944	\$4,807

<b>Type of Application</b>	<b>Current Fees (2023)</b>	<b>Estimated Revenue (\$2023) (1)</b>	<b>Estimated Revenue Under Current Fees (\$2024) (2)</b>
Planning Review Fee	\$2,462		
Urban Design Review	\$1,004		
Engineering Review	\$1,004		
Extension or Minor Applications	\$2,345	\$60,000	\$73,140
Minor Applications - Planning Review Fee	\$4,277		
Minor Applications - Urban Design Review Fee	\$957		
<b>Heritage Site Plan</b>			
Residential	-	\$5,750	\$6,095
ICI Less than 50m2	\$1,407	\$2,758	\$3,362
50m2 or greater	-		
Façade Changes	\$1,004		
<b>Committee of Adjustment</b>			
<b>Consent to Sever</b>		\$423,821	\$516,638
Base Fee	\$15,329		
Unit Fee	\$2,316		
Land Area Fee	\$22,959		
Other Consent	\$8,033		
Change of Condition prior to final consent	\$2,021		
Re-Application of Provisionally approved Consent	\$6,425	\$6,299	\$7,678
<b>Minor Variance</b>		\$915,011	\$1,115,398
Development Standards	\$6,653		
Residential Small Scale	\$2,824		



<b>Type of Application</b>	<b>Current Fees (2023)</b>	<b>Estimated Revenue (\$2023) (1)</b>	<b>Estimated Revenue Under Current Fees (\$2024) (2)</b>
Variance with respect to use	\$15,329		
Technical Variance	\$2,316		
Multiple Variances - Base	\$11,203		
Multiple Variances - Unit Fee	\$2,316		
Sign Fee	\$40		
Re-Application Consent	\$6,425		
MZO	\$9,036	\$17,152	\$20,908
Deeming Bylaw	\$9,773	\$9,500	\$11,581
Exemption from Part Lot	\$9,773	\$111,050	\$135,370
Telecommunication Tower	\$23,561	\$23,099	\$28,158
Model Home/Sales Trailer	\$6,102	\$12,750	\$15,543
Heritage Permit	\$643		
Townhouse Siting	\$709	\$10,000	\$12,190
SALT	\$6,546	\$513,807	\$626,331
Construction Management Plan Review	\$5,676	\$11,500	\$14,019
Shoring/Hoarding Encroachment Plan	\$5,930	\$20,000	\$24,380
Supplementary Major Recirculation	\$7,431	\$114,888	\$140,049
Supplementary Minor Recirculation	\$603	\$12,765	\$15,561
<b>TOTAL</b>		<b>\$33,933,782</b>	<b>\$41,302,090</b>

(1) Does not account for across-the-board fee discounts implemented by Council in mid-year 2023.

(2) Includes growth premium of 15% plus inflation.

## 4. Analysis of Costs

This section presents an analysis of the direct and indirect costs of delivering services required to review development applications in Markham. Total cost of providing development application review services is \$16.0 million including \$12.8 million of direct costs and \$3.2 million in indirect costs.

### A. Direct Costs

A number of City staff are responsible for processing applications in respect of development matters. They include staff in Planning, Urban Design, Engineering, Fire & Emergency, Operations, Environmental Services, Legal Services, and others. Almost the entire cost of the time spent by these staff on planning applications, as well as the cost of the resources they use, is considered to be a direct cost under the study. Time shares have been determined based on interviews with more than 200 City staff and are displayed in Appendix A.

Although a portion of staff time is directly involved with processing development applications, a significant share of time is unrelated to application review and is excluded as a cost for fee recovery. This “other” staff time includes City-wide OPAs, City-wide planning policy work, general customer service activities, and other review work for which fees cannot be charged, and is also identified in Appendix A.

The calculations of direct costs are divided by: payroll; office space; and other operating costs. Payroll costs, amounting to \$12.9 million and including all benefits and overtime, account for the majority of the direct costs (see Table 7). It is noted that these costs also include provision for additional staff which are anticipated for 2024 to manage new application processes as well as application activity and complexity.

**Table 7: Full Cost Recovery Fees - Direct Costs - Payroll**

<b>Department</b>	<b>Payroll Share<sup>(1)</sup></b>
Planning Services	\$6,688,933
Engineering	\$5,333,775
Operations	\$182,171
By-law & Regulatory Services	\$414,663
Environmental Services	\$110,049
Fire Prevention	\$141,663
Building Standards	\$16,582
<b>TOTAL</b>	<b>\$12,882,073</b>

(1) Note: payroll shares include costs for SALT and RIGS applications.

Space costs include shares of the operating costs of the Civic Centre, as well as shares of the capital replacement cost of the buildings. Space allocations were determined based on staff interviews and estimates of departmental office space maintained by staff. Direct costs associated with space total \$623,196 (see Table 8).

**Table 8: Office Space Direct Cost**

<b>Civic Centre Space</b>	<b>Occupied Office Space</b>	<b>Common Space Allocation</b>	<b>Total Space</b>	<b>% of Total Space</b>	<b>Space Cost (2024\$)</b>	<b>Planning Fee Related</b>
Building	7,921	4,200	12,121	12%	\$401,477	\$0
Planning & Design	8,132	4,312	12,444	13%	\$412,172	\$356,108
Engineering	6,354	3,369	9,723	10%	\$322,050	\$267,088
DS Total (excl. Ec. Dev.)	22,406	11,882	34,288	35%	\$1,135,700	\$623,196
<b>City Total</b>	<b>64,068</b>	<b>33,976</b>	<b>98,044</b>	<b>100%</b>	<b>\$3,247,455</b>	<b>\$623,196</b>

Other direct (non-personnel) operating cost were determined by multiplying the time shares attributed to planning and engineering staff involved in application review (see Appendix A) by 2022 operating and capital budget projections (indexed to 2024\$).

## B. Full-Time Employee Analysis

As part of the analysis, more than 200 staff at the City were interviewed and their role in reviewing development was quantified as a share of their total working hours. The weighted development application related full-time employee (FTEs) is 88 of the total 191 FTEs involved in the process.

**Table 9: Weighted Development Application Related FTEs**

<b>Department</b>	<b>Budget FTEs</b>	<b>Staff (Interviewed)</b>	<b>Application Review FTEs</b>
<b>Planning &amp; Urban Design</b>	60	64	50.4
<b>Engineering</b>	54	50	35.3
<b>Operations</b>	122	9	0.1
<b>By-law &amp; Regulatory Services</b>	36	19	1.9
<b>Environmental Services</b>	83	12	0.1
<b>Fire Prevention</b>	270	3	0.01
<b>Building Standards</b>	54	34	0.1
<b>TOTAL</b>	<b>679</b>	<b>191</b>	<b>87.8</b>

## C. Breakdown of Direct Costs by Application Type

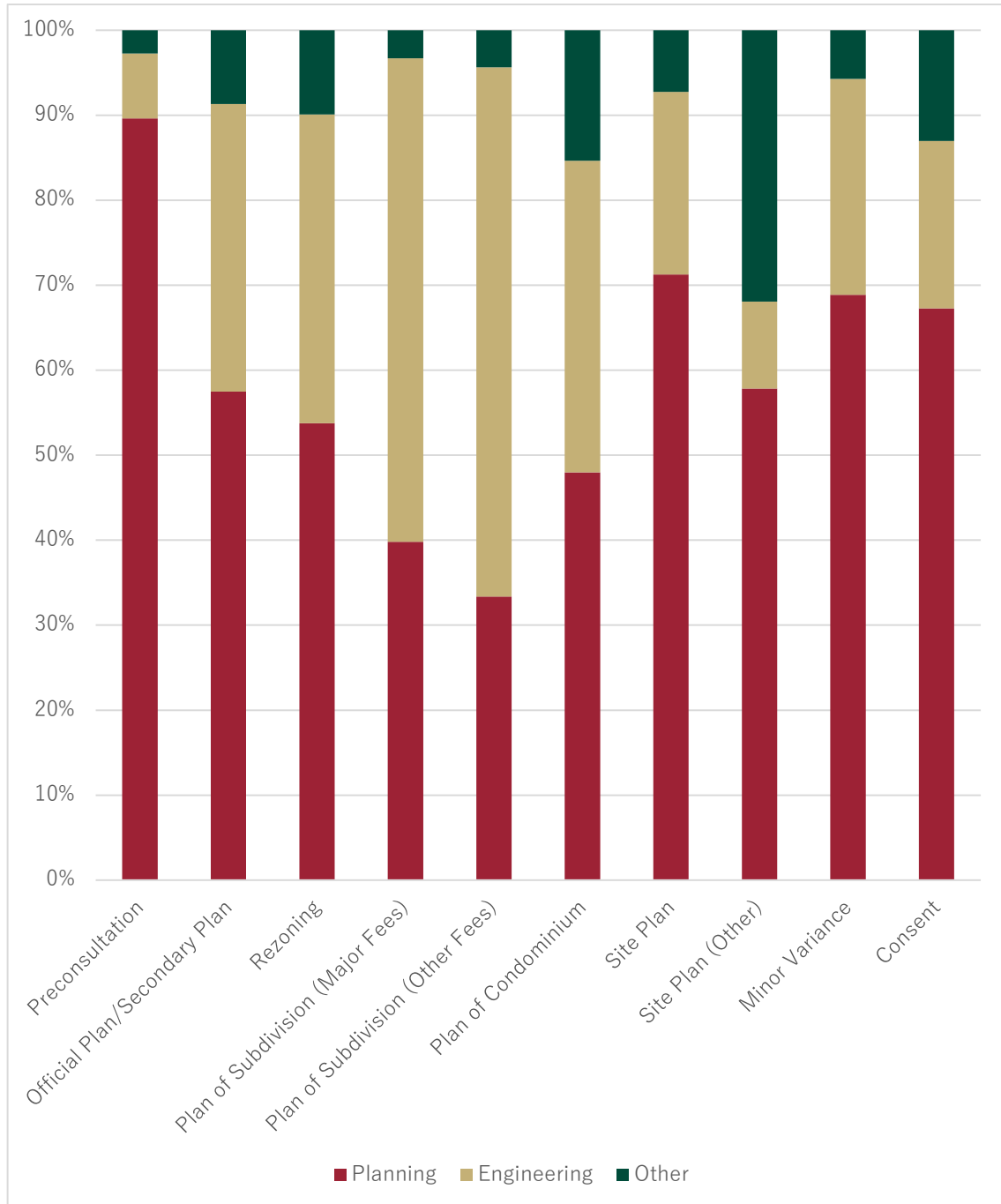
Below in Table 10 is a breakdown of the direct costs by development application type. Of the total \$12.8 million in direct costs, the vast majority are associated with processing subdivision applications (\$4.4 million) and site plan applications (\$4.4 million).

**Table 10: Direct Costs by Application Type (\$000)**

Application Type	Direct Salaries			Direct Non-Personnel		Direct Space		Total Direct
	Planning	Dev Eng.	Other	Planning	Dev Eng.	Planning	Dev Eng.	
Pre-consultation	\$137	\$12	\$5	\$4	\$0	\$7	\$1	<b>\$165</b>
Official Plan/Secondary Plan	\$488	\$301	\$83	\$38	\$9	\$26	\$15	<b>\$961</b>
Rezoning	\$453	\$312	\$90	\$36	\$9	\$24	\$16	<b>\$940</b>
Plan of Subdivision	\$1,251	\$2,587	\$181	\$98	\$77	\$67	\$130	<b>\$4,391</b>
Plan of Condominium	\$166	\$107	\$3	\$5	\$3	\$9	\$5	<b>\$299</b>
Site Plan	\$2,769	\$834	\$342	\$213	\$25	\$147	\$42	<b>\$4,372</b>
Minor Variance	\$699	\$61	\$41	\$55	\$2	\$37	\$3	<b>\$898</b>
Consent	\$254	\$78	\$56	\$20	\$2	\$14	\$4	<b>\$427</b>
Other	\$268	\$98	\$6	\$7	\$3	\$14	\$5	<b>\$401</b>
<b>Total</b>	<b>\$6,484</b>	<b>\$4,390</b>	<b>\$807</b>	<b>\$476</b>	<b>\$131</b>	<b>\$345</b>	<b>\$220</b>	<b>\$12,854</b>

Figure 1 illustrates the distribution of direct costs by application by department. Planning and Urban Design staff are involved in all development application reviews and their involvement covers more than half of the total effort. Engineering staff are heavily involved with site plan and subdivision application reviews.

**Figure 1: Cost Shares by Application by Department Graph**



## **D. Indirect Costs**

The indirect cost of processing development applications in the City represents the share of costs of the City's corporate departments that can reasonably be attributed as overhead support of the planning application review service.

Indirect costs were calculated based on what drives the cost of the corporate departments support of planning activities. Shares of corporate costs were allocated to each department that provide planning services based on the cost drivers. Using these shares of corporate costs, the cost attributable to processing development applications was calculated based on the time shares identified in Appendix A.

Indirect cost calculations do not include a provision for contributions to the development application fee reserve fund. More details on the reserve fund are in Section E below.

Table 11 summarizes the calculation of indirect costs. The calculated cost shares were applied to the corporate departments' projected net costs excluding costs for activities that are clearly unrelated to development applications (e.g. tax write offs, transfers to reserves). The total indirect costs are estimated at \$3.2 million.

**Table 11: Indirect Costs by Application Type (\$000)**

<b>Application Type</b>	<b>Total (Planning)</b>	<b>Total (Engineering)</b>	<b>Fleet and Indirect Capital (Planning)</b>	<b>Fleet and Indirect Capital (Engineering)</b>	<b>Total Indirect</b>
<b>Pre-consultation</b>	\$39	\$3	\$0	\$0	\$43
<b>Official Plan/Secondary Plan</b>	\$139	\$87	\$1	\$2	\$229
<b>Rezoning</b>	\$129	\$90	\$1	\$2	\$222
<b>Plan of Subdivision</b>	\$355	\$747	\$4	\$19	\$1,125
<b>Plan of Condominium</b>	\$47	\$31	\$0.5	\$1	\$80
<b>Site Plan</b>	\$787	\$241	\$8	\$6	\$1,042
<b>Minor Variance</b>	\$199	\$18	\$2	\$0.5	\$219
<b>Consent</b>	\$72	\$22	\$1	\$1	\$96
<b>Other</b>	\$76	\$28	\$1	\$1	\$106
<b>Total</b>	<b>\$1,842</b>	<b>\$1,267</b>	<b>\$19</b>	<b>\$33</b>	<b>\$3,161</b>



A summary of the direct and indirect costs amount to \$16.0 million and is shown on Table 12.

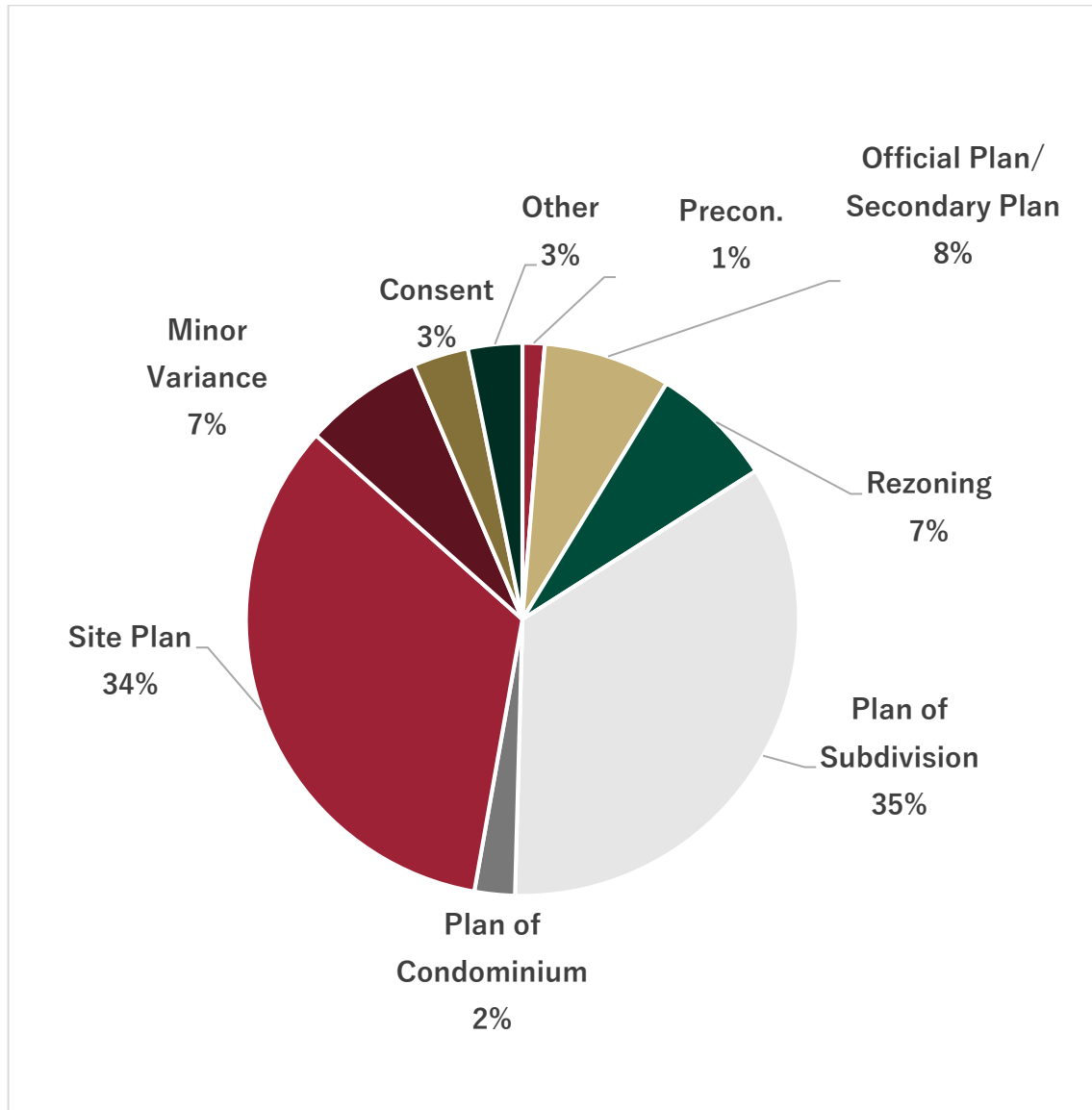
**Table 12: Summary of Direct and Indirect Costs (\$000)**

<b>Application Type</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
Pre-consultation	\$165	\$43	\$208
Official Plan/Secondary Plan	\$961	\$229	\$1,190
Rezoning	\$940	\$222	\$1,162
Plan of Subdivision	\$4,391	\$1,125	\$5,516
Plan of Condominium	\$299	\$80	\$378
Site Plan	\$4,372	\$1,042	\$5,414
Minor Variance	\$898	\$219	\$1,117
Consent	\$427	\$96	\$523
Other	\$401	\$106	\$507
<b>TOTAL</b>	<b>\$12,854</b>	<b>\$3,161</b>	<b>\$16,015</b>

## **E. Revenue Recovery Gaps (vs Cost)**

Figure 2 below illustrates shares of total cost to deliver development application review services by application type. The highest shares are related to plans of subdivision at 35 per cent followed by site plans at 34 per cent.

**Figure 2: Shares of Total Cost by Application Type**



Certain application types have a wider gap between the costs to the City to deliver the service in comparison to the revenue received from development application fees as shown in Table 13 below.

**Table 13: Cost vs. Revenue Gap by Application Type**

Application Type	Anticipated Annual Avg. Costs <sup>(1)</sup>	Anticipated Annual Avg. Revenues	Difference	
Pre-consultation	\$207,662	\$170,660	\$37,002	22%
Official Plan/Secondary Plan	\$1,190,210	\$1,180,588	\$9,622	1%
Rezoning	\$1,162,321	\$1,173,980	-\$11,659	-1%
Plan of Subdivision	\$5,515,762	\$17,396,744	-\$11,880,983	-68%
Plan of Condominium	\$378,192	\$335,457	\$42,735	13%
Site Plan	\$5,120,583	\$18,203,616	-\$13,083,033	-72%
Site Plan (Other)	\$293,181	\$147,786	\$145,395	98%
Minor Variance	\$1,117,023	\$1,115,398	\$1,625	0%
Consent	\$522,766	\$516,638	\$6,128	1%
Other <sup>(2)</sup>	\$507,307	\$1,061,223	-\$553,916	-52%
<b>TOTAL</b>	<b>\$16,015,006</b>	<b>\$41,302,090</b>	<b>-\$25,287,084</b>	<b>-61%</b>

(1) Based on full cost analysis.

(2) Excludes SALT and RIGS.

## F. Reserve Fund Management

The use of tax and utility rate stabilization reserves and reserve funds is widespread in Ontario and reserve funds for fee revenues are also common. Most municipalities in the GTA maintain a building permit fee reserve fund and Ontario Regulation 305/03 of the *Building Code Act* implicitly allows such funds by requiring municipalities to report on them annually. Planning and engineering fee reserve funds are less common mainly because the move towards a full cost recovery framework for planning matters has been relatively recent in Ontario. However, Markham is not unique in having one. There are similar planning fee reserve funds in:

- the City of Burlington, which was set up in 2005 “to ease pressures should development revenues slow down due to economic and/or market conditions”.
- the City of Toronto, set up in 2014 “to minimize the impact of development application fee revenue fluctuations on City Planning Division's Operating Budget and/or to create and maintain systems, resources and processes to facilitate service delivery and improvements”. Contributions are made from annual operating budget surpluses and withdrawals are made either as part of the normal operating or capital budget process, or through a specific report to Council authorizing the purpose. The need for the reserve fund is reviewed every three years.
- the City of Vaughan, which maintains both a Development Application Fee Reserve Fund and a Development Engineering Fee Reserve Fund, and the City of Richmond Hill, which has a Development Engineering Fee Reserve Fund.

Planning/engineering fee reserve funds can be prudent financial management tools for municipalities. The *Planning Act* does not require municipalities to adjust their planning fees every year in order to match their costs. Indeed, as the majority of application review costs are payroll costs it would be impractical to even attempt to match revenues and costs on an exact annual basis. While recent years have seen an upward trend in application volume in Markham there will likely be fluctuations in both the number of applications and the amount of fee revenues from any one year to the next. This could result in an imbalance between costs and revenues. In years of high activity revenues will likely exceed costs. However, in quieter years costs may well exceed revenues. There is therefore a sound rationale for maintaining the reserve fund moving forward.

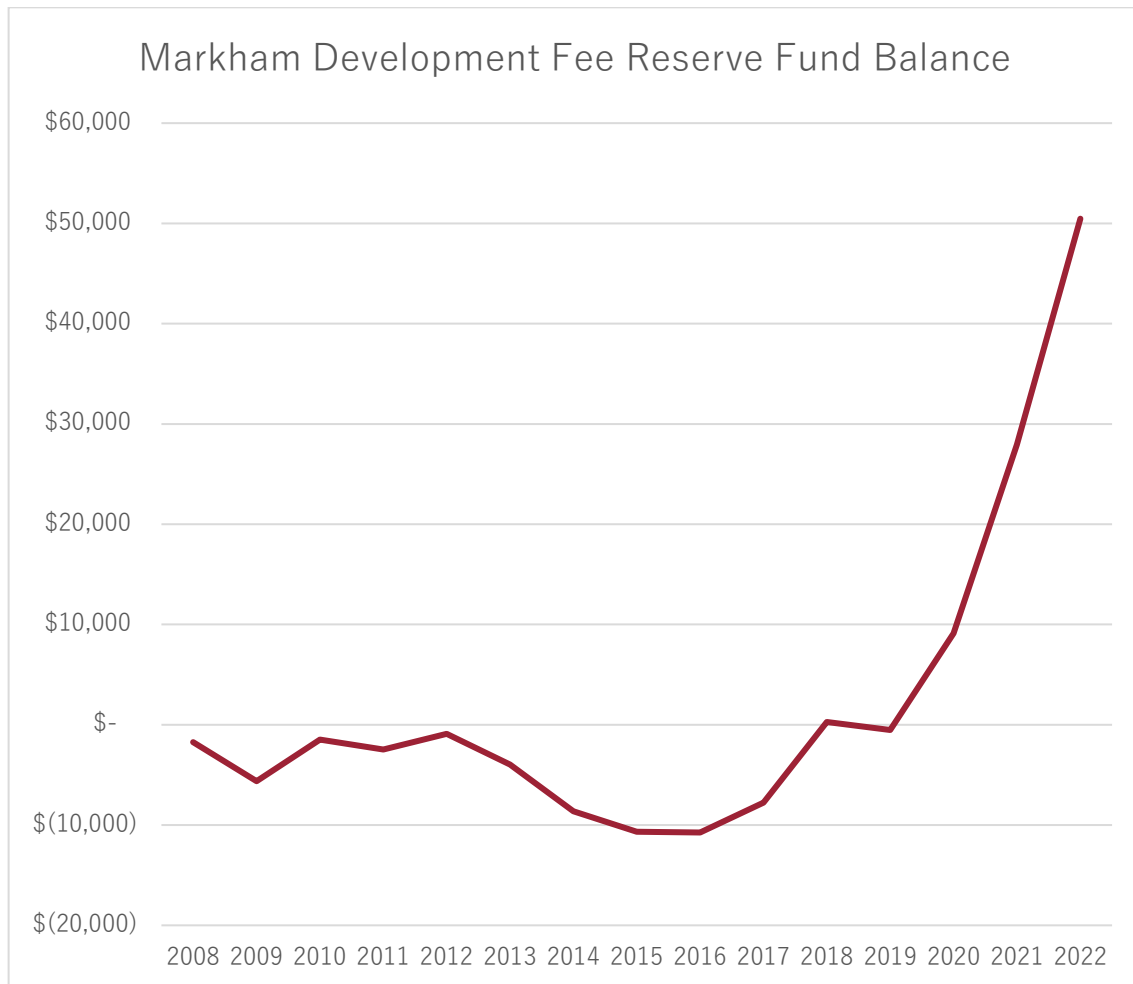
Typically, municipalities that have established a target range for either planning or building permit fee reserve funds, have targeted between 100%

to 250% of operating expenditures (Brampton’s building permit fee reserve fund has the highest target of the municipalities surveyed in this review). Differences in minimum targets relate to the level and type of volatility in construction and development activity. The City’s target of between 100% to 150% the annual Planning and Urban Design and Engineering Department expenditures budget for its Development Fee Reserve Fund is therefore well within the benchmark range for these types of reserve funds.

The City’s Development Fee Reserve Fund, which had been in a deficit position for every year except one between 2008 and 2019, reached a year-end balance of \$50.47 million in 2022. The City established the reserve fund many years ago in order to mitigate operating pressures in the Planning & Urban Design and Engineering departments during years of low application volume and, to a lesser extent, to fund future capital. Revenues in the reserve fund are intended to pay for “the processing of applications made in respect of planning matters” per the *Planning Act*. They are not intended to be used to fund general operations (although they have in the past been used to pay for “capital administration” costs that cover more than just *Planning Act* activities).

In recent years, annual reports on development application fees have noted the need for the reserve fund to manage changes to operations resulting from new legislation and from economic uncertainty arising from COVID-19. As noted above, the City’s target balance for the reserve fund is between 100% and 150% of annual Planning and Urban Design and Engineering Department expenditures budget (or \$19.67 million to \$29.5 million in 2022). As such, the target was exceeded for the first time in 2022 (see Figure 3).

**Figure 3: Markham Development Fee Reserve Fund Balance**



The 2022 reserve fund balance of \$50.5 million is also roughly equivalent to 300% of the total anticipated cost to review planning applications determined above (\$16.0 million).

As such, no contribution to the reserve fund has been included in the calculation of the development application fees as part of this analysis. With full cost recovery fees in place, the existing reserve fund balance (as of 2022) is anticipated to be sufficient for the City until a future fee update study is completed.

## 5. Full Cost Recovery Development Application Fees

This section presents full cost recovery development application fee rates in light of the cost analysis presented in the previous section.

### A. Full Cost Recovery Fees

The fees required to recover the full cost of processing development applications are set out in Table 14.

Full cost fees have been calculated by estimating the anticipated revenue for each fee category based on historical information and input from staff. In most cases, the 2022 or four year historical average revenue per application was used, together with the “growth premium” of 15% applied, and an inflation factor, to bring revenues to a 2024\$ base.

As shown in Table 14 below, for subdivision and site plan fees, fee rates need to be significantly reduced and the number of fees reduced. The table also demonstrates that current planning fee revenue needs to be reduced overall in order to bring revenues into line with anticipated costs.

**Table 14: Full Cost Recovery Fees**

Type of Application	Current Fees - 2023	Calculated FCR Fee	Difference (%) <sup>(2)</sup>
<b>Pre-Consultation</b>	\$791	\$963	22%
<b>Official Plan Amendment</b>			
Major	\$82,797	\$83,513	1%
Minor	\$31,192	\$31,419	1%
Zoning By-law Amendment			
Major	\$58,167	\$56,491	-3%
Minor	\$28,916	\$30,387	5%
Removal of Holding Provision	\$9,773	\$9,969	2%
<b>Plan of Subdivision (Planning)</b>			
Base application fee	\$44,578	\$44,234	n/a
Unit Fee	\$2,316	\$2,632	n/a
Land Area	\$22,959	n/a	
<b>Plan of Subdivision (Urban Design)<sup>3</sup></b>			
Base application fee	\$10,108	\$44,234	n/a
Unit Fee	\$442	\$2,632	n/a
Land Area	\$22,959	n/a	
Landscape Review (Per Unit/Lot)	\$764	n/a	
Landscape Review (% Construction Cost)	15.7%	n/a	
<b>Plan of Subdivision (Engineering)</b>			
Landscape Review (Per Unit/Lot/Block)	\$2,276	n/a	

<sup>3</sup> Fee included in the planning total and not charged for both Planning and Urban Design.



Type of Application	Current Fees - 2023	Calculated FCR Fee	Difference (%) <sup>(2)</sup>
% Construction Cost	13.1%	10% on the first \$1 million cost, 8% between \$1,000,001 and \$3 million, 6% between \$3,000,001 and \$5 million, and 4% on costs over \$5,000,001	n/a
<b>Miscellaneous Subdivision Fees</b>			
Extension of Draft Approval	\$9,773	\$9,234	-6%
Revision of Draft Approved Plan / Draft Plan Conditions	-	-	-
Major	\$19,143	\$20,494	7%
Minor	\$6,050	\$7,035	16%
Request for Subdivision Agreement (1st)	\$64,122	n/a	
Request for Subdivision Agreement (Subsequent)	\$45,047	n/a	
<b>Plan of Condominium</b>			
Condominium Fee	\$48,795	\$55,476	14%
Extension of Condominium Draft Approval	\$9,773	\$8,921	-9%
Revision of Condominium Draft Approved Plan	\$13,187	\$12,038	-9%
<b>Site Plan (Residential)</b>			
Planning Base	\$13,588	\$20,151	n/a
Planning Unit Fee	\$2,316	\$671	n/a
Planning Calculated GFA Fee	\$6.32	n/a	

Type of Application	Current Fees - 2023	Calculated FCR Fee	Difference (%) <sup>(2)</sup>
Urban Design Base	\$13,588	n/a	
Urban Design % Fee	\$2,316	n/a	
Urban Design Calculated GFA Fee	\$6.32	n/a	
Engineering Base	\$9,906	\$10,381	n/a
Engineering % Fee	14.4%	n/a	
Engineering Calculated GFA Fee	\$6.32	n/a	
Residential Additions / Alterations (per unit)	\$2,800	\$2,965	6%
<b>Site Plan (ICI)</b>			
Planning Base	\$13,588	\$20,151	n/a
Planning Calculated GFA Fee	\$6.32	\$1.83	n/a
Urban Design Base	\$13,588	n/a	
Urban Design % Fee	\$2,316	n/a	
Urban Design Calculated GFA Fee	\$6.32	n/a	
Engineering Base	\$9,906	\$10,381	5%
Engineering % Fee	14.4%	n/a	
Engineering Calculated GFA Fee	\$6.32	n/a	
<b>Site Plan - Parking Lot or Outdoor Patio</b>			
Planning Review Fee	\$4,940	\$10,216	n/a
Urban Design Review	\$1,004	n/a	
Engineering Review	\$1,004	n/a	
Expansion / Alteration of Existing Parking Lot or Outdoor	\$4,470	\$4,546	2%
Planning Review Fee	\$2,462	n/a	
Urban Design Review	\$1,004	n/a	
Engineering Review	\$1,004	n/a	
Extension or Minor Applications	\$2,345	\$2,164	-8%
Minor Applications - Planning Review Fee	\$4,277	\$2,778	-35%
Minor Applications - Urban Design Review Fee	\$957	n/a	

Type of Application	Current Fees - 2023	Calculated FCR Fee	Difference (%) <sup>(2)</sup>
<b>Heritage Site Plan</b>			
Residential	-	-	
ICI Less than 50m2	\$1,407	\$2,778	n/a
50m2 or greater	-	n/a	
Façade Changes	\$1,004	\$2,778	n/a
<b>Consent to Sever</b>			
Base Fee	\$15,329	\$14,143	-8%
Unit Fee	\$2,316	\$2,137	-8%
Land Area Fee	\$22,959	\$21,183	-8%
Maximum Fee	\$44,578	\$41,130	-8%
Other Consent	\$8,033	\$7,412	-8%
Change of Condition prior to final consent	\$2,021	\$1,865	-8%
Re-Application of Provisionally approved Consent	\$6,425	\$6,062	-6%
<b>Minor Variance</b>			
Development Standards	\$6,653	\$6,663	0%
Residential Small Scale	\$2,824	\$2,828	0%
Variance with respect to use	\$15,329	\$15,351	0%
Technical Variance	\$2,316	\$2,319	0%
Multiple Variances - Base	\$11,203	\$11,219	0%
Multiple Variances - Unit Fee	\$2,316	\$2,319	0%
<b>Maximum Fee</b>	\$58,167	\$58,252	0%
Sign Fee	\$40	n/a	
Re-Application Consent	\$6,425	\$6,062	-6%
MZO	\$9,036	\$14,439	60%
Deeming Bylaw	\$9,773	\$3,910	-60%
Exemption from Part Lot	\$9,773	\$11,332	16%
Telecommunication Tower	\$23,561	\$29,460	25%
Model Home/Sales Trailer	\$6,102	\$2,850	-53%
Heritage Permit	\$643	\$1,286	100%
Townhouse Siting	\$709	\$556	-22%
SALT	\$6,546	\$7,544	15%

Type of Application	Current Fees - 2023	Calculated FCR Fee	Difference (%) <sup>(2)</sup>
Construction Management Plan Review	\$5,676	\$1,804	-68%
Shoring/Hoarding Encroachment Plan	\$5,930	\$10,681	80%
Supplementary Major Recirculation	\$7,431	n/a	
Supplementary Minor Recirculation	\$603	n/a	

Notes:

(1) Table above refers only to fees under the planning fee by-law and does not include fees levied by the City for other services.

(2) Difference column only shown for fees where fee structure has not been changed.

It is noted that, given s.69 (2) of the *Planning Act* that allows fees to be waived for any application, Council could consider passing a formal policy that would reduce or waive fees for any application that:

- requires less time and resources to process than a typical application; and
- substantially contributes to the long-term strategic objectives of the City.

It is recommended that fees be updated annually, through an indexing provision in the fee by-law if necessary, to incorporate the effects of inflation. Finally, it is recommended that the City conduct a future comprehensive fee review to determine whether a reasonable nexus between fee revenues and service costs still exist.

## B. Recommendations on Future Fee Structure

Recommendations on the changes to the development application fee structure are set out below and in Appendix B. In making these recommendations, the following principles have been applied:

- **Full cost recovery** – The fee structure should ensure that all services provided under the *Planning Act* are covered by the fees. Moreover, the full direct and indirect costs of providing services should be understood when setting the maximum potential fees. As noted above, direct costs include those costs that directly relate to reviewing applications. Indirect costs include those costs related to supporting and administering a service. Future anticipated costs that may not currently exist should also be considered. Such costs, for example, could include the cost of additional resources (e.g. staff) for the added workload arising from legislative changes. Lastly, annual contributions to a reserve fund to manage periods of low activity should be considered.
- **Fairness** – There should be a reasonable relationship between what a developer pays in the planning fee and the cost to review their application. It is important to note that the limitation on fees in the *Planning Act* applies to each application type not each application. Thus, the fees charged to an individual applicant are not necessarily limited by the cost of reviewing that specific application. Nevertheless, the fee structure should provide for more complex applications that require significant time for review to pay higher fees.
- **Flexibility** – refers to how easily the fees can be changed to meet changing budgetary requirements or reduced for individual applicants. In the first respect, the planning fees are quite practical since the mechanism for increasing the fees is relatively straightforward and it is done annually. However, a drawback is that fees are less easily

adjusted to reflect major changes in expenditures or review processes without a comprehensive fee study. In addressing fairness for individual applications, there is a mechanism under the *Planning Act* to waive or reduce (but not increase) any application fee on a case by case basis.

- **Certainty** – refers to whether the amount of the fee payable, and the time and manner of payment, is predictable (from the perspective of those who pay the fee as well as the City, which relies on the revenue). Moving from fee payments in stages for subdivision and site plan applications to a one-time payment system at the time of submission of a complete application would improve certainty. A one-time payment is also the norm among the GTA benchmarks. As well, reducing the number of fees, particularly for site plan applications, would make the amount of the total fee clearer for developers and City staff alike.
- **Accountability** – refers to how sure applicants (and taxpayers) can be that the fee revenues are being used appropriately. For developers, the amount to be paid in fees is very clearly set out by by-law and it is therefore highly visible. There is also a right of appeal to the Ontario Land Tribunal for any fee paid (unlike for building permit fees). Through its *Development Fee and Building Fee By-laws Update (All Wards)*, released in November, City staff comment on the cost of planning review services, future application volumes, and the state of the Development Fee Reserve Fund. Final recommendations on how best to improve this annual report will be made at the conclusion of the comprehensive fee review.
- **Efficiency** – refers to how the City’s fees compare to other municipalities providing similar services. While fees rates may be expected to vary from one municipality to another to reflect different service standards, costs, complexity of applications, and cost recovery

policies, the City should strive to ensure its fees are within a “benchmark range” of large, fast-growing municipalities in the GTA.

Based on these fee setting principles, the recommendations on the changes to the planning application fee structure:

- seek to maintain the structure of fees for pre-consultation, official plan amendments, and zoning by-law amendments;
- merge Planning and Urban Design fees for subdivision and site plan applications;
- maintain the combined “base + variable” fee approach to subdivision and site plan applications (for residential and non-residential) but reduce the number of variables used to calculate fees to:
  - a per unit fee for plans of subdivision, to a cap of \$500,000 or 200 units, whichever is greater;
  - a single per unit fee for residential site plans (with no separate per unit fees based on unit type), to a cap of \$500,000 or 775 units, whichever is greater;
  - a GFA-based fee for non-residential (ICI) site plans;
- maintain engineering review fees for subdivisions based on:
  - a flat fee collected at draft plan of subdivision application admission, plus
  - a separate fee based on a percentage of construction costs of municipal infrastructure works associated with the plan of subdivision, as prepared by the developer’s Consulting Engineer. The construction costs should include erosion and sediment controls, underground and above-ground works, streetlights, etc. plus a 10% contingency, as per the current by-law. A sliding scale approach based on 10% of construction costs for the first \$1

million in construction costs, 8% of construction costs for costs between \$1 million and \$3 million, 6% of construction costs for costs between \$3 million and \$5 million, and 4% of construction costs greater than \$5 million, should be introduced to reflect declining marginal costs;

- combine fees for requests for subdivision agreement with the standard subdivision planning fee;
- implement a single flat rate condominium fee;
- maintain flat fees for extensions and revisions for subdivision and condominium applications;
- remove all residential small development fees for site plan control for developments of 10 units or less;
- move to flat fees (i.e. a “base” fee per application with no variable rate over and above the base fee) for engineering review of site plan control (for residential and ICI) as the fees would cover review of site plan matters only, such as transportation and stormwater review works. The City will implement a new, separate “municipal servicing agreement” fee(s) under the new Municipal Services By-law, authorized under the *Municipal Act*. This new fee would remain based on a percentage of the cost of municipal infrastructure works associated with site plan per the current by-law definition, but excluding internal works;
- for site plan applications, combine fees for additions and alterations into one fee;
- for ICI site plan applications, eliminate special overnight or longer stay units fees—i.e. impose a single standard fee for all ICI applications;



- move from fee payments in stages for subdivision and site plan applications to a one-time payment system at the time of submission of a complete application;
- generally maintain the current fee structure for minor variances, consents, supplementary fees and miscellaneous fees. Clarify the basis of fees for an exemption from part lot control; and
- Create a new “Community Infrastructure Housing Accelerator” fee, equivalent to the fee for a Major OPA and Major Zoning By-law Amendment, to expedite the rezoning of a property.

Finally, separate fees under the *Municipal Act* should be maintained/ introduced to cover costs associated with site alteration (SALT) permits, residential infill and grading (RIGS) applications, external municipal works agreements, and dewatering, all of which are non-planning matters.

## 6. Jurisdictional Review and Fee Benchmarking

In making recommendations about changes to the fee structure a comparison of the fees and fee structure in Markham with those imposed in similar and surrounding jurisdictions has been made. Generally, Markham's fees are on the higher end of the range of other municipal planning fees and, for some application types, are more complex to calculate and predict.

It is noted that comparing planning fees across the GTA is a challenge. In two-tier jurisdictions, the division of labour between upper- and lower-tier municipalities is not always uniform. Moreover, the basis of many fees is inconsistent, with municipalities imposing a range of flat fees, variable rate fees, and combined flat/variable approaches for the same services. As well, fee comparisons do not account for:

- differences in service standards that may exist between municipalities, for example the time taken to process an application;
- differences in the cost to provide reviews between municipalities. Municipalities with higher standards of urban design may, for example, require additional time to review applications;
- differences in the complexity of applications between municipalities; and
- fees in some municipalities not being set to recover the full cost of service.

### A. Comparison of Current Fee Rates

Most planning fees are either imposed as flat fees or fees that vary according to the characteristics of the proposed development. Table 15

overleaf compares selected flat fees currently imposed in Markham with equivalent fees in similar-sized municipalities in the GTA. The table shows that for most categories, Markham’s flat fees fall within the high end of the GTA benchmark range. Specifically, fees for:

- official plan/secondary plan amendments are generally in line with the benchmark range, except for major applications, which are the highest in the range;
- rezonings are in the upper end of the benchmark range, with fees for major applications and application to remove a holding symbol being the highest in the range; and
- part lot control are within in the benchmark range when accounting for variable per lot rates imposed by other municipalities.

The exception is the City’s current \$791 flat fee for pre-consultations, which is significantly lower than equivalent fees charged in Vaughan (\$5,723), Mississauga (\$5,331), and Brampton (\$5,000). Given the increasing demand for pre-consultation services, and the increased need to ensure that applications are submitted as “complete” given the reduced application review timeframes, the City’s current pre-consultation fee rates and associated costs should be carefully analyzed.

Table 15 compares selected combination (base + variable) fees for more complex applications for site plan control and plans of subdivision and condominium in Markham with similar fees in GTA municipalities. The table calculates the fees payable in each municipality for “typical” development proposals, with the characteristics of typical proposals set out below the table.

As with the flat fees, the combination fees for site plans and subdivisions in Markham are the highest in the benchmark range. However, fees for plans

of condominium fall below the benchmark average, and well below equivalent fees charged in Brampton, and Oakville.

## **B. Comparison of Proposed Fee Rates**

Table 15 also compares how the proposed fees compare to fees in similar and surrounding municipalities in the GTA. The proposed fees now generally fall well within the municipal benchmark range.

**Table 15: Fee Benchmark with Select GTA Municipalities**

Application Type	Vaughan	Richmond Hill	Brampton	Mississauga	Oakville	Whitby	Benchmark Average	Benchmark Median	Markham (Current)	Markham (Calculated)
			NB. Excludes Peel Region Fees For Local Engineering 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	\$ 31,419
Major	\$ 65,357	\$ 56,709	\$ 14,166	\$ 94,906	\$ 34,310	\$ 37,546	\$ 50,499	\$ 47,128	\$ 82,797	\$ 83,513
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	\$ 30,387
Major	\$ 52,061	\$ 15,031	\$ 51,122	\$ 122,974	\$ 34,510	\$ 27,589	\$ 50,548	\$ 42,816	\$ 58,167	\$ 56,491
Part Lot Control (10 lots, 1 extension)	\$ 15,823	\$ 2,591	\$ 11,788	\$ 10,408	\$ 14,232	\$ 14,913	\$ 11,626	\$ 13,010	\$ 9,773	\$ 11,332
Site Plan										
Small Development	\$ 98,384	\$ 91,218	\$ 38,807	\$ 103,581	\$ 93,049	\$ 146,218	\$ 95,210	\$ 95,717	\$ 250,039	\$ 53,720
Large Development	\$ 233,720	\$ 189,820	\$ 169,307	\$ 174,651	\$ 130,599	\$ 209,611	\$ 184,618	\$ 182,236	\$ 548,573	\$ 225,329
Plan of Subdivision										
Small Development	\$ 213,060	\$ 83,142	\$ 52,347	\$ 107,871	\$ 165,862	\$ 158,653	\$ 130,156	\$ 133,262	\$ 349,919	\$ 196,869
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	\$ 1,340,046
Plan of Condominium	\$ 44,150	\$ 25,258	\$ 80,052	\$ 22,127	\$ 214,896	\$ 12,650	\$ 66,522	\$ 34,704	\$ 48,795	\$ 55,476

## C. Site Plan and Subdivision Example Calculations

In estimating the proposed fees for “typical” small and large subdivision and site plan applications, the following assumptions have been used:

### i. Small Subdivision

<b>Number of Dwellings (singles and semis)</b>	20
<b>Net Site Area (ha)</b>	1
<b>Landscaping Construction Value</b>	\$15,000
<b>Non Res Space sq.m.</b>	1,000
<b>Engineering Works Construction Value</b>	\$1,000,000

<b>Markham Current Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 44,578	Per Application	1	\$ 44,578
Unit Fee	\$ 2,316	Units	20	\$ 46,320
Land Area	\$ 22,959	Per hectare	1	\$ 22,959
<b>Urban Design Review Fee</b>				
<i>Community Planning</i>				
Base Fee	\$ 10,108	Per Application	1	\$ 10,108
Unit Fee	\$ 442	Units	20	\$ 8,840
Land Area	\$ 22,959	Per hectare	1	\$ 22,959
<i>Landscape Review</i>				
Calculated Fee (the greater of)	\$ 764	Per Unit/Lot	20	\$ 15,280
	15.70%	Construction Cost	\$ 15,000	\$ 2,355
<b>Engineering Review Fee</b>				
<i>Landscape Review</i>				
Calculated Fee (the greater of)	\$ 2,276	Per Unit/Lot/Block	20	\$ 45,520
	13.10%	Construction Cost	\$ 1,000,000	\$ 131,000
<b>Total</b>				<b>\$ 349,919</b>

<b>Markham FCR Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 44,234	Per Application	1	\$ 44,234
Unit Fee	\$ 2,632	Units	20	\$ 52,635
<b>Engineering Review Fee</b>				
	Tiered	Construction Cost	\$ 1,000,000	\$ 100,000
<b>Total</b>				<b>\$ 196,869</b>

ii. Large Subdivision

<b>Number of Dwellings (singles and semis)</b>	120
<b>Net Site Area (ha)</b>	6
<b>Landscaping Construction Value</b>	\$100,000
<b>Non Res Space sq.m.</b>	5,000
<b>Engineering Works Construction Value</b>	\$20,000,000

<b>Markham Current Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 44,578	Per Application	1	\$ 44,578
Unit Fee	\$ 2,316	Units	120	\$ 277,920
Land Area	\$ 22,959	Per hectare	6	\$ 137,754
<b>Urban Design Review Fee</b>				
<i>Community Planning</i>				
Base Fee	\$ 10,108	Per Application	1	\$ 10,108
Unit Fee	\$ 442	Units	120	\$ 53,040
Land Area	\$ 22,959	Per hectare	6	\$ 137,754
<i>Landscape Review</i>				
Calculated Fee (the greater of)	\$ 764	Per Unit/Lot	120	\$ 91,680
	15.70%	Construction Cost	\$ 100,000	\$ 15,700
<b>Engineering Review Fee</b>				
<i>Landscape Review</i>				
Calculated Fee (the greater of)	\$ 2,276	Per Unit/Lot/Block	120	\$ 273,120
	13.10%	Construction Cost	\$ 20,000,000	\$ 2,620,000
<b>Total</b>				<b>\$ 3,661,654</b>

<b>Markham FCR Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 44,234	Per Application	1	\$ 44,234
Unit Fee	\$ 2,632	Units	120	\$ 315,812
<b>Engineering Review Fee</b>				
	Tiered	Construction Cost	\$ 20,000,000	\$ 980,000
<b>Total</b>				<b>\$ 1,340,046</b>



### iii. Small Site Plan Application

<b>Number of Dwellings</b>	20
<b>Non Residential Space sq.m.</b>	-
<b>Building GFA</b>	560
<b>Internal Engineering Works Construction Value</b>	\$1,000,000
<b>External Engineering Works Construction Value</b>	\$0
<b>Landscaping Construction Value</b>	\$15,000
<b>Total GFA of Development sq.m.</b>	1,960
<b>Underground Parking sq.m.</b>	-
<b>Site Area sq.m.</b>	4,500

<b>Markham Current Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 13,588	1	Per Application	\$ 13,588
Unit Fee	\$ 2,316	20	Units	\$ 46,320
Calculated GFA Fee	\$ 6.32	560	m2	\$ 3,539
<b>Urban Design Fee</b>				
Base Fee	\$ 5,556	1	Per Application	\$ 5,556
Percentage Fee	15.70%	\$ 15,000	Cost of Construction	\$ 2,355
GFA Fee	\$ 6.32	1,960	m2	\$ 12,387
<b>Engineering Fee</b>				
Base Fee	\$ 9,906	1	Per Application	\$ 9,906
Percentage Fee	14.40%	\$ 1,000,000	Cost of Construction	\$ 144,000
GFA Fee	\$ 6.32	1,960	m2	\$ 12,387
<b>Total</b>				<b>\$ 250,039</b>

<b>Markham FCR Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 20,151	1	Per Application	\$ 20,151
Unit Fee	\$ 671	20	Units	\$ 13,417
<b>Engineering Fee</b>				
Base Fee	\$ 20,151	1	Per Application	\$ 20,151
Percentage Fee	0.00%	\$ -	Cost of Construction	\$ -
<b>Total</b>				<b>\$ 53,720</b>

\* Not including External Site Works

#### iv. Large Site Plan Application

<b>Number of Dwellings</b>	100
<b>Non Residential Space sq.m.</b>	3,000
<b>Building GFA</b>	2,800
<b>Internal Engineering Works Construction Value</b>	\$1,000,000
<b>External Engineering Works Construction Value</b>	\$5,000,000
<b>Landscaping Construction Value</b>	\$15,000
<b>Total GFA of Development sq.m.</b>	9,800
<b>Underground Parking sq.m.</b>	-
<b>Site Area sq.m.</b>	3,000

<b>Markham Current Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 13,588	1	Per Application	\$ 13,588
Unit Fee	\$ 2,316	100	Units	\$ 231,600
Calculated GFA Fee	\$ 6.32	2,800	m2	\$ 17,696
<b>Urban Design Fee</b>				
Base Fee	\$ 5,556	1	Per Application	\$ 5,556
Percentage Fee	15.70%	\$ 15,000	Cost of Construction	\$ 2,355
GFA Fee	\$ 6.32	9,800	m2	\$ 61,936
<b>Engineering Fee</b>				
Base Fee	\$ 9,906	1	Per Application	\$ 9,906
Percentage Fee	14.40%	\$ 1,000,000	Cost of Construction	\$ 144,000
GFA Fee	\$ 6.32	9,800	m2	\$ 61,936
<b>Total</b>				<b>\$ 548,573</b>
<b>Markham FCR Fee</b>				
<b>Fee Schedule</b>	<b>Fee Amount</b>	<b>Unit</b>	<b>Unit Measurement</b>	<b>Total Cost</b>
<b>Planning Review Fee</b>				
Base Fee	\$ 20,151	1	Per Application	\$ 20,151
Unit Fee	\$ 671	100	Units	\$ 67,086
<b>Engineering Fee</b>				
Base Fee	\$ 20,151	1	Per Application	\$ 20,151
Percentage Fee	Tiered	Construction Cost	\$ 1,000,000	\$ 100,000
GFA Fee	\$ 1.83	9,800	m2	\$ 17,941
<b>Total</b>				<b>\$ 225,329</b>

## D. Comparison of Fee Structures

Not all development applications are alike, even within the same fee category. Some applications are more complex than others and require greater time for review as well as broader circulation among staff. Many municipalities' therefore reflect the additional cost associated with reviewing complex applications in their tariff of planning fees by imposing a "base" fee, which is intended to cover the cost common to all applications, plus a "variable" fee based on the complexity of the application. This approach is most common for site plan and subdivision applications; and less so for Official Plan amendment, rezoning, plan of condominium, and consent applications.

The variables used include the number of units in a building (typically for residential development), the size of building (for non-residential development), the site area (for landscape and urban design review), and the construction value of municipal infrastructure (for development engineering review). Ideally, variables should be easy to measure and there should be a reasonable correlation between the variable and the level of effort involved in the review. However, detailed information about the development is not always available at the time of application and definitions of area and construction value are not always agreed on.

The most common variable used in the GTA is the number of residential units proposed for a site. Depending on the circumstances, the number of units can be used as a proxy for the amount of developed land area, the demand on municipal services (on site and off site), the amount of traffic entering and existing the site, and the complexity of exterior design requirements (as many municipalities have separate design guidelines for tall buildings with more units).

For engineering reviews, where the level of effort is driven mainly by the size and complexity of municipal infrastructure, the most common variable used

to determine the associated application fee is the construction cost of the infrastructure, plus appropriate contingencies, with the fee rate being a percentage of construction cost. Markham's engineering fee rate ranges between 13% and 14% depending on the application type, which is among the highest of its kind in the GTA benchmark range.

In using residential units or other variables to reflect complexity, fees should reflect economies of scale and the declining marginal costs associated with large applications. Many GTA municipalities reduce some of their planning application fees through either a fee cap or a declining per unit rate above certain building size thresholds. Table 14 shows that:

- no municipality imposes a cap or uses a scaled approach to reflect declining marginal costs for official plan amendments;
- caps and/or scaled approaches to subdivision and condominium applications are relatively rare, except among large municipalities with significant greenfield development (e.g. Vaughan, Oakville, Brampton);
- caps and/or scaled approaches are more common for rezoning application fees, except among York Region municipalities; and
- caps and/or scaled approaches are the norm for site plan application fees.

Markham uses caps to limit its minor variance and consent fees. It is somewhat unusual in not imposing a cap or using a scaled approach to reflect declining marginal costs for any of its application fees for its site plan planning fees. As a result, large site plan developments in Markham can be charged significant variable rate fees that may not always reflect the cost of review services.

Markham is also distinguishable by having the most individual fees for site plan applications within the GTA benchmark. The additional fees include

separate fees for planning and urban design, whereas most municipalities charge combined fees for these services, as well as numerous variable fee rates. There are therefore opportunities to simplify the City's site plan fee structure. For all other fee categories, the number of individual fees in Markham falls well within the GTA benchmark range (see Table 16).

**Table 16: GTA Benchmark Number of Fee Types**

Application Type	Vaughan	Richmond Hill	Whitchurch-Stouffville	East Gwillimbury	Brampton	Mississauga	Oakville	Whitby	Benchmark Avg	Markham (Prev.)	Markham (New)
Pre-Consultation	2	1	5	0	1	1	3	1	2	1	1
Official Plan/Secondary Plan Amendment	7	5	6	2	1	11	2	4	5	2	2
ZBA	16	8	10	4	7	10	13	7	9	3	3
Plan of Subdivision	33	8	9	12	11	16	10	10	14	13	6
Plan of Condominium	2	8	13	7	11	14	7	3	8	4	3
Site Plan	37	35	19	14	8	29	11	21	22	46	10
Minor Variance	6	6	4	3	2	6	8	4	5	8	7
Consent/ Land Division	5	10	6	5	2	7	6	1	5	7	7
<b>Total</b>	<b>108</b>	<b>81</b>	<b>72</b>	<b>47</b>	<b>43</b>	<b>94</b>	<b>60</b>	<b>51</b>	<b>70</b>	<b>84</b>	<b>39</b>

Note: Table shows the number of line items in each municipal by-law for each application type.

# APPENDIX A

## DEVELOPMENT TIME SHARES









# APPENDIX B

## RECOMMENDED FEE STRUCTURE CHANGES

<b>Fee type</b>	<b>Current Structure</b>	<b>Recommended Changes</b>	<b>FCR Fee</b>
Pre-consultation	One-time flat fee	No change to structure to reflect relatively standard level of effort for all applications	\$963
Official Plan Amendment / Secondary Plan	Major and Minor one-time flat fees	Keep current structure	Major : \$86,513 Minor : \$31,419
Zoning Bylaw Amendment	Major, Minor and Removal of "H" (Holding) Provision one-time flat fees	Keep current structure	Major: \$56,491 Minor: \$30,387 Removal of the H: \$9,969
Plan of Subdivision	<b>Planning Fees:</b> <ul style="list-style-type: none"> <li>▪ Base</li> <li>▪ Per Unit</li> <li>▪ Land Area</li> </ul> <b>Urban Design Fees:</b> <ul style="list-style-type: none"> <li>▪ Base</li> <li>▪ Unit fee</li> <li>▪ Land Area</li> <li>▪ Landscape Review – Greater of a per unit/lot OR % of Construction Cost</li> </ul>	Merge Planning and Urban Design Fees Maintain Base + 1 Variable (\$/Unit OR \$/GFA) structure to a cap of \$500,000 or 200 units, whichever is greater.	Base Fee: \$44,234 & Per Unit Fee: \$2,632

Fee type	Current Structure	Recommended Changes	FCR Fee
Plan of Subdivision (Engineering)	Engineering Fees <ul style="list-style-type: none"> <li>▪ Greater of Per Unit/Lot/Block OR % of Construction cost</li> </ul>	Move to Engineering Fee based on % of construction costs of internal and external works & tiered	Engineering Residential Fee: 10% of construction cost on the first \$1 million, 8% between \$1,000,001 and \$3 million, 6% between \$3,000,001 and \$5 million, and 4% on costs over \$5,000,001
Plan of Subdivision (Other)	Miscellaneous (Per Application) <ul style="list-style-type: none"> <li>▪ Extension of Draft Plan Approval</li> <li>▪ Revision of Draft Approved Plan / Conditions (Major – Requires report to Committee/ Minor)</li> </ul> Request for Subdivision Agreement (First Phase and Subsequent Phases differentiated)	Maintain flat fees for extensions and revisions. Combine requests for subdivision agreement with regular subdivision fee	Extension of Draft Approval: \$9,234  Revision of Draft Approved Plan / Draft Plan Conditions:  Major: \$20,494  Minor: \$7,035

Fee type	Current Structure	Recommended Changes	FCR Fee
Plan of Condominium	Condominium Fee All other Condominium types not in description of above Extension of Condominium Draft Approval Revision of Condominium Draft Approved Plan	Merge standard Condominium Fee with “All other Condominium types” into a single fee Maintain flat fees for extensions and revisions	Condominium Fee: \$55,476 Extension of Condominium Draft Approval: \$8,921 Revision of Condominium Draft Approved Plan: \$12,038
Site Plans (Residential) - Planning	Residential Small Developments Residential Large Developments <ul style="list-style-type: none"> <li>▪ Planning: Base Fee + Unit fee + GFA</li> <li>▪ Urban Design: Base Fee + % fee + GFA</li> </ul> Additions and Alteration <ul style="list-style-type: none"> <li>▪ Small developments under 50m<sup>2</sup> &amp; 50-100m<sup>2</sup></li> <li>▪ Developments greater than 100m<sup>2</sup></li> <li>▪ Planning</li> <li>▪ Urban Design</li> <li>▪ Engineering</li> <li>▪ Residential driveways or parking areas</li> </ul>	Remove all residential small development fees Merge Urban Design and Planning fees Base + 1 variable (\$ per Unit) to a cap of \$500,000 or 775 units, whichever is greater  Combine fees for additions and alterations into one fee	Residential Planning Base: \$20,151 & Per Unit: \$671

Fee type	Current Structure	Recommended Changes	FCR Fee
Site Plans (Residential) - Engineering	<ul style="list-style-type: none"> <li>▪ Engineering: Base Fee + % fee + GFA</li> </ul>	<p>Move to a flat fee for Engineering review as it will cover “internal works” only, and mostly transportation work.</p> <ul style="list-style-type: none"> <li>▪ City will implement separate exterior municipal servicing works agreement fee(s) (under Municipal Service By-law – <i>Municipal Act</i>)</li> </ul>	<p style="text-align: center;">Engineering Base: \$10,381 Residential Additions Alterations (per unit): \$2,965</p>



Fee type	Current Structure	Recommended Changes	FCR Fee
Site Plans (ICI)	<ul style="list-style-type: none"> <li>▪ Differentiated by units accommodating overnight stay and those that do not</li> <li>▪ Planning: Base Fee + GFA</li> <li>▪ Urban Design: Base Fee + % fee + GFA</li> <li>▪ Engineering: Base Fee + % fee + GFA</li> </ul>	<p>Remove overnight or longer stay units fees—impose single ICI rate</p> <p>Merge Urban Design and Planning fees</p> <p>Base + 1 variable (\$/GFA)</p> <p>Move to a flat fee for Engineering review as it will cover “internal works” only, and mostly transportation work.</p> <ul style="list-style-type: none"> <li>▪ City to implement separate exterior municipal servicing works agreement fee(s) (under Municipal Service By-law, <i>Municipal Act</i>)</li> </ul> <p>Implement cap on total site plan fees payable</p>	<p>Planning Base: \$20,151 &amp; Calculated GFA Fee: \$1.83</p> <p>Engineering Base: \$10,381</p>
Site Plans – Parking Lot or Outdoor Patio	<ul style="list-style-type: none"> <li>▪ Parking Lot or Outdoor Patio</li> <li>▪ Expansion/alteration of existing parking lot and outdoor patio</li> </ul>	<p>Consolidate parking lot/outdoor patio, extension, and minor application fees</p>	<p>Parking Lot/Outdoor Patio Base: \$10,216</p> <p>Expansion / Alteration of Existing Parking Lot / Outdoor Patio: \$4,546</p>

<b>Fee type</b>	<b>Current Structure</b>	<b>Recommended Changes</b>	<b>FCR Fee</b>
Site Plan – Extensions	<ul style="list-style-type: none"> <li>Extensions</li> </ul>	Consolidate parking lot/outdoor patio, extension	Extension of Minor Applications: \$2,164
Residential & ICI - Heritage Site Plan	<ul style="list-style-type: none"> <li>ICI – less than 50m<sup>2</sup> Minor rate</li> <li>ICI Façade changes – minor rate</li> </ul>	Same fee for both minor and façade change fees	Minor Application Review Fee: \$2,778
Minor Variance	Varied charges based on type of application Agreement fee broken down by Planning, Urban Design and Engineering	Current structure is appropriate Sign fee should be rolled into application cost	Development Standards \$6,663  Residential Small Scale \$2,828  Variance with respect to use \$15,351  Technical Variance \$2,319  Multiple Variances – Base: \$11,219  Multiple Variances - Unit Fee \$2,319  Multi-Variance Maximum \$58,252

Fee type	Current Structure	Recommended Changes	FCR Fee														
Consent	Varied charges based on type of application Agreement fee broken down by Planning, Urban Design and Engineering	Current structure is appropriate Sign fee should be rolled into application cost	<table border="0"> <tr> <td>Base Fee</td> <td>\$14,143</td> </tr> <tr> <td>Unit Fee</td> <td>\$2,137</td> </tr> <tr> <td>Land Area Fee</td> <td>\$21,183</td> </tr> <tr> <td>Maximum Fee</td> <td>\$41,130</td> </tr> <tr> <td>Other Consent</td> <td>\$7,412</td> </tr> <tr> <td>Change of Condition prior to final consent</td> <td>\$1,865</td> </tr> <tr> <td>Re-Application Consent</td> <td>\$6,062</td> </tr> </table>	Base Fee	\$14,143	Unit Fee	\$2,137	Land Area Fee	\$21,183	Maximum Fee	\$41,130	Other Consent	\$7,412	Change of Condition prior to final consent	\$1,865	Re-Application Consent	\$6,062
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Re-Application Consent	\$6,062																

Fee type	Current Structure	Recommended Changes	FCR Fee
Supplementary & Miscellaneous	Various charges for specific administrative tasks and other similar requests	<p>Implement new flat fee for “Community Infrastructure Housing Accelerator” approval equivalent to fee for Official Plan Amendment (Major) and Major Zoning By-law Amendment</p> <p>No other changes proposed</p>	<p>MZO \$14,439</p> <p>Deeming Bylaw \$3,910</p> <p>Exemption from Part Lot \$11,332</p> <p>Telecommunication Tower \$29,460</p> <p>Model Home/Sales Trailer \$2,850</p> <p>Heritage Permit \$1,286</p> <p>Townhouse Siting \$556</p> <p>Construction Management Plan Review \$1,804</p> <p>Shoring/Hoarding Encroachment Plan \$10,681</p>
Non-Planning Act Fees	Site Alteration (SALT) Residential Infill and Grading (RIGS) External Municipal Works Dewatering	Not “planning matters” under the Planning Act so should be imposed under separate by-law(s) under <i>Municipal Act</i> authority	