



2024 Development Fee, Building, and City-wide Fee By-laws

**Development Services Committee
December 4, 2023**



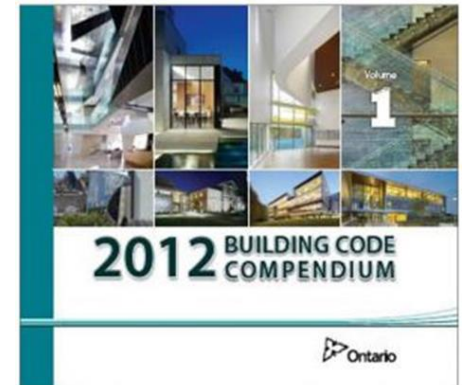
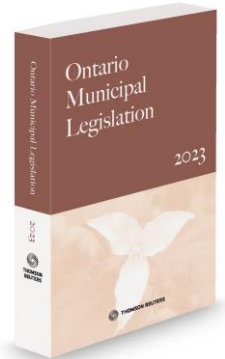
Outline

- Introduction
- Development Application Fees
 - Study objectives and conclusions
 - Proposed fees and changes to the Development Fee By-law and City-wide Fee By-law
 - Comparison of fees with other municipalities
- Building Fees
 - Proposed Building By-law changes



Introduction

- Municipalities have the legislated authority to collect reasonable fees to administer the *Planning Act*, *Building Code Act*, and *Municipal Act*
- Planning & Urban Design, Engineering and Building Standards rely upon these fees to pay for 100% of the costs to process applications
- Council enacts bylaws to set fees for development applications and building permits
- Fees are adjusted annually to cover the anticipated reasonable costs [direct & indirect] to process applications
- *Building Code Act* requires notice to hold a public meeting when a change is proposed to building permit fees





Development Application Fees Study Objectives

Phase 1:

- Conduct a review of the City's direct and indirect costing models and fee structure
- Review the legislative framework that permits collection of development application fees under the Planning Act and Municipal Act
- Undertake a jurisdictional scan of development application fees of other municipalities

Phase 2:

- Analyze the full cost of providing development application review service
- Calculate full cost recovery of fees
- Prepare a new Development Fee By-law that's simplified for ease of navigation, application, and administration



Methodology

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



Study Recommendations for Implementation

- Major reductions to site plan and subdivision fees
- Overall development application fees to be reduced to align with full cost recovery
- Fee structure to be simplified
- New full cost recovery fees brings Markham in line with GTA municipalities
- Contributions to fee reserve fund to be discontinued until next fees study update



Developers and BILD Consulted

Milestone	Date
BILD meeting - scope and timing	February 3, 2023
BILD meeting – work plan, high level methodology	April 6, 2023
BILD meeting – project schedule, detailed methodology	April 25, 2023
Markham City Builders Forum meeting – project schedule, detailed methodology	May 11, 2023
Fee structure and benchmarking memo	July 7, 2023
BILD meeting – follow up from July 7 memo	July 25, 2023
Written response to BILD comments	August 31, 2023
BILD meeting – full cost recovery analysis, proposed fees, reserve fund recommendations	September 28, 2023
Markham City Builders Forum – summarize Oct.31, 2023 DSC presentation	November 9, 2023



Full Cost Recovery Analysis

Costs vs Revenue	
2024 (estimated) Direct Costs (salaries, non-personnel, office space)	\$12.854 million
2024 (estimated) Indirect Costs (corporate overhead)	\$3.161 million
Total Costs	\$16.015 million
Development application revenue has exceeded costs:	
2019 development application revenue	\$13.3 million
2020 development application revenue	\$23.6 million
2021 development application revenue	\$32.6 million
2022 development application revenue	\$33.6 million



Impact of New Site Plan Fees

Small Development	Large Development
<ul style="list-style-type: none">• 20 Units• 1,960 m² GFA• \$1M onsite engineering works• \$0 offsite engineering works	<ul style="list-style-type: none">• 100 units• 9,800 m² GFA• \$1M onsite engineering works• \$5M offsite engineering works
<ul style="list-style-type: none">• Current Fees: \$250,040 (9 fee types)	<ul style="list-style-type: none">• Current Fees: \$1,278,479 (9 fee types)<ul style="list-style-type: none">- Site Plan: \$548,573- Municipal Services Agreement: \$720,000
<ul style="list-style-type: none">• Proposed Fees: \$44,050 (3 fee types)<ul style="list-style-type: none">- Site Plan - \$44,050- Municipal Services Agreement - \$0	<ul style="list-style-type: none">• Proposed Fees: \$477,719 (4 fee types)<ul style="list-style-type: none">- Site Plan: \$97,719- Municipal Services Agreement: \$388,000
82% Decrease from Current to Proposed Fees	63% Decrease from Current to Proposed Fees



Impact of New Subdivision Fees

Small Development	Large Development
<ul style="list-style-type: none">• 20 Units• 1 hectare site• \$1M engineering works	<ul style="list-style-type: none">• 120 units• 6 hectare site• \$20M onsite engineering works
<ul style="list-style-type: none">• Current Fees: \$349,919 (10 fee types)	<ul style="list-style-type: none">• Current Fees: \$3,661,654 (10 fee types)
<ul style="list-style-type: none">• Proposed Fees: \$196,869 (3 fee types)	<ul style="list-style-type: none">• Proposed Fees: \$1,340,046 (3 fee types)
44% Decrease from Current to Recommended Fees	63% Decrease from Current to Recommended Fees



Current vs Recommended Fees

Application Type	Current Fee	Recommended Fee	Difference %
Pre-Consultation	\$791	\$963	22% increase
Official Plan Amendments	Major: \$82,797 Minor: \$31,192	Major: \$83,513 Minor: \$31,419	Major: 1% increase Minor: 1% decrease
Zoning By-law Amendments	Major: \$58,167 Minor: \$28,916	Major: \$56,491 Minor: \$30,387	Major: 3% decrease Minor: 5% increase
Condominium	\$48,795	\$55,476	14% increase
Minor Variance (7 fee types)	7 fee types from Development Standards to Variance with respect to use		0%
Consent (7 fee types)	7 fee types from Base Fee to Land Area Fee		8% decrease



Comparison of Development Application Fees

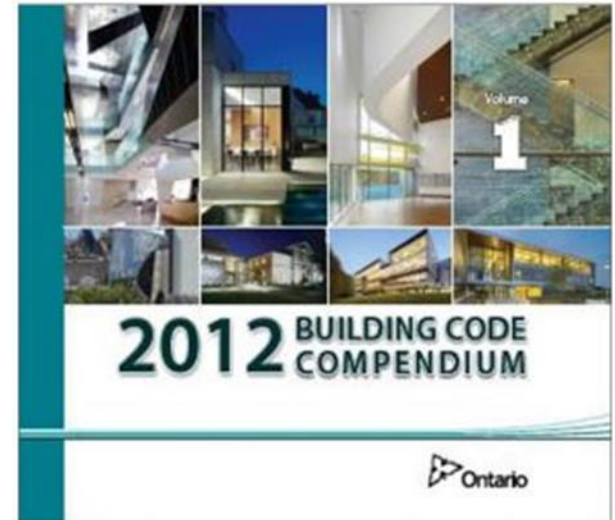
Application Type	Vaughan	Richmond Hill	Oakville	Whitby	Markham (Current)	Markham (Recommended)
Major OPA	\$65,357	\$56,709	\$34,310	\$37,546	\$82,797	\$83,513
Major ZBA	\$52,061	\$15,031	\$34,510	\$27,589	\$58,167	\$56,491
Small Site Plan	\$98,384	\$91,218	\$93,049	\$146,218	\$250,039	\$44,050
Large Site Plan	\$233,720	\$189,820	\$130,599	\$209,611	\$1,278,479*	\$477,719*
Small Subdivision	\$213,060	\$83,142	\$165,862	\$158,653	\$349,919	\$196,869
Large Subdivision	\$1,386,012	\$1,300,889	\$1,399,012	\$1,364,049	\$3,661,654	\$1,340,346
Condo	\$44,150	\$25,258	\$214,896	\$12,650	\$48,795	\$55,476

*includes Municipal Services fees collected through the City-wide Fee By-law



Proposed Building By-law Changes

- Fee Amendments:
 - Schedule A, Table 1 increase fee multipliers by 5%
- Editorial Amendments:
 - New Definitions
 - Adding annual indexation rate for fees noted in Schedule A, Table 1
 - New fee for the review of Engineering Judgments
 - New fee for afterhours inspection request
 - New fee for permit extensions
 - New permit maintenance fee for incomplete permits
 - New requirement for lot grading certificate
 - Clarify refund structure
 - Clarify wording for temporary event structures





Next Steps

	Development Application Fees	Building Fees
December 5, 2023 Public Meeting	Not applicable (<i>Planning Act</i> and <i>Municipal Act</i> don't require)	Statutory Public Meeting
December 13, 2023 Council Meeting	Development Fee and Municipal Fee By-laws Approval	Building By-law Approval
January 1, 2024	By-laws in effect	