

**REPORT TO GENERAL COMMITTEE**

TO: Mayor and Members of Council

FROM: Jim Baird, Commissioner of Development Services
Andy Taylor, Commissioner of Corporate Services

PREPARED BY: Jamie Bosomworth, Manager of Strategy and Innovation
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Development Services Commission

DATE OF MEETING: 2007-Oct-22

SUBJECT: Amendments to Development and Building Fee By-laws
Development Services Commission

RECOMMENDATION:

That the Report titled "Amendments to Development and Building Fee By-laws, Development Services Commission" dated October 22, 2007, be received:

And that the proposed amendments be referred to the Developer's Round Table meeting being held on October 25, 2007 and to a public meeting of Development Services Committee, to be held on November 20, 2007.

PURPOSE:

The purpose of this report is to propose amendments to Development Fee By-law 211-83 respecting development applications and Building Fee By-law 2007-16 for building permit applications. The purpose of the by-laws and associated fees is to ensure that development processing related costs are covered by application fees and are not a burden on the property tax rate. The proposed 2008 general rate increase for both Development (Planning/Urban Design and Engineering) and Building Fees is 4.0%. Certain adjustments in the fee structure are also recommended, as outlined in this report.

BACKGROUND:

At the June 28, 2005 Council meeting, new fee by-laws for the Planning/Urban Design and Engineering Departments (Development Fee By-law) and the Building Department (Building Fee By-law) were passed in order to address Bill 124 requirements, which came into effect on July 1, 2005. The Building Code Statute Law Amendment Act, 2002 (Bill 124) stipulates fees must not exceed the anticipated reasonable costs to administer and enforce the Act. The Planning Act also gives municipalities authority to collect fees for various development control activities to cover "anticipated costs" with "respect to the processing of each type of application" or each service. These new fees for both development applications and building activities were

brought forward in 2005 to cover our direct and indirect costs associated with each application or service.

The Development Fee by-law was further amended by Council on December 13, 2005, to better reflect the cost of each activity within the by-law and both by-laws were subsequently amended in January, 2007 to reflect the overall increase in cost for providing services under each by-law.

OPTIONS/DISCUSSION:

Calculation of costs recoverable from user fees

Increased fees are required in 2008 to cover the projected increase in costs over the 2007 base. These increases are a result of projected salary and benefit increases, proposed new positions and general inflation in relation to forecasted development activity. The proposed 2008 general rate increase for both Development (Planning/Urban Design and Engineering) and Building Fees is 4.0%.

No change in fees for certain application types

Staff are proposing to maintain the fees for minor variances and heritage applications at current levels, as generally the applicants are local home owners and further increases may become a deterrent to filing of applications and in-turn result in illegal activity. The urban design fee (5.1% of the cost of landscape works) for review and approval of site plans and subdivisions, the engineering fee (5.1% of the cost of public works) for review and approval of site plan drawings and subdivision drawings and the fee associated with residential service connection (16% of the cost of public works) will also remain the same. Cost increases in construction with our current percentage fee amount will recover our additional costs.

Changes to structure within the Development Fee By-law are also recommended

Having worked with the new development fee by-law (Engineering and Planning/Design) for two years, staff are recommending some minor changes to the structure and calculation within the new by-law.

Our current structure for collection of fees at submission stage for subdivision applications is to collect; a base fee, 100% of a non-residential fee based on fee per area and 10% of a fee for each residential unit. For developments with few or no residential units and large non-residential blocks (e.g. industrial subdivisions) the fee payable at submission stage could be quite substantial under this current structure as 100% of the fee per area would be required. Staff are proposing to revise the timing of the payment of the non-residential component fee similar to the residential fee structure, being, 10% at application stage, 30% at draft approval stage and 60% at agreement stage for all subdivisions.

In response to feedback from the development industry, staff are proposing to eliminate the fee associated with internal staff review and approval of Planning and Urban Design Studies and Engineering Studies. These fee collection activities brought in minimal revenues but took a lot of time for consultants and staff to administer. The costs associated with these activities will be incorporated into the review and approval of planning applications (e.g. site plan, zoning, subdivision, etc.). The fee for peer review by external consultants retained by the Town will remain unchanged.

The Engineering Department is proposing to collect fees at different stages within the subdivision process. Currently, 100% of the engineering fees for subdivisions are collected when the drawings are approved and the developer is ready to start construction. This time frame may be delayed substantially due to servicing allocation restrictions. The Town is now conditionally permitted to draft approve subdivisions where servicing allocation is not available until the end of 2010. Developers will be able to submit engineering drawings for review and approval but likely will not start construction until late in 2009 or early 2010. Staff are proposing to collect 40% of the fees at submission of the engineering drawings and 60% when they start construction. This more accurately matches the timing of fee collection with cost incurred by staff for the review and approval of this activity.

The current engineering fee for site plan works is based on a percentage of the cost of internal works and external works. Engineering staff are finding that multi-storey residential site plan applications have minimal internal works which generate minimal fees compared with the actual amount of work required for overall engineering review including not only servicing, but also access, and grading of the site. These applications can be very time consuming due to their complexity. After comparing the effort in reviewing different types of site plan applications and the fees generated, staff are proposing to add a fee per unit in addition to the percentage of the cost of internal and external works. To cover our costs including a portion of the review of engineering studies eliminated from the schedule, staff are proposing an additional fee of \$100/unit. This additional fee does not apply to grade related residential development.

Changes to Building Fees

The new by-law includes the following changes:

1. An increase of 4% to the fee multipliers and flat fees contained in Table 1 of Schedule "A";
2. A new lump sum fee of \$2,000.00 per building permit for (marijuana grow operation remediation) is recommended to cover the costs associated with the initial investigation, building permit issuance and re-occupancy inspections for permits required for the remediation of buildings used as illegal marijuana grow operations. The Ontario government passed legislation that requires the Police to notify the municipality of marijuana grow operations and requires the municipality to inspect the grow operation within a reasonable time period once notified. The Building Standards department investigates grow operations and issues Orders and permits for the remediation of property. A review of the processes taken by staff to have the grow operations in Markham remediated has established a cost per property. The new fee is recommended to cover the costs associated with the initial investigation, building permit issuance and re-occupancy inspections and will be paid by the permit holder or owner of the house. Estimated revenue projection for this new fee type is \$40,000 per annum;
3. An editorial amendment to the fees for water service pipe and sanitary and storm sewer pipe.

Public Consultation

The Ontario Building Code Act Reg. 350/06 requires the Town to hold at least one public meeting at which any person who attends has an opportunity to make representations with respect to any changes in fees. Notice must be given to the general public and interested parties 21 days prior to the meeting. It is recommended that notice be placed in the Markham Economist and Sun and the Thornhill Liberal, and be mailed to the Urban Development Institute, Toronto Home Builders Association, and development industry representatives listed on the

Town's "Developers Round Table" distribution list. Staff are recommending that the public meeting be held on November 20, 2007, as part of the regular Development Services Committee Public Meeting scheduled for that date. In addition, staff have placed these proposed amendments to our fees on the agenda of the October 25 Developer's Round Table meeting.

FINANCIAL CONSIDERATIONS:


The Finance Department has been working closely with Development Services Commission staff to ensure proper direct and indirect cost recovery and to incorporate the results into the proposed 2008 operating budget.

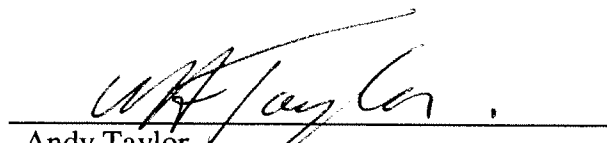
BUSINESS UNITS CONSULTED AND AFFECTED:

The Legal Department have reviewed and commented on this report and draft by-law's.

ATTACHMENTS:

Attachment "A"	Amendment to Fee By-law 211-83
Attachment "B"	By-law respecting Construction, Demolition and Change of Use Permits and Inspections



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Commissioner of Development Services

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