



Committee of the Whole Report

For the Meeting of May 18, 2017

To: Committee of the Whole **Date:** April 28, 2017
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Land Use Procedures Bylaw Amendments – Temporary Use Permits, CALUC Review Implementation, Fee Updates and Housekeeping

RECOMMENDATION

That Council direct staff to bring forward amendments to the Land Use Procedures Bylaw to implement the following changes:

1. Clarify terminology and application process for Temporary Use Permits.
2. Update Pre-Application Fees to fulfil Council's previous direction with regard to revisions to the Community Association Land Use Committee (CALUC) Procedures for Processing Official Community Plan Amendment, Rezoning, Variance, Temporary Use Permit and Liquor License Applications.
3. Eliminate development application fees associated with affordable non-profit housing.
4. General update to fees related to processing development applications as described in Table 3 (Development Application Fee Update Comparison Table) of this report.
5. Undertake a number of housekeeping and process consistency amendments as described in this report.

LEGISLATIVE AUTHORITY

In accordance with Section 460 of the *Local Government Act*, if a local government has adopted an official community plan or a zoning bylaw it must define procedures under which an owner may apply for an amendment to the plan or obtain a permit under Part 14 of the *Local Government Act*.

EXECUTIVE SUMMARY

The purpose of this report is to bring forward, for Council's consideration, proposed changes to the Land Use Procedures Bylaw to:

- ensure Temporary Use Permits are processed in a manner consistent with the provisions of the *Local Government Act* (LGA)
- fulfil Council's direction with regard to revisions to the Community Association Land Use Committee (CALUC) Procedures for Processing Official Community Plan Amendment, Rezoning, Variance, Temporary Use Permit and Liquor License Applications
- recommend eliminating development application fees associated with affordable non-profit housing
- recommend a general update of fees related to processing development applications
- undertake a number of housekeeping amendments.

The recommended amendments address a number of initiatives over the past years either specifically directing a particular change to the Land Use Procedures Bylaw or directing further review and consultation that would lead to an update to the Bylaw. Overall, the proposed amendments brought forward for Council's consideration are consistent with actions identified through past Development Summits, the Victoria Housing Strategy, the Strategic Plan and the *Official Community Plan*.

PURPOSE

The purpose of this report is to recommend changes to the Land Use Procedures Bylaw to:

- ensure Temporary Use Permits are processed in a manner consistent with the provisions of the *Local Government Act* (LGA)
- fulfil Council's direction with regard to revisions to the Community Association Land Use Committee (CALUC) Procedures for Processing Official Community Plan Amendment, Rezoning, Variance, Temporary Use Permit and Liquor License Applications
- recommend eliminating development application fees associated with affordable non-profit housing
- recommend a general update of fees related to processing development applications
- undertake a number of housekeeping amendments.

BACKGROUND

There have been a number of initiatives over the past years either specifically directing a particular change to the Land Use Procedures Bylaw or directing further review and consultation that would lead to an update to the Bylaw. In the Issues and Analysis section of this report, the background information relevant to each proposed change is discussed.

ISSUES & ANALYSIS

Temporary Use Permits

In the 1980s, the *Municipal Act* made provision for local governments to designate temporary commercial and industrial use permit areas and specify conditions for their issuance. In subsequent amendments to the *Local Government Act* in 2010 the scope was broadened to include any uses.

The *Official Community Plan* (2012) designates the entire City for the issuance of Temporary Use Permits (TUPs), which is a necessary pre-condition for Council to consider TUPs. The term can be up to three years (or less if directed by Council) and may be renewed only once. Essentially, TUPs provide Council and the community an opportunity to "try out" a use. To date, the City has issued very few Temporary Use Permits. Only four have been issued since 2005 for the following uses: vehicle storage, liquor retail sales in a temporary building, scooter rental and parking lot use:

Due to the low volume of these types of permits, the City did not consider a separate process for these permits, and generally followed the process for rezoning applications; however, when the Land Use Procedures Bylaw was updated in 2016, after legal review and advice, it was determined that temporary use permits should follow the process of a permit (versus a rezoning) which will eliminate some steps in the processing. This approach is consistent with recommendations and feedback received at the 2016 Development Summit. While the processing time will be somewhat shorter for the applicant, there is still an opportunity for public comment prior to Council's consideration of these types of permits. Temporary use permits are issued by resolution.

A Temporary Use Permit generally follows the same processing requirements as a Development Variance Permit with the exception that the *Local Government Act* requires an advertisement in a local newspaper.

The established procedure for public notification and input is as follows:

- staff provide a digital copy of the submission to the CALUC
- the CALUC has 30 days from the date of receipt to comment. If comments are provided, the comments are included with the staff report on the application
- if Council decides to advance the application, the owners and occupiers of land subject to the permit and adjacent properties (owners and occupiers) receive notification of the Council meeting at which a decision will be made
- a sign is posted on the subject property at least 10 days prior to the date of the Council meeting at which a decision will be made
- A notice of the permit is placed in the newspaper (Note: this is not a legal requirement for other types of permits)
- at a meeting of Council, the applicant may make a presentation to Council and an opportunity for public comment is allowed.

As there is an additional cost for newspaper advertising for this type of permit, it is recommended that the administration fee for the opportunity for public comment be the same as a public hearing fee.

Further, as the analysis and conditions related to a temporary use are often of a non-standard nature, i.e., no established guidelines, these types of applications often require more staff time to process. These types of applications often involve extensive interaction with the applicant to reach a mutually acceptable outcome. As such, it is recommended that the application fee be set the same as a rezoning fee. The changes proposed for Council's consideration would formalize the process noted above and would also change the reference in the Land Use Procedures Bylaw from "temporary commercial or industrial use permits" to "Temporary Use Permits" to make it consistent with the *Local Government Act*.

CALUC Process Updates

As a result of the 2016 CALUC Review, there is a need to update the Bylaw in order to implement Council's previous directives with regard to refinements to the Community Association Land Use Committee (CALUC) Procedures to Processing Applications.

In August 2016 Council passed a motion (Appendix A) to increase Pre-Application Fees to better account for mail-out costs associated with the Community Meeting. In December 2016 Council passed a motion (Appendix B) to increase Pre-Application Fees by \$250 to provide CALUCs financial support for Community Meetings. In accordance with these motions, this bylaw amendment would increase the pre-application fees from \$400 to \$750 for Council Rezoning Applications (100m notification area), and from \$800 to \$1250 for OCP Amendment Applications (200m notification area.)

Affordable Housing provided by Registered Non-Profits Application Fees

To help address the current shortage of affordable non-profit housing, and in keeping with the intent of the Victoria Housing Strategy (2016-2025), staff recommend for Council's consideration that there be no fee for applications that consist entirely of affordable dwelling units. Additionally, staff recommend for Council's consideration that fees of applications that include a portion of affordable housing dwelling units be prorated. The recommendation is that the fee be reduced based on the floor area of affordable housing units as a percentage associated with the total floor area of the

building. Fees would not be reduced for floor areas associated with common areas, parking, or amenity space as these would be provided in any case.

Any reduction to fees for affordable housing would have to meet the following requirements:

- the development is fully owned and operated by a registered non-profit or government agency. Alternatively, a private developer may enter into a legally binding arrangement, in perpetuity, with a registered non-profit or government organization
- the affordable housing is secured in a Housing Agreement or other legal agreement with the City.

These proposed changes are consistent with Strategic Direction 1: Increase Supply of the *Victoria Housing Strategy*, which includes the action to "Examine opportunities to create further incentives". The proposed changes to the fees for affordable housing would provide monetary relief for non-profit affordable housing applications which would assist with this strategic direction. These proposed changes are also consistent with the Council motion of December 13, 2007, directing staff to give priority to the processing of applications for non-market housing and associated services, as well as medical institutions.

Staff have consulted both the Urban Development Institute (UDI), the Victoria Residential Builders Association, and local non-profit housing providers who are generally in support of the overall direction of the proposed changes. At the time of writing this report no letters had been received from any of these groups; however, any correspondence received will be provided to Council as the proposed changes are advanced to Council for further consideration.

Development Application Fee Update

Consistent with Council's motion of August 25, 2016 to undertake a review of current fees associated with development and building approvals and to engage the Urban Development Institute and the Victoria Residential Buildings Association as part of this review, staff are advancing a number of fee adjustments for Council's consideration (see staff report attached in Appendix C).

In general, the proposed changes are intended to:

- update the fees to an amount more commensurate with the current level of service and costs associated with offering this service. The fees were last updated in 1998
- reflect the principle of the fees increasing as the development process progresses
- ensure the amount of staff time required to process an application is more closely reflected in the fee
- recover costs for services where no fee has been levied in the past
- simplify and clarify the current fee schedule so that it is more efficient for staff to administer and easier for applicants to understand.

As noted in the previous staff report (Appendix C) and summarized in the table below, existing fees do not cover City costs associated with development applications, and at the same time, Council have made strong commitments to increasing levels of service. The proposed updates aim to keep rates as low as possible to support ongoing development and renewal of the City's building stock while minimizing, to the extent possible, inputs to support these functions from other revenues including general tax revenue. The approach also supports graduation of the overall fee structure to generate a larger share of total revenue later in the development process when applicants have greater surety of timing and some entitlements are already in place.

Table 1: Fee Revenue and Expenditures for Development Services Functions - 2012 TO 2016 (In Millions)

	2012	2013	2014	2015	2016
Expenditures	\$3.215	\$3.319	\$3.378	\$3.376	\$3.540
Revenues	\$2.458	\$2.633	\$2.864	\$3.243	\$4.046

Within the Development Services Division there are presently 16.24 Full Time Equivalents (FTE) dedicated to processing development applications and the associated functions such as administering Advisory Design Panel, Heritage Advisory Panel and Board of Variance as well as responding to enquiries. This number does not include the temporary planner position that has been funded by Cannabis Storefront Retail Rezoning Applications, management positions, nor numerous staff from other departments that support this function as well.

Additionally, staff have reviewed the public hearing fee and recommend it be increased to \$1800, noting that the current fee of \$1200 has not increased since 2006. This recommendation is based on a review of the average charge for placing the required notices in the newspaper in 2016. The fee for an application where Council provides an opportunity for public comment remains the same at \$200.

It is difficult to predict the impact that the fee updates would have on the net revenue as it is largely dependent on the market; however, based on development applications received for the first quarter of 2017 (January 1, 2017 to March 31, 2017), the fees collected were approximately \$168,000 but would have been approximately \$240,000 if the proposed fees were charged (see table below).

Table 2: Approximate Development Application Fees (Q1 2017)

Existing Rates		Proposed New Rates	
January Fees	\$56,000	January Fees	\$90,000
February Fees	\$27,000	February Fees	\$40,000
March Fees	\$85,000	March Fees	\$110,000
Total Q1 2017	\$168,000	Total Q1 2017	\$240,000

The following comparison table summarizes the type of fee, the current rate and the proposed rate:

Table 3: Development Application Fee Update Comparison Table

Fee Type	Current	Proposed	Notes
Use and Density Applications + OCP Amendments:			
OCP Amendment Fee	\$1400	\$2500	Includes covering cost of additional 200m mailout required prior to 1 st Reading – satisfying LGA requirements for consultation considerations.
Rezoning Base Fee	\$1400	<u>Residential Only (up to 3 units):</u> SFD: \$2000/unit Duplex: \$3000 Triplex: \$4000 <u>Other Uses:</u> Equal to or under 500m ² : \$3000 + \$0.5 per m ² floor area	Over three-dwelling units of any type would require a Large Project Fee instead of a Base Fee. Fees based on proposed

		<u>Mixed Use:</u> Equal to or under 500m ² : \$3000 + \$0.5 per m ² floor area	development not existing.
Rezoning Large Project Fee	Projects exceeding \$2M: (Project value - \$2M) x \$.001 = Large Project Fee	<u>Residential Only (over 3 units):</u> Any dwelling unit type: \$6000 + \$0.5 per m ² floor area <u>Other Uses:</u> Over 500m ² : \$6000 + \$0.5 per m ² floor area <u>Mixed Use:</u> Over 500m ² : \$6000 + \$0.5 per m ² floor area	Current definition of Large Project is anything over \$2M of buildable floor area. Proposed definition is projects in excess of 3 units for residential or with floor area greater than 500m ² for non-residential and mixed use developments. Fees based on proposed development not existing.
Land Use Contract Amendments, Temporary Use Permits or Heritage Revitalization Agreements that facilitate use or density changes	\$1400	Same as Rezoning	Land Use Contracts being phased out; however, in the event Council chooses to not expire all of them, it is important to set fee.
Cannabis Storefront Retail Rezoning, Temporary Use Permit, Land Use Contract Amendment	\$7500	\$7500	Clarify fee is the same for any application type that permits the use.
DPs /HAPs/ Variances			
DP/HAP Base Fee	Under \$25,000 construction value: \$200 \$25,000 to \$2M: \$500	<u>Residential Only (up to 3 units):</u> SFD: \$2000/unit Duplex: \$3000 Triplex: \$4000 <u>Other Uses:</u> Equal to or under 500m ² : \$3000 + \$2.5 per m ² floor area <u>Mixed Use:</u> Equal to or under 500m ² : \$3000 + \$2.5 per m ² floor area	This goes up, because rezoning fees, overall, go down. (For SFD, duplex, triplex there is no DP fee if there is a concurrent rezoning fee) Fees based on proposed development not existing.
DP/HAP Large Project Fee	Projects exceeding \$2M: (Project value - \$2M) x \$.001 = Large Project Fee	<u>Residential Only (over 3 units):</u> Any dwelling unit type: \$6000 + \$2.5 per m ² floor area <u>Other Uses:</u> Over 500m ² : \$6000 + \$2.5 per m ² floor area <u>Mixed Use:</u> Over 500m ² : \$6000 + \$2.5 per m ² floor area	This goes up, because rezoning fees, overall, go down. Fees based on proposed development not existing.

DVP	\$500 + \$250 for each additional variance (first variance included in \$500 fee)	\$750 + \$250 for each additional variance (first variance included in \$750 fee)	This fee would increase to better cover costs to process the application.
HAPs for SFDs, Duplexes	Free	Free	
DP for subdivision only	\$250 for each new proposed lot	\$250 for each new proposed lot	
Delegated Approvals			
Delegated DP / HAP	\$200	\$200	
Delegated DP Fee in DPA#16 resulting in building over 100m ² and DPA#15E	\$200	Half of DP Fee	
Miscellaneous Fees			
Amendments to Existing Legal Agreements	0	\$1000 + City's Legal Costs	This fee would better cover costs to process the application.
Pre-Application Fee for Community Meetings	\$400 for notice to owners and occupiers of properties within 100m. \$800 for notice to owners and occupiers of properties within 200m.	\$750 for notice to owners and occupiers of properties within 100m. \$1250 for notice to owners and occupiers of properties within 200m.	Fees to be raised based on Council motions resulting from the 2016 CALUC Review.
Resubmission Fee	\$500	\$500	
Administrative Fee for Public Hearing or Opportunity for Public Comment	\$1200 for public hearing \$200 for opportunity for public comment	\$1800 for public hearing \$200 for opportunity for public comment	Staff have reviewed the public hearing fee and recommend it be increased to \$1800, noting that the current fee of \$1200 has not increased since 2006. This recommendation is based on a review the average charge for placing the required notices in the newspaper in 2016.

Council Authorization Report	0	\$1000	Special Requests that come in that require Council Authorization that require a report e.g. to waive clean hands policy.
Site Profile	\$100	\$100	

Legend:
DP: Development Permit
DVP: Development Variance Permit
HAP: Heritage Alteration Permit
OCP: Official Community Plan
SFD: Single Family Dwelling

Housekeeping and Process Consistency Amendments

There are also a number of proposed amendments which can be categorized either as "housekeeping" or minor changes and clarifications to ensure the Bylaw reflects current processes and practices. The proposed Land Use Procedures Bylaw amendments are consistent with what was heard at the 2016 Development Summit regarding improvements to the City's land use application and permit processes (2016 Development Summit Action Plan, Action 10: Update the Land Use Procedures Bylaw to reflect any administrative streamlining, as needed).

These proposed housekeeping updates are:

1. Correct several typographic errors in text.
2. There is no fee for Heritage Alteration Permits for single-family dwellings or duplexes without any variances; however, the bylaw is not clear that when a variance is required, a fee of \$250 is required per variance in compliance with the City's standard fees. The base fee is still waived but a variance fee will be charged as a staff report to Council is required. This clarification is consistent with historical practice.
3. With respect to rezoning sign posting, an applicant is required to post a notice of rezoning sign on the property, or properties, subject to the rezoning. This direction is not clear and staff believe it was not the intention that this would also apply to city-initiated applications that require signage that involve a number of properties. For instance, it would not be practical to place signage on every lot for Zoning Regulation Bylaw improvement initiatives (changes to garden suite regulations or changes to the definitions that effect 1000s of properties in the City.) The *Local Government Act* (Section 466) states that specific notification (mailed or delivered) is not required if 10 or more parcels owned by 10 or more persons are the subject of the bylaw amendment. As such, in keeping with the spirit of this notification requirement, if 10 or more parcels are affected by a City-initiated rezoning, then rezoning sign posting is not required.
4. To ensure that the Community Meeting is current with the associated application, staff do not accept applications if the associated Community Meeting was held more than six months prior to the submission date. If an application is received more than six months prior to the submission it may be accepted at the discretion of the Director of Sustainable Planning and Community Development and this is typically reviewed with the CALUC. This is consistent with information provided on City application forms and is in keeping with long standing processes. Staff propose that this be included in the Land Use Procedures Bylaw.
5. Clarify that a Landscaping Security Deposit is required for both delegated and Council approved Development Applications.

IMPACTS

This initiative is consistent with the City's Strategic Plan, Financial Plan and the *Official Community Plan*.

2015 – 2018 Strategic Plan

The proposed amendments to the Land Use Procedures Bylaw contribute to Strategic Objective 2: Engage and Empower the Community, Strategic Objective 3: Strive for Excellence in Planning and Land Use, and Strategic Objective 6: Make Victoria More Affordable. Specifically, the proposed amendments to the Land Use Procedures Bylaw help to directly support the following 2016 Outcomes of the Strategic Plan:

- build capacity of neighbourhood/community associations
- reduce processing time for all types of applications from building permits to rezoning applications
- streamline land use policies
- substantial increase in construction of new low-cost housing units with implementation of income-mixed zoning.

Impacts to Financial Plan

Combined with proposed fee changes to Building, Plumbing and Electrical bylaws, the projected fee revenue will meet administrative costs in an average development year.

Official Community Plan Consistency Statement

Continued residential and employment growth is central to achieving the vision and objectives of the *Official Community Plan* (OCP). This initiative aims to reduce barriers to investment and development in Victoria by making development application processes more effective and efficient. It also advances a goal included in the "Plan Administration" section which states, "Victorians are interested, informed, empowered and involved in their communities and the process of democratic governance."

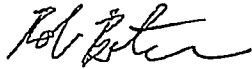
ALTERNATE RECOMMENDATION

If Council would prefer to not proceed with some of the proposed amendments to the Land Use Procedures Bylaw, direct staff accordingly to prepare an amended Bylaw for Council's consideration.

CONCLUSIONS

The proposed amendments to the Land Use Procedures Bylaw would provide correctness and clarity to the Bylaw for the processing of Temporary Use Permits, advance Council's direction to make revisions associated with the CALUC processes, update Development Application Fees, address housekeeping and provide clarity regarding process. Overall, the proposed amendments brought forward for Council's consideration are consistent with actions identified through past Development Summits, the Victoria Housing Strategy, the Strategic Plan and the *Official Community Plan*.

Respectfully submitted,



Rob Bateman
Senior Process Planner
Development Services Division


LT



Jonathan Tinney, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager:

Date:


May 5, 2017

List of Attachments:

- Appendix A - Community Association Land Use Committee Review – 2016, Council Motion of August 25, 2016
- Appendix B - Community Association Land Use Committee Review – 2016, Council Motion of December 8, 2016
- Appendix C – Development and Permit Fee Review Report, Committee of the Whole meeting of August 18, 2016.

2. Community Association Land Use Committee (CALUC) Review - 2016

Motion:

It was moved by Councillor Coleman, seconded by Councillor Lucas, that Council:

1. Approve the following documents as interim guidance for the Community Association Land Use Committee process:
 - a. Community Association Land Use Committee (CALUC) Terms of Reference
 - b. Role of Developer, Council and Staff in Community Association Land Use Committee (CALUC) Processes
 - c. Community Association Land Use Committee (CALUC) Procedures for Processing Official Community Plan Amendments, Rezoning, Variance, Liquor License and Temporary Use Permit Applications.
2. Direct staff to prepare the necessary Land Use Procedure Bylaw Amendments to increase fees associated with mailed notices for community meetings from \$400 to \$500 for rezoning applications, and from \$800 to \$1,000 for Official Community Plan Amendment Applications and bring them forward for consideration at Council.
3. Direct staff to continue to work with the Community Associations, Community Association Land Use Committees (CALUCs) and the Urban Development Institute (UDI) to:
 - a. explore models and options to address resourcing and equity issues amongst the Community Associations and CALUCs to enable the City to provide more formalized support to the CALUC process
 - b. assess an appropriate role for CALUCs in areas beyond the review of development applications
 - c. report back to Council in October 2016 with further recommendations based on the outcome of this additional review.
4. As part of the next phase of consultation, direct staff to get the current written policies of each CALUC with regard to how a person becomes a member, how diversity and representation of the neighbourhood is sought, length of membership term, and maximum committee size.

Carried Unanimously

August 25, 2016

9. Community Association Land Use Committee Review

Motion:

It was moved by Councillor Madoff, seconded by Councillor Alto:

1. That Council direct staff to undertake changes necessary to implement:
 - Option C - Current Community Association Land Use Committee Model with Additional Resources and Membership Improvements:
 - i. direct staff to provide additional staff time and a \$250 honorarium per hosted Community Meeting to cover expenses associated with these meetings
 - ii. direct staff to prepare the necessary Land Use Procedures Bylaw Amendments to increase fees associated with Community Meetings to accommodate the \$250 honorarium
 - iii. direct staff to monitor the impact of providing additional support to CALUCs and report back to Council with the 2017 Fall annual review
 - iv. direct staff to amend the CALUC Terms of Reference to include requirements for annual notification and advertisement regarding board elections and membership opportunities
 - v. approve the Principles and Guidelines for Involving CALUCs in Broader Project and Policy Initiatives (Appendix G)
 - vi. confirm the CALUC Terms of Reference, Procedures document and Roles document contained in Appendix H, I and J and amended as described in (v) above.

That the following be included in Option C as a requirement:

Anyone who is interested in their neighbourhood and who is looking beyond their own self-interest is encouraged to join the CALUC. Membership policies regarding how a person joins, length of term, maximum committee size, etc. are set by each CALUC; however, CALUC membership must be established through a fair, well-publicized and open process on at least an annual basis. Size: Three members or more.

2. That Council approve continuing the current grant program for neighbourhood per capita funding, and require recipients of this funding to report annually on how the funding was spent, in advance of the following year's allocation.

Carried

For: Mayor Helps, Councillors Alto, Coleman, Isitt, Loveday, Lucas, Madoff, and Thornton-Joe

Opposed: Councillor Young

December 8, 2016

Committee of the Whole Report For the Meeting of August 18, 2016

To: Committee of the Whole **Date:** August 5, 2016
From: Jonathan Tinney – Director, Sustainable Planning and Community Development
Subject: Development and Permit Fee Review

RECOMMENDATION

That Council direct staff to:

- Undertake a review of current fees associated with development and building approvals
- Engage the Urban Development Institute and the Victoria Residential Builders Association as part of this review
- Report back with recommended amendments to the Land Use Procedures Bylaw, Building Bylaw, Electrical Safety Regulation Bylaw and the Plumbing Permit Fees Bylaw by December 2016.

EXECUTIVE SUMMARY

The purpose of this report is to seek Council's approval to commence an analysis and stakeholder engagement as part of a comprehensive review of development-related fees which are currently charged for various land use, building, plumbing and electrical permit applications.

A review of fees in these areas has not been done for some time with the most recent updates for the Plumbing Permit Fees Bylaw occurring in 1988, Building Bylaw in 1993, Land Use Procedures Bylaw in 1998 (a review was done in 2010, but recommendations made at that time were not approved by Council), and Electrical Safety Regulation Bylaw in 2004.

While issues range based upon the specifics of each bylaw, in general current fee schedules are difficult to administer, not entirely reflective of processing and administration costs and do not cover some processes or actions required by current applications. The City of Victoria's fee schedules are also somewhat inconsistent with other municipalities elsewhere in BC when dealing with projects of similar scale and complexity.

Based on these issues staff are seeking Council approval to engage with the Urban Development Institute (UDI) and the Victoria Residential Builders Association (VRBA) in support of updates to the various fee schedules. Staff are currently planning to engage with both of these groups as part of the update to the Development Cost Charges Bylaw in the Fall of 2016 and so it is proposed that engage processes occur in tandem. In undertaking this work, staff propose a conceptual approach that:

- 1) simplifies and improves the use-friendliness of the fee structure to provide more certainty to developers, builders and homeowners

- 2) supports the recovery of core costs associated with administering the development process
- 3) aligns fees with the size of the project and the stage of its development
- 4) supports better alignment of fees with those charged by other municipalities dealing with similar types of projects.

BACKGROUND

The *Local Government Act*, Section 931, allows local governments to set application fees for land use applications. The Act states as follows:

- 2) A fee imposed under subsection (1) must not exceed the estimated average costs of processing, inspection, advertising and administration that are usually related to the type of application or other matter to which the fee relates.

Fees for applications are set out in the Land Use Procedures Bylaw. Fees related to building, electrical and plumbing permits are laid out in the Building Bylaw, Electrical Safety Regulation Bylaw and the Plumbing Permit Fees Bylaw, respectively.

An update to the Plumbing Bylaw was undertaken in 2012 however, a review of the associated fee bylaw was not then undertaken at that time and this fee schedule currently dates back to 1988. Reviews of other fee schedules associated with other development-related bylaws within the City have also not occurred for some time. The fee schedule for the Building Bylaw has not been updated since 1993 and the schedule within the Electrical Safety Regulation Bylaw has not been assessed since 2004.

Council's Operational Plan currently prioritizes updates to the Building and Electrical Safety Regulation bylaws in 2016. This is to bring both bylaws into compliance with more up-to-date provincial regulation. As part of the 2016 Budget discussions Council directed staff to review fees associated with plan searches as part of the update to the Building Bylaw.

Fees included within the Land Use Procedures Bylaw have not been updated since 1998. A review was undertaken in 2010. However, Council chose at that time not to move forward with the proposed revisions to the fee schedule.

ISSUES & ANALYSIS

Currently fee schedules do not adequately support cost recovery in most years for these service areas. While forecasts for 2016 suggest that fee revenue will exceed associated expenditures related to the processing of development and building approvals, this is likely an isolated case. As summarized in the table below, expenditures for core services related to land use and building regulation surpassed revenues in all other years.

Table 1: Fee Revenue and Expenditures for Development Services Functions – 2012 TO 2016 (In Millions)

	2012	2013	2014	2015	2016 (F)
Expenditures	\$3.215	\$3.319	\$3.378	\$3.429	\$3.589
Revenues	\$2.458	\$2.633	\$2.864	\$3.243	\$4.114

At the same time, staff and Council have made strong commitments to increasing levels of service in terms of application turnaround times through ongoing engagement with the development community. Staff continue to seek efficiency and productivity improvements within both divisions,

but given application volumes and current commitments, in the short term, it will be difficult reduce costs to align with current revenues.

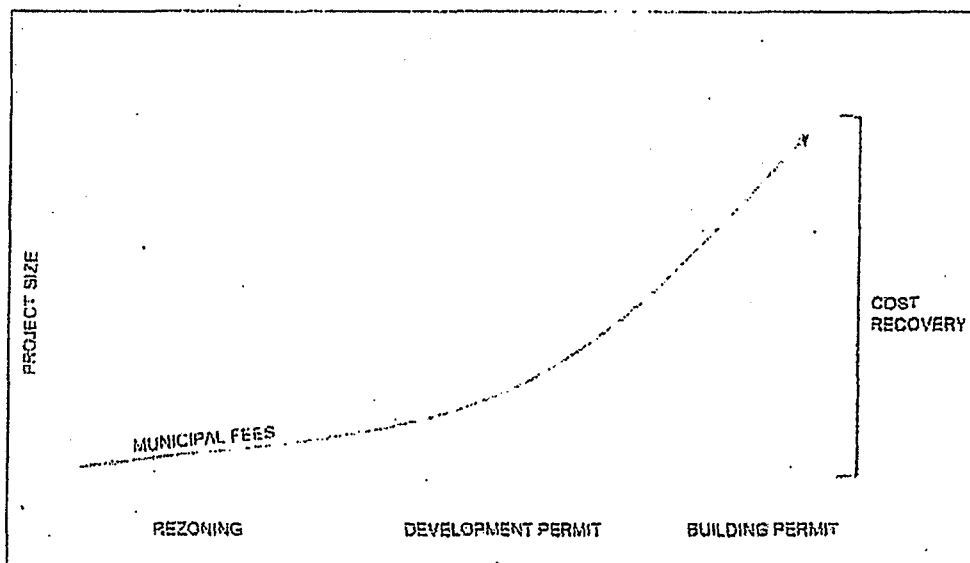
Current fee schedules also face other challenges in addition to fee rates that make them harder for applicants to understand and create difficulties in administration.

Development services fees currently are based on value of construction which is difficult to verify at the early stages of the development process, and do not include more recent additions to the land use approval process such as revisions to master development agreements or heritage revitalization agreements which require significant staff time but are not currently reflected in the fee schedule.

Fees schedules for building and other trades permits require assessment to better align them with comparable municipalities elsewhere in BC when dealing with projects of similar scale and complexity. As well, permit bylaw schedules also do not cover all services currently provided (such as alternative solution assessments, re-inspection, or charges for work without permits).

Based on these challenges, staff are recommending a review of current fee schedules and an associated engagement program with UDi and the VRBA based on the following conceptual approach.

Figure 1: Conceptual Approach to Fee Review



This conceptual approach aims to support overall cost recovery in alignment with the Local Government Act for services within an average year (by application value and volume). The aim here is to keep rates as low as possible to support ongoing development and renewal of the City's building stock while minimizing, to the extent possible, inputs to support these functions from general tax revenue.

The proposed approach will also look at models that support graduation of the overall fee structure to generate a larger share of total revenue later in the development process when applicants have greater surety of timing and some entitlements are already in place.

OPTIONS & IMPACTS

2015 – 2018 Strategic Plan

Objective 3: Strive for Excellence in Planning and Land Use

- Reduced processing times for types of applications from building permits to rezonings
- Streamlined land use policies

Impacts to Financial Plan

Exact impacts are not known at this stage, however the aim of the review will be to support greater cost recovery of planning and development services through fees collected.

Official Community Plan Consistency Statement

None.

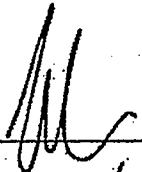
Respectfully submitted,



Jonathan Tinney
Director – Sustainable Planning and
Community Development

Report accepted and recommended by the City Manager:

Date:


August 12, 2016