

December 22, 2004

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## 2005 UDS Budget Briefing Note

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**Issue:** Proposed Increase in Planning Fees, February 1<sup>st</sup>, 2005

**Background:**

- On Feb. 16, 2004, as part of its budget deliberations, the Planning and Transportation Committee requested a comprehensive review of fees in the UDS department in order to move to 100% cost recovery, where applicable.
- Community Planning fees currently cover approximately 45% of related costs
- Fees previously generated from building permit revenues were used, in part, to subsidize other UDS activities. Bill 124 mandates that total building permit fees must now match reasonable costs to administer and enforce the Building Code Act alone

**Key Points:**

- In order to achieve 100% cost recovery, community planning fees would need to increase by 123%. As a result, staff recommend an incremental approach with community planning fees rising 75% on Feb. 1<sup>st</sup>, 2005 ( which includes the legislated CPI increase as of Jan. 1<sup>st</sup>, 2005)
- Committee of Adjustment fees are to be increased only by the CPI – which is 1.6% for 2005, providing an additional \$105 thousand in revenues. These fees provide for approximately 80% of Committee of Adjustment costs. As these fees are closer to cost recovery and relate mostly to individual residents, no further increase is recommended
- A 75% increase in community planning application fees will result in additional 2005 revenues of \$3.713 million. These fees will be split as follows: UDS/ Planning - \$3.292 million, WES- \$0.191 million and EDCT- \$0.230 million
- The 2006 incremental impact for UDS is \$0.165 million
- The WES revenues will be used to cover the costs of staff from Development Engineering, Transportation, Solid Waste, Survey and Mapping, Fire, Engineering Services and Toronto Water in the application review and implementation phases of development. The funds will provide for 2 temporary positions to maintain existing service levels and meet timeframes for planning application processing established under the Development Application Review Process. .
- The EDCT revenues will be used to cover the costs of staff from Culture, Economic Development, Parks and Recreation, and Policy and Development,

depending on the nature of the application. The funds will provide for 3 temporary positions to maintain existing service levels and meet timeframes for planning application processing established under the Development Application Review Process. Pending Council's administrative review, the component related to Heritage Services will be reviewed, as staff are to be transferred to City Planning on April 15, 2005.

- There are no additional City Planning staff requested as a result of the community planning fee increases
- In order to move towards 100% cost recovery, staff recommend a further report on a phased approach to future year increases in advance of the 2006 budget process

**Questions &  
Answers:**

*How do City of Toronto Planning fees compare to other municipalities?*

Generally, City of Toronto planning fees are in the upper range of planning fees that are charged. A review of the total package of fees attached to a typical building ( building permit fees, planning fees and development charges) reveals that Toronto is well below other towns and cities in the GTA

*What is the history of planning fee increases in Toronto?*

In 1998, Council adopted a harmonized set of planning fees using the average of the six previous municipal application fees. In 2002, the fees were increased by 20%, and surcharges for Legal and City Clerk's Division were added, as was a subsection related to collection of direct costs for community consultation meetings. At the same time, Council authorized that fees increase each January 1<sup>st</sup> by the amount of the percentage increase in the All Items Index of the Consumer Price Index for the Toronto Census Metro Area. This has been reflected in CPI increases of 1.9% in 2003 and 2.3% in 2004. Fees also increased a further 10% in the second half of 2004, as a result of the budget review process.

*What costs are recovered from planning fees?*

The Planning Act authorizes that the fees charged can only cover the anticipated costs of processing such applications. Many municipalities keep planning fees below costs in recognition of the fact that land use regulation benefits the entire community. There is not a direct relationship between the size of a particular development and the amount of resources required due to varying political and neighborhood considerations. Planning fees cannot be used to create a reserve fund for OMB appeals as this is prohibited under the Planning Act and there is a mechanism for costs to be assessed by the OMB itself.

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