

Planning & Development Services Report to
Infrastructure and Planning Committee
2023 September 13

ISC: UNRESTRICTED
IP2023-0924

Citywide Growth Strategy: Growth Applications Fee Adjustment

PURPOSE

This report brings forward adjustments to the Growth Application fee schedule to introduce a prorated approach for application areas smaller than 16 hectares.

PREVIOUS COUNCIL DIRECTION

On 2023 July 25, through IP2023-0559, Council approved a redesigned approach for Growth Applications for funding investments and enabling growth in new communities. This was accommodated through amendments to the Municipal Development Plan and applicable Area Structure Plans, and an adoption by resolution to the Planning & Development Services fee structure that shifted the funding source for the evaluations from tax supported to fee supported.

Regarding the fee structure, Council also approved a Motion Arising directing Administration to “bring forward recommendations for a prorated Base Fee schedule for a standard Growth Application to the 2023 Land Use Amendment Fee Schedule for land holdings smaller than 16 hectares or different fee structures for Council to consider and return to Council through Infrastructure and Planning with recommendations prior to Q4 2023”.

RECOMMENDATION:

That the Infrastructure and Planning Committee recommend that Council adopt, by resolution, the updated Fee Schedule in Attachment 2.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2023 SEPTEMBER 13:

That Council adopt, by resolution, the updated Fee Schedule in Attachment 2.

CITY MANAGER/GENERAL MANAGER COMMENTS

General Manager Dagleish concurs with this report.

HIGHLIGHTS

This report adjusts the fee structure for the new Growth Application file type (IP2023-0559) by introducing a lower fee for applications areas smaller than 16 hectares. The fee structure Administration brought forward as part of IP2023-0559 included a single, flat fee for all applications regardless of size, which was based on a cost recovery analysis that showed that land area was not best predictor of administrative review and assessment efforts.

At the 2023 July 25 Public Hearing, a submission was made from a development consultant representative which shared concerns about the effect of the flat fee on small landowners/developers. These concerns included ability to pay, and competitive disadvantages relative to larger applications put forward by larger development companies. Members of Council asked a number of follow-up questions and a Motion Arising directing Administration to bring forward a prorated fee options was approved.

When the fee level setting exercise is expanded beyond the cost recovery principle to include consideration of financial impact (and other competitive nuances) between small and large applications (including ability to spread the fee impact over the eventual development yield),

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Administration acknowledges that a more pro-rated fee structure is better reflective of these principles, furthering The City’s efforts to ensure a more business-friendly and equitable approach.

DISCUSSION

In response to Council’s direction, Administration developed a revised fee structure that applies a base fee, plus a per hectare fee based on gross application area, until a maximum is reached at 16 hectares, as set out in Table 1 below and Attachment 2. In this way, smaller applications will pay a prorated fee based on application size, up to 16 hectares.

Table 1: Adjusted Growth Application Fee Schedule

Item	Base Fee	Area Fee	Total
Initial Growth Application	\$3,264	\$1,836 x gross application area (ha) up to a maximum of 16 ha	Base Fee + Area Fee to a maximum of \$32,640
Growth Application Resubmission	\$864	\$486 x gross application area (ha) up to a maximum of 16 ha	Base Fee + Area Fee to a maximum of \$8,640

Discussions with interested parties confirmed the pragmatism of a 16 hectare threshold (based upon being roughly equivalent to one quarter of a quarter section, or about 40 acres). A review of previous business cases submitted for the 2018, 2020 and 2022 evaluations indicated that 12 per cent (five of 42) were less than 16 hectares in size. The proration is applicable to both the initial submission and subsequent resubmissions.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required |

Following the Public Hearing on 2023 July 25, Administration continued dialogue with interested parties to collect feedback on this approach (Attachment 3). Administration heard that while many developers do endeavour to submit the most comprehensive proposals possible, often in collaboration with multiple landowners, this is not always feasible.

It was acknowledged that while larger applications do provide a more comprehensive view of associated costs and benefits, smaller applications will remain an important avenue for landowners of smaller parcels to pursue development of their property.

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IMPLICATIONS

Social

The proposed fee schedule adjustment in this report makes the redesigned Growth Application process more accessible to those submitting smaller sized applications (16 hectares or less).

Environmental

Not applicable.

Economic

The proposed fee schedule adjustment in this report makes the new Growth Application process more accessible to those submitting smaller sized applications, potentially reduced a barrier to market entry.

Service and Financial Implications

Existing operating funding - base

This amendment will reduce the degree to which Growth Application reviews operate on a cost recovery basis. The flat fee brought forward on 2023 July 25, which will continue to apply to applications 16 hectares or larger, represents around 80 per cent cost recovery. The adjustment will reduce recovery on applications below 16 hectares; as these instances are anticipated to continue representing a small share of applications, the risk and associated impacts are low and capable of being managed with existing resources.

RISK

Creating an additional fee category for applications below 16 hectares comes with two risks:

1. Reduced cost recovery on work undertaken to evaluate smaller applications. Given the anticipated volume of smaller Growth Applications, the impact is low.
2. Proration based on size will incentivize small applications, which may result in fewer opportunities for comprehensive analysis of infrastructure, operating costs and revenues, and land use planning. Given the limited volume of smaller applications received under the previous system (which carried no fee), impact of this risk is low, but should be monitored.

ATTACHMENTS

1. Background and Previous Council Direction
2. Proposed Adjusted Fee Schedule
3. Letter of Support from Situated Consulting
4. Presentation

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
S Dagleish	Planning and Development Services	Approve
L Tochor	Finance	Consult

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