

Development Review Program – Proposed Fee Changes for 2024 and 2025

ISSUE

Administration is proposing changes to fees for development permits and other development applications, under the Development Review Program, to meet set cost recovery objectives and maintain current service levels. Final consideration of these proposed fees will occur as part of the 2024 – 2025 Business Plan and Budget deliberations.

RECOMMENDATION

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council that the proposed fee changes for the Development Review Program be forwarded for consideration by City Council at the 2024 – 2025 Business Plan and Budget deliberations.

BACKGROUND

Application fees associated with the Development Review Program were last reviewed and adjusted in 2021, with fees being set for the 2022 – 2023 Multi-Year Budget, and updated by amendment to [Bylaw No. 9724, The Development Applications Fee Amendment Bylaw, 2020](#).

Fees for development applications are set to reflect a 100% cost recovery. Based on concerns expressed at the Municipal Planning Commission and the Standing Policy Committee on Planning, Development and Community Services in 2019, the fees for Discretionary Use Applications were set at approximately 80% cost recovery to recognize the unique characteristics of those applications. The cost recovery portion of the program is balanced through a transfer to or from a Development Review Program Stabilization Reserve.

It is important to note not all of the Development Review Program has been directed to be cost-recovered from application fees. The remaining program funding comes from property taxes, recognizing value to the general public of having a clear and consistent land use planning regime, as well as situations where policy or administrative work is required but not directly applicable to individual applications.

DISCUSSION/ANALYSIS

Administration is proposing changes to fees for the Development Review Program, for 2024 and 2025, to account for program expenditure increases, such as, but not limited to, staff salaries, banking fees and software licensing. Furthermore, revenues received from applications since 2020 have not been sufficient to provide a 100% cost recovery and have been short, on average, \$218,000 per year. The proposed fee increases are necessary to ensure development applications, processed by the Development Review Program, achieve the 100% cost recovery objective, including the fees for Discretionary Use Applications which were previously set at 80% cost recovery.

Revenue from fees would provide for a 0.5 FTE, for a Clerk 8 position, to ensure appropriate records management practices; however, additional staffing would not be able to be accommodated, at this time, without further fee increases. The Development Review Program will work to maintain current service levels with existing staff, while addressing increasingly complex applications and consultation.

Fees Proposed to Maintain Cost Recovery

The year-over-year fee increases across the Development Review Program average approximately 19.5% from 2023 to 2024, and about 2.5% from 2024 to 2025. It should be noted that the lowest year-over-year changes occur for more common and lower-cost application types, such as development permits, with year-over-year increases averaging 4.5% and 2.1% in 2024 and 2025, respectively. The detailed existing and proposed fee schedule is included in Appendix 1.

The following table shows Development Review’s budgeted revenue and expenses for 2023, based on currently approved fees; the projected revenue and expenses for 2024 and 2025, based on the proposed increased fees; and the corresponding year-over-year revenue growth, expressed in dollars and percentages.

Development Review Revenue & Expenses						
Year	Revenue	Expenses	Year-Over-Year Revenue Growth (\$)	Year-Over-Year Expenses Growth (\$)	Year-Over-Year Revenue Growth (%)	Year-Over-Year Expenses Growth (%)
2023	\$1,313,800 (budgeted)	\$1,324,300 (budgeted)				
2024	\$1,439,100 (projected)	\$1,370,100 (projected)	\$125,300	\$45,800	9.5%	3.5%
2025	\$1,596,100 (projected)	\$1,400,400 (projected)	\$157,000	\$30,300	10.9%	2.2%

Comparison of Fees to Other Municipalities

In consideration of the proposed fee adjustments to the Development Review Program for 2024 and 2025, a municipal scan was completed which gathered information on development application fees for 2023 from other comparable municipalities across Canada. In total, the 2023 development application fees of 12 different municipalities were gathered and, where possible, compared to the City of Saskatoon's (City) proposed 2024 - 2025 Development Review Program fees. It is important to note there is substantial variation in how applications are considered and processed between municipalities; therefore, not every case can be considered an “apples to apples” comparison. For details on the comparison, refer to Appendix 2.

In addition, a review of the 2022 Canadian Home Builders’ Association Municipal Benchmarking Study (Study) was completed. The Study highlights key features which help or hinder the process of bringing new housing to market as well as cost implications for homebuyers from municipal processes, policies and taxes. A report summarizing the Study, highlighting the performance of the City as compared to other municipalities, is included as Appendix 3.

Cornerstone Project (ePermitting) Update

The Cornerstone Project was initiated in 2019 to implement a series of customer service improvements for programs delivered by the departments of Building Standards, Planning and Development and Community Standards. This project aims to deliver a system which will include online submissions, review and communications, application tracking for applicants and collaborative internal review processes for Building Standards, Business Licensing, and Planning and Development. The project will help achieve the City's vision of becoming a municipal leader in the delivery of building and development permits.

Phase 1 of this project has been completed, which fully integrated a new online customer portal, permit application submissions, payments, permit tracking and internal workflows to support the plumbing permit, property information disclosure, building and development plan review and inspection programs.

Phase 2 continued expanding on the rebranded “ePermitting” system by utilizing similar tools and techniques to Phase 1 and working with the vendor, Computronix, to deliver the Planning and Development and Business Licensing modules. Phase 2 is being completed using a phased approach, through different modules, with system build-out and testing occurring in cycles corresponding to the associated planning process.

At the time of this report, the project team is working on an internal “soft launch” of Planning Module 1, which will consist of the following planning process/development application types:

- Development Permit;
- Rezoning & Land Use;
- Discretionary Use;
- Concept Plan Review;
- Minor Variance;
- Architectural Control District;
- Subdivision & Condo; and
- Zoning Bylaw Compliance.

This soft launch will allow internal staff to be familiar with the system before it is available to citizens. The system is anticipated to be available for use by the public in late 2023, with each development application being made available as it is ready.

Stakeholder Consultation

Consultation with members of the development industry on the proposed fee changes occurred in late summer/fall 2023. An initial meeting with the Saskatoon and Region Home Builders Association (SRHBA) was held on August 30, 2023, with Development Review and Building Standards presenting and discussing the proposed rate increases for their respective departments. A total of 11 representatives from SRHBA member companies and two SRHBA staff were in attendance. Meeting materials were distributed to the SRHBA, who indicated they would distribute them to all their members and collect and share any feedback before September 30, 2023.

In addition to meeting with the SRHBA, information on the proposed fee changes has been provided to the Saskatchewan Land Surveyors Association, Saskatoon Construction Association, Association of Professional Engineers and Geoscientists, Saskatchewan Association of Architects, Saskatchewan Realtors Association, Saskatoon Regional Economic Development Authority and the North Saskatoon Business Association. At the time of writing this report, feedback on preliminary fee changes is still being gathered.

FINANCIAL IMPLICATIONS

As noted earlier, not all of the Development Review Program has been directed to be cost-recovered from application fees. The remaining program funding comes from property taxes. The revenue and operational budgets estimated for 2024 and 2025 have been prepared based on the proposed fee increases. These figures must be adjusted if the proposed increases are not approved.

OTHER IMPLICATIONS

Application fees are outlined in Schedule A of Bylaw No. 9724, Development Applications Fee Bylaw, 2020. Public notice is required for any bylaw changes.

NEXT STEPS

As part of the proposed 2024 – 2025 Business Plan and Budget deliberations, City Council will consider this report to adjust fees for the Development Review Program. Should City Council approve the fee adjustments, a public hearing for an amendment to Bylaw No. 9724, Development Applications Fee Bylaw, 2020, will be held.

Once the bylaw amendment is adopted by City Council, confirmation of fee changes will be provided to the key stakeholders directly. In addition, all marketing material and application forms will be updated, and a notice will be placed on the City's website. The objective is for the new fees to take effect January 1, 2024.

APPENDICES

1. Existing and Proposed 2024-2025 Fee Schedule
2. Comparison of Fees to Other Municipalities
3. Highlights from the 2022 Canadian Home Builders Association Benchmarking Study

REPORT APPROVAL

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