

BILD Municipal Benchmarking Study

Independent Real Estate Intelligence

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BILD

Municipal Benchmarking Study

Prepared for:

**Building Industry and Land Development
Association (BILD)**

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EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by BILD to undertake a study of several factors that may be contributing to housing affordability issues in major housing markets across the Greater Toronto Area (GTA), such as municipal approval processes, resulting timelines for approvals, and government charges levied by municipalities.

The study compares approaches that municipalities have in place to deal with the approval and ultimate development of new housing and highlights key features (and associated benefits of those features) in bringing new housing to approval and ultimate construction, as well as the cost implications of the municipal processes and policies. The analysis presented in the study was based on research done on 18 municipalities across the GTA.

Statistical and Demographic Overview

A review of statistical and demographic data in the municipalities under study reveals several trends that are causes of, or effects of, housing affordability issues throughout the GTA:

- Population is increasing in each municipality studied, and in most cases, this trend is accompanied by falling average household sizes. This phenomenon increases housing demand in two ways. The first effect is through the straightforward addition of net new persons moving into a municipality as part of an expanding population and the second effect of household sizes falling results in needing more residential units at a minimum just to house the existing population;
- There has been a significant increase in net international immigration and net non-permanent residents (e.g. temporary workers, students, etc.) in recent years, adding to demand for new housing;
- In some areas of the GTA (Toronto, Peel, York), there has been a large amount of net out-migration of residents from these areas to other parts of the province (i.e. intraprovincial migration), particularly by adults between ages 25 to 44 (as well as children aged 0 to 14), suggesting that persons forming households, particularly young families, are searching for locations with more affordable and/or suitable housing. The problem is most evident in higher-priced markets that have fewer ground-related family housing options being built;
- There has been a shift in the types of housing being built, with an increased emphasis on apartment housing units in most municipalities studied across the GTA. However, these housing units provide less capacity for persons on a per-unit basis due to generally smaller unit sizes, fewer bedrooms, etc. than most ground-related housing units;

- While there has been a shift in household tenure towards renting in all municipalities studied, the construction of purpose-built rental units continue to be less than 10% of the housing starts in most municipalities in the GTA (except in Toronto and Oshawa);
- Housing prices in the GTA municipalities studied have increased significantly. Over the 2006-2018 period, average prices of absorbed single detached homes have increased by an average of 158%, which equates to average annual increase of 7.6%, compounded annually.

Analysis of Municipal Processes

To understand whether municipal processes could be improved to expedite the review of new housing applications, or improve the quality of submissions from applicants, we have reviewed the presence and nature of several planning tools made available, or other features that may assist in making the development application and approval more efficient:

- The method of implementation, level of transparency, and processes regarding decision making can differ significantly from one municipality to the next. There are large variations, such as the degree of authority delegated to municipal staff, composition of planning approval committees, structure of planning department, etc.
- Some features, which could potentially help reduce development approval timelines, are not used extensively by all municipalities. Examples include development tracking portals that provide both an applicant and other relevant parties insight into the status of applications under review, easy to find resources that are frequently used or requested like terms of reference for required studies, zoning maps and other parcel level data, online submission portals to facilitate easy submissions, etc.
- The number of studies that may be required by municipalities was found to be onerous, with the requirements for an application in many municipalities ranging from 17 to 28 different studies for a single project, depending on the municipality, application type, and location of development. The required quantity and variety of technical studies, even if valid to ensure that developments are in the public interest, results in significant costs to the applicant both directly in terms of time and expense in retaining necessary experts to complete the required reports and studies, but also the time to allow municipal staff to review and comment on the findings of the various studies.

Analysis of Municipal Approval Timelines

After building a robust database of recently approved development applications for the municipalities under study, it has been found that

timelines for approvals from municipalities can, in some cases, take an average of up to 2 years to obtain.

Applications requiring multiple application types took on average just 20% to 30% longer than applications that required one type of application, suggesting that generally it is more efficient to bundle applications together for concurrent review rather than to require them be submitted and approved sequentially.

Applications requiring a ruling by the Local Planning Appeal Tribunal (“LPAT”), either initiated by the applicant or another party, extended timelines by nearly double compared to a municipal council approval. Seeking an approval from the LPAT is very costly, time-consuming, and risky for the applicant.

Additional time associated with getting overarching land use designations approved, the pre-submission stage, and the construction approvals stages were not part of the study, however, based on feedback from development industry members, it is clear that the “pre-application” period represents significant additional time over and above the timelines estimated for development application approval.

Quantifying Municipal Charges on New Housing Development

The modelling of municipal charges on new housing development was based on two hypothetical development scenarios – one low-rise, and the other high-rise. The analysis found that in many municipalities there are significant charges imposed by municipalities on new development, and that these charges can vary significantly from one municipality to the next.

Figure ES- 1

Development Scenario	Average Government Charge per Unit	Average Government Charges as % of Housing Prices
Low-Rise Development	\$93,700	9.7%
High-Rise Development	\$57,800	10.7%

For example, municipal charges on new housing developments are generally the highest in municipalities located in York Region, Peel Region and the City of Toronto.

The most significant charge in all of the studied municipalities is the development charge (DCs), which are levied by each lower-tier, upper-tier and single-tier municipality studied. Typically, DCs amount from 75% to 85% of the total municipal charges payable for a new low-rise development, and from 68% to 90% for high-rise.

The second most substantial charge was usually parkland dedication requirement or cash-in-lieu payment, averaging to 17% of the total municipal charges payable for low-rise development and 26% for high-rise.

Indirect Costs of Time Spent Gaining Approval

This report also quantifies the financial benefits of moving towards a more efficient, responsive and/or streamlined municipal approvals, by quantifying some of the “indirect” costs of time spent gaining municipal approvals. The results of the modelling are expressed on the basis of ‘costs per month’, which puts all of the various elements of this analysis onto one equal basis and allows for the calculation of impacts of time saved in the approvals process to be quantified. The costs modelled include:

- Additional taxes payable on vacant land;
- Increases to municipal charges and fees;
- Carrying costs of loans;
- Construction cost and wage inflation

The costs stemming from each additional month a project spends in the approvals process can add significantly to total project costs, and ultimately those costs will be passed onto home buyers.

Figure ES- 2

Development Scenario	Average Additional Costs
Low-Rise Development	\$1.46 per square foot / month
High-Rise Development	\$2.21 per square foot / month

Best Practices

The recently adopted Bill 108 has shortened timelines for municipal decisions on development applications. Municipalities will have to render decisions significantly more quickly in some cases. The benefit of these shortened timelines should result in not only better timelines for developers, but it could also create significant incentive for municipalities to re-examine their processes, workflow, technology, and organizational structures to find efficiencies and more effective ways of reviewing applications within the allotted time.

Figure ES- 3

Planning Application Type	Timelines Prior to Bill 108	Timelines after Bill 108
Official Plan Amendment	210 Days	120 Days
Zoning By-law Amendment	150 Days	90 Days
Plan of Subdivision	180 Days	120 Days
Site Plan	30 Days	30 Days

Based on a scan of programs initiated by municipalities to improve their development review processes, there are several key areas routinely identified as being areas for improvement, including:

- Reducing miscommunication which can creates conflicts that lead to delays;
- Pay close attention to workflows and team composition;
- Empower staff with more delegated powers;
- Reduce required statutory processes where possible; and
- Improvements are limited without technology.

Many of the best practices of the municipalities reviewed are highly transferable, however, ultimately each municipality will have its own set of unique circumstances that must be taken into account.

Conclusion

The overall findings in the report incorporate the rankings from the three major elements studied that feed into housing affordability – providing tools and features to improve quality of submissions, ensuring approvals are done in an expedient manner, and housing costs stemming from government charges that get borne by buyers/renters.

Overall, the municipalities of Barrie, Burlington and Oakville rank atop the list, all three with top-half ranks in each of the categories. The largest municipalities by population among those studied (Toronto, Mississauga, Brampton, Markham, Vaughan) all rank on an overall basis no higher than 10th.

Figure ES- 4

Overall Scorecard - Planning Features, Government Charges, Approvals Timelines

	Planning Features <i>rank (1=best)</i>	Government Charges <i>rank (1=lowest)</i>	Approvals Timelines <i>rank (1=best)</i>	Score (Average Rank) <i>lower=better</i>	Rank
Barrie	2	3	5	3.3	1
Burlington	2	6	3	3.7	2
Oakville	2	9	4	5.0	3
Clarington	7	1	9	5.7	4
Oshawa	16	5	1	7.3	5
Pickering	11	2	10	7.7	6
Innisfil	15	7	2	8.0	7
Milton	7	10	n.a	8.5	8
Whitby	16	4	7	9.0	9
Toronto	1	14	15	10.0	10
Vaughan	6	17	8	10.3	11
Mississauga	9	11	13	11.0	12
Brampton	5	15	14	11.3	13
Richmond Hill	11	13	11	11.7	14
Caledon	9	12	16	12.3	15
Aurora	11	16	12	13.0	16
BWG	14	8	17	13.0	16
Markham	18	18	6	14.0	18

Note: Government Charges based on average of low-rise and high-rise scenarios, as measured by government charges as % of housing prices

Source: Altus Group Economic Consulting

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1 INTRODUCTION

1.1 BACKGROUND & SCOPE OF STUDY

Altus Group Economic Consulting was retained by BILD to undertake a study of several factors that may be contributing to housing affordability issues in the Greater Toronto Area (GTA).

The study looks at several factors such as municipal approval processes, timelines for approvals, and government charges, and compares approaches that studied municipalities have in place to deal with the approval and ultimate development of new housing and makes an effort to highlight key features and associated benefits in bringing new housing to approval and ultimate construction.

In addition to reviewing the direct costs municipalities place on new housing developments, the study also looks at the potential implications of approval processes and the typical approval timelines by estimating the indirect costs associated with time that applications may spend in the review and approval process.

1.2 APPROACH

1.2.1 Topics Covered

This report looks at several areas that have direct links to issues related to housing supply and/or housing affordability, including factors that impact the timeliness in which developers and landowners are able to bring new housing supply onto the market, and the costs of developing new housing.

Figure 1

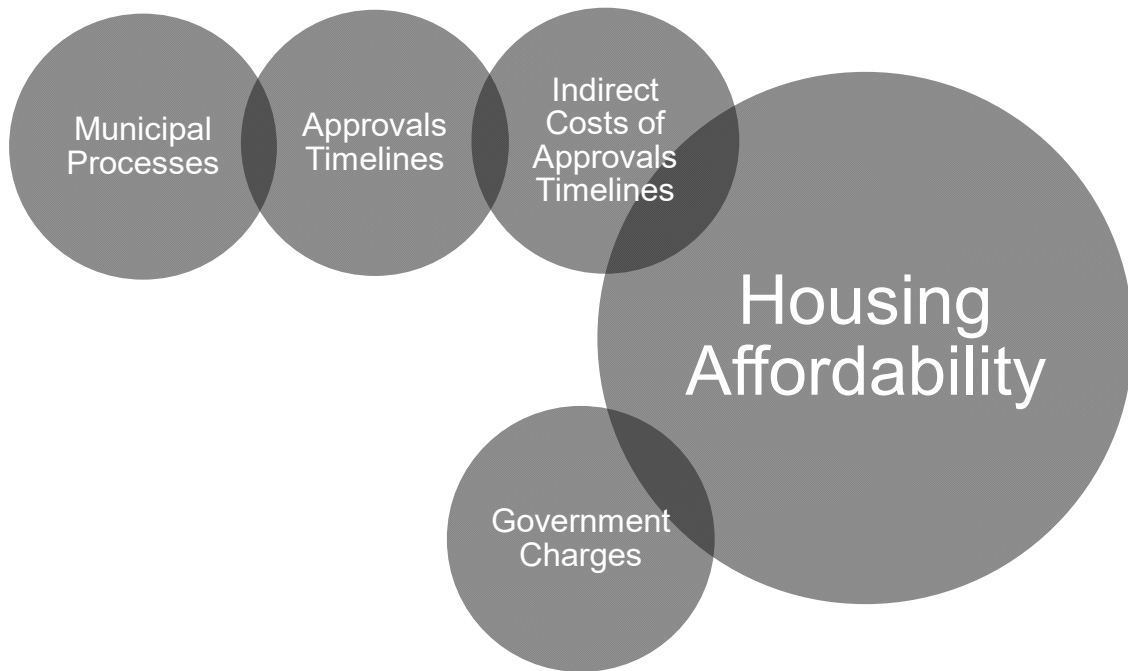
Subject Area	Approach
Demographic and Statistical Overview	Provide overview of trends in housing construction (tenure, form, prices), and shifts in population.
Analysis of Municipal Planning Approval Processes	Review of the features and tools utilized by municipalities to facilitate more efficient and transparent development processes.
Review of Municipal Charges Imposed on New Development	Using two hypothetical development scenarios, estimate the direct costs that municipalities levy on new housing developments, costs which are ultimately passed on to new home buyers (or renters) through higher prices (or rents).

Sampling of Municipal Approvals Timelines	Estimating the amount of time that typical development applications spend in the municipal approvals process.
Quantification of Indirect Costs of Time Associated with Approval Processes	Estimating the indirect costs associated with each additional month a development application is in the approvals process.
Analysis and Review of Best Practices	A high-level review of recent and ongoing initiatives that municipalities or Provincial governments are taking to streamline approvals processes, reduce costs of development, etc.

The various sections of the report flow so as to create a picture of the potential causes, effects, and impacts of housing affordability.

Figure 2

How Components of Report Relate to Each Other and Affect Housing Affordability



The section on municipal processes attempts to show how features present in the provincial and municipal planning systems can and do impact approvals timelines. The analysis of municipal timelines analyses a robust sample of recent development approvals in municipalities across the GTA to

understand what typical timelines are. The analysis of indirect costs associated with approval timelines expresses the costs that each month spent gaining approval can add to the development of residential projects.

Both the indirect costs associated with approvals timelines and the government charges quantified in a separate section, which are directly charged to developers and landowners, impact housing affordability as developers and home builders seek to recover development costs through home prices.

1.2.2 Geographic Scope

The study looks at the planning processes in a total of 18 municipalities in the Greater Toronto Area:

Figure 3

Region	Area Municipality
Toronto	City of Toronto
York Region	Vaughan, Markham, Richmond Hill, and Aurora
Peel Region	Brampton, Mississauga, and Caledon
Halton Region	Oakville, Burlington, and Milton
Durham Region	Pickering, Whitby, Oshawa, and Clarington
Simcoe County	Barrie, Innisfil, and Bradford West Gwillimbury (or "BWG")

1.3 CAVEATS

The report looks at factors that may be contributing to housing affordability issues in the Greater Toronto Area, such as planning processes, demographic factors, government charges, timelines for gaining approvals for new housing, etc. However, these factors are not meant to represent an exhaustive list of factors that contribute towards housing affordability issues.

The information presented in this report is based on interpretation of various municipal policies, by-laws, rate schedules, etc. While every effort has been made to interpret these materials accurately, there can be no certainty that municipal stakeholders will apply their policies and rates in the same manner as interpreted here.

The models at the core of this report frequently rely upon inputs and assumptions, such as assumed land values, estimated housing prices, and development yields from hypothetical development sites. These inputs and

assumptions are intended for the purposes contained herein, and should not be used for any other purposes, or relied upon in any manner other than how they are used within this report.

The data presented in this report is based on the latest data available as of the writing of the report, but given the types of data used, the most recent iteration of data may vary from one chart, table, or figure to the next. For example, as of the time of writing of this report, CMHC data on housing starts is available to the end of 2019, while Statistics Canada Census data is only current as of mid-2016.

2 MUNICIPAL DATA

This section provides a high-level overview of key demographic characteristics in the studied municipalities, and presents some key statistics related to housing development and affordability in these markets.

2.1 CENSUS DATA

2.1.1 Population Change

Figure 4 shows the population in each of the municipalities being studied in this report, and the average annual change over the past two five-year Census periods. The average annual change in these municipalities has been 1.68% per year for the 2006-2011 period, and 1.16% for the 2011-2016 period.

Figure 4 Population and Average Annual Population Change, Selected Municipalities, 2006-2016

Municipality	Population			Average Annual Population Change	
	2006	2011	2016	2006-2011	2011-2016
	<i>Persons</i>			<i>Percent Change</i>	
Burlington	164,415	175,779	183,314	1.35%	0.84%
Oakville	165,613	182,520	193,832	1.96%	1.21%
Milton	53,939	84,362	110,128	9.36%	5.48%
Mississauga	668,549	713,443	721,599	1.31%	0.23%
Brampton	433,806	523,906	593,638	3.85%	2.53%
Caledon	57,050	59,460	66,502	0.83%	2.26%
Toronto	2,503,281	2,615,060	2,731,571	0.88%	0.88%
Vaughan	238,866	288,301	306,233	3.83%	1.21%
Richmond Hill	162,704	185,541	195,022	2.66%	1.00%
Markham	261,573	301,709	328,966	2.90%	1.74%
Aurora	47,629	53,203	55,445	2.24%	0.83%
Pickering	87,838	88,721	91,771	0.20%	0.68%
Whitby	111,184	122,022	128,377	1.88%	1.02%
Oshawa	141,590	149,607	159,458	1.11%	1.28%
Clarington	77,820	84,548	92,013	1.67%	1.71%
Bradford West Gwillimbury	24,039	28,077	35,325	3.15%	4.70%
Innisfil	31,175	32,727	36,566	0.98%	2.24%
Barrie	128,430	136,063	141,434	1.16%	0.78%
Total	5,359,501	5,825,049	6,171,194	1.68%	1.16%

Source: Altus Group Economic Consulting based on 2006, 2011 and 2016 Census Data

2.1.2 Average Household Size

Figure 5 shows the number of private occupied dwellings in each municipality, and the average household size, as well as how the average household sizes have changed between 2006 and 2016.

In most studied municipalities, the average household size has declined over the 10-year 2006-2016 period, significantly so in some cases. A decline in average household size in a municipality can be driven by many

demographic factors, including declining fertility rates, an increase in the number of persons living alone, etc. However, declining average household sizes means that there is a demand for new housing even if the overall population was unchanged.

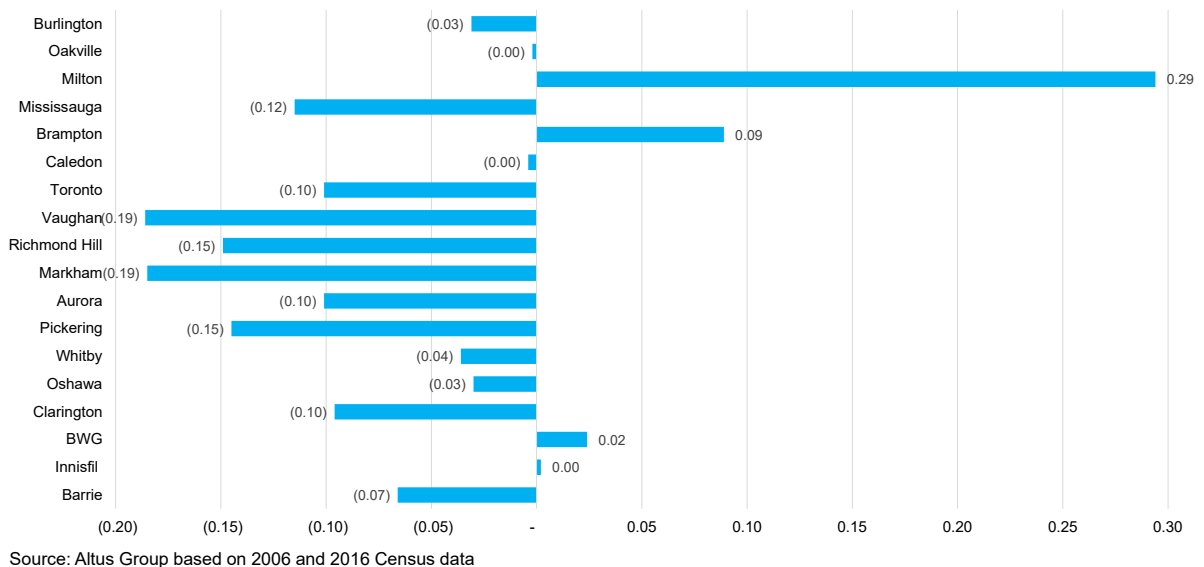
Figure 5 Private Occupied Dwellings, Average Household Size, and Change in Average Household Size, Selected Municipalities, 2006-2016

Municipality	Private Occupied Dwellings		Average Household Size		
	2006	2016	2006	2016	Change
	<i>Households</i>		<i>Persons per Unit</i>		
Burlington	63,255	71,373	2.60	2.57	(0.03)
Oakville	56,575	66,269	2.93	2.92	(0.00)
Milton	18,465	34,257	2.92	3.21	0.29
Mississauga	214,925	240,913	3.11	3.00	(0.12)
Brampton	125,930	168,011	3.44	3.53	0.09
Caledon	18,210	21,256	3.13	3.13	(0.00)
Toronto	979,440	1,112,929	2.56	2.45	(0.10)
Vaughan	69,535	94,253	3.44	3.25	(0.19)
Richmond Hill	51,000	64,116	3.19	3.04	(0.15)
Markham	77,195	102,676	3.39	3.20	(0.18)
Aurora	15,655	18,851	3.04	2.94	(0.10)
Pickering	28,220	30,919	3.11	2.97	(0.14)
Whitby	37,240	43,529	2.99	2.95	(0.04)
Oshawa	54,925	62,595	2.58	2.55	(0.03)
Clarington	26,850	32,838	2.90	2.80	(0.10)
Bradford West Gwillimbury	7,950	11,591	3.02	3.05	0.02
Innisfil	11,400	13,364	2.73	2.74	0.00
Barrie	46,515	52,476	2.76	2.70	(0.07)
Total	1,903,285	2,242,216	2.82	2.75	(0.06)

Source: Altus Group Economic Consulting based on 2006 and 2016 Census Data

Of the 18 municipalities, the average household size increased in four municipalities, including Milton (+0.29 persons per unit), Brampton (+0.09), BWG (+0.02) and Innisfil where there was a slight increase. In the other 14 municipalities, there were slight-to-significant declines, with decreases upwards of 0.14 to 0.19 persons per unit in municipalities such as Vaughan, Richmond Hill, Markham, and Pickering.

Figure 6 Change in Average Household Size, 2006-2016
Persons per Unit



2.1.3 Migration Data

Using Statistics Canada data on migration can provide information on the sources of population change within the upper-tier (or single-tier) municipalities with the GTA. Beyond natural life factors that affect population (such as births and deaths), there are four key flows of people into and out of municipalities and regions:

- **Intraprovincial migration** - persons moving in/out of the municipality or metropolitan area, but staying within the same province;
- **Net immigration** - persons arriving from outside of Canada (as permanent residents) minus persons that were living in Canada leaving the country;
- **Net Interprovincial migration** – net inflow or outflow of persons moving into of a municipality or region from another province (or vice versa);
- **Net non-permanent residents** – net inflow or outflow of persons such as temporary workers, students, etc.

For example, over the 10-year period ending mid-year 2019, the City of Toronto has seen several distinct movements of population in and out of the City:

- A net outflow of 277,200 persons that have left the City for other parts of the province of Ontario (intraprovincial migration);
- An additional 411,400 persons residing in the City from net immigration (persons coming to reside in the City from outside of Canada);

- A net inflow of approximately 22,700 persons moving to reside in the City from interprovincial migration – persons moving to the City from other places in Canada outside of Ontario; and
- An additional 124,600 net new non-permanent residents (comprised on international students, temporary workers, etc.).

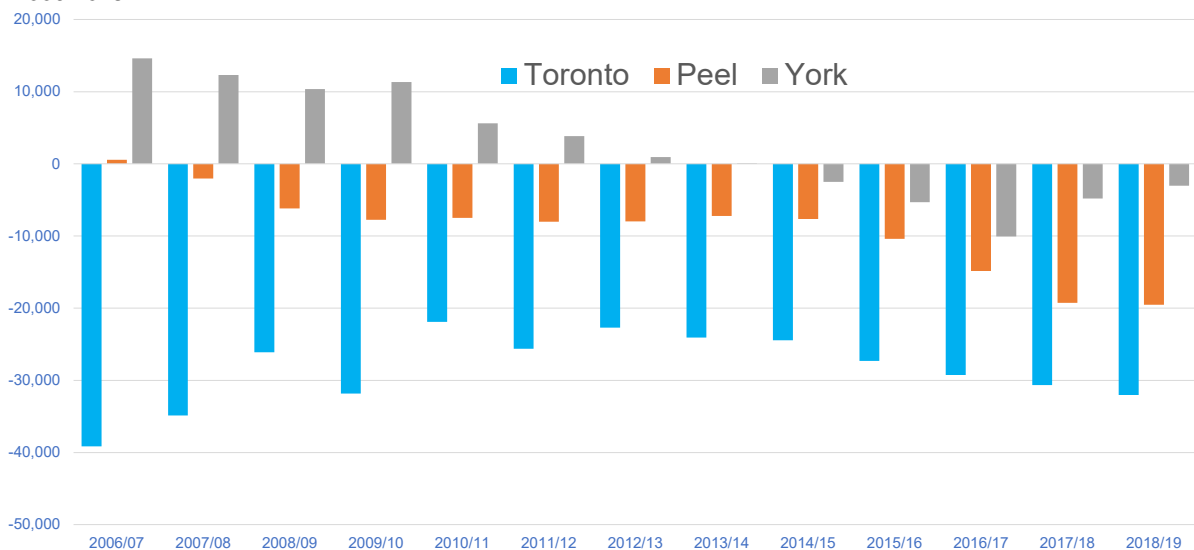
Figure 7 Migration by Census Division, 2009-2010 to 2018-2019, Ranked by Net Intraprovincial Migration

Census Division	Net Intraprovincial Migration		Net Immigration		Net Interprovincial Migration		Net Non-Permanent Residents		Total
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	
	Persons		Persons		Persons		Persons		
Simcoe County	71,112	1	2,714	6	(6,864)	4	6,120	4	73,082
Durham Region	53,487	2	14,061	5	(8,029)	5	4,731	6	64,250
Halton Region	43,342	3	18,936	4	455	2	5,687	5	68,420
York Region	(2,373)	4	73,122	3	(510)	3	12,977	3	83,216
Peel Region	(110,545)	5	189,668	2	(8,420)	6	53,720	2	124,423
Toronto	(277,222)	6	411,423	1	22,715	1	124,639	1	281,555

Source: Statistics Canada, 2018-2019 Annual Demographic Estimates

A significant outflow of persons from a municipality to other parts of a province (intraprovincial migration) can be due to households leaving an area due to a lack of desired housing options in a municipality, or the unaffordability of the housing options that are available. Of the six regions within the GTA, three (Toronto, Peel and York) are experiencing net outflows of residents to other parts of Ontario, significantly so for Toronto and Peel. In these three regions, the net number of persons leaving the regions for other parts of Ontario has been increasing in Peel and York, and more recently so in Toronto.

Figure 8 Annual Net Intraprovincial Migration – Toronto, Peel and York 2006-2018



Source: Altus Group based on Statistics Canada, Annual Demographic Estimates data

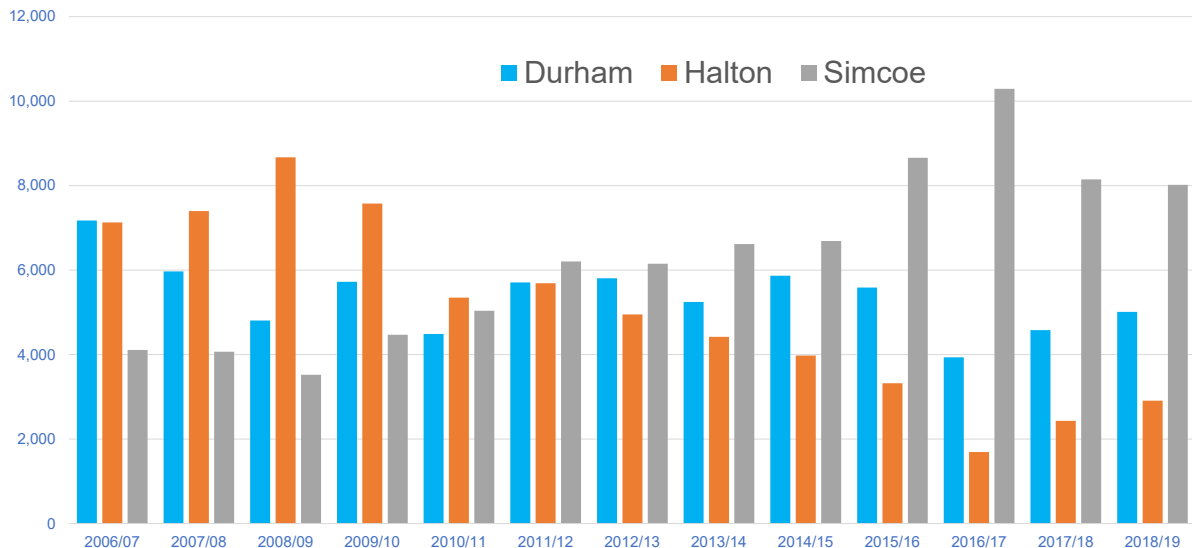
For the three other regions within the GTA that have been seeing net inflows of people from elsewhere in the province:

- The net inflows in Halton have been decreasing steadily from the highs of 2006-2010, but remain positive on an annual basis;
- The net inflows into Durham have generally remained steady at between 4,000 and 6,000 persons per year; and
- The net inflows into Simcoe have been increasing, with the last four years the highest in the 13-year period, all at or above 8,000 persons of net inflow.

Figure 9 shows the annual Intraprovincial trends for Halton, Durham and Simcoe.

Figure 9

Annual Net Intraprovincial Migration – Halton, Durham and Simcoe 2006-2018



Source: Altus Group based on Statistics Canada, Annual Demographic Estimates data

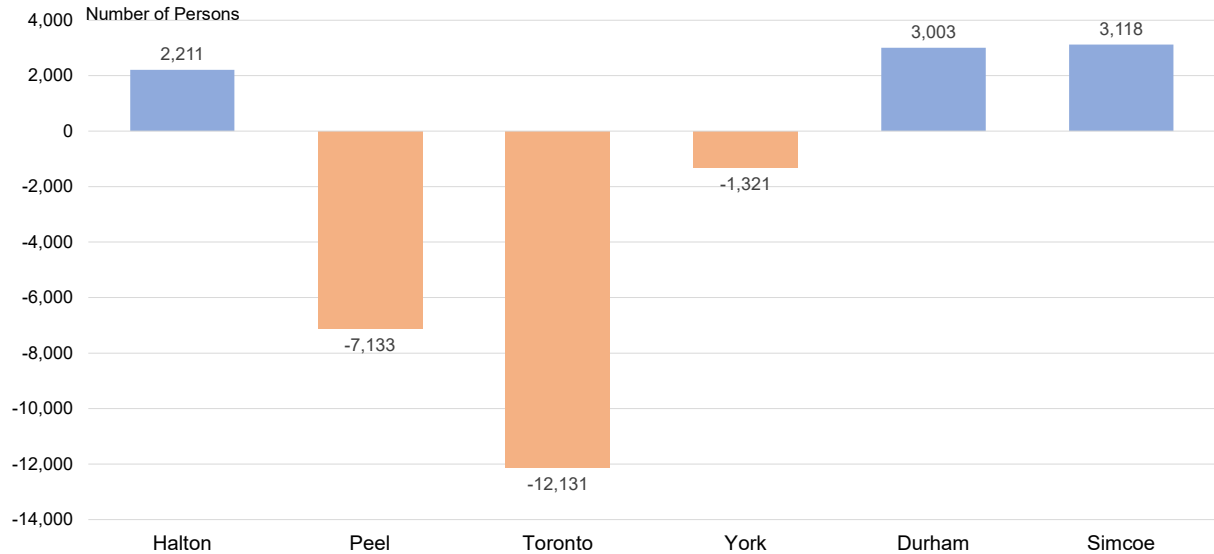
To understand the nature of the Intraprovincial flows to/from the six GTA regions to/from other parts of Ontario, Figure 10 below shows Intraprovincial migration by age for the year 2018-2019.

Areas with outflows are seeing the net outflows driven by persons aged 25-44. Meanwhile, Halton, Durham and Simcoe are gaining persons in this age group from other parts of the province, with a significant proportion likely coming from nearby places such as Peel, York and Toronto.

The data appears to indicate that a lack of housing both affordable and suitable for families is resulting in younger families (and their children) leaving the inner parts of the metropolitan areas (Toronto, Peel, York) that

generally have higher prices for areas with more affordably priced and suitable housing options for families.

Figure 10 Intraprovincial Migration for Age Group 25-44, 2018-2019, Greater Toronto Area



Source: Altus Group based on Statistics Canada, Annual Demographic Estimates, 2018-2019

2.2 HOUSING TENURE

An analysis of the tenure of occupied dwellings shows that there has been an increase in the share of renter households in every one of the studied municipalities. As of 2016, only five (5) of the 18 municipalities have shares of renter households greater than 20%.

An increased share of renter households does not necessarily mean that there has been an increase in the amount or share of housing built as 'purpose-built' rental housing. Instead, this could also mean that there has been an increase in the size of the secondary rental market (rented single-detached, semi-detached, townhouse units, and condominium apartments put on the secondary rental market).

Figure 11

Household Tenure in Studied Municipalities, Ranked by Highest Share of Renter Households in 2016

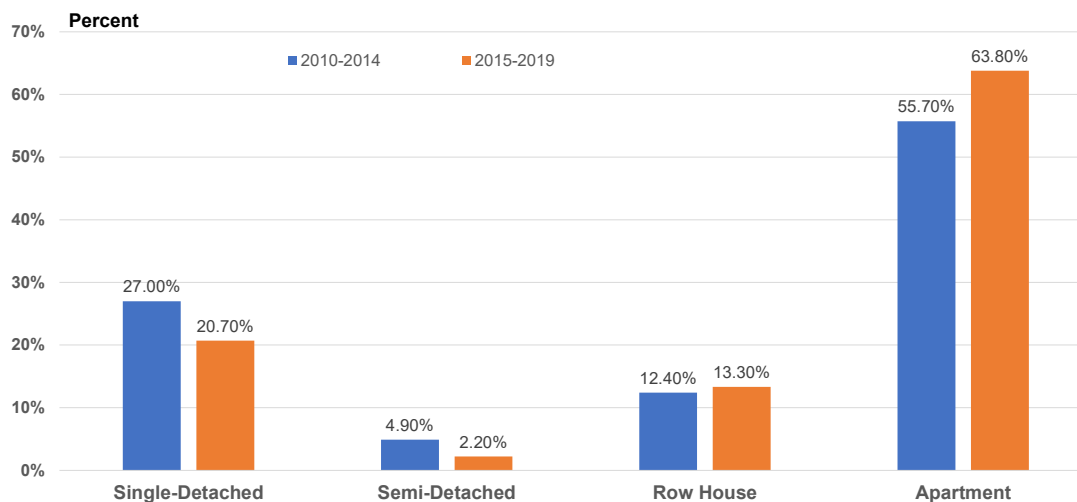
Municipality	Share of Renter Households			% Increase in Households by Tenure	
	2006	2016	Change in Pct. Points	Owner	Renter
	Percent Share			Percent Change	
Toronto	45.6%	47.2%	1.6	10%	18%
Oshawa	30.1%	31.5%	1.4	12%	19%
Barrie	23.6%	28.8%	5.2	5%	38%
Mississauga	25.0%	27.7%	2.7	8%	24%
Burlington	20.4%	23.6%	3.2	8%	30%
Brampton	18.5%	20.0%	1.5	31%	44%
Oakville	15.9%	18.3%	2.4	14%	35%
Richmond Hill	13.7%	17.6%	3.8	20%	61%
Bradford West Gwillimbury	17.2%	17.3%	0.1	46%	47%
Whitby	16.0%	16.7%	0.7	16%	22%
Aurora	14.2%	16.1%	1.9	18%	36%
Milton	11.9%	14.1%	2.2	81%	120%
Markham	11.3%	13.9%	2.7	29%	64%
Pickering	10.9%	12.6%	1.7	7%	26%
Clarington	11.2%	11.9%	0.7	21%	30%
Innisfil	6.7%	11.6%	4.9	11%	103%
Vaughan	7.3%	10.4%	3.1	31%	94%
Caledon	8.6%	9.2%	0.6	16%	25%

Source: Altus Group Economic Consulting based on 2006 and 2016 Census of Canada

2.3 HOUSING STARTS & COMPLETIONS

Figure 12 shows how housing starts by housing type have changed in the studied municipalities over the past ten years, as broken out into separate five-year periods.

Figure 12 **Change in Housing Starts by Structure Type**
Selected Municipalities, 2010-2019, by 5-Year Period

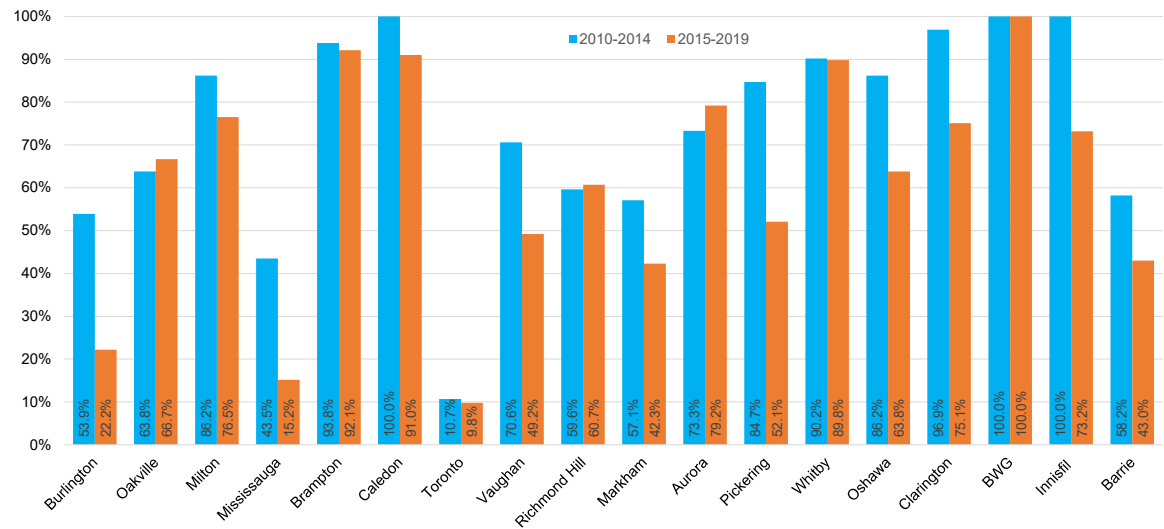


Source: Altus Group based on CMHC Housing Starts data

There has been an increasing proportion of housing starts in higher density forms such as row houses and apartment, while lower density housing forms (single-detached and semi-detached) have declined in share.

Of the 18 municipalities studied, 14 municipalities have seen declines in the share of ground-related housing starts over the past two five-year periods (see Figure 13). The only municipalities with increases in share of ground-related housing have been Richmond Hill, Oakville, and Aurora, however, these increases were relatively modest, ranging from increases in share of 1.1 to 5.9 percentage points. The share of ground-related housing in Bradford West Gwillimbury has remained unchanged, at 100% in both periods.

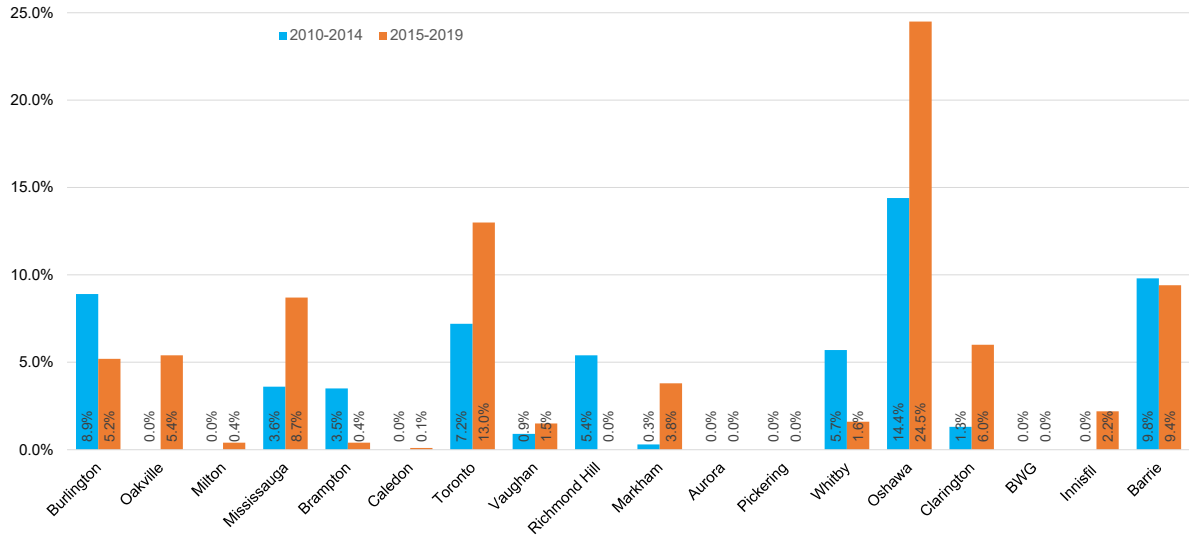
Figure 13 Change in Share of Ground-Related Housing Starts by Municipality 2010-2014 vs. 2015-2019



Source: Altus Group based on CMHC Housing Now data

An analysis of the tenure of occupied dwellings shows that despite the number of renter households increasing, there has been a lack of purpose-built rental housing construction in the Greater Toronto Area, with only two municipalities seeing more than 10% of new housing starts be purpose-built rental in the last five years (Oshawa at 24.5% of housing starts, and Toronto at 13.0%).

**Figure 14 Share of Rental Tenure Housing Starts, by Municipality
2010-2014 vs. 2015-2019**



Source: Altus Group based on CMHC Housing Now data

The number of rental housing starts increased by 87% from the 2010-2014 period to the 2015-2019 period. On average, among studied municipalities, rental housing starts comprised just 8.4% of all housing starts over the past five years, although that share was higher than the 4.9% share of rental housing in the prior five-year period.

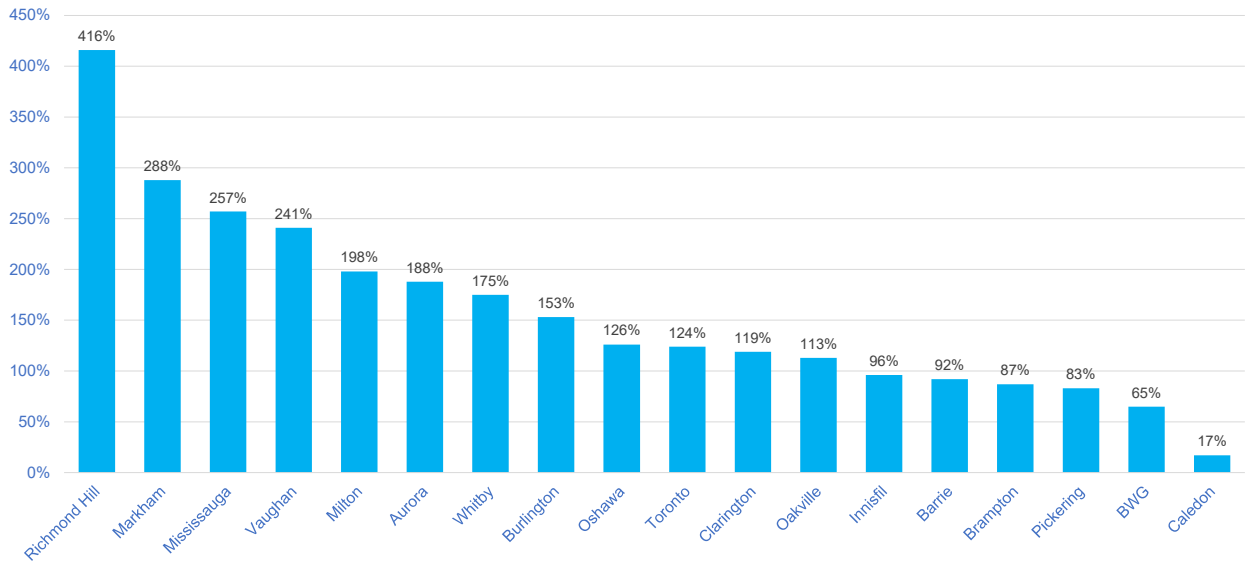
2.4 OTHER MUNICIPAL DATA

2.4.1 Housing Prices

Housing prices in the studied municipalities have increased significantly. Over the 2006-2018 period, based on CMHC data, average prices of absorbed single-detached homes have increased by an average of 158%.¹ Figure 15 shows the changes in absorbed single-detached housing prices over the 2006-2018 period.

¹ The percentage change in absorbed single-detached housing prices should be used with some caution as the data does not control for size of single-detached dwellings in the sample, meaning that the data set could be skewed towards luxury estate lots in one period, but smaller single-detached dwellings in a residential subdivision in another period.

Figure 15 Change in Absorbed Single-Detached Housing Prices 2006-2018

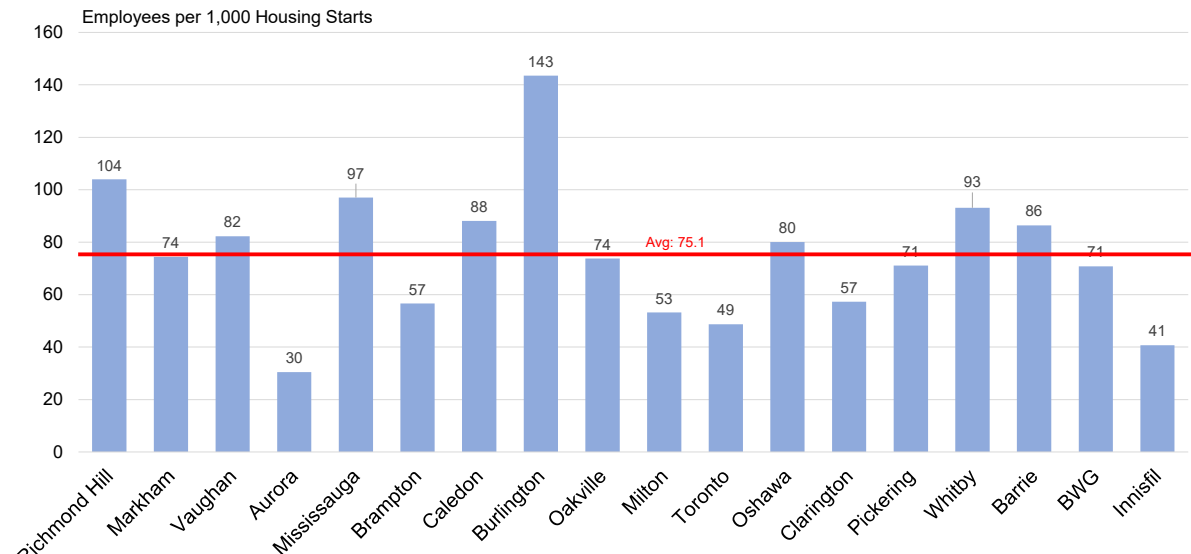


Source: Altus Group based on CMHC Housing Now data

2.5 MUNICIPAL STAFF PER CAPITA

Using available municipal data, an analysis was undertaken to estimate the number of staff (expressed as Full-Time Equivalent or FTE) that municipalities have made available to review development and building permit applications as a significant part of their day-to-day work.

Figure 16 Municipal Planning Employees per 1,000 Housing Starts



Note: Housing Starts in denominator are based on annual average over 2015-2019 period
 Note: Staff counts include planning and development staff, and staff responsible for building permits
 Source: Altus Group based on CMHC Housing Now data, municipal data

To compare municipal staffing across municipalities of varying sizes, we have put all employee counts on a per 1,000 housing starts basis, based on an average of housing starts from the past five years.

Across the studied municipalities there is an average of approximately 75 municipal planning staff per 1,000 housing starts.

For those municipalities with below average staffing levels, the relative outliers are Aurora, Toronto and Innisfil, which each have less than 50 municipal planning staff per 1,000 annual housing starts. This suggests that these municipalities may not have sufficient staffing resources to process applications going forward, particularly in busy years, although it could also suggest that staff at municipalities at the low-end of the scale have to-date been relatively efficient in getting housing applications processed with the resources available. However, in several cases (Aurora, Innisfil, Toronto, Brampton), low staffing levels coincides with longer municipal approval timelines.

Those municipalities with above-average staffing levels are Burlington, Richmond Hill, and Mississauga, each of which have more than 95 planning staff per 1,000 annual housing starts. This suggests these municipalities would have the capacity available to take on a surge in housing development, should one arrive in the coming years.

2.6 SUMMARY OF FINDINGS

Based on our review of demographic and statistical information for the studied municipalities, we have found the following:

- Population is increasing in each municipality studied, but in many cases, this trend is accompanied by falling average household sizes. Both of these add to housing demand – one from net new persons moving into a municipality, and a second from more housing units being needed just to house the existing population;
- In several parts of the GTA (York, Peel and Toronto), there has been a net out-migration of residents from these areas to other parts of Ontario, particularly by adults between aged 25-44 (as well as children aged 0-14), suggesting that persons forming households (particularly families) are leaving to other areas where they're able to better afford and/or more readily find their desired housing product. Halton, Durham and Simcoe have seen net inflow of persons aged 25-44, suggesting that these areas are currently able to meet the demands of younger families for affordable and suitable housing;
- Each of the studied municipalities have seen an increase in the number of renter households, however, purpose-built rental housing construction remains a relatively minor component of overall housing construction;

- There has been a shift in the types of housing being built, with much more emphasis on apartment housing units in most municipalities studied;
- The staffing levels at municipalities are generally consistent when expressed on a 'per 1,000 housing starts' basis, though there are a few outliers (high and low), which may indicate municipalities that are able to respond (or not) to surges in housing development activity going forward. In some cases, low staffing levels coincides with longer municipal approval timelines (Aurora, Innisfil, Brampton, Toronto).

3 MUNICIPAL UTILIZATION OF TOOLS AND PROCESSES

This section of the report reviews the tools that are available to municipalities to assist staff in reviewing development applications, or help applicants navigate the requirements for their development submissions.

3.1 LISTING OF MUNICIPAL TOOLS AND PROCESSES

We have identified numerous features or approaches taken by Ontario municipalities that may positively or negatively influence the ability to get new housing approved and ultimately built in a more expedient fashion than otherwise possible.

Each municipality is scored on whether they have tools or utilize processes that can be deemed beneficial to an efficient planning approvals system or to increase transparency for developers and other stakeholders.

The features reviewed are as follows:

- Online development application submission or building permit application portal;
- The availability of a “development guide”, which shows required studies and components of various planning applications, to ensure applicants understand the requirements of applications and achieve ‘complete application’ status;
- Clear terms of reference for required studies;
- Online status list or tracking system for active development applications, as well as whether mapping of applications is provided, and supporting studies and plans are provided;
- Online zoning, including whether a GIS file and/or a GIS portal available.

The following section of the report presents our measures of how each studied municipality utilizes these tools and features, and what proportion of the 18 municipalities studied are each tool or feature.

3.2 SCORECARD ON PLANNING SYSTEM FEATURES

Based on our review, many tools and processes are already present in most of the 18 municipalities, though no single feature is fully present in more than three-quarters of municipalities.

The most frequently utilized tool is a tracking system for active development applications, while very few municipalities provide clear terms of reference for studies required to be submitted with development applications. A lack of clarity regarding study requirements can result in unnecessary re-submissions and delay the ability to submit a fully complete application.

Figure 17

Feature	% of Municipalities with Feature
Development Guide	67%
Terms of Reference	47%
Development Application Tracking System – Active Applications	75%
Development Application Tracking Database – Historic Applications	42%
Application Tracking – Map	64%
Application Tracking – Supporting Files and Studies	56%
Zoning – GIS file available	22%
Zoning – GIS Portal / Mapping	72%

Another feature explored, but complicated due to COVID-19 adaptation by municipalities is the availability of online submission portals for development applications and/or building permit applications.

Of the studied municipalities only one municipality utilized all eight tools (Toronto) and processes, and some only utilized a few of the tools and processes.

Figure 18

Number of Features (out of 8)	Municipalities with Number of Features
7 or more	Barrie, Brampton, Oakville, Burlington, Toronto
Between 5 and 7	Clarington, Milton, Vaughan
Between 3 and 5	BWG, Pickering, Caledon, Mississauga, Richmond Hill, Aurora
Below 3	Innisfil, Whitby, Oshawa, Markham

3.3 STUDY REQUIREMENTS

Many planning applications require numerous studies, plans and technical reports to be submitted to satisfy municipal staff regarding the nature of the proposal and detailing any potential impacts on the community.

A review of development guides for seven municipalities, including some lower-tier, upper-tier and single-tier municipalities shows the range of potential studies that may be required for a development application – the full list of potential studies is presented in Figure 19.

We have found almost 60 different types of studies, with most applications usually requiring some combination of 20-30 of these studies, depending on the municipality, location of the development and the type of building(s) and uses being proposed.

3.4 CONCLUSIONS

The review of utilization of planning tools and processes has found that some tools that could assist with potentially streamlining municipal processes and commenting periods, or would improve the quality of submissions from applicants, such as online submission portals and detailed terms of reference for technical studies required for review of development applications are often not used in many of the municipalities studied.

A review of the list of studies that may be required by municipalities shows that some development applications may be burdened with a vast array of study requirements - in some cases potentially in the range of 20-30 studies for a single project, depending on the municipality, application type, and location of development.

The required quantity and variety of technical studies, even if necessary to ensure that developments are in the public interest, results in significant costs to retain experts necessary to complete the studies and adds significant time for the studies to be completed, and then reviewed by municipal staff. The greater the number of studies also likely increases the likelihood of revisions and resubmissions, adding more time to the approvals process.

Figure 19

	Municipality						
	Toronto	Durham	Clarington	Halton	Oakville	Simcoe	Barrie
Affordable Housing Report						X	X
Agricultural Impact/ Assessment		X			X	X	X
Air Quality Study					X		
Arborist Tree Preservation Report	X			X	X		X
Archeological Assessment	X		X	X	X	X	X
Block Master Plan			X				
Community Services and Facilities Study	X						
Contaminated Site Assessment	X	X					
Contamination Management Plan		X					
Earth Science Heritage Evaluatio			X				
Electromagnetic Field Management Plan / Study	X						
Energy Strategy	X						X
Enviromental Site Assessment			X	X		X	X
Environmental evaluation study							X
Environmental Impact Study	X	X	X	X	X	X	X
Erosion or Natural Hazard Assessment		X		X			X
Financial Impact Study		X	X	X	X		X
Fire Access Plan							
Fisheries Impact/Marina Impact Study						X	X
Floodplain Report			X			X	
Geotechnical Study / Soils Report	X	X	X	X	X	X	
Healthy Communities				X			
Heritage Impact Report	X	X	X		X	X	X
Housing Issues Report	X						
Hydrogeology / Groundw ater Assessment		X	X	X	X	X	X
Landfill Impact Study						X	
Landform Conservation Plan			X				
Landscaping Plan					X		
Lighting Plan			X			X	X
Linkage Assessment			X				
Loading Study	X						
Marine archaeological assessment							X
Market Impact Study		X	X				X
Natural Heritage Impact Study	X		X			X	
Noise Impact Study	X		X	X	X	X	X
Odour/Dust/Nuisance Impact Report		X	X	X		X	X
Parking Study	X						
Parkland Impact Study / Recreation Needs			X				
Planning Rationale / Justification	X	X	X	X	X	X	X
Public Consultation Strategy Report	X						
Rental Housing Conversion Report		X					
Servicing Report	X	X	X	X	X	X	X
Slope Stability Report			X	X			X
Stormw ater Management / Drainage Report	X	X	X		X	X	
Streetscape Plan					X		
Sun/Shadow Study	X						X
Sustainability Report			X				
Topographical Survey	X						
Traffic Operations Assessment	X		X				
Transportation Impact Study	X	X	X	X	X	X	X
Urban Design Report	X		X			X	X
Vegetation Inventory							
Vibration Study	X	X	X	X	X	X	X
Water conservation plan						X	
Water Quality Study							X
Watershed Study		X					
Wellhead Risk Assessment Report						X	X
Wind Study	X					X	X

Note: Some studies shown as not being required may actually be required within other larger studies shown, depending on the specific terms of reference for each study. In most instances, the studies listed may only be required for some application types, or only in some circumstances.

Source: Altus Group Economic Consulting based on Municipal Official Plans

4 ESTIMATES OF MUNICIPAL APPROVAL AND PERMIT TIMELINES

Lengthy timelines for development application approvals from municipalities are a common complaint of development industry stakeholders. This section reviews findings from exhaustive research into timelines for recently approved applications for most municipalities studied in this report.

4.1 APPROACH

Altus Group endeavoured to measure typical approval timelines for development applications in various municipalities across the Greater Toronto Area.

The approval timelines were measured from the date a municipality provided acknowledgment that an application was deemed 'complete'² to when a planning approval was provided by the municipality. The nature of a 'planning approval' can take many forms, including approvals provided by a municipality for official plan amendments, zoning by-law amendments, draft plan of subdivision, draft plan of condominium, site plan approval, or a combination thereof.

Although contingent on the availability of data provided by municipalities, it was possible to undertake a few types of analyses of approval timelines for different applications types for municipalities in the study. However, not every municipality made available all necessary information to do the analysis for all application types, and there are some municipalities where certain types of applications are relatively rare (i.e., subdivision applications in the City of Toronto). Only in instances where it was possible to obtain robust samples for particular application types are findings shared. An overview of the sources for data informing our analysis are summarized in the following table.

It should be noted that while the analysis focuses on the time between complete application and municipal approval, it does not account for the significant period of time that an application may take to achieve a 'complete application' status (i.e. "pre-submission"), nor the period of time from development approval to building permit approval. There are also significant timelines associated with the process of getting vacant land designated for urban uses (e.g. greenfield development) – often this process can take several years, and in some cases can take upwards of 10 or more years.

² Such as, direct affirmations of an application's complete status date or the date a notice of a public meeting was provided.

Figure 20

Data Source	Description
Municipal Application Status Lists	Some municipalities provide comprehensive lists of recently approved applications. Often, data can be extracted from the published records about date of complete application, date of approval(s), etc.
Council / Committee Agendas, Minutes, Staff Reports	Each municipality studied makes some amount of information regarding development approvals through agendas, minutes, and associated documents and reports available through Council / Committee meeting portals. Council / committee agendas were carefully reviewed to tabulate development approvals, with searches then undertaken for sources with a recorded date of complete application – often this information is contained within the staff report recommending approval.
Open Data Portals	Some municipalities make datasets available with recently approved development applications, which often include data regarding the date of complete application, and approval (and for which planning instruments planning approvals were obtained).

The diagram below depicts the major elements of the land development and building approval process and highlights the element that this analysis of municipal timelines focuses on.

Figure 21

4.2 FINDINGS – DEVELOPMENT APPROVAL TIMELINES

4.2.1 Overview of Methodology

The analysis summarized below is based on a significant amount of work to collect a robust sample as possible. Nearly 1,000 development applications that were approved by a municipality were reviewed and recorded in the process of data collection. However, it should be noted that this analysis does not include timelines associated with the following:

- Developments that were refused by the municipality and may have been subject to an appeals process (in this instance, likely appealed by the

applicant). Where those applications are ultimately approved by the Local Planning Appeals Tribunal (LPAT), this adds considerable time to the approvals process, but the timelines associated with these developments are not included in our analysis. The approval periods for applications that were subject to LPAT appeal processes are left out as the additional time required to obtain approval from an LPAT process is not necessarily reflective of issues with municipal processes, and timelines for applications subject to the LPAT process can be lengthy due to productive reasons such as time spent in settlement discussions, or other reasons that are not in the control of the municipality, such as LPAT case backlogs that delays the scheduling of hearings;

- Appeal periods related to developments that were approved by the municipality, but appealed by other stakeholders to LPAT, which would add considerable time onto the approval period – this additional time is not accounted for in this study;
- Applications that are obvious outliers - records where the timelines significantly exceeded the average of most other data points in the sample. Some application approvals may, for example, involve lands that have been sold to a new owner who has decided to make modifications to a pre-existing submission, however as these instances are not necessarily the fault of the municipality, they have not been included.

The data sample includes the most current application approvals for each municipality. However, given the scale of development in some municipalities, it was necessary to collect information for applications that received an approval as far back as 2015 in order to reach a robust sample size. Therefore, the 'average' timelines presented may not necessarily be reflective of a typical timeline in 2019/2020 or capture impacts of more recent improvements that municipalities may have made in the last 12-24 months.

The data averages presented in Figure 22 looks at how long, on average, a development application took for the municipality to approve but does not distinguish between applications that had multiple concurrent submissions and applications that were submitted as consecutive submissions (one after another), or submissions that required only one application. The timelines for developments requiring only 'single' approval versus 'multiple' approvals is analyzed separately and presented in a later section of this report.

4.2.2 Findings

The analysis shows significant variations in the approval timelines of municipalities. Generally, the more populous and urban municipalities (i.e. Mississauga, Brampton, and Toronto) had longer timelines, while more suburban or exurban municipalities had shorter timelines.

Only four municipalities, Oshawa, Innisfil, Burlington and Oakville had average approval timelines below 12 months, while another nine municipalities had averages that fell within a range from 12 to 18 months. In four municipalities, the average timeline for municipal approvals ranges from 18 to 24 months. For one municipality (Milton), there was not enough available data found on municipal approvals to include in the report.

Figure 22

Average Approval Timelines by Application Type, by Municipality						
Municipality	Official Plan Amendment	Zoning By-law Amendment	Plan of Subdivision	Plan of Condominium	Site Plan	Average
Oshawa (n=29)	**	9 months	9 months	8 months	**	9 months
Innisfil (n=24)	9 months	9 months	10 months	**	**	9 months
Burlington (n=26)	13 months	11 months	7 months	**	**	11 months
Oakville (n=96)	12 months	12 months	11 months	8 months	15 months	11 months
Barrie (n=30)	10 months	11 months	12 months	**	18 months	12 months
Markham (n=33)	11 months	14 months	9 months	**	**	13 months
Whitby (n=29)	10 months	13 months	15 months	11 months	**	13 months
Vaughan (n=78)	14 months	15 months	11 months	8 months	12 months	13 months
Clarington (n=31)	**	12 months	13 months	**	**	13 months
Pickering (n=37)	16 months	13 months	13 months	13 months	**	14 months
Richmond Hill (n=26)	**	18 months	18 months	14 months	16 months	16 months
Aurora (n=23)	**	19 months	25 months	8 months	18 months	17 months
Mississauga (n=18)	18 months	17 months	**	**	**	18 months
Brampton (n=85)	26 months	19 months	19 months	**	**	20 months
Toronto (n=76)	32 months	25 months	**	8 months	30 months	21 months
Caledon (n=18)	**	23 months	23 months	**	**	23 months
BWG (n=23)	**	21 months	25 months	**	**	24 months
Overall Range	8-37 months	9-25 months	7-25 months	8-14 months	12-30 months	9-24 months
Overall Average	16 months	15 months	15 months	9 months	18 months	15 months

** denotes where either data was not available, or the sample size was too small to be statistically robust

The analysis by application types shows that applications with official plan amendments (OPAs) take the longest to be approved with municipal averages ranging from 8 to 37 months, while the quickest type of application to gain approval on average is plan of condominium, with municipal averages ranging from 8 to 14 months.

The findings relating to approvals timelines may not necessarily be consistent with the findings on the availability of tools or features of planning systems in the studied municipalities or staffing levels in the municipalities. Even with full usage of the identified tools and features, or large amounts of staff on-hand, an approvals process can still be slow without the right deployment of tools or features, or the efficient allocation of staff resources.

The results regarding average timelines for approved applications in each municipality should be used with some caution as the complexity of development applications was not controlled for, given the subjectivity of any evaluation, measurement or adjustment for complicating factors adding to an application's complexity. However, it is understood that complexity can be elevated by variables such as the scale of development proposals (land area, number of units, height, etc.), environmental issues, concerns about community impact, political issues, etc. These complicating factors will vary from one application to the next, and may be especially prevalent in certain municipalities studied.

4.3 ADDITIONAL INSIGHTS

4.3.1 High-Density vs. Low-Density

For analytical purposes, the development applications within the collected data set were broadly categorized as either 'low-density' projects, or 'high-density' projects. Low-density projects were generally defined as being applications that were predominantly oriented towards ground-related housing (singles, semis, townhouses), while high-density projects were defined to be development applications that predominantly include multi-family homes such as apartments and condominium high-rises.

It was found that there was no significant difference in the average timelines for the two types of development applications, with low-density applications taking an average of 14.4 months to be approved, and high-density applications taking an average of 14.3 months. However, when averages were compared for specific municipalities, some disparities in averages between the two types are evident (see Figure 23)

Figure 23

Averages for Low-Density significantly less than High-Density	Averages for High-Density significantly less than Low-Density
Toronto (low-density 11 months faster than high-density)	Richmond Hill (9 months faster for high-density than low-density)
Burlington (low-density 8 months faster than high-density)	Vaughan (3 months faster for high-density than low-density)
Brampton (low-density 4 months faster than high-density)	Whitby (3 months faster for high-density than low-density)

4.3.2 Multiple Applications vs. Lone Applications

Municipalities often promote the submission of multiple applications at the same time (e.g. an official plan amendment with a zoning by-law amendment) with the notion that it can save both time and fees for the developer. The benefit to municipalities is that in theory, concurrent review of applications more efficiently uses staff resources because it allows staff to save time reviewing aspects of a development proposal that may overlap between different application types.

While potential for time savings for developers can provide significant benefits, there are also risks to developers. First, because staff are dealing with more expansive aspects of a development proposal all at once, their recommendation report to council may take longer to submit, delaying final approval. Second, a major issue delaying review or approval of one application may cause other applications to be delayed.

The chart below (Figure 24) shows the difference in average approval timelines for single applications versus multiple applications reviewed concurrently. While lone applications take generally less time individually by application type, should a developer sequentially go through the application process gaining one approval only after others have been received, it would take significantly longer than a bundle of application submitted all at once. The data obtained and reviewed in this exercise shows that when there are multiple applications submitted, it generally takes just 2 to 3 months longer for the bundle of applications to be approved than just an individual application.

Figure 24

Application Type	Single Application	Multiple / Concurrent Application
Official Plan Amendment	**	16 months
Zoning By-law Amendment	13 months	16 months
Plan of Subdivision	12 months	15 months
Plan of Condominium	8 months	10 months
Site Plan	16 months	23 months
Average	13 months	16 months

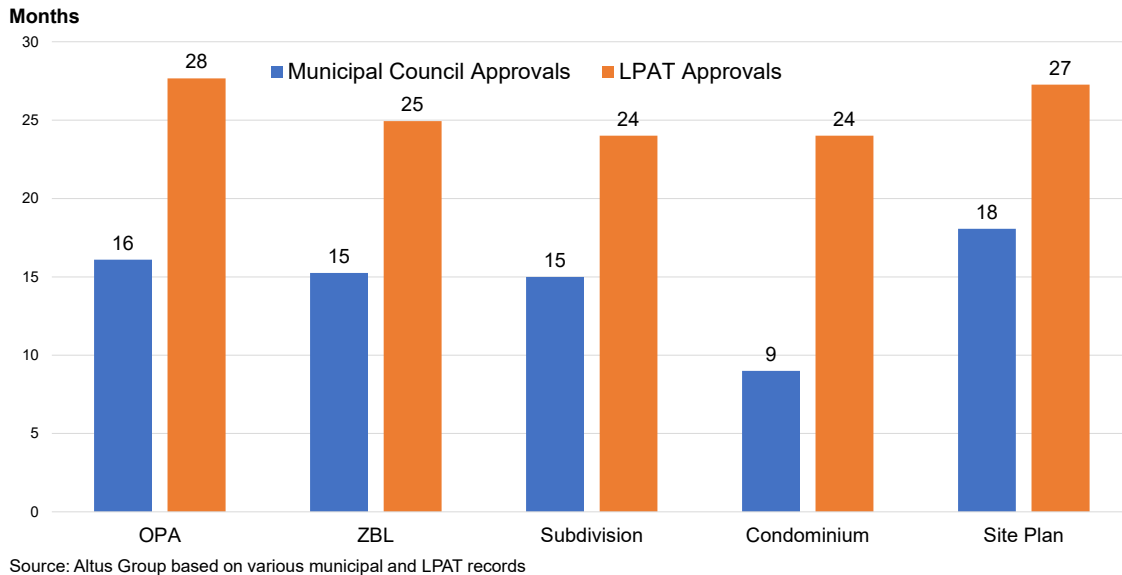
Overall, applications submitted alone made up about one-third of the total sample, while applications that were concurrently submitted with others made up the remaining two-thirds. This information suggests that a large majority of applications are already being bundled together with others, however, there is still a significant minority that are not, and potentially could be bundled together.

If there is any possibility for the avoidance of certain planning applications, and consolidation of planning applications into one type of submission, it appears that there would be a benefit to the applicant of reduced timelines.

4.3.3 Approval by Municipal Council vs. Local Planning Appeals Tribunal

While applications that were approved by the LPAT were not included in the main dataset, some information was collected that provided a sub-sample that could be used to analyze and contrast with average timelines for municipal approvals. While the sub-sample was sufficiently large for aggregate comparison purposes (with 100 records), it was not large enough to allow for analysis by any single municipality.

On average, applications approved by the LPAT took on average roughly twice as long to gain approval as those approved by a municipality, with the overall approval period for applications approved by LPAT inclusive of the time the applications spent in the municipal review process, and the time spent getting through the LPAT process.

Figure 25 Approval Timelines by Source of Approval

Having to gain approval through the LPAT and that taking roughly double the amount of time to gain municipal approval, if approval is obtained at all, illustrates a risk associated with the current appeals system – getting an approval via an appeal adds significant cost in terms of the additional time required to gain approval, over and above the expense of the hearing itself with additional costs for the legal counsel and experts required to navigate the LPAT process.

4.4 CONCLUSIONS

The analysis of average development approval timelines finds that the average period of time to get a development approval from a municipal council in the Greater Toronto Area ranges from 9 to 24 months, however, there is significant variation between the municipalities studied:

- The more urbanized municipalities have application approval timeline averages around 20 months, while suburban and exurban municipalities generally take significantly less time to provide approvals. Some of this variation can likely explained by the generally higher level of project complexity for projects submitted to more urban municipalities, as well as, and the volume of submissions in those municipalities;
- Bundled applications only take 20% to 30% longer to approve than submissions requiring only one type of application, suggesting that there are significant economies of scale and efficiencies for bundled applications, providing benefits to both municipality and applicant;

- While the success rate at the LPAT was not examined as part of this study, gaining a development approval through an LPAT appeal can take, on average roughly twice as long as an approval from a municipality. Gaining approval through the LPAT can be incredibly costly and time consuming.

5 MUNICIPAL CHARGES ON NEW HOUSING

This section gives further detail on the various municipal charges levied on newly built homes, and charged to developers, home builders and/or purchasers of newly built homes. The charges reviewed include those levied by lower-tier or upper-tier municipalities and school boards.

5.1 DEVELOPMENT CHARGES

5.1.1 Municipal Development Charges

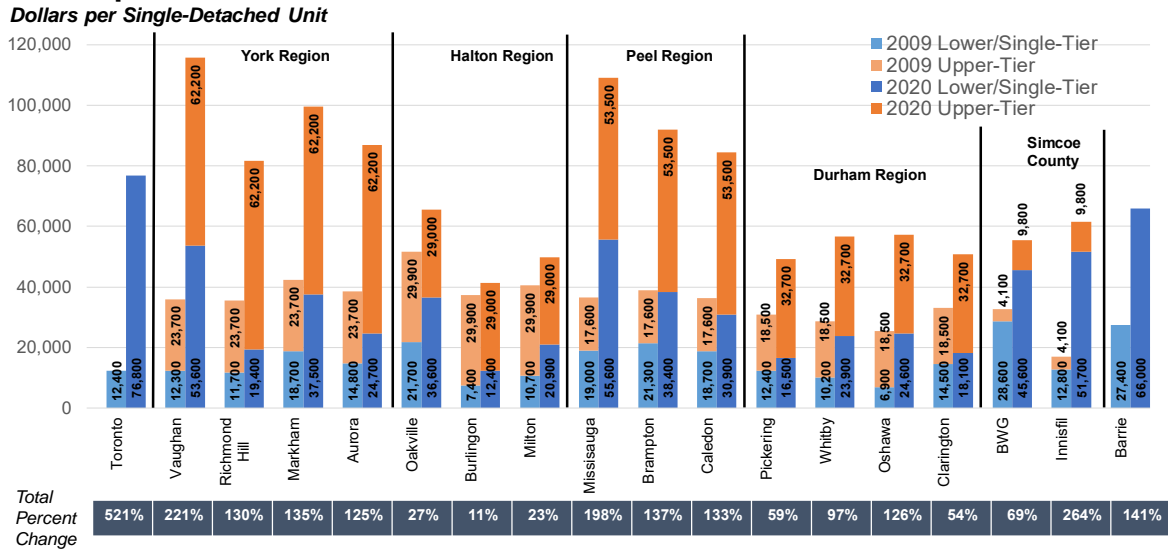
The Ontario *Development Charges Act* grants authority to municipalities to enact a development charges by-law to impose a charge against land to be developed where the development will increase the need for municipal services, thus offsetting capital costs.

Municipal development charges collect funds for services deemed as being eligible in the *Development Charges Act*, such as Parks & Recreation, Libraries, Fire Services, Police Services, Water, Sewer, Roads, Transit, etc. Where there is both an upper-tier and lower-tier municipality, the services included in each respective municipality's DC by-law are based on which tier is the provider of each service.

Each of the lower-tier/single-tier municipalities reviewed in this report imposes development charges for a variety of services. As required under the *Development Charges Act*, development charge by-laws are to be reviewed at least every five years, and in the interim periods between DC by-law reviews see DC rates indexed either annually or semi-annually, depending on the approach adopted by each municipality.

Figure 26 shows the significant increases to development charge rates since the 2009 in the studied municipalities, on a per single-detached unit basis. Since 2009, DC rates have increased by an average of 137% in the municipalities surveyed. Toronto, Innisfil, Vaughan, and Mississauga have had DC rate increases at or greater than 200% since 2009.

Figure 26 Municipal Development Charges from 2009-2020, Selected Ontario Municipalities
Dollars per Single-Detached Unit



Source: Altus Group Economic Consulting based on Municipal DC By-laws

5.1.2 GO Transit Development Charges

Development charges are also levied to collect funds for growth-related projects associated with the GO Transit system. Most regions in the Greater Toronto Area have been allocated a share of the projected growth-related capital costs associated with the GO Transit system, with the municipal, provincial and federal governments each in total funding one-third shares of the capital costs.

The GO Transit development charge was originally approved for a two-year period, with the by-laws expiring December 31, 2003. Since then, the GO Transit development charges have been updated regularly to fund a rolling ten-year budget.

5.1.3 Area-Specific Development Charges

Six of the municipalities reviewed in this report impose area-specific development charges (“ASDC”). We have therefore made assumptions regarding the area that the hypothetical developments would fall within:

- **Halton Region** – Halton Region imposes a higher DC for homes built in the greenfield area than those built within the Region’s built boundary. For this analysis we have assumed that the low-rise scenario is within the greenfield area, and that the high-rise development scenario is located within the built boundary area;
- **City of Barrie** – The City of Barrie imposes different DC rates for the parts of the City within the former City boundaries, and for the Hewitt and

Salem Secondary Plan areas on the lands annexed from the Town of Innisfil. For this analysis, we have assumed that both the low-rise and high-rise development are within the former City boundaries;

- **Town of Innisfil** - The Town of Innisfil imposes numerous ASDCs applicable to different parts of the Town. For this analysis we have assumed that the low-rise development is in Innisfil North and the high-rise project is in Innisfil Central;
- **City of Markham** – The City of Markham imposes additional area-specific DC rates for homes built in certain areas within the City and levies them on a per hectare basis. For this analysis we have assumed that the development is located outside the areas subject to ASDCs; and
- **Town of Richmond Hill** – The Town of Richmond Hill imposes additional ASDCs on a per net hectare basis in selected greenfield areas in the Town, over and above the Town-wide charges. For the low-rise scenario included in our analysis of government charges, we have taken the average of these greenfield ASDCs and added that onto the Town-wide development charges.

5.2 EDUCATION DEVELOPMENT CHARGES

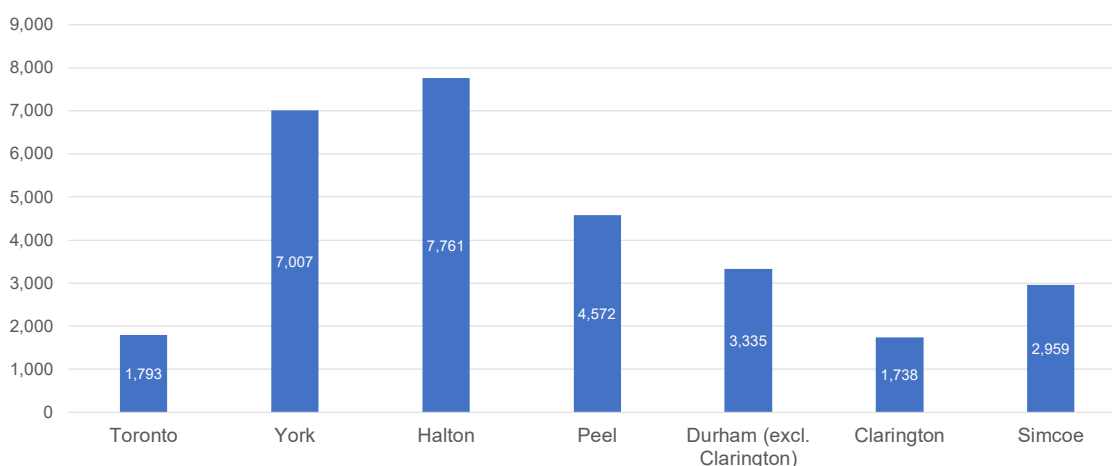
In Ontario, education development charges (EDC's) are collected by local municipalities on behalf of local school boards that qualify to impose such charges under the *Education Act* and associated regulations. EDC's are used by school boards to fund the acquisition of school sites and related costs (site preparation, legal costs, etc.) to accommodate net new growth-related pupils. EDC's are usually charged by both English-language public and separate school boards and are usually levied on both residential and non-residential growth. Funding for school building construction is provided by the Province on an as-needed basis stemming from requests for funding submitted by local school boards.

EDC's on residential development are imposed solely on a per unit basis, meaning that single-detached units are charged the same rate as townhouse and apartment units. The *Education Act* and associated regulations enable school boards to impose these charges on a differentiated basis (i.e., higher rates for single-detached units, lower for apartment units), but to-date, this approach has not been utilized.

Figure 27

Education Development Charges by Jurisdiction

Dollars per Unit



Note: Part of "Peel" EDC applies to part of Dufferin County, part of "Simcoe" EDC applies to part of Muskoka, and the "Durham" rates are not applicable in Clarington, which is under jurisdiction of Kawartha Pine Ridge DSB and Peterborough Victoria Northumberland and Clarington Catholic DSB

Source: Altus Group Economic Consulting based on various EDC By-laws

5.3 PLANNING & APPROVAL FEES

There are various fees and charges associated with the municipal approval for a development, several fees for the permits required for the construction of the building(s), and engineering fees and permits for the infrastructure works associated with a development.

The modelling undertaken groups these fees into three main categories outlined in the subsections below, but in many municipalities, there is no clear delineation between the departments that review plans, approve plans, and/or issue permits, meaning that in some cases, engineering review fees may be covered within the costs recovered through planning review fees.

5.3.1 Planning Review Fees

For this analysis, it is assumed that the low-rise scenario would require both lower- and upper-tier official plan amendments, a zoning by-law amendment, and plan of subdivision approval. It is assumed that the high-rise development scenario would require an official plan amendment, a zoning by-law amendment, as well as plan of condominium and site plan approval.

Often there is considerable overlap between the studies and reports required for different planning applications. To acknowledge this, some municipalities provide reduced or discounted costs for joint applications where more than one planning instrument is being amended.

In imposing 'per unit' fees for planning review fees, some municipalities acknowledge that certain 'economies of scale' exist for larger applications,

and so levy discounted per unit rates beyond certain unit thresholds, a feature sometimes referred to as a 'declining' fee rate. This approach to structuring the planning review fees is based on the notion that there are certain fixed costs to reviewing planning applications whether the application has 10 units or 100 units.

Some municipalities treat the diminishing marginal costs for larger applications through both a declining fee rate, but also a 'cap' on planning fees. For example, the City of Brampton (as of December 2019) caps fees for development applications requiring some combination of zoning by-law amendment, official plan amendment or subdivision approval at \$359,220 and caps fees for site plan approvals at \$85,219.

5.3.2 Building Permit Fees

Each of the lower-tier and single-tier municipalities being reviewed charge building permit fees for the construction of residential buildings, charged on a per square metre basis.

5.3.3 Engineering and Servicing Fees

Each lower-tier and single-tier municipality reviewed charges a variety of engineering and service fees for the development, review, inspection, connection and/or assumption of a development's water, sanitary sewer and storm sewer services. The various engineering and servicing related fees may include servicing fees, subdivision agreement and assumption fees, and engineering inspection fees, which are typically charged as a percentage of costs of the engineering works to be done.

5.4 PARKLAND DEDICATION / CASH-IN-LIEU OF PARKLAND

Although Bill 108 (passed June 2019) was intended to alter how municipalities collected funds for parkland acquisition, the recently passed Bill 197 (assented July 2020) essentially restores most of the current parkland dedication / cash-in-lieu of parkland system.

Currently municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a developer is able to provide "cash-in-lieu" ("CIL") of parkland dedication to a municipality.

The *Ontario Planning Act* says that as a condition of development or redevelopment of land, that land in an amount not exceeding 5% of the land to be conveyed to the municipality for park or other public recreational purposes. Alternatively, for residential developments, the land conveyed to the municipality may also be provided at a rate of 1 hectare per 300 dwelling units.

The *Ontario Planning Act* also says that in lieu of providing the land for parkland to the municipality, the developer may instead provide a payment to the municipality in the amount of the value of the land to be conveyed, at a rate not to exceed 1 hectare per 500 dwelling units. The value of the land is to be determined as of the day before approval of the draft plan of subdivision.

The statutory parkland rates are used in each Ontario municipality reviewed in this report, except as follows:

- **City of Toronto:** The City has an alternative parkland dedication rate of 2% of land area, or 0.4 hectares per 300 units. In Toronto, cash-in-lieu of dedication payments are also capped based on the size of the development site and the value of the site:
 - For smaller sites (less than 1 hectare), this cap is 10% of the value of the site;
 - For 1-to-5-hectare sites, the value of the payment cannot exceed 15% of the value of the site;
 - For larger sites (greater than 5 hectares) this cap is 20% of the value of the site.
- **City of Mississauga:** The City of Mississauga follows the statutory parkland rates, except for medium- and high-density development which has a fixed rate of \$8,970 per unit;
- **City of Vaughan:** The City of Vaughan's cash-in-lieu of parkland contributions are calculated at a rate of 1 hectare per 500 units, except for high density development which has a rate of \$8,500 per unit;
- **Town of Richmond Hill:** The Town of Richmond Hill requires landowners to convey land at the greater of 5% of the land within the development application, or the lesser of:
 - 1 hectare of land of land per 300 dwelling units; or
 - 1 hectare of land for each 730 persons to be housed.

5.5 SECTION 37

The former Section 37 of the *Ontario Planning Act* (as it was prior to the passage of Bill 108) allowed for increases in permitted height and/or density through the zoning by-law in return for community benefits, provided that Official Plan policies are in place. These contributions are typically directed to community infrastructure needs arising from the expected surplus in housing units/people being accommodated in a development relative to the original plans.

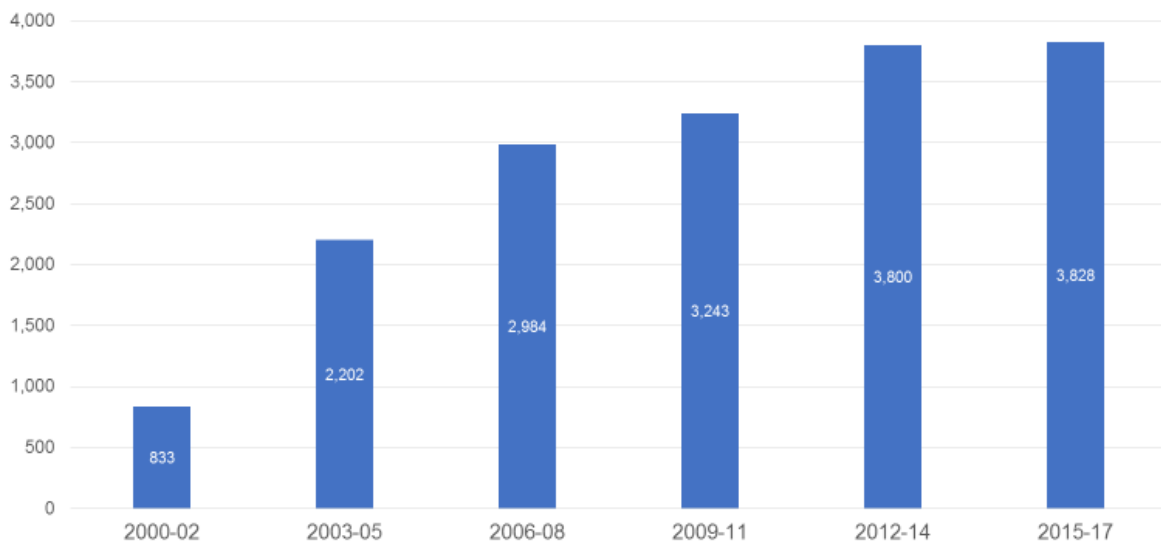
While Section 37 is used in some 905 municipalities, it is most frequently utilized in the City of Toronto. The *City of Toronto Official Plan* sets out

several community benefits that may be provided in return for increased height and/or density, including parkland/park improvements, streetscape improvements, public art, childcare facilities, etc.

While Section 37 contributions are often provided by private developers when developing in Toronto, there is no publicly available formula or method for how these are calculated and/or arrived at. These section 37 contributions can also be provided in the form of cash contributions, or in-kind contributions.

Based on our review of various zoning by-laws in the City, the cash contributions agreed to by developers and the City can vary significantly from one development to the next – in some cases less than \$1,000 per unit, and in others in excess of \$15,000 per unit, and up to over \$22,000 per unit in some select instances. The average section 37 cash contribution has been steadily increasing since the year 2000, and over the 2015-2017 period, the average section 37 cash contribution amounted to approximately \$3,800 per unit, on average. The City also regularly secures non-cash contributions, such as rental housing replacement units, public art, playgrounds, daycare spaces, recreation facilities, etc., which are not accounted for in the average cash contributions depicted in Figure 28.

Figure 28 **Average Section 37 Cash Contributions, City of Toronto**
Dollars per Unit



Source: Altus Group Economic Consulting based on various City of Toronto Zoning By-law Amendments, 2000-2017

The former Section 37 density bonusing system, under Bill 108 and Bill 197 will be effectively replaced with a Community Benefits Charge (“CBC”), which would see a percentage of land value payable for developments with both 10 or more residential units that are also 5 or more storeys in height. As of the time of writing this report, the prescribed CBC percentage has not been set.

5.6 LAND TRANSFER TAXES

Land transfer taxes (“LTT”) are levied by the Province of Ontario, and so those charges are not included in our modelling of charges imposed by municipalities. However, the City of Toronto, under authority granted to it by the *City of Toronto Act*, does levy its own municipal land transfer tax. The Toronto Municipal Land Transfer Tax is imposed on the value of property being transferred from a seller to a buyer, at rates of:

- Value up to \$55,000 – 0.5%;
- Value from \$55,000 to \$250,000 – 1.0%;
- Value from \$250,000 to \$400,000 – 1.5%;
- Value from \$400,000 to \$2,000,000 – 2.0%; and
- Value over \$2,000,000 – 2.5%.

No other municipality among those studied in this report levies a municipal land transfer tax.

5.7 OTHER GOVERNMENT CHARGES NOT INCLUDED IN THIS REPORT

Government charges levied on new homes by Provincial or the Federal government are not included in this report, as the focus of the analysis is on charges and fees levied by municipal governments. Therefore, charges such as the provincial land transfer tax, sales taxes (provincial and federal), and CMHC mortgage insurance are not included in this study.

However, unlike municipal charges, which are typically incurred by the developer (and ultimately passed onto new homebuyers through prices), the charges levied or required by upper-levels of government are typically incurred directly by homebuyers, and so also have a significant impact on the affordability of housing in Canada.

5.8 EMERGING TRENDS

5.8.1 Bill 108 and Bill 197

Bill 108, passed in June 2019, eliminated the former Section 37 density bonusing provisions of the *Planning Act* and combined with Bill 197 (introduced in July 2020) alter how development charges are collected in municipalities across Ontario. The other two substantial changes to government charges are first, the removal of the 10% statutory deduction to certain ‘soft’ services such as indoor recreation, libraries, etc., which will cause DC rates to increase modestly. The legislated changes to the calculation of DCs have not been accounted for in DC by-laws as of the time of writing this report.

Second, the two bills would see the introduction of a Community Benefits Charge (CBCs) which would allow municipality to fund capital costs on development with 5-or-more storeys and 10-or-more dwelling units, as a percentage of land value the day before building permit issuance. However, as the province has not yet produced a finalized set of CBC regulations, which will include the prescribed 'cap' on what municipalities can impose as CBCs, the costs associated with CBCs are not incorporated into the modelling summarized by this report.

Bill 108 also included several changes to the *Development Charges Act* as it pertains to the timing of calculation of DCs payable and the period in which DCs are paid.

- For the development of rental housing, institutional, industrial, commercial and non-profit housing, DCs are set either at the time of site plan application or zoning by-law amendment application, rather than at the time of building permit issuance.
- For these same land uses, DCs are now payable in six equal annual installments, with the first payment due at the issuance of an occupancy permit, or the date the building is first occupied.
- The calculation and timing of payment of DCs for condominium and freehold residential homes remains unchanged in Bill 108.

5.9 QUANTIFICATION OF MUNICIPAL CHARGES AND FEES

This subsection of the report aims to provide a high-level overview of the charges levied by municipal governments on new development and attempts to quantify the costs these charges and fees payable by developers, home builders, and ultimately, home buyers.

5.9.1 Scenarios

To model and estimate the charges and fees imposed by the municipalities studied in this report, we have devised two development scenarios – one 'low-rise' consisting of a mix of single-detached and townhouses, and one 'high-rise' consisting of a condominium apartment building.

Figure 29

Feature	Low-Rise Scenario	High-Rise Scenario
Unit Types	75 single-detached, 50 townhouses	125 condominium apartment units (75 2+bedrooms, 50 bachelor and 1-bedroom)
Land Area	6.91 hectares (17.06 acres)	0.52 hectares (1.29 acres)
Unit Sizes	Single-detached: 2,500 sf Townhouses: 1,800 sf	Large apartments: 900 sf Small apartments: 650 sf

5.9.2 Findings

5.9.2.1 Low-Rise Scenario

Our modelling of charges imposed on low-rise development was done on all 18 municipalities included in the study. On average, for the municipalities studied, the charges imposed by municipalities amount to \$93,700 per unit, or 9.7% of the housing price.

Figure 30

Municipal Charges per Unit, Ranked, Low-Rise Scenario			
Rank	Municipality	Upper-Tier	Charges per Unit (\$)
1	Vaughan	York	148,083
2	Markham	York	138,154
3	Toronto	n.a.	134,653
4	Richmond Hill	York	124,723
5	Aurora	York	116,232
6	Mississauga	Peel	108,976
7	Brampton	Peel	103,019
8	Caledon	Peel	96,647
9	Oakville	Halton	88,224
10	Whitby	Durham	75,607
11	Pickering	Durham	74,923
12	Barrie	Simcoe	73,997
13	Oshawa	Durham	72,827
14	Innisfil	Simcoe	72,149
15	Milton	Halton	71,644
16	Burlington	Halton	66,826
17	BWG	Simcoe	65,984
18	Clarington	Durham	54,258

The results vary significantly by municipality – from \$148,100 per unit in Vaughan to \$54,300 in Clarington. Seven of the eight municipalities with the highest municipal charges on low-rise development are in York or Peel Regions, owing to the significant amount of development charges imposed on new housing developments by those regional municipalities.

In particular, the municipal charges in York Region municipalities may be driven by infrastructure costs for water and wastewater owing to the Region being landlocked, which increases costs associated with finding solutions to water and sanitary infrastructure needs.

When the municipal charges are expressed as a % of housing prices³, the charges range from 5.6% in Burlington to 14.5% in Vaughan.

Figure 31

Municipal Charges as % of Housing Price Ranked, Low-Rise Scenario			
Rank	Municipality	Upper-Tier	Charges as % of Housing Price
1	Vaughan	York	14.5%
2	Brampton	Peel	11.8%
3	Markham	York	11.6%
4	Toronto	n.a.	10.7%
5	Innisfil	Simcoe	10.6%
6	Aurora	York	10.3%
7	Caledon	Peel	10.2%
8	Richmond Hill	York	10.0%
9	Barrie	Simcoe	9.8%
10	Oshawa	Durham	9.7%
11	Mississauga	Peel	9.5%
12	Whitby	Durham	9.4%
13	BWG	Simcoe	9.0%
14	Oakville	Halton	8.5%
15	Pickering	Durham	8.4%
16	Milton	Halton	8.3%
17	Clarington	Durham	7.1%
18	Burlington	Halton	5.6%

The most significant charge in almost all the surveyed municipalities is the development charge, typically amounting to 75% of the municipal charges

³ The 'housing price' used to contextualize municipal charges is a weighted average of assumed housing prices for single-detached units and townhouse units, based on the distribution of each unit type in our low-rise scenario. Assumed prices are based on \$/sf asking prices for housing developments in each municipality, with this per square foot average then applied to the assumed unit sizes of single-detached and townhouse units within the low-rise scenario. Therefore, given the unit size and unit mix employed in our low-rise scenario, the 'average price' assumed in our model is not indicative of typical average or median prices of absorbed units in a municipality

payable for a new low-rise development, and over 85% in some cases (Aurora, Clarington, Caledon and Barrie).

The second most substantial charge is typically the parkland dedication requirement or cash-in-lieu payment (though most low-rise developments will dedicate parkland rather than pay cash-in-lieu of dedication), averaging 17% of municipal charges payable. The remainder of charges imposed on low-rise development are comprised of planning fees, building permit fees, and other minor charges.

5.9.2.2 High-Rise Scenario

Our modelling of charges imposed on high-rise development was done on all 18 municipalities included in the study. The charges imposed on high-rise developments vary widely by municipality – from \$96,200 per unit in Markham and \$30,500 in Clarington.

On average, the high-rise charges imposed by municipalities are \$57,800 per unit, or 10.7% of the price of the residential units. Out of top three municipalities with the highest charges, two were in York Region (Markham and Vaughan).

Figure 32

Municipal Charges per Unit, Ranked, High-Rise Scenario			
Rank	Municipality	Upper-Tier	Charges per Unit (\$)
1	Markham	York	96,233
2	Vaughan	York	81,216
3	Burlington	Halton	77,680
4	Toronto	n.a.	76,762
5	Aurora	York	72,466
6	Richmond Hill	York	68,823
7	Mississauga	Peel	67,994
8	Brampton	Peel	60,206
9	Oakville	Halton	57,498
10	Caledon	Peel	55,488
11	Milton	Halton	51,373
12	Barrie	n.a.	46,946
13	Innisfil	Simcoe	43,840
14	Oshawa	Durham	41,671
15	Whitby	Durham	38,828
16	Pickering	Durham	38,213
17	BWG	Simcoe	34,037
18	Clarington	Durham	30,497

When the municipal charges imposed are expressed as a percentage of housing prices, the charges levied on new housing development are upwards of 16% in the Town of Aurora and the City of Markham.

Figure 33

Municipal Charges as % of Housing Price Ranked, High-Rise Scenario			
Rank	Municipality	Upper-Tier	Charges as % of Housing Price
1	Aurora	York	16.3%
2	Markham	York	15.8%
3	Brampton	Peel	13.8%
4	Vaughan	York	12.8%
5	Burlington	Halton	12.4%
6	Richmond Hill	York	11.7%
7	Milton	Halton	11.2%
8	Caledon	Peel	11.1%
9	Toronto	n.a.	11.0%
10	Mississauga	Peel	10.8%
11	Oakville	Halton	10.5%
12	BWG	Simcoe	9.9%
13	Whitby	Durham	8.0%
14	Oshawa	Durham	8.0%
15	Innisfil	Simcoe	7.5%
16	Pickering	Durham	7.1%
17	Clarington	Durham	6.9%
18	Barrie	n.a.	6.9%

Similar to the results of our low-rise analysis, the most significant charge in almost all of the surveyed municipalities are the development charge, typically amounting to 68% of the municipal charges payable for a new high-rise development, and over 90% in some municipalities (Aurora and Innisfil).

The second-largest charge imposed on high-rise is also usually the land dedication requirement or cash-in-lieu payment, which makes up an average of 26% of municipal charges payable.

5.9.3 Conclusions

Based on the modelling done on the two hypothetical development scenarios, there significant municipal-imposed charges on new development, but that these charges can vary significantly from one municipality to the next. However, generally, charges imposed by municipalities on new housing development are generally the highest in Toronto and municipalities within York Region and Peel Region.

- The average municipal-imposed government charges for low-rise development in the studied municipalities is \$93,700 per unit or 9.7% of housing prices. Six of the eight highest charges per unit were in York and Peel municipalities;
- For high-rise, the average works out to \$57,800 per unit, or 10.7% of housing prices. Three of the four highest charges per unit on high-rise development are in municipalities located in York Region.

6 POTENTIAL COST SAVINGS FROM INITIATIVES TO IMPROVE MUNICIPAL PROCESSES

This section of the report quantifies the costs (or potential cost savings) for developers and landowners involved in the time spent gaining approval for development projects.

In each case, we have attempted to put the estimates of costs associated with waiting for approvals on the basis of 'costs per month' – this puts all of the various elements of this analysis into a comparable metric, and allows for the calculation of impacts of time saved in the approvals process to be quantified, by multiplying the 'per month' costs by the number of months deemed possible to be cut off of the approvals process.

The cost estimates are modelled using the same hypothetical low-rise and high-rise development scenarios used for the analysis of charges and imposed by municipalities.

6.1 TAXES PAYABLE ON VACANT LAND

For each month in the development process, assuming a vacant site, the developer/landowner must continue to pay property taxes to the municipality. The sooner the site can receive approvals, be developed, and turned over to the ultimate buyers, who will become the taxpayers for the property, the less expense to the developer/landowner.

Based on estimated land values in each of the municipalities studied in this report, and tax rates in the studied municipalities, each month in the approvals process for a high-rise development costs an average of \$1,830 per month. For a low-rise development, the average cost of each month in the approvals process is less than that of the high-rise development, averaging \$406 per month.

6.2 INCREASES TO MUNICIPAL CHARGES AND FEES

As evident from the modelling done on charges imposed by municipalities on development, there are significant costs that must be paid by developers to municipalities to pay for things such as growth-related infrastructure, planning and approvals fees, etc.

Many of the charges imposed by municipalities regularly increase – some increase at the same rate as inflation (many planning fees increase 1-3% per year to stay in line with general inflation), while others are much more volatile and subject to periodic, but significant increases (such as development charges).

As the most significant charge levied by most municipalities is development charges, we have looked at what DCs were in the studied municipalities, both

at the time of writing this report and in addition to prior years, in order to estimate what a typical 'per month' change in DCs has been, to see what the potential effect of each additional month spent gaining approvals can mean.

One potential issue with this approach worth acknowledging is that it does not account for the typical way in which DCs change over time - DCs are relatively static for several years, except for some modest inflationary indexing usually in the range of 1-2% per year, but then a significant increase can come into effect at the time of a DC by-law review, which usually range anywhere from 10% to 50%, but can sometimes be much more.

On average, it is found that DCs increase by an average of approximately \$379 per month for single-detached units, and approximately \$143 to \$211 per month for apartment units (depending on the size of unit).

Figure 34 Average Per Month Change in Development Charges in Select Municipalities

Municipality	% Increase 2009-2019			10-Year Change 2009-2019			10-Year Change 2009-2019		
	Single-Detached	Large Apartment	Small Apartment	Single-Detached	Large Apartment	Small Apartment	Single-Detached	Large Apartment	Small Apartment
	<i>Percent</i>			<i>Dollars per Unit</i>			<i>Dollars per Unit per Month</i>		
Oakville	96%	54%	70%	41,145	14,605	12,537	342.87	121.71	104.48
Burlington	55%	13%	34%	21,218	3,128	5,605	176.82	26.07	46.71
Milton	69%	34%	52%	27,812	8,453	8,981	231.77	70.44	74.84
Brampton	134%	98%	135%	56,110	30,366	23,038	467.58	253.05	191.98
Mississauga	216%	183%	220%	68,347	42,533	28,765	569.56	354.44	239.71
Caledon	132%	104%	133%	51,526	28,698	21,337	429.38	239.15	177.81
Toronto	507%	446%	465%	65,413	38,162	25,722	545.11	318.02	214.35
Markham	162%	149%	128%	66,043	39,350	28,092	550.36	327.92	234.10
Vaughan	227%	221%	145%	85,201	52,389	33,856	710.01	436.58	282.13
Richmond Hill	147%	154%	89%	52,683	33,985	19,303	439.03	283.21	160.86
Pickering	80%	89%	38%	23,437	15,438	6,321	195.31	128.65	52.68
Whitby	104%	93%	46%	30,563	17,569	7,882	254.69	146.41	65.68
Oshawa	123%	129%	49%	33,424	21,323	8,325	278.53	177.69	69.38
Clarington	62%	45%	26%	20,228	9,112	4,718	168.57	75.93	39.32
Aurora	155%	152%	108%	57,082	35,142	22,769	475.68	292.85	189.74
Bradford West Gwillimbury	127%	98%	123%	39,784	19,919	18,476	331.53	165.99	153.97
Barrie	157%	150%	113%	42,115	23,922	15,318	350.96	199.35	127.65
Innisfil	298%	260%	248%	35,603	20,970	17,218	296.69	174.75	143.48
Average							378.58	210.68	142.71

Source: Altus Group Economic Consulting

6.3 CARRYING COSTS OF LOANS

During the approvals process, applicants will have typically obtained financing for their project and will pay interest on the construction loan until all proceeds from sales have been received.

The estimate of additional carrying costs per month is based on a high-level model that estimates the cost of construction financing, with one version assuming a 30-month construction financing period, and a second version assuming a 31-month construction financing period, with the difference in the

total cost of construction debt in the two versions the estimated 'per month' difference.

It is estimated that the cost of construction debt is approximately \$91,600 for each additional month that construction financing is required for high-rise. For low-rise, each additional month would add \$139,600 per month in financing costs associated with construction loans.

6.4 COST INFLATION

When a development is in the approvals process the costs associated with the construction of the building can increase. This includes the costs of both materials and labour.

6.4.1 Construction Cost Inflation

The construction costs of building typically increase over time. Over the Q1 2017 to Q3 2019 period, construction costs have increased by 11.8% for high-rise apartment buildings, 15.1% for single-detached homes, and 14.8% for townhouse units. This equates to an average monthly increase of between 0.34% and 0.42% per month, depending on the unit type. Each additional month that an application is in the municipal approvals process adds to project construction costs, for all unit types.

Based on the hard construction costs of a hypothetical high-density residential building, we were able to model the average monthly increase in construction costs as a result of municipal processing time - each additional month would add approximately \$181,800 monthly in construction costs for a low-rise development and approximately \$93,900 per month for a high-rise development.

6.4.2 Wage Inflation

Based on Statistics Canada data on wage rates by worker types, the hourly wage of various contractors involved in the construction of a building increase by an average of \$1.21 per hour, per year. On a per month basis, this would be a \$0.10 per hour increase for each contractor involved in the project.

Figure 35 Average Hourly Wage, Select Construction Trades, 2013-2018

Year	Carpenter	Crane Operator	Cement Finisher	Electrician	Labourer	Plumber	Bricklayer	Roofer	Total / Average
Toronto CMA									
Sep-13	52.75	52.66	49.68	58.58	48.66	59.71	52.95	51.66	53.33
Sep-18	59.43	58.88	54.72	65.64	53.75	66.70	58.25	57.51	59.36
5-Year Increase	6.68	6.22	5.04	7.06	5.09	6.99	5.30	5.85	6.03
Average Monthly \$ Increase	0.11	0.10	0.08	0.12	0.08	0.12	0.09	0.10	0.10
Average Monthly % Increase	0.20%	0.19%	0.16%	0.19%	0.17%	0.18%	0.16%	0.18%	0.18%

Source: Altus Group Economic Consulting based on CANSIM, Table 327-0003

Based on Altus Group's model that estimates construction-related employment associated with residential developments, a 125-unit apartment building would generate 319 person-years of employment, which is equivalent to 319 persons working for an average of one year each (or 638 persons working for an average of 6 months each, etc.). For a low-rise development (of 75 single-detached and 50 townhouses), approximately 432 person-years of employment would be required.

Figure 36

Estimate of Additional Wage Costs per Month (Average), Toronto CMA

	Low -Rise	High-Rise
	<i>Person-Years</i>	
Person-Years	432	319
	<i>Person-Months</i>	
Person-Months	5,186	3,832
	<i>Dollars per Hour</i>	
Average Monthly Increase in Hourly Wages	0.10	0.10
	<i>Dollars per Month</i>	
Average Monthly Increase in Labour Costs	87,539	64,687

Source: Altus Group Economic Consulting based on Statistics Canada

Assuming each of these workers would be subject to a similar increase in wages evident from the Statistics Canada data, each additional month an application is subject to the municipal approvals process would add, on average, roughly \$64,700 per month in additional labour costs to the high-rise project due to wage inflation. For the low-rise project, the additional wage inflation expected each month amounts to approximately \$87,500.

6.5 CONCLUSIONS

Figure 37 combines the various elements modelled and estimates the total monthly cost to a developer / landowner for each month an application is within the development approvals process.

Figure 37 Summary of Per Month Costs of Application and Approvals Process, Toronto CMA

Estimates based on low-rise scenario and high-rise scenario (125 units each)

<u>Development Scenario</u>	<u>Taxes on Vacant Land</u>	<u>Carrying Costs of Loans</u>	<u>Increased Municipal Charges</u>	<u>Construction Cost Inflation</u>	<u>Labour Cost Inflation</u>	<u>Total</u>
	<i>Dollars</i>					
Low -Rise	735	139,571	46,027	181,798	87,539	455,669
High-Rise	2,290	90,564	24,371	93,854	64,687	275,766

Source: Altus Group Economic Consulting

Overall, the estimated costs associated with each additional month a project is in the approvals process adds approximately \$455,700 in costs per month for the hypothetical low-rise project, and \$275,800 in costs per month for the hypothetical high-rise project. These costs equate to an additional \$1.46 per buildable square foot per month for the low-rise project, and \$2.21 per buildable square foot per month for the high-rise project.

7 BEST PRACTICES FOR IMPROVING MUNICIPAL PROCESSES

While our study is generally limited to the 18 municipalities, in this section of the report, which scans for best practices for improving municipal processes, we have allowed for the scan to include any community within Ontario that may be undertaking positive steps towards improvement to the municipal approval process.

It is important to note that development application timelines on decisions have recently been shortened under Bill 108. Municipalities will have to render decisions significantly more quickly in some cases. The benefit of these shortened timelines should result in not only better timelines for developers, but it will also create significant incentives for municipalities to re-examine their processes, workflow, technology, and organizational structures to find efficiencies and more effective ways of reviewing applications.

Figure 38

Planning Application Type	Timelines Prior to Bill 108	Timelines After Bill 108
Official Plan Amendment	210 Days	120 Days
Zoning By-law Amendment	150 Days	90 Days
Plan of Subdivision	180 Days	120 Days
Site Plan	30 Days	30 Days

7.1 OVERVIEW OF CURRENT INITIATIVES

7.1.1 City of Hamilton - Open for Business Initiative

The City of Hamilton started an Open for Business initiative, with one of the goals being to improve the City's development application process. One of the identified solutions was for the City to review its draft plan of subdivision approval process, with the new process being enacted in early 2017.

One key change was making sequential processes into parallel processes, so the City allows applicants the option to have processes for minor variances, water service assessments, site plan approvals, engineering reviews and building permit applications run concurrently, with the caveat that some processes are still conditional on others, and a change in one may result in a re-submission being required. However, in the case of

resubmission, applications requiring only modest revisions receive priority processing.⁴

The City has also started issuing fewer circulation letters, instead opting for one standard consultation letter for all reviewing parties. The City has estimated that this change alone typically saves five business days for applicants.

The City found that prior to making the improvements to the subdivision approvals process, the average processing time from complete application to draft plan approval was 1,350 days (or approximately 44 months), with approximately half of that time related to City review, but the other half due to awaiting comments, permits or consents from ministries or regional agencies, as well as time taken by applicants responding to comments, or revising plans to address comments made. Within this period, the City found that it took an average of 187 days from receiving an application to provide an initial set of comments, and resolving comments required an average of 2 to 4 revisions to the submitted plans.

7.1.2 City of Brampton – Streamlining Development Application System

The City of Brampton is in the process of adopting a community planning permit system (“CPPS”) for the Queen Street East Precinct, which covers lands along the Queen Street East corridor from Highway 410 in the east to Etobicoke Creek in the west. The CPPS would merge the currently separate processes of rezoning, minor variance and site plan control into one process.

The objectives of the CPPS is to ‘front-end’ many of the required technical studies, meaning that once the CPPS is done, a developer only has to deal with site-specific issues, rather than larger-scale issues. This system is expected to significantly reduce the typical planning process timelines.⁵

7.1.3 City of Toronto End-to-End Review

The City of Toronto has commenced with an “End to End Review” of its development review process. As part of this review process, the City retained consultants that submitted a report to Council in the fall of 2019 which identified 31 systematic challenges that negatively impact development application outcomes in terms of efficiency, consistency, transparency, timeliness.⁶

In total, the KPMG report provides 20 recommendations on how the City Planning can improve its operational model and service delivery. An integral part of the proposed transformation is to replace the current “hub and spoke”

⁴ Association of Municipalities of Ontario, Reducing Business Burdens

⁵ City of Brampton, Staff Report re: Queen Street Corridor Land Use Study, (Sept 27, 2019)

⁶ KPMG, End-to-End Review of the Development Review Process, (August 16,2019)

system, where a community planner solicits comments from other colleagues and departments, as this creates divisional conflict and disperses accountability. The proposed new system is based on a multi-disciplinary team model where there are team members representing various departments that collaboratively work on development applications together.

Within the KPMG report, there are various proposals geared towards operationalizing the new transformational model. These include but are not limited to:

- Establish a formal mechanism to identify and accelerate applications with City-wide significance;
- Shift specialized work to specialized teams to enhance system capacity;
- Adopt a standard, City-wide approach to the use of guidelines and draft policies, and make that approach publicly available;
- Establish circulation limits and automatic escalation to reduce application timelines and incentivize collaboration;
- Establish a new, senior-level, Business Transformation Lead reporting to the Chief Planner with interdivisional accountability for the development review process;
- Modernize the existing application workflow and management system;
- Improve online application tracking to enhance transparency and improve customer service;
- Improve the availability of development review-related information and data to enhance application quality;
- Enhance transparency and consistency by defining stakeholder roles and developing standard operating procedures;
- Improve project management-related tools and techniques to empower multidisciplinary teams; and
- Modernize performance measures and adopt a review mechanism to monitor their on-going effectiveness.

Many of the recommendations can be categorized within the 'buckets' of technology improvement, project management enabled team collaboration, operational standardization, and stakeholder communication improvements.

The KPMG report placed a lot of emphasis on improving communications and information transfer between applicant and planning staff and between staff. Improved communication was also deemed important to create consistent operational standards to enhance predictability, transparency, and accountability.

As of July 2020, this initiative has led to the establishment of the "Concept to Keys" team that is focusing on improving the development review process, by

consulting with customers on the nature and quality of the interactions they've had with the City. The insights yielded are being used to help drive improvements to process and operationalizing technology.

7.1.4 City of Burlington – Cutting Red Tape Red Carpet Task Force

In early 2019, the Mayor of Burlington assembled a “Red Tape Red Carpet Task Force” that spent 5 months collecting insights and ideas from the City’s business community, partner organizations, and staff. This resulted in a report submitted to council in the fall of 2019 with 22 recommendations to improve department operations and customer service.

The recommendations include the establishment of a Chief Business Development position at City Hall to deal with outreach and expediting applications, as well as, the creation of key performance indicators (“KPI”). In addition, the City hired consultants to take a deep dive into service delivery and functional improvements of various departments, including the development application process. The review looked at the site plan approval and building permit issuance stages of the process for infill development, both multi-residential and non-residential types.

The report highlighted that as part of a building permit issuance process, applicants require both a zoning clearance and grading/drainage certificate before they apply for a permit.⁷ This process came about due to streamlining efforts that were in reaction to Bill 124 (2005) that required a decision on a building permit to be issued within 10 business days. As of part of the certificate process, there is an aspirational target of having these completed in 5 to 7 days, before the 10-day building permit process begins.

Despite there being many interwoven technical issues that are addressed in both certificate processes, each can be applied for separately. As well, often an applicant will require a tree clearance permit, but this is almost never applied for at the same time as the other certificates, notwithstanding there being an interplay between the zoning, tree preservation, and the building permit bylaws. The report noted that many applicants are unaware of the relationship between these processes and the City’s website does not sufficiently highlight them.

Other issues noted in the report include an organizational design that is not optimally designed for an efficient certificate review process with staff currently working on a “best effort” timeframe.

⁷ Performance Concepts Consulting & Dillion Consulting, City of Burlington Service Delivery Reviews Technical Report, (December 19th, 2019).

The report notes that there is consensus of four “best practices” emerging within the Greater Golden Horseshoe with regards to the site plan approval process. They are:

1. Mandatory pre-consultation meetings between applicants and city staff – this ensures that when applications are submitted, they are of a high-quality “complete” nature.
2. Zero-tolerance rule regarding the acceptance of incomplete application submissions – incomplete applications waste finite municipal staff resources that could be used on complete applications.
3. E-portal and workflow software implementation – helps staff organize and track applications, as well as communications internally and externally with the applicant.
4. Delegated site plan approval to senior City staff – allows for timelines to be compressed while continuing to be democratically accountable with more controversial applications being elevated to the attention of Council.

Unlike other jurisdictions, Burlington already allows for staff delegation of site plan approval, as it is estimated to save an estimated 50 to 60 days from the usual approval process. However, further improvements in this regard would be to continue the default processing rule with as few escalations to council as possible.

Currently, the vast majority of Burlington’s progress on the recommendations established by the task force and consultants report have an “in-progress” status. The municipality is currently only in the early stages of this project, it is expected that it will take some time before implementation is complete.

7.1.5 City of Kawartha Lakes – Planning Approvals Task Force

The City of Kawartha Lakes has been experiencing a steady and significant increase the demand for development planning staff usage, such as a 35% increase pre-consultation meetings between 2016 and 2017. In early 2017, City Council adopted a series of recommendations by the Planning Approvals Task Force, which was setup to help improve application processing and business engagement.

A common complaint from stakeholders was a perceived lack of customer service by planning staff with the perception of negative or adversarial attitudes towards applicants, especially those with lesser knowledge of the building process. To rectify this issue, staff were required to take customer service training, and standards were created in operational processes, such as returning phone and emails within 2 business days or general inquires within business 5 days. Even if staff were not able to deal with an inquiry due

to resource limitations, they were encouraged to engage with the stakeholder so that they know the message has been received.

In addition to interpersonal operational improvements, the task force identified other types of resources to help improve operations. This included the creation of report requirement checklists and processing cost outlines to be provided to applicants during pre-consultation meetings.

In the summer the 2017, the City implemented new software called “Cityworks”, which allows staff to digitally store all information on properties, including the ability to track applications. While this tracker is not made available to the public yet, the software allows any staff member to view the application and answer general inquiry questions rather than requiring the specific planner on the file’s attention, enabling a more efficient division of labour and a better use of staff time.

In addition to providing staff with new internal technological capabilities, the City embarked on a rebuild of their municipal website to facilitate better communication. This new portal was completed in July 2017 and includes features such as development guides, checklists, and the ability to examine a properties official plan land-use designation or zoning within a dedicated page.

Finally, the municipality also examined the possibility of expanding the power of the Director of Development Services with the ability to approve subdivision agreements after a council has permitted a Draft Plan Approval. However, staff found an LPAT case related to this process and recommended back to council that they continue to have oversight on the execution of subdivision agreements.⁸ At this time, the Director only has the ability to provide site plan approvals.

7.2 THEMES EMERGING FROM PROCESS REVIEWS

There are several key themes involved in the process reviews underway, or recently completed

Improving the Application Process Requires a Continuous Improvement Plan.

There is no single ‘fix-all’ that will improve development application processes other than through continuous examination and refinement. This requires a first step of identifying and standardizing as many processes as possible to foster an environment of consistency, accountability, and transparency. Standardization can involve creating simple rules such as the timeframes within which staff must respond to inquiries, or it can become as complex as creating templates for development application comments. Once processes

⁸ Local Planning Appeal Tribunal, formerly known as the Ontario Municipal Board (“OMB”)

have a baseline standardization, they can then be tracked and examined under the lens of a key performance indicator (“KPI”) and from there be improved upon.

Miscommunication Creates Conflicts that Lead to Delays

The development application process requires the transfer of information not just between a single developer and the planner on the file. The process includes many different staff members in various departments for both the applicant and the municipality, as well as, outside consultants and other stakeholders like council members. It is important to examine information flows and how best to minimize potential areas of miscommunication, such as not knowing if an inquiry was received.

Strategies to deal with this include providing a one-window portal that can be accessed either internally or externally to track developments, the creation of checklists and other materials that can be retrieved before a pre-consultation and are provided during the meeting, having a website with up-to-date information with detailed explanations of processes and other features like property data, contact information, online submission forms or payment options, etc.

Pay Close Attention to Workflows and Team Composition

How municipal staff deal with development applications affects how long it takes to process. There is no one correct organizational structure that can be implemented, however, many larger municipalities are finding a multi-disciplinary team-based approach is more effective in dealing with large volumes of very complex applications rather than a “hub and spoke” model. Regardless of the ultimate model used, careful attention should be paid to conflicts and redundancy in the workflow process.

Empower Staff with More Delegated Powers

Many municipalities are looking at ways to transfer approval authority to senior planning staff. This allows councils more to focus attention on difficult files, while allowing less complex applications to be fast-tracked. Providing an applicant with the ability to appeal a decision from staff to council ensures that applicants are still able to maintain accountability for their projects, even when approval authority is delegated outside of the municipal Council.

Reduce Required Statutory Processes Where Possible

Pre-zoning systems are a tool that some municipalities have implemented but many others have not. There is a potential to significantly improve the overall development process by using this tool, and minimizing the effort and technical studies required to bring an application forward.

Have a Staff Member That “Owns” Transformation and Outreach

While costly, many municipalities are creating senior-level positions that while not part of the direct development application process, have oversight and interactions with other staff members involved in the development review process. This provides another contact point between applicants and municipal staff that can help identify, escalate, and solve major problems in a timely manner and more importantly, prevent a similar problem from arising again in the future by transforming processes where needed.

Improvements are Limited Without Technology

There are many software packages that municipalities are using to help with internal project tracking and workflow management. These software packages can allow for more standardized project management-based team collaboration, so staff can focus more time on value-added tasks, such as examining the proposed grading of a building, instead of more administrative tasks, like dealing with minor inquiries or spending time trying to find a paper copy of a file that would be more readily accessible with an electronic file management system.

While the trend of adopting internally-oriented technology tools is apparent in many municipalities, most municipalities have yet to adopt external-facing tools. The benefit of this technology and things such as e-portals, is that they can provide a convenient access point for application submissions or fee payments, as well as, reduce delays associated with intake.

8 CONCLUSIONS

Based on a review of municipal planning processes, planning features, government charges, and other elements of research undertaken into the studied municipalities, there are several overarching findings about how municipalities compare, and recommendations for municipalities.

8.1 SUMMARY OF FINDINGS

Figure 39 summarizes the findings from the three major elements studied that feed into housing affordability – getting housing approved, ensuring approvals are done in an expedient manner, and government charges that get borne by buyers/renters.

Overall, the municipalities of Barrie, Burlington and Oakville rank atop the list, with all three municipalities having top-6 ranks in each of the categories. The largest municipalities by population among those studied (Toronto, Mississauga, Brampton, Markham, Vaughan) all rank on an overall basis no higher than 10th.

Figure 39 Overall Scorecard - Planning Features, Government Charges, Approvals Timelines

	Planning Features <i>rank (1=best)</i>	Government Charges <i>rank (1=lowest)</i>	Approvals Timelines <i>rank (1=best)</i>	Score (Average Rank) <i>lower=better</i>	Rank
Barrie	2	3	5	3.3	1
Burlington	2	6	3	3.7	2
Oakville	2	9	4	5.0	3
Clarington	7	1	9	5.7	4
Oshawa	16	5	1	7.3	5
Pickering	11	2	10	7.7	6
Innisfil	15	7	2	8.0	7
Milton	7	10	n.a	8.5	8
Whitby	16	4	7	9.0	9
Toronto	1	14	15	10.0	10
Vaughan	6	17	8	10.3	11
Mississauga	9	11	13	11.0	12
Brampton	5	15	14	11.3	13
Richmond Hill	11	13	11	11.7	14
Caledon	9	12	16	12.3	15
Aurora	11	16	12	13.0	16
BWG	14	8	17	13.0	16
Markham	18	18	6	14.0	18

Note: Government Charges based on average of low-rise and high-rise scenarios, as measured by government charges as % of housing prices

Source: Altus Group Economic Consulting

8.2 RECOMMENDATIONS

8.2.1 Need for Increased Transparency and Simplicity

Many municipalities do not have clear development guidelines or application checklists. An even greater number of municipalities not provide specific terms of reference for required technical studies and reports.

Increasing transparency and specificity surrounding application requirements is a proactive, and relatively easy way to cut down on incomplete application submissions and reduce the number of resubmissions required.

Excerpt from City of Toronto Development Guide

	Official Plan	Zoning By-Law	Plan of Subdivision	Plan of Condominium	Consent to Sever	Site Plan Control Approval
REQUIREMENTS of the CITY OF TORONTO ACT, PLANNING ACT and/or Regulations	•	•	•	•	•	•
ADDITIONAL REQUIREMENTS of the OFFICIAL PLAN						
In addition to the prescribed requirements of the Planning Act, the following non-prescribed information will also be required to evaluate a planning application, unless it is determined that certain studies, plans, drawings and reports are not applicable.						
Provision of the additional information indicated under the Official Plan, Zoning By-law, Plan of Subdivision, Plan of Condominium and Consent to Sever headings is mandatory under the Planning Act and this Official Plan.						
Provision of the additional information indicated under the Site Plan Control Approval heading is not mandatory but may be requested by the City in order to enable a site plan control application to be evaluated.						
Completed Application Form – including Permission to Reproduce and Provision of Requisite Copies. Applicants are required to (a) grant the City permission to reproduce, in whole or in part, any document submitted as part of a complete application for internal use, inclusion in staff reports or distribution to the public for the purpose of application review, and (b) provide a reasonable number of copies of any such document, or parts thereof, in paper and/or electronic form, to the City for internal use and distribution to the public for the purpose of application review.	•	•	•	•	•	•
Boundary Survey – showing and quantifying the area(s) of all land parcel(s) relevant to the development proposal.	•	•	•	•	•	•
Appropriate Plans and Drawings	•	•	•	•	•	•
Planning Rationale – containing a description of pre-application consultation, including any community outreach, public meeting(s) and interested persons contact list created by the applicant in accordance with City standards.	•	•	•	•	•	•
Draft Amendments	•	•				
Accessibility Design Standards Checklist			•	•		•
Air Quality Study		•	•			•
Arborist Tree Preservation Report		•	•	•	•	•
Archaeological Assessment – for properties in the City's database of lands containing archaeological potential.	•	•	•		•	•
Architectural Control Guidelines – when warranted by the scale or nature of the proposed development.		•	•			•
Avenue Segment Review – when required by the provisions of Section 2.2.3.	•	•				

Source: City of Toronto Official Plan

8.2.2 Delegate More Approval Authority to Staff and Officials

That development approvals can be delayed because of issues with timing of municipal committee or council meetings is a potentially avoidable issue for some applications. Staff should be given the authority to assess and approve applications that broadly meet official plan requirements but need additional zoning changes, where those zoning changes are within the bounds of permitted discretion for the delegated authority. This can be done through increased use of development permit systems, or other forms of delegated authority. This can reduce council workloads and can eliminate unnecessary political interference in applications that meet the intent and policies of municipal plans.

8.2.3 Use of Technology

Its important that municipalities invest in more advanced development tracking software, and potentially gradually phase-in online development submission systems. The changes to municipal development submission

systems in response to the COVID-19 pandemic will be an important first step in getting e-portal systems acceptance on a broad scale.

Technology can be a critical component in improving development approval timelines by supporting improved workflows, transparency, and creating a more collaborative environment within and across planning and related municipal departments involved in the development application review process.