



REPORT

To: Mayor and Council

Date: November 17, 2023

From: Lorraine Hilton
Chief Administrative Officer

File: 1810.02

To Council
November 20, 2023

Subject: Land Use and Development Application Fees – High Level Review

PURPOSE:

To bring forward a report with recommendations for application fee changes as directed in Council's 2023-2026 Strategic Plan.

BACKGROUND:

The District of Highlands Bylaw No. 351, 2012 sets out fees for planning and development applications. Bylaw 351 was thoroughly reviewed in 2017 and amended in 2018 as it was a priority within Council's Strategic Plan at the time. The current fees adopted in 2018 are shown in a table within the discussion portion of this report.

Concurrent with the work noted above, the Subdivision or Development of Land Bylaw No. 154, 2001 was also amended to increase the fee for a lot line adjustment to reflect more closely the actual work that goes into those applications. This report does not address any further changes to the Subdivision or Development of Land Bylaw given the strategic priority direction.

A high level review of the land use and development application fees is a 2023 priority in the 2023-2026 Strategic Plan. Part of the discussion during the strategic planning process was to include consideration of a mechanism to increase the fees based on inflation, without having to amend the bylaw for this purpose in future years.

Given this is a high level review, this report does not delve into the aspects included in the 2017 report to Council or subsequent reports regarding fee calculations. Those reports are attached for background information.

OPTIONS:

1. That staff be directed to draft an amendment to "Development Application Fees Bylaw No. 351, 2012", to increase the fees in Table 2, **Approach 1, 2 OR 3**, as included in the report from the Chief Administrative Officer dated November 17, 2023.
2.
 - a) That staff be directed to draft an amendment to "Development Application Fees Bylaw No. 351, 2012", to increase the fees in Table 2, **Approach 1, 2 OR 3**, as included in the report from the Chief Administrative Officer dated November 17, 2023, **and**
 - b) That an automatic fee increase be incorporated into the draft bylaw based on the CPI Annual Change for Victoria each year.
3. That alternate direction be provided to staff.
4. That the report be received for information.

DISCUSSION:

Application Fee Increases:

As noted previously, a review of development application fees in both local (CRD) and other BC municipalities was undertaken to assist in the evaluation of Highlands fees in 2018; the same communities were used for comparison in this review with updated application fees as shown in Table 1 below:

Municipality	OCP	Rezoning	Joint	DP	DVP	Public Hearing
Highlands	\$4000	\$4000	\$4000	\$1500 - \$3000 +	\$2000 +	\$1500
C. Saanich	\$3600	\$3600 +	75% combined fees	\$800 - \$2500	\$2500	\$1500
Colwood	\$4193	\$4193 +	\$4193 + \$2467	\$617 - \$3453 +	\$1850 +	\$2713
Esquimalt	\$1000	\$1000 - \$2000 +		\$500 +	\$500	
Langford	\$2478 - \$12573	\$1116 - \$12515	\$2478	\$310 - \$2539	\$1547	\$2729
Metchosin	\$1900	\$1600	\$1900	\$275 - \$975	\$500	
N. Saanich	\$6000	\$3000 - \$7000	25% reduction of total fees	\$2000 - \$7000	\$1500	\$1000
Oak Bay	\$6000	\$3000 - \$7000	25% reduction of total fees	\$1500 - \$5000	\$1750	\$1500
Saanich	\$150	\$1000 - \$2000	\$2500	\$125 - 500 +	\$500	\$1200 +
Sidney	\$1300 +	\$1300 +	\$1800 +	\$150 - \$300 +	\$250	\$1500 +
Sooke	\$5300 +	\$5300 +	\$7300 +	\$700 - \$1200 +	\$1000 +	
Victoria	\$2500	\$2000 +		\$2000 - \$6000 +	\$750 +	\$1200
View Royal	\$2200	\$2200		\$550 + large project fee	\$550	\$2500
Port Alberni	\$450 - \$700	\$450 - \$700		\$600	\$600	\$500
Mission	\$1340 - \$2780	\$2780 - \$5900		\$108 - \$4100	\$1080 - \$2080	
Kelowna	\$2045 - \$3770	\$1030 - \$3370+		\$1050 - \$1895	\$1680 +	\$500
North Van	\$4490	\$4490		\$1690 - \$4555	\$791 - \$1775	\$3770
Peachland	\$1000	\$1000	\$1450	\$600 +	\$500 +	

As indicated with the range in fees above including the “+” sign, the process for calculating the fees differs in different local governments. While the table has limited value for providing comparisons, it does provide some information. There are many factors that affect an actual application fee, and it is beyond the scope of this report to provide detailed information in that regard.

In respect to setting fees and charges, Section 462(2) of the *Local Government Act* requires that all fees “...must not exceed the estimated average costs of processing, inspection, advertising and administration that are usually related to the type of application or other matters to which the fee relates”. Section 194(2) of the *Community Charter* indicates that

“...a bylaw under this section may do one or more of the following: b) base the fee on any factor specified in the bylaw, and in addition to the authority under section 12(1)(variation authority), establish different rates or levels of fees in relation to different factors.”

Given the requirements for setting fees, an approach for Council’s consideration, as shown in Approach 1, could be to apply an adjustment in line with the 2023 tax increase to the average home. The rationale is that tax increases are affected by cost of living. Or a longer timeframe could be considered. Alternatively, CPI adjustments either from 2022 (as shown in Approach 2) or from 2019 onward (as shown in Approach 3) could be applied. This would cover increases in the costs for resources, including staff time, that could be applied to the application fees.

Table 2 below outlines the impact of the potential approaches for fee increases:

Development Category	Current Application Fees	APPROACH 1: + 5% in line with 2023 budget increase to the average home	APPROACH 2: Increase based on 2022 CPI Annual Change for Victoria (with rounding)	APPROACH 3: Increase based on 2019, 2020, 2021 and 2022 CPI Annual Change for Victoria (with rounding)
Amendment to the Official Community Plan (OCP) or the Land Use Bylaw (Rezoning)	\$4,000	\$4200	\$4280	\$4545
Text Amendment	\$4,000	\$4200	\$4280	\$4545
Joint OCP and Rezoning Amendment	\$4,000	\$4200	\$4280	\$4545
Phased Development Agreement	\$2,000	\$2100	\$2140	\$2275
Temporary Use Permit	\$2,000	\$2100	\$2140	\$2275
Public Hearing Advertising Fee	\$1,500	\$1,575	\$1605	\$1705
Development Permits:				
- Environmental (DP Areas 1, 2 and 3)	\$1,500	\$1,575	\$1605	\$1705
- Commercial/Industrial (DP Area 4)	\$3,000	\$3150	\$3210	\$3410
- Intensive Residential (DP Area 5)	\$3,000	\$3150	\$3210	\$3410
- DP + Add Per Variance Req'd	\$100	\$105	\$105	\$115
- DP Amendment Application	\$100	\$105	\$105	\$115

Development Variance Permit	\$2,000 + \$100 per Variance	\$2100 + \$105 per Variance	\$2245 + \$105 per Variance	\$2275 + \$115 per Variance
Board of Variance	\$300	\$315	\$321	\$340

The Bylaw amendment made in 2018 increased the fees close to a full user pay model versus subsidization from taxpayers. The options for changes shown above continue to be in line with that approach.

Automatic Inflation Adjustment:

Building into the bylaw a mechanism to increase development application fees based on inflation, for instance through the Consumer Price Index, would meet the requirements of the applicable legislation in respect to setting fees.

There are benefits and drawbacks of doing this. As a benefit, this would be a way to avoid vagueness and uncertainty with fee setting with a defined benchmark and assurance of regular increases.

One drawback is that in terms of having the District’s fees easily obtainable, applicants could no longer go to the bylaw itself to decipher the applicable fees, and would have to rely on some other way of receiving this information (eg on a separate document on the website or by contacting the District Office). This process would reduce the transparency and accessibility of the District’s fees. Another drawback is the onus to recalculate the fees on a time specific basis set out in the bylaw that increases the administrative workload for staff.

Consultation and Decision Making Framework:

The 2018 review included a public consultation process via a Committee of the Whole meeting. Given the limited scope of this review, it is suggested that further public consultation not be required beyond the open meetings at which this report and any bylaw amendments are considered. In respect to the Decision Making Framework required for strategic priorities, this was completed in 2018, and can be viewed within the attached reports. No significant changes would be expected with this current report.

FINANCIAL:

The 2023 budget in the Five-Year Financial Plan anticipates about \$16,500 in revenue from the current application fees considered in this report. This is a relatively low amount of revenue overall and any increase in fees over time is not expected to provide a significant revenue increase in the context of the Financial Plan. This is particularly clear where fee increases are balanced with the resources required to implement and maintain an automatic increase in fees noted in Option 2(b).

CONCLUSION:

This is a high level review of the fees established by the Development Application Fees Bylaw.

Either Approach 1, 2 or 3 for proposed fee increases would seem a reasonable approach for Council’s consideration, although an alternative calculation could also be chosen.

In respect to incorporating an automatic fee increase into the Bylaw, it would be in line with applicable legislation. However, in the interests of continued transparency for applicants in accessing fee information, and the expectation of modest increases in revenue balanced with implementing a new administrative process, it is not the recommended option.

As an alternative, the current process of Council reviewing the fees on a regular basis, as it has through the Strategic Plan process, could be the continued approach for future fee changes at this time.

RECOMMENDATION:

OPTION 1:

That staff be directed to draft an amendment to “Development Application Fees Bylaw No. 351, 2012”, to increase the fees in Table 2, **Approach 1, 2 OR 3**, as included in the report from the Chief Administrative Officer dated November 17, 2023.

Respectfully submitted,



Lorraine Hilton
Chief Administrative Officer

Attachments:

[Report on Oct 2, 2017 Council Agenda](#)
[Report on Nov 6, 2017 Council Agenda](#)
[Report on Feb 13, 2018 COTW Agenda](#)