

*Halifax Regional Municipality
Planning and Development
Fee Review
Policies and Principles*



*August 2016
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Presentation

- P&D Renewal Program
- General Findings – Existing Fees
- Peer Comparison Fees
- Fee Leading Practices
- Proposed Fee Guiding Principles
- Conclusion and Next Steps



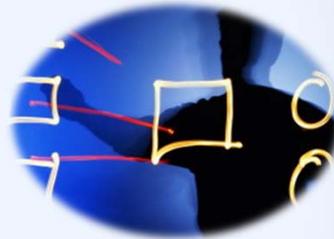
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- ### P&D Renewal Program
- Progress has been made in P&D to streamline processes and create efficiencies including:
- Redesigning Planning Application System tracking requirements
 - Consolidating all Planning Applications Planners into one office
 - Consolidating Permitting, Subdivision and Development Engineering into one office
 - Updating job descriptions to allow for increased delegated authority and empowerment
 - Initiating a number of projects including Land Use By-law Simplification Project, Permitting & Licensing System Replacement Project, Fee Review and Public Consultation Review
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General Findings



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Fees Need to be Updated

- P&D fees have not been reviewed or updated in numerous years – no inflationary adjustments which reduces the revenues as a percentage of expenditures
- P&D application fees make up a very small component of the overall expenses of a development project
- With low P&D fees, speculation may be driving activity levels and expending limited staff resources
- Development of lands provides direct benefits to the applicant which supports charging an appropriate fee for service



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Revenues are Well Below the Direct Cost of Service

Development Approvals and Building Standards (000's)		
Total Revenues	\$	3,605
Compensation and Benefits	\$	6,435
Other Expenditures	\$	424
Total Expenditures	\$	6,859
Net Expenditures	\$	3,254

- Fees are currently not recovering even the direct costs to provide the service - \$3.3 million taxpayer subsidy
- Indirect costs such as departmental and corporate overhead costs that are not reflected in the analysis above
- Rationale for not recovering full costs is unclear

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Fee Structure Needs to be Rationalized - Observations

- Subdivision Application Fee – no base fee to recognize minimum cost
- Subdivision infill and subdivision requiring new infrastructure fee is the same but processes differ, as does the cost of service
- One site plan application fee for downtown Halifax, but the types of applications can vary considerably
- Planning application fees are not easily understood or transparent to the applicant
- Residential Building Permit administratively cumbersome (floor above grade, basement below grade, plumbing)
- Decks have a more complex fee structure than needed
- Fixed plumbing fee of \$50 for 6 fixtures and over whether it is a 10 storey hotel or a mid-size warehouse

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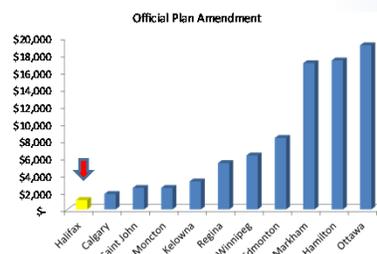
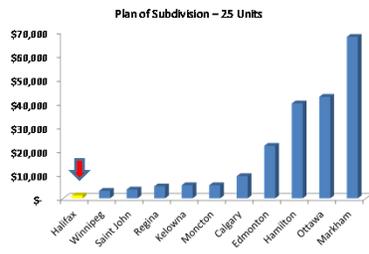
Peer Comparison of Fees



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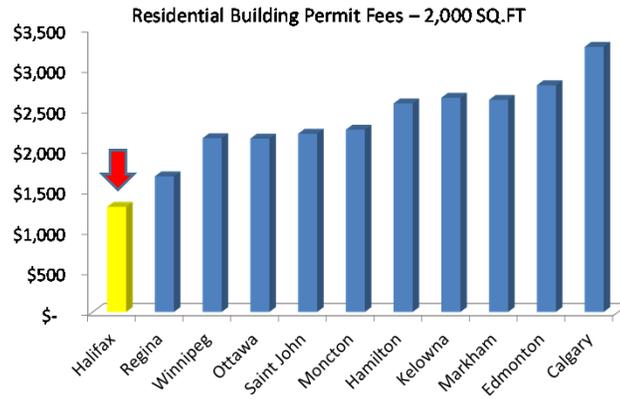
Existing Planning Fees Are Low in Relation to Other Municipalities



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Existing Building Permit Fees



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Leading Practice Research



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Leading Practices - Government Finance Officers Association

- Establish policy and guiding principles for setting and administering fees
- Calculate fees to identify full cost of service - Direct, Indirect and Corporate Overhead costs as a starting point
- Policy should identify under what circumstances a charge or fee might be set at less than 100% of full cost
- Provide the information necessary for Council to determine the taxpayer impact, if the full cost of providing service is not recovered from user fees
- Fees should be reviewed and updated regularly
- Information on fees should be transparent and made available to the public

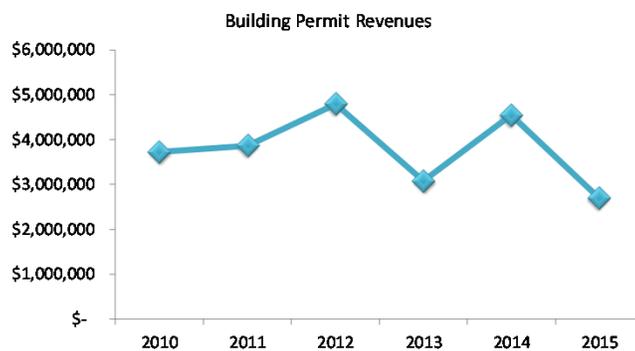


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Leading Practices - Reserves

- Municipal operations do not have sufficient elasticity to adjust operating expenditures to immediately coincide with the fluctuations in activity



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- Leading practice of municipalities is to establish permit stabilizations reserves to address these fluctuations

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Leading Practice Research – Performance and Service Standards

Service Standards should:

- ✓ Clearly articulate the service goals and objectives
 - ✓ Demonstrate what the service outputs are
 - ✓ Identify the expected quality levels for these outputs
 - ✓ Provide the targeted timing of completion of an application review and approval process
 - ✓ Help determine whether a municipality is providing quality service at a reasonable cost
- Leading practice municipalities establish service standards and track performance

Performance & Service Standards

Input Measures

Output Measures

Efficiency Measures

Effectiveness Measures

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Guiding Principles

Fairness and
Equity

Service
Efficiencies

Transparency

Predictability

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Recommended User Fee Guiding Principles

Service Efficiencies

- Fees for service will be set to reflect the efficient cost level

Fairness and Equity

- Charging a fee to applicants who receive direct benefit
- Equitably distribute costs between the various types of applications
- Full cost of service will be calculated to include direct and indirect costs, overhead and charges for the use of capital assets to provide the service
- Fees will not exceed the full cost of service

Transparency

- Allocation methodology of costs and the pricing structure will be transparent

Predictability

- Knowledge & certainty of fees allows applicants to make more informed decisions
- Applicants will be provided information on service standards

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Conclusion and Next Steps



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Conclusions

- Existing fees not recovering cost of service
- Fees very low in comparison to other municipalities
- HRM P&D fees have not been updated or rationalized in a number of years
- P&D well on its way to a renewed organization and service delivery model
- As service improvements are realized, is an appropriate time to update fees, taking into consideration additional pending efficiencies and incorporating phase-in strategies
- Will help ensure optimal and efficient use of scarce resources and reduce pressure on property taxes

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Next Steps

Phase One

- Endorsement Fee Guiding Principles

Phase Two

- Develop Fee Policy, aligned with Guiding Principles
- Identify all steps in the planning and development processes and the cost of service (direct, indirect and corporate costs)
- Develop phase-in strategies to ensure impacts on industry are manageable and tied to service improvements

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