

Development and Building Permit Approval Times

Recommendation:

That the May 3, 2017, Sustainable Development report CR_4327, be received for information.

Report Summary

This report reviews development and building permit approval timelines, influences on timelines, and process improvement initiatives. Key findings reflect that incomplete/insufficient information and complexity of applications are impeding the ability to achieve desired timelines. Additional factors include competing work programs, and reduced use of overtime and temporary employees due to reduced revenues. Administration continues to engage the community and industry to improve processes.

Previous Council/Committee Action

At the December 7, 2016, Urban Planning Committee meeting, the following motion was passed:

That Administration provide a report outlining:

1. development and building permit approval times for Class A and Class B permits for both greenfield and mature neighbourhood developments
2. the targeted wait time for these applications
3. options to provide an expedited approval process.

ReportPermit Timelines

The amount of time required to review a development permit or building permit application varies greatly, depending on the type and complexity of the development proposed, quality of the submitted application, and resources to advance the application.

For the purpose of this report, the House Combo permit was chosen as a case study for comparing permit timelines across several different development scenarios. House Combo permits offer a good baseline for comparison because they include both the development and building permit components of an application, and give a clear picture of the entire permitting process. House Combo permits also represent a

development type - the single detached house - that is common in both greenfield and mature neighbourhoods. The applicant makes a single application, and the House Combo permit is considered issued after both the development and building permits are approved.

This report examines three different categories of House Combo permits:

- Expedited House Combo permits, representing Class A greenfield development in select zones, submitted by applicants trained and qualified to submit under the Expedited program.
- Non-expedited House Combo permits, which are applications for Class A or B development outside the Mature Neighbourhood Overlay, not qualifying for the Expedited program and primarily representing greenfield development.
- Complex House Combo permits, which are applications contained within the Mature Neighbourhood Overlay.

A glossary of select terms used in this report is provided in Attachment 1.

Current Targets

Current performance targets date back to 2012 for Expedited House Combo permits, and in 2014, targets were added for additional development types. The targets are intended to account for both the development and building portions of an application and were established based on desired processing times, reflecting application complexity and staffing levels. The percentage also accounts for time spent waiting for information and revisions from applicants, making this a shared target between Administration and the development industry. Existing House Combo targets are as follows:

- 75 percent of Greenfield, Class A Expedited House Combo permits to be issued within 10 business days.
- 75 percent of Greenfield, Non-expedited House Combo permits to be issued within 30 business days.
- 75 percent of Mature Neighbourhood, Complex House Combo permits to be issued within 85 business days.

The variability in review times for these three targets is primarily related to the development permit portion of the application process. For instance, developments within the Mature Neighbourhood Overlay are subject to additional rules which introduce review complexity and may require additional time for public consultation. Building permit review is generally less affected by complexity and is not subject to any consultation requirements. However, the implementation of new energy codes over this past year resulted in the need for process adjustments and added information required from the applicants in order to review and issue permits.

Results

Attachment 2 summarizes House Combo approval times for Class A and Class B permits in both greenfield and mature neighbourhoods. Data was compared for the years 2014 through 2016 and measures median days to approval, comparing the result to the current targets for each permit category. For reference to other development forms, Attachment 3 provides a similar breakdown for semi-detached and duplex housing, as well as row housing, stacked row housing, and apartments of up to four dwelling units.

Overall, 2016 saw an increase in the median number of days to issue across both greenfield and mature neighbourhoods, compared to 2014 and 2015. Correspondingly, fewer permits for single detached housing were issued within the current performance targets. Results for 2016 include:

- Mature Neighbourhood, Complex House Combo permits
 - Total number of permits issued up 27 percent from 2015
 - Median of 72 business days to issue permit (target of 85 business days)
 - 67 days for Class A permits
 - 105 days for Class B permits
- Greenfield, Non-expedited House Combo permits
 - Total number of permits issued down 19 percent from 2015
 - Median of 31 business days to issue permit (target of 30 business days)
 - 30 days for Class A permits
 - 33 days for Class B permits
- Greenfield, Class A Expedited House Combo permits
 - Total number of permits issued down 44 percent from 2015
 - Median of 19 business days to issue permit (target of ten business days)

Influences on Timelines

More Information Required

The single most common cause of delay in processing both development and building permits is incomplete or insufficient information. This results in the need for additional communication between Administration and applicant, wait time while additional information is produced, and multiple plan revisions to review. In addition, there are often delays in the payment of application fees, which further delays the review until the payment has been made. See Attachment 4 for details.

Complexity

Applications within the Mature Neighbourhood Overlay and Class B applications for variances or discretionary development take longer to review and issue due to a more complex review process stemming from a more complex set of regulations, specific

contextual considerations, and a combination of other factors, some of which are outside of the control of Administration. For example:

- Applications for zoning variances in the Mature Neighbourhood Overlay require a mandatory 21-day consultation period. Community comments are taken into consideration and commonly result in asking the applicant to revise plans in response to specific concerns.
- Pursuant to the *Municipal Government Act*, a Class B development permit is subject to a 14-day appeal period. Approximately 15 percent of applications for proposed new dwellings in mature neighbourhoods are appealed.
- When appealed, the Subdivision and Development Appeal Board process added an average of 39 business days in 2016. In the case of House Combo permits, because the appeal hearing occurs after the development permit decision but prior to the review of the building permit, the reported timelines capture the appeal time.

Application review in mature neighbourhoods also demands a greater level of staff time and expertise to balance the City's infill objectives with community concerns. An iterative approach to plan review, combined with dialogue between the applicant and engaged citizens, can take more time but result in better outcomes overall. Administration may request plan revisions in order to mitigate concerns or move towards zoning compliance and bring an application that may otherwise have been refused, to a point at which it can be approved. This work can have the dual benefit of saving the applicant from potential consultation, notification, and appeal time while alleviating some of the community's concerns.

For a variety of reasons, residential greenfield applications can be reviewed and processed more quickly than a similar application in a mature neighbourhood. Zoning in these neighbourhoods is typically less complex and contains fewer context-specific regulations, so it is faster and simpler for applicants and Administration to review or make changes. There are generally fewer inquiries and concerns from the public, as expectations are different in these developing neighbourhoods. There is also less variability in housing type and design, allowing for more efficient reviews.

Similarly, a Class A application can be reviewed and approved faster than a Class B application in the same zone. This is because reviews are less complex, less discretion is required on the part of Administration, fewer revisions are required, less opportunity for community involvement, and no requirement for notification or opportunity for appeal. In the case of a Class A permit in the Mature Neighbourhood Overlay, there is no community consultation requirement.

Staffing

Compared to 2015, Administration experienced an overall increase in the complexity of single detached housing applications, with a 25 percent drop in the total number of greenfield (Expedited and Non-expedited) House Combo permits issued in 2016 being offset by a 27 percent increase in mature neighbourhood permits. An administrative

impact is that the residential development permit review team which has typically served as an entry point for many junior staff now requires a higher skill level. In addition, in recent years this group has experienced a high turnover rate as staff advance through the organization. Therefore, there have been more vacancies which in turn require longer training time, affecting efficiency. In addition, workload management tools such as overtime and the hiring of temporary staff, which in previous years were commonly used to reduce application backlogs, have been used more sparingly in 2016 with significant declines in revenues.

Other factors that influence timelines include:

- Large regulatory changes, such as the new Alberta Building Code energy efficiency requirements and new National Energy Code for Buildings, both implemented in November 2016, and frequent changes to Zoning Bylaw 12800. Development permit review staff, safety codes officers, and the development industry often require time and/or training to adjust to the new regulations, and the transition period can impact the timing and complexity of review for applications in progress.
- Application volumes, which fluctuate depending on the time of year.
- Requirement to circulate applications to other civic agencies such as transportation or geotechnical engineering, and the time taken for their review.
- Time spent responding to inquiries from the public.
- Short of hiring costly contract resources, it is difficult to hire fully trained safety codes officers, and the training time for safety codes staff is up to two years.
- The scale of associated work activity for development permitting staff has increased for reasons such as:
 - Increased volume of changes to the Zoning Bylaw 12800 advanced by Administration in 2016 to fulfill Council direction;
 - Administration of the development permit notification sign process and attendance at pre-application meetings for infill development; and
 - Increased time in preparation and attendance of Subdivision and Development Appeal Board hearings, largely resulting from a more engaged public and increased scrutiny on infill-related issues.
- Reassignment of permitting staff to address application backlogs for other development types and to provide support in the Integrated Service Centre.

Initiatives to Improve the Permitting Process for the Community and Industry

To provide a better permitting experience for citizens and business, Administration has undertaken a number of initiatives intended to expedite and improve the timelines and transparency of the development and building permitting process. An examination of complete and in-progress initiatives is provided in Attachment 5. The following initiatives which are currently underway are expected to have a substantial effect on the permitting process and timelines:

- eServices - online applications, payment, and service enhancements for single detached, semi-detached, and row housing applications. House Combo

- applications are now accepted online as of April 2017.
- Comprehensive assessment of the existing permitting process to identify opportunities for improvement and develop an implementation roadmap by late 2017. This will address most forms of residential housing including single detached, semi-detached, row housing, and multi-family residential. For example, this work could explore the potential for overlapping review processes which would enable building permit review to occur in parallel with the development permit review.

Finally, Administration, in consultation with industry, is reviewing development and building permit targets in 2017 to balance the objectives of all stakeholders in order to achieve better outcomes. A revised approach to target setting is required to better serve industry, citizens, and Administration by ensuring greater predictability in the permitting process. There are a number of factors to consider in setting new targets; see Attachment 6 for further discussion on target setting. Administration will report back to the development industry and Council with a memo in quarter four, 2017, with the aim of implementing new targets by January 1, 2018.

Policy

This report is supported by policies of *The Way We Grow*, Edmonton's Municipal Development Plan:

- 3.1.1.2 Encourage a minimum of 25 percent of city-wide housing unit growth to locate in the Downtown and mature neighbourhoods and around LRT stations and transit centres where infrastructure capacity supports redevelopment.
- 3.5.1.1 Support redevelopment and residential infill that contribute to the livability and adaptability of established neighbourhoods and which are sensitive to existing development.
- 4.4.1 Ensure neighbourhoods have a range of housing choice to meet the needs of all demographic and income groups and create more socially sustainable communities.
- 5.2.1.1 Require development to fit with the existing and planned neighbourhood context, to respect the scale, form, massing, style and materials of the neighbourhoods and to incorporate other design elements that create a transition between the new development and the existing neighbourhood.

In addition, this report supports the implementation of Action 22 of Edmonton's Infill Roadmap: "Pursue changes to processes to help reduce costs, expedite approvals and support affordability."

Corporate Outcomes

This report contributes to the Corporate Outcomes "Edmonton is attractive and compact" and "Edmonton has a globally competitive and entrepreneurial business climate" as it supports effective processes for review and approval of development applications.

Budget/Financial Implications

Any changes to regulation, process or technology, or an increase in staff levels, will have cost implications. Such future changes will be reported in all committee or council reports.

Metrics, Targets and Outcomes

Metrics	Targets	Outcomes
<p><u>2016 House Combo results</u></p> <p>Expedited House Combo permit:</p> <ul style="list-style-type: none"> • Median days to approval = 19 days <p>Non-expedited House Combo permit:</p> <ul style="list-style-type: none"> • Median days to approval = 31 days <ul style="list-style-type: none"> • Class A = 30 days • Class B = 33 days <p>Complex House Combo permit:</p> <ul style="list-style-type: none"> • Median days to approval = 72 days <ul style="list-style-type: none"> • Class A = 67 days • Class B = 105 days <p>See also Attachments 2, 3, and 4 for additional metrics.</p>	<p><u>Review of targets</u></p> <ul style="list-style-type: none"> • 2017 review of development and building permit targets. • Review process will result in the setting of new targets for implementation by January 1, 2018. <p><u>Current House Combo target approval times</u></p> <p>Expedited House Combo permit: 75% approved within 10 business days</p> <p>Non-expedited House Combo permit: 75% approved within 30 business days</p> <p>Complex House Combo permit: 75% approved within 85 business days</p>	<p><u>New permitting targets will consider the following objectives:</u></p> <ul style="list-style-type: none"> • Greater certainty and predictability for applicants; • Ensure targets are more representative of actual review and processing time; • Consider how time in which Administration is waiting for an application to be completed or fees to be paid is to be handled; • Separating targets for Class A and Class B permits to more accurately reflect the relative complexity and variability of the different permit types.

Attachments

1. Glossary of Terms
2. House Combo Permits - Summary of Volumes, Timelines, and Targets for 2014 to 2016
3. Other Residential Permits - Summary of Volumes, Timelines, and Targets for 2014 to 2016
4. More Information Required
5. Initiatives to Improve the Permitting Process for the Community and Industry
6. Considerations for Future Target Setting

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services