

Development Services: Planning, Building and Economic Development

PURPOSE

This is the first in a series of three reports anticipated to be brought to Council this year to discuss issues and changes related to development services at the City of Greater Sudbury. The purpose of this report is to provide an overview of the work that has been done since January 2019 to engage with stakeholders in the development community and review policies and processes related to development services at the City. This report further shares with Council immediate and future plans to streamline and enhance these services.

BACKGROUND

Contemporary cities establish a variety of standards that define requirements for various aspects of the community's lifestyle, layout and structures. Among these standards, land development, land use and building safety are of significant interest to most stakeholders. They are important because they have a direct effect on economic activity and the quality of life in the community, now and in the future.

Cities expect a variety of outcomes from their development, land use and building safety policies. Typically, these policies outline the requirements for creating and sustaining an environment that is safe, economically sustainable, environmentally responsible and aligned with long-term expectations about how future generations will experience life in the city. There are complex, dynamic interactions between many stakeholders required to successfully align all the efforts required to achieve these outcomes.

While cities establish many of these policies on their own, in Ontario local municipal policies must also incorporate provincial legislative requirements. There is an array of legislative directions, regulations and coordination requirements that municipalities must consider when determining their development, land use and building safety policies. Under the previous provincial government, there was a shift towards a more prescriptive framework that sometimes prioritized social and environmental considerations over economic development. The current provincial government has expressed a desire to transform legislative requirements to create additional certainty for investment and substantially reduce approval lead times, all with the goal of increasing the housing supply.

The City of Greater Sudbury provides a continuum of economic development, planning and building services to facilitate growth and investment in the community while achieving other desired community standards and outcomes. The policies, standards and business processes that are used to deliver these services have been designed to prioritize economic development, wherever possible. As an example, the City's Official Plan and Zoning By-law permit all land uses (with the exception of heavy industrial uses) along our key corridors as a way of encouraging economic development and growth. Staff also regularly use existing tools such as site alteration and conditional building permits to advance construction projects before final building permits have been approved and are in place.

These services are continually reviewed and adjusted in response to changes in the external environment (e.g. a change in provincial policy), development industry stakeholder feedback or the identification of other successful municipal practices through service specific networking and collaboration opportunities.

In 2010-2012 and 2015-2016, these services were reviewed in consultation with industry stakeholders as part of the Red Tape Reduction Task Force and Gearing Up for Growth Advisory Panel, respectively (see Appendices A and B). These initiatives resulted in several improvements, including most recently the creation of the Sudbury Planning Application Review Team (SPART), which has improved the quality of information provided to potential developers and investors.

For many years, the City's Development Liaison Advisory Committee (DLAC) has provided a forum for industry stakeholders and municipal staff to come together to discuss and resolve concerns associated with development approval policies, standards and business processes. DLAC's Terms of Reference are included in Appendix C.

While these changes are positive, the City cannot remain static and must continue to innovate to ensure that the economic development, planning and building services that it provides are responsive to the community's changing needs and expectations.

This is especially important as recent information from Statistics Canada suggests that the city's economic health is improving. As examples, the city's unemployment rate decreased from 6.7% to 5.9% between February and March of this year. Similarly, total employment increased from 84,100 to 86,600 during the same period. The Conference Board of Canada anticipates that the city's Gross Domestic Product will increase 1.3 percent this year, which is slightly below provincial forecasts.

Development activity in Q1 of 2019 is up when compared to the same period last year:

- \$6.2 million in commercial building permits were issued during this period, which is a significant increase when compared to \$3.3 million in Q1 2018.
- \$8.5 million in industrial building permits were issued in Q1 2019 versus \$7.3 million in Q1 2018.
- \$28.7 million in institutional building permits were issued in Q1 2019 versus \$3.1 million in Q1 2018.
- Early signs of residential activity also appear encouraging, with permits for 42 units about to be issued at the time of the writing of this report. Collectively, these permits represent approximately \$8.2 million of residential investment.

With this in mind, the City recently embarked on a listening exercise with development industry stakeholders. This exercise, which was initiated by Mayor Bigger and involved several ELT members, was designed to identify how the City could adjust its service efforts to reinforce everyone's shared interest in making Greater Sudbury a good place to do business while sustaining its mandate and ensuring long-term community outcomes are achieved.

ANALYSIS

Like many single tier municipalities, the City of Greater Sudbury provides a range of economic development, land use planning and building permit and building inspection services. These include:

- Business attraction
- Business retention
- Small and Medium Enterprise development
- Development approvals (e.g. rezonings, subdivisions, site plans, minor variances, consents)
- Building permitting and enforcement

These services are delivered by different divisions of the organization – Economic Development Services, Planning Services and Building Services.

It should be noted that the City of Greater Sudbury provides other planning services such as long range planning and environmental planning. For the purposes of this report, these services have been excluded from the discussion.

There are a variety of key performance indicators that the City uses to measure how it performs relative to development services. In general, the data show that the City typically performs at service levels that exceed province-wide benchmarks. Anecdotal feedback from interviews with developers supports the message illustrated by the data that, in large measure, the City performs at a high level. Appendix D describes the key performance indicators in this area.

Consultation Methodology

Staff conducted interviews with approximately 60 stakeholders from the development community. These included small business owners, large business owners, developers, land owners, and a number of other stakeholders. Interviews were conducted by four members of the City's Executive Leadership Team, including:

- Ed Archer (Chief Administrative Officer)
- Tony Cecutti (General Manager of Growth and Infrastructure)
- Eliza Bennett (Director of Communications and Community Engagement)
- Meredith Armstrong (Acting Director of Economic Development)

The interviews included a set series of questions, which ranged from general ("Tell us about your business") to experiential ("Tell us about your experiences with the City's development services") and specific ("Tell us what is next for you and how we can support you"). The discussions that took place were unique to each individual participant in the process.

Findings

The interviews that were conducted were largely positive. Feedback clearly suggests that members of the development community have a positive relationship with the City, and with staff associated with supporting and enforcing development programs.

However, feedback also clearly suggested that the City can do more to support and encourage development activity. Through policy choices, process design and the judgment used to interpret regulatory requirements, interviews with developers identified a variety of issues that deserve further review. These include both process issues and policy issues. These are outlined in further detail below.

Process Issues

This section briefly describes the process issues that were identified through the interviews with stakeholders. Later sections of the report detail how these issues might be addressed, both in the short- and the longer-term.

1. Discretionary judgment: Generally, this appears to refer to choices made by staff during specific file reviews that appear not to align with stakeholder expectations or the municipality's desired outcomes. Examples of this feedback suggests collaboration and process workflow between divisions needs to improve, decisions are difficult to obtain, responsiveness is not sufficient. Underlying all these elements is a perception that customer service needs to be strengthened.
2. Process design: Generally, this refers to choices about information flows designed to consistently produce specific outputs. Examples of this include application review processes that do not include sufficiently senior people so that decisions can be expedited; processes designed to avoid, rather than manage, risk; insufficient support for people unfamiliar with development processes; workload management that does not account for the differing impacts/complexity/value-added associated with some projects.
3. Role of consultants/third parties: Generally, this refers to the role of third party consultants in providing advice to their clients (for example, developers) related to municipal requirements. This issue may point to a lack of sufficient professional expertise in the community to support developers. Examples of this include a perception that advisors working on behalf of developer clients interpret guidance from municipal staff in ways that leave the developers uncertain about municipal requirements, or the rationale for them.

Policy Issues

This section briefly describes the policy issues that were identified through the interviews with stakeholders. Later sections of the report detail how these issues might be addressed, both in the short- and the longer-term.

1. Development charges: There appears to be insufficient understanding about the role development charges play in municipal financing and their effect on local taxation levels. This is a wide-ranging issue and not limited to stakeholders in the development community.
2. Letters of credit: These are a standard form of business transaction in all municipalities; however, stakeholders suggested that there are opportunities to adjust our policy around these letters to mitigate the perceived risk of financial hardship.
3. Lot grading: There are views that current policies related to lot grading leave developers and/or property owners with too much residual risk, which can result in unwillingness to proceed with development or investment.

4. Provincial framework re environmental regulations/enforcement: As noted earlier, municipalities in Ontario are required to comply with a number of provincial standards and legislations, including those related to brownfields, species at risk, noise and vibration, and the Ministry of Transportation requirements. Two separate issues were identified under this category, including:
 - There is a perception that staff apply the legislation rigidly without application of professional judgment.
 - There may be a role for the City to take on a voice of advocacy to support the view that there are differences in circumstance between Northern Ontario and other areas of the province, where the legislation may be more or less consistency applicable.
5. Fire flow requirements: A number of stakeholders feel that the City's requirements as they related to fire flow are too strict and hinder development.
6. Delegated authority: This was particularly raised as an issue for simple real estate transactions. Generally speaking, there is a belief that staff should have more authority to authorize or realize Council's desired growth and development objectives, to appropriately facilitated next steps in a development project or process.

Progress Made to Date

As issues were raised and where solutions within the purview of staff's authority were identified, staff was able to make immediate changes to enhance development services within the framework of the municipal mandate. The focus has been on process improvements, as these more readily fall under staff's delegated authority; however, a number of enhancements have also been made to municipal policies relating to development services. This section provides an overview of the changes already made to improve the City's delivery of development services.

Process Improvements to Date

A wide range of changes has been made to the City's processes to address the issues identified through the stakeholder consultation.

1. A Development Ambassador position has been established on a pilot basis after reviewing relevant municipal precedents (Hamilton, Toronto, and Phoenix). The Ambassador acts as a point person for developers and investors pursuing Industrial, Commercial and Institutional (ICI) projects and helps to guide them through the municipal development approval. The position sits in the City's Economic Development Division to most effectively navigate the complexities of all three areas of the development world (economic development, building, and planning).
2. The principles of the City's recently approved Customer Service Strategy have been emphasized with all staff, and clear expectations regarding the importance of the strategy have been reaffirmed within the development services areas in particular. Specifically, the importance of approaching development with a risk-based, solutions-oriented approach has been established as a clear priority for staff.

3. Adjustments have been made to the City's stormwater management requirements for site plans, ensuring improvements are limited to the scope of the infill or expansion project. These requirements will continue to evolve as the subwatershed studies authorized by Council are finalized and approved.
4. Improvements have been made to the Development Liaison Advisory Committee (DLAC) by including Economic Development staff, altering the agenda format to focus more on strategic issues and engaging DLAC members in more collaborative discussions.
5. Since undertaking the consultations, changes have been made to the composition of SPART, to include the Directors of Economic Development, Planning and Building Services, respectively, to provide a high level perspective on the requirements associated with potential development applications. The new Development Ambassador also attends the City's Site Plan Application Review Team (SPART) meetings to bring an economic perspective. Changes were made to the meeting format to reinforce customer service and friendliness – demonstrating a focus on being welcoming and “open for business”.
6. The knowledge base content for 311 related to Planning and Building Services has been updated to improve the potential for 311 operators to resolve straightforward inquiries upon first point of contact.
7. Economic development considerations have been included in the application, review, assessment and reporting on of “major” planning applications (e.g., Official Plan Amendments, rezoning, subdivisions and condominiums, and site plans). This ensures a more holistic view of such applications, increasing staff's ability to identify issues and opportunities, mitigate risks, and ultimately better support development.
8. Staff are introducing technology to create “performance dashboards” that provides timely performance data via a key performance indicator report and improves the monitoring and communication of key performance indicators for planning and building.
9. While staff have already established relationships with peers across other municipalities, a specific “peer-to-peer” learning exchange has been established with the City of North Bay to share ideas and information about work processes related to planning and building.
10. Work is ongoing to implement the Land Management Information System (LMIS), which is a technology designed to support and enhance streamlined services for development. For example, this system will allow the introduction of electronic application and approval processes.

Policy Improvements to Date

Many development policies are subject to Council approval; however, adjustments have also been made to the City's policies to address the issues identified through the stakeholder consultation.

1. In consultation with DLAC's Lot Grading Subcommittee, changes have been introduced to the Lot Grading Policy that will reduce costs and improve risk management related to field inspection and processes changed. These changes will positively impact both the developer/builder, and the City. Further improvements still under review for implementation this year include process changes to improve timelines associated with issuing building permits for infill lot applications
2. Work is underway with DLAC members to improve other policies that they have identified as needing adjustment, including: customer service; standards for consultant/engineering reports; subdivision, site plan, road grade, planning application requirements, and fire flow standards. It is anticipated that these improvements will be brought forward to Council throughout the year as these DLAC subcommittees complete their work.
3. Key stakeholder groups were specifically consulted in the review of the existing Development Charges By-law, and involved in the establishment of key policy issues related to infrastructure projects for inclusion in the new by-law. Stakeholder groups consulted include the Sudbury District Homebuilders Association, the Greater Sudbury Chamber of Commerce, North Eastern Ontario Construction Association and local developers.

Outcomes to Date

Anecdotal feedback from development industry stakeholders suggests that the changes that have already been implemented are having a positive impact. Staff are seen to be interpreting and applying enabling policies, exercising judgment, providing those with limited capacity extra support and demonstrating a willingness to work with proponents on projects.

Next Steps

As noted earlier, this report is the first in an anticipated series of three that will be brought before Council this year. The expected outcome of the three reports is a strategy that will enhance the City's development approval processes and result in a more customer-focused and solutions-oriented approach to development as a whole.

This first report has focused on issues assessment; the second report will focus on principles for service delivery (expected in fall 2019) and the third will outline the recommended strategy to address the issues and principles (winter 2019).

A number of initiatives are currently underway to support further improvements to development services. These include:

- The development of a Land Management Information System (LMIS) is underway, as previously noted. The work that is being undertaken for this project in 2019 is related primarily to business process and service mapping related to development services. These will result in the establishment of new service benchmarks that can and will be reported on to support ongoing improvements in this key area.

- The provincial government is currently considering changes to various aspects of the legal, policy and regulatory framework that municipalities must follow when considering and making decisions on land use planning and building permit applications. While little is known about these changes at this time, the provincial government indicates that they will be transformative and support their goals of increasing housing supply and shortening approval lead times. It is anticipated that these changes will be announced in May 2019 and will trigger further changes to our service standards, business processes and policies.

While these larger transformations are underway, staff are continuing to strengthen business processes and policies through a number of next steps, including:

- Delivering additional customer service training to staff to foster a customer-focused, solutions oriented approach, building upon Council's "Gearing Up for Growth " and aligning with the new Customer Service Strategy (fall 2019).
- Implementing a customer satisfaction survey/exit interview for planning and building permit applications and using the feedback to identify and implement additional improvements (fall 2019).
- Creating "citizen guides" that explain and provide step by step guides for planning and building permit approval processes. These guides will assist less frequent users of development services to navigate municipal requirements (spring 2020).
- Expanding the scope of SPART to include building permits including renovations, expansions and new builds.
- Reviewing the City's business processes to create a prioritized approval stream for projects that deliver net economic value to the community (spring 2020).
- Formalizing existing issue identification, escalation and resolution processes, specifically within the development services areas (summer 2019).
- Reviewing policies and processes for letters of credit and delegated authority to ensure that they align with organizational requirements as well as stakeholder expectations, and that they are appropriate.
- Researching systems to enable a joint evaluation and sharing of perspectives related to professional advisors whose services may be required by developers to navigate municipal development services.
- Increasing coordination with other northern municipalities to engage in discussions about the application of regulatory requirements in Northern Ontario and other geographically-specific and unique environments.

Measuring Success

In addition to the reports planned to be presented to Council over 2019, staff will continue to regularly report on key performance indicators related to development services. Reports will include both quantitative measures, as well as qualitative feedback as identified through continued consultation with stakeholders.