

2024 Municipal Benchmarking Study

BEST PRACTICES

Housing affordability continues to be a challenge in all parts of the country, and a major component of that unaffordability is the rising cost of building new homes.

For years, inefficient municipal processes and approvals, as well as outdated zoning rules, have significantly lengthened development timelines for all types of homes. Meanwhile, municipal development charges (DCs) have been steadily rising, with a national average increase of ~700% over the past 25 years. These factors have significantly added to the cost to build new housing in communities across Canada, and in turn are contributing to higher prices, limiting housing supply, and ultimately eroding affordability.

The Canadian Home Builders' Association's 2024 Municipal Benchmarking Study, prepared by Altus Group, compares 23 Canadian municipalities and examines how their development charges, approvals timelines, and processes contribute to housing supply and affordability issues in major housing markets across Canada.

The study's goal is to objectively measure key municipal benchmarks and identify ways to improve, while outlining opportunities for governments and industry to work together to tackle Canada's housing challenges. The study underscores the need for municipal policy changes, including streamlining development processes, considering zoning changes that support increased density and as-of-right zoning, and reducing DCs to help improve housing affordability in their communities. The full CHBA Municipal Benchmarking Study is available at chba.ca/municipal-benchmarking.



ABOUT THE BEST PRACTICES SNAPSHOT

This document summarizes the findings of CHBA's 2024 Municipal Benchmarking Study and includes best practices that governments should consider implementing to improve housing supply outcomes and affordability in their communities. It also includes related policy recommendations, such as new proposed infrastructure funding models to reduce reliance on municipal DCs, as well as ways provinces and the federal government can support municipalities in meeting home building targets.

Best practices are grouped into three key areas:

1

DEVELOPMENT CHARGES

2

RULES AND REGULATIONS

3

**DEVELOPMENT
APPLICATION PROCESS**

DEVELOPMENT CHARGES

Municipal development charges (DCs) – also known as development cost charges, levies, fees, or taxes – are a major contributor to unaffordability in home prices and lack of supply. Until recently, DCs have been an underrecognized major driver of increasing new home construction costs. Cost pressures and a lack of alternative funding models have led to municipal overreliance on DCs to fund critical infrastructure, even when it's not related to new growth.

There are many ways for municipalities to reduce DCs and support new housing supply and affordability in their communities. Provincial governments, as well as the federal government, also have a key role to play in supporting municipal efforts to reduce DCs.



ALTERNATIVES TO DCS – MUNICIPAL ACTION

- Implement user charges for certain services.
 - Best suited for sewer and water services or roads.
 - Requires more borrowing, perhaps by new, municipally owned corporations.
- Shift some DCs to property taxes, particularly for services that benefit the wider community (beyond new development), like libraries, roads, and new fire stations.
 - Quebec uses property taxes to finance growth.
 - In Alberta, a portion of growth-related capital costs may be financed using property taxes.
- Adopt land value capture techniques for transit improvements.

ALTERNATIVES TO DCS – PROVINCIAL AND FEDERAL ACTION

- Enhance federal and especially provincial transfers.
 - Make transfers available to municipalities on an incentive basis, rewarding them for reducing DCs and encouraging efficient development.
 - Make transfers conditional upon meeting growth plan and/or density targets.
- Allow municipalities to debt-finance infrastructure over its full useful life (e.g. 50 or more years for some infrastructure)
 - Requires changes in municipal financial practices.
 - May require provincial legislative change.
- Provincial governments grant revenue sharing or new taxation powers to municipalities.
- Consider Community Development Districts (CDDs).
 - This is a U.S. model where bonds are serviced over 30 years by owners (bond is sold on bond market).
 - Ongoing maintenance fees paid to the CDD body after paying off the bond.

RULES AND REGULATIONS

Though put in place in the past with good intentions by each municipality, **restrictive by-laws and zoning rules (including “green development standards”) and widely varying municipal requirements and interpretations** – which serve as “trade barriers” for builders and developers working in different municipalities – reduce productivity, slow development, and drive up home building costs.



Though this topic is not covered directly in the CHBA Municipal Benchmarking Study, it can be a key barrier to housing supply and should be part of any discussion that aims to improve housing affordability.

To start, affordability should be adopted as a core objective of the National Building Code and all related standards. This means government at all levels should avoid regulating energy efficiency, climate adaptation and resilience, accessibility, and health and safety innovations until cost-neutral solutions are available.

Municipalities, with support from provincial governments and the federal government, can address restrictive zoning rules and streamline regulations/interpretations to fast-track new home construction and address affordability challenges in their communities.

REFORM OUTDATED ZONING RULES

- Update restrictive zoning rules (i.e., exclusionary zoning) and pre-zone for gentle density that allows for housing of all forms and tenure, including high-rise and “missing middle” homes.
- Tie municipal process improvements, including taking a critical look at zoning rules, to housing supply outcomes.
- Work to combat NIMBYism – local resident opposition to development often delays or derails development plans, driving up housing prices.

STANDARDIZE MUNICIPAL DEVELOPMENT REQUIREMENTS AND INTERPRETATIONS

- Establish a National Building Code Interpretation Centre that includes binding interpretations for all municipal building officials.
- Harmonize all building and development-related municipal regulations to eliminate barriers to rapid deployment of housing.
- Municipalities should avoid attempting to advance the “building code like” elements on their own outside of the direction of the Provincial Building Code; it prevents efficient and cost-effective building at-scale.
- Through regulation, provinces should prevent municipalities from implementing “code by other means”, through by-laws, zoning, code interpretations or other means that make the same home difficult to build from one municipality to another.

DEVELOPMENT APPLICATION PROCESS

PREPARATION

Municipalities can help improve the quality of development submissions by making resources available on their websites to help applicants with their preparation process.

By receiving better quality submissions, municipal staff can spend less time on non-review activities and more time reviewing applications, resulting in faster processing.



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Development Guidance

- Review the organization of existing information to ensure it is easy to find.
- Ensure that all parameters set out for development guidance information is available and accounted for.
- Ensure documentation and webpages are consistent.
- Have a dedicated webpage for application support materials that includes a list of study requirements for applications, a minimum to be scored, etc.
- Ensure that terms of references include statements for when a study is required and when it is exempt.
- Include checklists for applications both on webpages and inside application forms.
- Seek feedback from both new and experienced applicants on user-friendliness of websites and guides.

Availability of Key Planning Documents

- Provide both in-force and historic zoning data.
- Link zoning interactive maps to text of zoning bylaw.
- Provide yearly consolidated versions of zoning bylaw text and maps that incorporate amendments that get passed by a municipality.
- Periodically review maps for technical issues as a standard operating procedure within a set review cycle, even if there are no reported issues.

Accountability

- Provide search functionality within staff directory that is connected to the planning or building department's "contact us" page.
- Provide staff contact information that includes phone numbers, emails, job titles, and the division or department which they belong to on the application web tracker.
- Organize staff contacts by category – geography, business unit, or function.

SUBMISSION

Municipalities can create a smoother process for both applicants and municipal staff members charged with intake and managing circulation by providing applicants with online submission options and a wide array of payments options.



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- Create online submission options for planning applications and building permits.
- List specific types of applications that can be applied for.
- Explain all steps of the submission process, including naming conventions for file formats, terms of reference materials, etc., in written format and video.
- Provide clear information about payments, including if applications can be paid for through a method other than a cheque, e.g. by credit card, online, invoice, e-transfer, etc.
- Have FAQ (frequently asked questions) webpages available to answer common questions.
- Allow multiple accounts to be associated with the same application.
- Have dedicated help contacts.

TRACKING

Having a public-facing tracking system provides a multitude of benefits for municipalities, including reducing the number of direct inquiries about applications that can distract staff from focusing on application reviews.



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- Provide both a dedicated webpage and an interactive map for active application information.
- Supply links in mapping information to dedicated application webpages.
- On dedicated webpages for active applications include important dates, staff contact information, submitted studies, and current status.
- Have a status indicator that provides meaningful information e.g., "Waiting for 3rd submission," "Application Refused," etc.
- Display any related applications in an easily searchable, convenient format (e.g., side by side), and provide their statuses.
- Provide copies of studies that were submitted.
- Provide aggregate historical development application data with attributes such as date of submission, date of decision, description, etc.

- Give additional complementary map views such as population growth forecasts, land use designations, and other information alongside development applications.
- Offer polygons (borders/boundaries) for applications instead of just points.
- Present filtering options such as geographic area (typically ward boundaries), application submission date, application status, active application or all applications, etc.
- Connect mapping data to downloadable records such as documents that were submitted.

PROVINCIAL LEGISLATION AND OVERSIGHT

Provinces also have a role to play in helping municipalities manage growth and meet home building targets. Below are some best practices that provinces should consider to support residential construction.



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- Apply service standards for municipal decisions.
- Apply service standards for appeal boards.
- Allow costs to be awarded for appeals that are determined to be frivolous in nature.
- Require municipalities to list all information requirements in their municipal plans.
 - In Ontario, this is a requirement in the Planning Act (section 22(5)).
- Require municipalities to list information requirements on their websites for them to be allowed to request that information from an applicant.



For more detailed information on how municipalities can improve their processes to support residential development in their communities, see CHBA's full 2024 Municipal Benchmarking Study at chba.ca/municipal-benchmarking.

