**TORONTO**

# REPORT FOR ACTION

# Concept 2 Keys Development Application Review Program - Q2 2021 Update

**Date:** May 27, 2021
**To:** Planning and Housing Committee
**From:** Chief Operating Officer, Development
**Wards:** All

## SUMMARY

This report brings forward updates on the work completed to date by the Concept 2 Keys team, highlighting preliminary results of Phase 1, updates on preparatory work for Phase 2, and additional City-wide development process improvements.

The Concept 2 Keys (C2K) program is transforming, enhancing and improving how the City delivers effective and coordinated development review services. The objective is to design and build a development review process that is consistent, transparent, collaborative and accountable across City staff and applicants. C2K has worked at an accelerated pace to implement development review improvements which include:

- Launching Phase 1 to prioritize and expedite 21 affordable housing development projects creating a total of 2,269 new affordable housing units and 120 replacement social housing units.

- Establishing a new application management function to oversee a portfolio of City-wide development applications, and contributing a complementary role in managing relationships and mutual accountability between City staff and applicants.

- Preparing for the launch of Phase 2 at the end of Q2 2021, focusing on application types beyond affordable housing in a geographic planning area (Etobicoke-York). The intent of Phase 2 is to test the scalability of process and technology improvements in a typical development review environment.

- Establishing an interdivisional working group to support recruitment and retention priorities. Positions related to development have been deemed a priority for City-wide recruitment efforts.

- Implementing and testing new development review technology to improve the customer journey across applicants and City staff. This is being achieved through streamlining the application submission process, improving workflows, and

enhancing collaboration. This includes a new online submission tool and file circulation platform to be integrated with the City's existing backend technology.

- Establishing a tiered governance framework to resolve development review conflicts, align on competing divisional priorities to provide a unified City position, and approve key development review improvements.

- Creating a new relationship and issues management function to enhance customer service and address application-specific concerns.

- Initiating work with an interdivisional working group to update the Development Guide's Terms of Reference. These updates will support applicants in submitting high-quality and complete applications.

- Conducting jurisdictional research and stakeholder consultations to identify opportunities for improving the pre-application consultation process.

- Commencing a development fee review to improve the City's existing fee structure to recover the costs of service.

- Offering different modes of communication with C2K's stakeholders to foster greater collaboration and adoption of C2K.

## RECOMMENDATIONS

The Chief Operating Officer, Development, recommends that:

1. City Council receive this report for information.

## FINANCIAL IMPACT

There are no current or known future year financial impacts arising from the recommendations contained in this report.

The Chief Financial Officer and Treasurer has reviewed this report and acknowledges the financial implications.

## EQUITY IMPACT STATEMENT

Concept 2 Keys, through Phase 1 of this new program, is prioritizing affordable housing development applications for review. Creating new affordable housing will increase the opportunity for lower-income, marginalized and vulnerable individuals and families, as well as Indigenous Peoples and equity-deserving groups, to access safe, healthy and adequate homes.

Access to safe, adequate, affordable housing is an important determinant of health and also improves the social and economic status of an individual. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

## DECISION HISTORY

At its meeting of February 18, 2021, in consideration of EX21.2 (2021 Capital and Operating Budgets), City Council directed the Deputy City Manager, Infrastructure and Development Services, in consultation with the Chief Planner and Executive Director, City Planning, to conduct a review of planning application fees, including Committee of Adjustment fees, and bring forward a report and by-law through the Planning and Housing Committee to City Council no later than the end of the fourth quarter of 2021, to implement changes to Chapter 441, Appendix C – Schedule 13 of the City of Toronto Municipal Code to inform the 2022 budget process.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2

At its meeting of September 30, October 1 and October 2, 2020, City Council adopted Item No. PH16.5, "Improving Outcomes for Toronto Residents through Implementation of HousingTO 2020-2030" as the accountability framework to monitor the City's progress towards delivering on the actions identified in the HousingTO 2020-2030 Action Plan over the next 10 years. City Council further directed the development of a pilot affordable housing concierge/prioritizing stream to expedite the application and development review process as part of the Concept 2 Keys project and to report back to Council quarterly beginning in Q2 2021.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.5

At its meeting of May 31, 2017, in consideration of item PG21.5 (Work Plan for the Review of the Development Review Process), the Planning and Growth Management Committee made the decision to refer this review to the Chief Transformation Officer with the request that they:
- Chair and lead a Steering Committee comprised of representatives from City corporations, divisions and agencies which comment on development applications to conduct the end to end review of the City's development review process; and,
- Ensure that the end to end review of the City's development review process be holistic in nature and consider best practices for planning applications.
  http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG21.5

At its meeting of January 31, 2017, in consideration of item PG17.4 (Additional Staffing Resources for Development Application Review), City Council directed the Deputy City Manager, Cluster B, the Deputy City Manager, Cluster A, the Deputy City Manager and Chief Financial Officer and the City Solicitor to conduct an end-to-end development process review and to report to the Planning and Growth Management Committee.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG17.4

# COMMENTS

## Concept 2 Keys (C2K) Program Overview & Update

In response to the City's End-to-End Review of the Development Review Process and recognizing that development will play a vital role in supporting Toronto's economic recovery post-pandemic, the City implemented the Concept 2 Keys (C2K) program.

Led by the Chief Operating Officer, Development, and working closely with divisional partners, the C2K program applies an iterative and customer-centric approach to transformation. This involves implementing improvements to the development review process that are service-oriented, accountable, predictable, transparent, performance-based and collaborative.

The objectives of the C2K program include:

- Improving the overall customer experience for applicants engaging in the development review process;
- Creating greater accountability and ownership for the end-to-end process across the City;
- Shifting the culture towards open collaboration and rigorous project management among City staff and applicants;
- Increasing the efficiency and effectiveness of identification, escalation and resolution of issues within development applications;
- Increasing the predictability and consistency of the development review process across geographies and commenting partners across the City and among external partners;
- Focusing staff capacity and expertise on value-add work;
- Establishing meaningful reductions in application circulations and/or processing times;
- Enabling real-time data and analytics to manage the application pipeline and drive service planning; and,
- Improving the completeness and quality of applications submitted by applicants.

In line with these objectives, C2K has committed to the following deliverables for 2021:

- Implement Phase 1 (affordable housing applications) and Phase 2 (other application types in a geographic planning area) of the C2K program, and develop a plan for City-wide scale up;
- Develop and implement an issues resolution framework to address file-specific concerns and to enhance customer service;
- Launch an online application submission tool for all development application file types and integrate with the City's backend technology;
- Select a new file circulation platform to support the City's development review workflow, track key performance indicators, and integrate with the City's backend technology; and
- Complete the City's development fee review.

As directed by City Council in September 2020, the details of C2K's accomplishments to date are outlined below, including preliminary results of Phase 1, updates on preparatory work for Phase 2, and additional City-wide development process improvements.

## 1. C2K Operating Model for Development Application Review

The transformation of the City's development review process is a large undertaking that impacts many City divisions and agencies as well as development applicants. For this reason, C2K is being implemented in phases, using an incremental approach that will allow changes and improvements to be tested and refined prior to a City-wide rollout.

### Phase 1 Update – Expedite Affordable Housing

The emphasis of Phase 1 is expediting affordable housing approvals to meet one of the City's key strategic priorities, *Maintain and create housing that is affordable,* and to support the implementation of HousingTO 2020-2030 Action Plan.

With the support of the Housing Secretariat, a prioritization tool was developed to identify and evaluate high-priority affordable housing applications based on the following criteria:

- Number of units at or below 100% Average Market Rent (AMR);
- Depth of affordability (projects with rents lower than 100% AMR);
- Length of affordability (the number of years that rental units will be maintained as affordable);
- Number of affordable units that will be allocated to priority populations, as identified in the HousingTO 2020-30 Action Plan; and
- Projects with government investment in the form of land, or approved capital or operating funding.

The Housing Secretariat staff and the C2K Application Team meet regularly to evaluate applications to be included in Phase 1 based on the defined prioritization criteria and the review teams' capacity to manage and expedite review of applications.

Preliminary work to launch Phase 1 of C2K commenced in Q4 2020. This included procurement of new technology to run a pilot, mapping current and future state business processes, configuring review team structures, coordinating staff orientation, delivering new technology, training, and transitioning C2K files to the review teams.

In January 2021, four development application review teams were established with staff from City Planning (Community Planning and Urban Design); Engineering & Construction Services; Transportation Services; Parks, Forestry & Recreation; and the C2K program office. The application review teams were assigned 21 development projects, which included 17 priority affordable housing projects, three private purpose-built rental projects and one long-term care facility. The 17 affordable housing projects are comprised of nine Open Door program developments, five modular housing sites,

and three from the Housing Now initiative projects. Ten of these affordable housing projects will be developed by non-profit groups, or include units operated by non-profit community agencies, and eight will include support housing, providing a range of support services to residents with diverse needs.

The Open Door, Modular Housing and Housing Now programs benefit from the additional support and leadership of Community Planning's Strategic Initiatives, Policy and Analysis unit and the Housing Secretariat. These development projects propose a total of 2,269 new affordable housing units and 120 replacement social housing units. This information is available and regularly updated on the C2K public web page.

The 21 development projects under review by the C2K application review teams are comprised of 21 Site Plan Control applications and three Zoning By-law Amendment applications. Three of the 21 development projects have multiple planning applications included in the review process.

Collaboration with the Housing Secretariat is essential in identifying additional priority affordable housing projects. These efforts are ongoing, and the intake of three additional development projects from the Open Door program and Housing Now initiative is expected at the end of Q2 2021.

The C2K development application review teams have initiated 19 development review circulations to date. Expedited review has been completed for 13 of these circulations, and the time to provide applicants with consolidated comments ranged from eight to 46 days. The average time to provide consolidated comments for prioritized applications is three weeks, compared to a more typical circulation timeframe of around eight weeks. These significantly shortened timeframes were achieved by focusing review teams on a smaller number of applications than typical, to enable additional responsiveness and flexibility to the specific needs and timelines of these high-priority applications.

These initial applications are still moving through the development review approval processes and an update will be provided in the next quarterly report (e.g. total number of approved applications).

To facilitate continuous improvement and measure the success of Phase 1, a performance management framework has been developed. An initial component of this framework is to collect feedback through an online survey to measure levels of satisfaction from City staff and applicants. Preliminary results showed positive experiences as respondents believed the team-based and collaborative approach improved the effectiveness of the development application review. As more feedback becomes available, C2K will review and implement improvements to the process and the customer experience accordingly. Results on the new operating model's performance will also be included in the next quarterly report.

**Interdivisional Application Review Teams**

Introducing standing application review teams is central to the transformation. Reviewers from City Planning (Community Planning and Urban Design); Engineering & Construction Services; Transportation Services; Parks, Forestry & Recreation; and

dedicated C2K program staff make up the core review team. An extended review team comprised of the City's additional commenting partners (e.g., Toronto Water, Toronto Fire Services, etc.) is working with the core team to review specific development applications as required as these staff are not exclusively dedicated to C2K.

Interdivisional application review teams are in place to address two consistent challenges that impact the current review process: (1) coordination challenges that lead to delays, and (2) difficulty and delays resolving competing City priorities and objectives related to individual applications. These challenges are now being addressed through the creation of review teams with a shared portfolio of applications. This enables work to be coordinated and consistent across the team. The creation of interdivisional teams allows staff to collaboratively solve interdivisional issues, share accountability, and facilitate efficient application reviews. While this model improves coordination and collaboration across divisions, City Planning maintains the central role in making planning application recommendations to City Council and/or decisions within its delegated authority.

## Application Management

Development applications are individual projects each with their own milestones, various stakeholders, multi-disciplinary project team members, competing timelines and desired outcomes. C2K has implemented a new application management function to streamline resources and increase consistency. This function includes tracking milestones, prioritizing and coordinating activities, identifying and overcoming challenges, escalating applications through the review process and managing timelines. This function is enabling review teams to be dedicated to reviewing development applications. The new application management function has three key responsibilities: (1) Portfolio & Application Project Management, (2) Interdivisional Team Effectiveness and (3) Customer Relationship Management.

Development application review requires a multi-disciplinary team reporting to several functional managers. The C2K Application Managers oversee the review team members through a matrix reporting structure to coordinate work, identify and resolve conflicting requirements, and facilitate a uniform lens on application review. The C2K Application Management team is comprised of two Application Managers, a Senior Project Manager and four Application Coordinators to support daily functions and responsibilities.

The application management function plays a complementary role in managing the relationship with applicants and develops mutual accountability. This includes maintaining an open and frequent line of communication with the applicant and providing clarification as needed on the progress of the application. The objective is to promote collaboration between the applicant and City staff, reduce issues raised and increase transparency with the applicant. The review team members maintain a central relationship with the applicant throughout the process.

**Milestone Meetings with Review Teams and Applicants**

The interdivisional team structure creates an opportunity for City staff to collaborate and resolve issues early on in the review process. This is supported by key collaboration points between City staff and applicants in the review process, such as kick-off meetings and subsequent meetings at the end of each commenting cycle.

Consistent milestone meetings between review teams and City staff help identify and resolve issues with a uniform lens for each application. This will also enable City staff to measure application performance at each milestone and identify additional opportunities for improvements. Regular meetings to review City staff comments with the applicant provides an opportunity for education, clarification and direction on future application submissions/resubmissions. The intent of these meetings is to improve consistency, enhance predictability and shorten application circulation timelines.

**Phase 2 Update – Scalable Improvements**

The intent of Phase 2 is to expand the focus beyond affordable housing applications and include other application types in a geographic planning area. This allows City staff to test the scalability of process and technology improvements in a typical development review environment. While Phase 1 is highly responsive to the unique needs and expedited timelines of those specific applications, Phase 2 is intended to improve our overall performance using standard processes and service levels. The planning area selected is Etobicoke-York and Phase 2 will launch at the end of Q2 2021. Preliminary work to prepare for the launch of Phase 2 such as staff training and on-boarding are currently underway.

New applications received in the Etobicoke-York area will be assigned to interdivisional application review teams, supported by the application management function. Teams will sit within the existing divisional and/or geographically based organization structures and carry a normal file load. This will create a representative test environment to identify which elements require standardization, where additional resources are needed to scale-up City-wide and evaluate how process changes could be implemented at scale.

Additional support will be provided to ensure the review team file loads are manageable. Review teams will initially start with a limited number of shared applications to minimize any workflow and/or progress disruptions. As review teams become oriented to the new process, members will gradually share a portfolio of development applications to build consistency, enhance collaboration, shorten commenting cycles and share accountability. This approach provides a low-risk opportunity to evaluate and understand how review teams perform in a typical review environment.

Initial results of Phase 2 will be provided in the next quarterly report.

## 2. City-Wide Development Process Improvements

**Recruitment and Retention**

The current economic situation has made it challenging to attract and retain staff in development review related positions across City divisions. As a result, positions related to development have been deemed a priority for City-wide recruitment efforts. C2K is supporting divisions to fill vacancies by working with hiring managers on recruitment plans to condense timelines, tracking City-wide development-related vacancy data, piloting new C2K positions (ensuring salary and job classifications are consistent across divisions) and funding a dedicated People & Equity recruitment team to focus on filling development review roles.

To further support recruitment and retention efforts, a Development Review Recruitment and Retention Working Group is being established by Concept 2 Keys, Policy, Planning, Finance & Administration and People & Equity. The Recruitment and Retention Working Group will review potential solutions to systemic hiring challenges, assess their feasibility through pilot projects with development review related recruitment, and explore possible implementation on a City-wide scale.

**Development Application Review Technology**

*New Online Application Submission Tool*

C2K soft-launched a new online application submission tool that is integrated to the City's existing backend technology, specifically the Integrated Business Management System (IBMS). The design approach was to implement a customer-centric solution utilizing technology to simplify workflows, enhance collaboration and improve transparency at the intake phase of the development review process. Through internal and external stakeholder research, C2K designed and soft launched a digital solution to a limited number of applicants to evaluate, validate and provide feedback on the intake of planning applications through the new submission tool. The underlying work to design, develop and validate the submission tool required collaborative efforts from Technology Services, City Planning, Toronto Building, Customer Experience Transformation and Innovation, and the C2K team. City staff have received positive feedback from applicants on using the tool and will continue to collaborate to make refinements.

The online application submission tool will intake Phase 1 applications which include Site Plan Control (SPA) applications, Official Plan Amendments (OPA), and Zoning By-law Amendments (ZBA). Additional application types such as Subdivisions, Part Lot, Condominiums, Telecommunications and Rental Housing will be tested in July 2021 as part of Phase 2. All application types are on track to be submitted through the new online tool by the end of Q4 2021.

*New File Circulation Platform*

Another deliverable for 2021 is selecting a new file circulation platform to improve and streamline the application submission and internal review processes. The intent is to

integrate the new platform with the City's backend technologies such as the Integrated Business Management System (IBMS) and the Application Information Centre (AIC) to improve commenting, circulation, resubmission, measure performance and enhance collaboration between City staff and applicants. The new platform will also enable efficient data analytics and accurate reporting resulting in intuitive reporting templates and dashboards. This will allow City staff to consistently measure performance, improve accountability and promote awareness of key milestones associated with development review.

Requirements are being collected through a pilot to inform the procurement process which will take place in Q3 2021. The objective is to select a third-party vendor to provide a development application commenting and mark-up tool. Piloting will then take place to evaluate the commenting, circulation and resubmission functions of the platform. Performance metrics such as time management are also being captured as requirements to identify areas of delay in the application circulation process. This type of data will inform City staff where improvements are required. If authorized for procurement, full implementation of this new file circulation platform is expected by the end of 2022. An update on procuring and piloting the commenting tool will be provided as part of the next quarterly update.

**Governance Framework**

C2K has established a tiered governance framework to resolve development review conflicts, align on competing divisional priorities to provide a unified City position, and approve key development review improvements.

*Issues Resolution Table*

The Issues Resolution Table (IRT) is one of three governing bodies established to support the C2K program and assist in resolving escalated issues. The IRT is comprised of Director-level representation from key commenting divisions with a mandate to:

- Facilitate timely resolution of escalated application issues;
- Drive systemic improvements;
- Oversee the implementation of C2K; and
- Champion a City-wide lens where there are competing divisional priorities

The IRT meets bi-weekly or as needed to resolve issues that have been escalated by City staff. It includes representation from City Planning; Engineering & Construction Services; Toronto Building; Toronto Water; Legal Services; Transportation Services; Parks, Forestry & Recreation; Economic Development & Culture; and the Housing Secretariat.

*Other Governing Bodies*

The other governing bodies within this new framework include the Division Heads Table, with representation from key commenting divisions, and the C2K Executive Steering Committee comprised of key Senior Leadership Team members and the City

Manager. If issues cannot be resolved and/or decisions cannot achieve consensus at the IRT, there is additional support in place from Division Heads and the Executive Steering Committee for resolution. Since the launch in February 2021, the IRT has also been a successful connecting point for cross-divisional input and approvals for key development review improvements.

*Relationship & Issues Management*

This new function has been established to address application-specific concerns and enhance customer service and is supported by the new governance framework. C2K will ensure issues are identified and resolved early in the review process, with the goal of producing more efficient reviews and shorten review times. As issues are resolved, this will inform further improvements to the development application review process so that similar issues can be prevented in the future. Implementation of this function involved frequent testing and engagement with staff across the organization as well as with industry.

Relationship & Issues Coordinator positions have been created and filled to investigate all development application-related issues reported, in addition to application issues associated with the C2K program. They are a one-stop contact for understanding the current status of applications, providing updates to applicants and escalating issues that are complex or systemic in nature.

Issues received by the Relationship and Issues Management Team to date have primarily been resolved at the City staff level and have included a breadth of application types in various phases of development. Complex issues that cannot be resolved at the City staff level are escalated to the IRT.

Preliminary feedback from applicants on this new function has been positive and demonstrates C2K's capacity to resolve issues across a broad range of development application types and issues within various phases of development. C2K is currently working to formalize processes for reporting key performance metrics associated with issues resolution, customer satisfaction and other qualitative and quantitative analytics. As more data becomes available over time, additional reporting types and details will be shared to help support decision making and to continue to drive systemic improvements across the development review.

**Improvements to the Development Review Process**

*Development Guide Terms of Reference*

The City's Development Guide is designed for property owners, developers, builders and other parties interested in obtaining approvals for developing property in the City of Toronto. It outlines the City's development review processes and includes Terms of Reference describing submission requirements and timelines. Ensuring the Development Guide and Terms of Reference are up-to-date enables applicants to submit high-quality and complete applications.

C2K will build upon the work completed by interdivisional staff to help coordinate and formalize a process for updating the Terms of Reference. This will include guiding an existing interdivisional working group to bring forward a set of Terms of Reference updates to the Issues Resolution Table for approval and implementation.

*Pre-Application Consultation*

In response to the City's End-to-End review recommendation on standardizing a formal internal and external meeting cadence and project schedule to enhance cooperation and customer service, one of the areas of focus is improving pre-application consultation.

While the City's current development review process includes voluntary pre-application consultation, internal and external stakeholder engagement and jurisdiction research indicate that mandatory pre-application consultation results in higher-quality application submissions, increases the number of applications moving from pre-application consultation to actual submission, reduces the overall number of circulations and helps to establish mutual accountability early on.

C2K has worked with City Planning on a report that speaks specifically to the improvement work underway regarding the pre-application consultation process. The report proposes amendments to the Official Plan and Municipal Code requiring pre-application consultation as a prerequisite to the submission of an application. A final report is expected in Q4 2021 on recommendations for mandatory pre-application consultation.

*Development Fee Review*

As directed by City Council at its meeting of February 18, 2021, a review of the City's current activity-based costing development fee model is underway. The activity-based costing model includes processing efforts of direct staff participants (direct costs), internal and external support functions (indirect costs) and capital replacement costs of services.

The intent of this review is to improve the City's existing fee structures to recover the costs of service. A consultant has been procured to complete the full review and recommend updates to the development application fee. The work is expected to be completed by Q3 2021, and City staff to bring forward a report through the Planning and Housing Committee to City Council in Q4 2021.

**Increased Communication and Collaboration**

A comprehensive communications plan was developed for Concept 2 Keys with the goal of demonstrating how C2K's transformative work contributes to the City's building objectives, improves the experience of development applicants and makes the work of City staff easier to perform and more efficient.

Given that development is expected to play a key role in Toronto's post-pandemic recovery, proactive and effective communications will foster greater collaboration

between the City and development applicants and, ultimately, help to ensure C2K's adoption and success. Regular communications will keep C2K's stakeholders informed of updates, improvements and key milestones. This will be accomplished through various communications tactics, including:

- Proactive outreach to City staff and the development industry through C2K Connect e-newsletters issued approximately every two months (and as needed)
- Regular updates to the City's new web page, toronto.ca/C2K, and the intranet
- Advance communication of updates and improvements to City councillors and senior leadership
- Town halls to provide staff with the opportunity to learn more about C2K and enable two-way communication
- Media outreach and issues management as needed

As directed by City Council on September 2020, C2K will continue to provide updates on a quarterly basis to the Planning and Housing Committee on work completed to date and future deliverables.

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