Concept 2 Keys Priority Development Review Stream Enhancements and Adjustments & Q4 2021 C2K Program Updates

Date: February 1, 2022
To: Planning and Housing Committee
From: Chief of Staff, City Manager's Office
Wards: All

SUMMARY

The Priority Development Review Stream, formerly known as Phase 1 and the Priority Application Stream, was launched as a pilot in January 2021 to focus on prioritizing and expediting approvals of affordable housing projects. The intent of this review stream is to support one of the City's key strategic priorities of maintaining and creating housing that is affordable, as well as supporting the implementation of the HousingTO 2020-2030 Action Plan.

Currently, 28 development applications for 20 development projects, including 18 priority affordable housing projects and two private purpose-built rental projects have been placed in the Priority Development Review Stream. The average time for City staff to review and provide comments to the applicant has been five weeks per round of review; down from a City-wide average duration of eight to nine weeks per review round. Together, these affordable housing projects propose 2,190 affordable units. Details of these applications are provided in Attachment 1 - Priority Development Review Stream - Affordable Housing Application Information.

Driven in part by the City's efforts to increase affordable housing stock and also by federal funding in support of affordable housing there is a significant volume of affordable housing projects underway today and in the pipeline for development. The priority review stream is currently relying on 'borrowed' staff from commenting divisions. This approach poses operational challenges for Concept 2 Keys (C2K) and has resulted in strained resourcing for partner Divisions already dealing with vacancies, increased application volumes and deadlines associated with the upcoming end of the Council term. The complexity of files within the priority stream, coupled with pressure to accelerate timelines beyond the five weeks achieved to date, means additional capacity is needed to deliver results.

In October 2021, City Council directed that the Priority Development Review Stream transition from a pilot to a permanent service and that staff report back to Council with a plan to expand the service.

Based on the experience and lessons learned from the pilot period in 2021, this report recommends approval of 16 permanent positions to staff the Priority Development Review Stream; 7 of which will be allocated to City Planning, 4 to Engineering and Construction Services, 2 to Transportation Services, 1 to Parks, Forestry & Recreation, and 2 to Concept 2 Keys. As staff levels increase, more applications will be placed in the Priority Development Review Stream.

This report also highlights key accomplishments and updates made by the Concept 2 Keys team in collaboration with development review staff across divisions.

RECOMMENDATIONS

The Chief of Staff, City Manager's Office recommends that:

1. City Council approve net zero increases of the 2022 Staff Recommended Operating Budgets of commenting divisions subsequent to their approval as follows: $0.760 million gross and $0 net to City Planning; $0.486 million gross and $0 net to Engineering & Construction Services; $0.243 million gross and $0 net to Transportation Services; $0.121 million gross and $0 net to Parks, Forestry & Recreation Division; and $0.243 million gross and $0 net to City Manager's Office (Concept 2 Keys), all funded by the Development Application Reserve (XR1307).

2. City Council approve 16 new permanent positions be added to the 2022 Staff Recommended Operating Budgets of commenting divisions subsequent to their approval as follows: 7 to City Planning, 4 to Engineering and Construction Services, 2 to Transportation Services, 1 to Parks, Forestry & Recreation Division, and 2 to the City Manager's Office (Concept 2 Keys).

3. City Council authorize the Mayor and/or any other relevant City Official to accept up to $1,750,000 in funding from the Province from the *Streamline Development Approval Fund*, and to enter into and execute any agreements, including any amendments, with the Province of Ontario for the receipt of such funds under the *Streamline Development Approval Fund* on terms and conditions satisfactory to the Chief Financial Officer and Treasurer, and in a form satisfactory to the City Solicitor.

4. City Council direct that any funding received from the Province through the *Streamline Development Approval Fund* be deposited to the Development Application Reserve (XR1307).

5. City Council confirm affordable housing as the current priority focus for the Concept 2 Keys (C2K) Priority Development Review Stream.

6. City Council direct the Chief of Staff, City Manager's Office to report back to City Council in Q1 2023 with an update on the C2K Priority Development Application Review Stream and to get direction on any new priorities for development review.

7. City Council request the Chief of Staff, City Manager's Office to report to Planning and Housing Committee at least once per year to provide updates on work completed to date and future deliverables related to Concept 2 Keys.

FINANCIAL IMPACT

The total estimated cost of the 16 positions for 2022 is $1.853 million which is broken down in Table 1 below, assuming senior level staffing complement, but actual positions may vary and reduce the total cost.

The 16 positions are incremental to the 2022 Staff Recommended Operating Budgets being considered by Council. In order to fund these positions, C2K will reallocate $1.5 million requested in the 2022 Staff Recommended Operating Budget of the City Manager's Office for a new File Circulation Tool, for one-time funding by the Province's recently announced the *Streamline Development Approval Fund,* where e-commenting platforms like file circulation are eligible for funding. The remaining balance of up to $0.353 million will be funded from the Development Application Review Reserve (XR1307).

For 2023, C2K will work with all the commenting partner Divisions listed in Table 1, along with the Housing Secretariat, to include staff costs as required as part of the 2023 budget process, most of these are anticipated to be funded by Application Fees (if the new user fees are not in place by January 1, 2023, there is a potential risk that these 16 positions will create an additional budget pressure). Any enhancements or changes to the staffing complement, based on the continued ability to accelerate affordable housing in 2022, will be reflected through the 2023 and future budget processes.

For additional clarity the total cost estimate is outlined in Table 1 below:

Division	Position	Number of Positions	Cost ($ millions)
City Planning	Senior Planner	5	$0.543
	Urban Designer	2	$0.217
Engineering & Construction Services	Senior Engineer	4	$0.486
Transportation Services	Senior Project Manager	2	$0.243
Parks, Forestry & Recreation	Senior Project Manager	1	$0.121
City Manager's Office (Concept 2 Keys)	Senior Project Manager	2	$0.243
Total		16	$1.853

*Please note, the costs are estimates. Actual position titles and wage grades will vary based on Divisional needs. As per Recommendation 3, annual updates will be provided based on actuals in Q1.

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

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. Through the adoption of an updated "Toronto Housing Charter: Opportunity for All", the City, within its jurisdiction, is highlighting its commitment to the progressive realization of the right to adequate housing. This human rights-based approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

This priority development review stream is prioritizing affordable housing development applications for review. Creating new affordable housing will increase the opportunity for lower-income and vulnerable individuals and families, as well 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 a 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 November 9, 2021, City Council adopted Item No. PH27.7, "Concept 2 Keys Development Application Review Program - Interim Results of the Priority Affordable Housing Application Stream and Third Quarter Program Update". City Council directed that the priority application review function transition to a permanent service and that the City Manager report back with a plan to expand the service.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH27.7

At its meeting of July 14, 2021, City Council adopted Item No. PH24.4, "Concept 2 Keys Development Application Review Program – Q2 2021 Update" and "Supplemental Report – Phase 1 Concept 2 Keys (C2K) Affordable Housing Metrics".
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH24.4

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

COMMENTS

<u>Priority Development Review Stream</u>

The City supports affordable housing projects in many ways, including through programs such as Modula Housing, Rapid Housing Initiative, Open Door, and Housing Now with the leadership and support of the Housing Secretariat, City Planning, CreateTO and others. Many of the development applications assigned to the Priority Development Review Stream come through these programs.

The Priority Development Review Stream, formerly known as Phase 1 and the Priority Application Stream, was launched on January 1, 2021. A dedicated interdivisional core review team was established, applying a team-based approach to provide focus and coordination for prioritizing and accelerating priority development applications.

On the direction of Council, affordable housing development projects have been prioritized for this team's review.

Expediting Development Review – Performance to Date

To date, the average time for City staff to review and provide comments to the applicant has been five weeks per round of review; down from an average duration of eight to nine weeks per review round. Applications from the City's Modular Housing Initiative required the highest priority and averaged three weeks per review. This early success of improving review timelines is possible when the required structures and resources are in place to support this work.

Program	Average time for staff review and comments
All prioritized applications	5 weeks
Modular Housing Initiative	3 weeks
Other prioritized applications	6 weeks
All applications	8-9 weeks*

*Based on review of data available from 2017-2020

Staffing the Priority Development Review Stream

In January 2021, a core team of City staff were assigned to review priority applications on a temporary basis. City Council on November 9, 10 and 12, 2021, adopted the following (PH27.7): "City Council direct the City Manager to transition the City wide affordable housing priority application function from a pilot to a permanent service and

report back to City Council in the first quarter of 2022 with a plan to expand the City-wide priority application stream."

Driven in part by the City's efforts to increase affordable housing stock and also by federal funding in support of affordable housing there is a significant volume of affordable housing projects underway today and in the pipeline for development. The priority review stream does not have sufficient capacity to take on all development applications with significant affordable housing components and continue to deliver expedited review timelines.

Staff were assigned to the Priority Development Review Stream in approximate proportion to City-wide staffing levels. The nature of the work assigned to the priority stream is different in two ways that require an adjustment to these ratios. First, the priority stream is assigned a higher proportion of site plan applications compared to the overall mix of development applications received by the City. This changes the balance of the workload between the different review disciplines, with Development Engineering and Transportation Services taking a proportionally larger role in the review compared to other application types, such as zoning by-law amendments. Second, several affordable housing applications have faced significant engineering challenges that have required increased effort on the part of the City's Development Engineering staff. This is driven by a number of factors: land affordability continues to be an issue in the City, land that is more affordable often has site servicing challenges, similar cost implications arise from needing to address servicing challenges, and – in some cases – affordable housing developers may have less experience in development review overall, requiring an extra level of support from City staff.

Staff were assigned to the Priority Development Review Stream temporarily through a matrix arrangement with their base Divisions, without providing those Divisions backfill capacity. This has added to the pressure already experienced by the Divisions and impeded their ability to review their overall portfolio of development applications in a timely manner.

Based on the experience and lessons learned from the pilot period in 2021, along with consultations with the Affordable Housing Secretariat on the volume of applications coming in 2022, the following increased dedicated and permanent staffing is proposed for the Priority Development Review Stream. This will allow the priority stream to increase its capacity while further improving overall service level for priority projects.

	Pilot Period on a Temporary Basis	Total New Permanent Positions Proposed
Community Planning	4	5
Development Engineering	2	4
Transportation Services	1	2
Urban Design	1	2

	Pilot Period on a Temporary Basis	Total New Permanent Positions Proposed
Parks, Forestry & Recreation*	2	1
Concept 2 Keys**	0	2

*Two PFR review staff from 2 different sections (Parks Planning and Urban Forestry) support the priority stream on a part-time basis. Anticipated need going forward equivalent to 1 FTE.

**Concept 2 Keys program currently includes 4 permanent staff, including the unit's manager, assigned to the Priority Development Review Stream. This proposes an increase of 2 staff.

Staff Reporting Arrangement

The core review members of the Priority Development Review Stream operate in a matrix reporting environment. They hold their base positions in their home divisions, which are responsible for the substance of their development review in line with the policies and standards of their specialized disciplines. The C2K program is responsible for assigning work to the team members, including coordination and prioritization of review activities, and issue resolution across the team and with the applicant.

The additional permanent staff identified above will be added to the complement for the respective City review sections. The sections will be responsible for ensuring dedicated staff are assigned to the Priority Development Review Stream. In general, a two-year temporary assignment is proposed with an overlap period for staff to ramp-up and ramp-down, as well as an opportunity for staff to continue in the priority stream if they desire. This is an increase from the pilot period of a 1-year secondment, which better aligns with the duration of the approval process, and allows for more transition time to mitigate challenges with respect to staff turnover.

Other Lessons Learned and Service Refinements

Applicant Experience

Applicants described an overall positive experience with faster staff review times, improved service level and greater visibility to progress and next steps.

Some applicants indicated that they would like the scope of the Priority Development Review Stream to expand to include building permit application processes. Currently, the team focuses on planning application review and a coordinated hand-off to Toronto Building for building permit applications.

In order to address this feedback, C2K is working to set expectations for the Priority Development Review Stream. In particular, it is important to clearly indicate that priority review is not a means to circumnavigate established practices, and policies, and

applicants will experience the most accelerated service when they work to meet City requirements. In other words, the prioritized applications still undergo the same review process and are expected to address staff concerns and meet City standards.

<u>Staff Experience</u>

The review staff assigned to the priority review core team generally had a positive experience in 2021, and highlighted three features they appreciated:
- interdivisional team,
- learning experience, and
- application management support.

By working together in a close-knit interdivisional team, they developed the relationships to quickly contact each other to get a question answered or work through items that affect multiple review sections. The team developed an understanding and appreciation for the objectives of the other members of the review team. The Application Management function supported the review team in establishing achievable targets, coordinating priorities, and tracking and managing application issues. This teams-based model is also being applied outside of the Priority Development Review Stream as it has proven successful in accelerating review timelines.

Interdivisional collaboration is a core tenant of the program. In early 2021 as the Priority Development Review Stream was established, this collaboration was achieved through a series of interdivisional team coordination meetings. As the team developed and learned how to work effectively with each other, we have been able to streamline the scheduled meetings as we strive for the optimal balance between collaboration and individual productivity.

One of the key comments from staff was that they felt that the pressure on them was higher on the priority team. This included pressure to meet shortened review timelines and to consider accommodations for affordable housing. In general, staff felt that their scope to improve priority applications through the review process was more limited than for non-priority applications. All review staff in the City sometimes feel the pressure from a particular application. The observation from the members of the priority team is that since all of the applications are priorities, the pressure is higher and more consistent.

<u>Increased Staff Effort</u>

Prioritized affordable housing applications, on average, require more staff effort than standard applications of equivalent complexity. This is driven by a number of factors including coordinated effort associated with affordable housing programs and increased scrutiny of affordable housing projects. Development application review requires consideration of many City objectives that need to be balanced. Affordable housing increases complexity of review by adding one more objective to be considered, and accommodation requests related to affordable housing consumes a large amount of staff effort.

Finally, the act of expediting review can also increase the total staff effort. Much of the reduced timelines are achieved by assigning fewer applications to the core team so that

they have a shorter stack of applications waiting for review and by coordinating work priorities across the review team. These are done without increasing overall effort. However, for the highest priority applications and the shortest review time frames there is significant incremental effort within the core team when a review gets interrupted in favour of a higher priority application and coordinating with the extended team of reviewers (outside of the core team) to try to achieve a rapid turnaround.

<u>Capacity Management: Assignment of Applications and Prioritizing among Priorities</u>

The proposed permanent staff to support the core Priority Development Review Stream will go a long way towards increasing capacity to expedite review of priority applications. Nonetheless, prioritization decisions will still need to be made both for: (1) deciding which applications are assigned to the Priority Development Review Stream, and (2) prioritizing review activities within the priority team.

The City doesn't control when development applications are submitted or resubmitted. This results in peak periods when a disproportionate number of applications are received for review at the same time and the service level will go down. While unavoidable, the impacts can be mitigated by changing the timing of when applications are assigned to the Priority Development Review Stream and by clearly prioritizing within the priority stream.

The Housing Secretariat has developed a set of clear, quantifiable criteria to determine a priority score that is used to rank priority applications. In 2021, these applications were assigned to the Priority Development Review Stream based on the priority score and the capacity of the team to review the application when it is expected to be submitted. However, the expected submission and actual submission were often several months apart making capacity management difficult and leading to unplanned spikes in submissions impacting the team's service level. Going forward, only the most highly prioritized applications should be assigned in advance. All other priority applications should be assigned to the priority stream when they are actually submitted, based on the team's capacity at that time.

Among the projects assigned to the Priority Development Review Stream, clear prioritization will determine – when inevitable peaks occur – which applications will be prioritized.

In addition, C2K is collaborating with Divisions to explore opportunities for consulting services that may be used as a pressure release valve during periods of significant activity, which would also serve as a redundancy to deal with staffing gaps as they arise.

<u>Impact of Geography</u>

The Priority Development Review Stream is assigned priority applications from across the City. Review staff – and particularly Community Planning – identified a large learning curve and ramp-up effort when reviewing applications in different geographies due to differences in local policies (e.g. zoning, secondary plans), staff practices, and relationships and expectations with local Councillors. Going forward, with the proposed

staffing in place, it is recommended that priority review stream staff are more closely aligned to City districts where possible. Community Planning was most impacted by geography and the proposed staffing plan addresses this by allocating Community Planners from each district. That said, applications assigned to the Priority Development Review Stream may not be evenly distributed across City districts. Accordingly, staff will also be assigned applications from outside of their primary district based on capacity.

2021 Q4 C2K Program Accomplishments and Updates

This section highlights key updates and accomplishments made by the Concept 2 Keys team in collaboration with development review staff across divisions. This work could not have been accomplished without the dedication and effort of development review staff across commenting divisions.

- Launched the Priority Development Review Stream (formerly known as Phase 1) on January 1, 2021, focusing on prioritizing and expediting approvals of affordable housing projects. The priority review team has continued to maintain improved review timelines of five weeks on average per circulation – down from an average of eight to nine weeks. Currently, 28 development applications for 20 development projects, including 18 priority affordable housing projects and two private purpose-built rental projects have been placed in the Priority Development Review Stream. Together, these affordable housing projects propose 2,190 affordable units.

- Launched the District Development Review Stream (formerly known as Phase 2) in Etobicoke York on July 1, 2021, focusing on testing the scalability of development review improvements across a range of application types in a typical development review environment. Based on historical trends, the Etobicoke York district has experienced an increase in the number of development applications received due to an increase in development activity in the City. In Q4 alone, the Etobicoke York District has received a total of 57 applications.

- As of December 31, 2021, the Concept 2 Keys Application Management Team has coordinated 16 district manager meetings and 14 district review team meetings. Benefits of the new team-based approach model to development review are already being realized in Etobicoke York, including increased collaboration and alignment across divisions.

- Publically launched the Application Submission Tool on December 6, 2021 and hosted industry sessions in advance of launch where positive feedback and input was received. This input will be used to inform version updates to the Tool and these will be communicated to industry in advance of scheduled release dates.

- The RFP for the File Circulation Platform closed in December 2021. Evaluations will be conducted over the next couple months and proof of concept testing will begin in Q2 2022.

- Achieved 90% staff complement for development review positions by the end of the year as per the City's 2021 commitments. Over the last 12 months, 92 net new

positions have been added to the complement to support increasing activities and service levels across development review. As process improvements continue to be rolled out and the program expands to other districts, C2K will continue to monitor staffing levels and resource requirements and challenges.

- Established C2K as a permanent office as part of the City Manager's Office so that the C2K team can continue to coordinate corporate development review initiatives and ensure continuous improvement of the development review process into the future.

A more detailed overview of 2021 achievements and next steps for 2022 is provided in Attachment 2.

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ATTACHMENTS

Attachment 1 – C2K Affordable Housing Application Information

Attachment 2 – 2021 C2K Achievement Highlights