

City of Clarence-Rockland Development Charges Study Council Information Session



Monday, June 17th, 2019

HEMSON
Consulting Ltd.



Today We Will Discuss

- Background
- Bill 108: *More Homes, More Choice Act, 2019*
- Development Forecast
- Summary of Development-Related Capital Programs
- Draft Calculated Rates
- Next Steps

Background

- Council passed Development Charge (DC) By-law 2015-13 which came into force on February 1st, 2015 that imposes DC rates for eligible City services
 - By-law's five year life expires on February 1st, 2020
- City must pass new a by-law before expiry date in order to continue collecting DCs

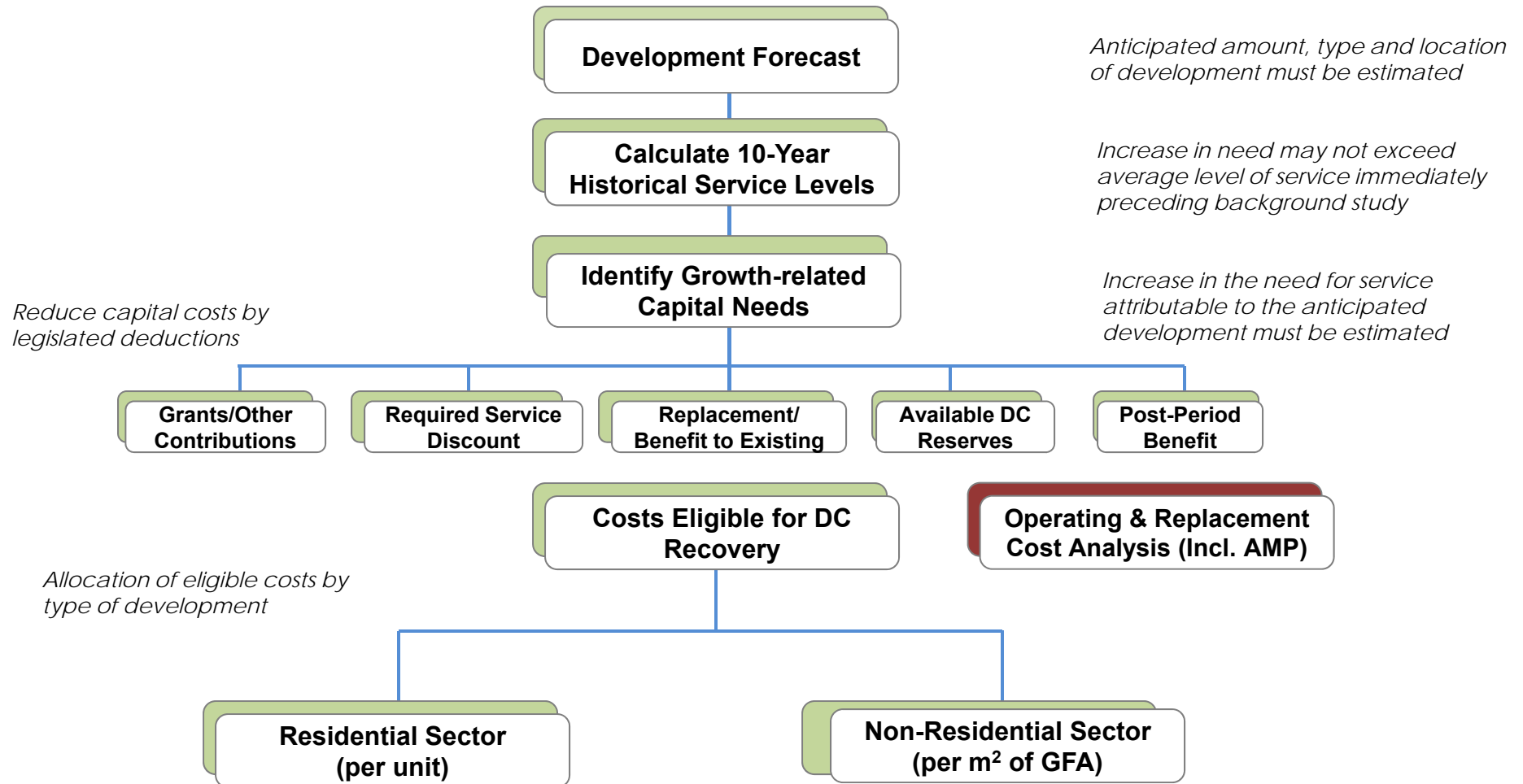
What Are Development Charges?

- Fees imposed on development to finance “growth-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth” so that financial burden is not borne by existing tax/rate payers

DCs and Municipal Revenues

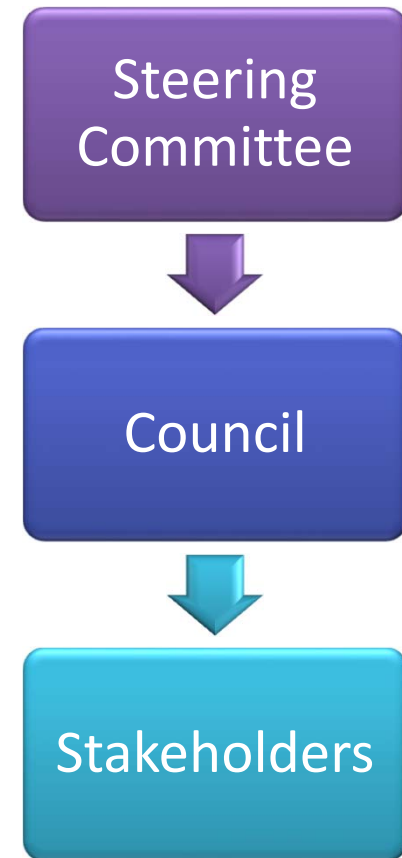
- Development charges
 - Fund significant portion of growth-related capital costs
- Direct developer contributions
 - Typically fund costs internal or related to a subdivision (i.e. local roads, water & sewer mains, sidewalks, streetlights)
- Property taxes/Utility rates
 - Fund operating costs and long-term infrastructure repair, maintenance, and replacement

Overview of Study Process



Stakeholder Consultation

- Meetings with industry stakeholders is proposed prior to the release of the 2019 DC Background Study
 - Provides opportunity to address issues/concerns early on in the process
 - Enhances communication and transparency
- Will be used to discuss key inputs of the DC Study (i.e. forecast, service levels, capital programs etc).
- These meetings will be in addition to the statutory public meeting



Bill 108: *More Homes, More Choice Act, 2019*

- Received Royal Assent on June 6th 2019
- Proposed changes to the *Development Charges Act, 1997* (DCA) and DC Regulations
 - Exempting secondary suites from DCs in new construction
 - DC rates payable at different times
 - Soft DC services to be collected through a Community Benefits By-law
- DCA Regulations still to be released

1. Secondary Suites

- **Current:** DC exemption if second unit is created in existing dwelling
- DCs only charged if second unit is declared at building permit application – this is a problem
- **Proposed:** Secondary suites in new units would be exempt from DCs at the onset of the permit application
- Restrictions and details on eligible classes of residential buildings will be set out in the Regulations

2. Timing of Payment

- **Current:** DCs generally paid for at the time of first building permit (subject to any agreements)
- **Proposed:** commercial, industrial, institutional and rental housing developments *shall* pay DCs in 6 equal annual payments
 - non-profit housing will be 21 installments
- Payments to start on either the *day of first occupancy* or the day an *occupancy permit* is issued – some municipalities will have to start tracking this
- Municipalities cannot index these payments but may apply interest, up to a prescribed rate

3. When DC Rates are Determined

- **Current:** DCs payable are generally determined at issuance of first building permit
- **Proposed:** DC amount would be “frozen”:
 - on the date of application for site plan or rezoning
 - if no such applications DC amount payable remains set at permit issuance
 - timing of payment is still building permit issuance (except for rental/non-profits and non-res)
- Regulations may prescribe a maximum time period between site plan/zoning application and building permit issuance

Services Previously Eligible for Recovery

100% Cost Recovery

- Protection Services
 - Fire Services
 - Police Services
- Services Related to a Highway
 - Roads & Related
 - Public Works
- Engineered Services
 - Water
 - Sanitary Sewage
 - Stormwater
- Transit Services

90% Cost Recovery

- Library
- Parks and Trails
- Indoor Recreation
- Parking
- Waste Diversion
- Child Care
- Housing
- Ambulance
- Other

Proposed Services Eligible for Recovery

- Only hard (i.e. 100% cost recovery) services will remain under the *DC Act* authority
- Waste Diversion and Ambulance would move from 90% recovery service to 100% and will remain eligible
- “Soft” services have been entirely removed from the *DC Act* framework
- New authority proposed under *Planning Act* would allow municipalities to charge for community benefits such as libraries and recreation
 - Community Benefits Charge (CBC) essentially becomes vehicle for funding soft services growth-related infrastructure

Transition Provision under Bill 108

- Two options for Council
 1. Continue collection of “discounted” services as per existing by-law
 2. Calculate new rates for the “discounted” services and complete the background information required to support them
- The City will have the authority to levy DCs for discounted services until the earlier of the prescribed date or a CBC by-law is in force

Community Benefits Charges

- CBCs to be imposed by by-law under new s.37 of the Planning Act
 - CBCs replace soft services DCs, old s.37 contributions (“density bonusing”) and s.42 parkland dedication
- CBCs will be used to fund growth-related capital costs for services other than the hard services funded through DCs
 - Other ineligible services are to be prescribed
- No mandatory public consultation – but legislation implies that it must be considered
- No right of appeal

Development Forecast

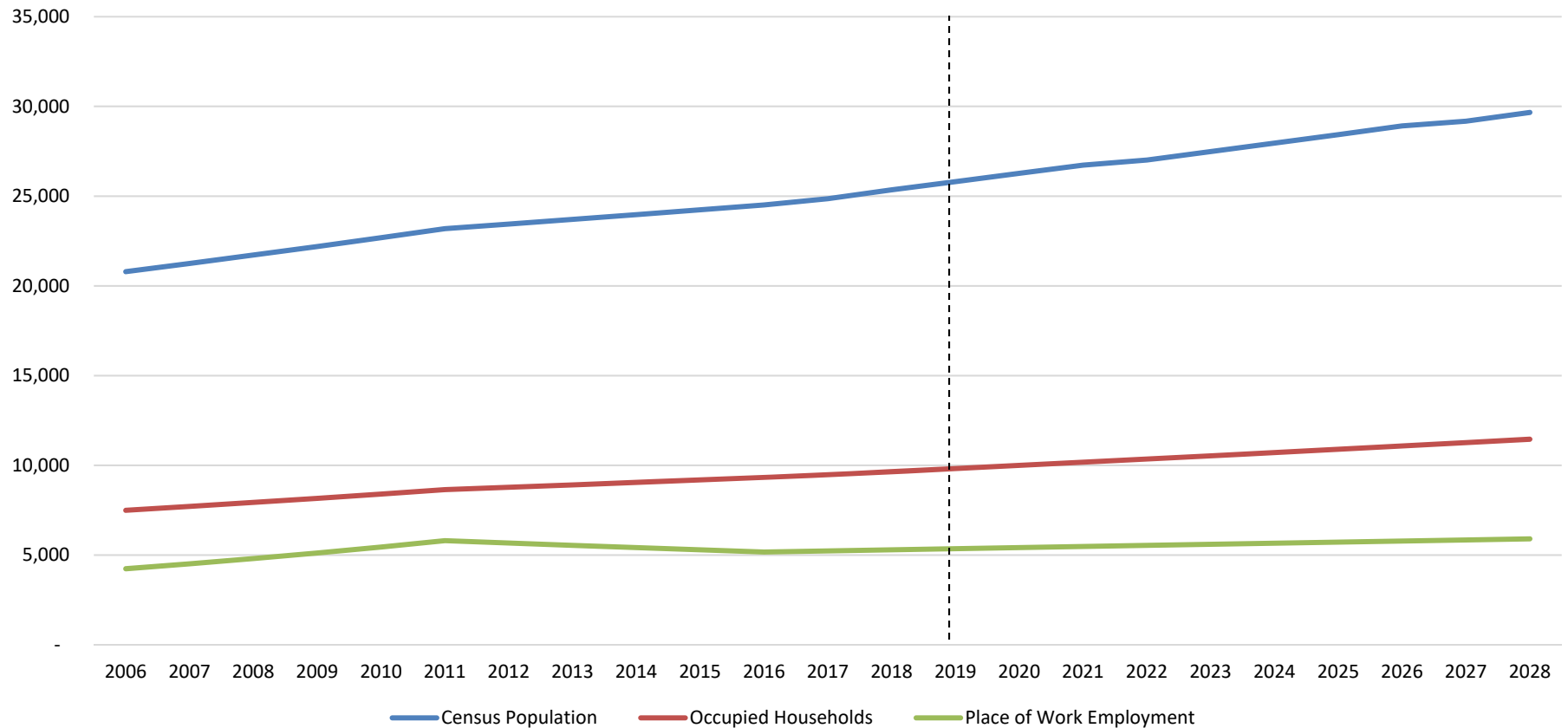
- Historical service levels based on:
 - 2009 to 2018
- Capital planning periods:
 - All Services 2019 – 2028
- 10-year and build-out unit forecast based on information provided by Planning staff

Forecast Summary

City-wide Development Forecast	2018 Estimate	10-Year 2019 - 2028	
		Growth	Total at 2028
Residential			
Total Occupied Dwellings	9,600	1,900	11,500
Total Population			
Census *	25,400	4,300	29,700
<i>Population In New Dwellings</i>		4,500	
Non-Residential			
Employment	5,300	600	5,900
Non-Residential Building Space (sq.m.)		30,500	

Development Forecast

Population, Household and Employment Forecast



Note 1: Population shown reflects the "Census" population which does not include the Census net under-coverage, which represents those who were missed by the Census.

Note 2: Place of Work Employment excludes work at home

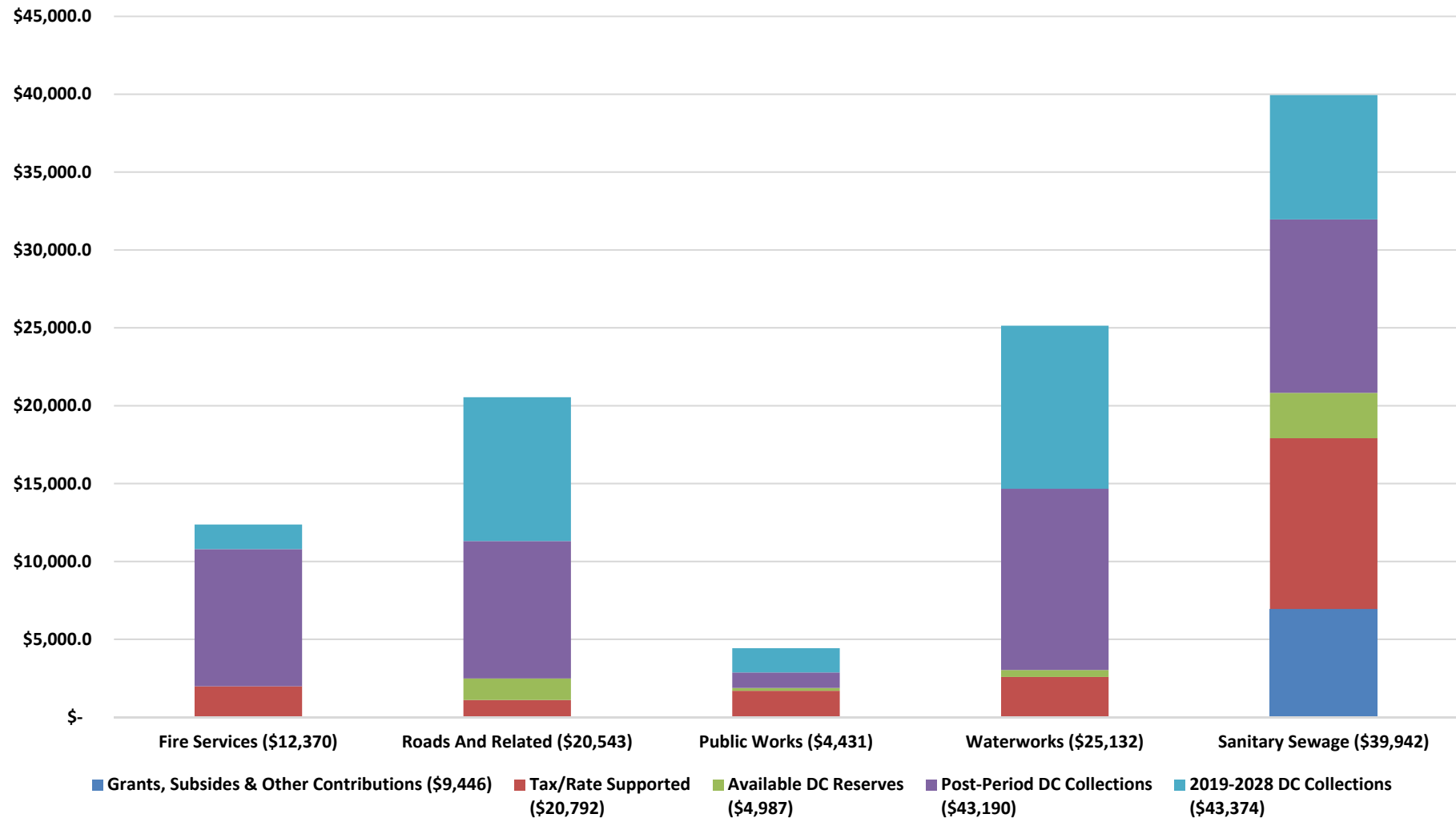
Maximum Permissible Funding Envelope

- Maximum allowable charge for soft services based on average service levels provided in preceding 10 years (2009-2018)
- Calculated by multiplying 10-year historical service level by the forecast growth in 10-year planning period
- Establishes a development charges ceiling

Development-Related Capital Programs

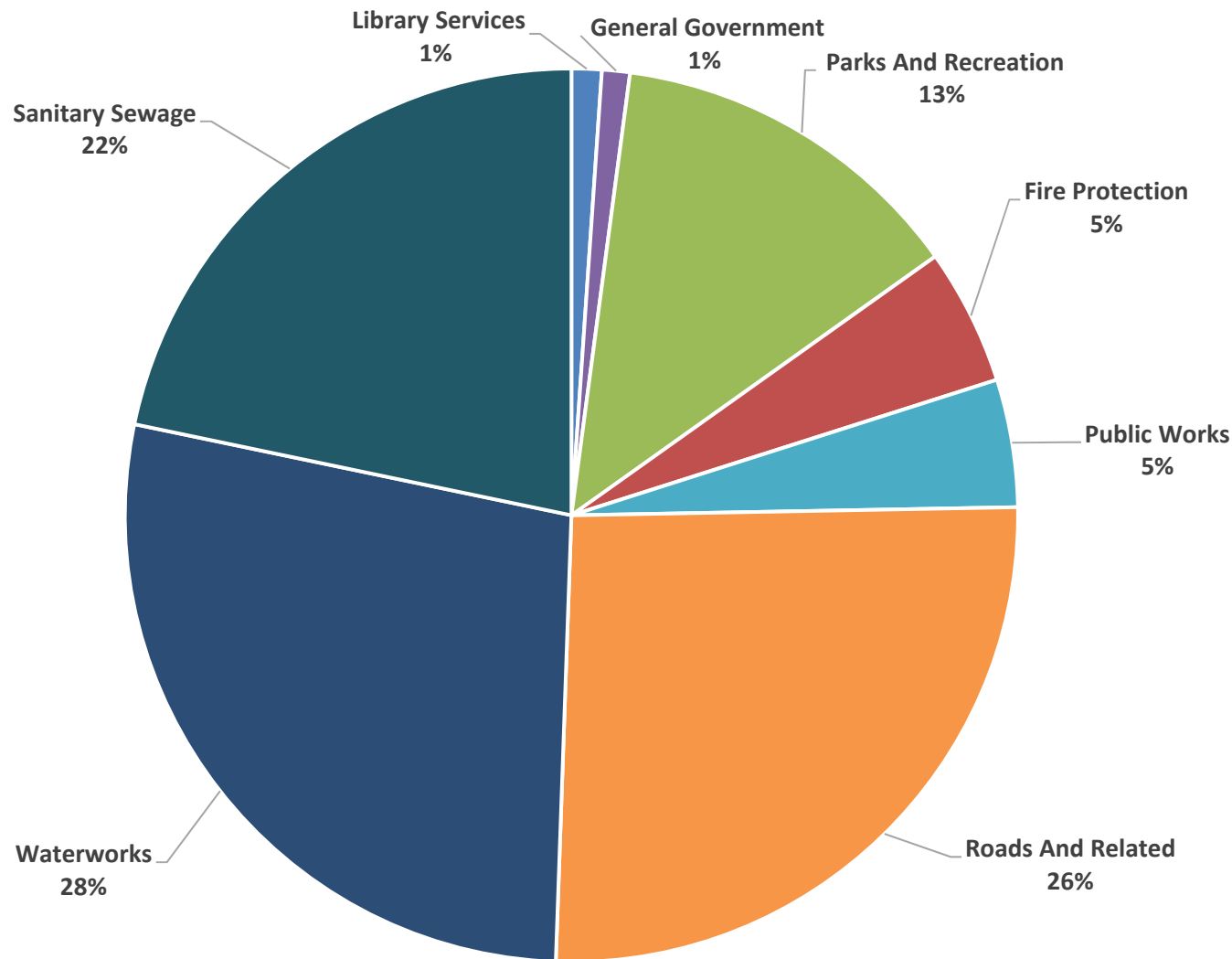
- Capital programs have been compiled in consultation with City staff
- Capital costs have been adjusted in accordance with DC legislation:
 - Capital grants & subsidies
 - Replacement/benefit to existing shares
 - 10% legislated discount for “soft services”
 - Available DC reserve funds
 - Post period benefit shares

Gross Program Cost = \$102.4 Million



Note: Summary of Capital Program only relates to non-discounted services considered under this study

Calculated Maximum Allowable City-wide Residential DC Rate (Urban)



Residential Charges / Unit

Single & Semi
\$20,977

Rows/Multiples
\$16,135

**Apartments 2
Bedroom or
more**
\$10,703

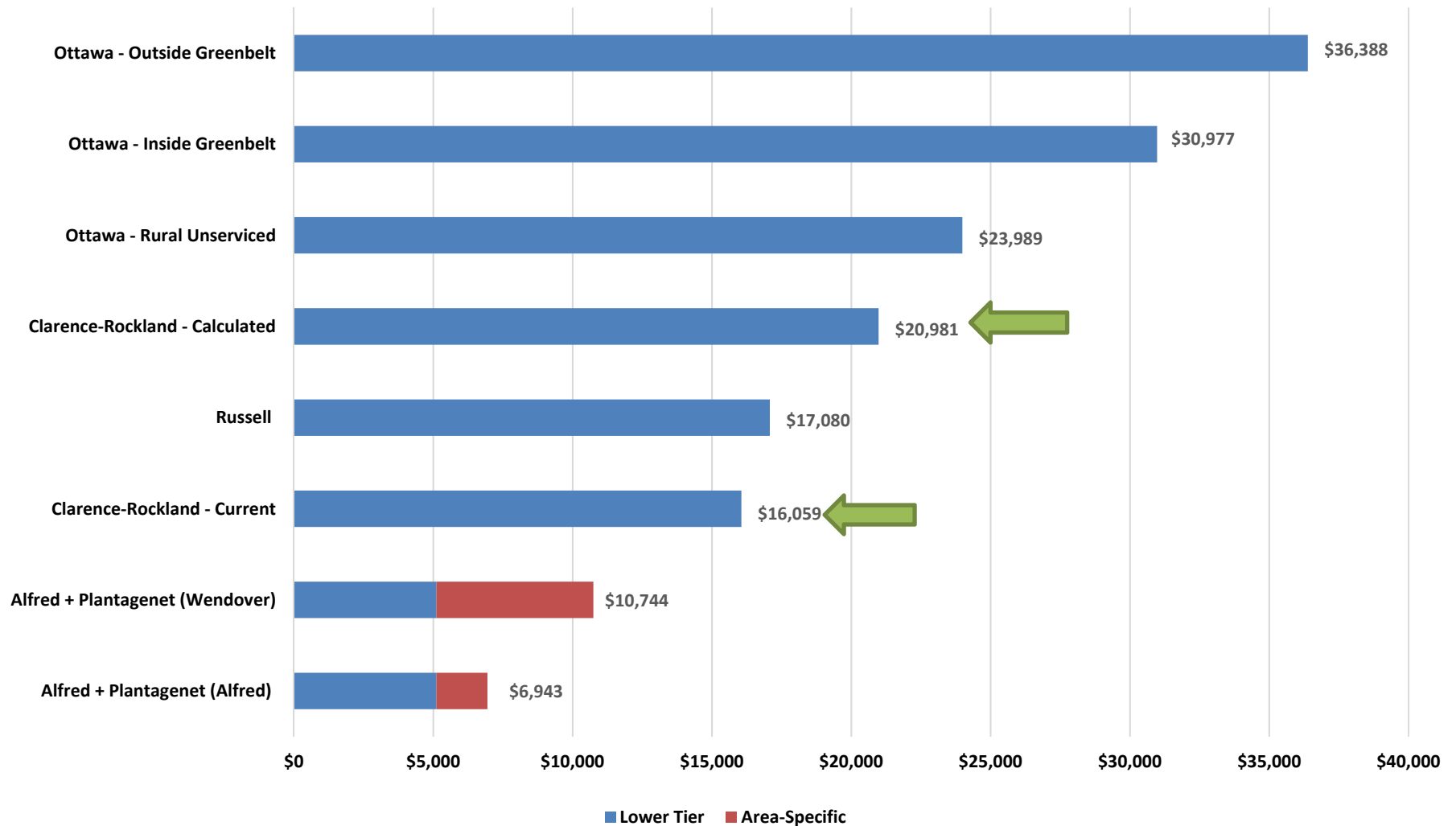
Current vs. Calculated City-wide Single/Semi Detached Unit (Urban)

Service	Current Residential Charge / SDU	Calculated Residential Charge / SDU	Difference in Charge	
Discounted Services*				
Library Services	\$228	\$228	\$0	0%
General Government	\$212	\$212	\$0	0%
Parks And Recreation	\$2,740	\$2,740	\$0	0%
By-Law Enforcement	\$5	\$5	\$0	0%
Subtotal Discounted Services	\$3,184	\$3,184	\$0	0%
Non-Discounted Services				
Transit	\$135	\$0	(\$135)	(100%)
Fire Protection	\$944	\$1,035	\$91	10%
Subtotal Non-Discounted Services	\$1,079	\$1,035	(\$44)	(4%)
Services Related to a Highway				
Public Works	\$861	\$969	\$108	13%
Roads And Related	\$3,920	\$5,422	\$1,502	38%
Services Rel. to a Highway Charge Per Unit	\$4,781	\$6,391	\$1,610	34%
Engineered Services				
Waterworks	\$1,048	\$5,813	\$4,765	455%
Sanitary Sewage	\$5,967	\$4,558	(\$1,409)	-24%
TOTAL RESIDENTIAL CHARGE BY UNIT TYPE (fully serviced)	\$16,059	\$20,981	\$4,922	31%
* As presented in By-law 2015-13 (indexed to current dollar) as permissible under Bill 108				

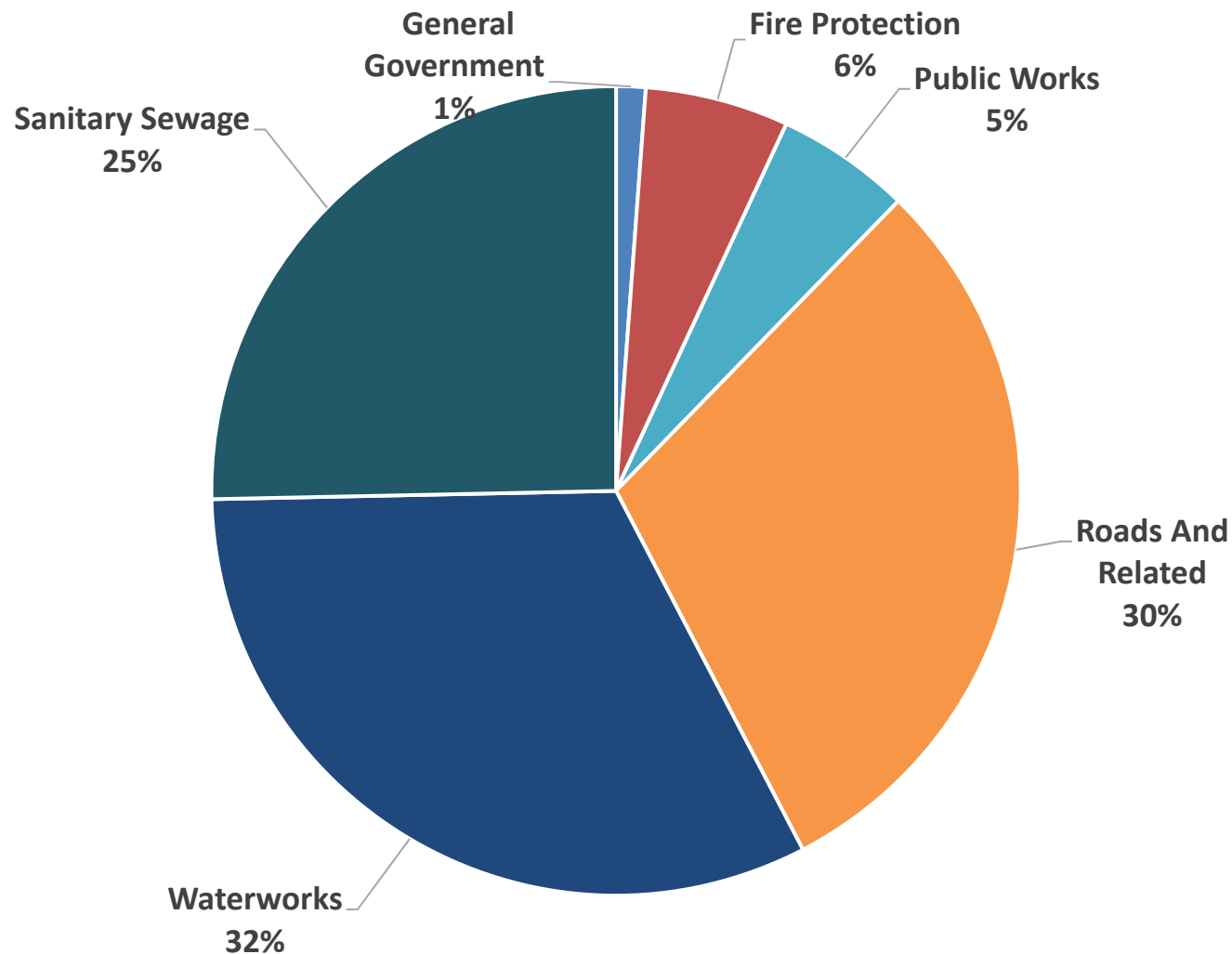
Area-Specific Charges (Sanitary)

	Bourget	Clarence Creek
Gross Cost (\$ millions)	\$36.20	\$18.30
DC Eligible Cost (\$ millions)	\$11.21	\$7.62
Residential DC Charge (per household)	\$88,968.25	\$24,037.85

Residential Rate Comparison \$/SDU



Calculated Maximum Allowable City-wide Non-Residential DC Rate (Urban)



Non-Residential
Charge
(\$/sq.m)

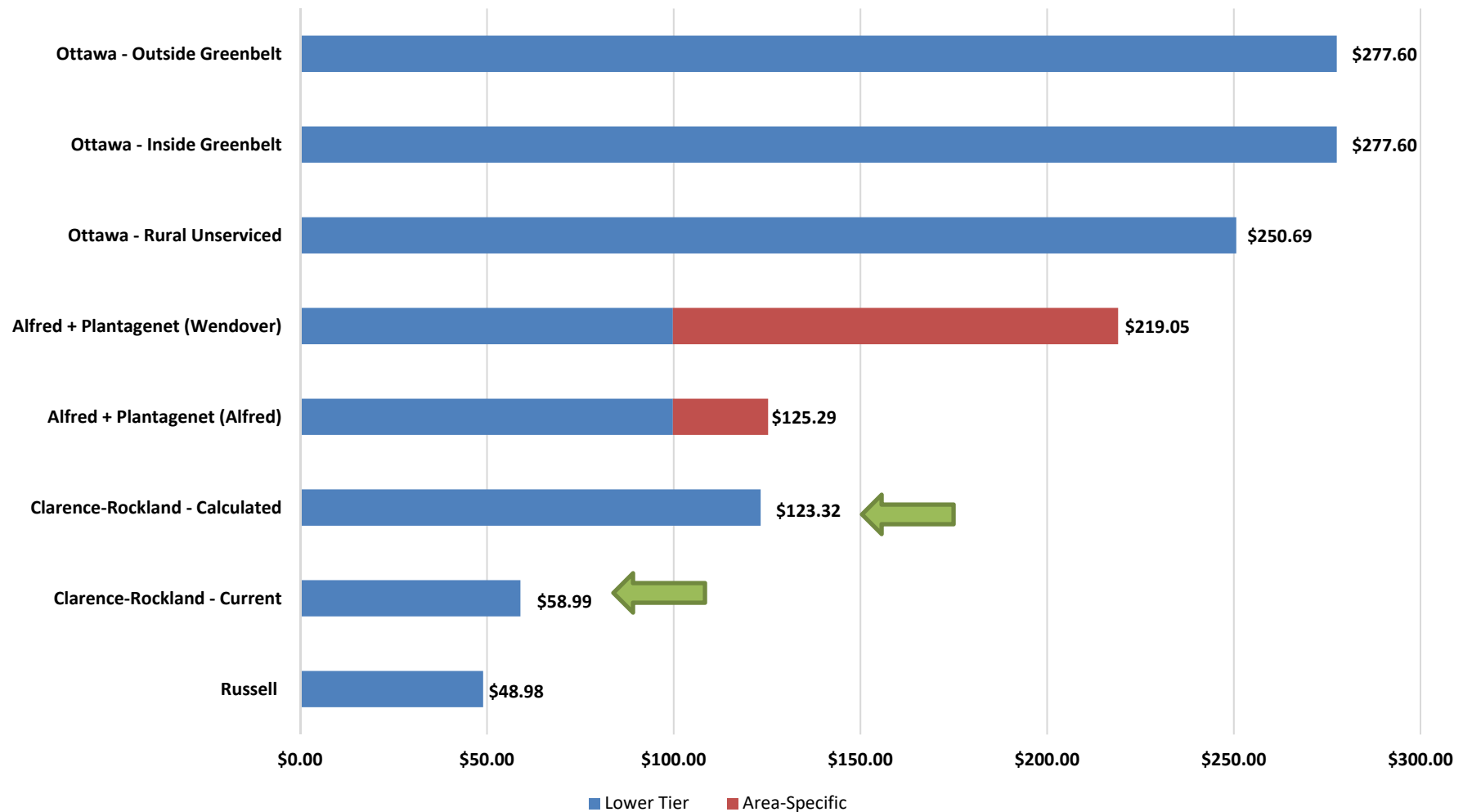
\$123.32

Current vs. Calculated City-wide Non-Residential Charge per m²

Service	Current Non-Residential Charge / Sq.m	Calculated Non-Residential Charge / Sq.m	Difference in Charge	
Discounted Services*				
Library Services	\$0.00	\$0.00	\$0.00	0%
General Government	\$1.45	\$1.45	\$0.00	0%
Parks And Recreation	\$0.00	\$0.00	\$0.00	0%
By-Law Enforcement	\$0.02	\$0.02	\$0.00	0%
Subtotal Discounted Services	\$1.47	\$1.47	\$0.00	0%
Non-Discounted Services				
Transit	\$0.91	\$0.00	(\$0.91)	(100%)
Fire Protection	\$6.41	\$7.08	\$0.67	10%
Subtotal Non-Discounted Services	\$7.33	\$7.08	(\$0.25)	(3%)
Services Related to a Highway				
Public Works	\$5.85	\$6.63	\$0.78	13%
Roads And Related	\$26.60	\$37.08	\$10.48	39%
Services Rel. to a Highway Charge Per sq.m	\$32.45	\$43.71	\$11.26	35%
Engineered Services				
Waterworks	\$7.12	\$39.85	\$32.73	460%
Sanitary Sewage	\$40.44	\$31.23	(\$9.21)	-23%
TOTAL NON-RESIDENTIAL CHARGE PER SQ M (fully serviced)	\$88.81	\$123.34	\$34.53	39%

* As presented in By-law 2015-13 (indexed to current dollar) as permissible under Bill 108

Non-Residential Rate Comparison \$/Square Metre



Next Steps

- **July/August** - development industry consultations
- **August/September** – Draft Background Study
- Advertise for statutory public meeting
- **September/October** - Hold statutory public meeting
- **October/November** - Council consideration of DC By-law