

Meeting with External Stakeholders

Development Charges Background Study and By-law



THE MUNICIPALITY OF GREY HIGHLANDS

January 16, 2023

Purpose of Today's Meeting

- Provide opportunity to make representations on the *2022 Development Charges Background Study* and Draft DC By-law
- DC Background Study and Draft By-law released
 - **January 9th, 2022** (Background Study)
 - **January 4th, 2023** (By-law)

Agenda

- What are development charges (DCs)?
- Bill 23 summary
- Background Study findings
 - Summary of development-related capital program
 - Calculated rates
 - Comparison with current DC rates
- Policy considerations
- Next steps

What Are Development Charges?

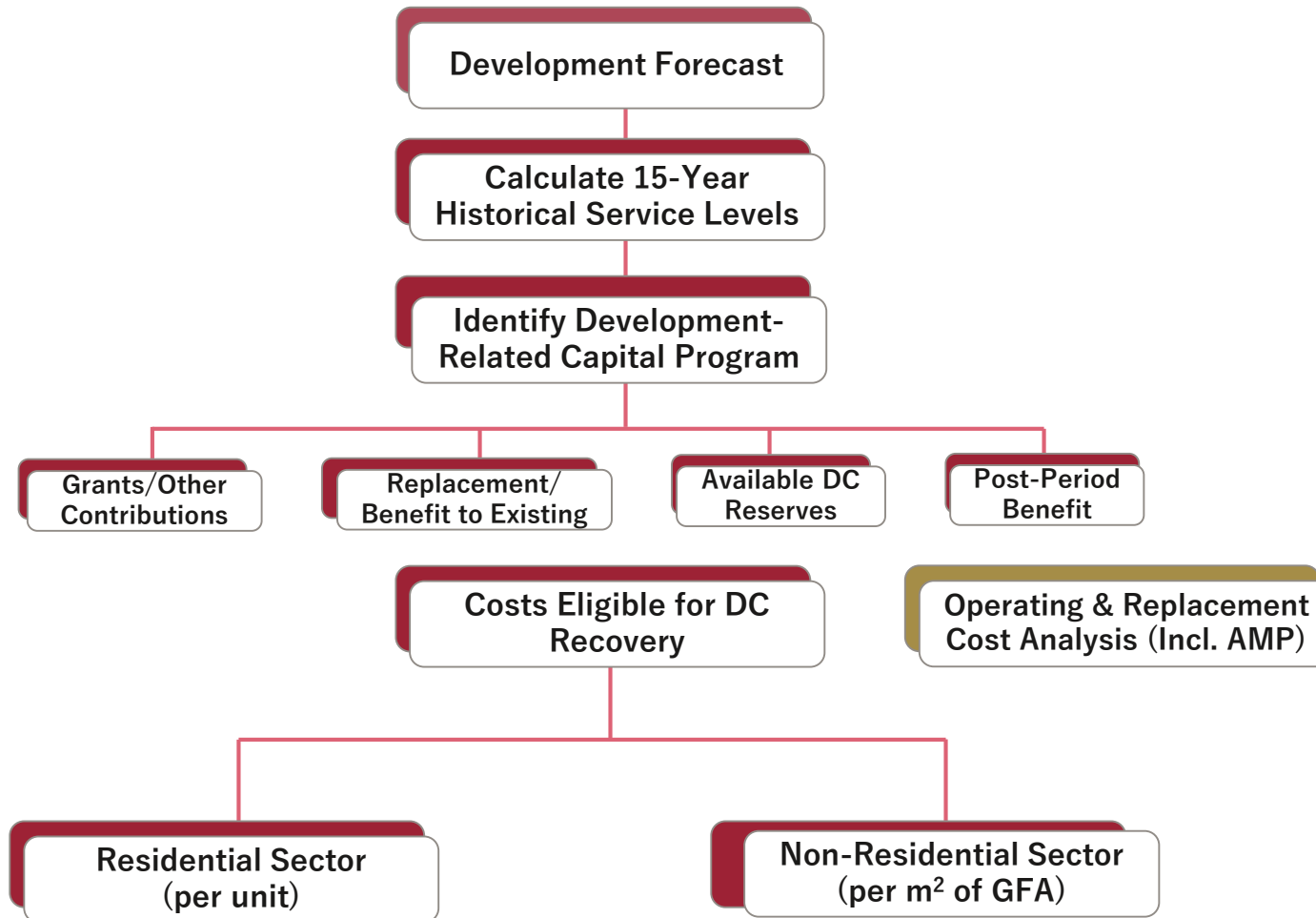
- Imposed on development to pay for “growth-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
 - County
 - Area municipal
 - Education
- Principle is “growth pays for growth”

Development Charges Act (DCA) Requirements

- DCs imposed by by-law
- Maximum life of a DC by-law is 5 years after the day it comes into force (Municipality's by-law 2018-021 expires February 11, 2023)
- Prior to passing a by-law municipality must
 - undertake a background study
 - hold at least one public meeting
- Appeals adjudicated at Ontario Land Tribunal (OLT)



Development Charges Study Process



Bill 23 Changes to Development Charges

Bill 23: Background

- Housing Supply Action Plan and subsequent legislation
 - Bill 108, the *More Homes, More Choice Act*
 - Bill 197, the *COVID-19 Economic Recovery Act*
- Report on the Ontario Housing Affordability Taskforce (February 4, 2022)
- June 2022 election mandate:
 - Affordability (house sales/rents are outpacing incomes)
 - Goal of 1.5 million new homes over next 10 years

Government Aims to Reduce Housing Costs by Reducing Municipal Fees and Charges

- Legislative changes will freeze, reduce and exempt DCs
 - Exemptions
 - Phase-ins
 - Discounts
- Also reviewing other fees levied by Provincial ministries, boards, agencies, and commissions
- Housing Accelerator Fund – could be used to compensate municipalities to pay for critical growth-related infrastructure

Bill 23: Exemptions from DCs (in effect now)

- In existing rentals (4+ units), greater of:
 - One unit
 - 1% of existing units
- Residential intensification in existing and new units
 - 1 new unit in main unit with 1 ancillary unit (3 units total)
 - 2 new units in main unit with no ancillary unit (3 units total)
 - 1 new unit in ancillary unit with up to 2 main units (3/4 units total)
- Non-profit housing (now defined)
- Inclusionary zoning units (must be affordable)

Bill 23: Exemptions for Affordable Housing

- Affordable
 - Rental – 80% of average market rent
 - Ownership – 80% of average purchase price
 - Province to issue bulletins to establish market rents and purchase price
 - Administered through agreement – 25 years, with ability to register on title
 - Possible standard forms of agreement
- ***Impact Comments:***
 - *Not in force yet – requires additional action by the Province*
 - *Depending on what the “average” market rents and purchase prices are for Grey Highlands could have a significant impact*
 - *Administratively burdensome*

Bill 23: Exemptions for Attainable Housing

- “Select” Attainable
 - Not affordable and not rental
 - Administered through agreement – until unit is sold, with ability to register on title
 - What is “select” is to be prescribed

Impact Comments:

- *Not in force yet – requires additional action by the Province*
- *Unclear how Attainable will be defined – potentially significant impact*
- *Administratively burdensome*

Bill 23: Mandatory Phase-In of New DC Rates

- 5 year phase-in of **total** DC imposed by by-law
- Retroactive to DC by-law passed since January 1, 2022

Impact Comments:

- *Immediate impact as Municipality's new by-law comes into effect in February of 2023*
- *New DC By-law will have significant revenue loss associated with mandatory phase-in/discount*

Year	Maximum DC
1	80%
2	85%
3	90%
4	95%
5	100%

Bill 23: Discounts For Rental Housing (in effect now)

- Rental housing development (now defined as 4+ units)
 - 25% for 3+ bedrooms
 - 20% for 2 bedrooms
 - 15% for 1 bedroom and bachelor

Bill 23: Methodological Changes

- No longer eligible for DC funding
 - Cost of studies (including DC studies)— excluded for new by-laws passed after Royal Assent

Impact Comments:

- *Some revenue loss as Studies are included in current by-law*

Bill 23: Other Changes

- Historical service levels now based on 15 years prior
- Services for which land is an ineligible cost may be prescribed
- Maximum life of DC by-law extended from 5 years to 10 years
- Interest rate for DC freezes and payment plans now prescribed
 - Prime +1%
- Must spend or allocate at least 60% of reserve fund balances each year for
 - Water, wastewater, and roads DCs
 - Other DC services may be prescribed

Development Charges Background Study Findings

Development Forecast

- Forecast amount, type and location of development
- Establish areas to which DCs apply (Municipal-wide/area-specific)
- Establish planning periods
 - 10 years for General Services (2023-2032)
- Types of development
 - Residential: population and dwelling units
 - Non-residential: employment and non-residential floor space

Residential and Non-Residential Development Forecast

Municipal-wide Development Forecast	2022 Estimate	10-Year Planning Period 2023 - 2032	
		Growth	Total at 2032
Residential Development Forecast			
Dwellings Occupied by Usual Residents	4,148	287	4,435
<i>Population In New Dwellings</i>		<i>892</i>	
Census	10,485	472	10,957
Non-Residential Development Forecast			
Employment	4,349	269	4,618
Non-Residential Building Space (sq.m.)		23,250	

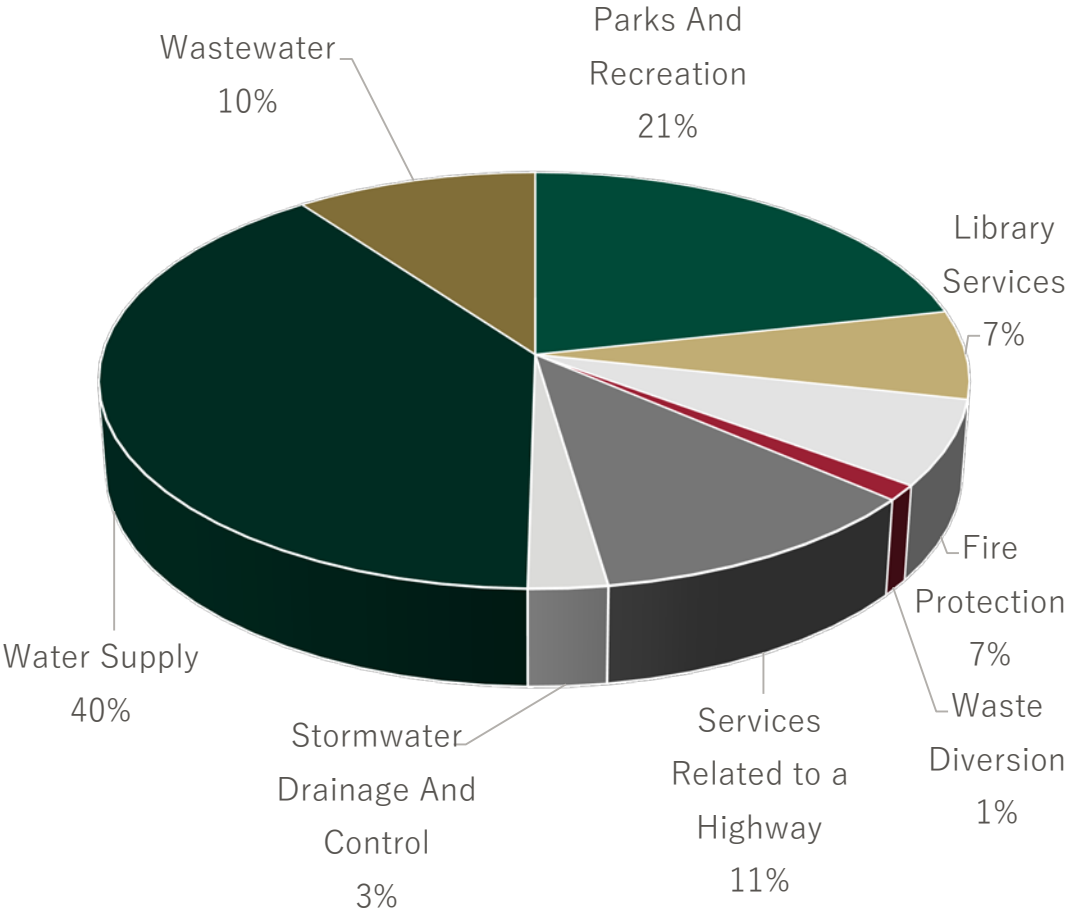
Development-Related Capital Program

- Future capital costs must be identified and Council must express intent to undertake works
 - Capital programs compiled based on the capital budget and forecasts and in consultation with Municipal staff
 - By Resolution 2022-621, Council directed that Background Study be based on capital forecast presented on October 5, 2022
- DC eligible costs cannot include:
 - Grants, subsidies & contributions
 - Benefit to existing or replacement elements
 - Uncommitted DC reserve funds
 - “Post-period” benefit

Summary of Growth-Related Capital Program

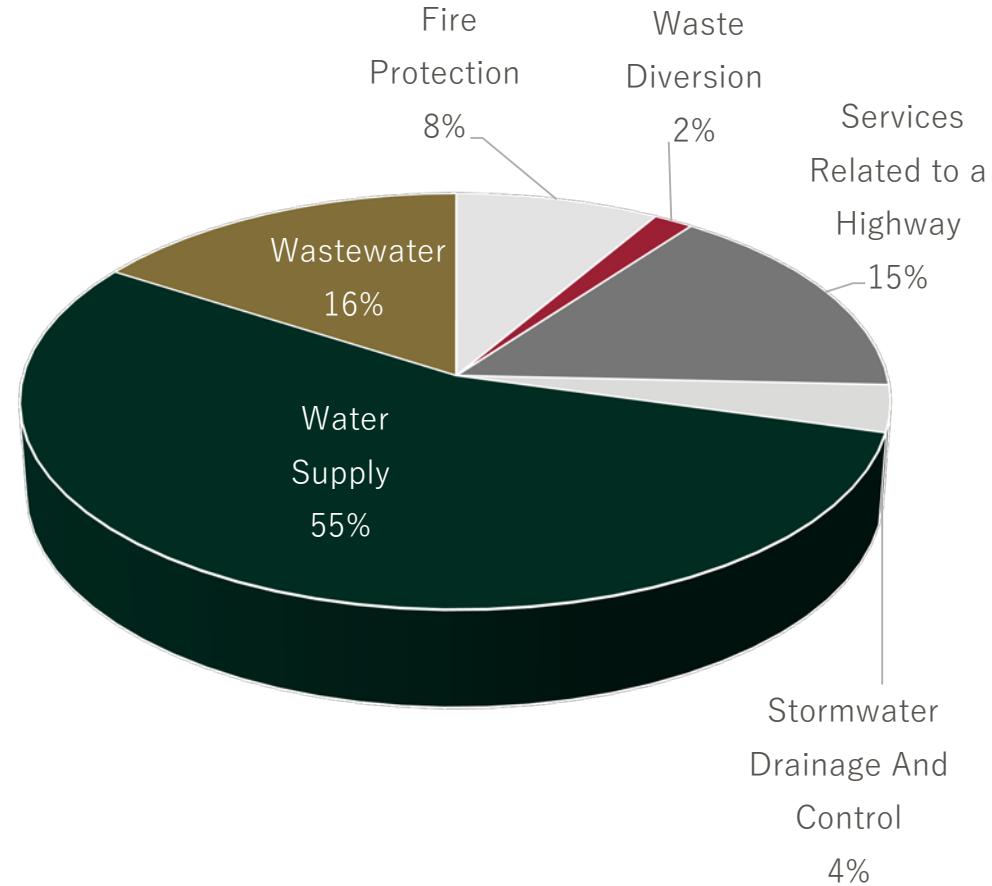
Service	Gross Cost	Grants/ Subsidies	Benefit to Existing	Development-Related		
				Prior Growth	2023-2032	Other Dev. Related
Parks and Recreation	\$2,070,000	\$150,000	\$0	\$277,260	\$1,642,740	\$0
Library Services	\$867,000	\$65,000	\$0	\$106,038	\$471,246	\$224,716
Fire Protection	\$2,941,000	\$0	\$0	\$175,106	\$524,647	\$2,241,247
Waste Diversion	\$860,400	\$53,400	\$693,100	\$1,200	\$112,700	\$0
Services Related to a Highway	\$6,480,000	\$0	\$4,400,000	\$848,532	\$1,231,468	\$0
Water Services	\$42,494,578	\$0	\$3,545,172	\$306,374	\$2,091,532	\$36,551,500
Wastewater Services	\$8,180,000	\$0	\$668,000	\$308,473	\$987,527	\$6,216,000
Stormwater Drainage & Control	\$250,000	\$0	\$0	\$0	\$250,000	\$0
Total	\$64,142,978	\$268,400	\$9,306,272	\$2,022,983	\$7,311,860	\$45,233,463

Maximum Permissible DCs: Residential



Unit Type	Development Charge
Single and Semi-Detached	\$21,540
Rows & Other Multiples	\$16,762
Apartments	\$11,734

Maximum Permissible DCs: Non-Residential



Charge per Sq.M.

\$70.94

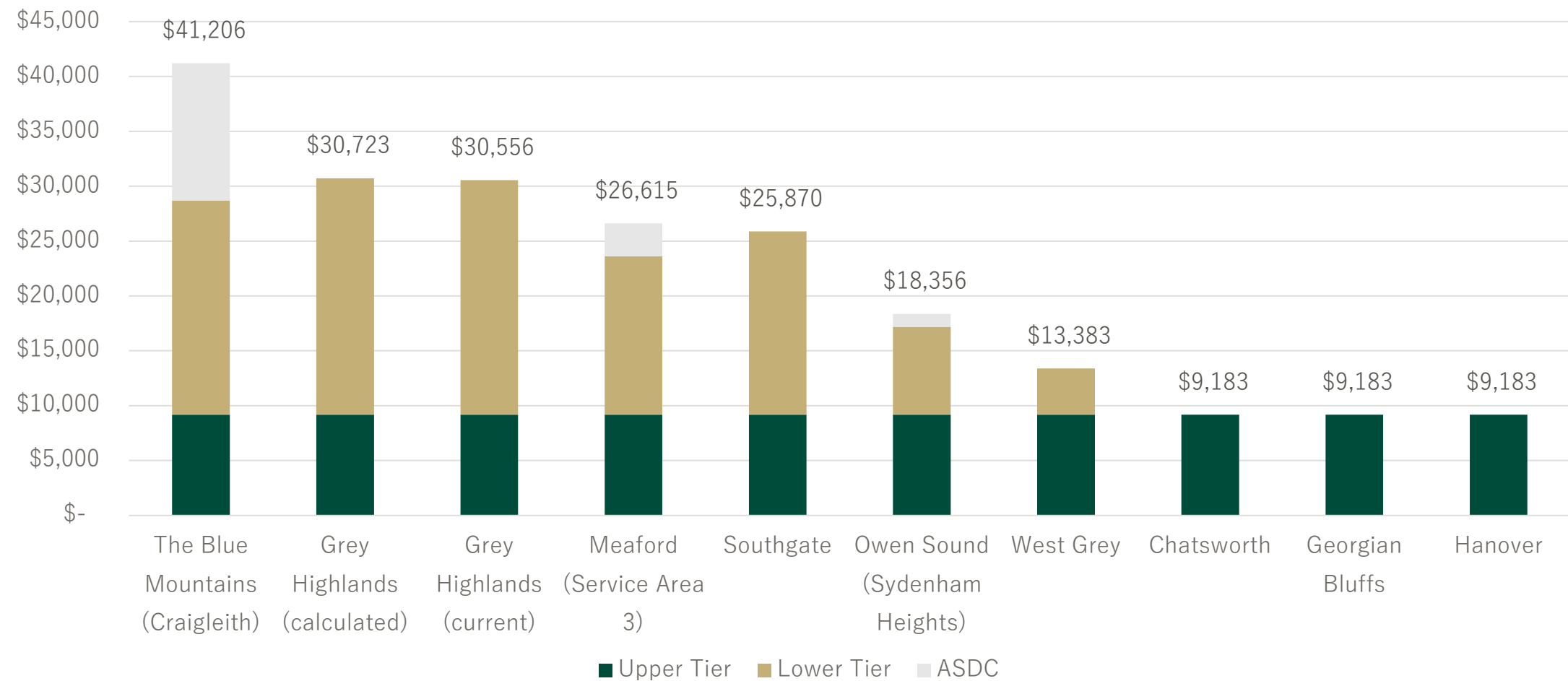
Current vs. Calculated Residential Charge (\$/SDU)

Service	Current Charge	Calculated Charge	Difference
Administrative Services – Studies	\$553	\$0	(\$553)
Parks and Recreation	\$1,170	\$4,641	\$3,471
Library Services	\$383	\$1,483	\$1,100
Fire Protection	\$588	\$1,437	\$849
Waste Diversion	\$7	\$260	\$253
Public Works	\$1,876	\$0	(\$1,876)
Services Related to a Highway	\$1,894	\$2,439	\$545
Stormwater Drainage & Control	\$0	\$563	\$563
Water Supply	\$7,508	\$8,543	\$1,035
Wastewater	\$7,394	\$2,174	(\$5,220)
TOTAL CHARGE PER SDU	\$21,373	\$21,540	\$167

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

Service	Current Charge	Calculated Charge	Difference
Administrative Services – Studies	\$2.63	\$0	(\$2.63)
Parks and Recreation	\$5.57	\$0	(\$5.57)
Library Services	\$1.83	\$0	(\$1.83)
Fire Protection	\$2.38	\$6.03	\$3.65
Waste Diversion	\$0.04	\$1.18	\$1.14
Public Works	\$8.93	\$0	(\$8.93)
Services Related to a Highway	\$7.68	\$11.03	\$3.35
Stormwater Drainage & Control	\$0	\$2.58	\$2.58
Water Supply	\$31.93	\$38.83	\$6.90
Wastewater	\$31.47	\$11.29	(\$20.18)
TOTAL CHARGE PER SDU	\$92.46	\$70.94	\$21.52

Residential DC Comparison (\$/SDU)



Non-Residential DC Comparison (\$/sq.m.)



By-law 2018-021: Existing DC Exemptions

Statutory

- Municipal and County buildings
- Boards as defined under the Education Act
- Universities
- Intensification of existing units
- Industrial expansion (up to 50%)

Non-Statutory

- Farm buildings
- Places of worship
- Hospitals

DC Project Timeline

