



Staff Report

Finance and IT Services

Report To: Special Meeting of the Committee of the Whole
Meeting Date: March 9, 2018
Report Number: FAF.18.15
Subject: Development Charges Background Study and By-law Update
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive Staff Report FAF.18.15 entitled “Development Charges Background Study and By-law Update” for information purposes.

B. Overview

This report provides an overview of the process that has begun in order to update the 2014 Development Charges Background Study and By-law, as per the requirements of the Development Charges Act.

C. Background

The Development Charges Act (DCA) states that the Development Charges Background Study (DCBS) for the collections of Development Charges (DCs) must be updated at a minimum of every five years. The current by-law was passed in July 2014 and will expire in July 2019. Before starting the process, staff are seeking initial guidance from Council regarding non-statutory exemptions and policies around DCs.

Staff have hired an external consultant to aid in the updating of the DCBS and passing of the new By-law. In addition, an internal Steering Committee has been created to help facilitate the process. The Steering Committee consists of Brian Worsley, Ryan Gibbons, Shawn Postma, Mike Humphries, Vicky Bouwman, and Sam Dinsmore.

D. Analysis

Staff have broken down the different areas that staff are requesting direction on, which are described below. Some of these include the potential of new DCs, new credits, and different structuring of the rates.

Residential Unit Structure

Currently the Town collects Residential DCs based on the size of unit being built; this ranges from size “A” (greater than 225 square meters) to size “D” (75 square meters or less). The initial intent of this structure was to promote smaller units by lowering the DCs; however, to date roughly 90% of all units built are at the high end of the range with little to no smaller units.

Staff are recommending that the Town adopt a similar rate structure to the County, an approach that is widely used in Ontario. Rather than being based on gross floor area, the Town would use Single and Semi-Detached, Rows and Other Multiples, and Apartment residential categories. Making this change would align the Town with the County and most other municipalities collecting DCs in Ontario, as well as allow for greater ease in administrating the By-law.

Staff have included a recommendation for Council to consider:

AND THAT Council direct staff to calculate a unit based differentiated Residential Development Charge for the 2019 Development Charges By-law.

Attainable Housing

As the update commences, the consultant will look at other municipalities and see what best practices exist for non-statutory exemptions. A potential exemption could be created around Attainable Housing. At this time, staff are seeking direction as to whether this is an exemption that Council would like to consider for the 2019 DC By-law.

Staff have included a recommendation for Council to consider:

AND THAT Council direct staff to research potential Development Charge reductions, exemptions, and discounts for Attainable Housing that Council could consider as part of the 2019 Development Charges By-law.

Fire Sprinklers

During the update of the Town’s Strategic Plan, one item identified was including a potential Fire DC exemption or credit for units that have built-in sprinkler systems. After an initial review with the consultant, only one other municipality (the Town of Huntsville) in Ontario currently offers this policy. In particular, it may be difficult to include such a policy in the 2019 DC By-law as it may be challenging to quantify the potential cost savings by having residential units equipped with fire sprinklers (i.e. the demand for watermain infrastructure).

However, staff could continue to research the potential of including a Fire DC exemption or credit for Council to consider. Staff have included a recommendation for Council to consider:

AND THAT Council direct staff to research potential Fire Development Charge exemptions or credits for units that have sprinkler systems for Council's consideration for the 2019 Development Charges By-law.

Service Area Rating

The new DCA requires that Council give consideration to the use of Service Area Rating for all DCs considered as part of the DC Study. Currently, the Town has distinct service areas and charges for Water, Wastewater, and Roads. Council needs to give consideration as to whether the soft services (i.e. parks and recreation, library, police, public works etc.) should also be calculated and recovered on a Service Area specific basis.

Staff are recommending that the DCs not be split among different services areas as the services supplied in these categories are available to everyone in the municipality. Importantly, service area specific service levels would need to be calculated which would not reflect the way in which the Town currently plans for and provides these services.

Staff have included a recommendation for Council to consider:

AND THAT Council have considered Service Area Rating for Development Charges and recommend that one charge be applied for all soft services throughout the municipality and that only Water, Wastewater, and Roads have various service area rates in the 2019 Development Charges By-law.

Calculation of DCs for Parking Lots, Waste Management, and Transit Services

Currently the Town is not collecting for all eligible services available the DCA; this includes Municipal Parking Lots, Waste Management, and Transit services. The Town owns a number of parking lots and are looking to either upgrade and/or enlarge existing sites and also into creating additional lots. A portion of these expenses could be funded from DCs, but would require that the Town undertake the required analysis as prescribed by the DCA to start collecting DCs.

Waste Management is another area that the Town could impose DCs for. Development Charges would be collected for Recycling/Organics only as the disposal functions (i.e. landfill and incineration activities) for Solid Waste are not considered an eligible service. If the Town wanted to undertake organic treatment in-house this could be funded by DCs, but similar to the treatment of Municipal Parking Lots, the Town would need to undertake an analysis as prescribed by the DCA prior to collecting or applying DCs for this service.

Transit is in a similar situation to Parking Lots and Waste Management. In order to use DCs to fund additional transit services, a DC needs to be calculated and collected from development. It should be noted that since the Town is not currently collecting these charges, any DC included for these services would increase the overall DC cost to the developer. It is also important to

note that Transit DCs require a much more detailed calculation under the requirements of the DCA including an assessment of ridership and a detailed asset management plan analysis.

Staff have included a recommendation for each service for Council to consider:

AND THAT Council direct staff to consider a potential Development Charge for Municipal Parking Lots for Council's consideration for the 2019 Development Charges By-law;

AND THAT Council direct staff to consider a potential Development Charge for Waste Management for Council's consideration for the 2019 Development Charges By-law;

AND THAT Council direct staff to consider a potential Development Charge for Transit for Council's consideration for the 2019 Development Charges By-law.

Low Impact Development

Included in the Strategic Plan is the idea of promoting Low Impact Development (LID). If directed by Council, a DC exemption, reduction or discount could be granted. To develop such a policy, staff and the consultant can review best practices from other municipalities to see if existing approaches would be suitable for the Town.

Staff have included a recommendation for Council to consider:

AND THAT Council direct staff to research potential Low Impact Development, Development Charges exemption, reduction or discount for Council's consideration for the 2019 Development Charges By-law.

Commercial Credits

Also included in the latest Strategic Plan was the idea for certain types of commercial developments to receive a DC exemption, reduction or discount, similar to the other potential non-statutory exemptions. Staff are seeking direction from Council as to whether this is an issue that they would like further explored.

Staff have included a recommendation for Council to consider:

AND THAT Council direct staff to research potential commercial exemptions, reductions or discounts for Development Charges for Council's consideration for the 2019 Development Charges By-law.

Public Consultation

The DCA requires at least one Public Meeting be held before a new Background Study and By-law can be approved. Historically, the Town has held a second Public Meeting that is geared towards the Development Community. Staff have included the two meetings in the contract with the consultant and has the ability to add additional meetings if requested by Council.

To be as open and transparent as possible, staff are also looking at releasing information as it becomes available, which includes the Capital Forecast, Development Forecast, and other policies within the DCBS. This will allow the public and the development community additional time to review the information, and be aware of the potential implications to the current calculated rates, before the formal release of the DC Background Study.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

There are no financial impacts at this time.

H. In consultation with

Ruth Prince, Director of Finance and IT Services
Hemson Consulting LTD

I. Attached

None.

Respectfully Submitted,

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