



2024 Development Charges Background Study and By-law

Development Charges Stakeholders Sub-Committee: Meeting #2
September 18, 2023

Overview of Project



- Key components of the study:
 - D.C. Background Study and By-law update (current by-law expires June 2024)
 - Growth Forecast
 - D.C. Exemptions Review
 - Update review undertaken in 2019
 - Review current practices with respect to discounts and exemptions
 - Market analysis and assessment of housing affordability trends
 - Justify and recommend D.C. exemptions for by-law update
 - Reserve Fund Policy Review
 - Best practices review of other municipalities
 - Internal discussions with staff on current practices and opportunities to strengthen existing policies

Recap of Presentation #1 to Development Charges Stakeholders Sub-Committee



- Presented to Sub-Committee on April 23, 2023 to provide:
 - An overview of the project
 - Development Charges (D.C.) legislative background and methodology of calculation
 - Legislative changes to the *Development Charges Act* (i.e. Bill 23)
 - Overview of D.C. policy considerations
 - Study process/next steps

Agenda



- Introduction
- Development Charge (D.C.) Exemptions Review
- Draft Service Standards
- Draft Capital Project Summary
- Area Specific D.C. Discussion
- Local Service Policy Overview
- Next Steps
- Discussion/Questions

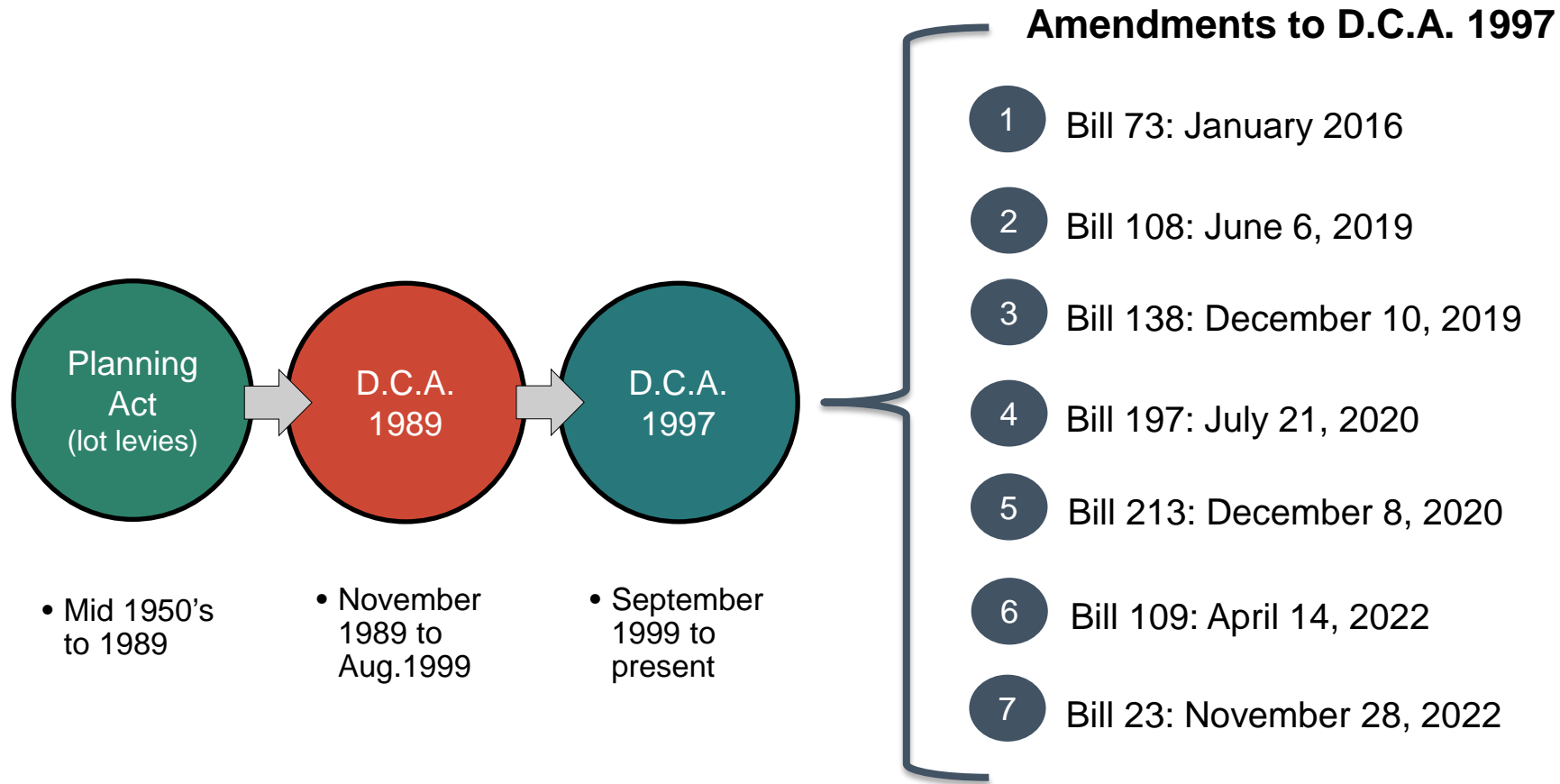
Recap: Development Charges (D.C.)



Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

Recap: History of D.C.'s



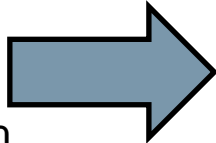
Recap: Overview of the D.C. Calculation



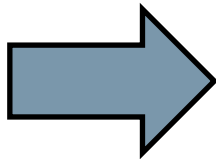
D.C. calculation is capped based on historic service standard calculation (for all services other than transit, water, wastewater, and stormwater)



Cost of Infrastructure Required to Accommodate Growth



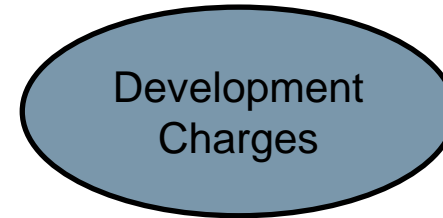
Residential and Non-residential Growth



\$



Development Charge per Unit
(for Residential Growth)

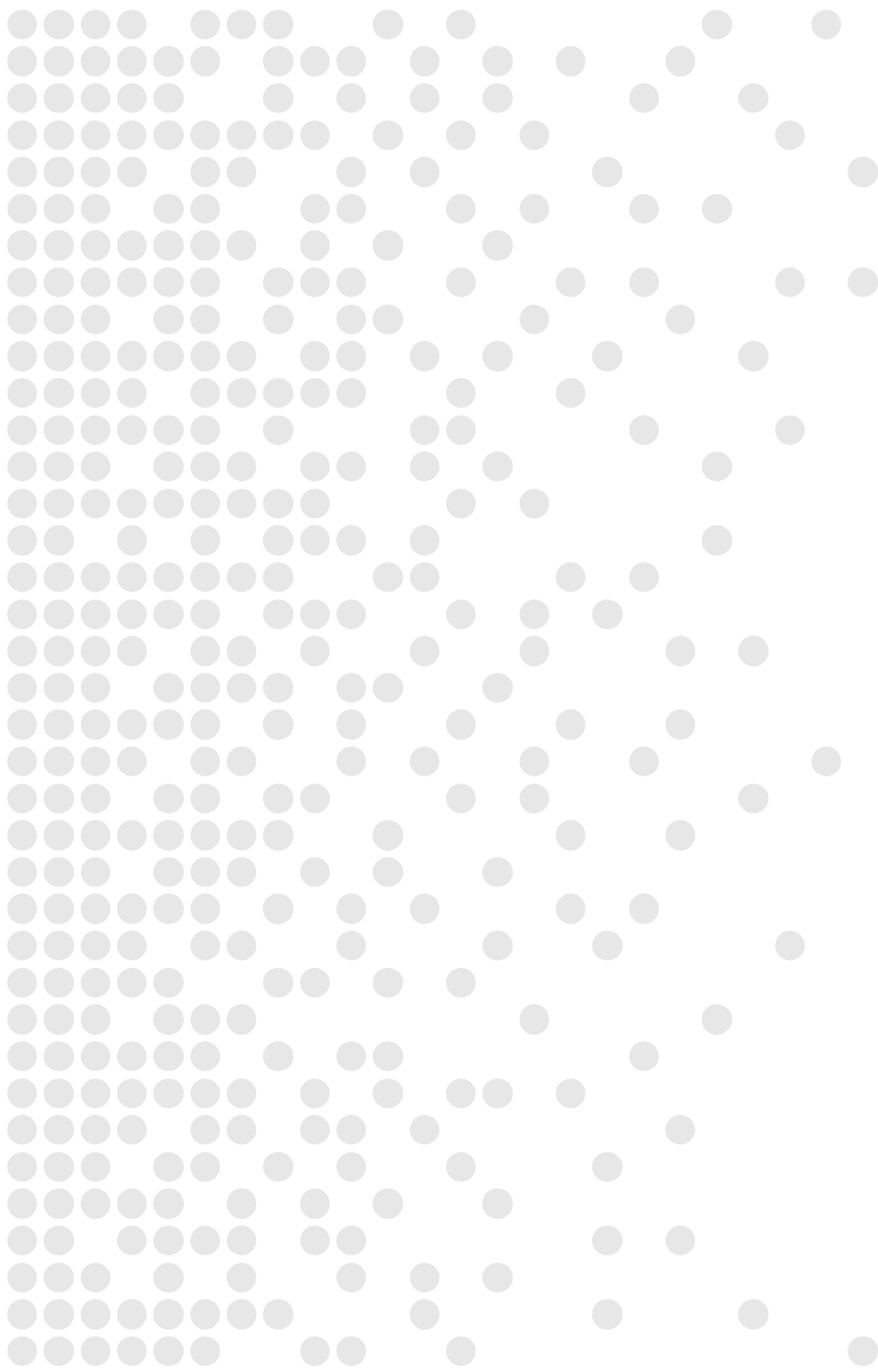


Development Charge per Sq.ft.
(for Non-residential Growth)



Exempted development
(Statutory or Council directed):
Not subject to the charge. The shortfall in D.C. revenue must be funded through property tax levy or rate fees

Non-Exempt Development:
All other development is subject to D.C.s



Development Charge (D.C.) Exemptions Review

2024 Development Charges Background Study
and By-law

D.C. Exemptions Review

Overview



- The *Development Charges Act* sets out a number of mandatory D.C. exemptions, however under Section 5(1)10 of the Act, Council can enact exemptions on a discretionary basis
- Discretionary exemptions reduce in part or whole the D.C. for types of development, location of development, or classes of development (e.g. industrial or churches)
- Historically, the City has provided many discretionary exemptions, however, as part of the 2019 D.C. study process, an exemptions review was undertaken, and many exemptions were removed following a market analysis
- This exemptions review and analysis is being undertaken again as part of the 2024 D.C. study process

D.C. Exemptions Review

Overview



Key Objectives of Study:

- Review current development charge (D.C.) exemptions in Hamilton and their historical performance and current and future needs to meet the City's objectives.
- Identify appropriate opportunities where D.C. exemptions could be applied to generate the highest net benefit to the City of Hamilton.

Considerations:

- To what extent do D.C. exemptions impact development activity, and/or investment decisions of existing/new businesses?
- How effective are D.C. exemptions as a tool in implementing the municipality's planning objectives (e.g., affordable housing, intensification, downtown revitalization)?
- Balance the need to be competitive with respect to new development and/or meet planning objectives in relation to the cost impact to ratepayers.

D.C. Exemptions Review

Current Exemptions



Discretionary (Non-Statutory)		Mandatory (Statutory)
<ul style="list-style-type: none"> Downtown Hamilton CIPA (40% discount except for office 70%) Heritage Building Transition Policy Downtown Public Art Council Granted 		<p><u>Existing</u></p> <ul style="list-style-type: none"> Industrial Building Expansion (Attached) Residential Intensification School Boards Academic Additional Residential Units
<p><u>Residential</u></p> <ul style="list-style-type: none"> Redevelopment for Residential Facility 	<p><u>Non-Residential</u></p> <ul style="list-style-type: none"> Industrial Building Expansion (Detached) Industrial Rate Reduced (also applies to Production and Artist Studios) Stepped Non-Industrial Rates Non-Industrial Expansion Agricultural Use Place of Worship 	<p><u>New (under Bill 23: More Homes Built Faster Act)</u></p> <ul style="list-style-type: none"> Additional Residential Units Affordable and Attainable Units Affordable Inclusionary Zoning Units Non-Profit Housing Phase-in D.C.s Rental Housing Discount (based on number of bedrooms: 15% to 25%)

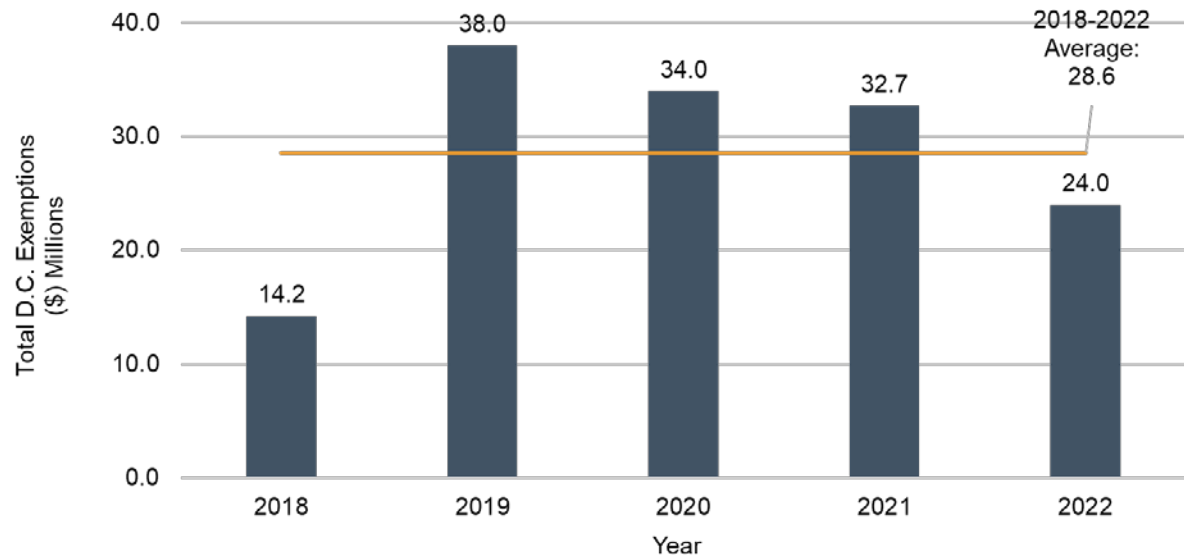
D.C. Exemptions Review

Total Discretionary D.C. Exemption Amount, 2018 to 2022 period



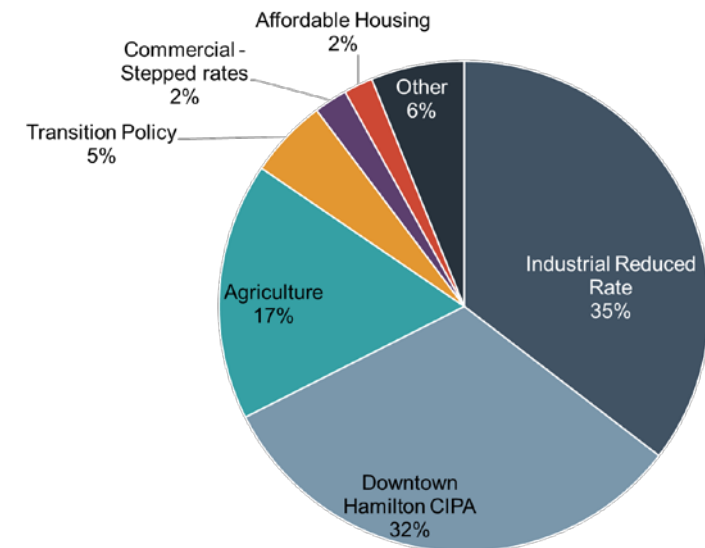
- Over the past five years (2018-2022), the discretionary D.C. exemption amount totaled **\$142.9 million**, 44% higher than previous five-year period (2013-2017)
- Two-thirds (67%) of the total discretionary D.C. exemptions dollar amount over the 2018-2022 period attributed to the Industrial Reduced Rate and Downtown Hamilton CIPA.

City of Hamilton Annual Discretionary D.C. Exemption Amount, 2018 to 2022



Total DC Exemptions metrics do not include exemptions for the City of Hamilton and school boards.
Source: Derived from City of Hamilton data by Watson & Associates Economists Ltd., 2023.

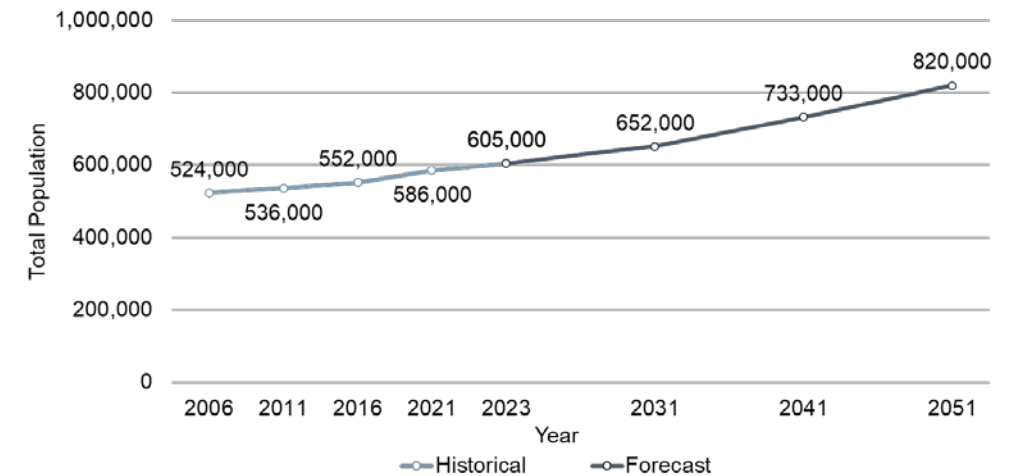
City of Hamilton Discretionary D.C. Exemptions by Category (share of total dollars), 2018 to 2022



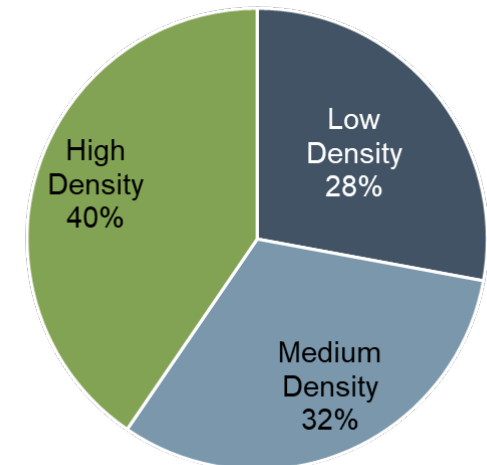
D.C. Exemptions Review

Population and Housing Growth Trends

- Hamilton's population growth rate has increased over the past 15 years; population growth of 10% over the 2016 to 2023 period, marginally higher than the provincial average.
- Hamilton's population growth is expected to remain strong over the next decade and beyond to 2051.
- Housing development has become more diverse with a greater share of high-density units and more development accommodated through intensification.
- Strong and diverse housing growth anticipated over the next decade, building on recent development trends:
 - Historical Housing Growth 2018 to 2022: 15,300 units (average of 3,100 per year).
 - Forecast Housing Growth 2023 to 2033: 35,200 units (average of 3,500 per year).



Forecast Housing Growth, 2023-2033



D.C. Exemptions Review

Residential Market



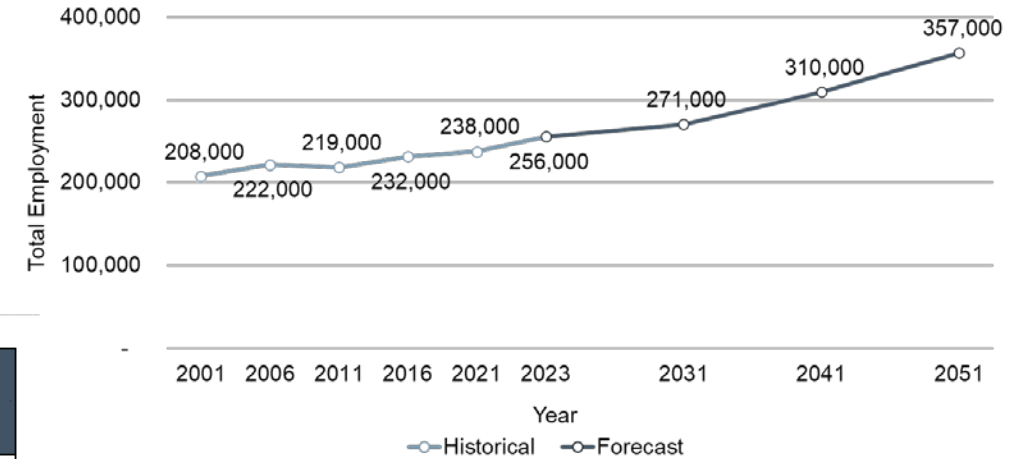
- Strong market demand fundamentals across housing spectrum – appreciation in house prices and rents and low rental vacancy rates.
- Significant erosion in housing affordability over the past five years.
- Lack of purpose-built rentals and affordable housing options to meet current and future housing needs.
- Signs of a slowing market in residential development activity in 2023.
- Development feasibility for high-density residential projects:
 - Generally favourable in Downtown Hamilton.
 - Challenges persist for project feasibility in many Major Transit Station Area (MTSA) locations.

D.C. Exemptions Review

Employment and Non-Residential Development Trends



- Hamilton is expected to experience relatively strong employment and non-residential development over the next decade; similar growth rates as achieved over the past five years.



Historical

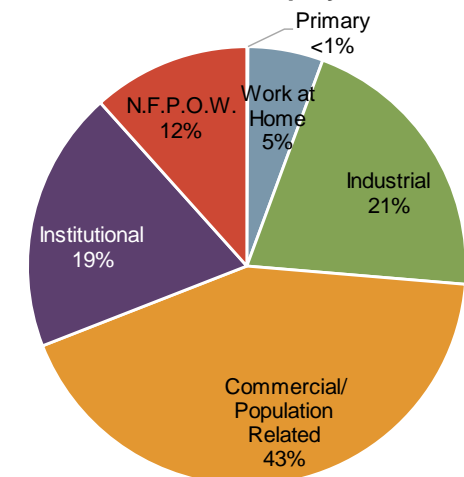
Non-Residential Development (sq.ft.)	2018	2019	2020	2021	2022	5-Year Total
Industrial	634,000	1,016,450	611,700	1,534,000	902,150	4,698,300
Commercial	331,950	805,200	326,100	193,600	258,150	1,915,000
Institutional	45,050	390,050	23,600	439,400	24,300	922,400
Total	1,011,000	2,211,700	961,400	2,167,000	1,184,600	7,535,700

Future

Non-Residential Development (sq.ft.)	2023-2033
Industrial	7,185,600
Commercial	4,946,000
Institutional	3,484,100
Total	15,615,700

- Hamilton's employment base is forecast to expand by approximately 29,000 jobs over the 2023 to 2033 period generating non-residential development of 15.6 million sq.ft.

Forecast 2023-2033 Employment Growth



Source: Historical non-residential activity derived from City of Hamilton building permit data, 2018 to 2022. Employment and non-residential growth forecasts derived from City of Hamilton Official Plan Amendment No. 167 to the Urban Hamilton Official Plan Respecting Municipal Comprehensive Review - Phase 1 (City-Wide), by Watson & Associates Economists Ltd., 2023.

D.C. Exemptions Review

Non-Residential Market



- **Industrial** – Strong development activity focused on distribution/logistics and warehousing as well as manufacturing. Strong appreciation in market rents and historically low vacancy rates (<1%). Market strength expected to continue over the medium term.
- **Office Commercial** – High vacancy rates persist, driven by the shift to remote/hybrid working; most evident in Downtown Hamilton. Structural weakness expected to continue with limited new stand-alone development anticipated.
- **Retail/Service Commercial** – This sector has stabilized post pandemic, and the growth outlook is positive with growth in the local population. Recent development activity has been below the historical average due to weaker prospects for larger format “bricks and mortar” retailers. While much of the hospitality sector is experiencing positive economic activity, challenges for main street and ground floor “mixed-use” development persist.

D.C. Exemptions Review

Preliminary Directions on Current Discretionary Exemptions



- Consider reducing the Downtown CIPA D.C. discount of 40% for residential development while maintaining discounts for non-residential development.
- Consider introducing a D.C. discount for high density (i.e. low-, mid- and high-rise) residential and mixed-use development within some MTSAs.
- Consider reducing/removing the City-wide 37% discount of the current industrial D.C. rate.
- Consider removing the Industrial Building Expansion (Detached) exemption.

Note: recommendations on discretionary exemptions will be brought to the Sub-Committee at the next meeting on the 2024 D.C. Background Study



Growth Forecast Summary and Draft Service Standards

2024 Development Charges Background Study
and By-law

D.C. Eligible Services



1. **Water**
2. **Wastewater**
3. **Storm water drainage**
4. **Services related to a highway**
5. Electrical power services
6. Toronto-York subway extension
7. **Transit**
8. **Waste diversion**
9. **Policing Services**
10. **Fire protection**
11. **Ambulance**
12. **Library**
13. **Long-term Care**
14. **Parks and Recreation**
15. **Public Health services**
16. **Childcare and early years services**
17. **Provincial Offences Act**
18. Emergency Preparedness
19. Airports (Waterloo Region only)

- Services included in 2024 D.C.
- Draft service standards and capital information for these services provided in detail in separate package.

- Services included in 2024 DC; however, master plan consultants are still working on service standard and capital information.
- Capital projects based on 2019 D.C. project listing
- Details related to these services will be provided at subsequent meeting.

D.C. Study Forecast Periods



- The D.C. growth forecast is based on OPA 167
- Ten-year forecast period (2023-2032) is utilized for all services other than:
 - Water
 - Wastewater
 - Stormwater
 - Services Related to a Highway
- For the above noted services, the prior D.C. population and employment target is being utilized (Note: consideration being given to services related to a highway which may utilize a longer-term forecast)

Growth Forecast Summary



Measure	10 Year
	City-Wide
	2023-2032
(Net) Population Increase	62,136
Residential Unit Increase	35,226
Non-Residential Gross Floor Area Increase (sq.ft.)	15,615,700

Source: Watson & Associates Economists Ltd. Forecast 2023

Overview of the D.C. Calculation



D.C. calculation is capped based on service standard calculation (for all services other than water, wastewater, and stormwater)

Cost of Infrastructure Required to Accommodate Growth

Residential and Non-residential Growth



\$

=

Development Charge per Unit
(for Residential Growth)

Development Charges

Development Charge per Sq.ft.
(for Non-residential Growth)

Exempted development
(Statutory or Council directed):
Not subject to the charge. The shortfall in D.C. revenue must be funded through property tax levy or rate fees

Non-Exempt Development:
All other development is subject to D.C.s

Service Standards



- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- D.C.A., 1997 provides that the ceiling is based on the “average of the past 15 years” (note: Bill 23 changed this requirement from 10 to 15 years)
- The D.C.A. requires a detailed review of service levels and requires consideration of both “quality” and “quantity” measures
- Note that this measure does not apply to water, wastewater, storm water and transit

Service Standard Example – Ambulance (sq.ft. of building area)



City of Hamilton Service Standard Calculation Sheet

Service: Ambulance Facilities
Unit Measure: sq.ft. of building area

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Bld'g Value (\$/sq.ft.)	Value/sq.ft. with land, site works, etc.
Station #1 - 35 - 43 John Street North	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853	\$602	\$705
Station #3 Ambulance, 965 Garth St.	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	\$747	\$864
Station #4 Ambulance, 729 Upper Sherman	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	\$602	\$705
All Other Ambulance Facilities	35,987	35,987	43,914	58,254	58,254	58,254	58,254	58,254	58,254	58,254	58,254	58,254	58,254	57,050	57,050	Varies by Facility	
Total	41,539	41,539	49,466	63,806	63,806	63,806	63,806	63,806	63,806	63,806	63,806	63,806	63,806	62,602	62,602		

Population	511,412	514,740	515,591	519,949	522,611	526,896	529,744	533,698	536,918	543,294	549,623	555,599	562,453	569,353	578,957
Per Capita Standard	0.0812	0.0807	0.0959	0.1227	0.1221	0.1211	0.1204	0.1196	0.1188	0.1174	0.1161	0.1148	0.1134	0.1100	0.1081

15 Year Average	2008-2022
Quantity Standard	0.1108
Quality Standard	\$816
Service Standard	\$90

D.C. Amount (before deductions)	10 Year
Forecast Population	62,136
\$ per Capita	\$90
Eligible Amount	\$5,617,716

*Details reduced for presentation purposes

Service Standard Example – Ambulance (Value (\$) of Facilities)



City of Hamilton Service Standard Calculation Sheet

Service: Ambulance Facilities
Unit Measure: Value of facilities (\$)

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Station #1 - 35 - 43 John Street North	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365	2,011,365
Station #3 Ambulance, 965 Garth St.	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656	1,342,656
Station #4 Ambulance, 729 Upper Sherman	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225	807,225
All Other Ambulance Facilities	29,786,447	29,786,447	36,050,769	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,869,263	47,020,732	47,020,732
Total	33,947,693	33,947,693	40,212,015	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	52,030,509	51,181,978	51,181,978

Population	511,412	514,740	515,591	519,949	522,611	526,896	529,744	533,698	536,918	543,294	549,623	555,599	562,453	569,353	578,957
Per Capita Standard	66.38	65.95	77.99	100.07	99.56	98.75	98.22	97.49	96.91	95.77	94.67	93.65	92.51	89.89	88.40

15 Year Average	2008-2022
Service Standard \$ per Capita	\$90

*Details reduced for presentation purposes

Draft Service Standards



SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED				
Service Category	Sub-Component	Maximum Ceiling LOS	Utilized*	Remaining
Public Works	Public Works - Facilities	52,229,036	45,966,921	21,308,348
	Public Works - Vehicles & Equipment	15,046,232		
Fire Protection	Fire Protection Services - Facilities	22,995,291	36,305,507	86,927
	Fire Protection Services - Vehicles & Equipment	10,668,751		
	Fire Protection Services - Small Equipment and Gear	2,728,392		
Policing	Policing Services - Facilities	43,159,666	23,175,745	24,352,703
	Policing Services - Vehicles	2,591,693		
	Policing Services - Small Equipment and Gear	1,777,090		
Parks & Recreation	Parkland Development	35,285,170	248,591,851	61,632,071
	Parkland Amenities	39,111,505		
	Parkland Amenities - Buildings	944,467		
	Parkland Trails	1,863,459		
	Parks Vehicles and Equipment	20,505		
	Recreation Facilities	225,826,457		
	Indoor Recreation Facilities - Buildings Withing Parks	7,129,485		
	Recreation Vehicles and Equipment	42,874		

*Utilized amounts excludes interest costs from debentures.

SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED				
Service Category	Sub-Component	Maximum Ceiling LOS	Utilized*	Remaining
Library	Library Services - Facilities	46,112,990	51,738,423	45,719
	Library Services - Collection Materials	5,467,347		
	Library Services - Vehicles	203,806		
Ambulance	Ambulance Facilities	5,617,716	8,085,705	64,674
	Ambulance Vehicles	2,532,663		
Long-term Care	Long-term Care Facilities	35,885,404	1,448,165	34,437,239
Childcare	Child Care and Early Years Programs - Facilities	2,968,858	-	2,968,858
Provincial Offences Act	POA Facilities	2,676,198	1,783,119	893,078
Public Health	Public Health - Facilities	6,606,921	1,185,468	5,421,453
	Public Health - Vehicles & Equipment	75,185		
Waste Diversion	Waste Diversion - Facilities	28,901,939	8,897,070	27,882,471
	Waste Diversion - Vehicles & Equipment	6,435,426		
	Waste Diversion - Carts & Containers	1,442,177		

General Observations on Service Standards



- Facility values are based on City's detailed modeling of current replacement values
- Generally, replacement values have increased above inflation due to factors such as COVID, supply chain issues, etc.
- The increase in need for service is limited by the average historical level of service
 - Prior to Bill 23, the average historical level of service was calculated over the prior 10-year period; Bill 23 now requires the calculation to be based on 15-years
 - Overall, this legislative change has resulted in a reduction of \$12 million (-2%) in the overall maximum eligible amount for all services other than roads (note: roads service standard has not yet been assessed)
 - The change has resulted in a reduction in the maximum eligible amount for all services other than public works and long-term care



Capital Project Summary

2024 Development Charges Background Study and By-law

Capital Costs



- Capital Cost definition includes:
 - Acquire land or interest in land
 - Improve land
 - Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
 - Equipment and rolling stock
 - Capital component of a lease for the above
 - Circulation materials for Libraries
 - Interest on money borrowed to pay for the above
- Capital costs must be reduced by grants, subsidies, and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

Limitations on Capital



- Certain capital costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with average life of <7 yrs.
 - Computer Equipment that is not integral to the delivery of the service
 - Studies (removed as an eligible capital cost as per Bill 23)
 - Possible removal of land acquisition for services (yet to be defined by the regulations)
- The following slide provides a summary of the draft capital costs for the 2024 DC Study. Note: this excludes capital for roads, transit, water, wastewater, and stormwater. The capital costs are still being developed for these services.

Draft Capital Project Summary



Service/Class of Service	Forecast Period	Gross Capital Cost Estimate (2023\$)	Post Period Benefit	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
					Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
Fire Protection Services	2023-2032	98,814,769	37,573,900	61,240,869	19,946,510	-	41,294,359	30,144,882	11,149,477
Policing Services	2023-2032	42,782,021	7,939,800	34,842,221	9,722,612	-	25,119,609	18,337,314	6,782,294
Public Works	2023-2032	57,000,000	-	57,000,000	11,033,079	-	45,966,921	33,555,852	12,411,069
Parks Services	2023-2032	182,418,976	62,621,100	119,797,876	37,507,300	-	82,290,576	78,176,047	4,114,529
Indoor Recreation Services	2023-2032	224,096,691	38,300,000	185,796,691	34,429,374	-	151,367,318	143,798,952	7,568,366
Library Services	2023-2032	124,657,661	17,992,000	106,665,661	53,289,873	-	53,375,788	50,706,999	2,668,789
Public Health Services	2023-2032	2,110,000	-	2,110,000	924,532	-	1,185,468	1,066,921	118,547
Provincial Offences Act	2023-2032	2,478,655	-	2,478,655	-	-	2,478,655	1,809,418	669,237
Ambulance Services	2023-2032	29,686,255	11,880,000	17,806,255	9,634,243	-	8,172,012	7,354,811	817,201
Long-Term Care Services	2023-2032	64,900,000	-	64,900,000	58,711,835	4,740,000	1,448,165	1,303,349	144,817
Child Care Services	2023-2032	-	-	-	-	-	-	-	-
Waste Diversion Services	2023-2032	25,121,868	-	25,121,868	16,224,798	-	8,897,070	8,452,216	444,853
Total		854,066,896	176,306,800	677,760,096	251,424,156	4,740,000	421,595,940	374,706,761	46,889,179

Note: Capital project costs are in draft.

Capital listings for Water, Wastewater, Stormwater, Transportation, and Transit to be provided at next Subcommittee meeting



Area Specific Development Charges

2024 Development Charges Background Study and By-law

Area Specific Development Charges (ASDCs)



- Under Section 10(2)(c.1) of the DC Act, municipalities are required to examine the use of ASDCs, however, it is not mandatory to impose
- While there are no specific “prescribed” services, the Act identified that the background study must provide consideration for ASDCs to reflect the different needs for different areas

Area Specific DC (ASDC) Considerations



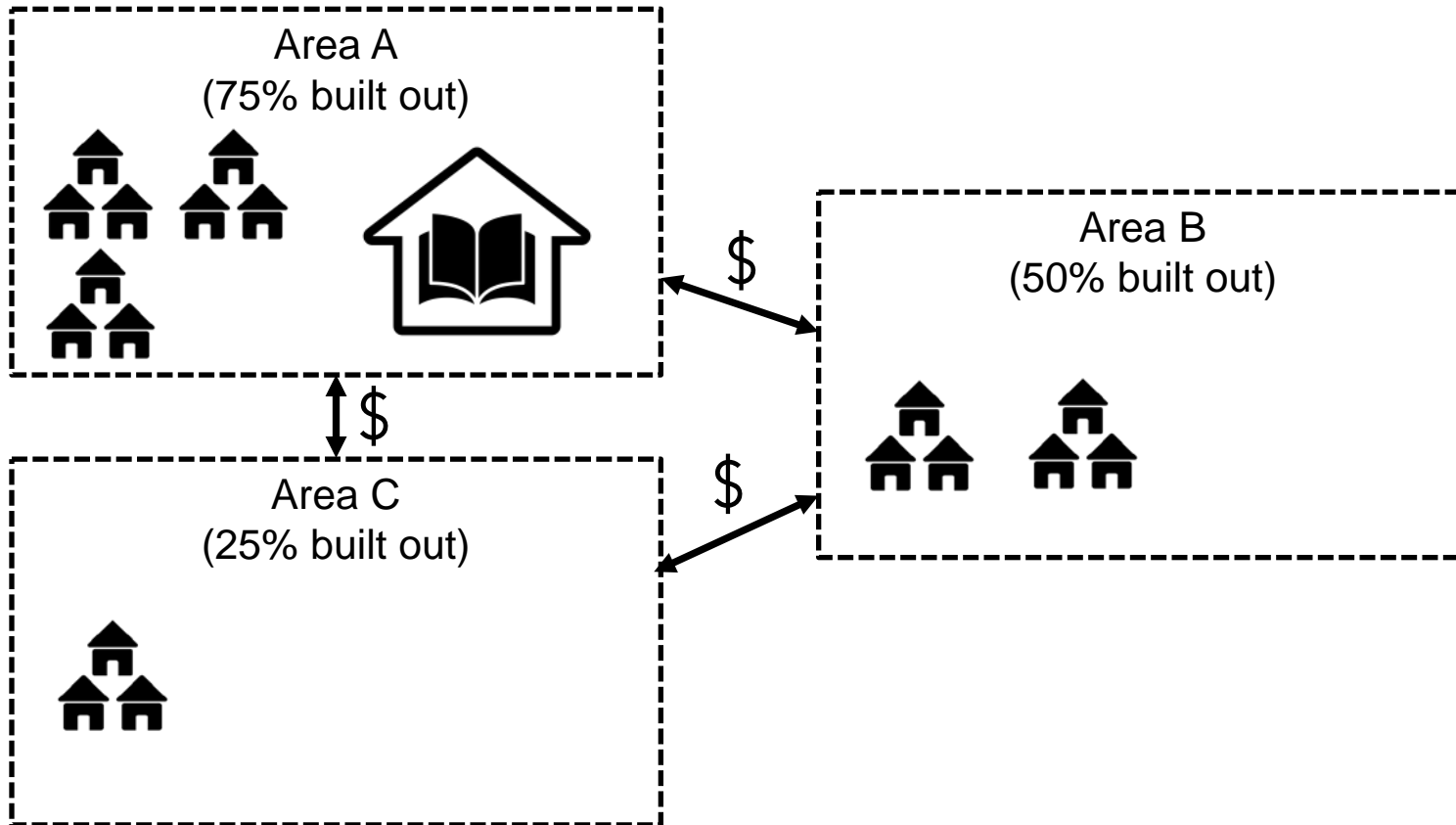
- Pros to ASDCs:
 - Higher perceived equity as funds collected in a specific area are used only for that area
 - Ensures investment of funds collected in areas where development is occurring
- Cons to ASDCs:
 - Charges collected for a service are restricted to the area in which they are collected for
 - Smaller collection areas result in a smaller pool of D.C. revenue – results in higher need for debt to fund projects as funds are isolated to individual service areas
 - Many services are not restricted to one specific area and are often used by all residents (e.g. roads, parks, recreation, library, police)
 - Increased administrative burden
 - Higher charges in one area versus another may impact competitiveness where housing prices are similar
 - All services other than water, wastewater, stormwater, and transit require a 15-year service standard to be calculated to establish an upper ceiling on the amount which can be collected from development. In certain cases, utilizing an ASDC can significantly reduce the total revenue recoverable (see library facilities example on next slide)
- If ASDCs are to be used, best utilized for water, wastewater, and stormwater

City-Wide versus ASDC Example (Libraries)



- To highlight the impact the ASDC approach may have on the City's ability to recover DCs, a calculated example for library services is provided in the subsequent slides.
- Although the example was undertaken only for library services, the impact would apply to all services that would require a service standard calculation.

City-Wide DC Calculation Example (Libraries)



Example:

- Existing charge for library is calculated on a City-Wide basis
- This means the service standard is calculated based on the total population of the City
- In the ASDC approach, separate service standards would need to be calculated for each area
- This means developing areas will have a very low service standard but will have the highest demand for capital
- Moving to an ASDC approach would reduce what the City could collect in DCs

Example ASDC Calculation for Library Facilities



City-Wide Methodology	Service Standard	Amount Utilized	Available
Library Facilities - City-Wide	46,112,990	46,045,496	67,494

ASDC Methodology	Service Standard	Amount Utilized	Available
Ancaster	1,705,523	-	1,705,523
Dundas	1,769,721	-	1,769,721
Flamborough	2,733,574	902,000	1,831,574
Glanbrook	1,239,773	3,951,900	(2,712,127)
Lower Hamilton (former City)	22,908,198	15,604,800	7,303,398
Upper Hamilton (former City)	8,611,677	8,637,496	(25,819)
Stoney Creek	3,607,969	16,949,300	(13,341,331)
Total Loss in DC Funding with ASDC Methodology			(16,079,277)

*Note: above service standard calculations exclude vehicles and collection materials

- Based on the example presented for library facilities and the capital needs identified, the City would limit its overall DC funding by \$16.1 million by moving to an ASDC methodology. This would need to be funded by property taxes.
- Capital needs are typically identified in newer areas where facilities are generally not yet constructed
 - As such, the service standards are not established within these areas and moving to an ASDC methodology would limit the amount of DCs that could be collected
 - The City would be limited in its available funding for needs in newer, high-growth areas by moving to ASDCs for services other than water, wastewater, and stormwater

Other Considerations



- Consideration to be provided for varying D.C.s for single detached units
- To provide for a defensible calculation and by-law, need to ensure the nexus between the charge and the benefit is provided
 - Charges are provided on a per capita basis and through studies conducted by other municipalities, it has been determined that larger single detached homes tend to have lower persons per unit (PPU), therefore varying the charge in this manner may provide larger estate type single detached homes with a lower D.C.
- To undertake the review, the City would need to commission a detailed study on PPU's for single detached homes on a per square foot basis



Local Service Policy Overview

2024 Development Charges Background Study and By-law

Local Service Policies

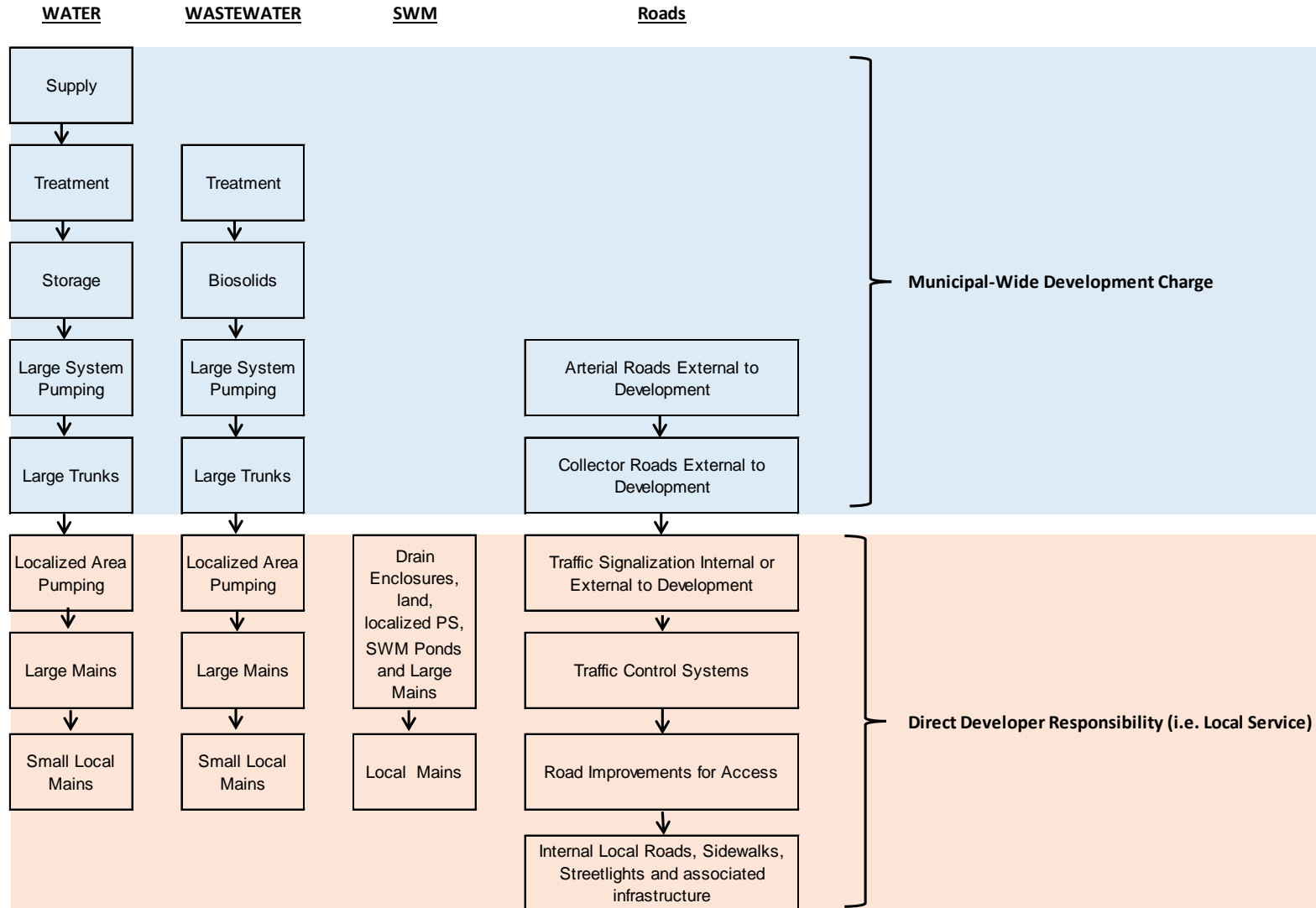


- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, collector & arterial roads,
 - Intersection improvements & traffic signals,
 - Streetlights & sidewalks,
 - Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways,
 - Noise Abatement Measures,
 - Land dedications/easements,
 - Water, Wastewater & Stormwater, and
 - Park requirements.

Local Service Policy Schematic



Allocations of Services Included in Capital Charges

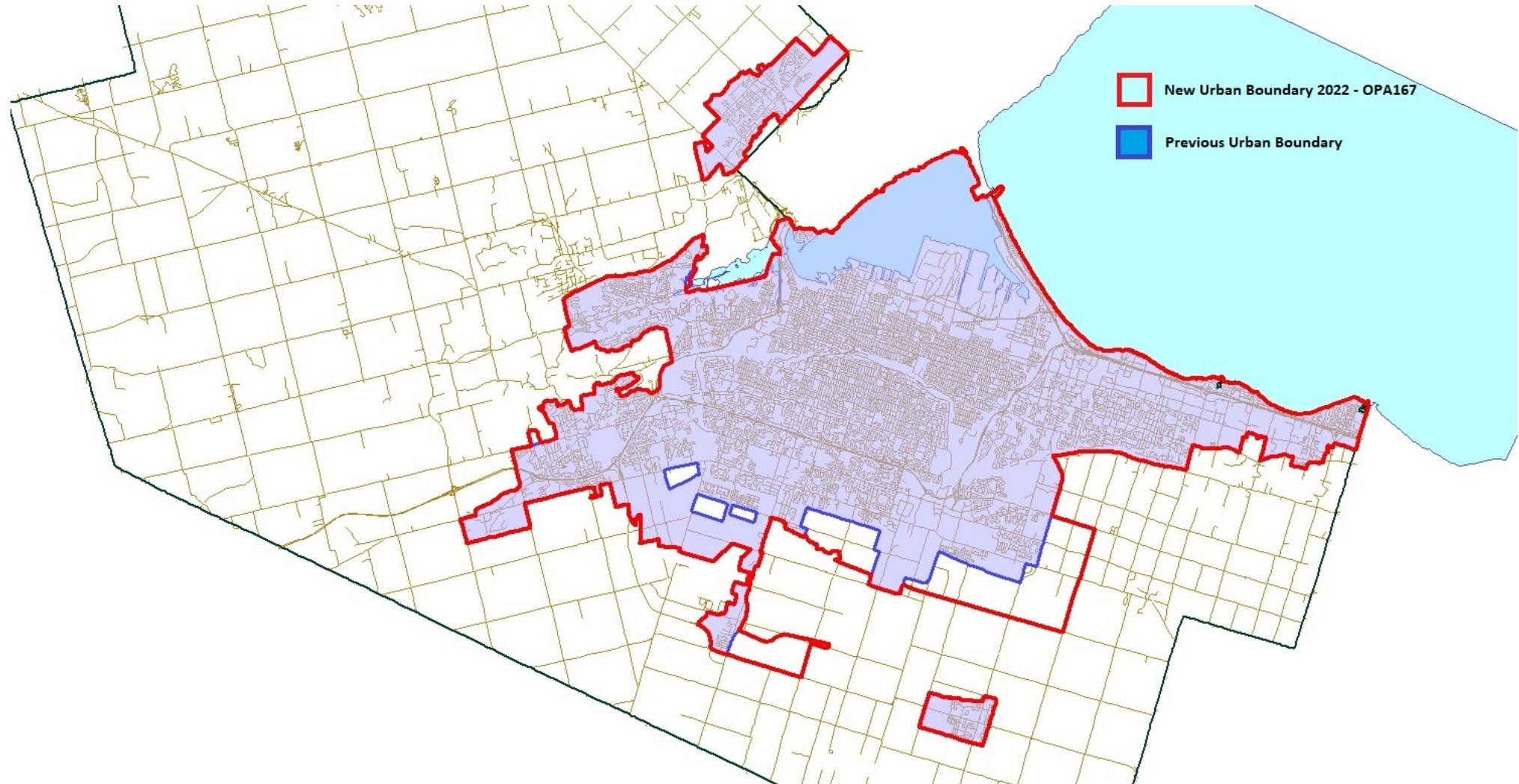


Local Service Policy Overview



- Based on discussions with staff and engineering subconsultants, it is recommended that the existing local service policy be subdivided based on location of development as follows:
 - Within ‘former’ urban boundary and intensification corridors – traditional local service policy requirements
 - Outside ‘former’ urban boundary – Development would be responsible for:
 - All roads, linear water and wastewater infrastructure (external to urban boundary) required to service the development including potential oversizing costs
 - Within the urban boundary, certain linear W/WW works are oversized (post-period benefit) to accommodate flows
 - Development would be required to pay municipal-wide D.C.s and water/wastewater treatment D.C.s

Local Service Policy Overview





Next Steps and Discussion

2024 Development Charges Background Study
and By-law



Next Steps

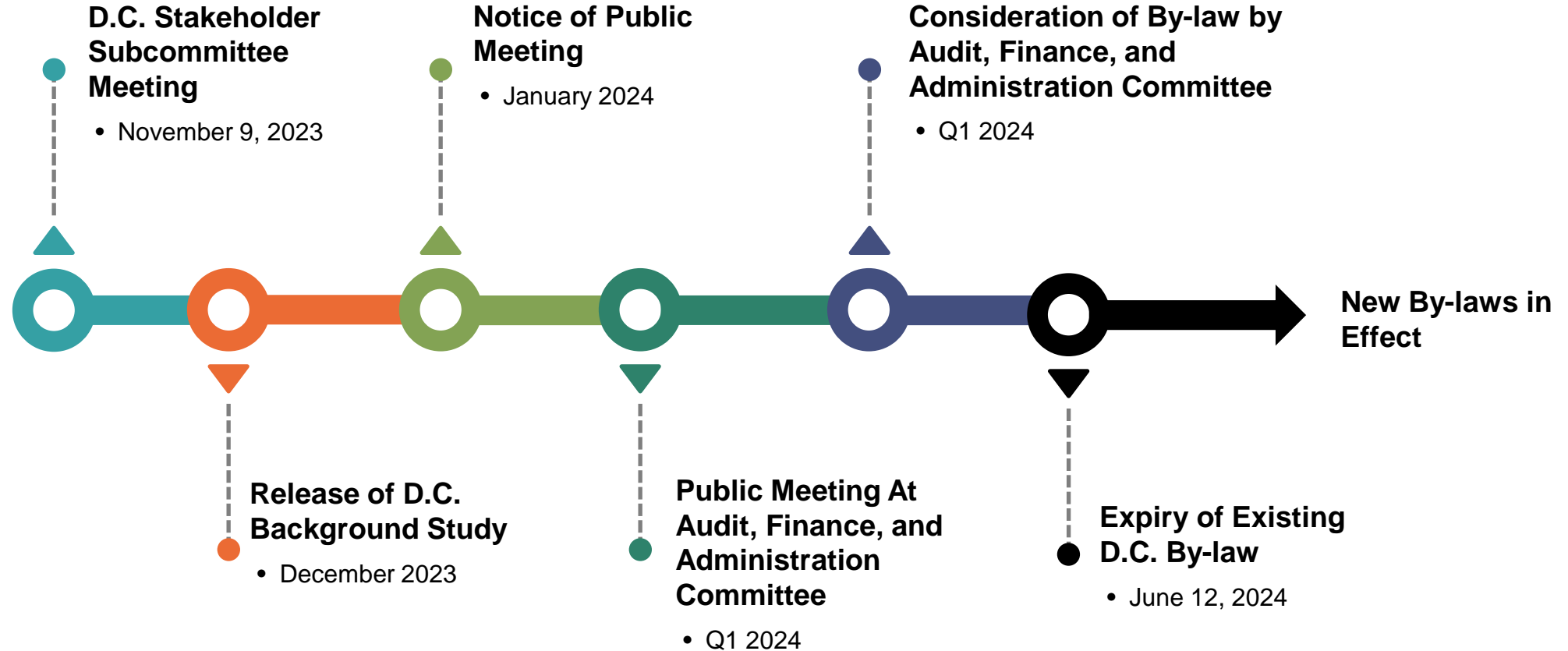
- Finalize service standard and capital project listing for all services (including water, wastewater, stormwater, and transportation)
- Finalize local service policy
- Finalize D.C. exemptions review findings and associated recommendations
- Develop D.C. and ASDC by-law policies
- D.C. background study and draft by-law to be released by the end of 2023

Next Steps



- Next D.C. Stakeholders Sub-Committee Meeting scheduled for November 9, 2023 to review the following:
 - Final exemption recommendations
 - Final capital listings and service standards for all services
 - Local service policy
 - Decision on approach to ASDCs for each service
 - Draft DC rates and comparator survey
 - Obtain authority to release the D.C. background study and draft by-law by the end of 2023

Next Steps





Questions?

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