



 **Watson  
& Associates**  
ECONOMISTS LTD.

# City of Kawartha Lakes

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Committee of the Whole – Draft Findings

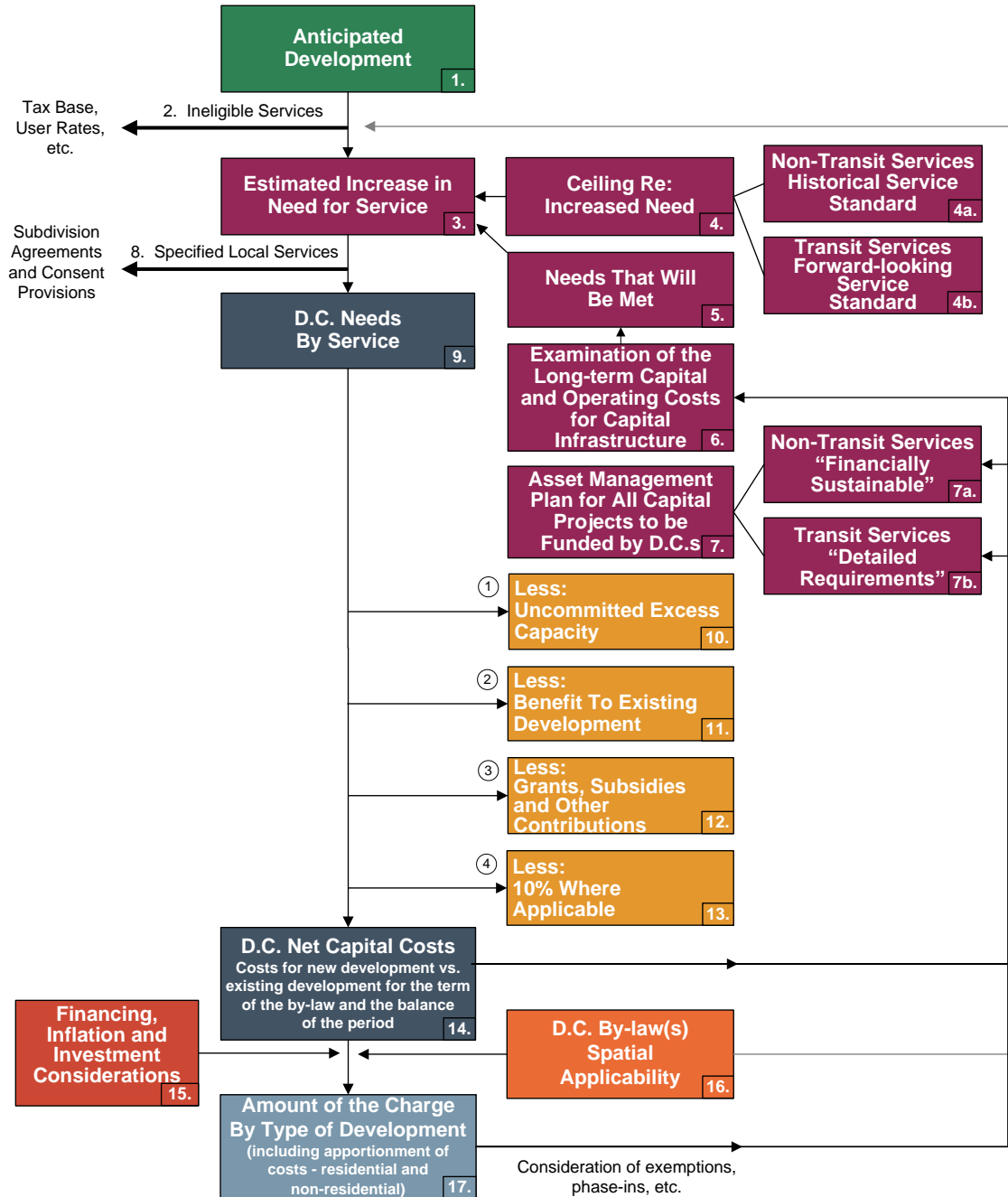
October 8, 2019

# Development Charges



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

The Process of Calculating a Development Charge under the Act that must be followed





# More Homes, More Choice Act

## *Status of Legislation*

- Bill 108, *More Homes, More Choice Act*, was introduced in the Ontario Legislature on May 2, 2019 and received Royal Assent on June 6, 2019
- Schedule 3 of the Act, amends the D.C.A.
- Many of the amendments to the D.C.A. do not come into effect until they are proclaimed by the Lieutenant Governor, however, transitional provisions with respect to soft services to the prescribed date (currently anticipated to be January 1, 2021) are provided

# More Homes, More Choice Act

## *D.C.A. Amendments*



- D.C.A. amendments include:
  - Changes to Eligible Services
    - “Soft Services” will be removed from the D.C.A. and considered as part of a Community Benefit Charge under the authority of the *Planning Act*
    - Eligible services include:
      - Water supply services, including distribution and treatment services;
      - Wastewater services, including sewers and treatment services;
      - Storm water drainage and control services;
      - Services related to a highway;
      - Policing services;
      - Ambulance services;
      - Fire protection services;
      - Transit services; and
      - Waste diversion services
  - Waste Diversion and Ambulance, removal of 10% statutory deduction

# *More Homes, More Choice Act*

## *D.C.A. Amendments*



- D.C.A. amendments (continued):
  - Determination of the D.C.
    - D.C. for developments proceeding through Site Plan or Zoning Bylaw Amendment will be determined based on the charges in effect on the day of the application
    - Proposed to apply if building permit issuance occurs within 2 years of planning application approval
    - D.C. for developments not proceeding via these planning approvals will be determined at the earlier of building permit issuance or occupancy
  - Payment in installments
    - Rental housing, commercial, industrial, and institutional developments would pay D.C.s in 6 equal annual payments, commencing from the date of occupancy
    - Non-profit housing would pay D.C.s in 21 equal annual payments, commencing from the date of occupancy

# *More Homes, More Choice Act*

## *D.C.A. Amendments*



- D.C.A. amendments (continued):
  - Statutory exemption for secondary residential dwelling
    - Exemption for the creation of additional dwelling units, in prescribed classes of existing residential buildings or structures ancillary to existing residential buildings, and
    - The creation of a second dwelling unit in prescribed classes of proposed new residential buildings, including structures ancillary to dwellings

# Growth Forecast

## Summary



- City of Kawartha Lakes Growth Management Strategy, May 2011 Update;
- City of Kawartha Lakes Growth Management Strategy and Municipal Master Plan Project, February 2012;
- A review of historical residential and non-residential development activity; and
- Discussions with City staff regarding the anticipated residential and non-residential development trends for the City of Kawartha Lakes



# Growth Forecast

## Residential



Time Horizon	Residential <sup>1</sup>	
	Net Population	Dwelling Units
<b>City-Wide</b>		
2019	89,113	36,224
2029	107,017	45,479
2031	110,152	47,036
<b>Incremental Change</b>		
<b>Urban (Lindsay)</b>		
2019-2029	11,646	5,553
2019-2031	13,664	6,510
<b>Urban (Other)</b>		
2019-2029	3,305	1,645
2019-2031	3,878	1,920
<b>Rural</b>		
2019-2029	2,487	2,057
2019-2031	2,958	2,383
<b>City-Wide</b>		
2019-2029	17,438	9,255
2019-2031	20,500	10,813

1. Excluding Institutional Population and including 50% seasonal population

# Growth Forecast

## Non-Residential



Time Horizon	Industrial		Commercial		Institutional		Total	
	Employment <sup>1</sup>	Sq.ft. of G.F.A.	Employment <sup>1</sup>	Sq.ft. of G.F.A.	Employment <sup>1</sup>	Sq.ft. of G.F.A.	Employment <sup>1</sup>	Sq.ft. of G.F.A.
<b>City-Wide</b>								
2019	3,170	N/A	7,623	N/A	6,314	N/A	17,107	N/A
2029	3,610	N/A	9,297	N/A	6,804	N/A	19,711	N/A
2031	3,678	N/A	9,574	N/A	6,891	N/A	20,143	N/A
<b>Incremental Change</b>								
<b>Urban (Lindsay)</b>								
2019-2029	389	466,800	1,230	615,000	363	254,100	1,982	1,335,900
2019-2031	449	538,800	1,434	717,000	428	299,600	2,311	1,555,400
<b>Urban (Other)</b>								
2019-2029	39	46,400	431	215,500	127	88,900	597	350,800
2019-2031	45	53,900	503	251,400	149	104,300	697	409,600
<b>Rural</b>								
2019-2029	12	14,800	13	6,500	-	-	25	21,300
2019-2031	14	16,900	14	7,100	-	-	28	24,000
<b>City-Wide</b>								
2019-2029	440	528,000	1,674	837,000	490	343,000	2,604	1,708,000
2019-2031	508	609,600	1,951	975,500	577	403,900	3,036	1,989,000

1. Excluding WAH and NFPOW



# Increase in Need for Service

## City-Wide (10-year)

- Parking Services
- Airport Services
- Parks and Recreation
- Library Services
- Administration Studies
- Municipal By-law Enforcement
- Paramedic Services
- Health & Social Services
- Waste Diversion

## Lindsay (10-year)

- Transit Services

## Lindsay and Ops (10-year)

- Police

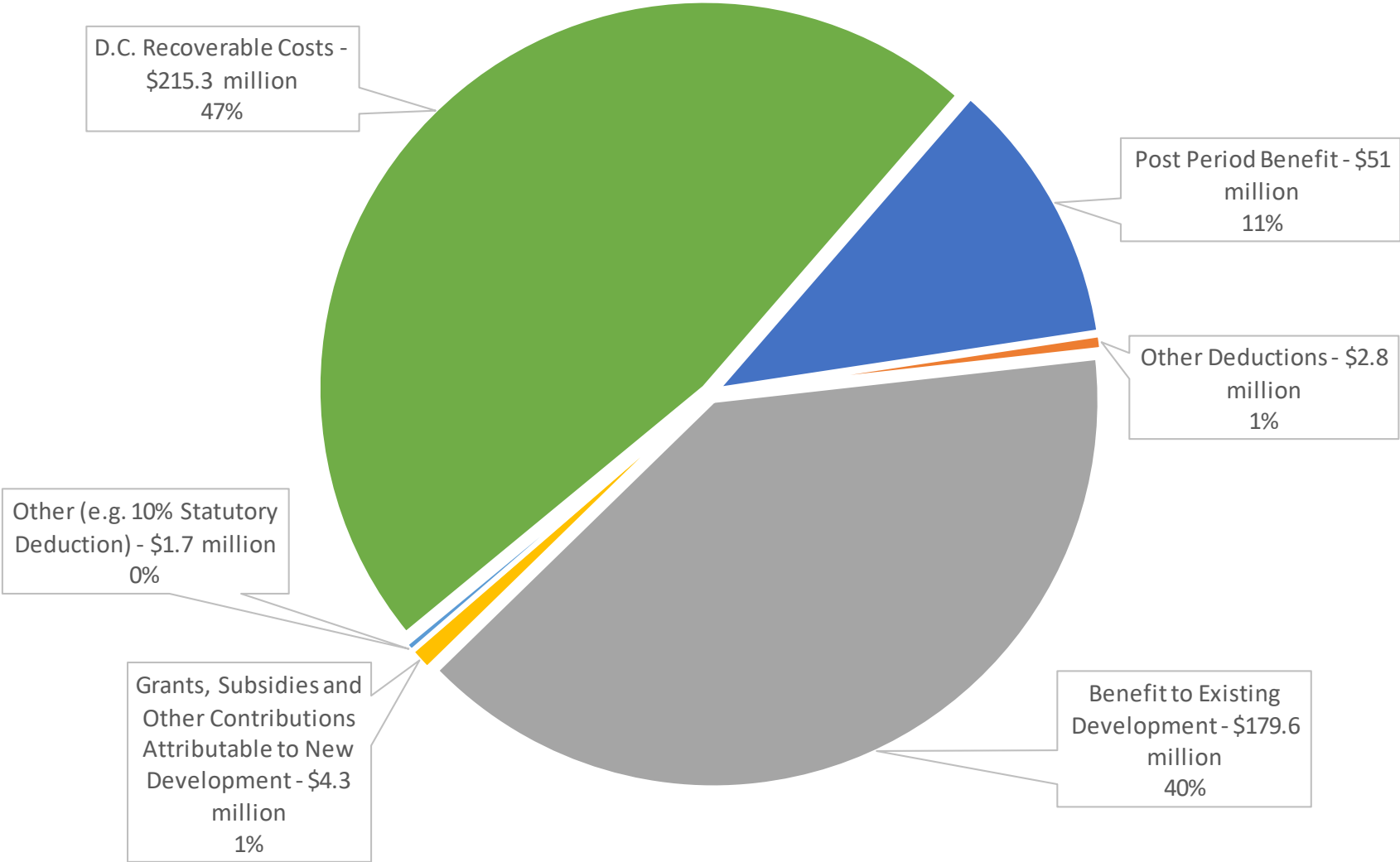
## City-Wide (12-year)

- Roads and Related Services
- Fire Services

## Urban Serviced Area (12-year)

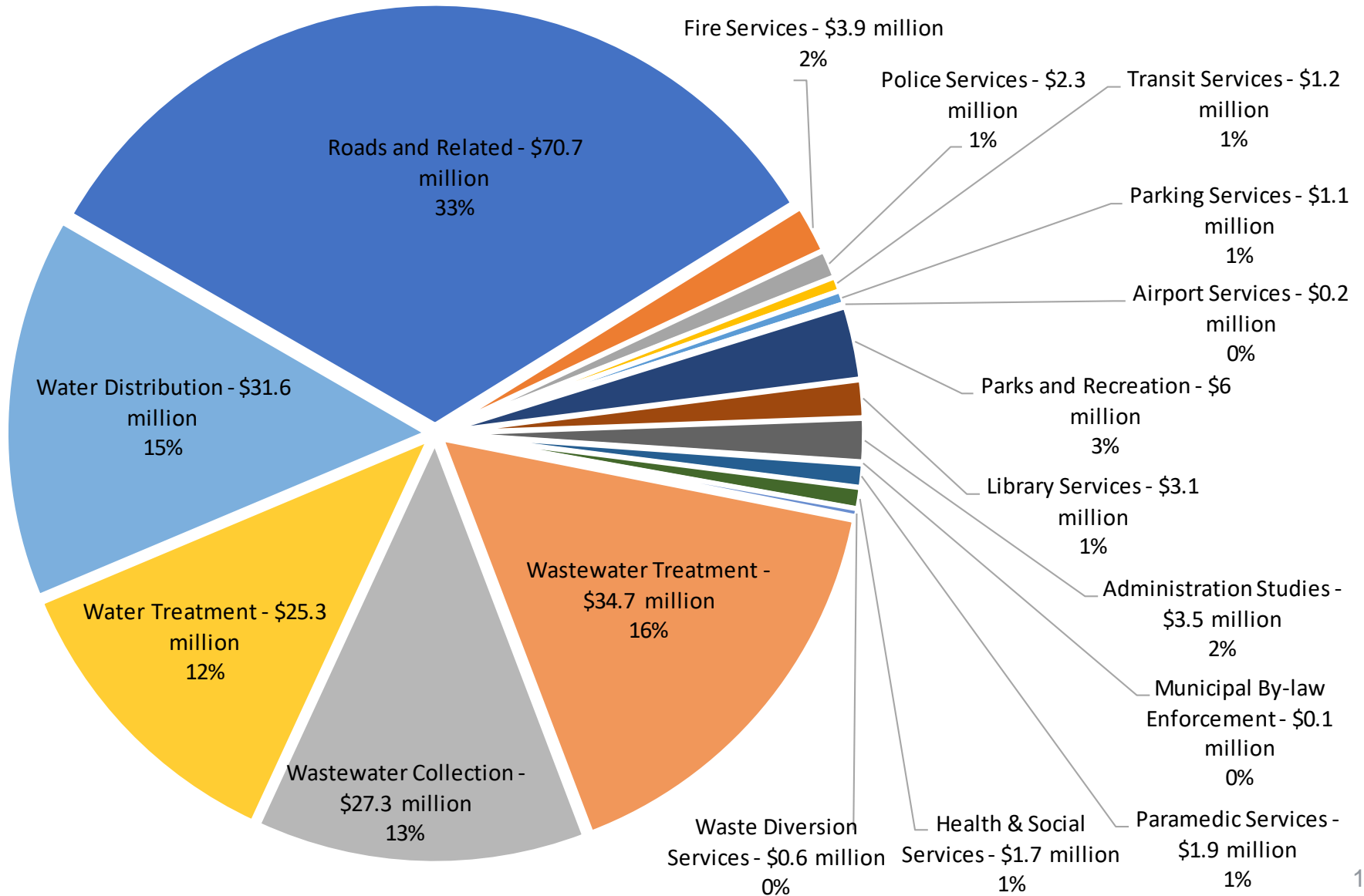
- Wastewater Treatment
- Wastewater Collection (excl. Northwest Lindsay Development Area)
- Water Treatment and Distribution

# Gross Capital Costs – \$446.6 million



D.C. Recoverable Costs include \$8.1 million in estimated D.C. reserve fund deficits

# D.C. Recoverable Costs – \$215.3 million



# Calculated Schedule of D.C.s

## Residential



Service	RESIDENTIAL			
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Row or Multiple
<b>Municipal Wide Services:</b>				
Fire Services	341	205	154	304
Police Services <sup>1</sup>	393	236	178	350
Roads and Related	6,027	3,615	2,724	5,361
Transit Services <sup>2</sup>	240	144	108	213
Parking Services	111	66	50	98
Airport Services	22	13	10	20
Parks and Recreation	664	398	300	590
Library Services	340	204	154	303
Paramedic Services	190	114	86	169
Municipal By-law Enforcement	14	9	6	13
Health & Social Services	206	123	93	183
Waste Diversion Services	64	38	29	57
Administration Studies	362	217	164	322
<b>Total Municipal Wide Services</b>	<b>8,974</b>	<b>5,382</b>	<b>4,056</b>	<b>7,983</b>
<b>Urban Services</b>				
Wastewater Treatment	4,057	2,433	1,834	3,609
Wastewater Collection <sup>3</sup>	5,890	3,533	2,662	5,240
Water Treatment	3,185	1,910	1,439	2,833
Water Distribution	3,302	1,981	1,493	2,938
<b>Total Urban Services</b>	<b>16,434</b>	<b>9,857</b>	<b>7,428</b>	<b>14,620</b>
<b>Urban - Lindsay</b>	<b>25,408</b>	<b>15,239</b>	<b>11,484</b>	<b>22,603</b>
<b>Urban - NWT</b>	<b>19,518</b>	<b>11,706</b>	<b>8,822</b>	<b>17,363</b>
<b>Urban - Other</b>	<b>24,776</b>	<b>14,859</b>	<b>11,198</b>	<b>22,040</b>
<b>Rural - Ops</b>	<b>8,734</b>	<b>5,238</b>	<b>3,948</b>	<b>7,770</b>
<b>Rural - Other</b>	<b>8,341</b>	<b>5,002</b>	<b>3,770</b>	<b>7,420</b>

1. Polices services only payable within Lindsay and the former Township of Ops

2. Transit Services only payable within Lindsay

3. Wastewater Collection Services only payable within municipal service area, outside of the Northwest Lindsay Development Area

# Calculated Schedule of D.C.s

## Non-Residential



Service	NON-RESIDENTIAL (per sq.m. of Gross Floor Area)				NON-RESIDENTIAL (per 500kW nameplate generating capacity)
	Uniform	Industrial	Commercial	Institutional	
<b>Municipal Wide Services:</b>					
Fire Services	2.79	1.54	3.66	2.59	341
Police Services <sup>1</sup>	2.69	1.51	3.62	2.59	393
Roads and Related	49.21	26.86	64.48	46.06	6027
Transit Services <sup>2</sup>	1.71	0.96	2.30	1.65	
Parking Services	0.90	0.49	1.18	0.84	
Airport Services	0.18	0.10	0.24	0.17	
Parks and Recreation	1.91	1.91	1.91	1.91	
Library Services	0.98	0.98	0.98	0.98	
Paramedic Services	1.55	0.85	2.03	1.45	190
Municipal By-law Enforcement	0.12	0.06	0.15	0.11	
Health & Social Services					
Waste Diversion Services	0.52	0.29	0.68	0.49	
Administration Studies	2.95	1.61	3.87	2.77	362
<b>Total Municipal Wide Services</b>	<b>65.50</b>	<b>37.15</b>	<b>85.11</b>	<b>61.59</b>	<b>7,314</b>
<b>Urban Services</b>					
Wastewater Treatment	28.24	15.32	36.76	26.26	
Wastewater Collection <sup>3</sup>	51.90	28.15	67.56	48.26	
Water Treatment	22.41	12.30	29.52	21.07	
Water Distribution	23.24	12.76	30.61	21.85	
<b>Total Urban Services</b>	<b>125.79</b>	<b>68.53</b>	<b>164.44</b>	<b>117.45</b>	<b>-</b>
<b>Urban - Lindsay</b>	<b>191.29</b>	<b>105.68</b>	<b>249.55</b>	<b>179.04</b>	<b>7,314</b>
<b>Urban - NWT</b>	<b>139.40</b>	<b>77.53</b>	<b>181.99</b>	<b>130.78</b>	<b>7,314</b>
<b>Urban - Other</b>	<b>186.90</b>	<b>103.21</b>	<b>243.62</b>	<b>174.81</b>	<b>6,921</b>
<b>Rural - Ops</b>	<b>63.79</b>	<b>36.20</b>	<b>82.81</b>	<b>59.95</b>	<b>7,314</b>
<b>Rural - Other</b>	<b>61.10</b>	<b>34.69</b>	<b>79.18</b>	<b>57.36</b>	<b>6,921</b>

1. Polices services only payable within Lindsay and the former Township of Ops

2. Transit Services only payable within Lindsay

3. Wastewater Collection Services only payable within municipal service area, outside of the Northwest Lindsay Development Area

# City D.C. Comparison

## Residential



<b>Single and Semi-Detached Dwelling</b>	<b>Current</b>	<b>Calculated</b>	<b>Change (%)</b>	<b>Change (\$)</b>
<b>Urban - Lindsay</b>	<b>20,179</b>	<b>25,408</b>	<b>26%</b>	<b>5,229</b>
<b>Urban - NWT</b>	<b>14,354</b>	<b>19,518</b>	<b>36%</b>	<b>5,164</b>
<b>Urban - Other</b>	<b>19,594</b>	<b>24,776</b>	<b>26%</b>	<b>5,182</b>
<b>Rural - Ops</b>	<b>7,037</b>	<b>8,734</b>	<b>24%</b>	<b>1,697</b>
<b>Rural - Other</b>	<b>6,529</b>	<b>8,341</b>	<b>28%</b>	<b>1,812</b>



# City D.C. Comparison

## Non-Residential



### Differentiated

Service	Industrial			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	89.54	105.68	18%	16.14
Urban - NWT	66.13	77.53	17%	11.40
Urban - Other	87.18	103.21	18%	16.03
Rural - Ops	36.50	36.20	-1%	(0.30)
Rural - Other	34.45	34.69	1%	0.24

### Uniform

Service	Industrial			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	89.54	191.29	114%	101.75
Urban - NWT	66.13	139.40	111%	73.27
Urban - Other	87.18	186.90	114%	99.72
Rural - Ops	36.50	65.50	79%	29.00
Rural - Other	34.45	62.81	82%	28.36

Service	Commercial			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	202.97	249.55	23%	46.58
Urban - NWT	149.85	181.99	21%	32.14
Urban - Other	197.35	243.62	23%	46.27
Rural - Ops	81.20	82.81	2%	1.61
Rural - Other	76.30	79.18	4%	2.88

Service	Commercial			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	202.97	191.29	-6%	(11.68)
Urban - NWT	149.85	139.40	-7%	(10.45)
Urban - Other	197.35	186.90	-5%	(10.45)
Rural - Ops	81.20	65.50	-19%	(15.70)
Rural - Other	76.30	62.81	-18%	(13.49)

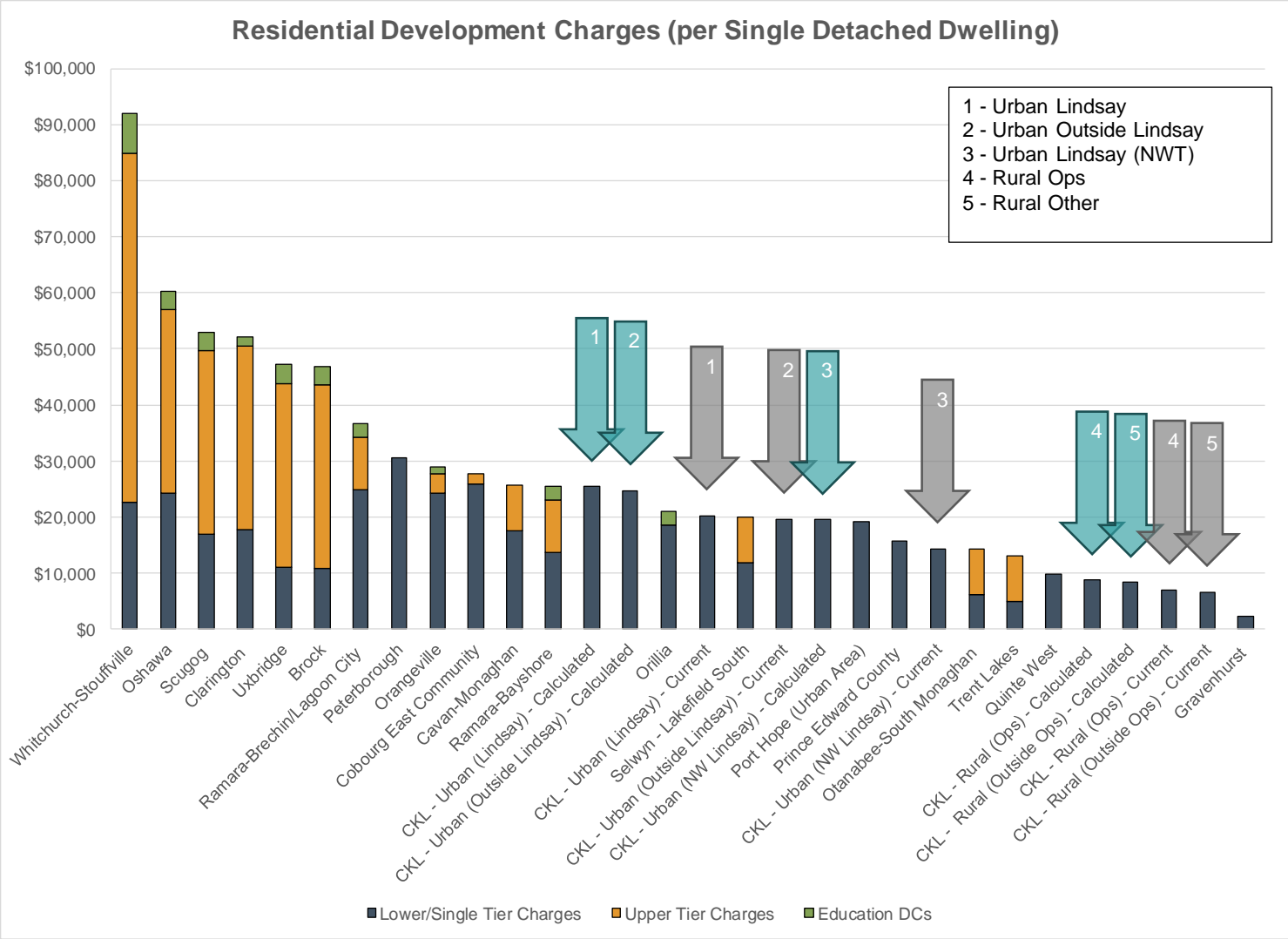
Service	Institutional			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	145.98	179.04	23%	33.06
Urban - NWT	107.87	130.78	21%	22.91
Urban - Other	141.97	174.81	23%	32.84
Rural - Ops	58.76	59.95	2%	1.19
Rural - Other	55.25	57.36	4%	2.11

Service	Institutional			
	Current	Calculated	(%)	(\$)
Urban - Lindsay	145.98	191.29	31%	45.31
Urban - NWT	107.87	139.40	29%	31.53
Urban - Other	141.97	186.90	32%	44.93
Rural - Ops	58.76	65.50	11%	6.74
Rural - Other	55.25	62.81	14%	7.56



# Municipal D.C. Comparison

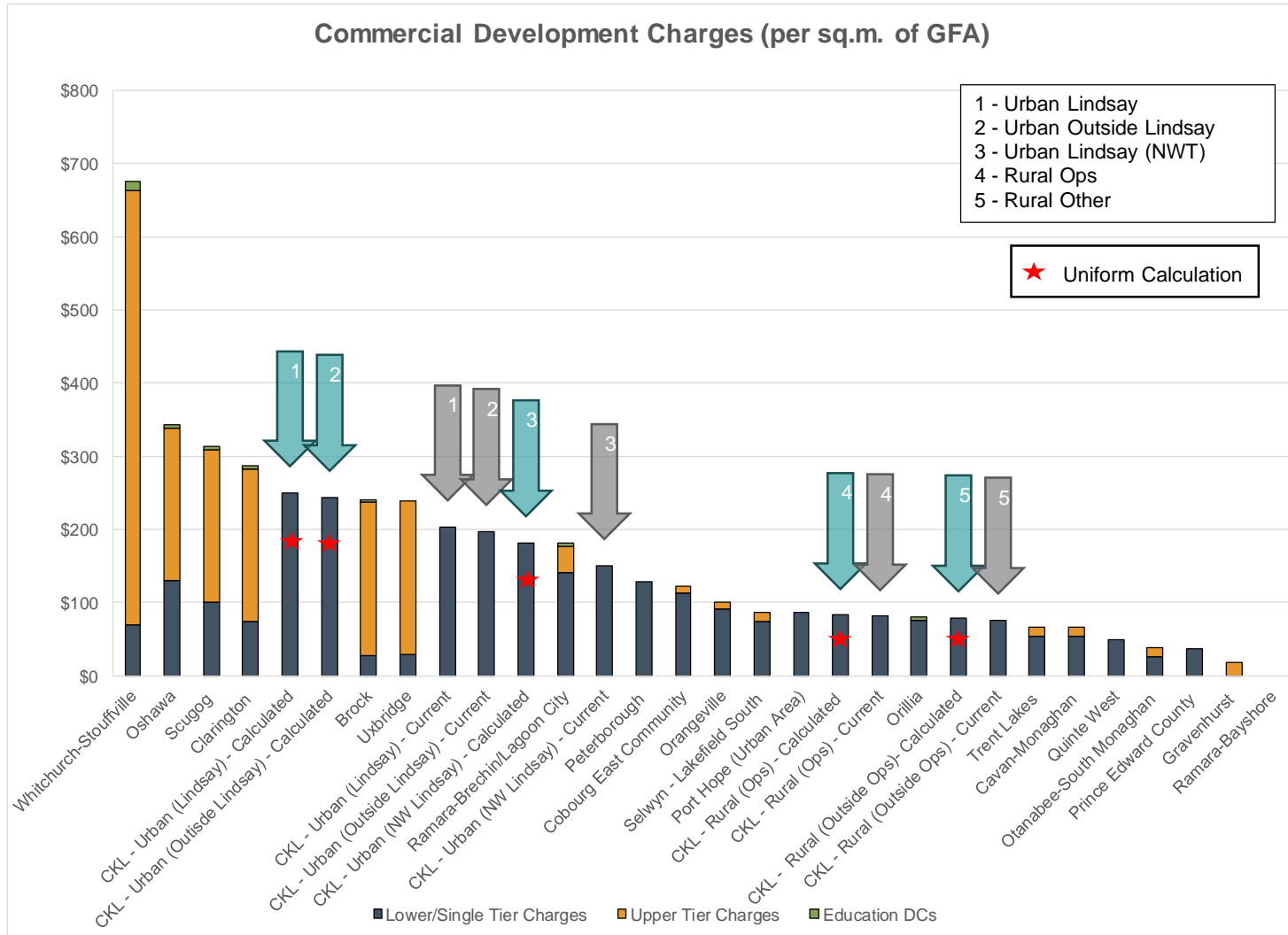
## Residential – Single and Semi-Detached Dwelling Units



City of Peterborough Charges – Calculated as per September 26, 2019 D.C. Background Study

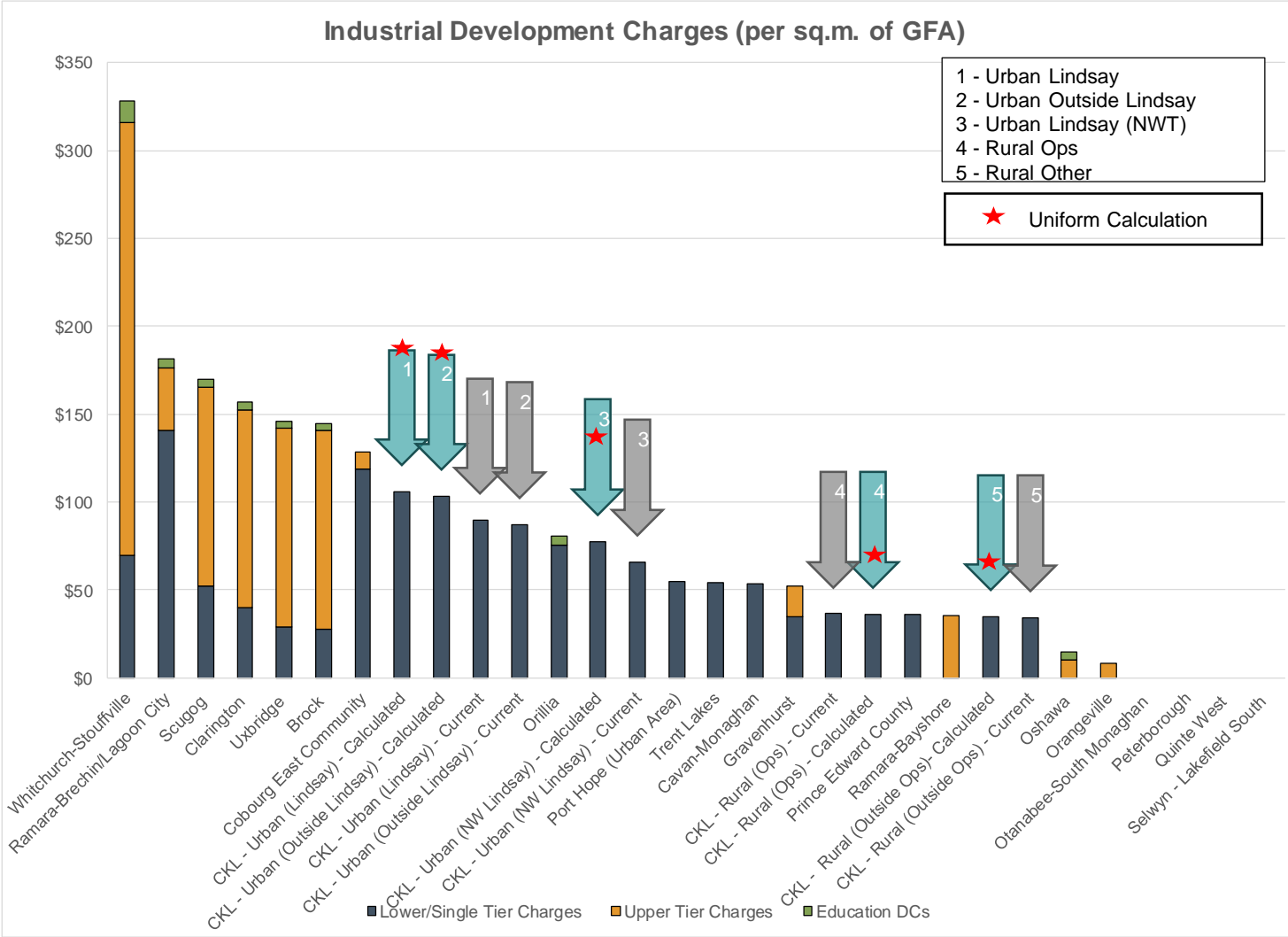
# Municipal D.C. Comparison

## Non-Residential - Commercial



# Municipal D.C. Comparison

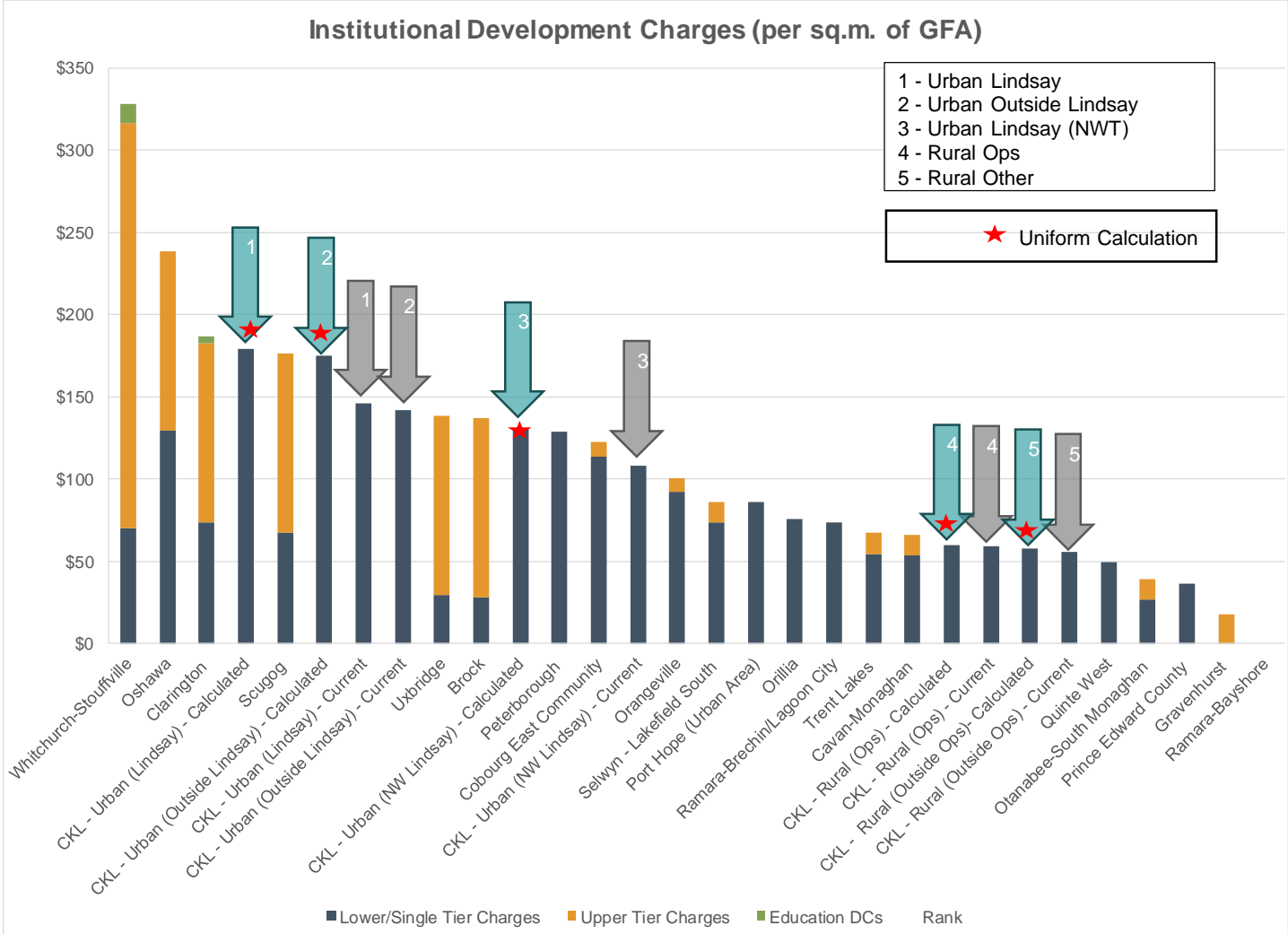
## Non-Residential – Industrial

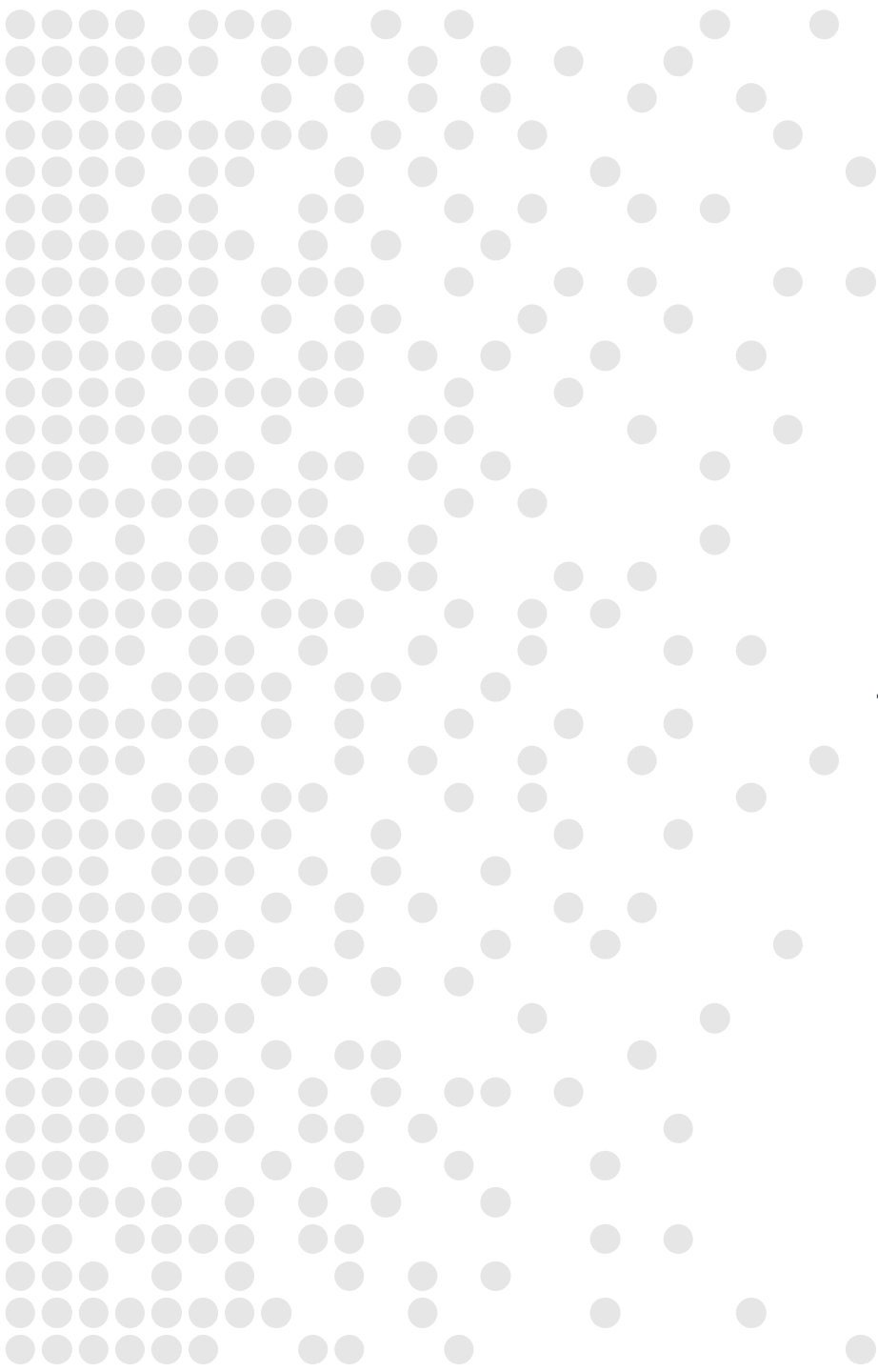




# Municipal D.C. Comparison

## Non-Residential - Institutional





# Development Charge By-Law Policies

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# Development Charges Assistance Policy



- The City’s “***D.C. Assistance Policy***” proposes to address specific D.C. implementation policies
- The policy establishes guidelines for the implementation of the D.C., with respect to:
  - Deferred D.C. payments
  - Defrayal/exemptions of D.C. payments
  - Extensions for the eligibility of redevelopment credits
- *D.C. Assistance Policy* approach is being utilized to allow the City to monitor the effectiveness of the policy and provide increased flexibility to amend the policy as required



# D.C. By-Law Policies

## Timing of Collection

- D.C.s can be calculated and payable at the time of building permit issuance or at subdivision registration for hard services
  - Municipality may enter into agreement for the D.C. to be paid before or after it would otherwise be payable
- A municipality is not required to issue a building permit for development to which a D.C. applies unless the charge has been paid
- If a D.C. or any part of it remains unpaid after it is payable, the amount unpaid shall be added to the tax roll and shall be collected in the same manner as taxes





# D.C. By-Law Policies

## Timing of Collection – Proposed Policies

- Calculation and payment of D.C.s for roads, water, and wastewater services may be required at the time of subdivision or consent agreement, in accordance with Council policy
- All other D.C. are calculated and payable at the time of building permit issuance
- D.C. Deferral Policies to be addressed in City's *D.C. Assistance Policy*:
  - Deferral to condominium registration or occupancy
  - Deferral for high density residential development (50% payable at 1.5 years from agreement and 50% at 3 years from agreement)
  - Deferral to date of occupancy for residential development only
  - Deferral for specified period
    - Non-residential development (up to 3-year maximum deferral)



# D.C. By-Law Policies

## D.C. Exemptions

- The Act provides for some mandatory exemptions but also allows municipalities the ability to provide it's own exemptions
- Exemptions set out certain classes of development that will not be required to pay D.C.s. These exemptions may be determined by:
  - Use (e.g. places of worship, farm buildings)
  - Geographic area
  - Development type
  - Service exemption
- The Act is specific in identifying that the revenue forgone may not be made up by increasing the D.C.s for other classes of development
- In effect, it is a loss of revenue to the municipality which will have to be funded via taxes, rates, reserves or other financial resources



# D.C. By-Law Policies

## Statutory Exemptions

- The D.C.A. provides statutory exemptions for:
  - Industrial building expansions (may expand by 50% with no D.C.)
  - Residential intensification:
    - May add up to two apartments for a single detached home as long as size of home doesn't double
    - Add one additional unit in medium and high density buildings
  - Upper/Lower Tier Governments and School Boards



# Current D.C. Policies

## Non-Statutory Exemptions

- Non-statutory exemptions proposed:
  - Place of worship, non-profit hospice, public hospital, cemetery, burial site, or crematorium
  - Agricultural development
  - Park model trailer
  - Municipal housing dwelling unit



# D.C. By-Law Policies

## Redevelopment Credits

- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
- Redevelopment credits granted for conversions/demolitions
- Building/structure must have been capable of being occupied within 3-years prior to the date of redevelopment
- *D.C. Assistance Policy* proposes:
  - Maximum 3-year extension where commitment to redeveloping in timely manner has been demonstrated
  - Maximum 7-year extension where timely demolition of a derelict building is, in Council's determination, in the public interest



# D.C. By-Law Policies

## D.C. Indexing

- D.C.A. allows for adjustment of charges to reflect underlying cost increases and reduces municipal cash flow impact between statutory by-law reviews
- Indexing can be:
  - Mandatory – implemented annually commencing from the date the by-law comes into force, in accordance with the Statistics Canada Quarterly, Construction Price Statistics
  - Discretionary – index presented to Council annually for direction
- The City's current D.C. by-law provides for mandatory indexing of the charge on January 1<sup>st</sup> of each year

# Next Steps



- Receive direction from Council on non-residential charge structure and D.C. Assistance Policy
- D.C. Public Meeting (November 5, 2019)
- Consideration of D.C. by-law and background study by Council (December 10<sup>th</sup>, 2019)
- January 1, 2020 – D.C. By-law effective date