

The Corporation of the City of Kawartha Lakes

Council Report

Report Number EA2019-011

Date: September 24, 2019

Time: 1:00 p.m.

Place: Council Chambers

Ward Community Identifier: All

Title: Revised Terms of Reference for Development Charges Task Force

Description: This report requests that the Terms of Reference for the Development Charges Task Force be revised to enable the Task Force to provide advice and recommendations regarding the formulation of a community benefits charges by-law.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-011, **Revised Terms of Reference for Development Charges Task Force**, be received; and

That the revised Terms of Reference for the Development Charges Task Force, as provided for in Appendix B to Report EA2019-011, be approved.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Council meeting of January 15, 2019, Council provided the Development Charges Task Force (DCTF) with the Terms of Reference attached hereto as Appendix A. The primary function of the DCTF is to provide advice and recommendations to staff regarding the formulation of a new development charges (DC) by-law. Under the current Terms of Reference, the term of the DCTF expires upon public release of the DC background study supporting the new DC by-law, which is expected the week of October 7, 2019. A public meeting on the new DC by-law is targeted for the Committee of the Whole meeting of November 5, 2019. The DC by-law is expected to be enacted at the December 10, 2019 Council meeting and to come into force on January 1, 2020.

Subsequent to commencement of the DCTF's work on February 1, 2019, a major unanticipated development, namely Ontario's Bill 108 (i.e. More Homes, More Choice Act), dramatically altered the legislative landscape as it relates to DCs. As a result, this report requests Council to expand the mandate and extend the term of the DCTF.

Rationale:

Having become law on June 6, 2019, Bill 108 provides for, among other things, a major shift in DC legislation. At the centre of the shift is the replacement of "soft service" DCs under the Development Charges Act (DCA) with community benefits charges (CBCs) under the Planning Act. Under the DCA, as amended, only municipal services related to roads, storm water, water, wastewater, transit, fire, police, paramedic, waste diversion and electricity will remain DC-eligible after 2020. DCs for other services (i.e. "soft services" relating to administration, airport, parks, recreation, library, social housing etc.) are to be converted into CBCs by January 1, 2021 if municipalities are to maintain partial recovery of growth-related capital costs of these services from development.

While both tools are intended to recover growth-related capital costs from development, DCs differ fundamentally from CBCs. First and foremost, DC levies are a direct function of the quantum of a development (e.g. dwelling units, gross floor area etc.), while CBC levies are based on a percentage of a development's land value. Among other challenges and problems, this difference alone is expected to result in administrative burden, cost-recovery inequities, disputes over land value estimates and uncertainty in CBC payments. Other differences, such as prescribed maximum CBC rates, combined with a new legislated process to develop CBC by-laws, introduce uncertainty into municipalities' ability to recover growth-related capital costs for "soft services" in future. It is therefore imperative that the City's DC-to-CBC transition for "soft services" be informed and conducted with care and caution.

As such, staff recommends adoption of the revised DCTF Terms of Reference, attached hereto as Appendix B, to enable the DC-to-CBC transition to benefit from the DCTF's guidance and input. The primary nature of the revision is two-fold. First, it expands the mandate of the DCTF to include the provision of advice and recommendations relating to the formulation of the CBC by-law and its underlying background study. Second, it extends the term of the DCTF to the date on which a CBC by-law is enacted by Council. Staff and DCTF members are keen to extend the DCTF's work accordingly.

Staff are considering that a competitiveness review be done as part of this process.

Other Alternatives Considered:

The alternative to the staff recommendation is for Council to not revise the Terms of Reference of the DCTF, resulting in dissolution of the DCTF upon public release of the DC background study (targeted for early October, 2019). Staff does not recommend this option for two reasons. First, each of the five members of the DCTF understands the need for DC-to-CBC transition and is agreeable to extending their term of service as necessary to deliberate on the forthcoming CBC by-law. Second, the City's DC-to-CBC transition stands to benefit from continuance of the DCTF.

Financial/Operation Impacts:

As DCTF membership is on a voluntary basis and staff liaison and other support costs are already budgeted, the DCTF has no added financial impact on the City.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

N/A

Consultations:

Development Charges Task Force

Attachments:

Appendix A: Existing Terms of Reference for Development Charges Task Force



20190115 Terms of
Reference for Develo

Appendix B: Revised Terms of Reference for Development Charges Task Force



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Reference for Develo

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Department Head: Juan Rojas, Director of Engineering and Corporate Assets