

Direction Regarding Development Charges By-Law Update

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DC By-Law Update Process to Date

- January 15, 2019: Council establishes the DC Task Force, which holds its first meeting on February 1, 2019.
- April 23, 2019: Council expands the scope of the DC Task Force based on Mayor Letham's April 9, 2019 memo.
- September 27, 2019: DC Task Force adopts 28 recommendations to staff.
- October 7-8, 2019: DC study and proposed DC by-law and assistance policy are published and Council is updated accordingly.
- November 5, 2019: Council holds a public meeting on the DC study and proposed DC by-law and assistance policy, and considers further direction on the proposed DC by-law.

DC Task Force Recommendations

- Appendix B of Report EA2019-015 contains the 28 recommendations made by the DC Task Force to date.
- A number of the recommendations relate directly to the DC by-law and assistance policy or to incidental and background matters.
- Still others relate to strategic and comprehensive considerations.
- Overall, staff sees the DC Task Force's meetings to date as having been highly productive and helpful to the DC by-law update.
- Staff has addressed, partially addressed or planned to address all 28 recommendations, or similar versions thereof.

DC Task Force Recommendations

No.	Recommendation	Status
1	That the DC Deferral Policy be reviewed for potential updates in light of Bill 108, extended to non-residential development and be incorporated into the broader DC Assistance Policy.	Addressed
2	That development type definitions in zoning and DC by-laws remain independent.	Addressed
3	That in the formulation of the DC study, Watson consider the issues arising from the 2014 / 2015 DC by-law appeals.	Addressed
4	That staff include an expense item in the 2020 and future operating budgets to stabilize the financial impacts of legislated DC exemptions and discretionary DC defrayals in a transparent, accountable, fiscally-responsible and legislatively-compliant manner.	Planned
5	That staff prudently triage growth-related capital works as much as reasonably possible until the DC reserve sufficiently regains its health.	Planned
6	That staff seek a third party expert in municipal finance to undertake a study of the fiscal impact of growth, including an evaluation of forecasted vs. actual growth and recommended strategies for managing the pattern of growth, the triaging of growth-related capital works and the continuity of the DC reserve.	Planned

DC Task Force Recommendations

No.	Recommendation	Status
7	That the 2009-2019 DC reserve reconciliation of approximately \$7M be implemented in 2020 as planned to help support the long-term health of the City's reserves.	Addressed
8	That discretionary DC exemptions be removed from the DC by-law and be replaced with a general authority for the City to, through policy, provide DC defrayals through direct payments to the DC reserve from other City funds.	Planned
9	That an agricultural development class be added to the non-residential DC rate schedule to minimize the financial burden to existing ratepayers of continuing a DC exemption or full DC defrayal for such development.	Addressed
10	That a DC Assistance Policy be developed to provide for the transparent, accountable, fiscally-responsible, fair and legislatively-compliant facilitation of DC defrayals, DC deferrals and other DC-related assistance authorized by Council.	Partially Addressed
11	That the DC Assistance Policy be brought under the City's Community Improvement Plan (CIP) the next time that plan is amended, whereby the CIP is updated to incorporate "growth" (in development / business / population) explicitly as one of its priorities.	Planned

DC Task Force Recommendations

No.	Recommendation	Status
12	That the DC Task Force's mandate be expanded to include the making of recommendations relating to the forthcoming community benefits charges by-law and the fiscal impact study, and that its term be extended accordingly.	Addressed
13	That the DC By-Law and DC Assistance Policy take effect January 1, 2020, with the intent of being amended or replaced as needed to align with Bill 108 by January 1, 2021.	Addressed
14	That an owner with a development in the approval process be permitted to enter into an agreement to lock in 2019 DC rates for the development, provided there is sufficient time to have the agreement prepared by staff and approved by Council by December 10, 2019, but subject to the DCs for the development being indexed on January 1, 2020 and paid by June 30, 2020.	Addressed
15	That soft services remain in the DC by-law until such time they can be transitioned to the new community benefits charges framework in late 2020.	Addressed
16	That a Master Planning Policy be developed by June 30, 2021 as required by the Strategic Asset Management Policy.	Planned

DC Task Force Recommendations

No.	Recommendation	Status
17	That the City continue to align its growth, capital and financial plans with the Provincial Growth Plan as required by legislation, while prudently implementing such plans based on actual and committed growth.	Addressed
18	That growth-related capital works required for corresponding growth to occur be given priority over other such works, all else equal.	Addressed
19	That growth-related capital works that can be deferred to a time after some or all of the corresponding growth occurs be prudently triaged based on actual and committed growth and with regard for the state of the DC reserve.	Addressed
20	That the fiscal impact study include strategies for long-term management of DCs.	Planned
21	That industrial, commercial and institutional (ICI) DC rates be blended into a uniform ICI DC rate to make DC rates applied to commercial development more competitive.	Addressed
22	That a 50% DC exemption or defrayal be provided for industrial development that does not qualify for the legislated industrial DC exemption, if a uniform ICI DC rate is adopted.	Addressed

DC Task Force Recommendations

No.	Recommendation	Status
23	That storage units be included in the definition of industrial development, if a uniform ICIDC rate is not adopted.	Addressed
24	That the DC Assistance Policy provide for a full DC defrayal for agricultural development, and that future updates to that policy consider expansion to the definition of "agricultural development" to reflect evolving uses of agricultural land.	Planned
25	That the fiscal impact study include a detailed inter-municipal comparison of DC rates and make recommendations to guide the future updating of the DC Assistance Policy.	Planned
26	That the matter of job creation incentives, as it relates to DCs, be considered in the formulation of the fiscal impact study and future updating of the DC Assistance Policy.	Planned
27	That the DC Assistance Policy provide for a full DC defrayal for affordable housing, but only to the extent that such housing is indeed affordable.	Planned
28	That the DC by-law include a general authority for the City to, through policy, conditionally extend the redevelopment credit obtainability period on a limited basis for derelict or blighted property.	Addressed

Key DC Task Force Recommendations

- Staff has identified four key DC Task Force recommendations for further examination by staff in partnership with Council.
- Recommendation #21: That industrial, commercial and institutional (ICI) DC rates be blended into a uniform ICI DC rate to make DC rates applied to commercial development more competitive.
- Recommendation #22. That a 50% DC exemption or defrayal be provided for industrial development that does not qualify for the legislated industrial DC exemption, if a uniform ICI DC rate is adopted.

Key DC Task Force Recommendations

- Recommendation #13: That the DC By-Law and DC Assistance Policy take effect January 1, 2020, with the intent of being amended or replaced as needed to align with Bill 108 by January 1, 2021.
- Recommendation #22. That an owner with a development in the approval process be permitted to enter into an agreement to lock in 2019 DC rates for the development, provided there is sufficient time to have the agreement prepared by staff and approved by Council by December 10, 2019, but subject to the DCs for the development being indexed on January 1, 2020 and paid by June 30, 2020.

Key DC Task Force Recommendations

- Recommendations of Report EA2019-015 incorporate #21 and #22, and reflect the intent of #13 and #14.
 - Blending of non-residential DC rates into a uniform rate.
 - 50% exemption for industrial development.
 - Extension of DC by-law effective date to April 1, 2020.
- Only Recommendation #22 carries a financial implication for existing ratepayers, which is estimated to be \$199,000/year if industrial development proceeds at historical growth rates.

Anticipated Milestones for Balance of DC By-Law Update

- November 26, 2019: Publication of revised DC study, proposed DC by-law and proposed DC assistance policy.
- December 10, 2019: Adoption of revised DC study, proposed DC by-law and proposed DC assistance policy.
- January 1, 2020: Current DC rates are indexed to inflation.
- April 1, 2020: Proposed DC by-law and assistance policy take effect.
- Q4, 2020: DC by-law and assistance policy are replaced or amended to align with Bill 108, and new community benefits charges by-law is enacted.