

The Corporation of the City of Kawartha Lakes

Council Report

Report Number EA2019-018

Meeting Date: December 10, 2019

Title: Development Charges Background Study, By-Law and Assistance Policy

Description: This report presents Council with the Development Charges Background Study, By-Law and Assistance Policy, as revised since their initial publication in draft or proposed form on October 7, 2019, for adoption.

Ward Number: All Wards

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-018, **Development Charges Background Study, By-Law and Assistance Policy**, be received;

That the Development Charges Background Study and its addendum, attached as Appendix A to Report EA2019-018, be adopted;

That the Development Charges By-Law, attached as Appendix B to Report EA2019-018, be forwarded to Council for enactment and be numbered upon enactment;

That the Development Charges Assistance Policy, attached as Appendix C to Report EA2019-018, be adopted and be numbered upon adoption;

That for the purpose of subsection 12(3) of the Development Charges Act, it is determined that no further public meetings on the above-noted documents are required;

That for the purpose of paragraph 3 of subsection 5(1) of the Development Charges Act, it is the intention of Council to ensure the increase in the need for services attributable to anticipated development will be met and that the

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

committed and future excess capacity identified in the Development Charges Background Study are funded by development charges or other similar charges;

That the growth-related capital forecast in the Development Charges Background Study be reflected by future asset management plans, long-term financial plans, budgets and similar strategic documents; and

That for the purpose of paragraph 3 of subsection 5(6) of the Development Charges Act, future operating budgets include annual transfers to the DC reserve to correct the balance of that reserve for shortfalls resulting from development charges exemptions and any other similar cause.

Background:

At the Council Meeting of November 5, 2019, Council adopted the following resolutions:

CR2019-626

Moved By Deputy Mayor Elmslie

Seconded By Councillor O'Reilly

That Report EA2019-015, **Direction Regarding Development Charges By-Law**, be received;

That the proposed development charges (DC) by-law be revised to reflect a uniform DC rate for industrial, commercial and institutional development for each municipal service, and a 50% DC exemption for industrial development that does not qualify for the legislated industrial DC exemption;

That the effective date of the proposed DC by-law and proposed DC assistance policy be revised from January 1, 2020 to April 1, 2020; and

That the DC study, proposed DC by-law and proposed DC assistance policy, as revised, be presented to Council for adoption at the December 10, 2019 Council meeting.

Carried

CR2019-627

Moved By Councillor O'Reilly

Seconded By Councillor Veale

That the November 5th, 2019 memorandum from Mayor Letham regarding a **Proposed Direction for New Development Charges By-law - Incenting Job Creators**, be received;

That the proposed development charges by-law be revised to reflect a full development charges exemption for industrial development;

That the proposed development charges by-law be revised to reflect a full development charges exemption for the first 2,500 square metres of gross floor area for any single commercial development;

That staff report to Council in Q4 of 2021 with a financial update on development charges and the results of these incentives, including additional non-residential floor space and jobs achieved; and

That staff provide Council an interim update in Q4 of 2020 on the future “community benefits charge” and any resulting adjustments that may need to be made to the above-noted business incentives.

Carried

This report addresses that direction as it relates to revision and approval of the Development Charges (DC) Background Study, DC By-Law and DC Assistance Policy. The latter two components of Council Resolution CR2019-627 are to be addressed through staff reports to Council in 2020-2021, as directed.

Rationale:

On October 7, 2019, the City published a draft of the DC Background Study, prepared by Watson and Associates, along with initial proposed versions of the DC By-Law and DC Assistance Policy, prepared by the Manager of Corporate Assets. The following day, staff, Watson and Associates and the DC Task Force made presentations on these documents to Committee of the Whole.

On November 5, 2019, Council held a statutory public meeting on the draft DC Background Study and proposed DC By-Law and DC Assistance Policy, and considered the 28 recommendations made by the DC Task Force to staff. After the public meeting, Council provided direction to staff through Council Resolutions CR2019-626 and CR2019-627, which are reproduced in the previous section of this report for Council’s reference.

As a result, staff has revised the proposed DC By-Law and DC Assistance Policy, and Watson and Associates has revised the DC Background Study by issuance of the Addendum to 2019 Development Charges Background Study (hereinafter the “DC Background Study Addendum”). The DC Background Study and the DC Background Study Addendum are attached hereto as Appendix A. The DC By-Law and DC Assistance Policy are attached hereto as Appendices B and C, respectively. All three appendices are being presented to Council for approval through this report.

Other Alternatives Considered:

The attached DC Background Study (as amended by the DC Background Study Addendum), DC By-Law and DC Assistance Policy comply with the Development Charges Act and have been revised to reflect direction provided by Council. As this direction flows from Council’s consideration of the DC Task Force’s recommendations, its holding of the statutory public meeting and its approval of the direction proposed in Mayor Letham’s memo to Council dated November 5, 2019, no alternatives to this report’s recommendations are being presented to Council at this time.

Financial/Operation Impacts:

Timely implementation of the increased DC rates is needed to ensure adequate recovery of growth-related capital costs from the development giving rise to such costs. With the incoming DC by-Law revised to take effect April 1, 2020 instead of January 1, 2020, a balance is struck between supporting solvency of the DC reserve and providing developments in the planning approval process sufficient time to reach subdivision agreement, site plan agreement or building permit stages under the outgoing DC by-law. The increased DC rates will strengthen the DC reserve without adversely impacting growth and development in the City.

As directed by Council, the financial effects of the new DC exemptions for industrial and commercial development will be monitored by staff and reported to Council in Q4 of 2021.

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

Without DCs, the cost of growth-related capital works required by development would fall principally on existing ratepayers. In such a scenario, it is expected the City would, as it grows, be unable to maintain municipal service levels at affordable tax rates and water-wastewater user rates, creating pressure to slow or withhold development approvals. Maintenance of appropriately calculated DC rates is therefore critical to the City's long-term financial sustainability, and to its ability to welcome development and extend municipal services thereto. As such, the recommendations of this report relate to the following strategic goals and enablers identified in the Corporate Strategic Plan:

1. Strategic Goals: (i) A Vibrant and Growing Economy; (ii) An Exceptional Quality of Life.
2. Strategic Enablers: (i) Responsible Fiscal Resource Management; (ii) Efficient Infrastructure and Asset Management.

Consultations:

Watson and Associates
Mayor
CAO

Attachments:

Appendix A: Development Charges Background Study and Addendum



2019 Development
Charges Background



Addendum to 2019
Development Charges

Appendix B: Development Charges By-Law



Proposed
Development Charges

Appendix C: Development Charges Assistance Policy



Proposed
Development Charges

Department Head E-Mail: jrojas@kawarthalakes.ca

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