



City of Guelph

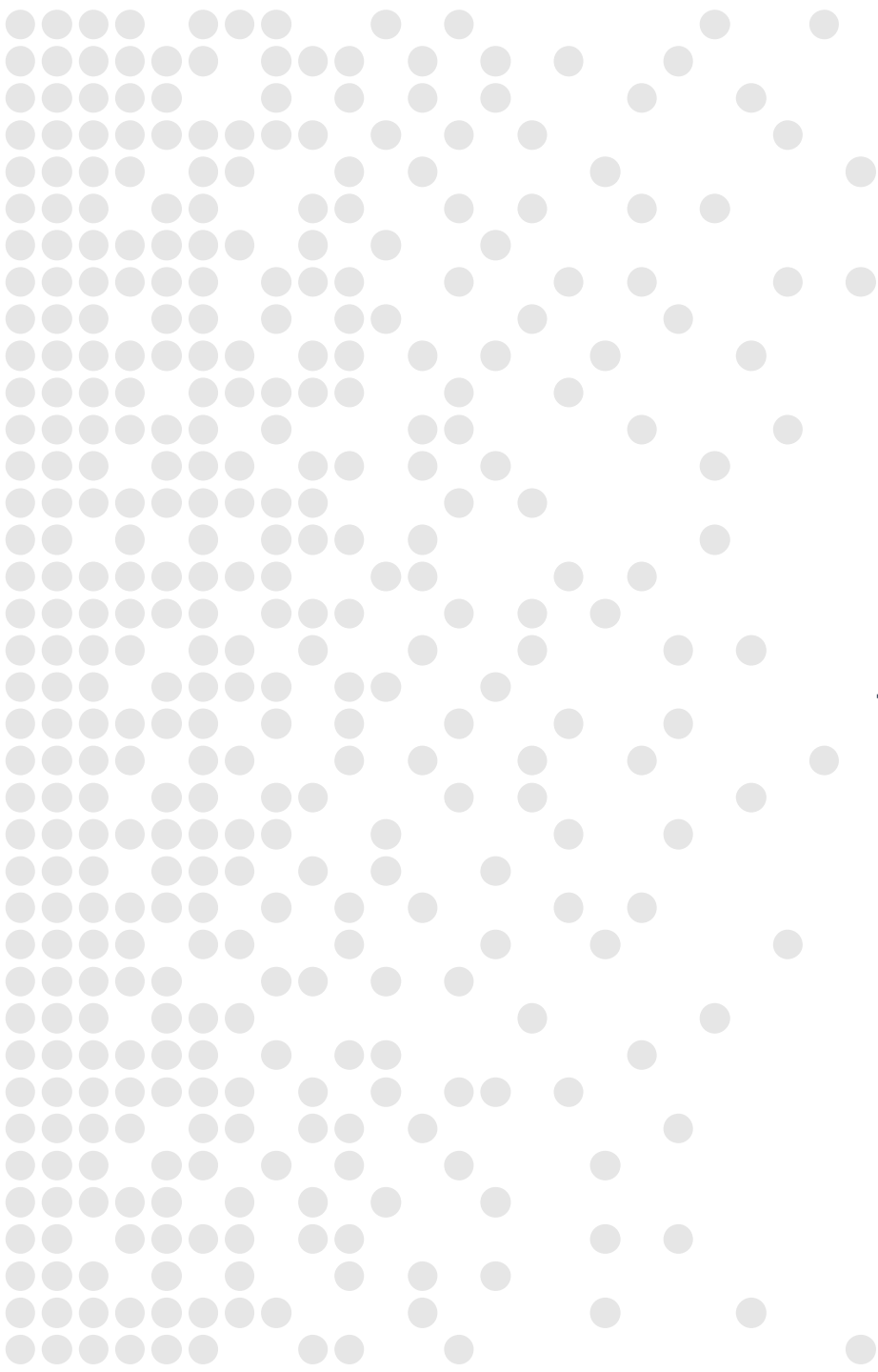
2023 Development Charges Council Meeting

July 19, 2023

Agenda



- Timelines of the Study Process
- Development Charges Act (D.C.A.) Overview
- Recent Legislative Changes to the D.C.A.
- Methodology
- D.C. Calculations, Rates, and Exemptions
- D.C. Comparator Survey
- Next Steps

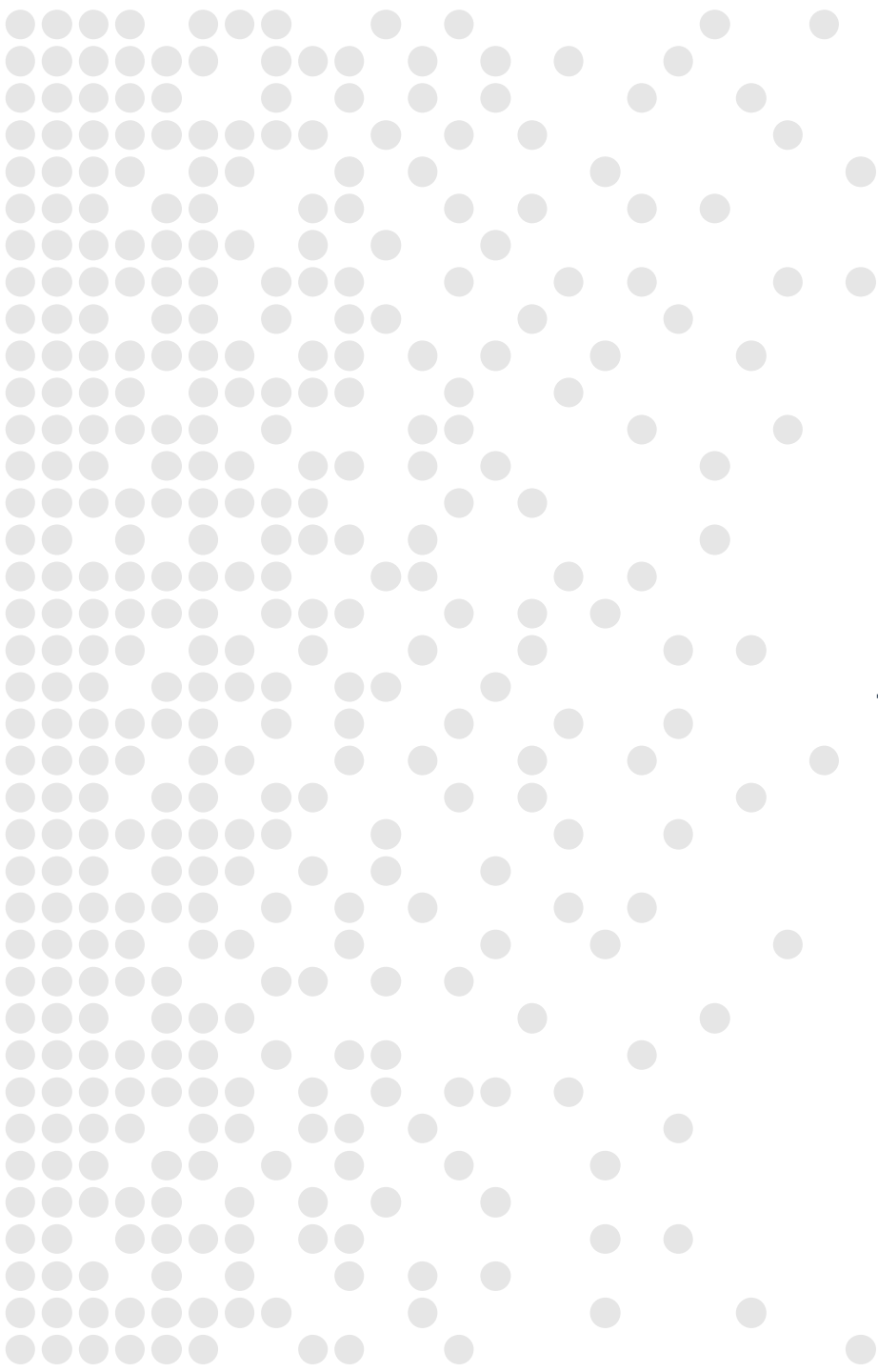


Timelines of the Study Process

Timelines of the Study Process



- ✓ Project Kick-off Meeting – July 11, 2022
- ✓ Data Compilation – July to October 2022
- ✓ Peer Review Group Meeting #1 – November 15, 2022
- ✓ Bill 23: *More Homes, Built Faster 2022* (Royal Assent) – November 28, 2022
- ✓ Staff Interviews (Review Service Standards, Capital, Growth Forecast, etc.) – November 2022 to January 2023
- ✓ Consideration of other Services and Policy Review – January 2023 to May 2023
- ✓ Peer Review Group Meeting #2 – April 12, 2023
- ✓ Peer Review Group Meeting #3 – May 11, 2023
- ✓ Peer Review Group Meeting #4 – June 8, 2023
- ❖ **Council Workshop – July 19, 2023**
 - Release of the Final D.C. Background Study – October 2023
 - Mandatory Public Meeting – October 2023
 - Council Consideration of D.C. By-law – January 2024



Development Charges Act (D.C.A.) Overview

Development Charges (D.C.)



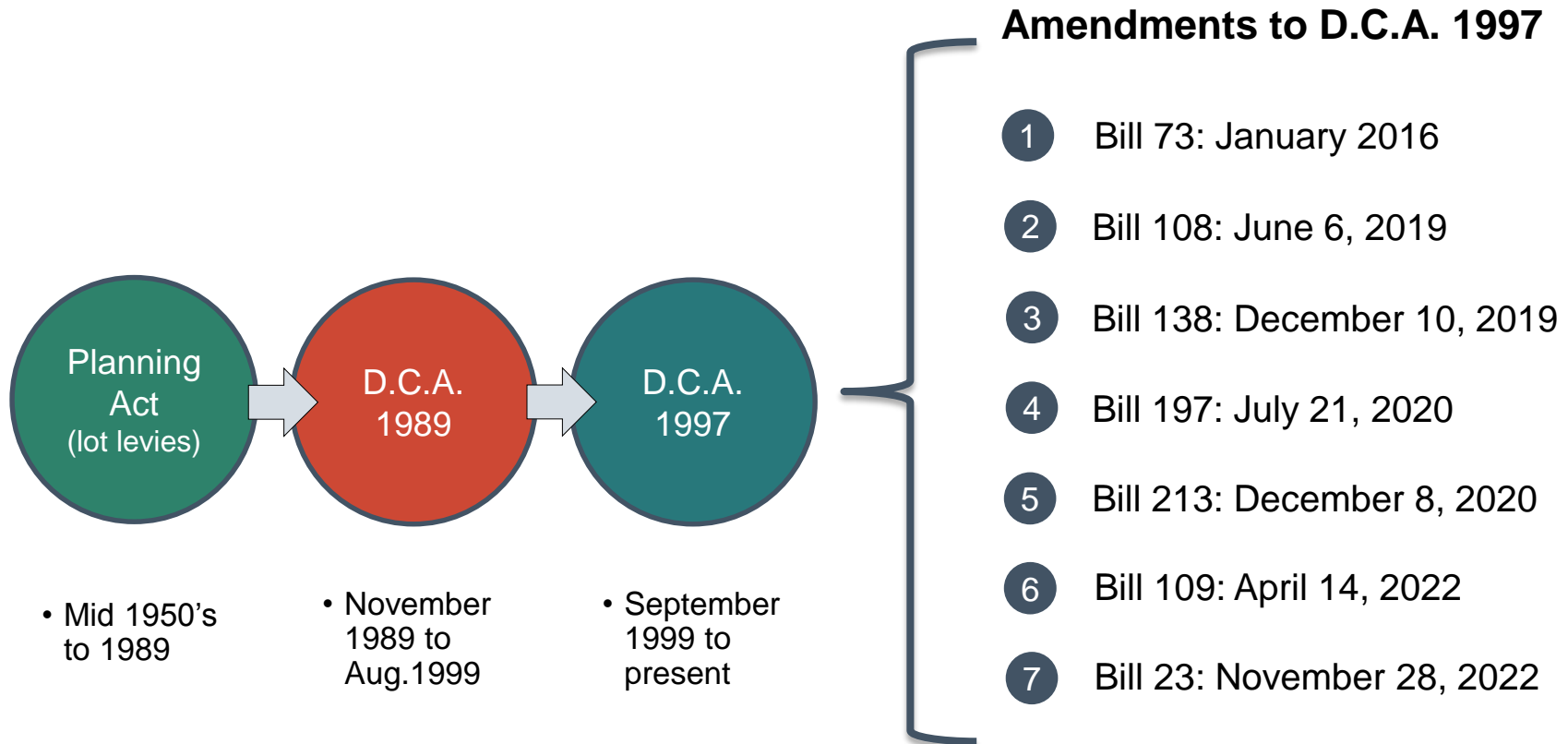
Purpose:

- 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.)



Recent Legislative Changes to the D.C.A.

History of D.C.'s



Recap on the D.C. Legislation Changes



Many of the changes to the D.C.A. were implemented as part of the City's D.C. Update study in 2021. These changes were provided through the following Bills:

- Bill 108: More Homes, More Choice Act, 2019
 - Provided timing of payment provisions (for Rental Housing, Institutional development, and non-profit housing), D.C. rate freeze for site plan and zoning by-law amendments, and allows for interest to be applied
- Bill 138: Plan to Build Ontario Together Act, 2019
 - Removed instalment payments for commercial and industrial
- Bill 197: COVID-19 Economic Recovery Act, 2020
 - Provides a list of D.C. eligible services, classes of services, and removal of the 10% mandatory deduction and 10-year planning horizon
- Bill 213: Better for People, Smart for Business Act, 2020
 - Mandatory exemption for universities

Since the completion of the D.C. Update Study in 2021, further legislative changes have been made to the D.C.A. through Bill 109, More Homes for Everyone Act, 2022 (additional reporting requirements) and Bill 23, More Homes Built Faster Act, 2022 (discussed further on the next slides).

Changes to the D.C.A.

Bill 23



- The Province passed Bill 23: More Homes Built Faster Act, 2022 on November 28, 2022
- This Bill amends a number of pieces of legislation, including the *Development Charges Act (D.C.A.)*, and the *Planning Act*
 - These changes impact development charges (D.C.s), community benefits charges (C.B.C.s), and parkland dedication
- The changes provided through Bill 23 would negatively impact the City's ability to collect revenues to fund growth-related capital expenditures

Changes to the D.C.A.

Bill 23



Additional D.C. Exemptions:

- **Affordable Rental Unit:** Where rent is no more than 80% of the average market rent, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **Affordable Owned Unit:** Where the price of the unit is no more than 80% of the average purchase price, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **Attainable Unit:** Excludes affordable units and rental units, **will be defined as prescribed development or class of development** and sold to a person who is at “arm’s length” from the seller.
 - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years.

Currently
NOT in
force

- **Inclusionary Zoning Units:** Affordable housing units required under inclusionary zoning by-laws
- **Non-Profit Housing:** Non-profit housing units are exempt from D.C. installment. Outstanding installment payments due after this section comes into force will also be exempt from payment of D.C.s.
- **Additional Residential Unit Exemptions** (units in existing rental buildings, 2nd and 3rd units in existing and new singles, semis, and rowhouses)

Currently in
force

Changes to the D.C.A.

Bill 23



D.C. Discounts:

- Rental Housing Discount (based on number of bedrooms – 15%-25%)

D.C. Revenue Reduction:

- Removal of Housing as an Eligible D.C. Service
- Capital Cost Amendments (restrictions to remove studies and land)
- Mandatory Phase-In of D.C. (Maximum charge of 80%, 85%, 90%, 95%, 100% for first 5 Years of the by-law) - These rules apply to a D.C. by-law passed on or after January 1, 2022
- Historical Levels of Service from 10 years to 15 years

Changes to the D.C.A.

Bill 23



D.C. Administration:

- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years



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. Housing services~~
18. **Provincial Offences Act**
19. Emergency Preparedness
20. Airports (Waterloo Region only)

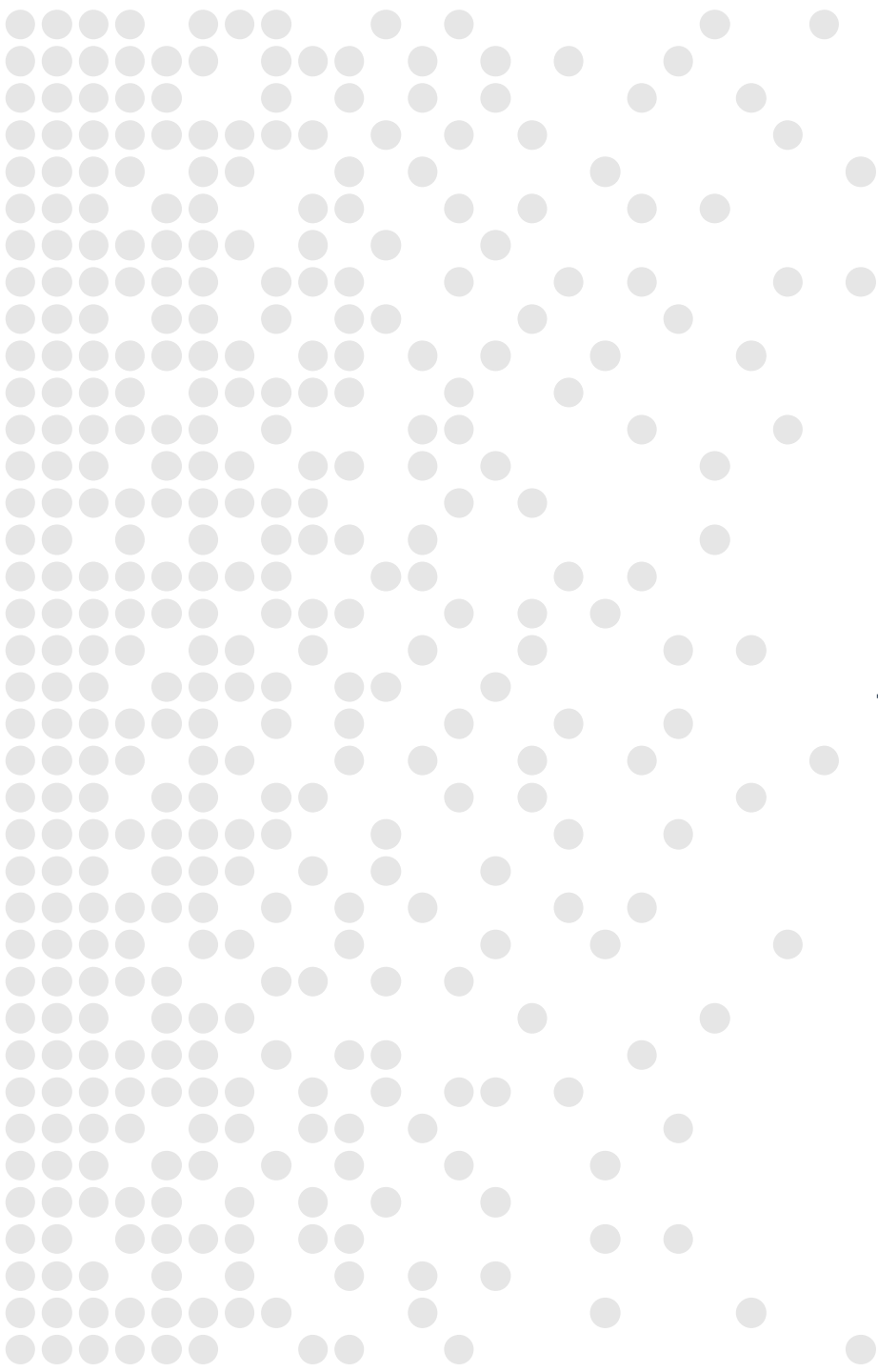
These D.C. eligible services are currently included in the study process.

***Amended as per Bill 23**

Service Standard Comparison 15-Year vs. 10-Year

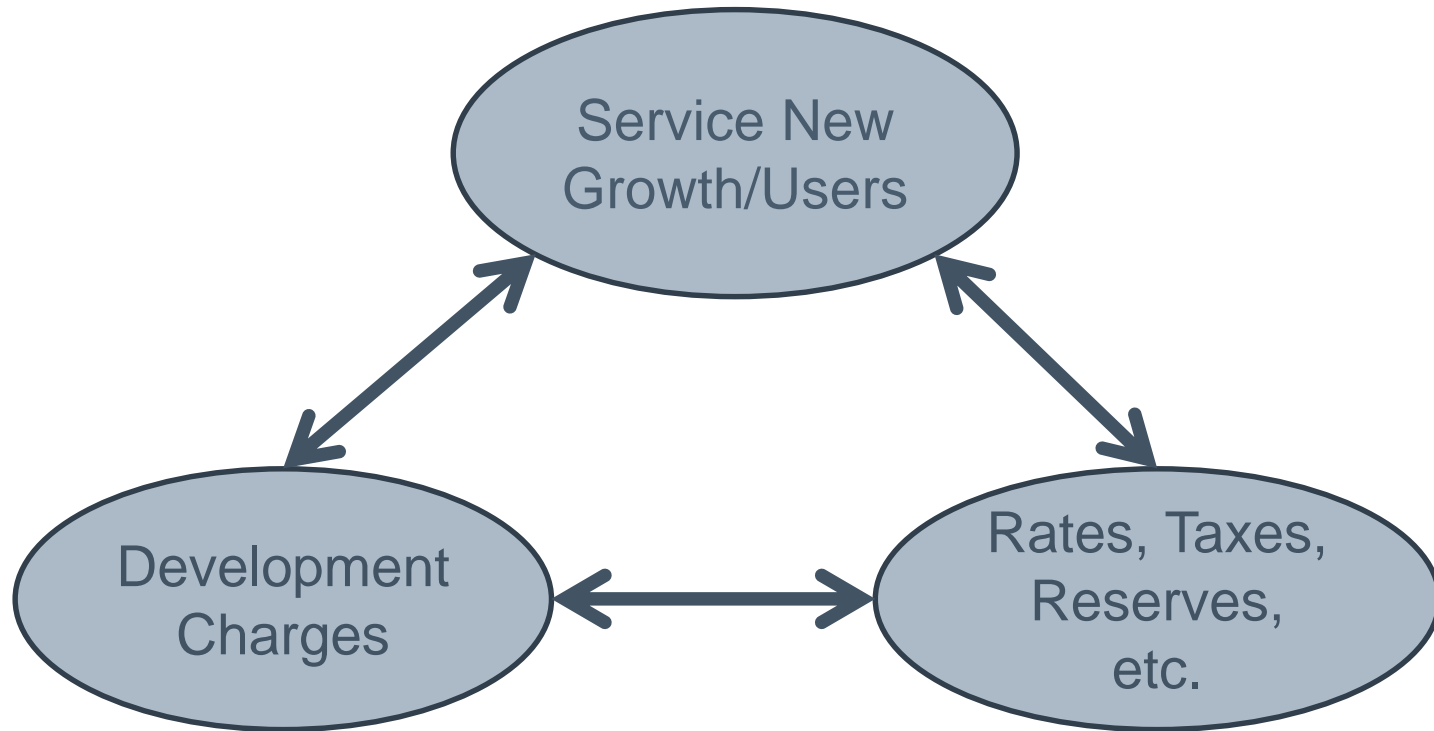


SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED			
Service Category	Sub-Component	2023 D.C. Study	2023 D.C. Study
		Maximum Based on 15-Year Service Standards	Maximum Based on 10-Year Service Standards
Service Related to a Highway	Services Related to a Highway - Roads Services Related to a Highway - Bridges, Culverts & Structures Services Related to a Highway - Traffic Signals & Streetlights	512,202,184	494,923,640
Public Works	Public Works - Facilities Public Works - Vehicles & Equipment	32,525,930	32,718,185
Fire Protection	Fire Protection Services - Facilities Fire Protection Services - Vehicles & Equipment Fire Protection Services - Small Equipment and Gear	29,364,719	29,920,450
Policing	Policing Services - Facilities Policing Services - Vehicles & Equipment	34,353,092	36,539,816
Parks & Recreation	Parkland Development Parkland Amenities Parkland Trails Recreation Facilities Parkland Amenities Buildings Parks & Recreation Vehicles and Equipment	146,737,104	141,399,921
Library	Library Services - Facilities Library Services - Collection Materials Library Services - Vehicles	13,804,304	13,786,786
Ambulance	Ambulance Facilities Ambulance Vehicles	3,714,301	3,916,148
Long-term Care	Long-term Care Facilities Long-term Care Vehicles and Equipment	12,815,200	12,307,968
Provincial Offences Act including By-law Enforcement	Provincial Offences Act including By-law Enforcement - Facilities	6,431,655	7,412,914
Public Health	Public Health - Facilities	3,554,026	4,233,037
Waste Diversion	Waste Diversion - Facilities - Stations/Depots Waste Diversion - Vehicles & Equipment Waste Diversion Equipment	14,405,400	16,127,114
Total		809,907,914	793,285,980



D.C. Methodology

Relationship Between Needs to Service Growth vs. Funding





Methodology

The following provides the overall methodology to calculating the charge:

1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
 - i. Grants, subsidies and other contributions
 - ii. Benefit to existing development
 - iii. Amounts in excess of **15-year** historical service calculation
 - iv. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.

***Amended as per Bill 23**

Summary of the D.C. Calculation





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.
- The City’s current Local Service Policies are proposed to be continued for this D.C. Study.



Growth Forecast





Growth Forecast Overview

2023 DC Growth Forecast Assumptions

- The DC Growth forecast to 2051 includes all designated residential/non-residential lands within the City's Municipal Corporate Boundary, including the Clair-Maltby Secondary Plan Area and Guelph Innovation District (G.I.D.).
- The Shaping Guelph GMS includes the urban expansion lands associated with the Dolime Quarry Area, which accommodates 5,000 people. For the purposes of the D.C. the Dolime Quarry Area is excluded from the forecast because infrastructure and capital needs have not been identified for this area to date.
- Excluding the Dolime Quarry Area the City's 2051 population is 203,000 (196,300 excluding the undercount)
- The DCBS and by-law could be amended in the future to incorporate the Dolime Quarry Area once the servicing infrastructure and capital needs are identified.
- The 10-year 2021 to 2031 DC housing growth forecast is 12,700, compared to 18,000 as per the City's Bill-23 housing pledge.

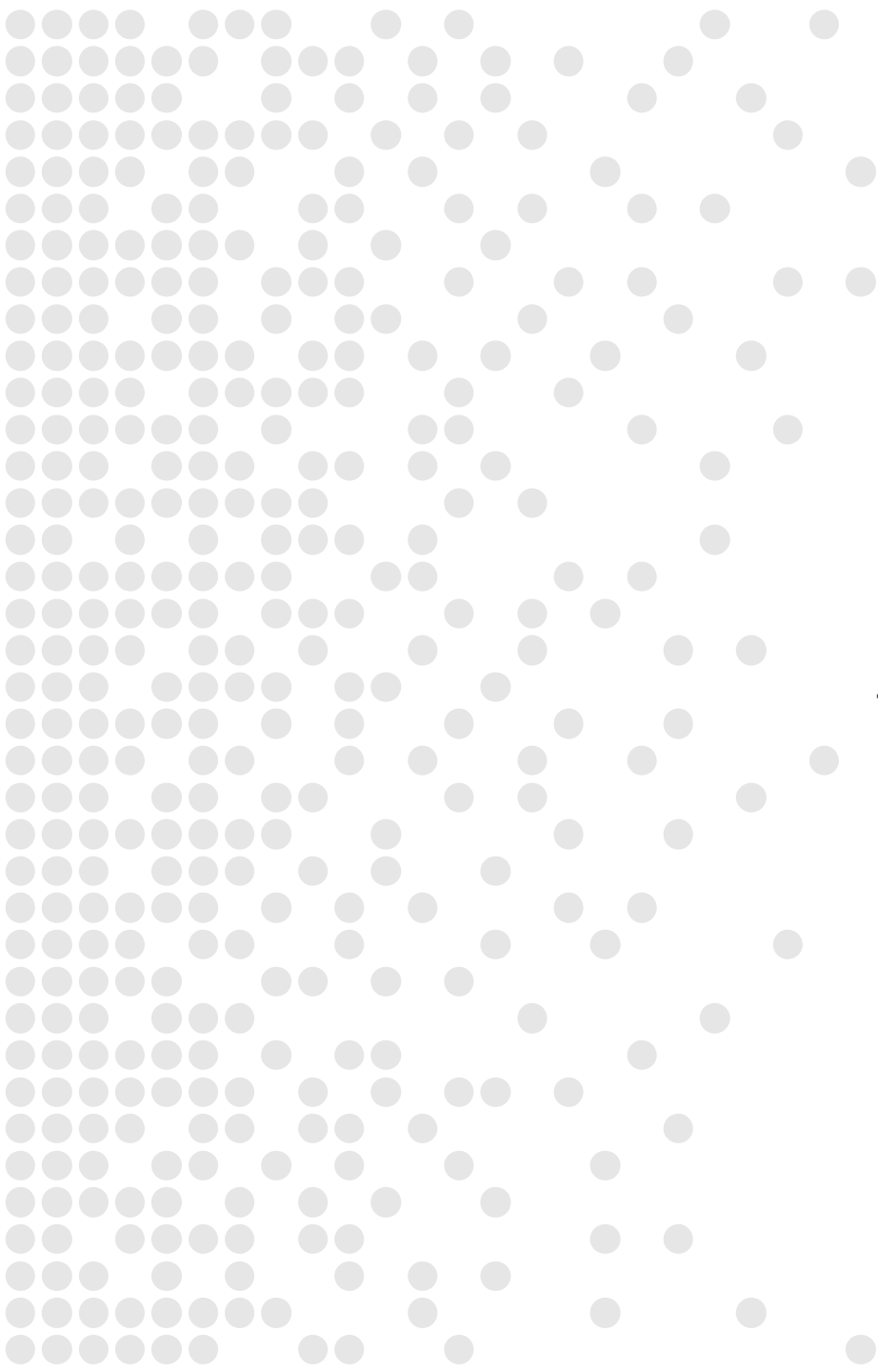
Growth Forecast Overview

2023 DC Growth Forecast Figures



Measure	10 Year	28 Year
	2023-2032	2023-2051
(Net) Population Increase	26,146	48,920
Residential Unit Increase	12,556	24,940
Non-Residential Gross Floor Area Increase (sq.ft.)	7,179,900	16,073,800

Source: Watson & Associates Economists Ltd. Forecast 2023



Draft D.C. Calculations, Rates, and Exemptions

Draft Capital Program – By Service



Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2023\$)	Post Period Benefit	Other Deductions	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
2023-2032 Services										
Parks and Recreation Services	2023-2032	430,657,486	201,801,800	-	228,855,686	109,777,769	-	119,077,918	113,124,022	5,953,896
Transit Services	2023-2032	325,820,074	115,326,000	-	210,494,074	114,773,615	54,109,700	41,610,759	29,127,532	12,483,228
Library Services	2023-2032	69,823,374	29,136,800	-	40,686,574	26,517,689	-	14,168,885	13,460,441	708,444
Long-term Care Services	2023-2032	6,891,670	-	-	6,891,670	-	6,028,920	862,750	776,475	86,275
Provincial Offences Act	2023-2032	-	-	-	-	-	-	-	-	-
Public Health Services	2023-2032	5,509,194	1,940,665	-	3,568,529	-	-	3,568,529	3,211,676	356,853
Ambulance	2023-2032	33,352,701	9,327,000	-	24,025,701	8,192,300	12,127,518	3,705,883	3,335,295	370,588
Waste Diversion	2023-2032	58,994,976	25,162,900	8,886,667	24,945,409	10,660,600	-	14,284,809	12,570,632	1,714,177
Subtotal - 2023-2032 Services		931,049,476	382,695,165	8,886,667	539,467,644	269,921,973	72,266,138	197,279,533	175,606,072	21,673,461
2023-2051 Services										
Services Related to a Highway	2023-2051	1,061,854,171	128,927,200	-	932,926,971	433,101,504	7,125,100	492,700,367	325,182,242	167,518,125
Public Works	2023-2051	133,079,953	69,411,400	-	63,668,553	23,519,368	-	40,149,185	26,498,462	13,650,723
Fire Protection Services	2023-2051	13,040,527	-	-	13,040,527	2,969,300	-	10,071,227	6,647,010	3,424,217
Policing Services	2023-2051	43,382,782	5,053,800	-	38,328,982	3,375,000	-	34,953,982	23,069,628	11,884,354
Water Services										
Water Treatment	2023-2051	292,303,400	70,399,000	-	221,904,400	39,097,182	-	182,807,218	120,652,764	62,154,454
Water Linear	2023-2051	202,660,778	8,236,000	-	194,424,778	63,575,000	-	130,849,778	86,360,853	44,488,925
Wastewater Services										
Wastewater Treatment	2023-2051	322,350,000	26,111,100	-	296,238,900	174,615,856	-	121,623,044	80,271,209	41,351,835
Wastewater Linear	2023-2051	268,505,926	14,690,100	-	253,815,826	139,789,900	-	114,025,926	75,257,111	38,768,815
Stormwater Services	2023-2051	27,403,658	199,900	-	27,203,758	8,945,500	-	18,258,258	12,050,450	6,207,808
Subtotal - 2051 Services		2,364,581,195	323,028,500	-	2,041,552,695	888,988,610	7,125,100	1,145,438,985	755,989,730	389,449,255
Total		3,295,630,670	705,723,665	8,886,667	2,581,020,339	1,158,910,583	79,391,238	1,342,718,518	931,595,802	411,122,716

Draft 10-Year Capital Expenditures and Sources of Funding by Service



Service/Class	Total Gross Cost	Sources of Financing					
		Tax Base or Other Non-D.C. Source			Post D.C. Period Benefit	D.C. Reserve Fund	
		Other Deductions	Benefit to Existing	Other Funding		Residential	Non-Residential
1. Stormwater Drainage and Control Services							
1.1 Channels, drainage and ponds	8,150,543	0	2,898,750	0	17,374	3,454,717	1,779,703
2. Wastewater Services							
2.1 Treatment plants	92,069,448	0	51,549,731	0	0	26,743,013	13,776,704
2.2 Sewers	179,438,247	0	97,902,685	0	10,798,420	46,686,513	24,050,628
3. Water Services							
3.1 Treatment plants and storage	100,675,450	0	6,589,800	0	7,811,318	56,941,059	29,333,273
3.2 Distribution systems	171,469,945	0	61,183,333	0	8,236,000	67,353,403	34,697,208
4. Services Related to a Highway							
4.1 Roads and Related	496,476,737	0	227,070,336	4,978,972	0	174,522,103	89,905,326
5. Public Works (Facilities and Fleet)							
5.1 Services Related to a Highway	47,870,674	0	9,345,600	0	20,839,300	11,672,611	6,013,163
5.2 Water Services	31,256,006	0	7,009,200	0	15,629,460	5,687,448	2,929,898
5.3 Wastewater Services	31,256,006	0	7,009,200	0	15,629,460	5,687,448	2,929,898
6. Fire Protection Services							
6.1 Fire facilities, vehicles & equipment	11,089,700	0	2,969,300	0	0	5,359,464	2,760,936
7. Policing Services							
7.1 Facilities, vehicles and equipment, small equipment and gear	31,570,547	0	3,375,000	0	3,219,000	16,484,521	8,492,026
8. Transit Services							
8.1 Transit facilities, vehicles and other infrastructure	287,993,222	0	109,482,200	54,109,700	90,249,700	23,906,136	10,245,487
9. Parks and Recreation Services							
9.1 Parkland development, amenities, trails, vehicles & equipment	218,564,594	0	38,721,936	0	51,758,643	121,679,813	6,404,201
10. Library Services							
10.1 Library facilities, materials and vehicles	69,823,374	0	21,602,400	0	29,136,800	18,129,965	954,209
11. Long-term Care Services							
11.1 Facilities, vehicles and equipment	6,891,670	0	0	6,028,920	0	776,475	86,275
12. Public Health Services							
12.1 Facilities	681,181	0	0	0	0	613,063	68,118
13. Ambulance							
13.1 Ambulance facilities, vehicles and equipment	27,024,700	0	6,363,900	10,269,318	8,123,600	2,041,094	226,788
14. Provincial Offences Act							
14.1 Facilities, vehicles and equipment	0	0	0	0	0	0	0
15. Waste Diversion							
15.1 Waste diversion facilities, vehicles, equipment and other	35,864,418	8,583,333	10,284,467	0	5,972,168	9,701,516	1,322,934
Total Expenditures & Revenues	\$1,848,166,461	\$8,583,333	\$663,357,839	\$75,386,910	\$267,421,244	\$597,440,363	\$235,976,773



Key Drivers for Increased Costs to Service Standards

- Growth Forecast to 2051 (previous D.C. study had a forecast period to 2031 for most hard services)
 - Inclusion of servicing for Clair-Maltby
- Inclusion of projects from recent Master Plans
 - Water
 - Wastewater
 - Transportation
- Tender Prices have increased significantly

Draft Development Charges



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Studio and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:						
Services Related to a Highway	20,431	14,712	12,231	8,963	6,608	10.41
Public Works (Facilities and Fleet)	1,666	1,200	997	731	539	0.86
Transit Services	3,549	2,556	2,125	1,557	1,148	1.74
Fire Protection Services	418	301	250	183	135	0.21
Policing Services	1,450	1,044	868	636	469	0.74
Parks and Recreation Services	13,785	9,926	8,252	6,047	4,459	0.83
Library Services	1,640	1,181	982	719	530	0.10
Long-term Care Services	95	68	57	42	31	0.01
Public Health Services	391	282	234	172	126	0.05
Ambulance	406	292	243	178	131	0.05
Waste Diversion	1,533	1,104	918	673	496	0.24
Stormwater Drainage and Control Services	757	545	453	332	245	0.39
Wastewater Services	9,773	7,037	5,851	4,287	3,161	4.98
Water Services	13,008	9,367	7,787	5,707	4,207	6.64
GRAND TOTAL MUNICIPAL WIDE SERVICES	68,902	49,615	41,248	30,227	22,285	27.25

*Note: The above D.C. rates are subject to the Mandatory Phase-In from Bill 23

Development Charges Comparison – Residential



Service/Class of Service	Current	Draft Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	7,791	20,431
Public Works (Facilities and Fleet)	731	1,666
Transit Services	3,759	3,549
Parking*	-	-
Fire Protection Services	432	418
Policing Services	905	1,450
Parks and Recreation Services	12,048	13,785
Library Services	1,144	1,640
Administration**	1,065	-
Long-term Care Services	-	95
Provincial Offences Act	10	-
Public Health Services	411	391
Ambulance	152	406
Waste Diversion	752	1,533
Stormwater Drainage and Control Services	308	757
Wastewater Services	8,908	9,773
Water Services	9,423	13,008
Grand Total	47,839	68,902

*D.C.s for Parking Services were discontinued on September 18, 2022

**Administration will no longer be a D.C. eligible service as per Bill 23

*Note: The draft calculated D.C. rates would equal to \$55,122 due to the Mandatory Phase-In 29

Development Charges Comparison – Non-Residential



Service/Class of Service	Current	Draft Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	3.54	10.41
Public Works (Facilities and Fleet)	0.33	0.86
Transit Services	1.80	1.74
Parking*	-	-
Fire Protection Services	0.21	0.21
Policing Services	0.41	0.74
Parks and Recreation Services	0.64	0.83
Library Services	0.07	0.10
Administration**	0.52	-
Long-term Care Services	-	0.01
Provincial Offences Act	-	-
Public Health Services	0.04	0.05
Ambulance	0.07	0.05
Waste Diversion	0.18	0.24
Stormwater Drainage and Control Services	0.14	0.39
Wastewater Services	4.03	4.98
Water Services	4.27	6.64
Grand Total	16.24	27.25

*D.C.s for Parking Services were discontinued on September 18, 2022

**Administration will no longer be a D.C. eligible service as per Bill 23

*Note: The draft calculated D.C. rates would equal to \$21.80 due to the Mandatory Phase-In

Guelph's Current Discretionary Exemptions



- University-related development on University Lands, both within and outside the defined area of the Map in the by-law (which are now potentially a mandatory exemption as per Bill 213)
- Places of worship, cemetery, and/or burial grounds
- Development by a college established under the Ontario Colleges of Applied Arts and Technology Act
- Temporary Buildings
- Accessory structures not exceeding 10 sq.m. of gross floor area
- Development of or by a hospital receiving aid under the Public Hospitals Act
- Parking Structures

Potential Impact of Bill 23 on D.C. Revenues



- On November 22, 2022, City staff provided a staff report and presentation to Council regarding the potential impacts to the City's D.C. Revenues due to Bill 23.
- The following table provides for the updated impacts based on the draft D.C. calculations presented herein:

Discounts/Exemptions	Impact
Five Year Mandatory Phase-In	\$ 38,000,000
New Exemptions	\$ 134,000,000
Growth Studies	\$ 9,000,000
Purpose Built Rental Discounts	\$ 12,000,000
Accessory Dwelling Units	\$ 34,000,000
Sub-Total	\$ 227,000,000
Other Exemptions	\$ 5,000,000
Total	\$ 232,000,000

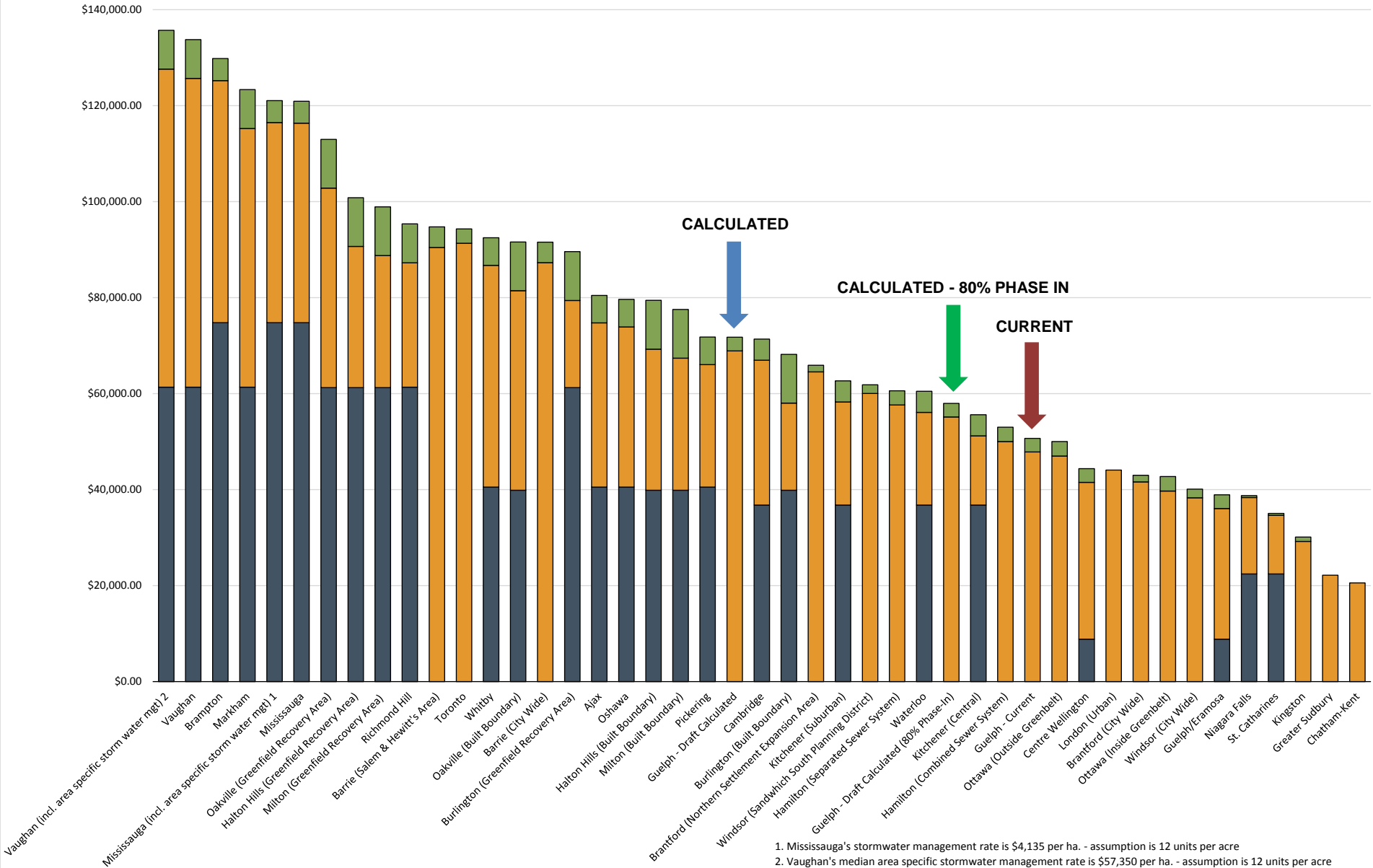


Survey of Comparator Municipalities

Development Charge Rates for Guelph and Select Municipalities

Single and Semi-Detached Dwellings

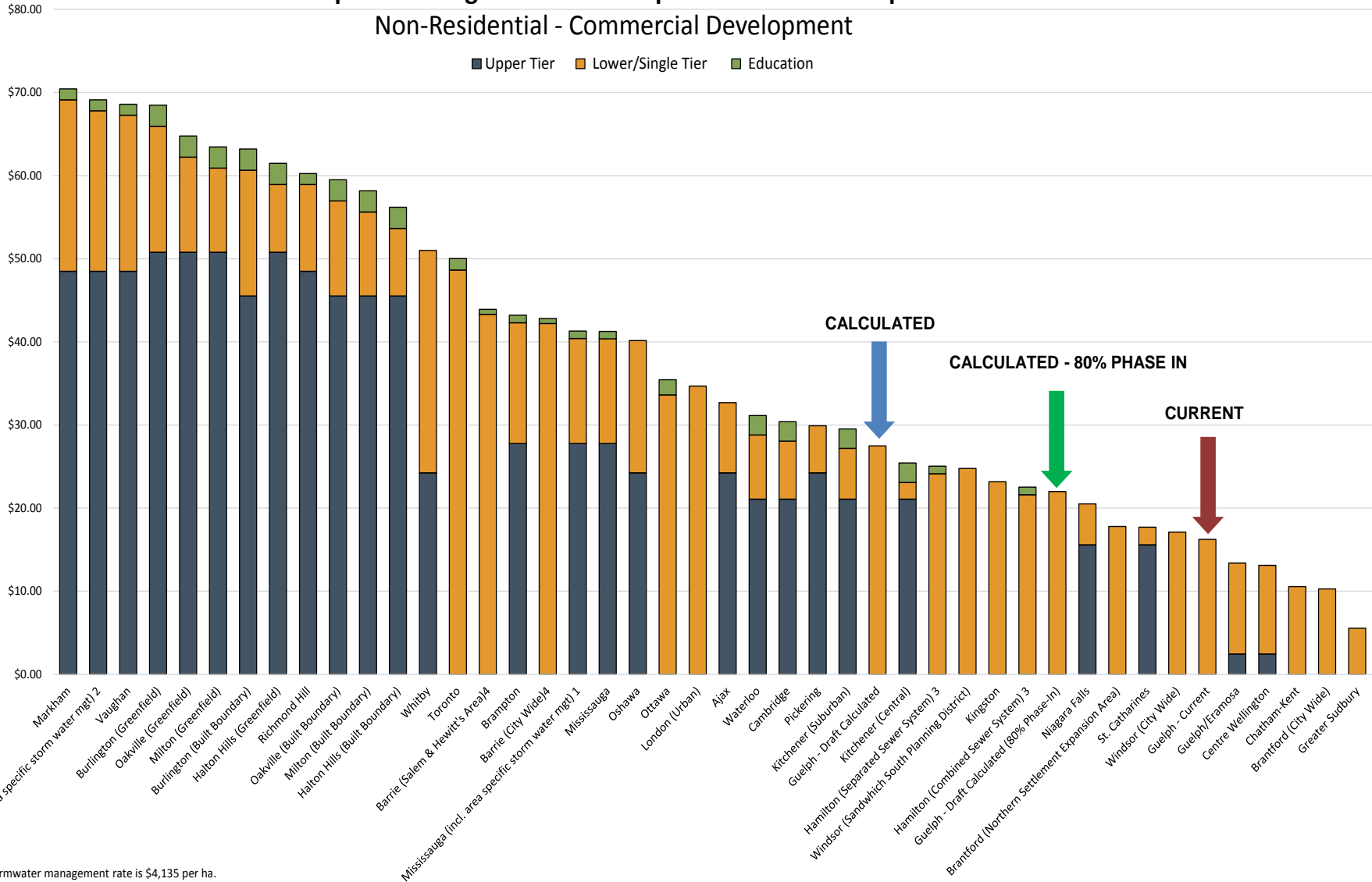
■ Upper Tier ■ Lower/Single Tier ■ Education



1. Mississauga's stormwater management rate is \$4,135 per ha. - assumption is 12 units per acre
 2. Vaughan's median area specific stormwater management rate is \$57,350 per ha. - assumption is 12 units per acre

Development Charge Rates for Guelph and Select Municipalities

Non-Residential - Commercial Development

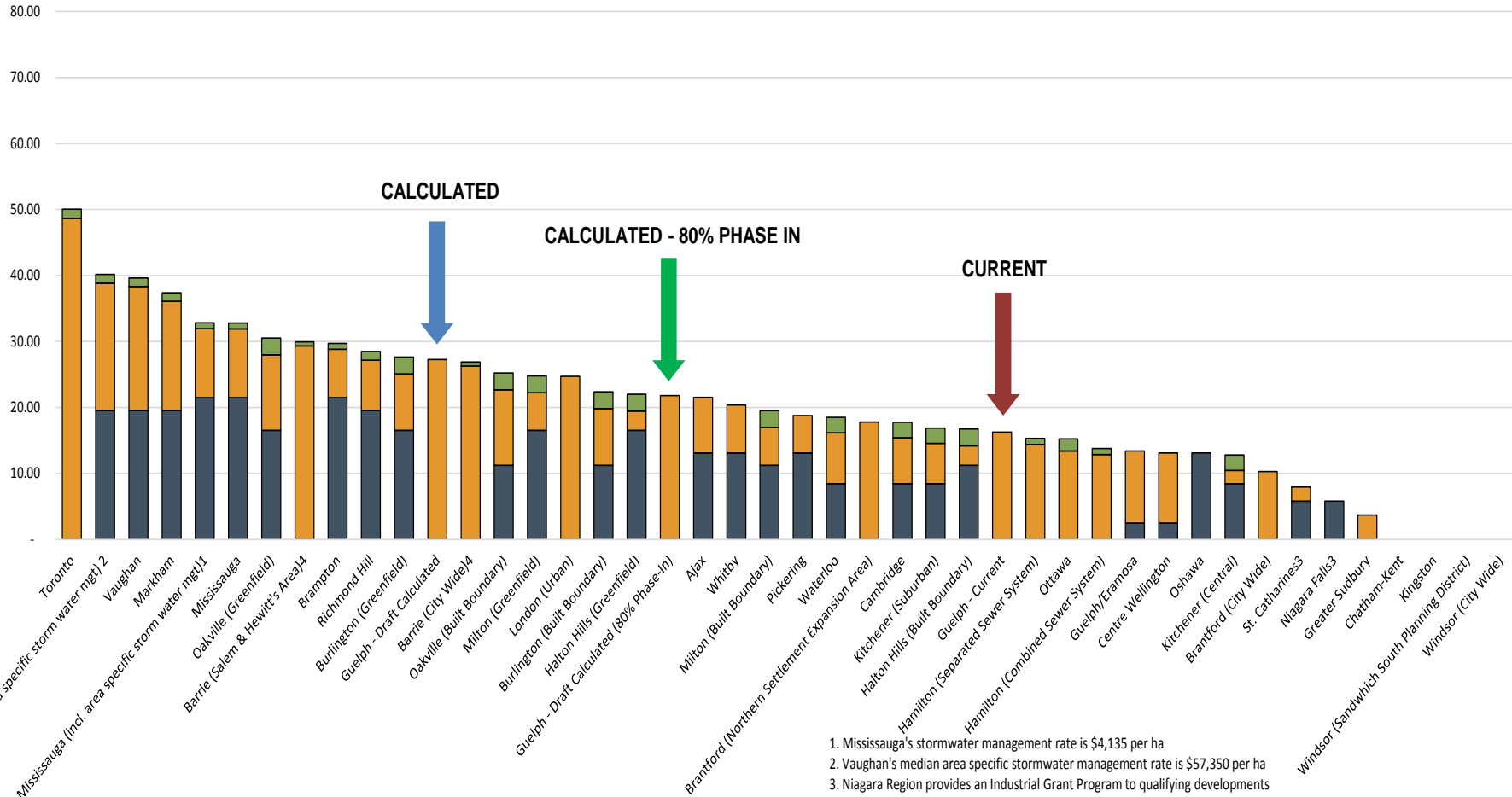


1. Mississauga's stormwater management rate is \$4,135 per ha.
 2. Vaughan's median area specific stormwater management rate is \$57,350 per ha.
 3. For the 1st 5,000 sq.ft., 50% of the charge is in effect, for the 2nd 5,000 sq.ft., 75% of the charge is in effect, and 100% of the charge is in effect for 10,000 or more sq.ft. of non-industrial GFA
 4. For the 1st 1.5 million sq.ft., eligible non-residential development receive a 40% discount of the applicable charge

Development Charge Rates for Guelph and Select Municipalities

Non-Residential - Industrial Development

■ Upper Tier ■ Lower/Single Tier ■ Education



1. Mississauga's stormwater management rate is \$4,135 per ha
2. Vaughan's median area specific stormwater management rate is \$57,350 per ha
3. Niagara Region provides an Industrial Grant Program to qualifying developments
4. For the 1st 1.5 million sq.ft., eligible non-residential development receive a 40% discount of the applicable charge



Next Steps



Next Steps

- HaveYourSay Campaign – Starting July 25, 2023
- Review Feedback, Update Draft Report – Summer 2023
- Final Report Release – October 2023
- Mandatory Public Meeting – October 2023
- Council Consideration of D.C. By-law – January 2024