

Attachment-4 Growth

Slowing the pace of growth

The following response on slowing the pace of growth was included on [the budget board](#).

The concept of slowing growth really comes down to building permits. The City creates the environment through its planning policy work and development application review as well as through putting certain pre-housing infrastructure in the ground to allow building permits to be issued.

1) Planning / legislative environment:

From a planning perspective, it's important to know we are required to process a development application, if received. Slowing down processing timelines will increase the need to refund application fees and/or appeals to Ontario Land Tribunal (OLT) for non-decision on development applications. The accelerated new positions in 2023 have allowed us to bring on staff to help process these files. As a result, our timelines have been reduced and are now in line with legislative requirements for new applications and we are expecting to increase the number of building permits in 2023 over 2022, which was a 30 per cent increase from 2021. So, in this sense, we really do not have the ability to slow growth through planning and building processes. When developers submit, we need to respond or be penalized. The only true way that growth will be slow from this perspective is through economic conditions like the high interest rate environment that will cause builders to slow down until the carrying cost of their projects improves. However, the risk as development slows that Development Charges (DC) revenues overall will also slow, and if we don't have the expected levels of DCs to pay for the planned growth capital projects, careful cashflow monitoring will be required through the next few years to ensure we don't run into fiscal capacity concerns. Staff have held debt capacity to address this risk if required.

The cost of lost DCs really is most significant in years 2024 to 2027 when the DC phase in from 80 per cent to 100 per cent will hit us. Additionally, the marketing and changed policies to advance accessory residential dwelling units (ARDUs) is driving this increased cost of lost DCs. There is little that can be done by staff to change this reality, especially since the ARDU's are as-a-right. If we don't continue to build capacity in the system, at some point, we will have a larger, more costly issue. The final factor in this cost is related to when certain priority types of homes are built – affordable, purpose-built rental and non-profit housing. Again, there is limited ability by the City to influence the timing of these developments, other than considering not providing additional financial incentives through a Capital Improvement Plan or other program as a way to limit this cost – which would be completely the opposite of Council priority/policy.

2) Housing-enabling infrastructure:

The other way we can look at slowing growth is through the housing-enabling infrastructure. The issue here though, is that all the growth we will see through development applications in the short term is from infrastructure that is already built. The new investment in this budget is really to enable housing in the latter part of the 10-year housing pledge forecast – to bring on intensification areas like the downtown and Guelph Innovation District (GID).

Much of our road and linear underground infrastructure work is both a mix of growth and state of good repair/infrastructure renewal and is funded accordingly. That means we need DCs to help us build the essential infrastructure that our existing and growing community needs. Slowing growth ultimately has an impact on slowing renewal. There are examples that can help illustrate this. Downtown is a perfect example of both infrastructure renewal and preparing for growth. If we slowed that down, we don't bring the revenues needed to support the total projects, and if you remove the growth part completely it increases the financial pressure on capital while creating a risk of re-work should the growth be needed/approved in the future.

A different example is York Road. We can't slow down as we complete Phase 3 (to Victoria Road) and prepare for Phase 4 (Victoria Road to city limit). We need to bring services for GID but we also need to bring watermains along Phase 4 to connect to the Clyde Treatment Plant (WT0060) to ensure we maintain water service for the northeast quadrant of the city and service GID. Not doing this work decreases services levels (e.g., water pressure would decrease, which impacts daily life and emergency services from a firefighting perspective) on top of saying no to growth.

At the same time, if growth related projects like downtown or York Road were slowed/deferred/cancelled, we would want to work with finance to reallocate the non-DC capital funds to our asset management priorities. This means we would divert our attention to routine road reconstruction projects for aging infrastructure throughout the city. We have a significant gap in our sustainable infrastructure renewal funding, so it would benefit those projects.

If growth infrastructure was stopped completely, certain Environmental Services (ES) projects (those identified for growth) could be delayed, acknowledging risks such as the increase in costs; several years to commission from start to finish, Ministry of the Environment, Conservation and Parks (MECP) Environmental Approvals (EAs) may run out for key water-related projects, which could delay timing even more. Understanding that only a growth freeze would ensure capacity beyond 2027/28. If at any time with the four years council decided to eliminate the growth freeze these projects would be required to ensure the capacity needed to service the new developments and growth projections. There is also a risk to any new business which may want to come to Guelph since capacity would be limited. The ES projects are absolutely needed at some point for Guelph whether within these four years or beyond and with the projects and work already pushed out of

the four-year budget then delaying this work would impact the work in years 5-10. Essentially creating a cascade effect and the budget from years 5-10 may already be challenging to finance. More specifically, the following itemizes opportunities and risks for the wastewater and water divisions:

Wastewater

- Pausing all growth only projects would result in reducing the capital budget ask (2024-2027) by \$72.M however, recognize the investment now will be for future growth, removing these projects now does little to reduce budget impacts in 2024. This growth investment is primarily DC funded.

Water

- Delay new water supply availability when needed given deferrals to advance necessary environmental assessments requirements, which can take years of work before new permits are approved by the MECP.
- Jeopardize work required to establish operational redundancy to address a critical failure in the future.
- Compromise data collected needed for compliance and approvals from the MECP.
- Compromise interdependencies with engineering servicing work, which would cause a growth freeze as necessary infrastructure may not be in place and therefore unable to convey new volumes of permitted capacity to areas of anticipated growth in the city (example: York Road Phase 4 needed to bring new Clythe Water Treatment Plant online).
- Impact economic development interests by compromising current businesses' ability to grow if dependent on water supply or meeting the servicing the needs of new businesses we are seeking to attract to the City.

The budget includes other impacts from growth as well and these include:

Cost of new accelerated housing and legislative resources:

There are three budget requests with new positions to address Bill 109, Bill 23 accelerated positions hired in 2023, Bill 23 2024-2027 positions.

The legislative requirements and changes are adding increased pressures for staff to complete day-to-day activities. Without the proposed staff in the budget to review applications, design infrastructure and issue permits we will not advance the housing supply in Guelph, which will reduce the amount of provincial funding the City is eligible to receive and will further reduce the housing supply in Guelph thus increasing the cost of housing.

If we slowed growth, and therefore slowed the staffing resources needed to deliver, we would lose out on the delivery of \$15-\$20M in capital annually; fail to meet development review timelines, be unable to prepare pro-growth policies (like cash in lieu and front ending financing); build less capacity in our systems; and ultimately it would lead us to say no more often to development applications or increase holding provisions until services are adequate and available per the zoning

by-law. This would result in more files appealed to the OLT, which puts further burden on staffing resources to delivery community service.

Cost of servicing growth after housing is built:

There are many operating budget investments that support growth after housing and businesses come to Guelph – investments like the operating costs to run the public spaces at Baker District and the South End Community Centre once they open, adding new paramedics, investment in the transit services to grow the capacity, growing general service budgets like winter and summer maintenance/plowing budgets as new roads, parks and trails are built. If Council were to defer or slow these types of budget requests, the impacts will mean reduced levels of service for the community, and those should be informed decisions.

Growth reserve fund

Table 1 – Annual transfer to the Growth Reserve Fund (\$)

Description	2024	2025	2026	2027
Annual transfer	5,846,180	7,521,565	8,997,212	10,517,128

Table 2 – Projects funded from the Growth Reserve Fund (\$)

Project	2024	2025	2026	2027
GG0281 Development Charge By-law Update				250,000
PL0061 Housing Initiatives	135,000			
PL0074 Environmental Initiatives	135,000		202,500	
PL0075 Zoning By-Law Review		256,500		
PL0076 Heritage Initiatives	38,000			24,000
PL0077 Official Plan Review and Implementation	118,100	236,200	168,700	
PL0078 Urban Design Guidelines	67,500			
PL0079 Community Land Use Studies		157,500		
PL0080 Special Policy Area Review			500,000	
WC0016 Solid Waste Collection Trucks New	33,000	132,000		
WC0024 Solid Waste Residential Collection Carts and Front End Bins New	89,400	189,400	90,300	90,300
Total	616,000	971,600	961,500	364,300