

Staff Report



To	City Council
Service Area	Corporate Services
Date	Tuesday, January 16, 2024
Subject	Adoption of Development Charge Background Study and 2024 Development Charge By-laws

Recommendations

1. That the assumptions contained within the 2023 Development Charge Background Study are adopted as an 'anticipation' with respect to capital grants, subsidies and other contributions.
 2. That the approach of calculating the Development Charge continue to be on a uniform City-wide basis for all services/classes of services.
 3. That the capital project listing set out in Chapter 5 of the Development Charge Background Study dated September 27, 2023, as amended be approved and subject to further annual review during the capital budget and confirmation process.
 4. That the Development Charge Background Study dated September 27, 2023, be approved as amended.
 5. That, in accordance with the Development Charges Act, 1997, as amended, Council determine that no further public meeting is required in respect of the proposed 2024 Development Charges By-laws.
 6. That the Development Charge By-laws, with by-law numbers (2024) – 20866 to (2024) – 20880, as set out in the By-laws section of this meeting agenda be approved.
 7. That a new Development Charge Reserve Fund for Long-Term Care be created and that Appendix A of the General Reserve and Reserve Fund Policy be updated accordingly.
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Executive Summary

Purpose of Report

The purpose of this report is to seek Council approval of the proposed [2023 Development Charge Background Study \(DCBS\)](#), as amended, and 2024 Development Charge By-laws ("By-laws"). The report will provide Council with an overview of the amendments to the DCBS dated September 27, 2023, and the By-laws presented at the mandatory public meeting on October 17, 2023. A final consolidated report will be prepared and shared on the City's website following Council approval.

Key Findings

Since the draft DCBS was presented to Council on October 17, 2023, staff have worked with Watson & Associates Economists Ltd. (Watson) on final refinements. With the refinements, the updated Development Charge (DC) rate changed from \$69,300 to \$64,813 for a single or semi-detached residential unit and from \$27.44 to \$25.78 per square foot for a non-residential development. This represents a decrease of approximately six per cent from what was presented in October. The refinements include updating the names of road, water and wastewater linear projects to match names included in the capital budget for clarity and consistency.

Additionally, the By-laws have been updated to clarify the City's interpretation of purpose-built rentals for the purposes of the rental housing discount.

Strategic Plan Alignment

DCs are used to support the construction of growth-related infrastructure to promote housing and business development. The DCBS forecasts growth and capital requirements to determine the appropriate development charge rates. The By-laws allow the City to collect DCs.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

The below table shows the current rate being applied to development before the new By-laws come into effect on March 2, 2024. It also shows the maximum calculated rates presented at the public meeting on October 17, 2023 and the maximum final calculated rates for the development By-laws. Since the province mandates a discount of 20 per cent in the first year of a new DC by-law, the table shows the rates that will come into effect on March 2, 2024.

Figure 1: Rate Comparison Table

Rate type	Single detached or semi-detached dwelling	Apartment with 2+ bedrooms	Apartment bachelor and 1-bedroom	Multiple unit dwelling	Special care / special dwelling	Non-Residential (per sq. ft. of Gross Floor Area)
Current Rate	\$50,680	\$29,388	\$21,820	\$38,092	\$18,635	\$16.24
Calculated Rate at Public Meeting	\$69,300	\$41,487	\$30,401	\$49,901	\$22,415	\$27.44
Calculated Final Rate	\$64,813	\$38,799	\$28,434	\$46,671	\$20,964	\$25.78

Rate type	Single detached or semi-detached dwelling	Apartment with 2+ bedrooms	Apartment bachelor and 1-bedroom	Multiple unit dwelling	Special care / special dwelling	Non-Residential (per sq. ft. of Gross Floor Area)
Calculated Final Rate after Discount (year 1)	\$51,850	\$31,039	\$22,747	\$37,337	\$16,771	\$20.62

Report

Background

The City's current DC By-law [\(2019\)-20372, as amended by By-law Number \(2021\)-20643](#) will expire on March 2, 2024. Council is required to adopt a new by-law prior to the expiry of the current by-law to ensure the uninterrupted collection of DCs.

On July 19, 2023, staff delivered a [Council Orientation and Education Workshop](#) to provide an overview of what DCs are, how they are regulated, how rates are determined, and their relationship to other planning and budgeting processes. Watson delivered a [Council Presentation](#) on the progress of the DCBS and provided estimated impacts of Bill 23 on DC collections.

On October 17, 2023, staff provided an update on the DCBS, presented the draft 2024 By-laws, and the City held a [mandatory public meeting](#) on the DCBS, as required under the Development Charges Act, 1997.

Development Charge Background Study

Since the mandatory public meeting, staff worked with Watson to finalize the capital program in the DCBS and to incorporate feedback from the public. The refinements include updating the names of road, water and wastewater linear projects to match names included in the capital budget for clarity and consistency. The timing, inclusion/exclusion and costs were refined through this process.

For the full details of the refinements made, please see Attachment-1 Development Charge Background Study Addendum.

Development Charge By-laws

Bill 23 introduced a percentage reduction from the development charges otherwise payable for a "rental housing development", which means "development of a building or structure with four or more residential units all of which are intended for use as residential premises".

Staff worked with external legal counsel to minimize potential misapplication of the reduction from the new legislation by adding clarity to the By-laws. The goal of this reduction (as expressed in the Hansard debates for Bill 23) was to encourage the development of purpose-built residential rental housing. To achieve this goal, the administrative DC By-law now stipulates that a "Rental Housing Development" must

be on a lot (singular). This would eliminate freehold development from qualifying for the rental discount. The rates in the child by-laws were updated according to the changes reported in the DCBS Addendum.

Financial Implications

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Figure 2: Rate Comparison Table

Rate type	Single detached or semi-detached dwelling	Apartment with 2+ bedrooms	Apartment bachelor and 1-bedroom	Multiple unit dwelling	Special care / special dwelling	Non-Residential (per sq. ft. of Gross Floor Area)
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As you can see from the rates outlined above, the refinements to the capital programs have resulted in an overall reduction of the DC rates since they were presented in October. The mandatory 20 per cent discount in year one of the new by-laws results in slightly higher rates than current in some categories, and lower rates being charged for others: multiple-unit dwellings and special care dwellings will both have lower rates in year one of the new by-laws than the current rates.

Consultations and Engagement

Staff worked with departments and Watson to make refinements to the capital program, received public feedback and responded to inquiries, and consulted with external legal counsel to minimize risk for the application of the development charge by-laws.

Attachments

Attachment-1 Development Charge Background Study Addendum

Departmental Approval

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