



City of Quinte West 2020 Development Charges Background Study

Finance Committee

October 7, 2020



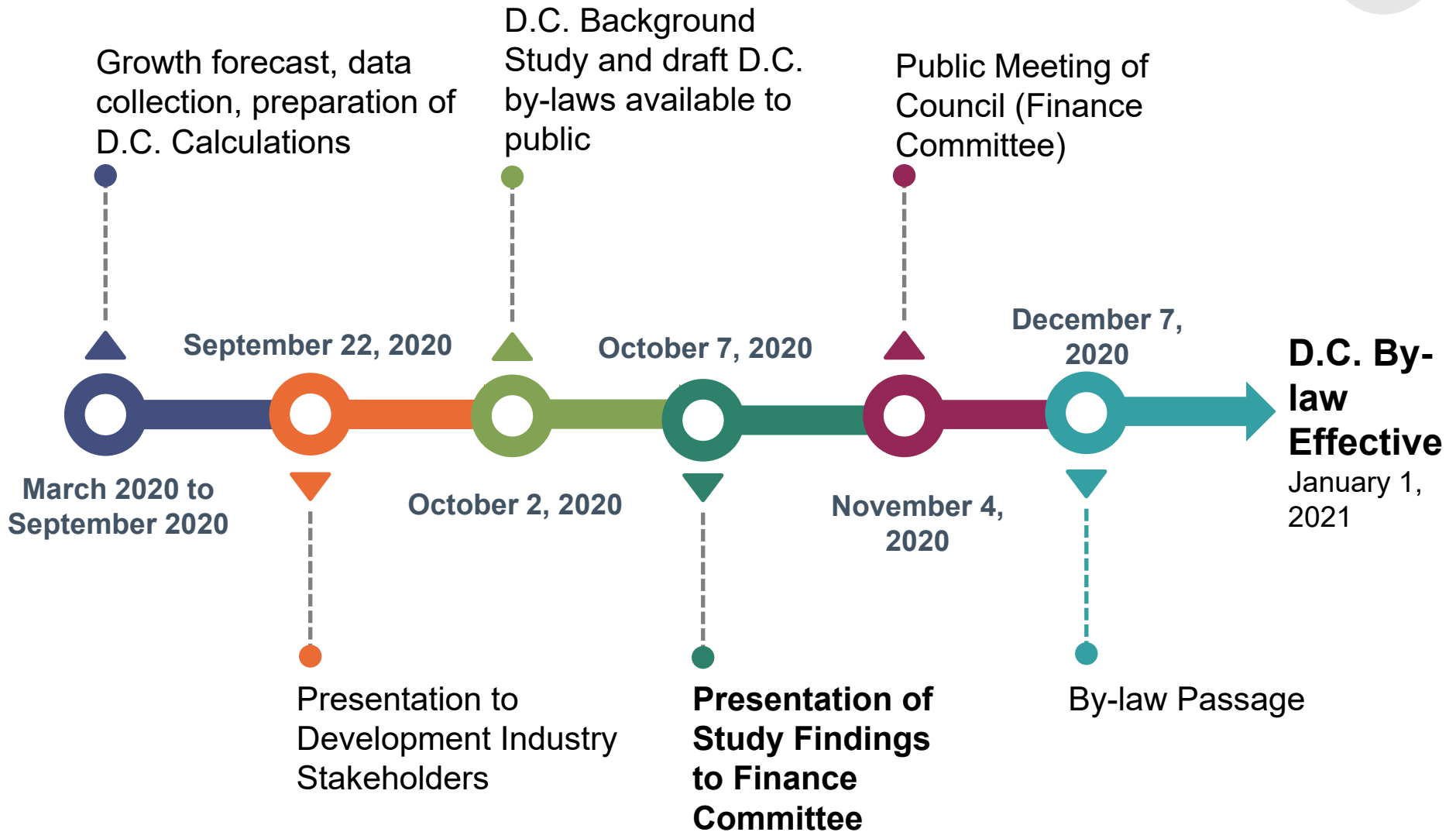
Introduction

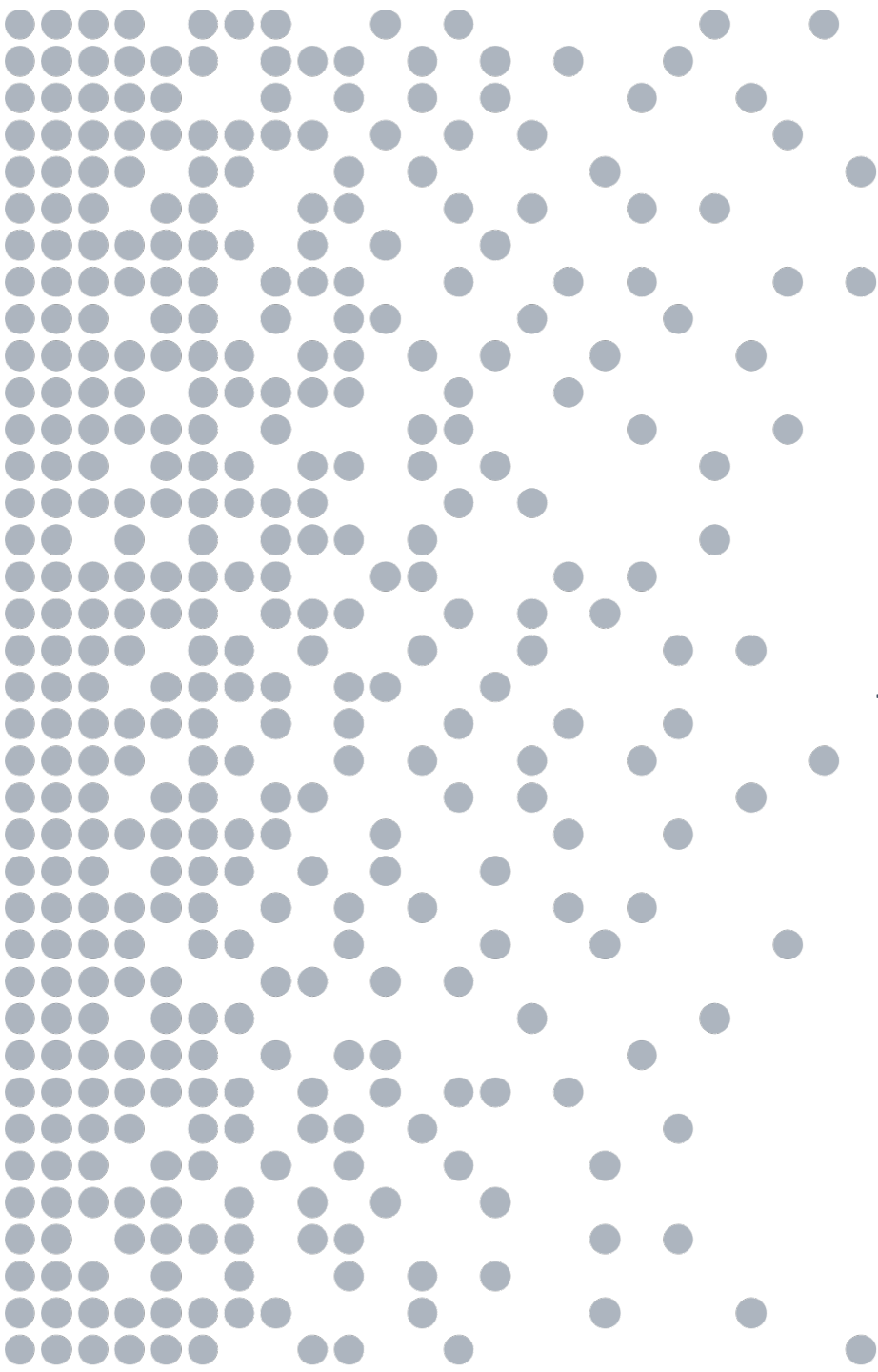
D.C. Purpose and Background

- To recover the capital costs associated with residential and non-residential growth within a municipality
- Municipalities are empowered to impose D.C.s via the *Development Charges Act, 1997*, as amended (D.C.A.)
- The City of Quinte West's D.C. By-law 16-012 came into effect on January 18, 2016
- Under the requirements of the D.C.A., a D.C. by-law expires 5 years after the date it came into effect (i.e. January 18, 2021)



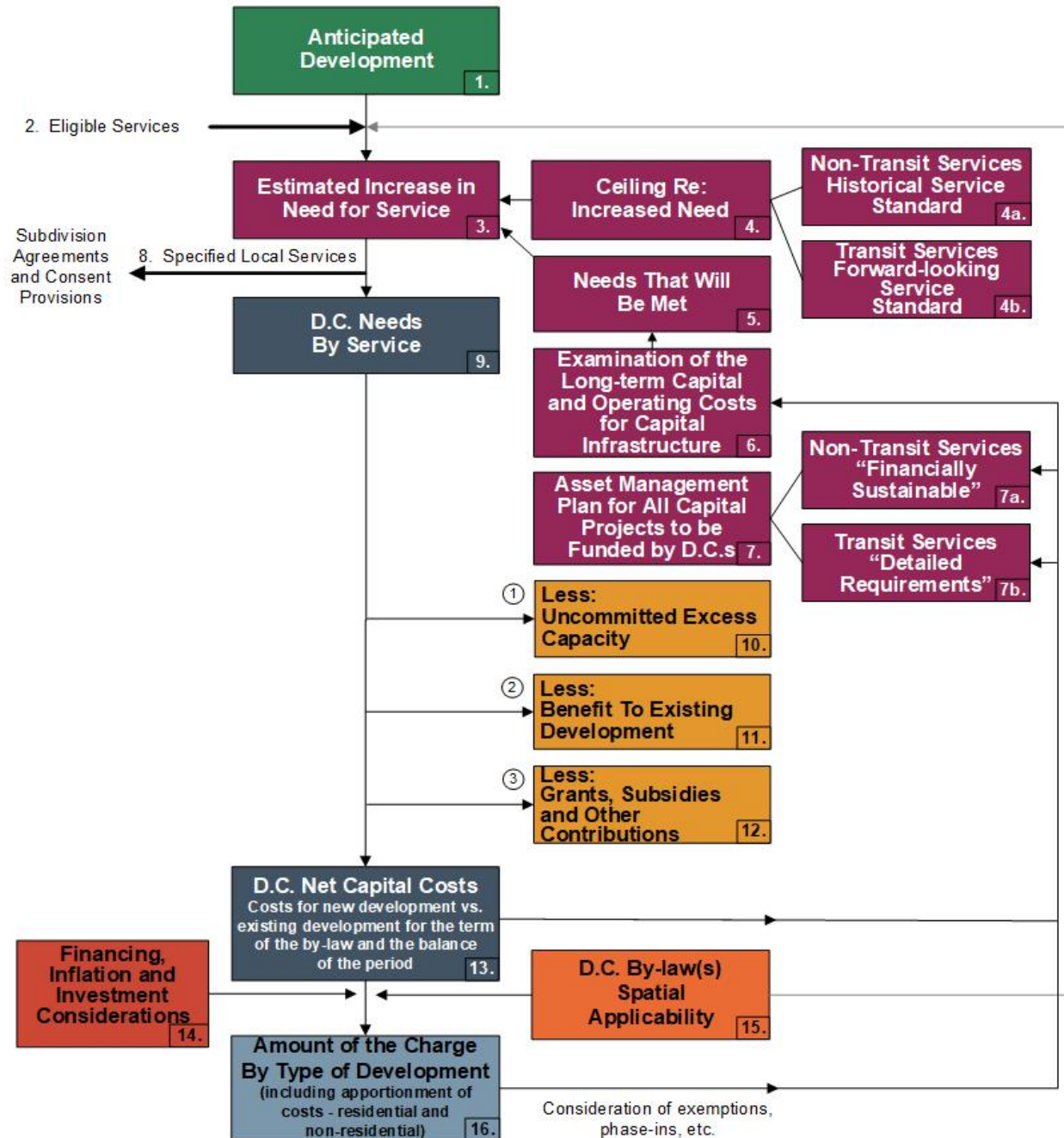
Study Process





Methodology and Legislative Changes

The Process of Calculating a Development Charge under the Act that must be followed





Changes to the D.C.A.

More Homes, More Choice Act

- *More Homes, More Choice Act* (Bill 108) was introduced in the Ontario Legislature on May 2, 2019 and received Royal Assent on June 6, 2019
 - An Act to amend various statutes with respect to housing, other development and various other matters, including:
 - Schedule 3 – *Development Charges Act*
 - Schedule 12 – *Planning Act*
- With respect to D.C.A. amendments the following changes came into effect on January 1, 2020:
 - The determination of D.C.s for developments arising from Site Plan or Zoning By-law Amendment approvals at the time of planning application; and
 - D.C. installment payments for rental housing and institutional (5 years) and non-profit housing (20 years)
 - Ability to charge interest related to the above policies



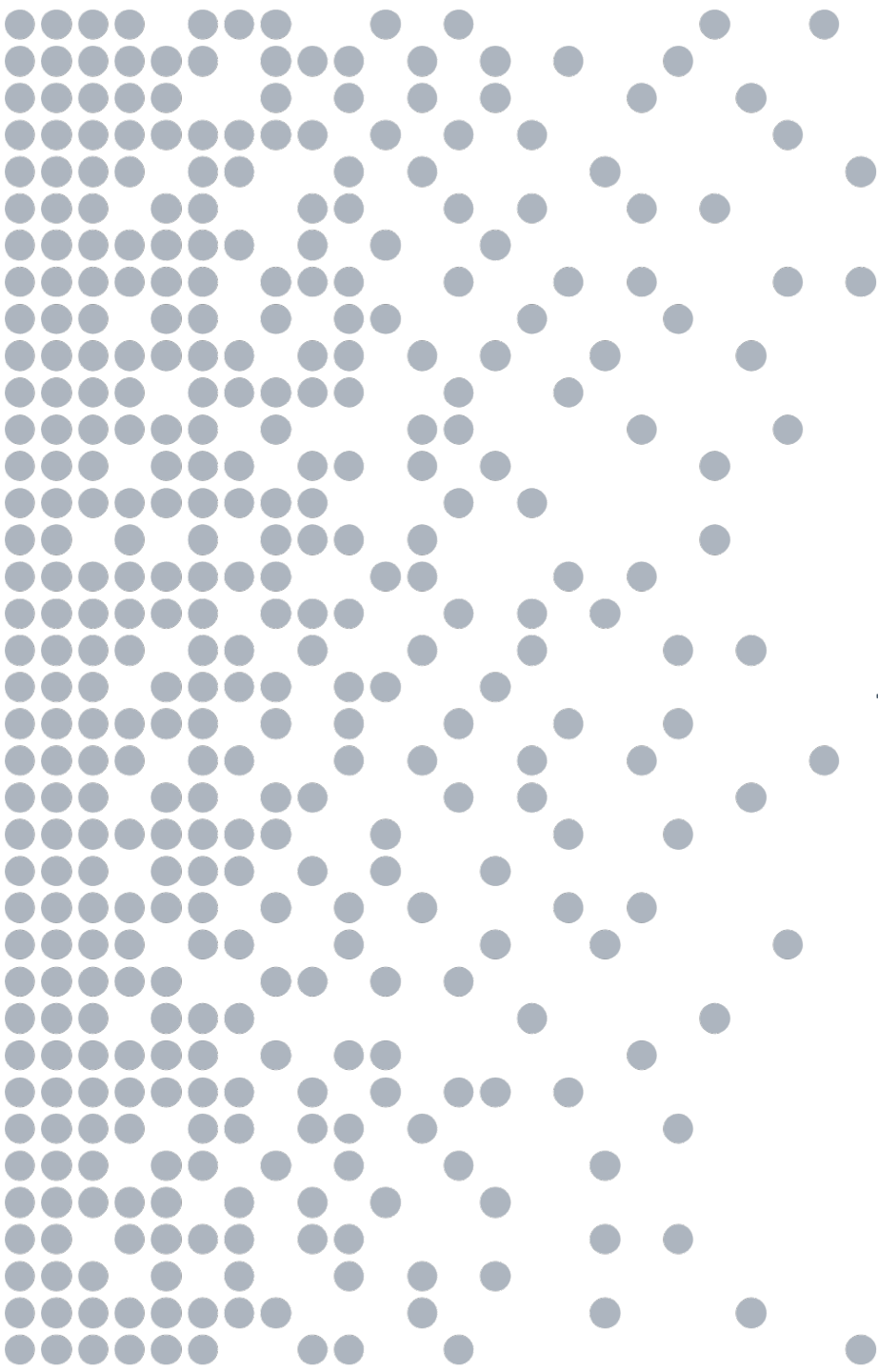
Changes to the D.C.A. COVID-19 Economic Recovery Act

- The *COVID-19 Economic Recovery Act* received Royal Assent on July 21, 2020.
 - Amendments came into effect on September 18, 2020
- Schedule 3 of the Act amends the D.C.A. to modify proposed changes included under the *More Homes, More Choice Act*
- D.C.A. amendments include:
 - Changes to Eligible Services
 - The amendments reframe the context of the D.C.A from a tool to fund services that are not defined as ‘ineligible’, to only include ‘eligible’ services for which D.C.s may be imposed
 - All services proposed to be included in the City’s D.C. by-law continue to be eligible



Changes to the D.C.A. COVID-19 Economic Recovery Act

- D.C.A. amendments include (cont'd):
 - Maintained further statutory exemptions for the creation of a second dwelling unit within or ancillary to new residential buildings
 - A Community Benefits Charge (C.B.C.) may be imposed with respect to the eligible services listed above, provided that the capital costs that are intended to be funded by the community benefits charge are not capital costs that are intended to be funded under a D.C. by-law
 - Amendments remove categorization of 'soft services', removing the statutory 10% deduction and limitation of 10-year forecast period
 - Classes of services may be established for purposes of the by-law, reserve funds and credits
 - Transition period is two years after the day the Act comes into effect (September 18, 2022)i.e. specified date)



D.C. Background Study Findings

Anticipated Amount, Type and Location of Growth

Residential and Non-Residential Growth Forecast



- Consistent with City's Official Plan Projections

Time Horizon	Residential ¹		Non-Residential ²	
	Net Population	Residential Units	Employment	Sq.M. of G.F.A.
Early 2021	45,530	19,101	16,143	
Early 2031	49,755	20,989	17,340	
Mid 2041	54,003	22,801	18,570	
Mid 2046	55,019	23,241	18,865	
Incremental Change				
10-year (2021-2031)	4,225	1,888	1,197	94,009
20-year (2020-2041)	8,473	3,700	2,427	192,207
25-year (2020-2046)	9,489	4,140	2,722	214,811
Urban 20-Year	7,480	3,236	2,319	158,985

1. Excluding Institutional Population

2. Industrial, Commercial, and Institutional Employment



Increase in Need for Service Development Charge Services

10-Year Services (2021-2031)

- Fire Protection
- Police
- Parks and Recreation
- Library
- Transit (NEW)
- Ambulance (NEW)
- Social Housing (NEW)
- Waste Diversion Services (NEW)

20-Year Services (2021-2041)

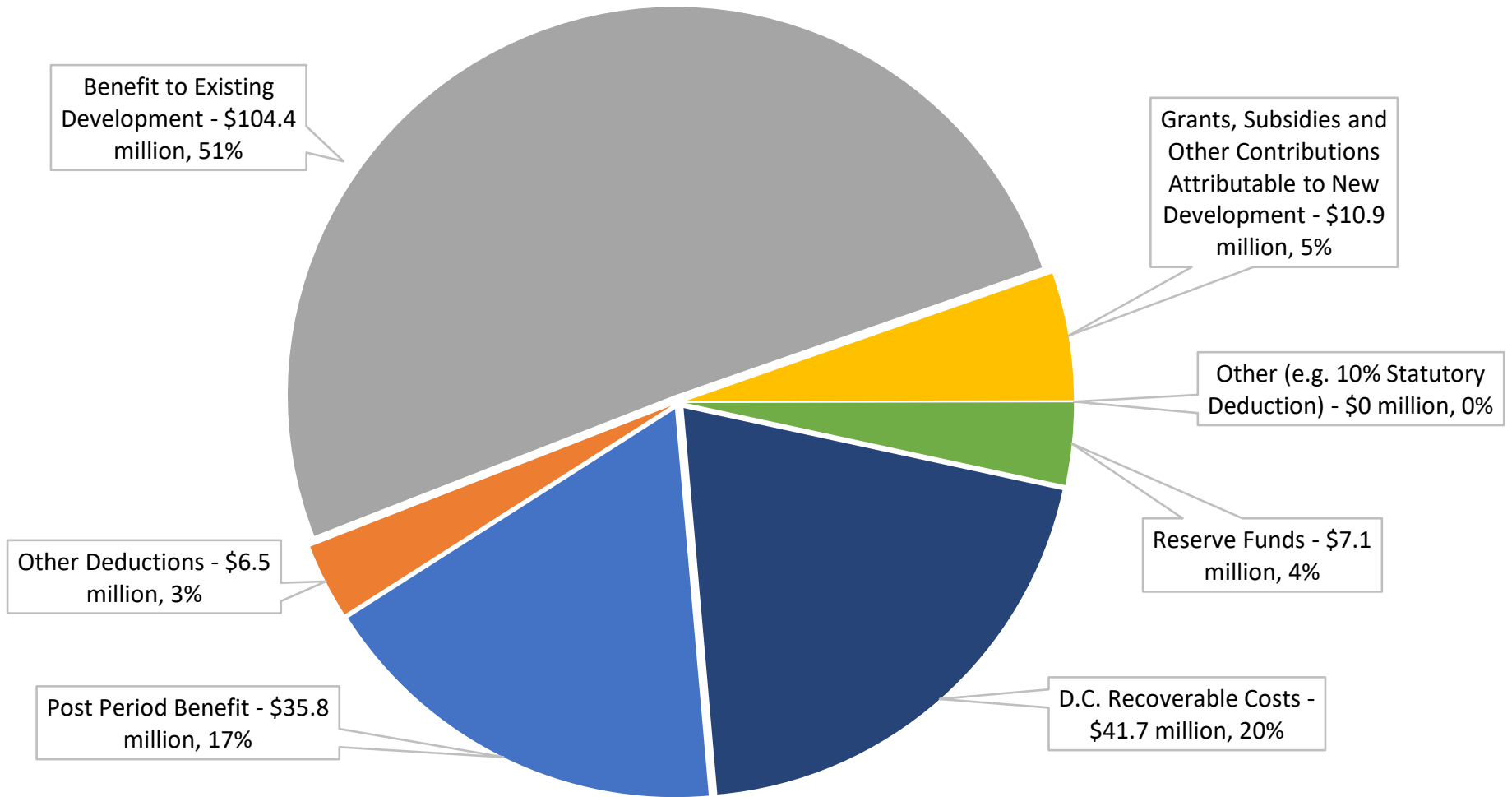
- Roads and Related

Urban Services (2021-2041)

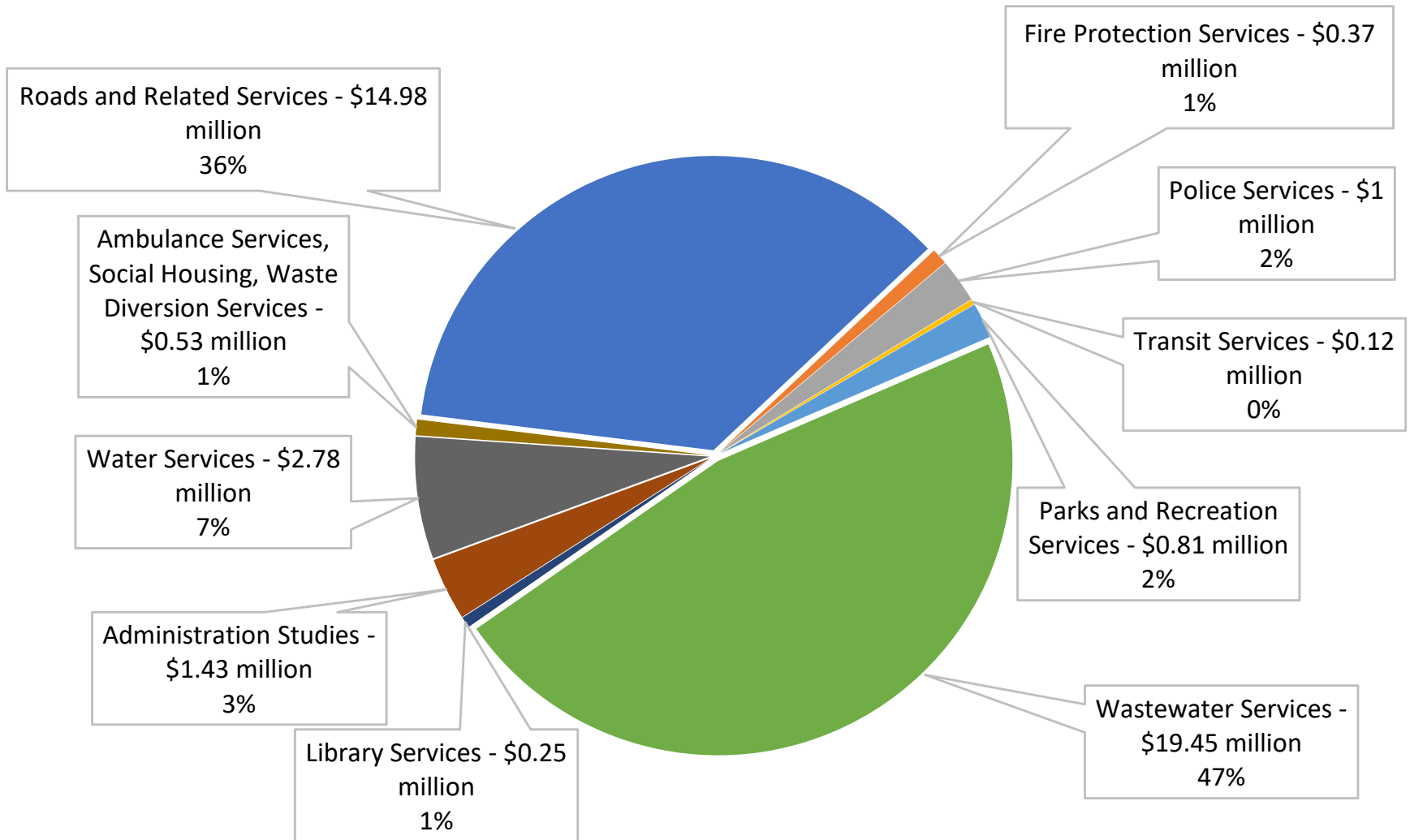
- Wastewater
- Water

- Growth-Related Studies related to the above services included as separate class

Anticipated Capital Needs - \$206.4 million



D.C. Recoverable Costs - \$40.9 million

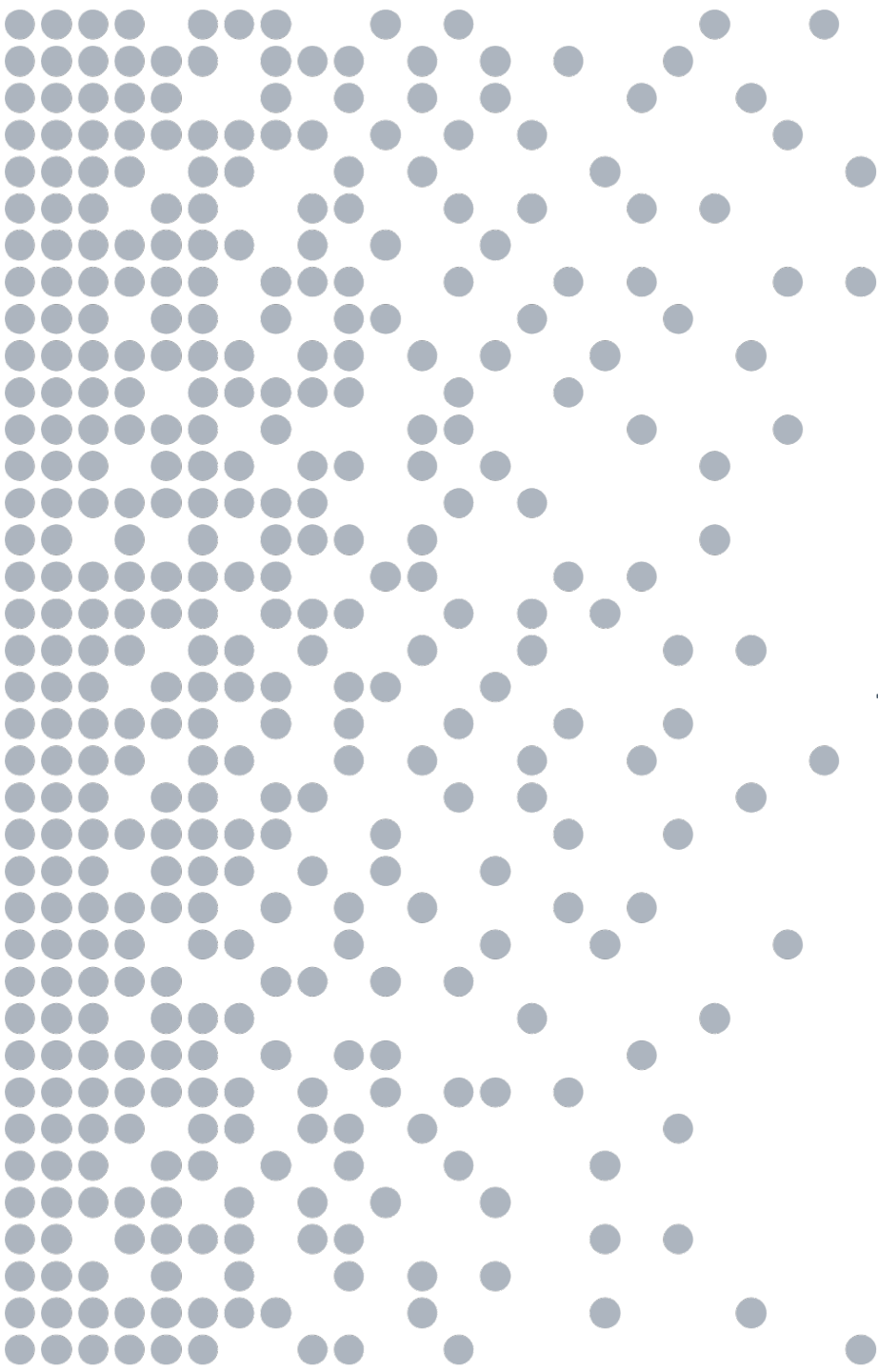


Calculated Schedule of Development Charges

2021\$



Service/Class	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	(per sq.m. of Gross Floor Area)
Municipal Wide Services/Classes:					
Roads and Related Services	3,611	2,650	1,529	2,548	17.65
Fire Protection Services	171	126	72	121	0.89
Police Services	468	343	198	330	2.42
Transit Services	55	40	23	39	0.28
Parks and Recreation Services	458	336	194	323	0.44
Library Services	142	104	60	100	0.13
Ambulance Services	167	123	71	118	0.87
Social Housing	29	21	12	20	0.00
Waste Diversion Services	76	56	32	54	0.00
Growth Studies	47	34	20	33	0.25
Total Municipal Wide Services/Classes	5,224	3,833	2,211	3,686	22.93
Urban Services					
Wastewater Services	5,387	3,954	2,281	3,802	27.72
Water Services	770	565	326	543	3.97
Total Urban Services	6,157	4,519	2,607	4,345	31.69
GRAND TOTAL RURAL AREA	5,224	3,833	2,211	3,686	22.93
GRAND TOTAL WATER ONLY SERVICED AREA	5,994	4,398	2,537	4,229	26.90
GRAND TOTAL URBAN AREA	11,381	8,352	4,818	8,031	54.62



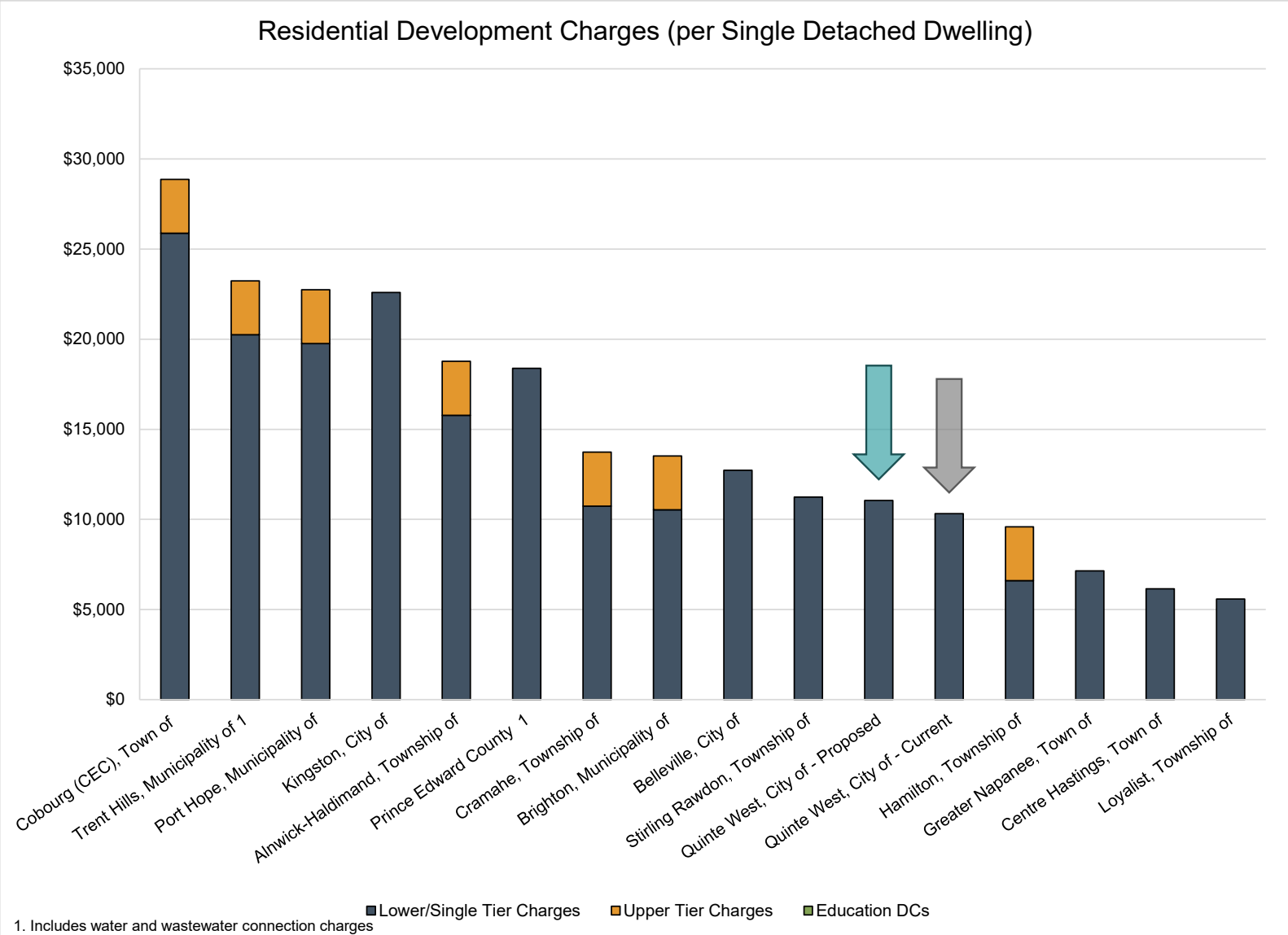
D.C. Impacts and Municipal Comparisons

Development Charge Comparison



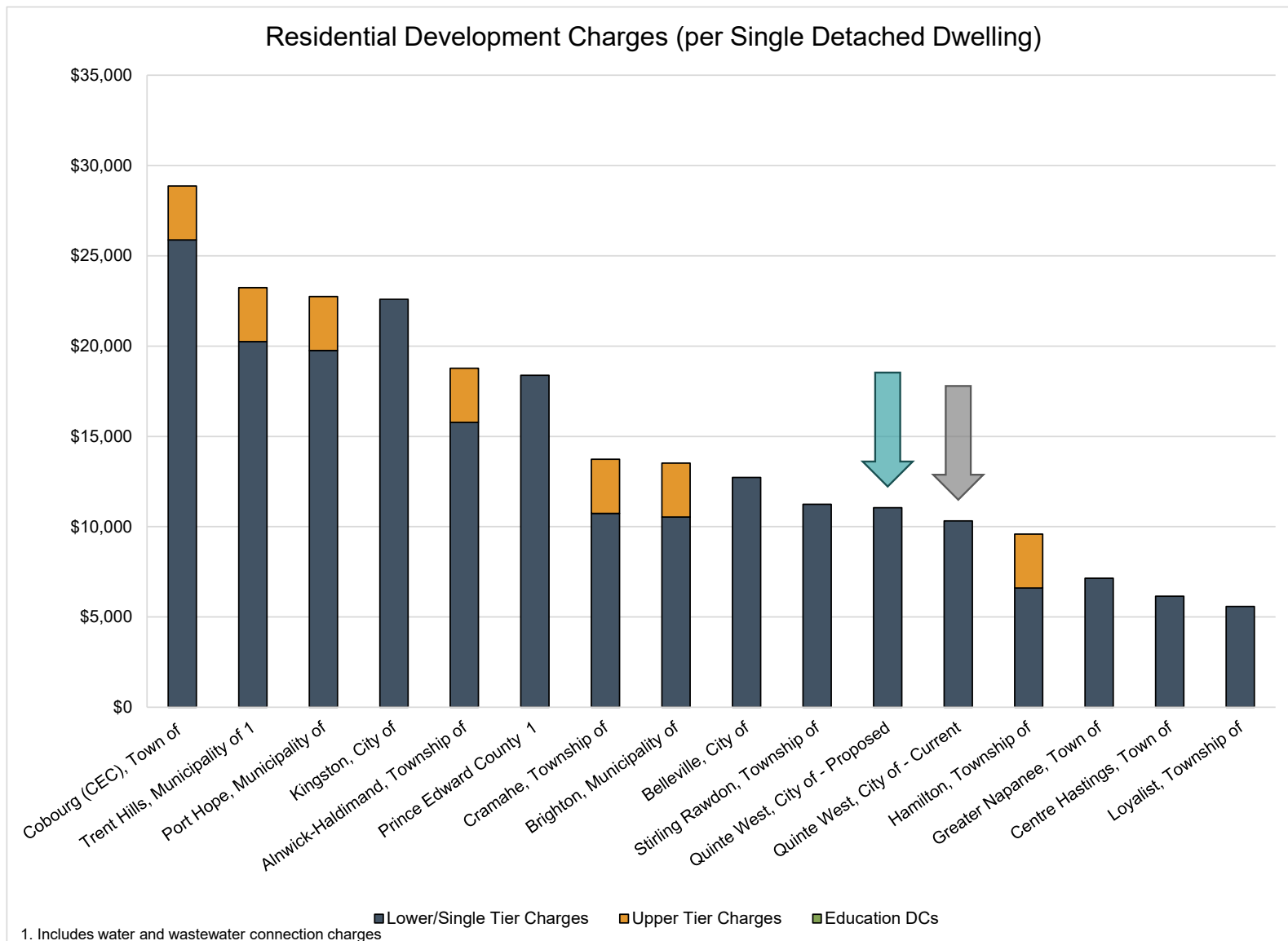
D.C. Comparison (2021\$)						
Service/Class	Residential (per Single Detached Unit)			Non-Residential (per sq.m.)		
	Current	Calculated	% Increase	Current	Calculated	% Increase
Municipal Wide Services/Classes:						
Roads and Related Services	3,127	3,611	15%	17.55	17.65	1%
Fire Protection Services	522	171	-67%	2.94	0.89	-70%
Police Services	232	468	102%	1.31	2.42	85%
Transit Services	-	55	n/a	-	0.28	n/a
Parks and Recreation Services	719	458	-36%	-	0.44	n/a
Library Services	146	142	-3%	-	0.13	n/a
Growth Studies	29	47	65%	0.17	0.25	50%
Ambulance Services	-	167	n/a	-	0.87	n/a
Social Housing	-	29	n/a	-	-	n/a
Waste Diversion Services	-	76	n/a	-	-	n/a
Total Municipal Wide Services/Classes	4,775	5,224	9%	21.96	22.93	4%
Area Specific Services:						
Wastewater Services	5,014	5,387	7%	26.25	27.72	6%
Water Services	833	770	-8%	4.37	3.97	-9%
Total Area Specific Services	5,847	6,157	5%	30.62	31.69	3%
GRAND TOTAL RURAL AREA	4,775	5,224	9%	21.96	22.93	4%
GRAND TOTAL WATER ONLY SERVICED AREA	5,608	5,994	7%	26.33	26.90	2%
GRAND TOTAL URBAN AREA	10,622	11,381	7%	52.58	54.62	4%

Municipal D.C. Comparison per Single Detached Residential Dwelling Unit



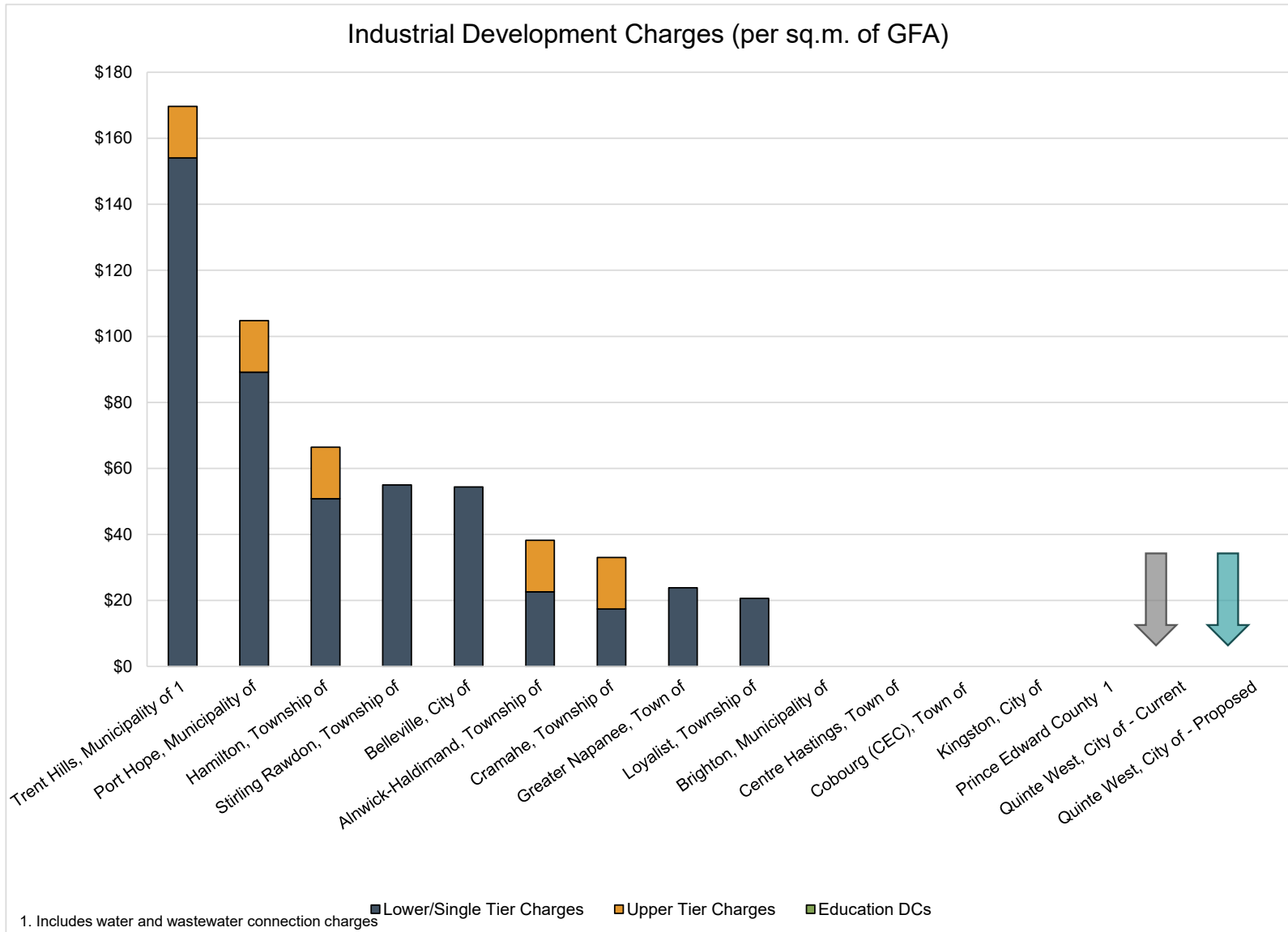
Municipal D.C. Comparison

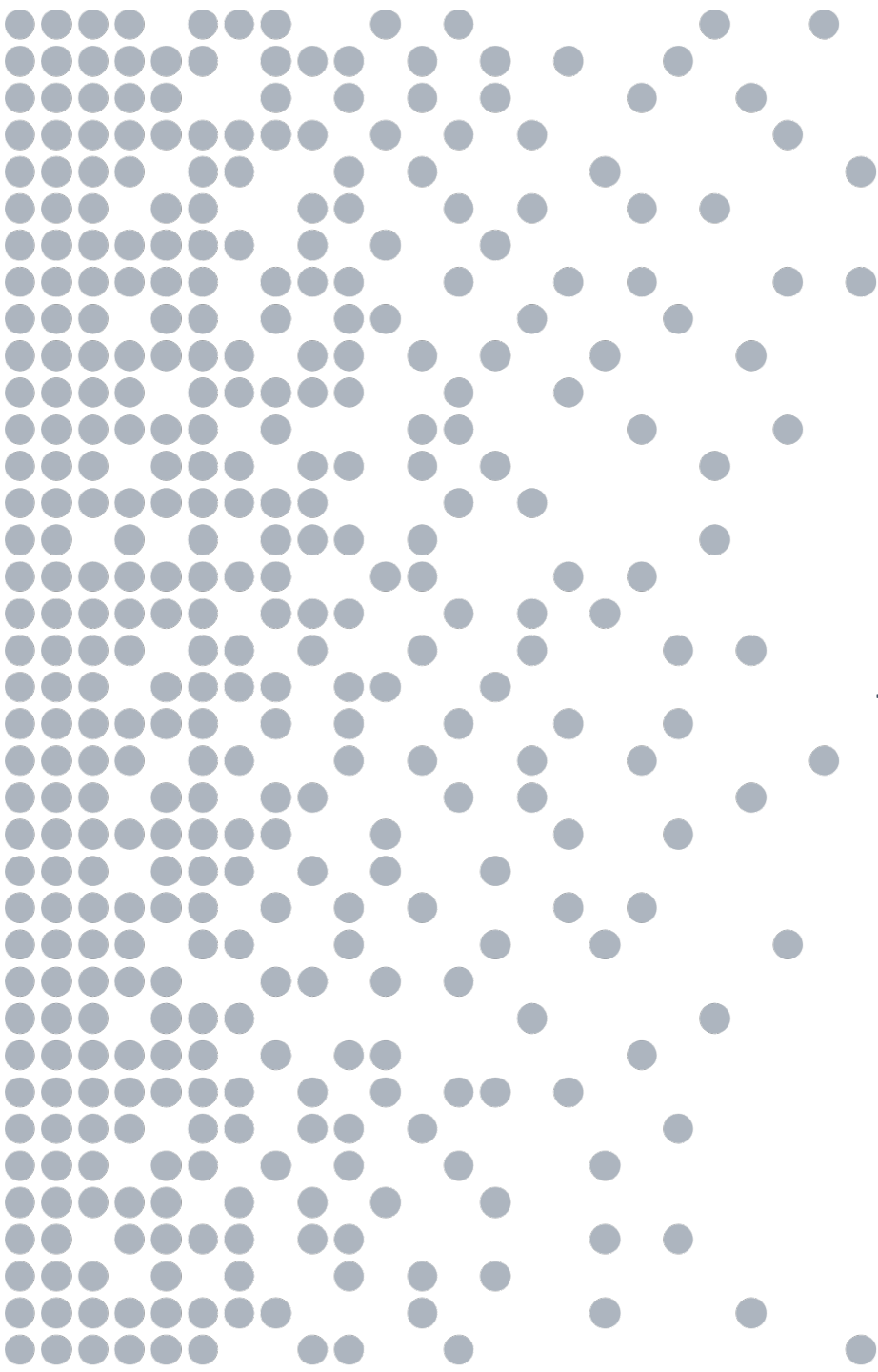
\$ per sq.m. of Commercial Gross Floor Area



Municipal D.C. Comparison

\$ per sq.m. of Industrial Gross Floor Area





D.C. By-law Policies



D.C. By-Law Policies

Timing of Collection

- D.C.s can be calculated and payable at the time of building permit issuance or at subdivision registration for hard services
 - Municipality may enter into agreement for the D.C. to be paid before or after it would otherwise be payable
- A municipality is not required to issue a building permit for development to which a D.C. applies unless the charge has been paid
- If a D.C. or any part of it remains unpaid after it is payable, the amount unpaid shall be added to the tax roll and shall be collected in the same manner as taxes
- The City's current D.C. by-law provides for calculation and collection of the charges at the time of building permit issuance



D.C. By-Law Policies

Timing of Collection

- D.C. for developments proceeding through Site Plan or Zoning By-law Amendment will be determined based on the charges in effect on the day of the application
 - Charges to be frozen for a maximum period of 2 years after planning application approval
- Payment in Installments
 - Rental housing and institutional developments would pay D.C.s in 6 equal annual payments, commencing from the date of occupancy
 - Non-profit housing would pay D.C.s in 21 equal annual payments, commencing from the date of occupancy
- As permitted by the D.C.A. the proposed policy is to charge interest on installment charges, and on charges determined at Site Plan or Zoning By-law Amendment application
 - Interest equal to the Prime Lending Rate



D.C. By-Law Policies

Statutory D.C. Exemptions

- The D.C.A. provides statutory exemptions for:
 - Industrial building expansions (may expand by 50% with no D.C.)
 - Residential intensification (within existing residential buildings or structures ancillary to existing residential buildings):
 - May add up to two apartments for a single detached home as long as size of home doesn't double
 - Add one additional unit in medium & high density buildings
 - The creation of a second dwelling unit in prescribed classes of new residential buildings, including structures ancillary to dwellings
 - Upper/Lower Tier Governments and School Boards



D.C. Policies

Non-Statutory D.C. Exemptions

- The current exemptions are proposed to be maintained:
 - Industrial development including enlargements to existing buildings;
 - Lower Trent Conservation or Quinte Conservation;
 - A public hospital under the *Public Hospitals Act*;
 - A place of worship exempt under s.3 of the *Assessment Act*;
 - Partial exemptions equal to the amount of lot levy, impost fee or D.C. collected as a condition for a lot created by consent pursuant to Section 53 of the Planning Act; and
 - A grant equal to the calculated charge for residential and non-residential development may be provided within the Commercial Core Areas in Trenton and Frankford



D.C. By-Law Policies

Redevelopment Credits

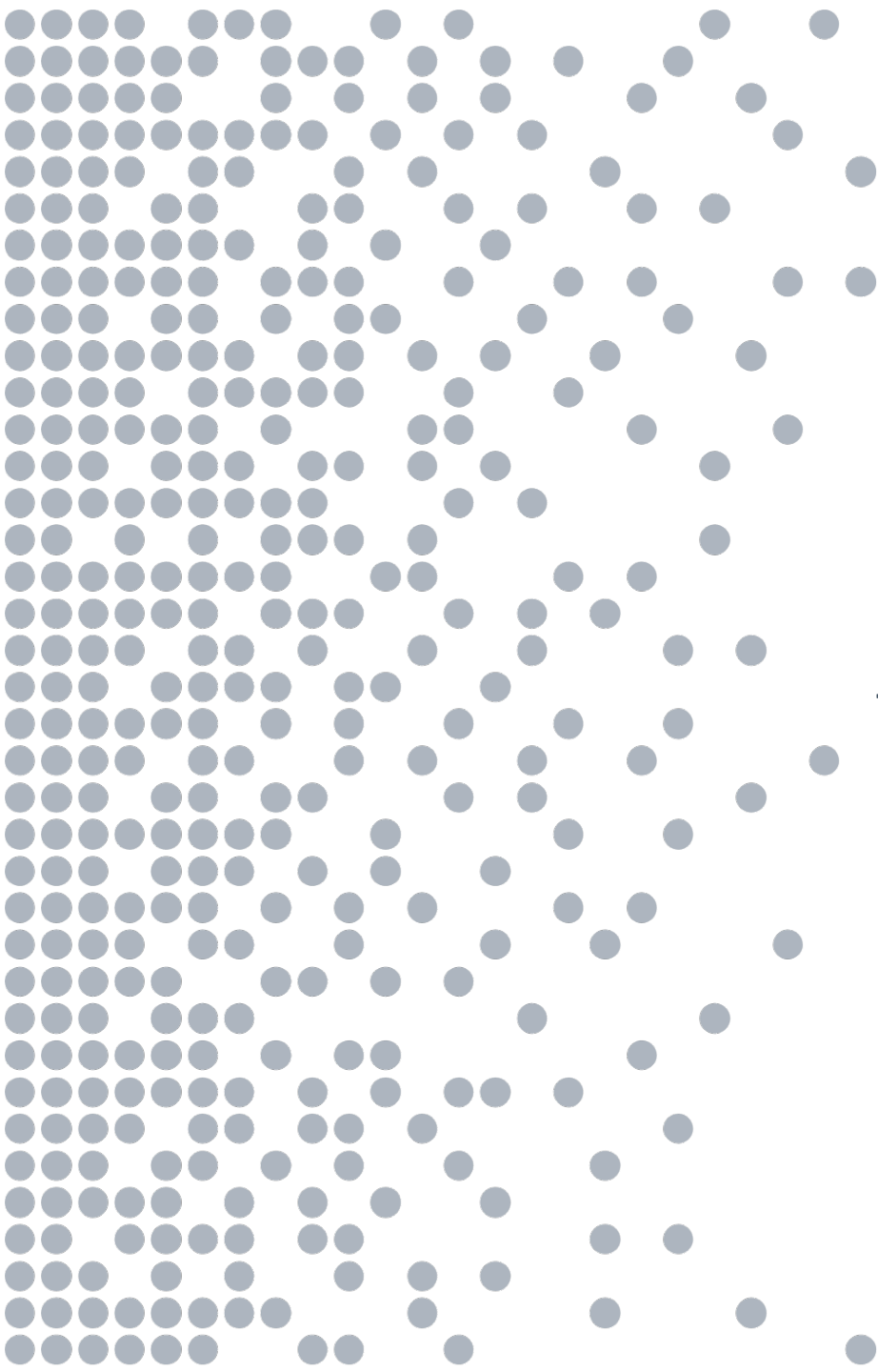
- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
 - Redevelopment credits granted within 3-years of demolition
- A credit cannot exceed the amount of the development charge payable



D.C. By-Law Policies

D.C. Indexing

- The current D.C. by-law provides for mandatory indexing of the charge on December 31st of each year
- Indexing Policy is proposed to be maintained



Next Steps

Next Steps



- Receive feedback from Council
- Public Meeting of Council (Finance Committee) – November 4, 2020
- Anticipated date of by-law passage – December 7, 2020
- By-law effective date – January 1, 2021