



REPORT

TO: Mayor Bonnette and Members of Council

FROM: Jinsun Kim, Senior Manager of Financial Planning & Budgets
Kevin Okimi, Director of Parks and Open Space

DATE: April 19, 2022

REPORT NO.: CORPSERV-2022-0012

SUBJECT: Development Charges (DC) by-law update, Community Benefits Charges (CBC) by-law, Parkland Dedication by-law update – Public Meeting

RECOMMENDATION:

THAT Report No. CORPSERV-2022-012, dated April 19, 2022, regarding the Development Charges (DC) by-law update, Community Benefits Charges (CBC) by-law, and Parkland Dedication by-law update – Public Meeting, be received;

AND FURTHER THAT all comments received from agencies and the public be referred to staff for inclusion in the final report and by-laws for consideration by Council regarding the DC, CBC and Parkland Dedication by-law updates.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Combined DCs, CBCs, and the Parkland Dedication and CIL (cash in lieu) of parkland are important financing tools for municipalities to help recover the capital costs necessary to accommodate growth and to promote complete community developments
- A comprehensive review and update of the Town's DCs, CBCs, and Parkland Dedication by-laws have been undertaken since April 2021, and the resulting draft background studies and the proposed by-laws were released to the public on April 15, 2022 through the Town's website
- The 2022 DC and CBC studies and the Parkland Dedication by-law updates are in response to the requirements of the amended *Development Charges Act* (DCA) and *Planning Act*, resulting from Bill 108 (More Homes, More Choice Act,

2019), Bill 197 (COVID-19 Economic Recovery Act) and also to replace the Town's current DC by-law that is due to expire on August 31, 2022

- The development community has been engaged through a number of consultation opportunities prior to the statutory public meeting. Any additional comments arising from the statutory public meeting will continue to be addressed and incorporated into the final studies and proposed by-laws which will ultimately be considered by Council in July 2022

BACKGROUND AND DISCUSSION:

Municipalities have the authority to collect DCs under the DCA, as amended to help offset the capital costs of providing new facilities and infrastructure that can be attributed to new or expanded development. In order to collect DCs, municipalities are required to:

- Prepare a Development Charges Background Study
- Hold a public meeting
- Adopt a Development Charges by-law

Municipalities also have the authority under the *Planning Act* to require the conveyance of parkland or receive CIL of parkland, and to impose CBCs (single or lower tier municipalities only) on new development. To impose a CBC, a similar process to passing a DC by-law is required.

As noted in the memorandum CORPSERV-2022-0003 and council workshop held on February 22, 2022, the Town has retained the services of Watson & Associates Economists Ltd. (Watson) and has undertaken the DC Background Study, CBC Strategy, and Parkland Dedication by-law review processes since April 2021.

The resulting draft background studies and the proposed by-laws were released to the public on April 15, 2022 through the Town's website (Appendices 1, 2, and 3 of this report).

The purpose of this report is to provide Council with background information on the processes and to highlight the draft studies and the proposed by-laws pertaining to: the DC, CBC, and Parkland Dedication, in keeping with the statutory consultation requirements of the DCA and the *Planning Act*.

Need for by-law updates in 2022

The 2022 DC and CBC studies and the Parkland Dedication by-law review have been undertaken in response to the requirements of the amended DCA and *Planning Act*, resulting from Bill 108 (More Homes, More Choice Act, 2019), Bill 197 (COVID-19 Economic Recovery Act), and also to replace the Town's current DC by-law that expires on August 31, 2022.

As such, the Town has prepared these studies, based on the best information available at this time as required under the respective legislation, while waiting for the conclusions of the Halton Region’s Municipal Comprehensive Review (MCR) and the on-going appeals related to the Vision Georgetown Secondary Plan. The anticipated growth forecast included in these studies has been informed by the Regional Official Plan Amendment 38 (2011), the Regional Best Planning Estimates (2011), Region of Halton Integrated Growth Management Study (2018), and the development projects that are in consultation with the Town’s Planning Department.

It is expected that the Town’s next DC background study and by-law will be updated prior to the expiry of the 2022 DC by-law in 2027, in order to incorporate changes to the underlying growth assumptions arising from the Halton Region’s MCR or the outstanding appeals.

Activities to Date

The DCA requires one statutory public meeting before passing a DC by-law. Similarly, the *Planning Act* requires stakeholder consultations for passing the CBC by-law and the Parkland Dedication by-law updates. To date, the Town provided additional consultation opportunities to the development community beyond the legislated requirements and also had an opportunity to discuss draft findings with Council. The following are consultation activities undertaken to date.

2021/2022 DC, CBC, Parkland Dedication by-law update process	Date
Development Stakeholders Meeting #1 - process overview, approach, growth assumptions	September 15, 2021
Council Workshop - draft findings	February 22, 2022
Development Stakeholders Meeting #2 - Draft findings with technical appendix	March 8, 2022

Following the development stakeholders’ meetings in September 2021 and March 2022, staff received a number of questions and comments relating to growth assumptions, capital project needs and cost estimates included in the studies, as well as the estimated increases in DCs. Details of the comments and questions received from Altus Group Economic Consulting and David Schaeffer Engineering Ltd (both of which represent Southwest Georgetown Landowners Group Inc) and from BILD are included in Appendix 4. Also included in this appendix are the staff responses provided to date in relation to the growth assumptions.

Any remaining comments and questions, along with comments arising from the statutory public meeting, will continue to be addressed and incorporated into the final studies and by-laws for consideration by Council in July 2022.

A. 2022 Development Charges Background Study & Proposed By-law

The detailed information supporting the DC calculations, DC rules and policies are set out in the DC Background Study (the Study) as required under the DCA (Appendix 1). The following sections highlight the key outcomes of the study.

A-1. Growth-related Capital Costs

As summarized in the table below, following an in-depth review of the capital costs required to support anticipated growth between 2022 and 2036, a total of \$385.6 million in capital program costs have been identified. Of the total cost, \$303.0 million have been included as eligible costs in the DC calculations in accordance with the requirements of the DCA. (Details are included in chapters 4 and 5 of the Study).

Services (\$000's)	Gross Capital Cost Estimate (2022\$)	Deductions from DC Calculations				Potential DC Recoverable Cost*
		Post Period Benefit & Other	Benefit to Existing Development	Grants, Subsidies and Other Contributions	Projected Existing Reserve Fund Balances	
Fire protection	\$ 17,317	\$ 250	\$ 1,843	\$ -	\$ 127	\$ 15,098
Transportation	152,565	-	37,250	3,840	2,164	109,312
Transit	20,890	548	15,292	109	11	4,930
Recreation & Parks	163,947	-	9,438	3,934	1,181	149,394
Library	19,287	-	769	-	126	18,392
Stormwater Management	1,193	-	162	-	52	979
Growth-related studies	10,439	4,698	742	-	121	4,878
Total	\$ 385,637	\$ 5,496	\$ 65,496	\$ 7,883	\$ 3,782	\$ 302,982

* May not add due to rounding

A-2. Calculated New DCs

The calculated DCs compared to the Town's current DC rates (in effect April 1, 2022) are as follows: (Details are included in chapter 6 and Appendix C of the Study).

Proposed New DCs				
Services	Residential (SDE ¹)	Non-residential (Sq.M)		
		Industrial	Non-Industrial	
Fire protection	\$ 1,321	\$ 3.01	\$ 9.83	
Transportation	9,519	21.72	70.83	
Transit	540	1.12	3.70	
Recreation & Parks	17,908	6.58	6.58	
Library	2,269	0.83	0.83	
Stormwater Management	86	0.20	0.64	
Growth-related studies	427	0.97	3.18	
Total Calculated ²	\$ 32,070	\$ 34.44	\$ 95.59	
Total Current (as of April 1, 2022)	\$ 20,466	\$ 25.40	\$ 78.38	
\$ Difference	\$ 11,604	\$ 9.03	\$ 17.21	
% Difference	57%	36%	22%	

1. Single Detached Equivalent

2. May not add due to rounding

The Residential DC rate for single family detached unit is expected to increase by 57% to \$32,070/unit, and the Non-residential DC rate is expected to increase by 36% to \$34.44/sq.m. for industrial development and 22% to \$95.59/sq.m. for non-industrial development type.

The contributing factors leading to the increase in DC rates when compared to the current DC rates (which was generated from the 2017 DC study and indexed to April 1 2022) are:

- The amended DCA that allows the inclusion of capital costs in the calculation that were previously restricted (e.g. 10% statutory deductions, the 10-year forecast limitation for soft services)
- Updated project costs based on recent tender results, master plans (e.g. Active Transportation Master Plan, Transit Strategy), green standards
- Newly identified capital needs in support of council approved strategies (e.g. Parkland Acquisition and Development Strategy)

A-3. Comparison of DC rates

Appendix 5 of this report includes the graphs that show the Town's new proposed DC rates, with a comparison to the rates of neighboring municipalities in the GTA. The Town's comparative position will move slightly upwards in the comparative scale for both residential and non-residential development with the proposed DC increases. It should be noted that the differentiated DCs between the Greenfield (GF) and Built Boundary (BB) areas in Halton Hills are determined by Halton Region's by-law structure.

A-4. Proposed Change in DC Policies

Appendix 6 of this report includes a summary of the Town's DC policies and the proposed changes. In an effort to promote continued economic development and to support the Town's broader policy objectives and provide consistency, the following are highlights of the proposed new and revised policies. (Details are included in chapter 7 of the Study).

New Policies

- **Affordable rental housing development** - In support of the Town's Community Improvement Plan (CIP), this policy is designed to help maximize the Town's capacity to affect positive change in the housing market, resulting in the development of more and varied forms of affordable housing in Halton Hills. This new policy proposes:
 - The development must meet the affordable rental housing definition: "a residential building with the greater of 25% or 10 rental dwelling units being operated at or below the affordable rent threshold defined in the Regional Municipality of Halton's annual State of Housing report"
 - Affordability requirements must be met for a minimum of twenty (20) years
 - Payments will be made in equal annual installments with the first installment due at the issuance of a building permit
- **Cannabis-related developments** - Consistent with neighboring municipalities in Halton Region, it is proposed that industrial DCs will be payable on cannabis production facilities including growing operations, while non-industrial DCs will be payable on structures relating to retail sales.

Revisions to Existing Policies

To promote consistency with other policies in the Town and in municipalities in Halton Region and the GTA, it is proposed that:

- **Non-residential DC deferral** – A maximum 10 years of DC deferral (with interest) will continue to be provided, with a revision to the timing of the first annual installment. Consistent with other deferral policies in the Town and Halton Region, the first payment will be due upon issuance of a building permit. This is a change from the current policy, which requires the first payment one year after the building permit issuance.
- **Industrial development definition** – will be revised to exclude self-storage development
- **Industrial expansion exemption (discretionary)** – In support of intensification, a full DC exemption will continue to be provided if the existing operation was under the same ownership for a minimum five consecutive years at the time of expansion, with

a condition that the structure must be located within the general employment areas of Georgetown and Acton as defined in the Town's Official Plan (excluding Premier Gateway area). This is a change from the current policy, which extends Town-wide.

B. Parkland Dedication & Cash-in-Lieu Review & Proposed By-law

In 2019, Council approved various amendments to the Parkland Dedication approach which will require Official Plan updates coordinated with the Towns OP Review from 2022-2023. Watson has reviewed the current bylaw and previous approvals by Council, and recommends the following updates to the Parkland Bylaw at this time, which do not require amendments to the Town's Official Plan:

- Incorporate prorated parkland dedication rates for mixed use developments (approved by Council in 2019)
- Convert the CIL of parkland cap for certain areas from \$11,000 per unit (as approved by Council in 2019), to an overall land value cap of 20%. The original fixed value cap approved by Council in 2019 was based on an average land value cap of 20%, and can be increased by the Commissioner of Recreation and Parks with respect to rising land values.

Staff support these changes as the use of a percentage (%) of land value cap will be simpler to administer and monitor than a fixed dollar value cap which needs to be regularly reviewed and updated, while still providing relief to developments in the key areas of the Town as approved by Council. A prorated parkland dedication rate for mixed use developments represents the fairest way to apply parkland dedication (or CIL) requirements for mixed use properties which otherwise would be subject to the highest rate applicable under the current bylaw. The change to a percentage cap is not expected to change the total amount of CIL of parkland that is collected compared to a fixed dollar value cap.

The passing of the updated by-law, including these updates, will allow the Town to continue to collect parkland dedication and CIL of parkland as it has in the past. CIL of parkland funds are used by the Town to acquire parkland to meet overall service levels identified in the Official Plan and through the Parkland Acquisition Study approved by Council in 2019. The draft by-law is attached to this report as Appendix 2, and is also available with the Parkland Acquisition Study and other reports on the Town's web site for public review.

C. Community Benefit Charges (CBC) Strategy & Proposed By-law

The detailed information supporting the CBCs as required under the *Planning Act* is included in the CBC Strategy and the proposed by-law (Appendix 3). The following sections highlight the key outcomes of the strategy.

C-1. Scope of CBC

In accordance with Section 37 of the *Planning Act*, growth-related capital costs that are not covered by the DCs or parkland dedication provision of the *Planning Act* can be considered for inclusion in the CBC. However, a CBC can only be imposed on high-density residential or mixed used development with a minimum of 5 storeys and at least 10 dwelling units.

In developing the CBC strategy, the following services and the related capital costs were reviewed.

Services	Capital Costs	
	Total	Eligible
Parkland & CBC strategy	\$ 66,188,771	\$ 5,974,292
Parking	274,354	18,112
Growth-related Studies	544,000	10,906
Information Technology	482,800	9,671
Total	\$ 67,489,925	\$ 6,012,981

As shown, out of the total \$67.5 million of gross capital costs reviewed, the eligible portion of the capital costs are limited at \$6.0 million due to the legislated restrictions (i.e. high-density related portion only).

Accordingly, the CBC Strategy recommends that the Town collect CBC revenues to help fund the parkland acquisitions and CBC strategy update component only (\$5.97M) and that the CBC be calculated based on 4% of assessed land value at the time of building permit as permitted under the *Planning Act*.

Next Steps

It is anticipated that the new by-laws for the Town's DC, CBC and Parkland Dedication will be approved by Council on July 4th, 2022 and will come into effect on September 1, 2022 as shown below.

2021/2022 DC, CBC & Parkland Dedication by-law update process	Date
Statutory public meeting	May 2, 2022
Written comments due	May 16, 2022
Final 2022 DC, CBC, Parkland Dedication proposals to Council & passing of by-laws	July 4, 2022
Last day for DC, CBC, Parkland Dedication by-law appeals	40 days after passage
By-laws effective date	September 1, 2022

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to achieve sustainable growth to ensure that growth is managed so as to ensure a balanced, sustainable, well planned community infrastructure and services to meet the needs of its residents and businesses.

This report also identifies shaping growth as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement has been conducted through a number of stakeholder meetings.

The public meeting process, notice and circulation of draft materials to the public and requisite agencies have been provided as per the requirements of the provincial legislation and beyond. Representatives of stakeholders will continue to be engaged in the study process.

INTERNAL CONSULTATION:

All departments/divisions across the corporation, including Library services have been engaged through the DC and CBC by-law update processes.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Combined DCs, CBCs, and the Parkland Dedication and CIL are important financing tools for municipalities to help recover the capital costs necessary to accommodate growth. Upon successful passage of the by-laws, the Town's updated DC, CBC, and Parkland Dedication provisions will be incorporated into the next long-range financial plan update and will help finance the infrastructure and parkland needed to service growth over the planning horizon (2022-2036).

Reviewed and approved by,

Moya Jane Leighton, Director of Finance and Town Treasurer

Warren Harris, Commissioner of Recreation and Parks

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer