



The Regional Municipality of Niagara

Regional D.C. Policy Task Force Meeting #2

June 17, 2021

Agenda



- Introductions
- D.C.A. Overview
- Bill 108, Bill 138, Bill 197 and Bill 213 – Changes to the Development Charges Act
- D.C. Emerging Issues
- Policy Report
- Next Steps and Project Status Update
- Questions



D.C.A. Overview

Niagara Region 2021/2022
D.C. Background Study

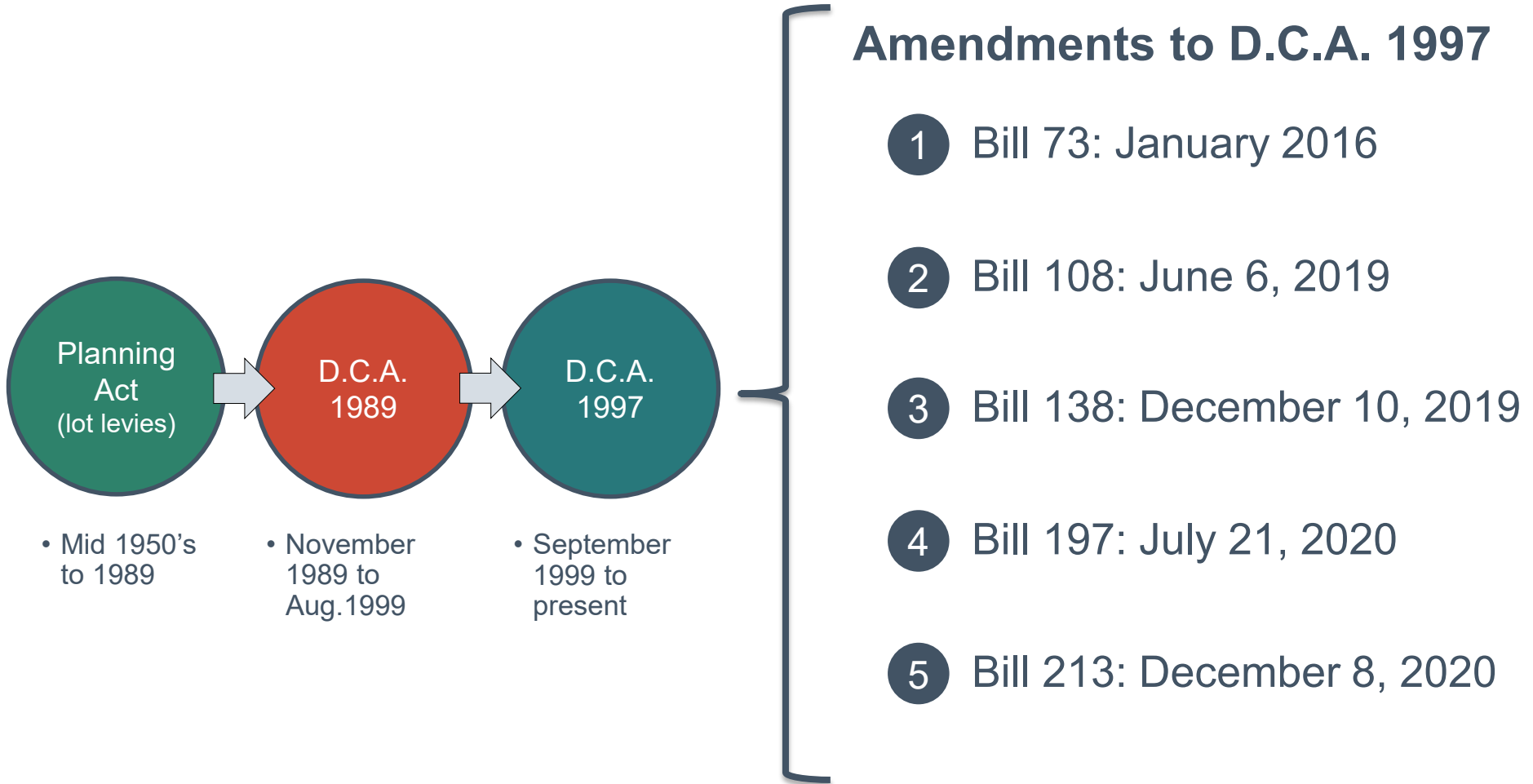
Development Charges (D.C.)



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, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

History of D.C.'s



D.C. Eligible Services



- Prior to Bill 197 (discussed later in this presentation), the D.C.A. identified a number of ineligible services. As per the amendments to the Act, the D.C.A. now lists the eligible services. The following Regional services remain eligible:
 - Water
 - Wastewater
 - Services related to a highway
 - Transit
 - Waste Diversion
 - Policing
 - Ambulance
 - Long-term Care
 - Public Health
 - Childcare and Early Years*
 - Housing
 - Provincial Offences Act



Limitations on Capital

- Certain Capital Costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment that is not integral to the delivery of the service

Capital Costs



- Capital Cost definition has been broadened to include:
 - Acquire land or interest in land
 - Improve land
 - Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
 - Equipment and rolling stock
 - Capital component of a lease for the above
 - Studies for above including a D.C. Background Study
 - Interest on money borrowed to pay for the above

Capital Costs (cont'd)



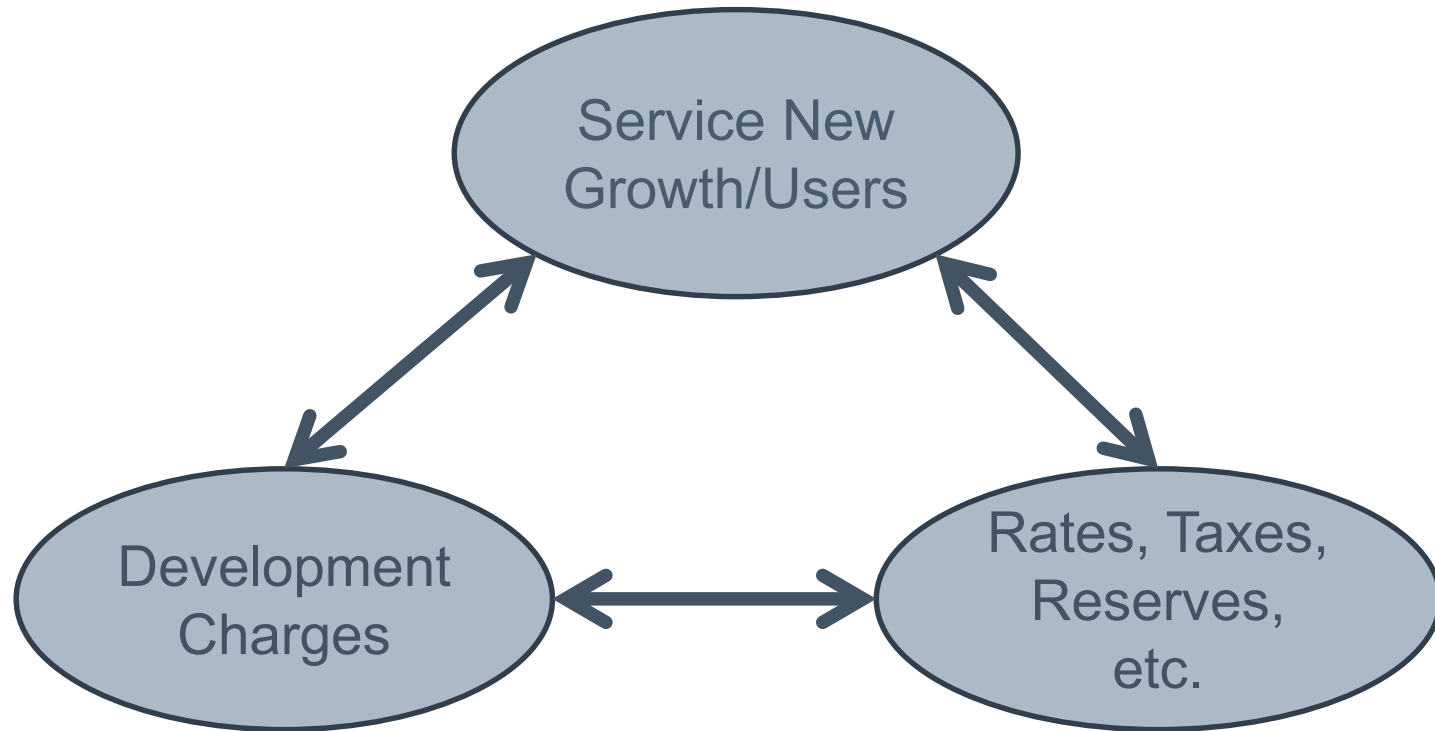
- Any planning horizon for future capital needs can be used, except for Transit (which is limited to 10 years)
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board



Maximum Charge Capped by Service Standard Calculation

- Service standard measure provides a ceiling on the level of the charge which can be imposed
- The D.C.A. requires the calculation to be based on “quantity” and “quality” measures and are “averaged over the past 10 years
- Note that this measure does not apply to water, wastewater and transit (which now has a forward-looking service standard)

Relationship Between Needs to Service Growth vs. Funding



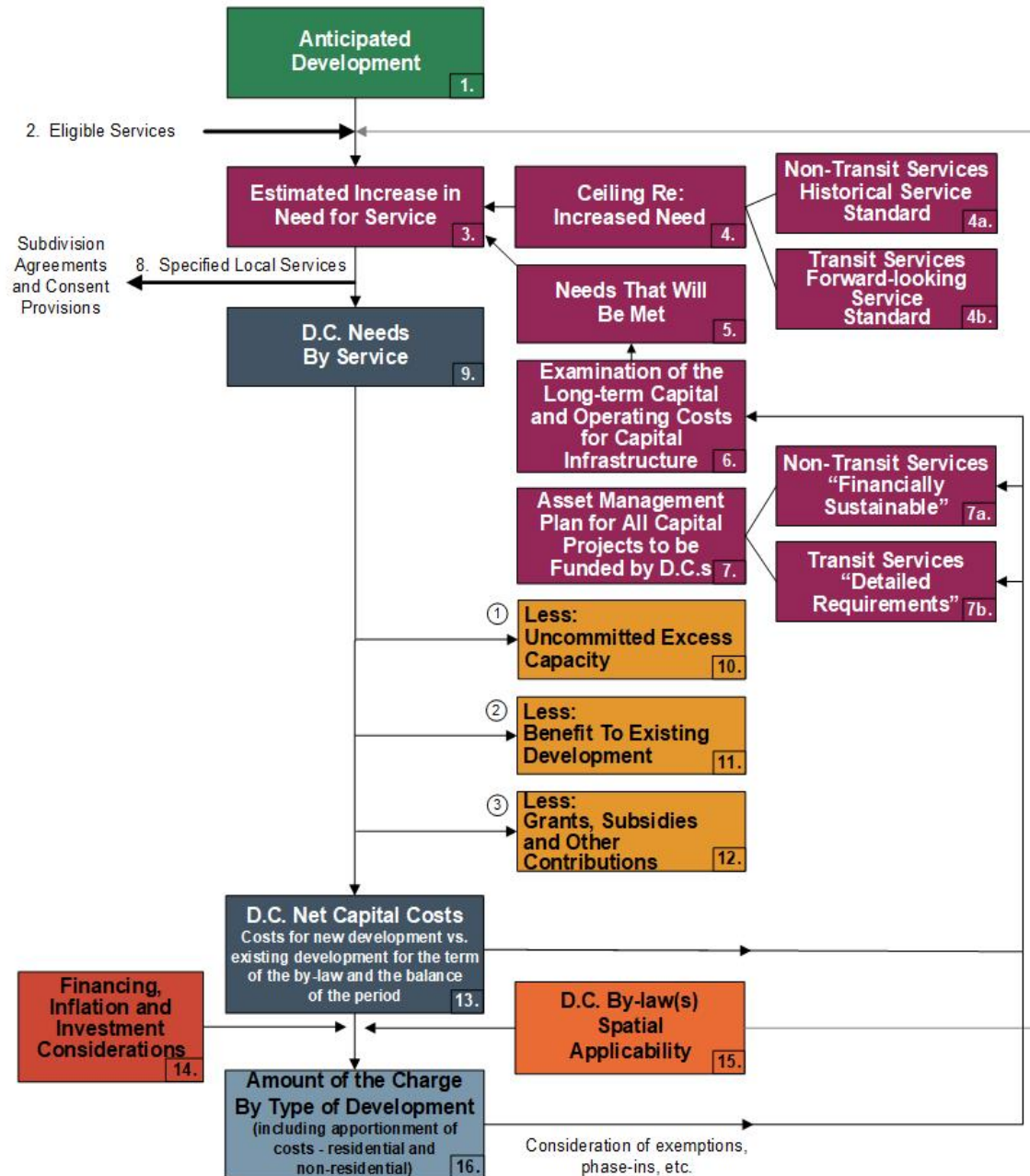
Methodology



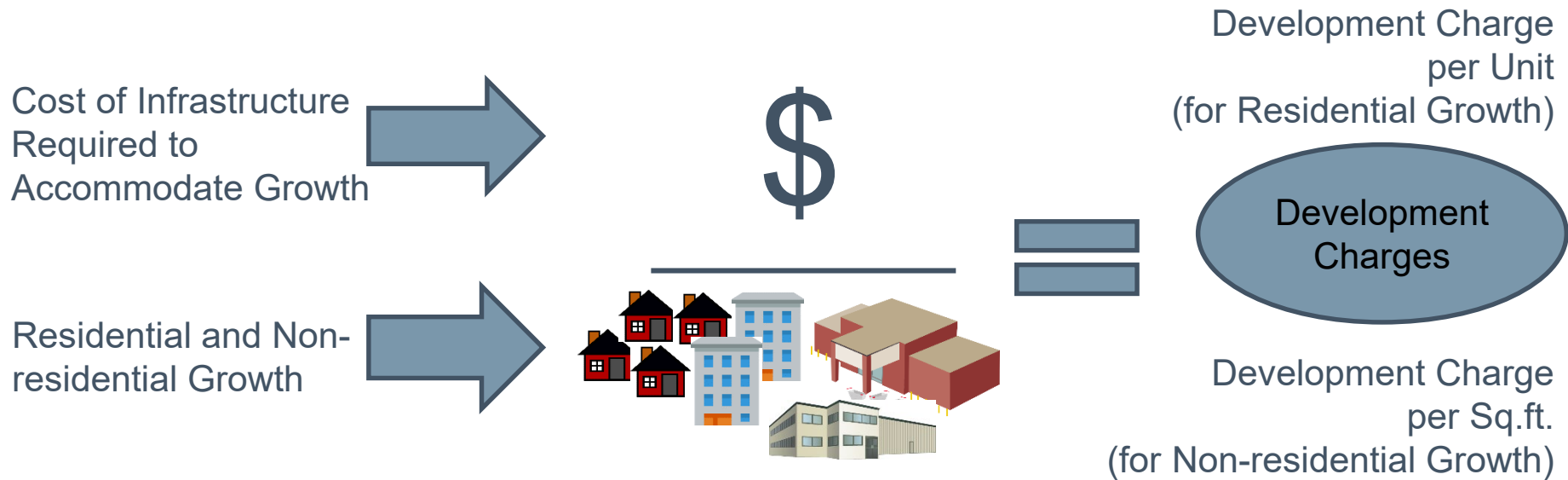
The following provides the overall methodology to calculating the charge:

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 10-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.

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



Overview of the D.C. Calculation



D.C. Cashflow



- Hard services normally constructed in advance of growth which can cause cash flow issues
- Project funding may require debenture financing or borrowing from other reserves to interim fund works (with repayment from D.C.'s) – also requires prioritizing the timing of construction for various projects
- In some cases, municipalities may consider agreements with developers to cashflow priority works

Timing of Capital Expenditures



		Development Timing															
		OPA/Secondary Plan				Draft Approval			Subdivision Approval			Building Permit			Post Occupancy		
Service	Capital Item																
Water	Treatment																
	Distribution																
	Local																
Wastewater	Treatment																
	Distribution																
	Local																
Stormwater Management	Facilities																
Roads and Related	Roads																
	Rolling Stock																
Library	Facilities																
	Collection Materials																
Transit	Facilities																
	Vehicles																
Parking	Parking Spaces																
Police	Facilities																
	Vehicles																
	Police Communication Equipment																
	Police Officer Equipment																
Health Unit	Facilities																
Ambulance	Facilities																
	Vehicles																
Child Care	Facilities																
Provincial Offences Act	Facilities																
Parks	Parkland Development																
Recreation	Facilities																
Fire	Facilities																
	Vehicles																
	Firefighter Equipment																
Administrative	Growth Studies																

Local Service Policies



- New 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. (updated as per Bill 73)
 - Due to Bill 73, “no additional levies” clause, a Local Service Policy is required to be developed and approved by Council, through the D.C. study process, to clearly define what developers would be required to do as part of their development agreements versus what would be included in the D.C.
- Subdivision Agreement Conditions - the Act provides coverage of such agreements to include “local services related to a plan of subdivision or within the area to which the plan relates”.
- Items to consider may include: 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.

Exemptions



Mandatory Exemptions:

- Upper/Lower Tier Governments and School Boards
- for industrial building expansions (may expand by 50% with no D.C.)
- May add up to 2 apartments in a single as long as size of home doesn't double
- Add one additional unit in medium & high-density buildings
- Residential development (additional unit or ancillary dwelling) in new dwelling units (as per Bill 108)
- University that receives operating funds from the government (as per Bill 213)

Discretionary Exemptions:

- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches)
- May phase-in over time
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)



Niagara Region - Current Discretionary Exemptions within By-law

- Granny flats;
- Parking structures;
- Non-residential lands and buildings used for agriculture;
- Places of worship;
- Lands and buildings used for Municipal Housing Project facilities;
- Lands and buildings used for Affordable Housing Projects;
- Canopies;
- Long-Term Care home (50%); and
- Smart Growth Design Criteria/LEEDs in Designated Exemption Areas (up to 50%).
- Brownfields (Brownfield DC Reduction Program);




Niagara Region - Current Discretionary Exemptions Outside of D.C. By-law

- Industrial (Industrial grant program)
- Non-profit D.C. Reduction

Other Matters



- Excess Capacity – any excess capacity in the system cannot be recovered in the D.C. unless council had expressed a clear intention to recover these costs at or before the time the capacity was created
- Cross Subsidization - the act clarifies that a cost recovery shortfall from one type of development may not be made up through higher charges on other development. However, it also clarifies that the charge for any particular development does not have to be limited to the cost increase attributable to that development
- It is mandatory that a D.C. Background Study be prepared and be available to the public (along with a draft D.C. by-law) at least two weeks prior to the public meeting and a minimum of 60 days before by-law passage.
- Prescribed Index - use of the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (CANSIM Table 327-0043)



Changes to the D.C.A Bills 108, 138, 197 & 213

Niagara Region 2021/2022
D.C. Background Study

Changes to the D.C. Legislation since 2017



There were a number of changes to the D.C.A. since the completion of the previous background study. These changes were provided through:

- Bill 108: More Homes, More Choice Act, 2019
- Bill 138: Plan to Build Ontario Together Act, 2019
 - Removed instalment payments for commercial and industrial developments (identified in Bill 108)
- Bill 197: COVID-19 Economic Recovery Act, 2020
- Bill 213: Better for People, Smarter for Business Act, 2020



Bill 108: “More Homes, More Choice: Ontario's Housing Supply Action Plan”

- On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A.
 - The Bill received Royal Assent on June 6, 2019
- The following provisions are effective as of January 1, 2020:
 - Rental housing and institutional developments will pay D.C.s in 6 equal annual payments
 - Non-profit housing developments will pay D.C.s in 21 equal annual payments
 - The D.C. rate is frozen for Site Plan or Zoning By-law amendments until 2 years after approval
 - Interest may be charged on the instalments and rate freeze

Bill 197 (COVID-19 Economic Recovery Act, 2020)



The Province tabled legislation on July 8, 2020, in response to the COVID-19 global pandemic. Many of the changes proposed in Bill 108 that were not yet in effect have now been revised. All sections of Bill 197 were proclaimed on September 18, 2020. The following changes are provided in Bill 197:

- Eligible services: the list of eligible services has now been expanded from the original list under Bill 108.
- The mandatory 10% deduction is removed for all D.C.-eligible services
- The mandatory 10-year planning horizon for soft services has been removed (except for transit)
- Community Benefits Charge: eligible for **lower-tier and single-tier** municipalities only – limit 4% of market value of land
 - Can only be applied to higher density development (where there are more than 10 residential units and 5 or more storeys)



Bill 213 (Better for People, Smarter for Business Act, 2020)

- On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government.
- The Region's by-law currently embraces this change, so revisions/refinements are not anticipated.



D.C. Emerging Issues

Niagara Region 2021/2022 D.C.
Background Study

Emerging Issues



There have been several emerging issues that are resulting in refinements to many D.C. by-laws over the past few years, including:

- Refining definitions on new types of housing (e.g. back-to-back townhouses, stacked townhouses, live/work units)
- Cannabis facilities, agriculture and bona fide farms
- Categories of Residential Charges
 - Apartments (Halton Decision)
 - Special Care/Special Dwelling Units (Affordable Housing)
 - Accessory/Secondary Suites (Affordable Housing)
- Conservation Authority (Halton Decision)
- Bona fide Farms – (ma/pa vs. larger operations)
- Places of Worship (portion for worship only)



Policy Report

Niagara Region 2021/2022 D.C.
Background Study

Policy Report

Overview



- As part of the D.C. study process a Policy Report will be prepared to outline the Region's D.C. existing policies, proposed new D.C. policies, and the impacts of potential exemptions.
- The Policy Report is intended to be a working draft document which will be updated throughout the study process based on input from various stakeholders (e.g. Council, local area municipalities, development community, etc.)

Policy Report

Format of Report



- The proposed format of the report is as follows for each policy matter to be discussed:
 - Description of Current Approach
 - Alternative Options/Best Practices
 - Discussion
 - Recommended Approach

Policy Report

Sample Table of Contents



	Page
1. Introduction	1-1
2. D.C. Calculation Policies – Water and Wastewater	2-1
2.1 Introduction.....	2-1
2.2 Benefit-to-Existing (B.T.E.)	2-1
2.3 Residential vs. Non-residential Share	2-5
2.4 Post-period Benefit (P.P.B.)	2-6
3. D.C. Calculation Policies – Services Related to a Highway	3-1
3.1 Introduction.....	3-1
3.2 Benefit-to-Existing (B.T.E.)	3-1
3.3 Residential vs. Non-residential Share	3-4
3.4 Post-period Benefit (P.P.B.)	3-6
4. Other D.C. Calculation Policies.....	4-1
4.1 Area-rating.....	4-1
4.2 Asset Management.....	4-1
4.3 Residential D.C. Categories	4-3
4.4 Non-residential D.C. Categories.....	4-3
5. By-law Policies	5-1
5.1 Mandatory Exemptions.....	5-1
5.2 Discretionary Exemptions.....	5-1
5.3 Timing of Collection for Hard Services	5-2
5.4 Indexing Date	5-3
5.5 Special Charges	5-3
5.6 Redevelopment Credits	5-4
5.7 Instalment Payments and D.C. Rate Freeze	5-5



Next Steps / Update on Project Status

Niagara Region 2021/2022 D.C.
Background Study

Next Steps / Update on Project Status



Project Status:

- Regional Staff are compiling necessary information to update the worksheets for the D.C. report
- Planning and Watson are working to prepare the D.C. forecast

Next Steps:

- Circulate initial draft policy report for review and discussion
- Establish dates for stakeholder meetings
- Watson and Regional staff to review worksheets for all services except water, wastewater, transit and services related to a highway
- Meet with teams working on master plans to discuss policy alignment for D.C. study



Questions?