



# Town of Hawkesbury Development Charges Background Study

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Council Information Session

October 2, 2019

# Development Charges



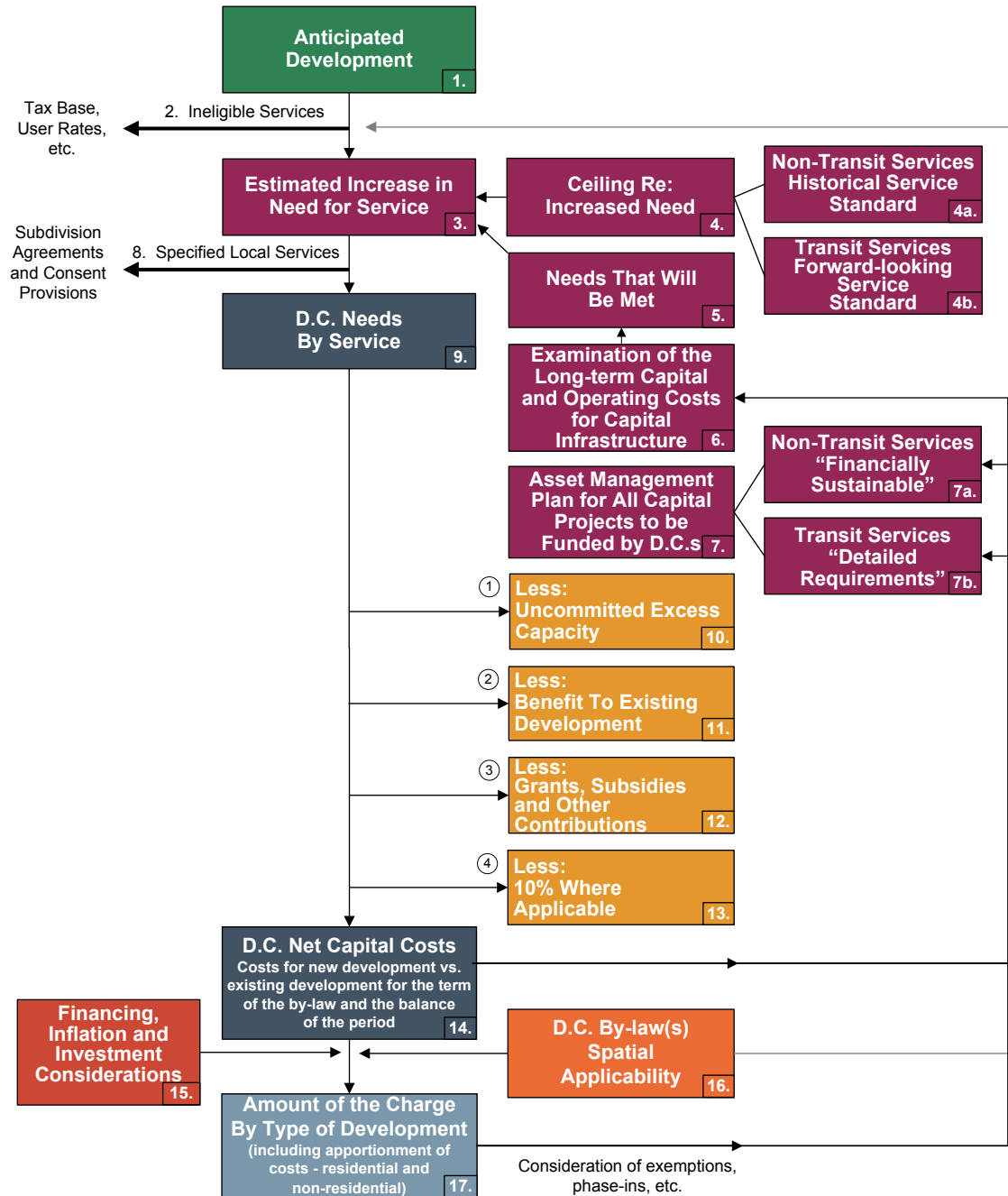
- Purpose of Development Charges (D.C.) is to recover the capital costs associated with residential and non-residential growth within the municipality
- Municipalities are empowered to impose these charges via the *Development Charges Act* (D.C.A.)
  - The D.C.A. is amended by Bill 108 (More Homes, More Choice Act), which once fully proclaimed will restrict its use to fund soft services, modify the imposition of the charges, and provide for additional non-statutory exemptions



# Development Charges Methodology

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



## D.C. Calculation Methodology



1. Identify amount, type and location of growth
  - Residential and non-residential development
  - D.C.A. prescribed intervals
2. Identify servicing needs to accommodate growth; a D.C. may not provide for:
  - Parkland acquisition
  - General Administration Headquarters
  - Tourism, Arts/Culture Facilities, Museums
  - Landfill Sites and Services, Incineration of Waste
  - Hospitals
  - Vehicles & Equipment – Useful life of less than 7 yrs
  - Computer Equipment

# D.C. Calculation Methodology

## Cont'd



3. D.C. capital needs assessment requires:
  - Consideration of 10-year average historical level of service (planned level of service for Transit services)
  - Council intention that needs will be met
  - Long-term capital and operating cost determination
4. Identify capital costs to provide services to meet the needs
  - Project specific determination

# D.C. Calculation Methodology

## Cont'd



### 5. Capital costs may include

- Land acquisition (excluding parkland)
- Capital improvements, acquisitions, leases and construction projects
- Rolling stock with a useful life of 7 years or more
- Furniture and equipment for eligible services
- Library circulation materials
- Interest costs
- Studies in connection to the above

# D.C. Calculation Methodology

## Cont'd



6. D.C. capital cost assessment must have regard for:
  - Uncommitted excess capacity
  - Grants, subsidies and other contributions
  - Benefit to existing development
  - Statutory 10% deduction (soft services)
  - Amounts in excess of 10-year historical service standard calculation
  - Outstanding D.C. credits
  - D.C. reserve funds (where applicable)
7. Net costs allocated by type of development
  - Residential (e.g. low, medium and high density) and non-residential (e.g. commercial, institutional and industrial) development types



# D.C. Calculation Methodology

## Cont'd



### 7. Calculate schedule of charges

- Average cost or cash flow calculations

### 8. D.C. by-law policy considerations

- Imposition of charges (e.g. full calculated amount, phase-in of charges, timing of collection, etc.)
- Statutory exemptions (industrial expansions, residential intensification, municipal government, boards of education)
- Non-statutory exemptions (e.g. use, development types, locations, full/partial exemptions)
- Redevelopment credits
- Indexing provisions



## Public Consultation

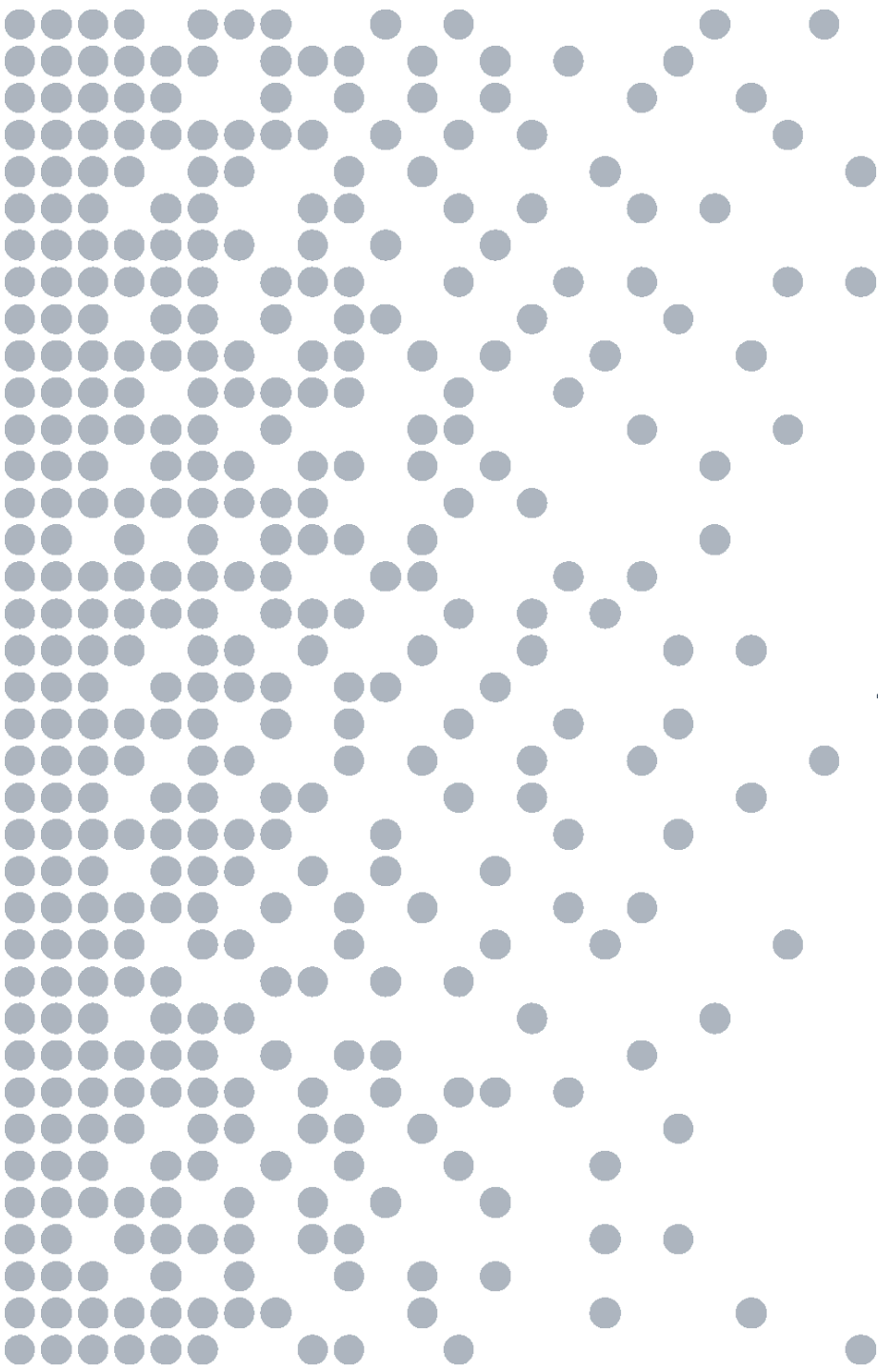
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# Public Consultation

## D.C.A. Requirements



- Council shall ensure that the D.C. Background Study is made available to the public at least 60 days prior to the passing of the D.C. by-law
  - D.C. Background Study must be available on the website
- A Public Meeting must be held at least two weeks after the D.C. Background Study is made available to the public and notice must be given in a newspaper of general circulation at least 20-days prior to the Public Meeting
- D.C. by-law may be appealed to the Local Planning Appeal Tribunal up to 40 days after passage



## More Homes, More Choice Act, amendments to the D.C.A.

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# More Homes, More Choice Act

## *Status of Legislation*



- Bill 108, *More Homes, More Choice Act*, was introduced in the Ontario Legislature on May 2, 2019 and received Royal Assent on June 6, 2019
- Schedule 3 of the Act, amends the D.C.A.
- Many of the amendments to the D.C.A. do not come into effect until they are proclaimed by the Lieutenant Governor, however, transitional provisions with respect to soft services to the prescribed date (currently anticipated to be January 1, 2021) are provided

# More Homes, More Choice Act

## *D.C.A. Amendments*



- D.C.A. amendments include:
  - Changes to Eligible Services
    - “Soft Services” will be removed from the D.C.A. and considered as part of a Community Benefit Charge under the authority of the *Planning Act*
    - Eligible services include:
      - Water supply services, including distribution and treatment services;
      - Wastewater services, including sewers and treatment services;
      - Storm water drainage and control services;
      - Services related to a highway;
      - Policing services;
      - Ambulance services;
      - Fire protection services;
      - Transit services; and
      - Waste diversion services
  - Waste Diversion and Ambulance, removal of 10% statutory deduction

# *More Homes, More Choice Act*

## *D.C.A. Amendments*



- D.C.A. amendments (continued):
  - Determination of the D.C.
    - D.C. for developments proceeding through Site Plan or Zoning Bylaw Amendment will be determined based on the charges in effect on the day of the application
    - Proposed to apply if building permit issuance occurs within 2 years of planning application approval
    - D.C. for developments not proceeding via these planning approvals will be determined at the earlier of building permit issuance or occupancy
  - Payment in installments
    - Rental housing, commercial, industrial, 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

# *More Homes, More Choice Act*

## *D.C.A. Amendments*



- D.C.A. amendments (continued):
  - Statutory exemption for secondary residential dwelling
    - Exemption for the creation of additional dwelling units, in prescribed classes of existing residential buildings or structures ancillary to existing residential buildings, and
    - The creation of a second dwelling unit in prescribed classes of proposed new residential buildings, including structures ancillary to dwellings



# More Homes, More Choice Act



## *Planning Act Amendments respecting Community Benefit Charges*

- A municipality may by by-law impose community benefits charges (C.B.C.) against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies
- Services may not include services authorized by the D.C.A. and those currently ineligible under the D.C.A (e.g. cultural and tourism facilities, general administration space, hospital, landfill/incineration)
- Bill has received Royal Assent, amendments do not come into effect until it is proclaimed (i.e. awaiting regulations)

# More Homes, More Choice Act

## *Planning Act Amendments respecting Community Benefit Charges*



- C.B.C. amendments:
  - Municipality shall prepare a C.B.C. strategy before passing a by-law, including
    - Identification of the facilities, services and matters that will be funded with community benefits charges, and complies with any prescribed requirements;
  - The amount of a C.B.C. shall not exceed an amount equal to the prescribed percentage of the value of the land at building permit issuance
  - All money received by the municipality under a C.B.C. by-law shall be paid into a special account
    - In each calendar year, a municipality shall spend or allocate at least 60 percent of the monies that are in the special account;
    - Requirements for annual reporting to be prescribed; and
    - Transitional provisions are set out regarding the D.C. reserve funds and D.C. credits



## Town of Hawkesbury Study Process

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# Town of Hawkesbury Study Process



- Review of historical growth trends and development of growth forecast projections
- Review of background materials to establish historical level of service and identify future needs required to service growth
- Detailed discussions with municipal staff regarding historical level of service, service inclusions, future needs to service growth (October 2019)
- Present draft report findings to staff for input on D.C./C.B.C. implementation strategy and by-law policies (October/November 2019)
- Presentation of draft report findings to Council (November/December 2019)

# Town of Hawkesbury Study Process



- Release of D.C. Background Study and C.B.C. Strategy to the general public (December 2019/January 2020)
- Undertake statutory public meetings with Council re D.C. and C.B.C. to receive input for the public on the matter (January/February 2020)
- Undertake any amendments to the D.C. and C.B.C. by-laws as directed by Council
- Council to consider adoption of the D.C. and C.B.C. bylaws