

Statutory Public Meeting

Development Charges Background Study



CITY OF OWEN SOUND

May 29, 2023

Photo Source: www.owensound.ca



Purpose of Today's Meeting

- **Public Meeting** required by Section 12 of *Development Charges Act*
- Purpose is to provide public with opportunity to make representations on 2023 Development Charges Background Study and Draft DC By-law
- Background Study and Draft By-law released **May 15, 2023**

Agenda

- Development Charges (DCs) Study
 - Services considered
 - Development forecast
 - Capital program
 - Maximum permissible DC rates
 - Comparison of current versus calculated rates
- By-law provisions
- Next steps

What are Development Charges?

- Imposed on development to pay for “growth-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
 - County
 - Area municipal
 - Education
- Principle is “growth pays for growth”

Development Charges Act (DCA) Requirements

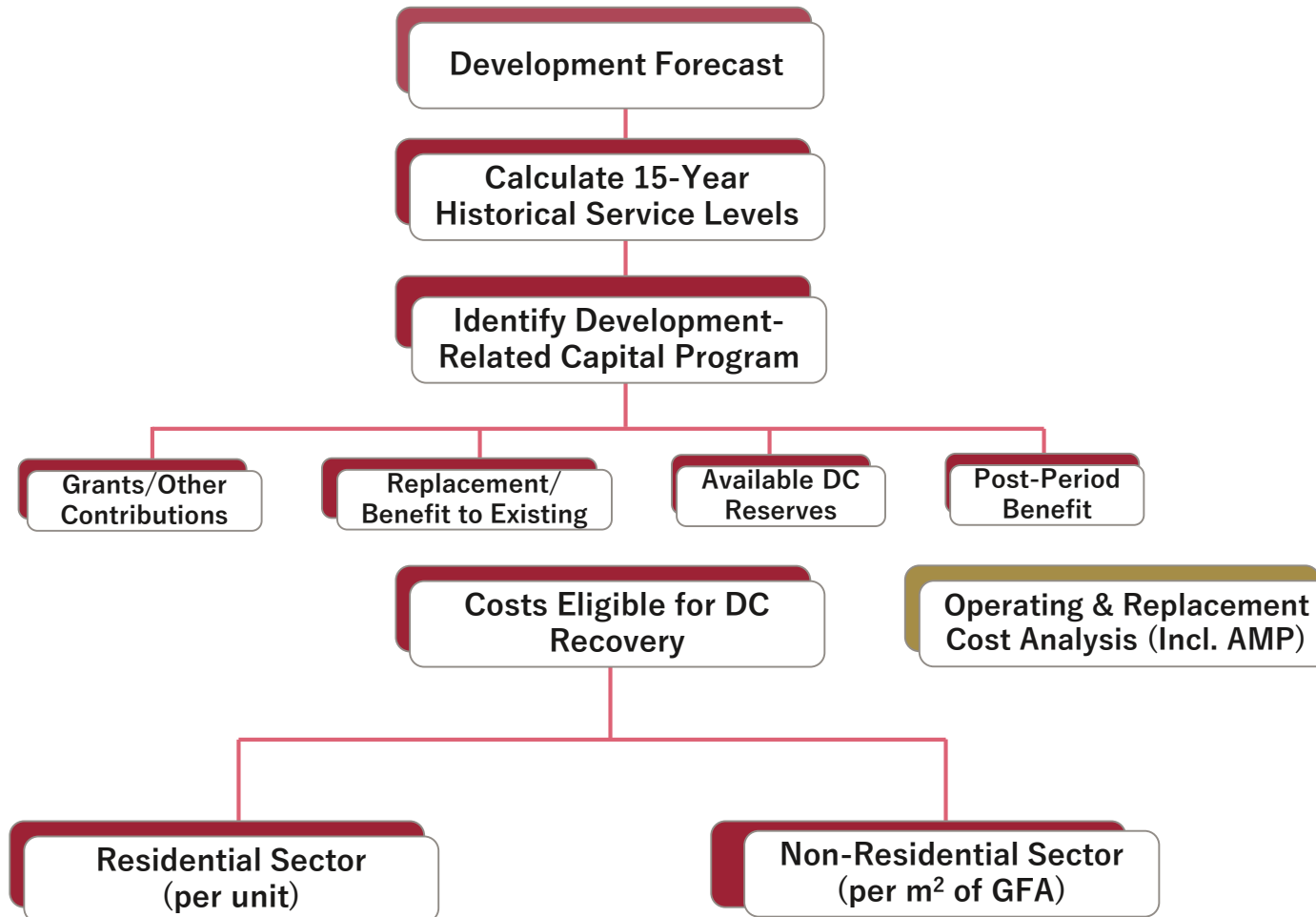
- DCs imposed by by-law
- City's by-law 2020-112 expires March 1, 2024
- Prior to passing or amending the by-law City must
 - undertake a background study
 - hold at least one public meeting
- Appeals adjudicated at Ontario Land Tribunal



Reasons for Updating Owen Sound DC By-law

- Significant cost escalation—33.4% since last study in 2019
- More growth-related capital works
- Council direction to examine lost revenue arising from
 - Discounted DCs
 - Specific exemptions in the by-law (e.g. rental housing)
- Bill 23
 - Conformity
 - Could substantially reduce DC revenues

Development Charges Study Process



Development Forecast

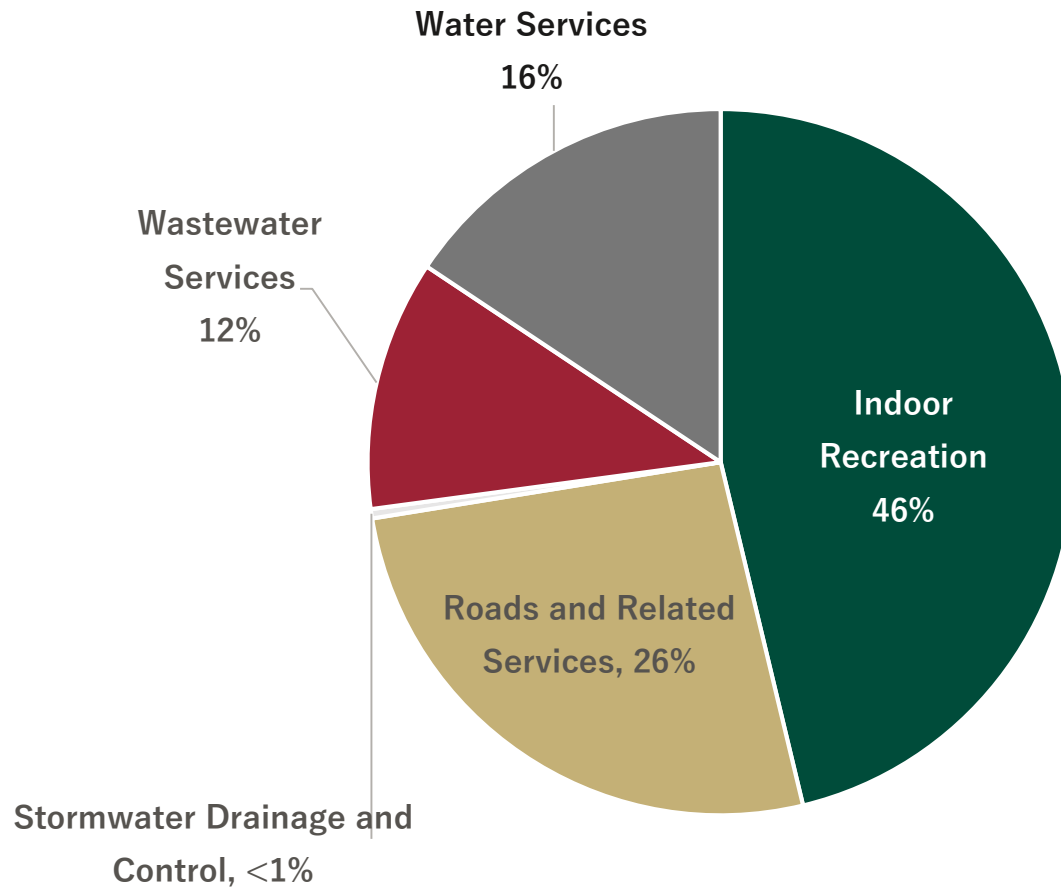
- Forecast amount, type and location of development
- Establish areas to which DCs apply (Municipal-wide/area-specific)
- Establish planning periods
 - 10 years for General Services (2023-2032)
 - Longer-term for Engineered Services (2023-2041)
- Types of development
 - Residential: population and dwelling units
 - Non-residential: employment and non-residential floor space

Capital Program Summary (\$millions)

Services	Gross Cost	Grants/ Subsidies	Benefit to Existing	DC Reserve Funds	2023-2032 Share	Post-2032 Share
Total General Services	\$29,627	\$0	\$17,040	\$214	\$7,924	\$4,448

Services	Gross Cost	Grants/ Developer Contributions	Benefit to Existing	DC Reserve Funds	2023-2041 Share	Post-2041 Share
City-Wide Engineering Services	\$136,330	\$21,873	\$87,629	\$918	\$19,093	\$6,816
Area-Specific Engineering in Sydenham Heights	\$3,729	\$0	\$0	\$0	\$3,729	\$0
Total Engineering Services	\$140,059	\$21,873	\$87,629	\$918	\$22,822	\$6,816

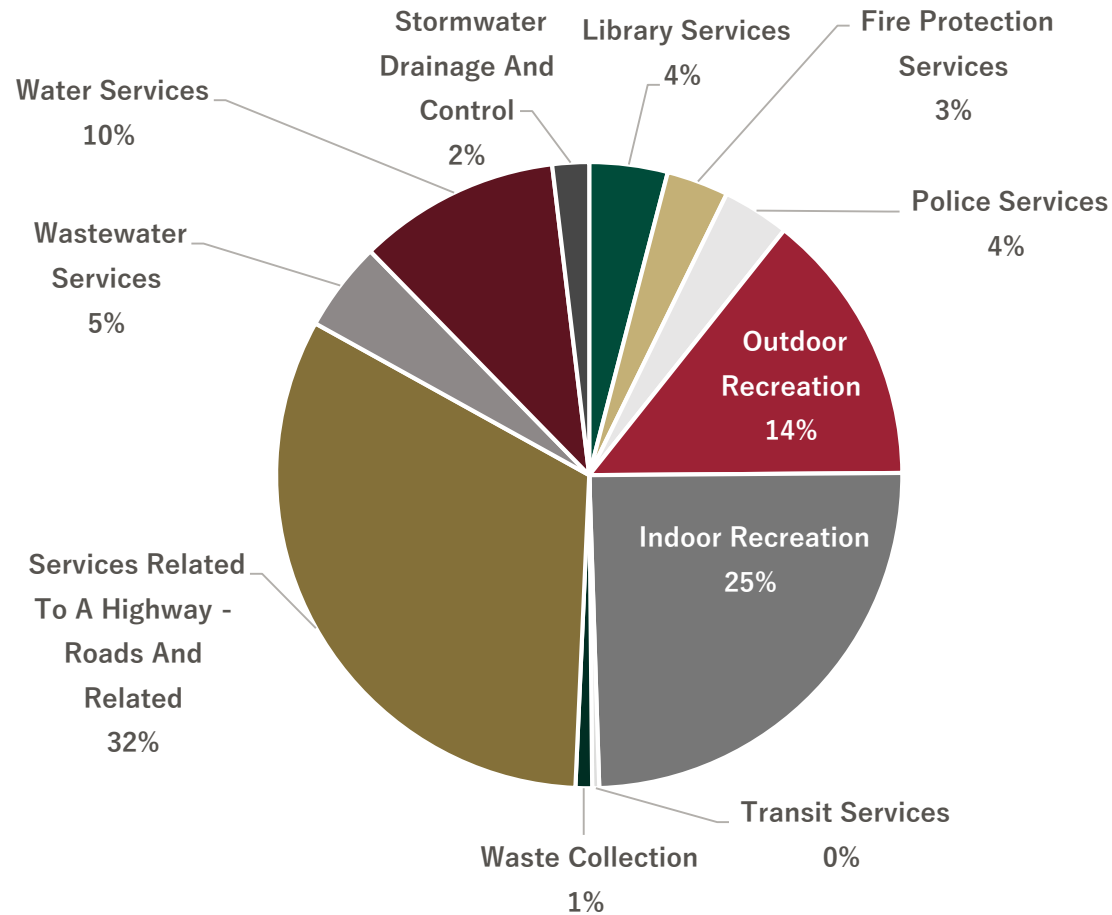
Current Residential City-Wide Development Charges



Unit Type	Charge Per Unit
Single & Semi-Detached	\$8,000
Other Multiples	\$6,223
Apartments	\$4,919

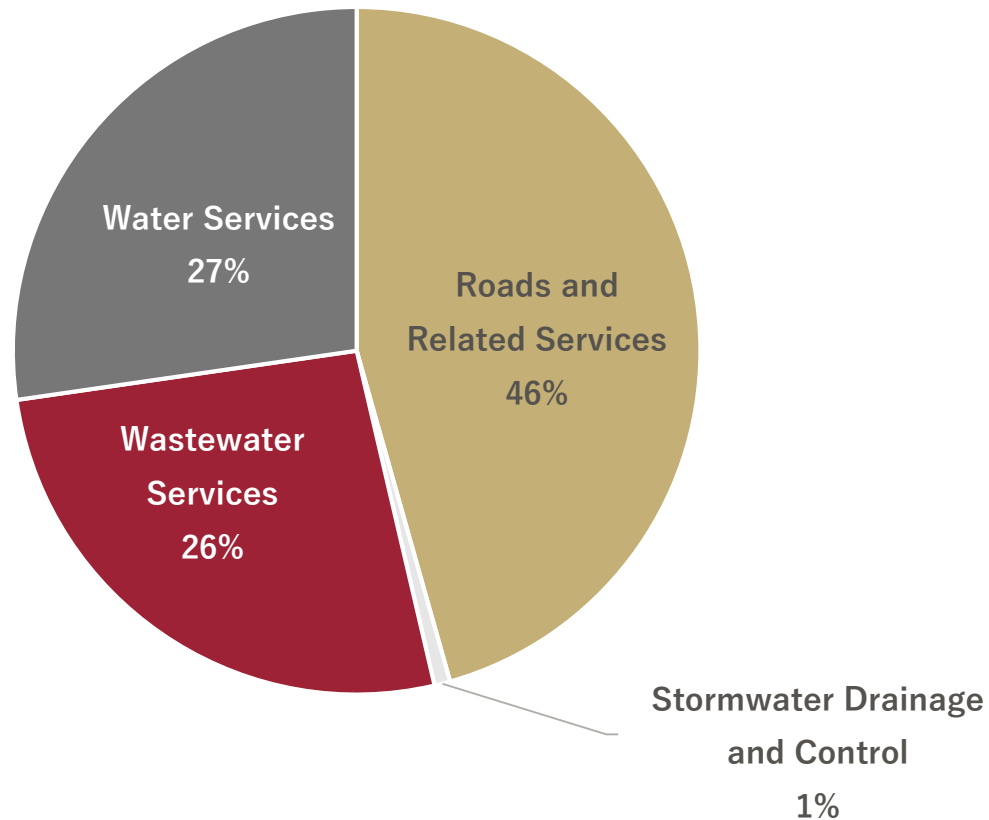
- Services excluded in 2019
 - Library
 - Fire protection
 - Police
 - Outdoor recreation
 - Growth-related studies (now ineligible)
 - Transit
 - Waste collection

Calculated Residential City-Wide Development Charges



Unit Type	Charge
Single & Semi-Detached	\$34,913
Rows & Other Multiples	\$30,724
Apartments	\$20,947

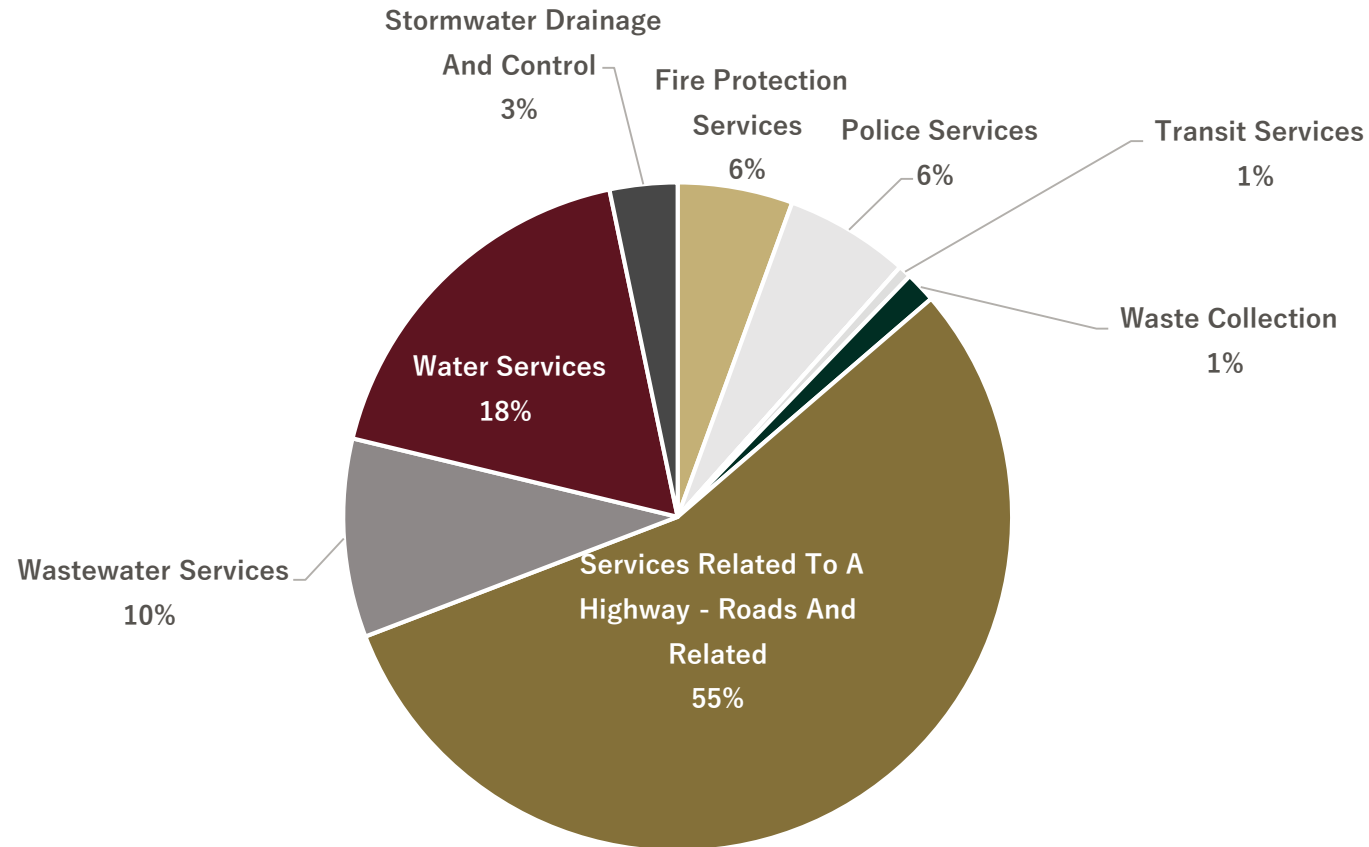
Current Non-Residential City-Wide Development Charges



Type	Charge
Non-Residential	\$31.04 per sq.m.

- Services excluded in 2019
 - Fire protection
 - Police
 - Growth-related studies (now ineligible)
 - Transit
 - Waste collection

Calculated Non-Residential City-Wide Development Charges



Type	Charge
Non-Residential	\$83.57 per sq.m.

Sydenham Heights Area Specific DCs

- Updated growth forecasts
 - Known and anticipated development for Phase 1 area
 - Maintained 2019 Phase 2 area forecasts
 - More residential development (and population) and less non-residential development

- Includes \$276,342 paid to service south of 16th Street East (Sydenham Heights Trunk Servicing Phase 2) over and above \$2.6 million already spent for two sewer extensions

Water and Wastewater Residential DC (per unit)			
Unit Type	Current	Calculated	Difference
Singles & Semis	\$1,173	\$1,456	\$283
Other Multiples	\$912	\$1,281	\$369
Apartments	\$721	\$874	\$153

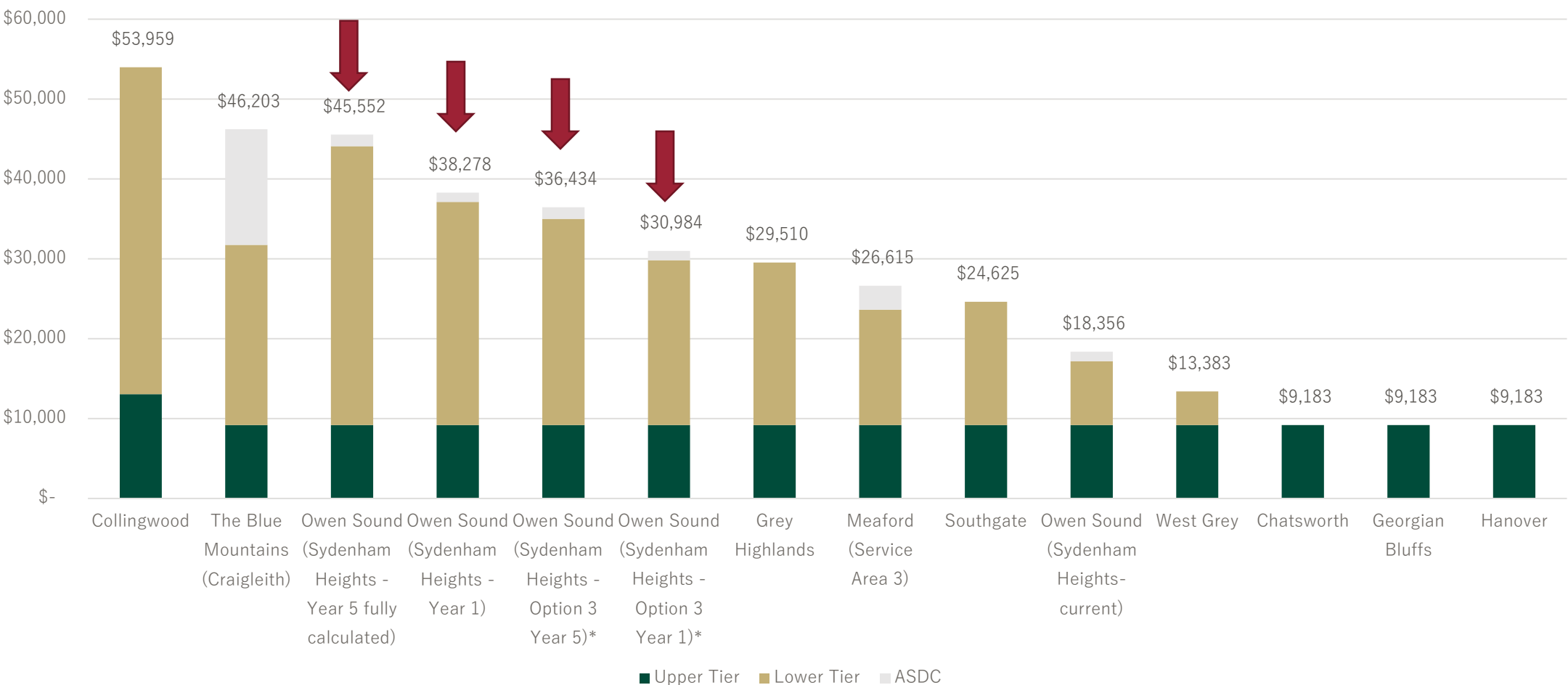
Water and Wastewater Non-Residential DC (per m ²)			
Type	Current	Calculated	Difference
Non-Residential	\$8.23	\$15.32	\$7.09

Impact of Bill 23 Mandatory 5-Year Phase-in on Maximum Calculated DCs

City-Wide DCs					
Year	Singles & Semis	Other Multiples	Apartments	Non-Residential	Phase-in %
2023	\$27,930	\$24,579	\$16,758	\$66.86	80%
2024	\$29,676	\$26,115	\$17,805	\$71.04	85%
2025	\$31,422	\$27,652	\$18,852	\$75.22	90%
2026	\$33,167	\$29,188	\$19,900	\$79.39	95%
2027	\$34,913	\$30,724	\$20,947	\$83.57	100%

Sydenham Heights Area-Specific DCs					
Year	Singles & Semis	Other Multiples	Apartments	Non-Residential	Phase-in %
2023	\$1,165	\$1,025	\$699	\$12.26	80%
2024	\$1,237	\$1,089	\$742	\$13.02	85%
2025	\$1,310	\$1,153	\$786	\$13.79	90%
2026	\$1,383	\$1,217	\$830	\$14.55	95%
2027	\$1,456	\$1,281	\$874	\$15.32	100%

Residential DC Comparison: Singles & Semi-Detached



*Note: Current rates/fully calculated rates used for the comparison.
 Option 3 includes rates for engineering services and debt payment on indoor recreation.

Non-Residential DC Comparison



Note: Current rates/fully calculated rates used for the comparison.

*Option 3 includes rates for engineering services and debt payment on indoor recreation.

Implementation Options

- Option 1 – full rates at by-law passage

Current	Year 1	Year	Year 3	Year 4	Years 5-10
\$8,000	\$27,930	\$29,676	\$31,422	\$33,167	\$34,913

- Option 2 – full rates, but delay implementation until Jan 1, 2024

	Current	Year 1	Year 2	Year 3	Year 4	Years 5-10
July to December	\$ -	\$8,000	\$29,676	\$31,422	\$33,167	\$34,913
January to June	\$8,000	\$27,930	\$29,676	\$31,422	\$33,167	\$34,913

- Option 3 – 2019 approach, i.e. update DCs, but only collect for engineering services and indoor recreation debt

Current	Year 1	Year	Year 3	Year 4	Years 5-10
\$8,000	\$20,639	\$21,929	\$23,219	\$24,509	\$25,799

By-law 2020-112: Existing DC Exemptions

- Statutory
 - Municipal buildings
 - Boards as defined under the *Education Act*
 - Universities
 - Intensification of existing units (pre-Bill 23)
- Non-statutory
 - Non-residential buildings used accessory to an agricultural operation
 - Temporary buildings
 - Places of worship
 - Industrial buildings
 - Non-profit housing
 - Purpose-built rental
 - must add more than 4 units
 - does not apply to Sydenham Heights ASDC
 - \$1.2 million tax subsidy since 2019

Policy Recommendations

- Continue to exempt purpose built rental up to 2 years from zoning/site plan approval
- Direct staff to negotiate recovery of growth-related capital costs through agreements in Sydenham Heights
- Comply with new statutory exemptions/discounts introduced through Bill 23
 - Existing rentals
 - Residential intensification
 - Non-profit housing
 - Inclusionary zoning units
 - Affordable and attainable housing (not yet in force)
 - New rental housing
- Maintain all other discretionary exemptions

Next Steps

Task	Date
Release DC Background Study	May 15, 2023
Advertise Public Meeting	May 9, 2023
Release Proposed DC By-law	May 15, 2023
Hold Statutory Public Meeting	May 29, 2023
DC By-law Passage	September 2023
Notice of By-law Passage	20-days after DC by-law passage
Appeal Period	40-days after DC by-law passage
DC Pamphlet	60-days after DC by-law passage