

DATE: September 26, 2022
REPORT NO: T-26-2022
SUBJECT: **Adoption of 2022 Development Charges By-Law**
CONTACT: Donna DeFilippis, Director of Finance/Treasurer

OVERVIEW:

- The purpose of this report and by-law is to update the current Development Charges by-law to meet the requirements of the Development Charges Act (D.C.A.), as amended by Bill 108 (More Homes, More Choice Act, 2019), Bill 138 (Plan to Build Ontario Act, 2019), Bill 197 (COVID-19 Economic Recovery Act, 2020), and Bill 213 (Better for People, Smarter for Business Act, 2020).

RECOMMENDATION:

1. That, Recommendation Report T-26-2022 Adoption of 2022 Development Charges By-Law dated September 26, 2022, be received for information; and
2. That, Council approve the Development Charges Update Study dated July 22, 2022 and attached as Appendix A to this report; and,
3. That, Council approve the capital projects and calculations set out in Chapter 4 of the Development Charges Update Study dated July 22, 2022; and,
4. That, Council has determined that no further public meeting is required; and,
5. That, Council approve the Amending Development Charge By-Law 2022-77, as set out in Appendix B to this report.

ALIGNMENT TO STRATEGIC PLAN:

Theme #3 and #6

- Strategic, Responsible Growth – Welcoming new residents and businesses and respecting the heritage and rural identity that people value.
- Efficient, Fiscally Responsible Operations – Maintaining a lean organization with innovative approaches and strong asset management.

BACKGROUND:

Development charges (DCs) are fees collected from builders and developers at the building permit stage to help pay for the cost of infrastructure required to provide municipal services to new development. The Township of West Lincoln imposes DC charges for the following services: services related to a Highway, fire protection, parks and recreation, library, growth studies, water services, wastewater services and stormwater drainage services. The Township DCs came into effect on June 24, 2019 and are imposed through by-law 2019-51.

The Township has undertaken an amendment to the 2019 Development Charges Background Report and the Town's 2019 Development Charges By-law No. 2019-51(as amended) in order to comply with changes legislated through Bill 108, More Homes, More Choices Act, 2019, Bill 138 (Plan to Build Ontario Act, 2019), Bill 197 (COVID-19 Economic Recovery Act, 2020), and Bill 213 (Better for People, Smarter for Business Act, 2020). A background study and draft amending by-law were released on July 22, 2022 and posted on the Township website. The Development Charges Update Study is attached as **Appendix A** to this report.

A public meeting was convened at the August 11, 2022 Council Meeting. Representatives of Watson and Associates Economists Ltd. attended the meeting and provided a summary of the legislative changes, the purpose of the DC Update, the proposed changes to the DC By-law and the proposed new DC rates. This is an interim update as required by changes in provincial legislation. A thorough DC Background Study and new DC By-law, including updates to the Township's growth forecast, will be completed in 2023 in accordance with the Development Charges Act (DCA).

CURRENT SITUATION:

The list of changes to the DC By-law include:

- Adding new definitions;
- Removing the mandatory 10% deduction for indoor and outdoor recreation services (parks and recreation services), library services and administration (growth studies);
- Changing the administration category to growth studies, which includes aligning the growth studies to the category of services;
- The amended regulations provide for mandatory DC exemptions for additional dwelling units in new residential buildings, an additional dwelling unit in a residential building that is ancillary to a new residential building,
- Adding the mandatory exemption to the DC By-law for universities that receive government funding from the requirement to pay DCs;
- Amending the timing of DC payments for rental housing, institutional and non-profit housing to provide for annual payments to be made at occupancy to reflect the changes to the DCA which came into effect on Jan. 1, 2020. Rental housing and institutional developments qualify for six equal annual payments. Non-profit housing qualifies for 21 equal annual payments.
- The DC amount for all developments occurring within 2 years of a Site Plan or Zoning By-law Amendment planning approval, shall be determined based on the DC in effect as of the date of receipt of a complete application for Site Plan or Zoning By-law Amendment. If the development is not proceeding via these planning approvals, then the amount is determined as the earlier of the date of issuance of a building permit or occupancy.

The amending DC By-law 2022-77 is included as **Appendix B** to this report.

FINANCIAL IMPLICATIONS:

DCs are collected at the building permit stage or occupancy depending on the class of development. The purpose of DCs is to pay for growth related infrastructure costs required to service that growth. Those infrastructure services include roads and related services, fire protection, parks and recreation services, library services, water services, wastewater services and stormwater drainage services. DCs are also collected to pay for growth related studies. The Town's DCs established under By-law 2019-51(as amended) are indexed annually on Jan. 1 each year based on the previous year's Statistics Canada Building Construction Price Index. Indexing for the current DC By-law began in 2020 and the current DCs are 17.9% higher than the rates implemented when the DC By-law was approved in 2019.

The first chart below is a summary of the Development Charges in effect prior to the approval of **By-Law 2022-77**.

SERVICE	RESIDENTIAL (per unit)				NON-RESIDENTIAL (per ft ² of Gross Floor Area)	
	Single & Semi Detached	Apartments 2 Bedrooms or more	Apartments Bachelor or 1 Bedroom	Multiple Dwellings	Wind Turbine per Unit	(per ft ² of Gross Floor Area)
Township Wide Services						
Roads and Related	6,528	4,154	2,572	4,351	6,528	2.43
Fire Protection Services	440	280	173	294	440	0.17
Outdoor Recreation Services	1,011	644	398	675		0.07
Indoor Recreation Services	3,005	1,912	1,184	2,002		0.23
Library Services	712	453	281	476		0.06
Administration	373	239	147	249	373	0.15
Total Township Wide Services	12,069	7,682	4,755	8,047	7,341	3.11
Urban Service Area						
Storm Sewer Services	81	51	32	55		0.02
Sanitary Sewer Services	506	321	200	337		0.17
Water Services	1,235	786	487	822		0.44
Total Urban Serviced Area	1,822	1,158	719	1,214		0.63
Grand Total Rural Area	12,069	7,682	4,755	8,047	7,341	3.11
Grand Total Urban Serviced Area	13,891	8,840	5,474	9,261	7,341	3.74

The Chart below represents the Development Charges that will be in affect with the Passing of **By-Law 2022-77**:

SERVICE	RESIDENTIAL (per unit)				NON-RESIDENTIAL (per ft ² of Gross Floor Area)	
	Single & Semi Detached	Apartments 2 Bedrooms or more	Apartments Bachelor or 1 Bedroom	Multiple Dwellings	Wind Turbine per Unit	(per ft ² of Gross Floor Area)
Township Wide Services						
Roads and Related	6,528	4,154	2,572	4,351	6,528	2.43
Fire Protection Services	440	280	173	294	440	0.17
Parks and Recreation Services	5,189	3,302	2,044	3,459		0.38
Library Services	933	594	367	621		0.06
Growth Studies	383	243	151	254	383	0.15
Total Township Wide Services	13,473	8,573	5,307	8,979	7,351	3.19
Urban Service Area						
Storm Sewer Services	81	51	32	55		0.02
Sanitary Sewer Services	506	321	200	337		0.17
Water Services	1,235	786	487	822		0.44
Total Urban Serviced Area	1,822	1,158	719	1,214		0.63
Grand Total Rural Area	13,473	8,573	5,307	8,979	7,351	3.19
Grand Total Urban Serviced Area	15,295	9,731	6,026	10,193	7,351	3.82

The removal of the 10% reduction for indoor and outdoor recreation services (parks and recreation services), library services and administration (growth studies) has resulted in an increase in the overall charge. For example, the municipal wide charge for a single detached residential dwelling is now \$15,295 as opposed to \$13,891, an increase of \$1,404. Development charges collected are only recognized as revenue when they are used to finance the capital costs incurred as outlined in the background study.

INTER-DEPARTMENTAL COMMENTS:

The Development Charge Update Study was shared with the Director of Planning and Building and the Director of Public Works and Recreation. The capital projects outlined in the study have not changed since the 2019-51 (as amended) was approved. The CAO has reviewed this report.

CONCLUSION:

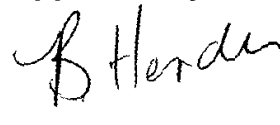
The approval of this report and By-Law will ensure that the Township complies with all relevant and current DC legislation.

Prepared & Submitted by:



**Donna DeFilippis,
Director of Finance/Treasurer**

Approved by:



**Bev Hendry,
CAO**