



Staff Report for Special Council Meeting

Date of Meeting: May 28, 2019

Report Number: [SRCFS.19.026]

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.19.026 – 2019 Development Charge Update

Purpose:

To provide additional information in response to concerns of the delegations and questions from the April 17th, 2019 Special Council Public Meeting, pursuant to the 2019 Proposed Development Charges and By-laws contained in the City of Richmond Hill's Development Charges Background Studies.

Recommendation(s):

- a) That the Council receives staff report SRCFS.19.026;
- b) That draft By-laws 41-19, 42-19, 43-19, 44-19, 45-19, 46-19 for Area Specific Development Charges, and By-law 47-19 for City-wide Development Charges, as presented in Appendix "D" be adopted;
- c) That the Mayor and Clerk be authorized to execute agreement(s) made pursuant to Section 27 of the *Development Charges Act, 1997*, S.O. 1997, c. 27 for the deferral of the payment of the development charges otherwise payable with respect to purpose-built rental developments upon the recommendation of the Director of Financial Services and Treasurer; and
- d) That Staff update the City-wide Development Charges By-law prior to the end of 2021.

Contact Person:

David Dexter, Director, Financial Services & Treasurer, Corporate & Financial Services, Extension 2484

Ilan Treiger, Financial Management Advisor, Long Range Financial Planning & Policy, Extension 2415

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

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All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

Background:

On April 17th, 2019 the City held a Special Council Public Meeting to provide an opportunity to the public to bring forward any concerns that it may have on the 2019 Development Charges Update. During the meeting staff reiterated the two-phase approach to the Development Charges update, as described below:

The “first update”, required by June 9, 2019 to replace the existing By-laws, reflects the Minutes of Settlements (MoS) with the developers, including adjustment to the post period benefit, and updated net developable land areas. In addition, the draft charges incorporates an updated growth forecast, indexed costing, update to the service standards, and removal of capital projects that were completed to date.

The “second update” will occur in 2021, and will incorporate results of the updated Transportation Master Plan (TMP), Urban Master Environmental Servicing Plan (UMESP), and the pending decision from the Ontario Municipal Board (OMB) on the dispute brought forward by the developers in 2016. In addition, the “second update” will include the Region’s revised growth plan to 2041, any potential changes to the Development Charges Act from the current Provincial review, results from the City’s capital sustainability exercise where it impacts DCs, and further consideration of area specific vs. town wide development charges. This later timeframe will allow staff to finalize the TMP and UMESP, as well as reflect the pending OMB decision.

It is important to note that based on the City-wide Development Charges Background Study calculations, which considers all factors highlighted above (“first update”), development charges for residential dwelling units would increase by approximately 9% when compared to the current rates charged by the City.

However, due to the two-phase approach, it is recommended that the existing residential charges be continued and not increased to the calculated rates. For non-residential retail and non-retail charges, it is recommended that the calculated reduced charges be put in place with the approval of the 2019 D.C. by-law.

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Table 1
Schedule of Calculated Development Charges

Service	RESIDENTIAL				NON-RESIDENTIAL			
	Single and Semi-Detached Dwelling	Apartments - Large >=700 sq.ft.	Apartments - Small <700 sq.ft.	Other Multiple	Retail (per sq.m. of Gross Floor Area)	Non-Retail (per sq.m. of Gross Floor Area)	Retail (per sq.ft. of Gross Floor Area)	Non-Retail (per sq.ft. of Gross Floor Area)
Municipal Wide Services:								
Engineering	9,000	6,320	4,329	7,415	60.12	43.76	5.59	4.07
Public Works Facilities & Fleet	949	666	456	782	6.30	4.63	0.59	0.43
Fire Protection Services	458	322	220	377	3.12	2.15	0.29	0.20
Outdoor Recreation Services	3,484	2,447	1,676	2,871	4.63	3.44	0.43	0.32
Indoor Recreation Services	4,678	3,285	2,250	3,854	6.19	4.57	0.57	0.42
Library Services	1,194	838	574	984	1.61	1.18	0.15	0.11
Administration	321	225	154	264	2.15	1.61	0.20	0.15
Total Municipal Wide Services	20,083	14,103	9,659	16,547	84.12	61.35	7.81	5.70

Table 2
Schedule of Recommended Development Charges

Service	RESIDENTIAL				NON-RESIDENTIAL			
	Single and Semi-Detached Dwelling	Apartments - Large >=700 sq.ft.	Apartments - Small <700 sq.ft.	Other Multiple	Retail (per sq.m. of Gross Floor Area)	Non-Retail (per sq.m. of Gross Floor Area)	Retail (per sq.ft. of Gross Floor Area)	Non-Retail (per sq.ft. of Gross Floor Area)
Municipal Wide Services:								
Engineering	7,498	4,925	2,882	6,089	60.12	43.76	5.59	4.07
Public Works Facilities & Fleet	856	562	330	694	6.30	4.63	0.59	0.43
Fire Protection Services	456	300	175	371	3.12	2.15	0.29	0.20
Outdoor Recreation Services	3,482	2,286	1,337	2,827	4.63	3.44	0.43	0.32
Indoor Recreation Services	4,652	3,055	1,788	3,777	6.19	4.57	0.57	0.42
Library Services	1,194	783	458	968	1.61	1.18	0.15	0.11
Administration	292	190	112	237	2.15	1.61	0.20	0.15
Total Municipal Wide Services	18,430	12,102	7,081	14,963	84.12	61.35	7.81	5.70

Public Delegates Concerns & Staff Response:

Staff received and reviewed the inquiries provided at the April 17th, 2019 Special Council Public Meeting, as well as Email correspondence, and consultation meetings. On May 13th, 2019 staff prepared a response letter to the delegates addressing inquiries received (see Appendix “A”).

Through the process of addressing the delegates’ concerns, staff noted one (1) potential adjustment to the Area Specific Development Charges, specifically to the North Leslie West (By-law 42-19). Staff noted that 0.7 hectares of institutional lands were not included in the net developable area calculation (Temple site at 10865 Bayview Avenue). Resulting adjustment to the net developable area would produce development charge of \$35,300 in the North Leslie West area specific, a decrease of \$200 from the proposed development charge. Three (3) meetings were held with the delegates (April 29th, 2019, May 15th, 2019, and May 22nd, 2019) to go over their concerns and responses to their questions.

Purpose-Built High Density Residential Development

At the April 17th meeting one of the delegations expressed concern for the lack of incentives regarding “purpose-built rental” developments. Council also expressed an interest in exploring some relief for these types of developments. Currently there are three (3) factors to consider:

- 1) The Region of York has a policy for Purpose-Built High Density Rental development (see Appendix “B”) which allows for a secured three-year DC Deferral of payment. Since

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inception, this policy has been applied to only one development in the Region (Newmarket). Eligible applications must be minimum four (4) stories and must be committed to rental operations for minimum of twenty (20) years. However, the Region will only enter into a deferral agreement if the local municipality has provided a similar or better deferral for a proposed development.

- 2) Recently introduced Provincial legislation, Bill 108, provides for some assistance in which rental housing, non-profit housing and commercial/industrial/institutional developments would pay their development charges in six (6) equal annual installments. The Bill has been given first reading as of the date of the reporting submission. If Bill 108 becomes formal legislation in its current form, then it is believed that the Region's Policy would be non-applicable.
- 3) As part of the 2019 Capital Budget process, Council approved funding for the development of an Affordable Housing Strategy by Planning & Regulatory Services staff. This strategy will inform the Official Plan and respective Secondary Plans, and is expected to be completed in 2020. The strategy will include a suite of proposed economic incentives for Purpose-Built Rental properties. In advance of this, staff are open to working with active applicants as a means of facilitating early consideration of economic incentives.

Staff recognizes the importance of Purpose-Built Rental properties as part of a community and any Development Charge assistance provided by the City, at this point, can only be compliant with new legislation. At present, staff would recommend payment of Development Charge requirements over six equal, annual installments for Purpose-Built Rental developments, per current form of Bill 108.

Proposed Change to the Development Charges - Bill 108

On May 2nd, 2019, the Province introduced Bill 108, which proposes changes to the Development Charges Act, 1997 (D.C.A.). The Bill has been introduced as part of the Province's "More Homes, More Choice: Ontario's Housing Supply Action Plan." The Bill has been given first reading and is expected to be debated over the coming months.

The Act proposes that any Development Charge By-Laws passed after May 2, 2019 will be affected by these proposed changes. Any By-laws that were passed prior to this date will remain in effect until the by-law either is repealed or expires. However, due to the fact that Bill 108 is at the first reading stage, and may go through revisions subsequent to this stage, staff recommends continuing with the "status quo" approach for the 2019 update.

Staff received a letter from Watson & Associates Economists Ltd. summarizing the key areas of impact on the Development Charges Act as a result of Bill 108 (see Appendix "C"), as follows:

- Changes to eligible services
- Waste diversion
- Payment in installments over six (6) years for rental and non-residential development
- When development charges amount is determined
- Soft services to be included in a new Community Benefit Charge under the Planning Act

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Financial/Staffing/Other Implications:

The proposed Background Studies and By-laws have been made available to the public on March 26th, 2019, 60 days prior to Council's passage of the Development Charges By-laws, in accordance with the Development Charges Act, 1997, as amended. Staff provided the Public delegates with additional information on May 13th, 2018. A formal public notice of the meeting and the By-laws availability was made within the timelines set out in the Act.

Relationship to the Strategic Plan:

Presentation of the City's 2019 Development Charges Background Studies and By-laws demonstrates responsible municipal management in which the following objectives are being met:

- a) Reinforce the commitment to maintain sound fiscal management;
- b) Wise management of resources in Richmond Hill; and
- c) Ensure open information flow and accessible decision-making.

Conclusion:

Staff have addressed and provided all necessary information to the April 17th delegates, through this report, and additional consultation meetings. Infrastructure and servicing needs are required to support growth in the City. The projects described in the Background Studies are imminent, in order for development to proceed, staff maintains their recommendation that the proposed 2019 Development Charges be approved and that the Interim By-laws No. 41-19 to 47-19 be adopted.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.

- Appendix "A": Response Letter to The Public Delegates
- Appendix "B": The Region of York Development Charge Deferral for Purpose-Built High Density Rental Buildings
- Appendix "C": Watson & Associates Letter - Proposed Change to the Development Charges Act - Bill 108
- Appendix "D": Draft By-laws 41-19 to 47-19

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Report Approval Details

Document Title:	SRCFS.19.026 2019 Development Charge Update.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.19.026 Appendix A - Response Letter To Public Request on 2019 DC Study.pdf- SRCFS.19.026 Appendix B - YR Development Charge Deferral for Purpose-Built High Density Rental Buildings.pdf- SRCFS.19.026 Appendix C - Watson Associates Letter Bill 108.pdf- SRCFS.19.026 Appendix D - Draft By-laws.pdf
Final Approval Date:	May 23, 2019

This report and all of its attachments were approved and signed as outlined below:

David Dexter - May 23, 2019 - 9:41 AM

MaryAnne Dempster - May 23, 2019 - 10:21 AM

Neil Garbe - May 23, 2019 - 10:22 AM