



Staff Report for Special Council Meeting

Date of Meeting: May 5, 2021

Report Number: SRCFS.21.026

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.21.026 – 2021 Development Charges Update**

Purpose:

To provide an overview of the 2021 Proposed Development Charges and By-laws contained in the City of Richmond Hill's Development Charges Background Studies dated April 9, 2021. The Council Public Meeting is a requirement under the Development Charges Act, 1997.

Recommendation(s):

- a) That Council receive staff report SRCFS.21.026;
- b) That the draft By-law 34-21 "Amending By-law to the City-wide Development Charges By-law 47-19" be brought forward to the June 9, 2021 meeting of Council for adoption (See Appendix "B");
- c) That draft By-laws 32-21, and 33-21 for Area Specific Development Charges be brought forward to the June 9, 2021 meeting of Council for adoption. (Appendix "B"); and
- d) That no further Public Meetings be required under Section 12 of the Development Charges Act, 1997, as amended.

Contact Person:

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

Gigi Li, Manager, Fiscal Planning and Strategy, Corporate & Financial Services, Extension 6435

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Report Approval:

Submitted by: Sherry Adams, Commissioner of Corporate and Financial Services

Approved by: Mary-Anne Dempster, City Manager

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

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Background:

As a result of recent changes to the Development Charges Act brought by the Provincial Government through Bills 108, 138, and 197, as described in SRCFS.20.009 and SRCFS.20.028, Council has approved a two (2) step approach to the update of the City's Development Charges By-laws.

Over the last few months, staff have been working with Watson & Associates Economists Ltd. to prepare the City of Richmond Hill's 2021 Development Charges Background Studies. The existing City-wide Development Charges By-law (By-law 47-19) is amended to reflect the changes in the Development Charges Act, and two (2) Area Specific Development Charges By-laws (By-laws 30-16 Bayview North East Development Area, and 32-16 Headford - Excluding Storm Development Area) are being updated as that expire on July 11, 2021.

In October of 2020, staff brought forward SRCFS.20.028 to Council with a framework of the process of updating the Development Charges By-laws. In that report staff proposed a two (2) step approach as follows:

The "first update", which is the purpose of this update, is updating the Area Specific Development Charges By-laws that are expiring, and amending the City-wide Development Charges By-law to reflect legislative changes to soft services, primarily to add back to the eligible development charges, the 10% mandatory deduction that were previously excluded.

The "second update" will take into account the Region of York's updated growth forecast and be informed by the completion of the various studies that the City is undertaking including the City's: Official Plan, Transportation Master Plan, Urban Master Environmental Servicing Plan, the Parks Plan, and the Recreation and Culture Studies. These plans and studies are prepared in a corresponding manner to each other, as the Official Plan informs the other City Plans, and are expected to be completed by end of 2022. In addition, the "second update" will include the results from the City's capital sustainability exercise where it impacts Development Charges, and further policy considerations including area specific vs. city wide development charges and affordable housing. This later timeframe will allow staff to finalize the various studies and inform the next Development Charges By-law Update. The second update to the Development Charges will occur subsequent to the completion of the plans described above, with a target timeframe of the end of 2023.

The City will continue to engage the development community during the "second update" of the Development Charges update. Given the breadth of the update, an emphasis will be placed on frequent consultations with stakeholders for feedback, and staff plan to have one or two Council members be part of the consultation sessions with the development community.

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Community Benefit Charge (“CBC”):

The council of a local municipality may by by-law impose community benefits charges against land to pay for the capital costs of facilities, services and matters required because of higher density developments or redevelopments in the area which the by-law applies.

The CBC could fund the growth-related, capital costs of any potential service, including services recovered partially through DCs or parkland dedication, provided that the capital costs that are intended to be funded by the CBC are not capital costs that are intended to be funded under a DC by-law or parkland dedication. A prescribed percentage of 4% will be applied to land values to determine the maximum CBC for any particular residential development.

Before passing a CBC by-law, prior to September 18, 2022, The City is required to prepare a CBC strategy. In this CBC strategy, the City will need to identify the specific capital needs as a result of development, and redevelopment to be funded through the CBC.

As outlined in SRCFS.20.028 staff report, the potential establishment of the City’s CBC By-law will be a parallel process with the update of the Parkland Dedication By-law and the subsequent Development Charges Update. This proposed timeframe will allow staff to consider the intricacies of the CBC in conjunction with the mentioned By-law updates, and ensure that the potential CBC By-law is in line with the most current legislation, within the transition period to the new Development Charges regime by September 18, 2022.

2021 Development Charges Update Process

City-wide Development Charges:

The City-wide Development Charges By-law provides for “soft services” (indoor and outdoor recreation, library services and general government) and “hard services” (fire services, engineering city-wide and public works fleet) that benefit all residents.

The purpose of the 2021 City-wide Development Charges Background study and the associated by-law, is to amend the existing by-law in order to comply with the recent legislative changes to the Development Charges Act. The basis for the City-wide Development Charges is documented in the “Town of Richmond Hill Development Charges Background Study,” dated March 26, 2019, which provided the supporting documentation for By-law 47-19. The Development Charges came into effect May 28, 2019.

A summary of the changes contained in this Development Charges Update are provided below:

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- The legislation has removed the mandatory deduction for all services that remain eligible in the Development Charges For the City, the 10% mandatory deduction is removed for the following services:
 - Outdoor Recreation Services;
 - Indoor Recreation Services;
 - Library Services; and
 - Administration (Studies).
- The listing of eligible services has been changed by the amending legislation. As per the legislation, Municipal Parking will no longer be an eligible service as of September 18, 2022. The amendments to the Development Charges by-law will reflect this change by separating the Parking related studies from all other studies.
- An additional change brought forth through Bill-197 related to establishing classes of services. A class of service may be composed of any number or combination of services and may include parts or portions of each Development Charges eligible service.
- Engineering is established as a class of service and Public Works is also established as a class of service.
- The regulations have provided additional mandatory Development Charges exemptions for an added dwelling unit in new residential buildings and for universities receiving funding from the government. These exemptions are to be added to the City's Development Charges by-law.
- Further changes related to the timing of payments for rental housing, institutional and non-profit developments were proclaimed through Bill 108 and are provided for in the amending Development Charges by-law.
- The Development Charges 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 Development Charges in effect on the day of Site Plan or Zoning By-law Amendment application. 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 following is Figure 4-19 of the 2021 Development Charges Update Study dated April 9, 2021. This table represents the proposed development charges in 2020 dollars.

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Service/Class	RESIDENTIAL				NON-RESIDENTIAL			
	Single and Semi-Detached Dwelling	Other Multiples	Apartments & Stacked Townhouses Large >=700 sq.ft.	Apartments & Stacked Townhouses Small <700 sq.ft.	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)
City-Wide Services:								
Engineering	8,115	6,590	5,330	3,119	65.06	47.36	6.04	4.40
Public Works	926	751	609	357	6.82	5.01	0.63	0.47
Fire Protection Services	494	401	324	190	3.38	2.33	0.31	0.22
Parks and Recreation	10,047	8,279	7,056	4,832	13.31	9.88	1.24	0.92
Library Services	1,446	1,192	1,015	696	1.92	1.43	0.18	0.13
Growth Studies	395	326	277	190	2.37	1.76	0.22	0.16
Growth Studies - Parking*	6	5	4	3	0.04	0.03	-	-
Total City-Wide Services	\$21,429	\$17,544	\$14,615	\$9,387	\$92.90	\$67.80	\$8.62	\$6.30

Area Specific Development Charges (ASDC)

Area Specific Development Charges provide for “hard services” requirements that benefit solely the development area / block. These services include local roads, water & sanitary sewer, storm water, and boundary elements (e.g. Sidewalks).

The City presently has eight (8) ASDC By-laws, two (2) of these By-laws (i.e. Bayview North East Development Area, and Headford - Excluding Storm Development Area) require update as they expire on July 11, 2021. The proposed charges are shown in the table below.

Stakeholders' Consultation

On March 9, 2021 the City hosted a Stakeholders' Consultation meeting. Staff presented the staged approach to the development charges update, a summary of the changes to the DCA and the City's development charges policies, along with the draft development charges and timelines. An emphasis was made that this Development Charges Update is to comply with the legislative changes in the Development Charges Act, and a fully informed and comprehensive development charges update will take place in stage two (2) as outlined above. Minutes from the Stakeholders' Consultation meeting are attached in Appendix “A”.

Financial/Staffing/Other Implications:

The proposed Background Studies and By-laws have been made available to the public on April 9, 2021, 60 days prior to Council's passage of the Development Charges By-laws, in accordance with the Development Charges Act, 1997, as amended. A formal public notice of the meeting and the By-laws availability was made within the timelines set out in the Act.

The proposed City-wide Development Charges are as follows:

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	Current Charges (2019 Study indexed to 2020 dollars)	Proposed Charges (2021 Study indexed to 2020 dollars)
Residential		
Single / Semi- Detached Dwelling	\$19,947 / unit	\$21,429 / unit
Apartment – Large (> 700 sq.ft)	\$13,098 / unit	\$14,615 / unit
Apartment – Small (up to 700 sq.ft)	\$7,664 / unit	\$9,387/ unit
Other Multiples	\$16,195 / unit	\$17,544 / unit
Non Residential		
Retail	\$91.05 / sq. metre	\$92.90 / sq. metre
Non Retail	\$66.39 / sq. metre	\$67.80 / sq. metre

The proposed Area Specific Development Charges are as follows:

Development Area	Existing Charge	Proposed Charge
Bayview North East	\$245,937	\$434,900
Headford - Excluding Storm	\$172,681	\$236,900

Relationship to Council’s Strategic Priorities 2020-2022:

Development charges is a key revenue tool that the City has to recover growth related capital costs within a municipality.

This report is aligned with the Council’s Strategic Priority of a Fiscal Responsibility, in recognizing the need to ensure that the development charges by-laws are updated, when applicable, and amended for the recent changes to the Development Charges Act.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

Conclusion:

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 recommend that the proposed 2021 Development Charges be approved and that the Interim By-laws 32-21 to 34-21 in Appendix “B” be brought forward to the June 9, 2021 meeting of Council for adoption. Staff will revisit the Development Charges Background Study and the By-laws in 2023.

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Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix “A” - Stakeholders Meeting March 9, 2021 Minutes
- Appendix “B” - Draft By-laws 32-21 to 34-21

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Report Approval Details

Document Title:	SRCFS.21.026 - 2021 Development Charges Update.docx
Attachments:	- SRCFS.21.026 - Appendix A Stakeholders Consultation Meeting Minutes (AODA).pdf - SRCFS.21.026 - Appendix B Draft By-laws 32-21, 33-21 and 34-21 (AODA).pdf
Final Approval Date:	Apr 20, 2021

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

David Dexter - Apr 20, 2021 - 10:35 AM

Sherry Adams - Apr 20, 2021 - 11:14 AM

MaryAnne Dempster - Apr 20, 2021 - 12:09 PM