



Staff Report for Special Council Meeting

Date of Meeting: October 8, 2024

Report Number: SRCFS.24.046

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.24.046 - 2024 Development Charges Background Study and By-law Update - Amendments as per Bill 185**

Purpose:

To provide the public with an overview of the amending by-laws contained in the City of Richmond Hill's ("City") Development Charges Background Study Update - Amendments as per Bill 185 dated August 13, 2024. This Public Meeting is a requirement under the Development Charges Act, 1997 ("DCA").

Recommendation(s):

- a) That staff report SRCFS.24.046 be received;
- b) That draft By-laws 112-24, 113-24, 114-24, 115-24, and 116-24 for City-wide Development Charges be brought forward to the November 13, 2024, Council meeting for adoption (See Appendix "B"), as part of Phase II - formal amendments to the Development Charges by-laws;
- c) That draft By-laws 117-24, and 118-24 for Area Specific Development Charges be brought forward to the November 13, 2024, Council meeting for adoption (see Appendix "C") as part of Phase II - formal amendments to the Development Charges by-laws;
- d) That no further Public Meetings be required under Section 12 of Development Charges Act, 1997, as amended.

Contact Person(s):

- Ilan Treiger, Financial Management Advisor, extension #2415
- Muhammad Raza, Manager Fiscal Strategy and Long-term Planning
- Gigi Li, Director Financial Services and Treasurer, extension #6435
- Sherry Adams, Commissioner Corporate and Financial Services, extension #2521

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Report Approval:

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.

Key Messages:

- Amendments to the City’s DC by-laws are required to incorporate the recent legislative changes to the Development Charges Act (“the DCA”) brought through Bill 185.
- Bill 185 results in partial reversals of previously announced changes through Bill 23, More Homes Built Faster Act, 2022 (“Bill 23”). The amendments to the DC by-laws outlined in this staff report and in SRCFS.24.033 will allow the City to regain its ability to charge DCs and improve DC revenue collections.
- Phase I – minor amendments to the City’s DC by-laws resulting from Bill 185 were completed via the streamlined process on September 11th, 2024. Phase I resulted in Amending DC By-laws #105-24, #106-24, #107-24, #108-24, #109-24, #110-24, #111-24.
- Phase II – formal amendments to the City’s DC by-laws to reflect the shortened DC rate freeze timeframe, and to provide clarity on the timeframe for redevelopment credit. These changes require a formal public process, including holding a public meeting prior to Council’s adoption of DC By-laws. This Special Council Meeting satisfies Section 12 of the DCA.

Background:

On April 10th, 2024, the Province of Ontario introduced Bill 185. The legislation proposed to amend 15 existing Acts, including the DCA. Bill 185 proposed modifications to a number of the recent legislative changes introduced through Bill 109 More Homes for Everyone Act, 2022, Bill 23, More Homes Built Faster Act, 2022, and Bill 97, Helping Homebuyer, Protecting Tenants Act, 2023. On June 6th, 2024, Bill 185 received Royal Assent from the Province of Ontario.

At the September 4th, 2024 Committee of the Whole meeting, staff provided SRCFS.24.033 detailing the recommended approach to amend the City’s current DC by-laws, to reflect the legislative changes brought forward by the Province through Bill 185.

Phase I of the recommended DC by-laws amendments, which utilized a streamlined process for minor amendments introduced with Bill 185, was completed on September 11th, 2024, resulting in amending DC by-laws. Phase II – formal amendments to the DC By-laws will be the subject of this report and discussed in detail below.

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Discussion:

Phase II – Formal Amendment to the Development Charges By-laws

Phase II to the DC by-laws is the formal amendment process and includes amendments that are not eligible under the streamlined process for minor amendment introduced by Bill 185 discussed in Phase I. Phase II of the amendment process includes amendments to reflect the shortened DC rate freeze timeframe as per Bill 185, as well as to provide additional clarity on the timeframe of eligibility for the redevelopment credit to begin on the date of the demolition permit.

Phase II of the amendment process of the DC by-laws does not have a direct impact on the City's current DC rates.

As per the legislation, section 19 of the DCA applies to Phase II of the formal amendment process. The Memorandum prepared by Watson (Appendix "A") shall be utilized as the DC Background Study required for the public process. This Memorandum has been posted on the City's website to meet the requirements of ensuring the Study is available to the public at least 60 days prior to the by-law passage.

This Special Council meeting satisfies the requirement for the City to hold a public meeting before the DC by-laws are adopted by Council. In accordance with section 12 of the DCA, a public notice was provided 20 days prior to this Special Council meeting. Council will consider the passage of the amending DC by-laws on November 13th, 2024, at least 60 days after the DC Background Study is posted to the City's website. Refer to Appendices "B" and "C" for draft the DC amending by-laws, as amended.

Financial Implications:

In January 2023, staff presented SRPI.23.018, Request for Comments – Bill 23, The More Homes Built Faster Act, 2022, detailing the numerous legislative changes that have impacted the DCA, and the municipality's ability to collect DCs.

Since January 2023, the City has updated the DC Background Study, dated December 22, 2023, and associated DC By-laws. The updated DC Study reflects the legislative changes in the DCA. Furthermore, a refined and updated growth forecast, and capital needs identified in various City-wide master plans and studies undertaken by the City in the recent years, were also incorporated in the updated DC Background Study.

Staff continue to monitor and assess the financial implication of Bill 23 to the City. In February 2024, staff estimated DC revenue shortfall of \$190.3 million or 32% over the next ten years.

Bill 185 results in partial reversals of previously announced changes through Bill 23. The amendments to the DC by-laws will allow the City to regain its ability to charge 100% of DCs immediately instead of phasing in the DC rates over 5 years as previously mandated by Bill 23. Furthermore, growth studies are treated as eligible capital costs

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under the DCA. As a result, the revised forecasted DC revenue shortfall is estimated at \$153.3 million. This represents a substantial decrease in estimated DC revenue loss when compared to the previously estimated DC revenue shortfall.

DC Change	Estimated Revenue Loss (millions) Bill 23	Estimated Revenue Loss (millions) Bill 185
New Statutory Exemptions	\$77.8	\$77.8
Additional Residential Unit Exemption	\$20.4	\$20.4
Mandatory Phase-in of DCs	\$29.4	NIL
Capital Costs Related to Land Excluded from DC*	\$46.8*	\$46.8*
Capital Costs Related to Studies Excluded from DC	\$7.4	NIL
Rental Housing Discount	\$8.3	\$8.3
TOTAL	\$190.3	\$153.3

**The Provincial Government has yet to announce the prescribed services that would exclude land costs as an eligible cost. Therefore, at this time land costs are included for all applicable services in the DC Background Study and DC rate calculation.*

It is important to note that the actual financial impact of the legislative changes discussed above will be determined by the type of development, and the volume of development that is directly impacted. For example, the timing and size of developments that are newly exempt from DCs, such as, not-for-profit housing, affordable housing, additional residential units, etc.

Relationship to Strategic Plan 2024-2027:

Amendments of the City's DC by-laws to ensure that the City is aligned with the most up to date Provincial legislation, demonstrates wise management of resources in the City, especially as it enables the City to maximize its ability to collect development charges.

This report is aligned with the Council's Strategic Plan Pillar 3: Strengthening our Foundations, in recognizing the need to comply with the legislative requirements set in the Development Charges Act, as well as utilizing this report to inform future decisions on capital funding that are evidence based and data driven to enable the City's long term financial sustainability.

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.

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- Appendix “A” – Memorandum from Watson & Associates Economists Ltd. Economist.
- Appendix “B” – Draft Amending By-laws for the City-wide Development Charges, as amended.
- Appendix “C” – Draft Amending By-laws for the Area Specific Development Charges, as amended.

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Report Approval Details

Document Title:	SRCFS.24.046 – 2024 Development Charges Background Study and By-law Update - Amendments as per Bill 185.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.24.046 Appendix A - Memorandum from Watson and Associates Economists Ltd. Economist.pdf- SRCFS.24.046 Appendix B - Draft Amending By-laws for the City-wide DCs, as amended.pdf- SRCFS.24.046 Appendix C - Draft Amending By-laws for the Area Specific DCs, as amended.pdf
Final Approval Date:	Sep 26, 2024

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

Gigi Li - Sep 25, 2024 - 8:45 PM

Sherry Adams - Sep 26, 2024 - 8:44 AM

Darlene Joslin - Sep 26, 2024 - 10:06 AM