

To: Warden and Members of County Council

From: Director of Corporate Services

Development Charges Background Study Update and Amending By-laws - 2021

RECOMMENDATIONS

1. That County Council adopt the assumptions contained in the Development Charges Background Study, dated January 22, 2021, subject to availability of capital grants, subsidies and other contributions estimate therein;
2. And further, that Council approve the capital project listing set out in the Development Charge Background Study, dated January 22, 2021 subject to review during annual capital budget processes;
3. And further, that the Development Charge Background Study for the uniform County-wide charge and each of the area specific Development Charge calculations dated January 22, 2021, be received and approved;
4. And further, that pursuant to Section 12(3) of the Development Charges Act, 1997, as amended, the Council for the County of Oxford has determined that a further public meeting is not necessary for the proposed Development Charge by-laws;
5. And further, that the County-wide and nine Area Specific Water and Wastewater Development Charge By-Law Amendments No. 6323-2021, 6324-2021, 6325-2021, 6326-2021, 6327-2021, 6328-2021, 6329-2021, 6330-2021, 6331-2021 and 6332-2021, be presented to Council for enactment.

REPORT HIGHLIGHTS

- Updates reflect legislative changes to the *Development Charges Act* in 2020
- Amendment to the capital project list is limited to the cost of the study required to facilitate this background study update, necessitated to conform with legislative changes to the *Development Charges Act, 1997* and related regulation
- Development Charges By-law Amendments will take effect April 1, 2021

Implementation Points

Upon passing of the development charge by-laws, the Clerk will give notice of a 40 day appeal period that will end May 3, 2021, pursuant the *Development Charges Act, 1997*.

The 2021 Development Charge Background Study Update and the following Development Charge By-law Amendments will be posted on the County website along with an updated information schedule:

- County-wide services
- Woodstock water and wastewater
- Tillsonburg water and wastewater
- Ingersoll water and wastewater
- Tavistock water and wastewater
- Norwich water and wastewater
- Thamesford water and wastewater
- Plattsville water and wastewater
- Drumbo water and wastewater
- Mt. Elgin water and wastewater

The updated development charges reflected in the aforementioned by-laws as they relate to County-wide services (i.e. library, land ambulance, growth-related studies, roads and waste diversion) and area-specific services (water and wastewater) will become effective on April 1, 2021.

Financial Impact

Approval of the recommendations contained within this report will have no financial impact beyond what has been approved in the current year's budget.

The elimination of the 10% statutory deductions on previously deemed 'soft services' means that library, land ambulance, waste diversion services and growth-related studies will now be fully funded by growth. This legislative change effectively removes the financial burden from existing property owners and transfers it to the developer, resulting in increases in development charge rates to fund increased service level requirements related to growth. Furthermore, the proposed changes include a provision to impose interest charges on the delayed payment requirements for certain types of development as a measure to ensure existing properties are not financially burdened by growth related servicing costs.







Communications

Notice of passing the development charge by-laws will be issued by the Clerk informing that the public has 40 days from the date of passing to appeal the by-law(s), ending on May 3, 2021.

Notice will be provided in accordance with the County's Public Notice Policy and the *Development Charges Act, 1997*, which includes local newspapers, County website and County social media channels. The notice will also be circulated by email to the County's updated list of stakeholders in the local development community including Chambers of Commerce.

The area municipalities will be provided the updated 2021 Development Charge Background Study and the Development Charge By-law Amendments along with development charge rates that will take effect on April 1, 2021.

Strategic Plan (2015-2018)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
1.ii.		3.iii.	4.i.	5.ii.	

DISCUSSION

Background

On September 18, 2020, the Minister of Municipal Affairs and Housing announced that the Provincial Government proclaimed amendments to the *Development Charges Act, 1997* and the *Planning Act* by Bill 108, the *More Homes, More Choice Act*, and Bill 197, the *COVID-19 Economic Recovery Act*. In addition they made a new regulation under the *Planning Act* and technical changes to regulations under the *Planning Act*, *Development Charges Act* and *Building Code Act* in order to finalize the framework for development charges, community benefits and parkland. This proclamation also triggered a transition period of two years for municipalities to make the necessary adjustments to reflect the legislative changes during COVID-19.

Subsequently, on October 28, 2020, County Council authorized staff to retain Watson & Associates Economists Ltd. to facilitate an Oxford County and Area Municipalities joint review and update of current Development Charge Background Studies and By-laws to reflect amendments to the *Development Charges Act* and *Planning Act* as per the “*More Homes, More Choice Act*” (Bill 108) and “*COVID-19 Economic Recovery Act*” (Bill 197).

As part of this abridged review process, Watson collaborated with a Steering Committee comprised of representation from the County and all the participating Area Municipalities to review the legislative changes and assist in developing appropriate revisions with a view to achieve compliance where necessary and to consider options for discretionary provisions.

Comments

The following is a summary of the proposed policy changes to the County’s development charge policy provisions contained within the draft by-laws. The proposed policy wordings have been carefully contemplated by the Steering Committee members in an effort to provide clarity in interpretation, fair and equitable application, and uniformity between the County and Area Municipalities’ policy provisions.

Uniformity, as much as is possible, is particularly important in order to streamline the development process and minimize complexity in determining fees, as some development proposals will be subject to potentially three development charge fees – Area Municipal charge, County-wide services, and County area specific charges for water and wastewater services.

Development Charge Calculations

Removal of the 10% statutory deduction from previously deemed 'soft services' impacts the development charge eligible costs as set out in the following table.

Eligible Service	Additional Development Charge Eligible Costs
Library services	\$71,600
Land ambulance	228,000
Waste diversion	25,400
Growth-related studies	60,500

Also increasing the develop charge eligible costs is the inclusion of costs for undertaking this development charge by-law amendment process in the amount of \$12,000.

Development Charge By-law Policies

The following are amendments to by-law policy to ensure compliance with the revised legislation:

- Statutory exemptions for intensification of housing within existing residential buildings and associated ancillary structures and second dwelling units within (or within structures ancillary to) new residential dwellings.
- Determination of development charges at site plan or zoning by-law amendment application date.
- Installment payments for rental housing, institutional and non-profit housing developments.
 - Institutional development includes long term care homes; retirement homes; universities and colleges; memorial homes, clubhouses or athletic grounds of Royal Canadian Legions; and hospices.
- Statutory exemption for post-secondary institutions – added to the draft by-laws in response to proclamation of Bill 213, *Better for People, Smarter for Business Act, 2020*, which includes colleges, universities or Indigenous Institutes.

The County's by-laws provide for calculation and collection of the charges at the time of building permit issuance. In accordance with the new legislation, development charges for developments proceeding through site plan or zoning by-law amendment will be determined based on the charges in effect on the day of application. Charges will be frozen for a maximum of two years after the date the planning application is approved.

The provisions within the new legislation provides for the payment of development charges related to rental housing and institutional development in six equal annual installments, commencing on the date of occupancy.

Similarly, non-profit housing will pay development charges in 21 equal annual payments, commencing from the date of occupancy.

The imposition of interest charges on development charges determined at site plan or zoning by-law amendment application dates and on installment payments are discretionary.

Initially, the Steering Committee had proposed to impose interest charges on these development applications, however they have since determined that the logistics of an interest rate fee and subsequent indexing of the development charge rates would result in rates with interest charges applied to be greater than what would have otherwise been paid within the two-year window for a development subject to a zoning by-law amendment or site plan application. Based on the fact that the legislative change was intended to incent municipalities to streamline their development approval processes, an interest fee would, in all likelihood negate the intent, therefore the provision for imposing an interest rate fee on development that requires a zoning by-law amendment or site plan approval has been removed from the final by-laws introduced to Council under this report.

As for development that is subject to installment payments, being rental housing, institutional development and non-profit housing, they will be subject to an interest charge to ensure the cost of delayed collection of fees is borne by growth related development and not by existing properties.

The Steering Committee is of the opinion that the Bank of Canada prime rate + 2% is a fair interest charge to ensure that growth pays for growth - to compensate for costs related to the delay in collection of funds for growth related projects. The amount will be set annually at the time the development charges rates are indexed, being April 1st. The interest rate will remain fixed for the duration of the installment payments.

There are no further amendments recommended at this time to the County's Development Charge Background Study Update and Development Charge By-law Amendments beyond those described above. Furthermore, there are no changes to the rates that were presented as part of the Public Meeting held on February 24, 2021.

Conclusions

Notwithstanding the two amendments to the draft by-laws introduced to Council under this report including elimination of the interest charge provision on development requiring zoning by-law amendments and/or site plan approvals and the inclusion of post-secondary institutions as a statutory exemption, staff are of the opinion that no further public meeting is required to meet the statutory requirements of the *Development Charges Act, 1997*.

As such, Council is advised to proceed with enactment of the by-laws and adopting the assumptions, calculations, and capital project listing contained within the Development Charge Background Study Update – copies of which are posted on the County's website at [Development Charges Study and By-laws - 2021](#).

Full versions of each of the following development charge by-laws are attached to the Council agenda under the By-laws section:

- By-law No. 6323-2021 County-wide services
- By-law No. 6324-2021 Woodstock water and wastewater
- By-law No. 6325-2021 Tillsonburg water and wastewater
- By-law No. 6326-2021 Ingersoll water and wastewater
- By-law No. 6327-2021 Tavistock water and wastewater
- By-law No. 6328-2021 Norwich water and wastewater
- By-law No. 6329-2021 Thamesford water and wastewater
- By-law No. 6330-2021 Plattsville water and wastewater
- By-law No. 6331-2021 Drumbo water and wastewater
- By-law No. 6332-2021 Mt. Elgin water and wastewater

Upon the passing of the development charge by-laws, the Clerk will give written notice of the statutory 40 day appeal period which will end May 3, 2021. Notice must be provided within 20 days of passing the by-laws. Any person or organization may appeal a development charge by-law to the Ontario Municipal Board by filing with the Clerk a notice of appeal setting out the objection to the by-law and the reasons supporting the objection.

SIGNATURES

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer

ATTACHMENT

Attachment 1 – County-wide and Area Specific Development Charge Schedule