



SUBJECT: 2019 City of Burlington development charges process

TO: Planning and Development Committee

FROM: Finance Department

Report Number: F-12-19

Wards Affected: All

File Numbers: 460-01

Date to Committee: April 2, 2019

Date to Council: April 23, 2019

Recommendation:

Receive and file finance department report F-12-19 regarding the 2019 City of Burlington development charges process.

Purpose:

Development charges (DC) are imposed by municipalities on development and re-development to recover growth-related capital costs. *The Development Charges Act, 1997* (DCA) and associated regulations stipulates that a Development Charges By-law expires five years after the day it comes into force, unless it specifies an earlier expiry date or is repealed sooner. The City of Burlington's current DC by-law (By-law 46-2014) will expire July 1, 2019; consequently, the updated by-law must be enacted prior to this date. The purpose of this report is to outline the process, timelines and key requirements to update the City's current development charges by-law and related policies.

Background and Discussion:

Development Charges Act, 1997 (DCA)

The *Development Charges Act, 1997* legislates the process to be undertaken by municipalities to calculate and impose development charges. Prior to Council approval of a new by-law, a background study must be completed in accordance with the provisions of the DCA.

Below is a high-level summary of required steps undertaken to calculate a development charge;

- Anticipated development (amount, type and location)
- Estimated increase in need for service for each eligible service
- Determine DC Net Capital Costs (new growth vs. existing) for the planning period
 - Consider Deductions:
 - Grants, subsidies and other contributions
 - Benefit to existing development
 - Statutory 10% deduction (where applicable)
 - Uncommitted excess capacity
 - DC Reserve Fund balances (where applicable)
- Examination of long-term capital and operating costs for new capital works
- Amount of the charge by type of development, including the apportionment of costs - residential and non-residential

Development Charge Act Amendments

On December 3, 2015 the Province passed Bill 73 which amended the DC Act, 1997. Subsequently, on December 18, 2015, Ontario Regulation 428/15 was published which amended the associated Ontario Regulation 82/98 and provided for additional directives for the amended act. The key legislative changes arising from the amendment impacted the following;

- Transit Services
 - The most significant change in the legislation relates to transit
 - Based on a planned level of service and cannot include excess capacity
 - Assessment of ridership forecasts (distinguish between new development vs. existing)
 - Assessment of ridership capacity over the 10-year planning period immediately following the
 - Detailed Asset Management Plan
- Ineligible services
 - Modified ineligible services to narrow solid waste management to include services related to landfill and incineration
- Background Study requirements
 - Examine the use of Area Specific Charges
 - Asset Management Plan
 - Prescriptive requirements for Transit
- Public process requirements

- Background Study must be made available to the public (city's website) 60 days prior to the passing of the DC by-law, and for the duration the by-law is in effect
- Payment Timing of multiple building permits
 - Where multiple building permits are required for a single building, DCs are payable at the issuance of the first building permit (foundation permit)
 - For development which has multiple phases that are not constructed concurrently, each phase is deemed a separate development
- Implementation and reporting requirements (i.e. Treasurer Statement)

Development Charges Process Update

In 2018, Watson & Associates Economists Ltd. (Watson & Associates) were retained to provide professional financial advice, legislation interpretation and guidance for the implementation of the 2019 DC Background Study and by-law update.

Watson & Associates have an extensive background, broad experience and knowledge of Development Charges, including their recent work with area municipalities and the Region. Additionally, they have been involved with the city's previous DC studies, the city's fiscal impact study and other related works whereby the City is able to obtain synergies and efficiencies.

Development Charges Committees

The process involves the establishing of three main committees. (1) Technical Team, (2) Strategy committee and, (3) Consultation committee. The roles and membership for each committee are briefly highlighted below. The technical team and Strategy committee have been working since the summer of 2018 to work on many of the background and technical steps involved in determining the calculation. Since it was an election year, the Consultation committee was not formed and engaged until the new council was in place. As such the Consultation committee schedule has been condensed with detailed technical information provided in early February due to timing of the by-law expiration.

Technical Team: consisting of City staff from various departments and services that provide technical analysis, identify increase in need for service and related capital costs for the growth-related infrastructure. The capital works are reflected in the 2019 capital budget and forecast represented as Growth projects.

Strategy Committee: consisting of senior staff from the Burlington Leadership Team of various departments. The primary role of this committee is to provide

strategic guidance and input early in the process as well as to review the analysis proposed by the Technical team and review key policy decisions for the DC by-law and associated policies. Four meetings have been held with the committee to date.

Consultation Committee: consisting of representatives from the public and stakeholder groups that provide input to the draft calculation and proposed policy amendments. Four meetings have been held with the committee to date, to discuss the DC methodology, legislative changes, and review draft DC background information.

- Members of Council (2)
- Hamilton-Halton Home Builders' Association (2)
- Burlington Economic Development Corporation (1)
- Burlington Chamber of Commerce (1)
- Citizens (2)

As part of report CL-01-19, Council approved appointments to the Consultation Committee are Councilor Sharman (Chair), and Mayor Marianne Meed Ward (Vice-Chair).

Development Charges Growth Assumptions

The 2019 Development Charges study as mentioned above must be approved prior to July 1, 2019. Staff are addressing this DC update as a short-term update since many plans that generally support the background study update have yet to be completed. Staff is anticipating that the next DC Background study will be undertaken prior to the legislated five year timeframe.

The growth forecast for the 2019 DC Background study is consistent with the 2011 Halton Best Planning Estimates, updated with the 2016 Census information. The growth forecasts are used as the basis for determining the amount, type and location of anticipated development. The following highlights growth assumptions made in the 2019 DC Background study;

Residential Growth Assumptions

- Long-term household forecast is consistent with 2011 Halton Best Planning Estimates (BPE) allocation to the City of Burlington
- Long-term population forecast is higher by approximately 7,200 persons, when updated for 2016 Census. This is higher due to a higher overall person per unit (PPU) forecast by 2031 relative to the 2011 BPE.

- By 2031, the forecast PPU for the City of Burlington is 2.40.

Non-Residential Growth Assumptions

- Long-term employment forecast is higher than the 2011 Halton BPE, by approximately 4,300 jobs. This is reflective of the higher employment witnessed in 2016 Census employment for institutional uses and no fixed place of work (i.e. those employees not traveling to the same physical place of employment each day) and higher population-related employment over the long-term relative to increased population projections.

The following table summarizes the growth forecast projections used in the 2019 DC Background study:

Table 1: 2019 DC Background Study City of Burlington Growth Forecast Summary

Time Horizon	Residential		Non-residential	
	Population ^A	Housing Units ^B	Employment (excl. NFPOW)	G.F.A. (sq. ft.)
Early 2019	185,911	76,636	81,411	
Early 2029	192,429	82,632	88,894	
Mid 2031	193,401	83,630	90,412	
Incremental Change				
Early 2019 – Early 2029	6,518	5,996	7,483	3,754,500
Early 2019 – Mid 2031	7,490	6,994	9,001	4,501,700

A: Excluding Census undercount; Including Institutional Population

B: Including Equivalent Institutional Households

The city is currently in the process of updating many of our master plans. These master plans inform the increased need for service as it relates to growth. The following is a list of plans that are in the process of being completed that will inform the next DC update.

- Integrated Mobility Plan
- Transit Business Plan
- Parks Master Plan
- Fire Master Plan

In the absence of these plans, previously approved studies that informed the 2014 DC background study continue to form the basis for the 2019 DC update.

Based on the timing of updates that need to occur to the BPE and other city plans, staff anticipate that the next DC Background Study will occur prior to the legislated five-year review period.

Timelines

The following is the timeline to have the 2019 DC By-law enacted on July 1, 2019. The dates presented below meet the requirements as legislated in the DCA, 1997.

Proposed By-Law and Background Study <i>(Available to the Public 60 days prior to the passing of the by-law)</i>	March 28, 2019
Notice of Public Meeting of Council <i>(20 days prior to the public meeting)</i>	April 22, 2019
Committee of the Whole <i>(Public Meeting)</i>	May 13, 2019
Council Approval	May 27, 2019
Notice of By-Law <i>(no later than 20 days after the day by-law is passed)</i>	June 14, 2019
Appeal <i>(Last day for appealing the by-law, 40 days after the day the by-law is passed)</i>	July 8, 2019

Financial Matters:

The funding for the costs associated with the update to the City's development charges (i.e. economic consultant and legal advice as required) was approved as part of the 2017 Capital Budget in the amount of \$100,000.

Public Engagement Matters:

As noted above, staff are engaging the public through the Consultation Committee, which is composed of key stakeholders from the public and development community. Furthermore, as per the timelines, the background study and by-law will be made available to the public for review and comment 60 days prior to approval by Council.

Conclusion:

This report provides at a high level the process and timelines involved to complete the 2019 DC Study. The legislated public meeting is scheduled for May 13, Committee of the Whole. At that meeting, a presentation will be provided and any comments from the public will also be brought forward. Based on the timelines, staff recommendation is to bring the 2019 DC background study and by-law for Council approval on May 27th with enactment of the By-law on July 1st.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.