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Presentation by Watson & Associates



Watson
& Associates
ECONOMISTS LTD.



More Homes Built Faster Act
Financial Impact Analysis
City of Burlington

Corporate Services, Strategy, Risk and Accountability Committee

March 29, 2023



Introduction

- Watson and Associates Economists Ltd. (Watson) was retained by the City of Burlington (City) to undertake a financial assessment of the impacts of the *More Homes Built Faster Act, 2022 (MHBFA)*.
- The financial analysis was prepared to measure the impacts arising from amendments to the:
 - Development Charge Act (D.C.)
 - Planning Act, with regards to:
 - Community Benefits Charge (C.B.C.), and
 - Parkland Dedication



Legislative Changes to Development Charges, Community Benefits, and Parkland Dedication

More Homes Built Faster Act



More Homes Built Faster Act

Changes to *Development Charges Act*

- Mandatory phase-in for all D.C. by-laws passed on or after January 1, 2022:
 - Year 1 - 80% of maximum charge;
 - Year 2 - 85% of maximum charge;
 - Year 3 - 90% of maximum charge;
 - Year 4 - 95% of maximum charge; and
 - Year 5 to expiry - 100% of charge
- Discount for rental housing development dwelling unit type, as follows:
 - 3 or more bedrooms – 25% reduction;
 - 2 bedrooms – 20% reduction; and
 - All other bedroom quantities – 15% reduction

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Changes to *Development Charges Act*



- Further statutory exemptions:
 - Affordable Housing Units (ownership and rental)
 - Where purchase price or rent is $\leq 80\%$ of the average market, as defined by a new Bulletin, to be published by the Ministry of Municipal Affairs and Housing
 - Includes Inclusionary Zoning Units
 - Attainable Units
 - Excludes affordable units and rental housing development, will be defined as prescribed development or class of development
 - Non-Profit Housing are exempt from D.C. installments
 - Additional Residential Unit Exemptions



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Changes to *Development Charges Act*

- Eligible service and capital cost reductions
 - Housing no longer an eligible service
 - Studies no longer an eligible capital costs
 - Historical Levels of Service measure extended from 10-years to 15-year
- Administration
 - Maximum interest rate for D.C. installments and determination (average prime rate plus 1%)
 - Requirement to allocate 60% of reserve funds annually for water, wastewater, and transportation services
 - D.C. by-law expiry extended to 10 years



More Homes Built Faster Act

Changes to *Planning Act* re Community Benefits Charges

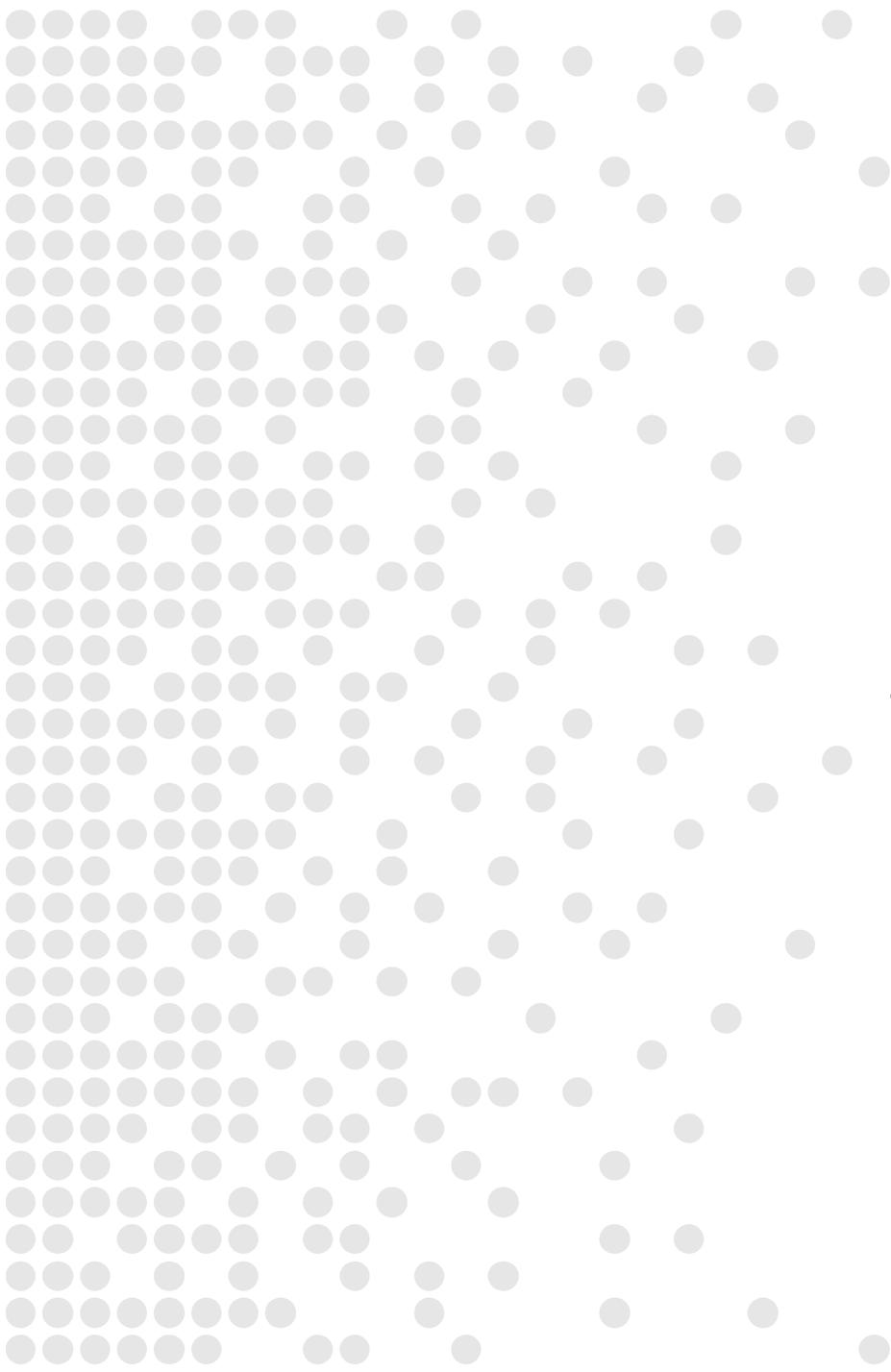
- Clarifies application of C.B.C. for incremental development only
- Additional statutory exemptions for affordable and attainable units



More Homes Built Faster Act

Changes to *Planning Act* re Parkland Dedication

- Additional statutory exemptions for affordable, attainable, non-profit and additional residential units
- Reduction to the alternative requirements, whereby:
 - Land conveyance, the requirement of 1 ha. per 300 dwelling units is reduced to 1 ha. per 600 units
 - Payments-in-lieu of land (P.I.L.), the requirement of 1 ha. per 500 dwelling units is reduced to 1 ha. per 1,000 units
 - Dedication is capped at 10% of the land area/value, where the developable land is 5 ha. or less, and 15% where developable land is greater than 5 ha.
- Grandfathered parkland determination for certain Site Plan and Zoning By-law Amendment approvals
- Landowners will be allowed to identify lands for parkland conveyance, within regulatory criteria



Financial Impacts

More Homes Built Faster Act



Financial Impacts

Methodology and Assumptions

- Financial impacts assessed relative to the City's current D.C., C.B.C. and parkland dedication by-laws, and associated background studies
- Development forecast assumptions based on the City's 2022 C.B.C. Strategy forecast for the period 2022-2032, with further assessment of tenure and affordability

Density Type	Ownership			Rental			Total		
	Affordable	Market Based	Total	Affordable	Market Based	Total	Affordable	Market Based	Total
Low Density	260	650	910	0	230	230	260	880	1,140
Medium Density	260	510	770	100	320	420	360	830	1,190
High Density	1,460	2,810	4,270	1,510	3,590	5,100	2,970	6,400	9,370
Secondary Units	0	0	0	280	0	280	280	0	280
Total	1,980	3,970	5,950	1,890	4,140	6,030	3,870	8,110	11,980

- Forecast does not include additional units in the Ministry of Municipal Affairs and Housing total housing pledge of 29,000 units for 2022-2031



Financial Impacts

City's D.C. and C.B.C

- D.C. rates in the City's 2022 D.C. Update Study (by-law amendment) are currently being phased-in as per MHBFA
- We have assumed that the affordable housing exemptions will be effective mid-2023, with publishing of bulletin
- No attainable housing exemptions forecast at this time

	Total D.C. and C.B.C. Revenue Impact (2022\$)
D.C. Phase-In	\$5.3 million
D.C. Exemptions	\$28.6 million
D.C. Purpose-Built Rental Discounts	\$0.9 million
C.B.C. Discount	\$1.1 million
Historic Level of Service	No Impact on Revenues
Studies	\$0.7 million
Total	\$36.6 million



Financial Impacts

City's Parkland Dedication

- Current parkland dedication calculations are based on City's P.I.L. per unit rates for medium-density and high-density residential units and assumed land value of \$25.4 million per hectare for low-density residential
- Under MHBFA scenario, capping is assumed at 10% of site area for high-density development (i.e. site =< 5 ha.)

	Housing Growth, 2022 to 2032 by Density Type				
	Low Density	Medium Density	High Density	Secondary Units	Total
<u>Parkland Dedication - Cash-in-Lieu pre MHBFA</u> <i>Alternative Requirement</i>					
CIL (medium density - \$33,400/unit, high-density - \$23,600/unit, low density - \$25.4 M/ha.)	\$ 144,780,000	\$ 39,445,400	\$ 313,225,200	\$ 9,352,000	\$ 506,802,600
Level of Service (ha. per 1,000 population)	1.28	0.49	0.72	0.88	0.80
<u>Parkland Dedication - Cash-in-Lieu with MHBFA Amendments</u> <i>Alternative Requirement</i>					
CIL (medium density - \$33,400/unit, high-density - \$23,600/unit, low density - \$25.4 M/ha.) with capping and exemptions	\$ 111,433,571	\$ 27,579,069	\$ 33,208,942	\$ -	\$ 172,221,583
Level of Service (ha. per 1,000 population)	0.98	0.35	0.08	-	0.27



Financial Impacts

Conclusions

- Based on the tenure and affordability forecast assumptions and the City's 2022 C.B.C. Strategy development estimates for 2023-2032
 - Total D.C. and C.B.C. implications would be approximately \$36.6 million in lost revenue (2022\$), this equates to approximately 30% of total D.C. and C.B.C. revenues
 - Based on current P.I.L per unit rates and background study land assumptions, forecast parkland dedication revenues would decrease by approximately \$335 million or 66%
 - Parkland dedication level of service would be comparable to the standard requirements yielding approximately 0.27 ha. per 1,000 population



Questions?