



SUBJECT: Development Charges and Community Benefits Strategy
draft growth assumptions

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-25-23

Wards Affected: All

Date to Committee: November 1, 2023

Date to Council: November 14, 2023

Recommendation:

Receive and file finance department report F-25-23 providing growth assumptions for the new Development Charges Background Study and Community Benefits Strategy, including Appendix A, 2024 Draft DC Growth Forecast developed by Watson & Associates Economists Ltd. (Watson).

PURPOSE:

The purpose of this report is to provide Council for information the residential and non-residential growth forecast that will be used as the basis for determining the amount, type and location of anticipated development in the City of Burlington.

Development charges (DC) are imposed by municipalities on development and re-development to recover growth-related capital costs under the *Development Charges Act*. The City of Burlington's current DC by-law (By-law 29-2019, as amended by By-law 26-2022) will expire June 1, 2024; consequently, the updated by-law must be enacted prior to this date.

A Community Benefits Charge (CBC) allows municipalities to levy a charge against certain forms of higher density development to fund associated development-related capital infrastructure needs under the provisions of the *Planning Act*.

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth.

Background and Discussion:

In May 2023, staff provided Council with an outline of the process and timelines for the upcoming Development Charges Background Study and Community Benefits Strategy.

As outlined in staff report F-21-23, although the CBC by-law (By-law 66-2022) has not yet expired, it is prudent to align the DC background study and CBC strategy moving forward in order to obtain process synergies and efficiencies. Furthermore, as legislative changes were introduced through Bill 23, *More Homes Built Faster Act, 2022* which placed limitations on the calculation and collection of DCs, the alignment with the CBC strategy will allow the City to recover eligible capital growth costs in order to adhere to the city's long-standing guiding principle in which "*Growth Pays for Growth*" as much as possible.

Historically, Halton Region has prepared Best Planning Estimates (BPEs) to provide detailed population and employment estimates by traffic zone for each of the local municipalities in the Region. The growth forecast for the previous (2019) DC Background study utilized the 2011 Halton Best Planning Estimates for housing updated with the 2016 Census information, as the best information available at the time.

The BPEs are, among other things, used to inform the infrastructure master planning of the Region and other municipal work such as local Development Charges and Community Benefits Charges. Halton Region had been working toward preparing BPEs to reflect the changes to the Regional Official Plan (ROP) through ROPAs 48 & 49 when Bill 23, *More Homes, Built Faster Act, 2022* was introduced and subsequently achieved royal assent in November 2022.

One of the outcomes of Bill 23 is that there will be a change in planning authority from Halton Region to the local municipalities. Upon Royal Proclamation, planning authority will rest with each individual municipality. In response to the need to transition over time, Halton Region is working in collaboration with the local municipalities to prepare Joint Best Planning Estimates (JBPEs) in order to support infrastructure master planning, for which the Region is still responsible. The outcome for the JBPEs will be to provide population and employment estimates for 2031, 2041 and 2051.

ROPA 49 was informed by findings of the Land Needs Assessment (LNA) undertaken as part of the Region's Integrated Growth Management Strategy project (IGMS). ROPA 49 was approved as modified by the Minister of Municipal Affairs and Housing on November 4, 2022. The Minister's modifications to ROPA 49 made a variety of changes including the population and employment estimates identified in the LNA and extended the planning horizon to 2051. The modifications also introduced a new urban area not previously considered by the Official Plans of both Halton Region and Burlington. Therefore, it is

important to note that the Population and Employment Distribution in Table 1 of the Regional Official Plan (through ROPA 49) and the forecasts of the LNA differ slightly.

Development Charges Growth Assumptions

In support of the DC Background Study and CBC Strategy, Watson, in consultation with planning staff have developed the draft DC forecast that is aligned to the Halton Region Interim Consolidation of the Regional Official Plan, November 4, 2022, which includes ROPA 48 and 49.

Time Horizon	Residential		Non-Residential	
	Population ^A	Housing Units ^B	Employment ^C	G.F.A. (sq. ft.) ^D
<i>Early 2024</i>	188,372	74,026	100,913	
<i>Early 2034</i>	210,989	85,205	107,580	
<i>Mid 2041</i>	232,966	96,117	114,300	
<i>Mid 2051</i>	257,334	107,474	124,390	
Incremental Change				
<i>Early 2024 - Early 2034</i>	22,617	11,179	6,667	2,087,200
<i>Early 2024 - Mid 2041</i>	44,594	22,092	13,417	4,210,000
<i>Early 2024 - Mid 2051</i>	68,962	33,449	23,477	7,488,100

A: Exclude Census undercount of approximately 3%, includes institutional population. Please note the ROPA49 population includes the Census undercount.

B: Reflects private dwellings occupied by usual residents.

C: Includes Usual Place of Work, Work at Home, and No Fixed Place of Work employment.

D. Forecast institutional gross floor area has been adjusted downward to account for employment associated with special care units.

Population Forecast

- ROPA 49 includes population (including the census undercount) and total employment forecast targets for 2041 and 2051.
- The 10 year-forecast to 2034 has been derived by Watson.
- The 2041 and 2051 forecast align to the growth established in ROPA 49.

Housing Forecast

- The housing forecast has been derived from ROPA 49 and the background technical work developed through the LNA and IGMS. Adjustments have been made to the near-term forecast to accurately reflect recent development activity.
- The housing forecast is largely comprised of high-density units, which is consistent with the background technical work developed through the LNA and IGMS. A

review of active development applications was also used to inform the housing forecast by structure type.

- Over the 2024 to 2051 forecast period, 6% of households are low-density, 11% medium density and 82% high-density.

Employment Assumptions

- The employment forecast is based on ROPA 49 and the background technical work developed through the LNA and IGMS.
- Over the 2024 to 2051 forecast period the employment forecast is comprised of the following sectors: Industrial, 655 jobs (3%); Commercial/population-related, 14,458 jobs (77%); Institutional: 3,782 jobs or 20%, for a total of 18,895 jobs.
- The commercial/population-related floor space per worker assumption has been adjusted from 400 sq.ft. per employee in the 2019 DC study to 370 sq.ft per employee, to reflect the trend in increased hybrid workers largely in the office sector which put downward pressure on floor space needs.

Community Benefits Growth Assumptions

The growth forecast that will be utilized for the Community Benefits Strategy will be based on the DC forecast, presented within Appendix A, utilizing the high-density housing forecast in it to establish the amount and locations of CBC eligible units. Further detail with respect to the high-density (HD) housing forecast specific to the Community Benefits Strategy will be included in the final deliverable.

Housing Pledge

Complimentary to Bill 23, the province introduced the concept of housing targets in a bulletin listed in the ERO as “2031 Municipal Housing Targets”. The bulletin established housing targets for 29 selected municipalities in Southern Ontario. The City of Burlington has been assigned a 2031 Housing Target of 29,000 units and the Province requested that Burlington prepare a Municipal Housing Pledge and take the necessary steps to facilitate the target. Additionally, the City of Burlington has signed a Housing Pledge to demonstrate its commitment to accelerating housing supply and taking the necessary actions to facilitate the construction of 29,000 units by 2031.

It is important to note, that the province has expressly indicated that the Provincial Housing Pledge does not replace the city’s growth forecast, nor does it replace the OP or any adopted growth projections. For the purposes of ensuring that this project remains on schedule and within the prescribed statutory timelines, staff made use of the findings of the Regions’ LNA as the best available information at this time.

Master Plans

The city has recently updated a number of our master plans, which inform the increased need for service as it relates to growth such as the Integrated Mobility Plan (IMP), Parks Provisioning Master Plan (PPMP), and Fire Master Plan to name a few. These plans will be included in the capital needs assessment for the 2024 DC background study. It is important to note, that the underlying growth forecast in the city's recently approved master plans in most cases align to the Land Needs Assessment.

Strategy/process/risk

The DC by-law 29-2019 expires June 1, 2024. The following is an approximate timeline to have the new DC By-law enacted on June 1, 2024. Precise dates in order to meet the requirements as legislated by the DCA will be determined once the 2024 Council and Committee calendar of meeting schedules are released. The CBC Strategy will also be brought forward in alignment with the dates below.

Draft Proposed DC By-Law and Background Study, and CBC Strategy <i>(Available to the Public 60 days prior to the passing of the by-law)</i>	February 2024
Notice of Public Meeting of Council (DC Study only) <i>(20 days prior to the public meeting)</i>	March 2024
CSSRA <i>(Statutory Public Meeting)</i>	April 2024
Council Approval DC Study, and CBC Strategy	May 2024
DC & CBC By-law in-force	June 1, 2024
Notice of By-Law <i>(no later than 20 days after the day by-laws are passed)</i>	June 2024

Financial Matters:

Not applicable.

Climate Implications:

Not Applicable.

Engagement Matters:

The DCA requires that a municipality consult with such persons and public bodies as specifically outlined within the legislation. The requirements under the Planning Act as it pertains to CBC only requires municipalities to consult as it considers appropriate. As outlined in report F-21-23, staff will be engaging the Consultation Committee (which includes key stakeholders from the public) regarding DCs and CBCs in tandem. Furthermore, both background studies and by-laws will be made available to the public for review and comment 60 days prior to approval by Council.

The City's DC and CBC website will be updated to note the process, and more detailed timelines as it becomes available.

Conclusion:

In summary, the IGMS is grounded in growth assumptions supported by staff, and representative of the best information available at this time. Staff acknowledge that these estimates will be subject to change as the local municipalities work to understand the full impacts of ROPA 49, as modified. The higher housing forecast identified through the Housing Pledge will be monitored and addressed through subsequent updates of the DC background study, along with any further impacts. The draft forecast presented within Appendix A, will be used for the 2024 DC Background Study and further aligned with the CBC Strategy.

Respectfully submitted,

Reena Bajwa

Coordinator of Financial Strategies and Business Consulting

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Appendices:

- A. 2024 DC Draft Growth Forecast, prepared by Watson & Associates Economists Ltd.

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.