

**To:** Committee of the Whole

**From:** Reena Bajwa – Manager of Financial Strategies & Business Consulting

**C.C.:** Housing and Development Liaison Committee, Development Charges Consultation Committee

**Date:** May 10, 2024

**Re:** Addendum to staff report F-04-24, 2024 Development Charges Background Study

The purpose of this memo is to inform Mayor and Members of Council regarding an amendment to the City of Burlington’s Development Charge (DC) rates being brought forward through report F-04-24, 2024 Development Charges Background Study (the Study).

The province on April 10<sup>th</sup>, announced proposed legislation changes through Bill 185, *Cutting Red Tape to Build More Homes Act*. One component of the Bill was the elimination of the mandatory DC phase-in that was introduced in Bill 23. Based on the 2024 DC rate recommended as part of F-04-24, this would result in the following change from current rates (assuming no phase-in). At this time, the legislation has not yet passed, and timing is unknown.

**Table A: 2024 Development Charges Rates by Development (F-04-24)**

	Current Rate (no Phase in)	Full Calculated Rate - DC Study	Change \$
<b>RESIDENTIAL</b>			
Single Family Dwelling	\$ 22,538	\$ 28,432	\$ 5,894
Multiples (3 bedrooms or more)	\$ 16,227	\$ 22,557	\$ 6,330
Multiples (2 bedrooms or less)	\$ 12,847	\$ 16,244	\$ 3,397
Apartments (2 bedrooms or more)	\$ 11,462	\$ 15,150	\$ 3,688
Apartments (1 bedroom or less)	\$ 8,445	\$ 11,455	\$ 3,010
Special Care	\$ 7,247	\$ 9,259	\$ 2,012
<b>NON-RESIDENTIAL (Per Square Metre)</b>			
Non-Retail	\$ 114.65	\$ 205.70	\$ 91.05
Retail	\$ 202.26	\$ 205.70	\$ 3.44

Chapter 5 of the Study sets out a listing of capital projects and the basis for calculating DC eligible costs by service. The nature of the growth-related capital projects reflects Council’s endorsement of infrastructure planning required to accommodate growth as part of approved master plans (Integrated Mobility Plan (IMP), Fire Master Plan, Parks Provisioning Master Plan).

Understanding that the increase noted in Table A is large and Council may consider this to be an impediment to development, meeting the city’s housing pledge target of 29,000 units and unlocking annual funding from the Building Faster Fund, staff are putting forward an amendment to reduce the DC rates.

Staff have reviewed Chapter 5 of the Study and the listing of growth-related capital infrastructure projects and are deferring the below-listed projects from ‘Services related to Highway’. This service sets out capital costs for 28 years, whereas all other service areas (with exception of ‘stormwater drainage services’) cover a period of 10-years and are explicitly stated in the capital budget and forecast or planned to be inserted in upcoming capital budgets. While the IMP requires these projects to meet Council’s endorsed level of service, the projects noted below are not specifically outlined over the 10-year forecast.

- #154, AT overpass/underpass of QEW (@ Maple Park) from Greenwood Dr to Maple Ave
- #155, AT overpass/underpass of QEW/403 (east of Brant Street) from Truman St to Industrial St
- #156, AT overpass/underpass of QEW/403 (east of Appleby Line) from Century Dr to Sutton Dr
- #195, Cumberland Ave Extension from Mainway to Fairview St

Although these projects are supported by the IMP, staff have deferred these projects as they all require significant coordination with provincial and federal bodies (CN, CP, Metrolink and MTO). Due to the high degree of consultation work and studies to undertake planning and design, and inform greater clarity to cost, scope and timing, it is not expected that these projects will be scheduled to construct within a 10-year timeframe. Therefore, staff support deferring these projects to a future DC study to advance Council’s housing objectives as these projects require some further input.

Table B shows the resulting significant change in DC rates (including statutory phase-in) from the DC Background Study dated March 22, 2024, to the revised calculated rate based on the addendum.

**Table B: Comparison of DC Rates – At 80% Phase-in**

	DC Background Study March 22, 2024	DC Background Study - Addendum	Change \$
<b>RESIDENTIAL</b>			
Single Family Dwelling	\$ 22,746	\$ 16,476	\$ (6,270)
Multiples (3 bedrooms or more)	\$ 18,046	\$ 13,072	\$ (4,974)
Multiples (2 bedrooms or less)	\$ 12,995	\$ 9,414	\$ (3,581)
Apartments (2 bedrooms or more)	\$ 12,120	\$ 8,779	\$ (3,341)
Apartments (1 bedroom or less)	\$ 9,164	\$ 6,638	\$ (2,526)
Special Care	\$ 7,407	\$ 5,366	\$ (2,041)
<b>NON-RESIDENTIAL (Per Square Metre)</b>			
Non-Retail	\$ 164.56	\$ 112.63	\$ (51.93)
Retail	\$ 164.56	\$ 112.63	\$ (51.93)

Lastly, Table C provides the revised full-calculated rate based on the addendum, with the statutory phase-in (80%) and the corresponding change from the current rate, as Bill 185 has not yet passed. Overall, the amended rate is reducing on all types of developments apart from non-residential non-retail development. The increase in non-retail development is due to the recommendation to move to a uniform non-residential rate.

**Table C: Addendum DC Charges – At 80% Phase-In**

	<b>Current Rate (Effective on April 1, 2024)</b>	<b>DC Background Study - Addendum</b>	<b>Change \$</b>
<b>RESIDENTIAL</b>			
Single Family Dwelling	\$ 20,284	\$ 16,476	\$ (3,808)
Multiples (3 bedrooms or more)	\$ 14,604	\$ 13,072	\$ (1,532)
Multiples (2 bedrooms or less)	\$ 11,562	\$ 9,414	\$ (2,148)
Apartments (2 bedrooms or more)	\$ 10,316	\$ 8,779	\$ (1,537)
Apartments (1 bedroom or less)	\$ 7,600	\$ 6,638	\$ (962)
Special Care	\$ 6,523	\$ 5,366	\$ (1,157)
<b>NON-RESIDENTIAL (Per Square Metre)</b>			
Non-Retail	\$ 103.18	\$ 112.63	\$ 9.45
Retail	\$ 182.04	\$ 112.63	\$ (69.41)

The proposed change only impacts the City DC rates. The DC payable on new development within the city includes charges by the city, Halton Region and Halton Boards of Education. The city’s portion of the total charge varies by development type but is generally 25% of the total DC payable.

As a reminder, the DC bylaw has the following exemptions in place to incent affordable housing units.

- Full exemptions for affordable housing units
- Full exemptions for non-profit housing developments
- Exemptions for additional residential units within and/or ancillary to existing and new developments
- DC discounts for rental housing based on number of units.

As a result of the addendum, the following is a **revised recommendation** to finance department report F-04-24 for Council’s approval.

Approve the City of Burlington 2024 Development Charges Background Study dated March 22, 2024, as amended under section 10 of the Development Charges Act, 1997 (the DCA); and,

Approve the capital project listing set out in Chapter 5 of the Development Charges Background Study dated March 22, 2024, as amended; and,

Approve the proposed Development Charges By-law with an effective date of June 1, 2024 as set out in Appendix G of the Development Charges Background Study dated March 22, 2024, as amended; and,

Determine that no further public meetings are required in accordance with Section 12 of the Development Charges Act, 1997; and,

Repeal by-law 29-2019 and amending by-law 26-2022, effective June 1, 2024.