



SUBJECT: Development Charges Amendment (Bill 185) - Studies

TO: Committee of the Whole

FROM: Finance Department

Report Number: F-35-24

Wards Affected: All

Date to Committee: November 4, 2024

Date to Council: November 19, 2024

Recommendation:

Approve the Development Charges Update Study, prepared by Watson & Associates Economists Ltd., dated October 21, 2024 attached as Appendix A to finance department report F-35-24; and

Approve the capital project listing set out in Chapter 3 of the Development Charges Update Study dated October 21, 2024; and

Approve the amending Development Charge By-law with an effective date of January 1, 2025, substantially in the form attached as Appendix B to finance department report F-35-24, in the form satisfactory to the Commissioner, Legal and Legislative Services/City Solicitor.

PURPOSE:

Respond to legislation.

On June 6, 2024, Bill 185, *Cutting Red Tape to Build More Homes Act, 2024* received Royal Assent. As it relates, to the *Development Charges Act, 1997* (DCA), Bill 185 amended subsection 5(3) to add back the cost of studies. The purpose of this report is to amend development charges by-law 41-2024 to include capital costs related to studies.

Watson & Associates Economists Ltd. worked with staff to prepare this amendment, as a continuation of their work on the 2024 Development Charges Background Study. The development charges background study, entitled "City of Burlington Development Charges Update Study" (the "Update Study") prepared by Watson & Associates

Economists Ltd. (“Watson”) and dated October 21, 2024, is included as Appendix A to this report.

Vision to Focus Alignment:

- Designing and delivering complete communities
 - Providing the best services and experiences
 - Protecting and improving the natural environment and taking action on climate change
 - Driving organizational performance
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Executive Summary:

In response to legislative changes stemming from Bill 185, *Cutting Red Tape to Build More Homes Act, 2024* staff are bringing forward the following report to amend the development charges background study to reinstate growth-related studies as an eligible service. The city has until December 6, 2024, to pass the amendment without the significant administrative requirements of undertaking a background study and public process, thus resulting in significant cost and time savings to the city.

The inclusion of growth-related studies allows the city to recover costs for the completion of the DC background study and other required studies. The amendment to add growth-related studies will increase the city’s DC charge by approximately 1.2%.

It will be advantageous for the city to recover the growth-related costs related to studies prior to the expiration of the six-month deadline.

Background and Discussion:

The city recently approved the 2024 Development Charges (DC) Background Study on May 21, 2024, with bylaw (41-2024) coming into effect on June 1, 2024.

Bill 185, Cutting Red Table to Build More Homes Act, 2024

The Minister of Municipal Affairs and Housing (MMAH) made a provincial announcement on April 10. The announcement focused on changes that from the Minister’s perspective are targeted measures to get shovels in the ground and build homes faster, done through provincial consultation with municipalities and homebuilders. On June 6, 2024, Bill 185 received royal assent.

Among several other amendments to the DCA, Bill 185 amends the definition of eligible capital costs to reinstate studies. This allows for funding of the DC background study, and certain master plans as they relate to DC capital costs. As part of the transition rules Bill

185 provide municipalities the ability to make minor amendments to DC bylaws to align with legislative changes without the significant administrative requirements of undertaking a background study and public process. The city has until December 6, 2024 (6 months) to amend the bylaw to include capital costs of studies without adhering to the full requirements of section 10 through 18 of the DCA. This means the city is not required to undertake a full background study, conduct a statutory public meeting or consultation and the public has no appeal rights.

Strategy/process/risk

The DC background study will be amended to include a class of service for studies as found in Chapter 3 of Appendix A. Studies have been included for all DC eligible services for the forecast period 2024 - 2033. Benefit to existing (BTE) deductions have been maintained from prior studies where applicable and updated for new studies.

The total gross capital costs of these studies is \$3.1 million. After accounting for all legislated deductions, the net growth-related costs included in DC calculations is approximately \$1.8 million.

The amendment for growth-related studies revises the DC charge by development type as follows:

Table 1: Growth-Related Studies Component of DC Charge

	Growth-Related Studies
RESIDENTIAL	
Single Family Dwelling	\$243
Apartments (2 Bedrooms+)	\$129
Apartments (1 bedroom)	\$98
Multiples (3 or more bedrooms)	\$192
Multiples (2 bedrooms or less)	\$139
Special Care	\$79
NON-RESIDENTIAL	
(per square metre)	\$1.51

Financial Matters:

The amended schedule of residential and non-residential development charges with the inclusion of studies is highlighted by development type in Table 2 as follows:

Table 2: 2024 City of Burlington Development Charges – Amended

	Amended Rate	Current Rate	Change (\$)
RESIDENTIAL			
Single Family Dwelling	\$20,838	\$20,595	\$243
Apartments (2 Bedrooms+)	\$11,103	\$10,974	\$129
Apartments (1 bedroom)	\$8,396	\$8,298	\$98
Multiples (3 or more bedrooms)	\$16,532	\$16,340	\$192
Multiples (2 bedrooms or less)	\$11,906	\$11,767	\$139
Special Care	\$6,786	\$6,707	\$79
NON-RESIDENTIAL			
(per square metre)	\$142.30	\$140.79	\$1.51

The addition of growth-related studies increases the city’s current development charges rate by approximately 1.2%.

Climate Implications:

Not Applicable.

Engagement Matters:

The city convened the consultation working group, which includes two members of Council, Burlington Economic Development, Burlington Chamber of Commerce, members of the public and development community on September 17, 2024, to review the proposed amendment to include studies. Overall, there were no comments, or questions raised on this matter by the group.

Staff also communicated at a meeting with the Halton Development Liaison Committee (HDLC) on September 24, 2024, that the DC Amendment would be coming forward to Committee in the November cycle of meetings.

Conclusion:

Municipal development related costs, such as DCs, are required to pay for growth related infrastructure. This report provides a summary of the DC amendment to include studies because of Bill 85. The bylaws are scheduled to proceed to Council for approval on November 19, 2024, with an effective date of January 1, 2025.

Respectfully submitted,

Reena Bajwa

Manager of Financial Strategies & Business Consulting

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Appendices:

- A. City of Burlington 2024 Development Charges Amendment dated October 21, 2024
- B. Amending Development Charges Bylaw (XX-2024)

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Commissioner Legal and Legislative Services/City Solicitor.