



TO: GENERAL COMMITTEE

SUBJECT: DEVELOPMENT CHARGE UPDATE STUDY AND BY-LAW AMENDMENT

WARD: ALL

PREPARED BY AND KEY CONTACT: M. VILLENEUVE, SUPERVISOR OF DEVELOPMENT CHARGES, EXT. 4503

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER, EXT. 5130

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the City of Barrie (City) Development Charge Update Study dated April 9, 2021 included as Appendix “A” to Staff Report FIN015-21, be approved.
2. That no further public meetings are required pursuant to Section 12 of the *Development Charges Act, 1997*.
3. That By-law 2019-055 be amended as set out in Appendix “B” to Staff Report FIN015-21.

PURPOSE & BACKGROUND

4. The City prepared a Development Charges Background Study and passed a Development Charges by-law 2019-055 on June 17, 2019.
5. The City has since engaged Watson & Associates Economists Ltd. to prepare the Development Charge Update Study dated April 9, 2021 which is included in this report as Appendix “A”.
6. The purpose of this update is to amend the City’s Development Charge (DC) by-law to incorporate recent legislative changes as a result of:
 - i) Bill 108: More Homes, More Choice Act, 2019
 - ii) Bill 138: Plan to Build Ontario Together Act, 2019
 - iii) Bill 197: COVID-19 Economic Recovery Act, 2020
 - iv) Bill 213: Better for People, Smarter for business Act, 2020
7. The following services are being updated to remove the 10% mandatory deduction:
 - i) Parks and Recreation Services
 - ii) Library Services

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- iii) Paramedics (now “Ambulance Services”)
 - iv) Long-Term Care Services
 - v) Social Housing (now “Housing Services”)
 - vi) Waste Diversion Services
 - vii) Administrative Studies (now a Class of Service: “Growth Studies”)
8. By-law 2019-055 is being amended to allow the City to continue to collect for the below services until September 18, 2022 (due to Bill 197, the following services become ineligible at that time):
- i) Parking Services
 - ii) Airport
9. By-law 2019-055 is further being updated for:
- i) DC Instalment payments for rental housing, institutional and non-profit housing developments as noted in Staff Report FIN002-20 (See Appendix “D”)
 - ii) DC rate freeze at application of site plan or zoning amendment as noted in Staff Report FIN002-20 (See Appendix “D”)
 - iii) Interest policy based on approved DC Interest Policy as per Staff Report FIN002-20 (See Appendix “D”)
 - iv) Changes from City discretionary to mandatory exemptions for ancillary units, universities and colleges.
 - a) The City previously chose to exempt these types of developments. Recent legislation now makes it mandatory for all municipalities to exempt them.
 - v) Additional and refined definitions, where required.
10. The drafted amending by-law is included in this report as Appendix “B”.

ANALYSIS

11. The balance in the Development Charges Reserve for Parking is currently a deficit of \$1.7 million and was planned to incur an additional \$600K in future operating and capital budgets. The deficit largely relates to parking lot construction on Lakeshore Drive and at the Go Train Station for which we continue to recover through the collection of DCs. Beginning in September of 2022, the City will no longer be able to collect DCs for parking. We anticipate that the overall DC deficit in Parking at that time will be between \$1.5M - \$2M. This amount will need to be funded by other sources. Staff will be bringing funding options to Council at a future date.
12. The balance in the Development Charges Reserve for the Airport is approx. \$35K. Beginning in September of 2022, the City will no longer be able to collect DCs for the airport. Future capital costs related to growth will need to be funded by other sources of revenue.



13. Overall DC Deficits were approximately \$31M at the end of 2020. As noted in the Business Plan, DC deficits are anticipated to continue for the foreseeable future as the City invests heavily in infrastructure ahead of incoming growth.

14. The impact to Development Charge rates in the Former Municipal Boundary is:

	Current Rate - Former Boundary	Proposed Rate - Former Boundary	\$ Change	% Change
Residential				
Single and Semi-Detached Dwelling	\$ 67,478	\$ 68,619	\$ 1,141	1.7%
Other Multiples	\$ 53,413	\$ 54,317	\$ 904	1.7%
Apartments - 2 Bedrooms +	\$ 37,794	\$ 38,431	\$ 637	1.7%
Apartments - Bachelor and 1 Bedroom	\$ 26,531	\$ 26,980	\$ 449	1.7%
Special Care/Special Dwelling Units	\$ 22,852	\$ 23,240	\$ 388	1.7%
Non-Residential				
Retail (per square foot)	\$ 32.77	\$ 32.87	\$ 0.10	0.3%
Non-Retail (per square foot)	\$ 20.40	\$ 20.49	\$ 0.09	0.4%

15. The impact to Development Charge rates in the Salem & Hewitt's Secondary Plan Areas is:

	Current Rate - Salem/Hewitt's	Proposed Rate - Salem/Hewitt's	\$ Change	% Change
Residential				
Single and Semi-Detached Dwelling	\$ 69,932	\$ 71,073	\$ 1,141	1.6%
Other Multiples	\$ 55,357	\$ 56,261	\$ 904	1.6%
Apartments - 2 Bedrooms +	\$ 39,167	\$ 39,804	\$ 637	1.6%
Apartments - Bachelor and 1 Bedroom	\$ 27,498	\$ 27,947	\$ 449	1.6%
Special Care/Special Dwelling Units	\$ 23,685	\$ 24,073	\$ 388	1.6%
Non-Residential				
Retail (per square foot)	\$ 33.63	\$ 33.73	\$ 0.10	0.3%
Non-Retail (per square foot)	\$ 22.77	\$ 22.86	\$ 0.09	0.4%

16. The City held a virtual Stakeholders meeting on March 31, 2021 attended by approximately 25 people and a Statutory Public Meeting on May 3, 2021. At both meetings, a presentation was made by the City's consultants (Watson & Associates Economists Ltd.) highlighting the purpose of the update, the legislative changes since the 2019 by-law had been adopted and the impact to future rates followed by a question and answer period.

17. The schedule of key dates for this Development Charge By-law update are as follows:

Schedule of Key DC Process Dates	
1. Data collection, staff review, DC calculations and policy work.	February to March, 2021
2. Stakeholder Meeting.	March 31, 2021
3. Background Study and proposed by-law available to public.	April 9, 2021
4. Public meeting advertisement placed in newspaper.	April 8, 2021
5. Public meeting of Council.	May 3, 2021
6. Background Study and proposed by-law review at General Committee.	June 7, 2021
7. Council considers adoption of Background Study and passage of amending by-law.	June 14, 2021
8. Effective date of the by-law.	Upon approval of amending by-law
9. Newspaper notice given of by-law passage.	By 20 days after passage
10. Last day for by-law appeal.	40 days after passage
11. City makes pamphlet available (where by-law not appealed).	By 60 days after in force date

18. The City received 3 letters of correspondence attached to this report as Appendix “C”.
19. Staff along with Watsons & Associates are working on updating the City’s Long Range Financial Plan and will be reporting back to Finance and Corporate Services in September 2021. As part of this exercise, the impact of the legislation changes on the voluntary contributions included in the 2014 memorandum of understating (MOU) will be reviewed and discussed with the impacted parties.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

20. There are no environmental or climate change matters directly related to the recommendation.

ALTERNATIVES

21. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could change the effective date for implementing the new rates from the proposed date of June 14, 2021, to a different date.

This alternative is not recommended as it would result in lower recovery of growth-related capital costs.

Alternative #2

General Committee could eliminate the collection of Development Charges for Parking and the Airport immediately upon passing of the amended by-law.

This alternative is not recommended as it would result in lower recovery of growth-related capital costs and would increase the level of deficit that will need to be funded by other sources.

FINANCIAL

22. The proposed DC by-law amendment incorporating the recent legislative changes is expected to increase DC revenue by approximately \$500K per year.

LINKAGE TO 2018-2022 STRATEGIC PLAN

23. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:

Growing Our Economy