

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. DAS-2016-0015

**FOR THE CONSIDERATION OF COUNCIL
MARCH 23, 2016**

**SUBJECT: DRAFT DEVELOPMENT CHARGES BACKGROUND STUDY 2016 –
INFORMATION AND UPDATE**

1. RECOMMENDATION:

- 1. That Council receive Report No. DAS-2016-0015 prepared by the Administrative Services Department dated March 23, 2016 respecting the Development Charges Background Study 2016 – Information and Update.**
- 2. That Council receive the presentation of Hemson Consulting Ltd. regarding the Development Charges Background Study 2016.**
- 3. That Council direct staff to instruct Hemson Consulting Ltd. to prepare a Development Charges Background Study on the basis of the growth forecasts and growth related capital programs presented to Council on March 23, 2016.**
- 4. That Council provide direction to staff with respect to any related policy matters that are to be considered in the Development Charges Background Study 2016.**
- 5. That Council authorize staff to arrange a Public Open House on April 26, 2016 and a Statutory Public Meeting on May 25, 2016.**

2. PURPOSE:

The purpose of this report is to provide an update and additional information to Council and to seek Council's direction with respect to the development of the Development Charges Background Study and By-law 2016.

3. BACKGROUND:

Development Charges Overview

Development charges are one-time fees collected from developers and builders to help pay for the cost of capital infrastructure required to provide municipal services to new development, such as roads, transit, water and sewer, parks, community facilities and fire and police facilities. Development charges are generally collected

upon building permit issuance. The legislative authority for municipalities to levy development charges is contained in the *Development Charges Act, 1997*.

Development in the Town of Georgina is subject to development charges imposed by the Town of Georgina, as well as the Region of York and the school boards.

The development charge rates currently in effect for the Town are detailed by Service Category in Tables 1 and 2 below. The development charges were calculated based on a Town-wide rate for those capital costs that are common across the whole of the Town's geography (Table 1). Recognizing that the growth related capital costs for the two main urban areas of Keswick and Sutton are unique to those areas, those unique costs are separated as Area Specific Development Charges applicable to new development in those community plans only (Table 2).

Note: The amounts included in Tables 1 and 2 below do not include development charges for the Region of York and the school boards.

Table 1 - Town-Wide Rates Effective January 1, 2016

Service	Residential Dwellings				Non-Residential Charge per Square Foot of GFA
	Single & Semi-Detached	Rows & Other Multiples	Apartments		
			2 Bedrooms or Larger	Bachelor or 1 Bedroom	
	\$	\$	\$	\$	\$
Library Board	153	153	107	74	0.00
Fire Services	528	528	370	255	0.26
Parks and Recreation	6,136	6,136	4,295	2,965	0.00
Public Works	19	19	14	10	0.01
General Government	194	194	136	93	0.10
Total General Service Charges	7,030	7,030	4,922	3,397	0.37
Roads and Related	83	83	58	40	0.03
Total (including Roads and Related)	7,113	7,113	4,980	3,437	0.40

Table 2 - Area-Specific Rates Effective January 1, 2016

Service	Residential Dwellings				Non-Residential Charge per Square Foot of GFA
	Single & Semi-Detached	Rows & Other Multiples	Apartments		
			2 Bedrooms or Larger	Bachelor or 1 Bedroom	
	\$	\$	\$	\$	\$
KESWICK–Roads,Water,Sewer	63	63	43	30	0.04
SUTTON–Roads,Water,Sewer	23	23	16	11	0.01
SUTTON HIGH ST SEWER	1,226	1,226	858	592	0.00

The *Development Charges Act* mandates that municipalities review their Development Charges Background Study every 5 years. The Development Charges By-law currently in effect was adopted by the Town of Georgina on July 18, 2011.

Development Charges Background Study July 2011

The Town was subject to an appeal to the Ontario Municipal Board (OMB) with respect to the Town’s discontinuance of any exemptions to development charges for single lots of record, as well as a subsequent Appeal to Divisional Court, and a Judicial Review. The OMB and subsequent court decision confirms that it is Council’s right and authority to determine whether to extend any exemptions to the levying of development charges, including lots of record, in accordance with the *Development Charges Act*.

Consulting Firm

At their meeting of October 7, 2015, Council adopted Resolution No. C-2015-0687: “...That Council accept the proposal received from Hemson Consulting Ltd. in the amount of \$28,965 plus disbursements and HST for the provision of consulting services to prepare a development charges background study and by-law that complies with the *Developments Charges Act, 1997* and accompanying regulations.’

4. **ANALYSIS:**

Background Study Process

Prior to determining and imposing a development charge, the Town must first do a background study. Since entering into the agreement with Hemson Consulting Ltd., staff have worked closely with the consulting team to prepare background information and conduct analysis in order to prepare the draft development charges background study through the formulation of growth forecasts related to population, housing and employment development, and the associated forecast of the capital infrastructure costs needed to service the proposed growth while maintaining the Town's historical service levels to its residents and businesses.

The growth-related capital costs identified in the study are subject to deductions and adjustments as required by the *Development Charges Act*. These adjustments include:

- a. Identifying services ineligible for a development charge
- b. Requiring a service level cap tied to a ten-year historical average
- c. Reducing capital costs by the amount of growth-related infrastructure that benefits existing development
- d. Reducing capital costs by an amount that reflects any excess capacity for a particular service
- e. Reducing capital costs by adjusting for grants, subsidies, or other contributions
- f. Reducing capital costs for soft services by 10 per cent.

Policy Decisions and Exemptions

The draft Development Charges Background Study 2016 is being prepared with no proposed policy changes at this time. It is also proposed that area-specific charges for engineered services (roads, water, wastewater) will be maintained where it can be demonstrated that projects benefit development in defined locations.

At the time of preparing this report, the consulting staff were continuing to review the Town's By-law with the Region of York's By-law to seek consistency in language, definitions, administration and application. This includes reviewing the appropriateness of using a square foot threshold for determining the rate paid by an apartment (as in the Region's By-law) rather than the Town's current approach which is based on the number of bedrooms. Not only would this type of change bring consistency for administration and calculation purposes, but would also remove the uncertainty that may arise when staff must determine whether a 'den' qualifies as a bedroom.

The exemptions outlined in the Town's By-law currently in effect are listed below.

1. Land that is owned by and used for the purposes of:
 - a. A board of education (statutory)
 - b. Any municipality or local board thereof (statutory)
 - c. The development of a non-residential farm building used for bona fide agricultural purposes (discretionary)
 - d. Indian lands (discretionary)
 - e. A place of worship, and a churchyard, cemetery and burial ground exempt from taxation under the *Assessment Act* (discretionary)
 - f. Accessory uses not exceeding 10 square metres of non-residential gross floor area (discretionary)

The By-law also contains provisions for development charge credits for redevelopment provided the redevelopment takes place within five years of demolition of the previous building.

Single Lots of Record

In 2011, Council decided to eliminate the exemption for single lots of record in the Town's Development Charges By-law and those charges have now been in place for several years. Currently, development charges are imposed on single lots of record by both the Town of Georgina and the school boards.

New development in the Town takes place upon existing vacant lots of record, lots created by severance and lots created by plans of subdivision. The cost of the growth related infrastructure funded by development charges will provide services that will benefit all growth throughout the whole of the Town, regardless where it is physically located. Further, each new unit of growth places demands on the existing services and facilities of the Town.

It is important to note that the *Development Charges Act* prohibits increasing development charges on other development to compensate for any shortfall caused by the exemption or reduction of development charges extended to single lots of record. The shortfall would be borne by existing residents and businesses.

Consequently, staff are of the opinion that all development should contribute to the costs of the necessary growth related infrastructure.

In response to Council Resolution No. C-2015-0197:

“...To direct staff to work with the Committee of Lots of Record owners to identify issues to be studied by the consultant in the upcoming DC By-law Background Study.”,

staff held an informal discussion meeting on January 27, 2016 to provide information, solicit comments, and answer questions from all parties who had expressed an interest to the Town with respect to the applicability of development charges to single lots of record.

At the meeting of January 27, 2016, a local builder expressed concerns regarding the property taxes paid over the years by owners of vacant single lots of record that may have contributed to infrastructure funding. Staff note that property taxes are levied against all property in the Town of Georgina based on its Current Value Assessment (CVA), regardless whether a property is vacant or developed. Growth-related municipal capital infrastructure is generally paid for by grants and/or development charges. The replacement/rehabilitation of existing infrastructure or the construction of new infrastructure as an increase in service level is generally paid for by grants and/or property taxes. All new residents and businesses gain the benefit of both the existing and the future infrastructure. The growth related capital program to be detailed in the Development Charges Background Study is based on future capital infrastructure spending. Future infrastructure capital costs that are to be paid for by property tax dollars are not included in the growth related capital forecast for the purposes of calculating the development charge rates.

Also at the meeting of January 27, 2016, a local builder expressed concerns that individual notices regarding the 2011 Statutory Meeting were not issued to all owners of single lots of record in the Town of Georgina. Staff note that the Town does not have an inventory of single lots of record. Each lot is reviewed with respect to its status upon receipt of a development application. Further, in 2011, the Town was utilizing its legacy property tax software which did not have any database functionality that may have enabled filtering of specific property types. It is prudent for an investor, whether local or out-of-town, to review public notices regarding Town-wide matters in the local paper as well as on the Town's web site.

Provision can be made to acknowledge previous payments of lot levies that may have been paid prior to the Town's first Development Charges By-law in 1999. The responsibility rests with the lot owner to request a credit for lot levies already paid and provide proof of payment.

5. FINANCIAL AND BUDGETARY IMPACT:

There are no direct financial or budgetary impacts associated with the recommendations contained in this report.

6. PUBLIC CONSULTATION AND NOTICE:

The following timeline for development of the Development Charges Background Study and By-law 2016 is established and is advertised on the Town page in the local Georgina Advocate newspaper each week until adoption of the By-law:

- Council Meeting – Council Information Report
Wednesday, March 23, 2016 at 7:00 p.m.
- *Release of the Background Study*
Friday, April 22, 2016
- Public Open House
Tuesday, April 26, 2016 at 7:00 p.m.
- Council Meeting – Statutory Public Meeting
Wednesday, May 25, 2016 at 7:30 p.m.
- Council Meeting – Proposed Passage of the Development Charges By-law
Wednesday, June 22, 2016 at 7:00 p.m.

The above-noted dates are also advertised on the Town's web page www.georgina.ca with any accompanying reports and information. The schedule of above-noted dates has also been e-mailed to interested parties. The Town is required to hold the above-noted Statutory Public Meeting and to provide notice as mandated in the *Development Charges Act*.

As Town staff proceeds through the process to an updated Development Charges Background Study and By-law in 2016, Town staff will continue to reach out to the public and to build the list of interested parties for communication purpose.

Staff will also meet with certain stakeholders, including the Georgina Developers Association, as may be beneficial and to ensure co-ordination of the Town's growth-related forecasts with the development community's forecasts with respect to formulation of the forthcoming draft Development Charges Background Study and By-law.

Notification of the meeting on January 27, 2016 was sent to those lots of record owners who had previously appealed the Town's 2011 Development Charges By-law and those persons who had expressed an interest at the related 2011 Statutory Public Meeting with respect to the By-law that is currently in effect, as well as a couple other persons who had expressed an interest directly to staff. This meeting was facilitated by Stefan Krzeczunowicz of Hemson Consulting and attended by the Town's Chief Administrative Officer, Director of Administrative Services and Treasurer, and the Director of Planning and Building. The 'sign-in' sheet indicates that the meeting was attended by 8 members of the public.

7. CONCLUSION:

This report provides information regarding the process of the draft Development Charges Background Study 2016 and seeks direction from Council regarding any specific concerns that they may raise.

Recommended by:

Approved by:

Rebecca Mathewson, CPA, CGA
Director of Administrative Services
And Treasurer

Winanne Grant, B.A, AMCT, CEMC
Chief Administrative Officer