



Development Charges Soft Services Update

Transition Options

General Committee

June 22, 2009

Introduction

- Staff presented 4 transition options to General Committee on June 15, 2009
- Committee approved option of Development Charge by-law being effective on the date of Council Approval
 - Staff were asked to review additional options and return with the cost of these transitions
- We will first review options 1-4 presented on June 15th then present additional options

Transition Provision – Options

Option 1

- Make the new Town Wide Soft by-law and rates effective on the date of enactment (Council Approval)
- Financial Impact
 - New charges are collected immediately so there is no development charge (DC) revenue loss

Transition Provision – Options

Option 2

- Make the new Town Wide Soft by-law and rates effective August 31, 2009 when the old by-law expires
- Financial Impact
 - The Town will forego approximately \$0.5M* - \$1.2M** in DC revenue.

* based on 180 households (estimate from Building Department)

** based on 400 households (estimate from growth forecasts in the Background Study)

Transition Provision - Option

Option 3

- Make the new Town Wide Soft by-law and residential and non-residential rates effective August 31, 2009 when the old by-law expires, however, phase-in the increase for residential and non-residential in 1/3 increments over 1 year
- Financial Impact
 - The Town will forego approximately \$2.4M* - 5.0M** in DC revenue during this phase-in period.

* based on 1,000 households (estimate from Building Department)

** based on 2,100 households (estimate from growth forecasts in the Background Study)

Transition Provision – Options

Option 4

- Make the new Town Wide Soft by-law effective on the date of enactment (Council Approval) but charge current residential rates under the 2004 by-law to the following building type:
 - Apartments :– must have site plan approval by June 23, 2009, submit application for a building permit on or before June 23, 2011 and commence building within six months of permit issuance
 - Promotes strategic direction of the Town
- Financial Impact
 - Based on the number of apartments with site plan approval (1,479), the Town will forego approximately \$2.3M in DC revenue over 2 years
 - No transition for non-residential development

Transition Provision

- Option 1 (by-law effective on date of Council Approval) was recommended by Staff and approved by the General Committee as it has no financial impact to the Town
- Staff were asked to review additional options and return with the cost of these transitions.
- The financial impact analysis is based on:
 - Low end DC loss based on Building industry data
 - High end DC loss based on Growth Forecast data

Transition Provision – Additional Options

Option 5

- Make the new Town Wide Soft by-law and rates effective August 31, 2009 when the old by-law expires with a transition for residential rates as follows:
 - Full residential charge based on net methodology implemented August 31, 2009
 - Phase in the differential in gross vs net DC rates in 1/3 increments over 3 years commencing August 31, 2010
- Financial Impact
 - The Town will forego approximately \$3.5M - \$7.8M in Development Charge (DC) Revenue
 - No transition for non-residential development

Transition Provision

Option 6

- Make the new Town Wide Soft by-law and rates effective August 31, 2009 when the old by-law expires
 - Freeze residential and non-residential rates until August 31, 2010
 - Phase in total increase in 50% increments over 2 years commencing August 31, 2010
- Financial Impact
 - The Town will forego approximately \$6M - \$14.7M in DC revenue

Transition Provision – Additional Options

Option 7 - IBI Proposal

- Approve new Town Wide Soft by-laws but continue existing residential and non-residential rates to August 31, 2010. New DC rates to be phased in over 4 years
- Financial Impact
 - The Town will forego approximately \$11.5M - \$22.2M in DC revenue

Transition Provision – Additional Options

Option 8 – Business Office in Mixed Used Only

- Make the new Town Wide Soft by-law and rates effective on the date of enactment (Council Approval)
 - For business offices within a mixed use building, charge current rates (subject to indexing) if the following criteria is met:
 - Minimum floor space of 3,000 M²
 - Complete building permit applied for on or before December 31, 2010
- Financial Impact
 - The Town will forego less than \$0.1M in DC revenue

Transition Provision – Recommendation

- Staff recommendation is Option 1
- Option 8 is also recommended as an addition to the previous resolution on June 15th as it has a minor impact and supports the Town's Employment Land strategic recommendations

Resolution

- That the development charge rates included in the final background study and by-law be effective on the date of Council approval
- That business offices within a mixed use building be charged current rates (subject to indexing) if the following criteria are met:
 - Minimum floor space of 3,000 M²
 - Complete building permit applied for on or before December 31, 2010

Transition Options		Estimated DC Revenue Loss	
		Low End ¹	High End ²
	June 15th Options		
1	By-law effective on Council Approval	\$ -	\$ -
2	By-law effective August 31, 2009	\$ 507,025	\$ 1,235,112
3	Phase In Total Increase over 1 Year	\$ 2,433,719	\$ 5,110,809
4	Current rate for Apts. with Site Plan Endorsement - Expires June 2011	\$ 2,331,591	\$ 2,331,591
	Additional Options		
5	Phase In Gross Vs Net Over 3 Years	\$ 3,482,688	\$ 7,771,240
6	Phase In Total Increase over 2 Years	\$ 6,000,538	\$ 14,658,520
7	IBI Proposal	\$ 11,517,484	\$ 22,172,853
8	Current rate for Business Offices in Mixed Use Buildings - Expires December 2010	\$ 107,800	\$ 107,800

1) Based on Building Dept. Estimate

2) Based on Background Study Growth Forecast

Next Steps

- Staff report to General Committee on June 22nd, 2009
- Council Approval of the Development Charge Background Study and By-law on June 23rd, 2009