



Development Charges Update (Soft Services)

General Committee

May 25, 2009

Purpose

- To inform of the revised mixed use definition and calculation of the related development charge rates
- Review options for putting a transition provision in place and to make a recommendation

Mixed-Use Non-Residential Rates

- The presentation to General Committee on May 11th:
 - Reviewed the Town's current policy of one non-residential rate
 - Recommended the application of differential (non-residential) rates to:
 - provide a financial benefit to developers building to the Town's preferred standards without impacting development charge revenues

Mixed-Use Non-Residential Rates

Definition & Criteria

Definition of Mixed Use:

- A vertically integrated building or structure used, designed or intended for residential and non residential uses, where:
 - the non-residential uses comprise not more than 50 percent (50%) of the gross floor area; and
 - a minimum of 100 square metres of gross floor area is used for non-residential uses

Criteria:

- 4% of all non-residential development are deemed to be mixed use based on past trends
- A 50% discount factor is applied to the Fire and Public Works portion of the mixed use charge based on efficiencies with the delivery of those services

Mixed-Use Non-Residential Rates

Rates from May 11th Presentation

| SERVICE | Proposed Dev. Charge (\$/sq.m) | (IOI) Industrial/Office/Institutional 75% | Mixed Use 12.5% | Retail Non-Mixed Use 12.5% |
|----------------------------------|--------------------------------|---|-----------------|----------------------------|
| General Government | \$2.37 | \$2.37 | \$2.37 | \$2.37 |
| Fire Services | \$3.04 | \$3.04 | \$2.03 | \$4.06 |
| Public Works | \$2.85 | \$2.85 | \$1.90 | \$3.80 |
| Total DC Per Square Metre | \$8.26 | \$8.26 | \$6.30 | \$10.23 |

| | | | |
|-----------------------|-------------|---------------|--------------|
| Change vs Base | 0.0% | -23.7% | 23.8% |
|-----------------------|-------------|---------------|--------------|

Change:

- Fire Services charge increased to \$3.16 due to the timing of cash flows – increase in the forecasted cost of station buildings

Proposed Rates

| SERVICE | Proposed Dev. Charge (\$/sq.m) | (IOI) Industrial/Office/Institutional 82% | Mixed Use 4.0% | Retail Non-Mixed Use 14.0% |
|----------------------------------|--------------------------------|---|----------------|----------------------------|
| General Government | \$2.37 | \$2.37 | \$2.37 | \$2.37 |
| Fire Services | \$3.16 | \$3.16 | \$1.77 | \$3.54 |
| Public Works | \$2.85 | \$2.85 | \$1.60 | \$3.20 |
| Total DC Per Square Metre | \$8.38 | \$8.38 | \$5.74 | \$9.11 |

| | | | |
|-----------------------|-------------|---------------|-------------|
| Change vs Base | 0.0% | -31.5% | 8.7% |
|-----------------------|-------------|---------------|-------------|

Transition Provision

Developer Issue

- The development industry has a general concern with the increase in development charges (DC's) due to the current economic environment

Response

- The Soft Service DC rates are determined based on 10-year service levels and replacement costs
- The proposed increase in rates are necessary to maintain current service levels
- Any loss of DC revenue resulting from a phase-in approach will have to be covered by Non-DC sources (i.e. tax rate)

Transition Provision – Options

Option 1

- Make the new by-law and rates effective on the date of enactment (Council Approval)
 - Impact
 - New charges are collected immediately

Option 2

- Make the new by-law and rates effective August 31, 2009 when the old by-law expires
 - Impact
 - Based on the current growth forecast the Town will collect approximately \$1.5M less in DC's versus Option 1

Transition Provision – Options

Option 3

- Make the new by-law effective on the date of enactment however the current rates will be charged to developers who apply for a permit by August 31, 2009 and commence building prior to the following timelines:
 - For Single/Semi-Detached houses – by November 30, 2009
 - For Apartments/Non-residential buildings – February 28, 2010

Developers will be required to pay the DC's based on the new rates and those who fulfill the criteria will receive a refund of the differential between the current and new (higher) rate

Transition Provision – Options

Option 3 (cont'd)

- Impact
 - Based on the current growth forecast the Town will collect approximately \$1.5M less in DC's versus Option 1
 - Creates an incentive to encourage building activity

Criteria for Building Commencement

- The building foundation has to be constructed and completed in accordance with the Ontario Building Code
- The Chief Building Official will determine whether the foundation meets the Town's standard

Transition Provision – Recommendation

- Staff recommend Option 1 as there is no financial impact to the Town
- If Council would like to put a transition provision in place, then Option 3 is recommended as it encourages building activity

Resolution

- That the development charge rates included in the final background study and by-law be effective on the date of Council approval

Next Steps

- Public Meeting – May 26th
- Council Approval – June 3rd