



2019 Development Charge (DC) Background Study Council Update

October 21, 2019



Recap Bill 108 Implications to DC By-law

- Community Benefits Charge (CBC) Authority to become effective Jan. 1, 2020; existing DC by-laws can remain in force until Jan. 1, 2021
- New DC by-law for soft services not permitted once CBC regime takes effect on Jan. 1, 2020 (based on draft regulations)
- Adjusted timeline for DC Update to proceed with full DC by-law review (hard + soft services); to be passed before Jan. 1, 2020
- Intention to align DC update approval with city wide budget process no longer fully achievable through introduction of Bill 108 midway through the DC update



Revised Project Timeline

Original Timeline:

- Oct 21, 2019 FSP – DC update & council considers area rating
- Dec 9, 2019 FSP – DC Background Study released to Council & Public
- Jan 20, 2020 FSP – DC Formal Public Meeting
- Feb 10, 2020 FSP – DC by-law approval, along with rest of City budget
- Mar 1, 2020 – New DC rates to take effect

Revised Timeline:

- Oct 21, 2019 FSP – DC Background Study released to Council & Public; along with consideration of area rating & updates
- Nov 18, 2019 FSP – DC Formal Public Meeting
- Dec 16, 2019 Council – DC by-law approval
- Dec 31, 2019 – New DC rates to take effect



Draft Growth Related Capital Program

- Largest factor influencing Development Charge rate calculation is the growth related capital program
- Balanced approach used in developing DC capital program along side rest of the city wide capital budget
- Consideration taken for growth and other non-growth related strategic priorities/enhancements (e.g. safe & sustainable transportation, healthy community & resilient neighbourhoods, economic growth & development)
- Draft DC capital budget over next 10 years totals approx. \$163M (2019 dollars) vs \$165M during the 2017 DC update



Population & Employment Forecast

- Based on Region's "moderate forecast", which achieves targets in a manner more aligned with recent growth rates
- Forecast still achieves Provincial Growth Plan's 2031 targets, but 10 years later by 2041
- Region has started using moderate forecast in various master plan updates, and most recently their DC by-law update
- Most realistic and prudent forecast to use for the City's DC by-law update
- Population forecast includes permanent residents in addition to off-campus student population residing in the City



Stakeholder Engagement & Communication

- Solicited input from industry working group members to work with staff and provide comments/feedback on DC update
- Group comprised of representatives with various technical / professional backgrounds from: Waterloo Region Homebuilders Association, Waterloo Economic Development Advisory Committee, KW Chamber of Commerce
- Staff reviewed draft DC capital program with the group; minor changes and suggestions provided and incorporated where possible in final drafts
- Updates on City website for general public awareness and to provide / disseminate information and key dates



Consideration of Area Rated DC's

- DC's may apply to all lands in the City, or may be differentiated by development area based on servicing needs
- Most logical services to consider for area-specific development charges are:
 - Water Supply and Wastewater
 - Stormwater Drainage and Control Services
- DC's for these services comprise a small percentage (<9%) of the overall municipal DC rates in Waterloo



Consideration of Area Rated DC's

- Area rating issues and considerations:
 - Most often applied in greenfield areas (limited and rapidly diminishing in Waterloo)
 - Potential issues of equity/fairness
 - Administrative burden & complexity
- City wide approach continues to be most appropriate:
 - Consistent with current/historical practices
 - Consistent with findings & recommendations of previous DC studies
 - Consistent with Region's practice
 - Supported by City staff, consultants, and development industry working group

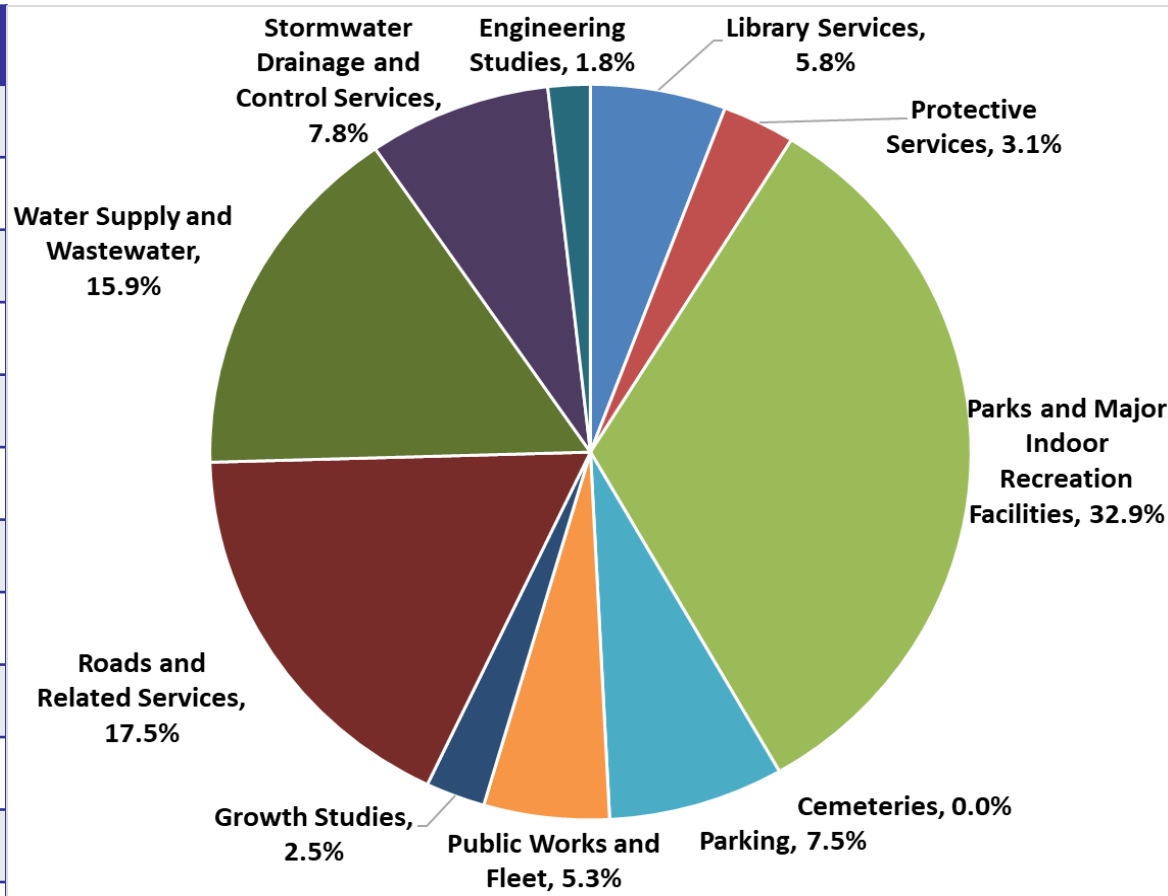


Decision Point – Area Rates

- Options were reviewed with the industry working group; consensus amongst group that continuing with City wide rates would be more practical and efficient to administer
- Staff recommend maintaining a City wide DC rate for finalization of the draft DC by-law.

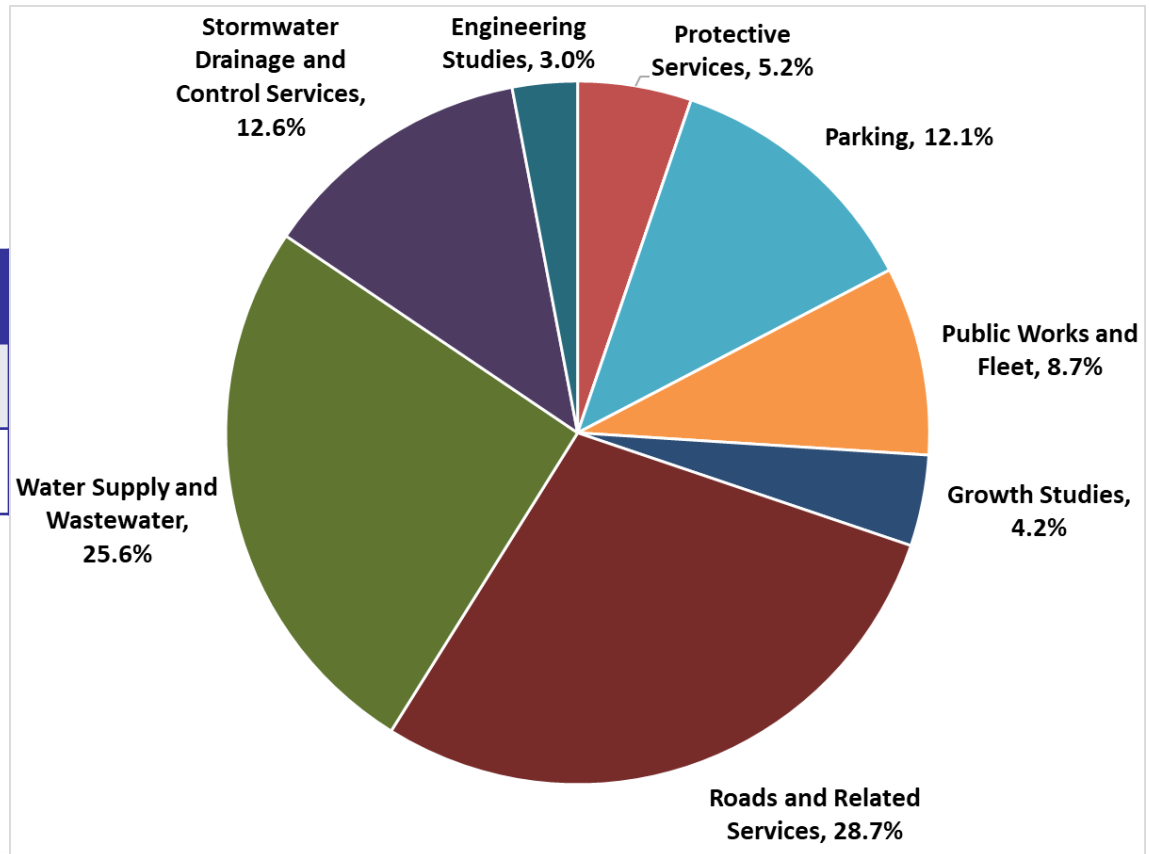
Draft City Wide DC Rates - Residential

Charge / Unit	
Current	Calculated
<u>Singles & Semis</u>	
\$15,881	\$15,777
<u>Multiples</u>	
\$11,482	\$10,377
<u>Apartment 1 Bedroom or Less</u>	
\$6,108	\$5,646
<u>Apartment 2-3 Bedroom</u>	
\$10,407	\$10,031
<u>Apartment 4-5 Bedroom</u>	
\$21,990	\$19,453
<u>Lodging House Per Bedroom</u>	
\$4,885	\$4,421



Draft City Wide DC Rates - Non-Residential

Charge / Sq. M.	
Current	Calculated
\$76.49	\$72.01





Calculated vs. Current DC Rates

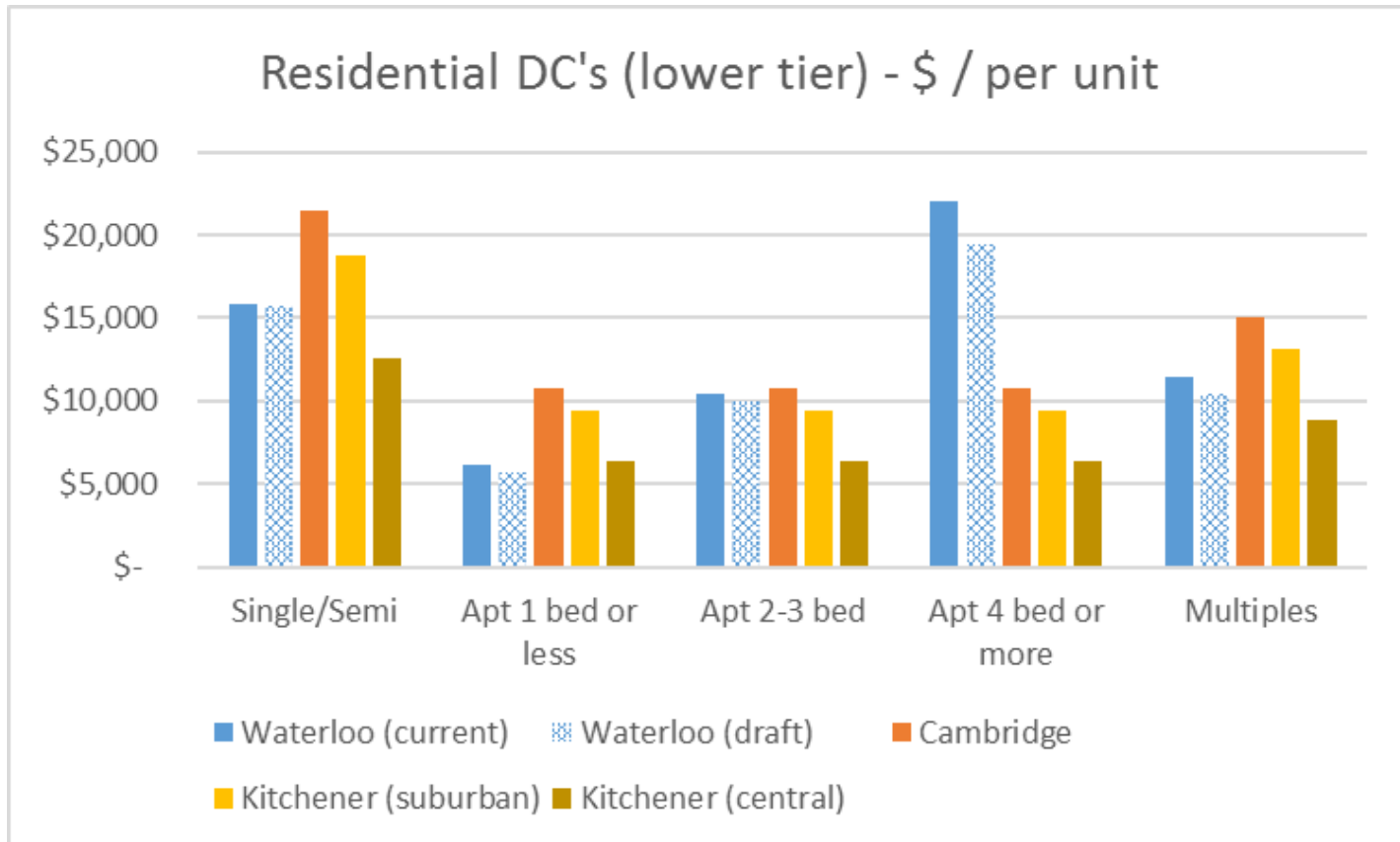
- Residential & non-residential DC's:
 - Calculated residential rates slightly lower than current rates
 - Decline in non-residential rate mainly attributed to:
 - 2017 DC Study allocated Parks & Rec, Library, and Cemetery services partially to non-residential
 - Slight shifts in growth forecast also have impact
 - Service area DC's:
 - Soft services rate shifts primarily due to changes in calculated historical service levels (funding caps)
 - Decline in Water & Wastewater rate due to smaller capital program
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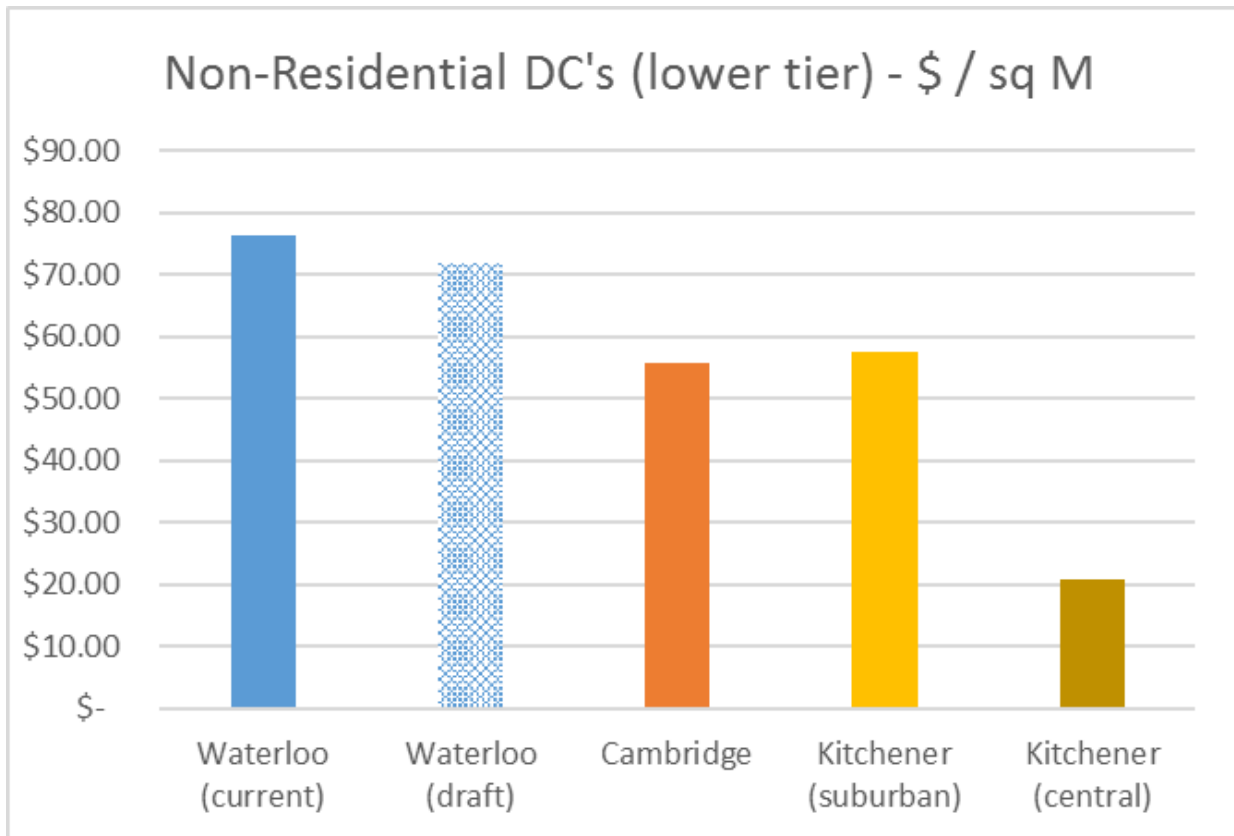
Draft City Wide DC Rates

- Draft rates reviewed with City's industry working group
- Discussions ongoing with group on merits of the capital program, development forecast data, policy/administrative updates, and resultant rates
- Local comparator info provided to show current Waterloo DC's and calculated draft DC's vs our neighbours

Local Comparison of DC Rates



Local Comparison of DC Rates





Policy Updates & Changes

- Not proposing significant changes to existing DC by-law policies; goal is to adjust more administrative portions
- Proposed changes to align with Region DC by-law are as follows:
 - Refined definitions
 - Redevelopment Credits timing: up to 5 years for residential and 10 years for non-residential / mixed use (currently 6 years for all types)
 - Refunds timing: increased from 1 to 7 years from the issuance of building permit if subsequently cancelled by the Chief Building Official
 - Annual indexing date: change from Jan. 1 annually to Dec. 1
- Review of treatment for DC's on secondary dwelling units in new construction; currently secondary dwelling units in new construction are required to pay DC's but are exempt for existing dwelling units



Policy Updates & Changes

Staff recommend maintaining the following policy items surrounding exemptions:

- Universities or Colleges except:
 - development beyond lands designated "Academic" in the Official Plan;
 - industrial/research uses on university or college lands where the industrial/research use is the main use; or
 - commercial uses
- Temporary use structures/trailers
- Temporary buildings without foundations for period not exceeding 6 consecutive months (previously 12 months, propose changing to 6 months to align with Region DC by-law)
- Reset date of Aug. 1, 2014 for industrial expansion as it relates to exemption of DC's for enlargement of existing industrial buildings up to a maximum of 50% of existing gross floor area prior to the first enlargement



Summary & Recommendations

- DC by-law update process is moving towards completion with new rates proposed to take effect Dec. 31, 2019
- 2019 DC Background Study & related documents available at www.waterloo.ca/developmentcharges
- Staff recommend that Council approve Recommendation 3 of CORP2019-070 to be used in finalizing the DC by-law
- City Staff and Hemson Consulting will be available to address questions or concerns in advance of the Public meeting scheduled for Nov. 18, 2019



Questions / Comments



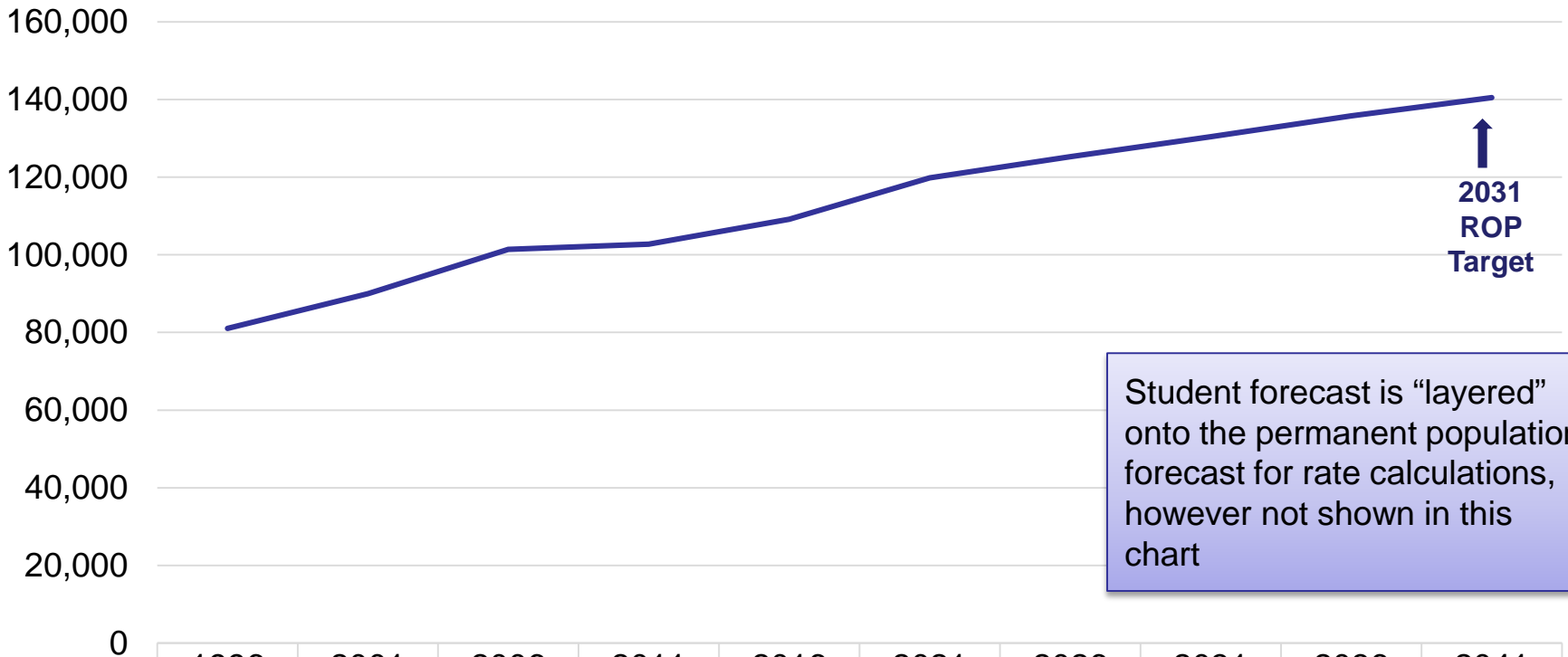
APPENDIX

Development Forecast

Development Forecast	2019 Estimate	General Services 2020 - 2029		Engineered Services 2020 - 2041	
		Growth	Total at 2029	Growth	Total at 2041
Residential					
Total Occupied Dwellings	42,490	7,327	49,816	15,778	58,268
Total Population					
Census (with undercount and students)	133,482	13,597	147,079	26,701	160,183
<i>Population In New Dwellings</i>		20,350		44,311	
Non-Residential					
Employment	70,625	7,827	78,452	18,375	89,000
Non-Residential Building Space (sq.ft.)		3,287,340		7,717,500	



Permanent Population Forecast



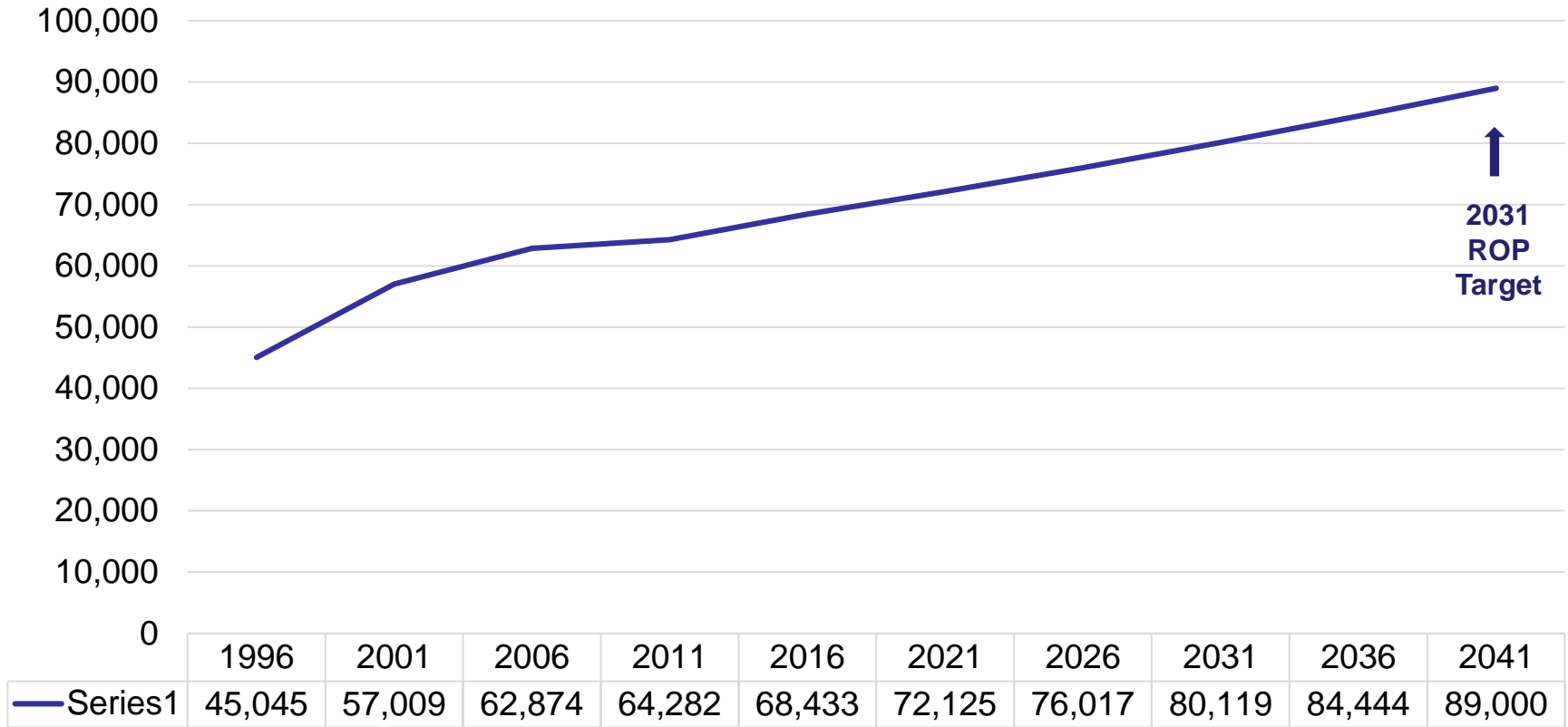
Student forecast is “layered” onto the permanent population forecast for rate calculations, however not shown in this chart

	1996	2001	2006	2011	2016	2021	2026	2031	2036	2041
Series1	81,067	90,005	101,374	102,731	109,185	119,820	125,282	130,447	135,795	140,500

Notes: includes 4% Census net undercoverage



Total Employment Forecast



- Anchored on 2031 employment target of 89,000 jobs achieved by 2041