

To: Finance Committee

From: Stephanie Sinnott, Commissioner,  
Finance Services

Report Number: FIN-22-39

Date of Report: April 13, 2022

Date of Meeting: April 19, 2022

Subject: Community Benefit Charge Feasibility Assessment

Ward: All Wards

File: 03-05

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## **1.0 Purpose**

The purpose of this report is to present Council with a Community Benefit Charge Feasibility Assessment, and if endorsed, to obtain approval for the development of a Community Benefit Charges Strategy.

Attachment 1 is the Community Benefit Charge Feasibility Assessment prepared by Watson & Associates Economists Ltd.

Attachment 2 is a copy of report FIN-20-75.

## **2.0 Recommendation**

That the Finance Committee recommend to City Council:

That pursuant to FIN-22-39, dated April 13, 2022 Community Benefit Charge Feasibility Assessment, staff engage Watson & Associates Economists Ltd. to prepare the Community Benefit Charge Strategy and report back to the Finance Committee.

## **3.0 Executive Summary**

Not applicable

## **4.0 Input from Other Sources**

Commissioner, Development Services  
Watson & Associates Economists Ltd.  
Other Municipalities

## **5.0 Analysis**

### **5.1 Background**

As outlined in Report FIN-20-75 (see Attachment 2), the More Homes, More Choice Act, 2019 (Bill 108), which received royal assent on June 6, 2019, introduced legislative amendments to the Planning Act, including the introduction of the Community Benefit Charge (C.B.C.) and amendments to the Development Charges Act, 1997 which included the removal of certain 'soft' services from the Development Charges Act (D.C.A.).

In response to stakeholder feedback, the COVID-19 Economic Recovery Act, 2020 (Bill 197), which received royal assent on July 21, 2020 and came into effect on September 18, 2020, made further legislative changes to the Planning Act.

The most significant changes arising from these bills was the introduction of the C.B.C as well as changes to eligible services that were included in the D.C.A. All services that are included in the current Development Charge By-law remain eligible with the exception of Parking Services and Animal Control Services.

To determine the feasibility of implementing a C.B.C, the City engaged Watson & Associates Economists Ltd. (Watson) to prepare a Community Benefit Charges Feasibility Assessment (see Attachment 1).

### **5.2 Application of a Community Benefit Charge**

Community Benefit Charges may be imposed by single-tier and lower-tier municipalities only. The municipality may impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required due to development or redevelopment in the area to which the by-law applies. If the municipality chooses not to use a C.B.C., they will need to rely on development charges and parkland dedication in order to support new development.

There are no restrictions on the services that may be included in the charge, and capital costs may include D.C. eligible services and Parkland but cannot be duplicated.

While many municipalities have yet to decide if they will implement a C.B.C., it appears that Mississauga, Guelph, Pickering, and Ajax plan to implement a C.B.C. At this time, Clarington does not appear to be considering a C.B.C. based on the restrictions listed below.

A C.B.C. By-law must be passed by Council. However, a strategy must first be prepared that identifies the facilities, services and matters to be funded with the C.B.C. and complies with any prescribed requirements as defined by O. Reg. 509/20.

### **5.3 Community Benefit Charge Strategy Methodology**

A Community Benefit Charge Strategy will need to:

- Determine the amount of anticipated development and redevelopment that will be eligible to have a C.B.C. imposed on it by reviewing the most recent growth forecasts, applications in the development process, etc.
- Estimate the increase in need for services and the share of the capital costs requirement resulting from the development/redevelopment.
- Determine how much of the capital costs relate to the eligible C.B.C. development/redevelopment and calculate the charge.
- Determine the C.B.C. fee structure i.e. flat fee per unit/ha., percentage of land value, etc.
- Estimate the land values of the eligible developments/redevelopments in consultation with City staff based on recent land appraisal information.
- Determine the estimated funding envelope based on 4% of the land value and adjust the C.B.C. accordingly.

The types of growth-related capital that can be recovered from a C.B.C. include capital costs of:

- Parkland Acquisition, except for parkland dedication or Payments-in-Lieu under the Planning Act
- Former services recovered under Section 37 of the Planning Act
- D.C. eligible services not included in a D.C. By-law
- Non-D.C. eligible services for growth related costs related to services removed from the D.C.A. (Parking Services and Animal Control Services) as well as other ineligible D.C. Services (Municipal Administration Building Expansion, Museum, Arts Centre, Public Art, Landfill, Computer Equipment, etc.)

### **5.4 Feasibility Assessment**

In order to determine the feasibility of implementing a C.B.C., Watson met with staff to compile a list of eligible capital that could be recovered through the application of a C.B.C.

As noted in Attachment 1, preliminary estimates indicate an additional \$666,695 could be collected from developers to help offset the capital cost of growth not otherwise captured through Development Charges.

### **5.5 Next Steps**

Should Council wish to proceed with the implementation of a C.B.C. the following schedule is proposed:

April 2022 – Engage Watson to develop the Community Benefit Charge Strategy

June 2022 – Present the C.B.C. Strategy to the Finance Committee and Council

Summer 2022 – Public input regarding the C.B.C. Strategy

September 2022 – Council approval and implementation of the C.B.C.

## **6.0 Financial Implications**

While there are no direct financial implications as a result of the recommendation of this report, the implementation of a Community Benefit Charge would help to address the increased capital needs related to development in the City.

## **7.0 Relationship to the Oshawa Strategic Plan**

The recommendation in this report advances the Accountable Leadership and Economic Prosperity & Financial Stewardship goals of the Oshawa Strategic Plan.



Stephanie Sinnott, Commissioner,  
Finance Services



# Community Benefit Charges Feasibility Assessment

City of Oshawa

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April 8, 2022

Watson & Associates Economists Ltd.  
905-272-3600  
[info@watsonecon.ca](mailto:info@watsonecon.ca)

April 8, 2022

Michelle Bretherick, CPA, CGA  
Director of Finance  
City of Oshawa  
50 Centre Street South,  
Oshawa, Ontario  
L1H 3Z7

Dear Michelle Bretherick:

Re: Community Benefit Charges Feasibility Assessment

The City of Oshawa (City) retained Watson & Associates Economists Ltd. (Watson) to assess the feasibility and potential benefits of proceeding with a community benefits charge (C.B.C.) strategy and by-law. The C.B.C. feasibility assessment considers the potential funding available to the City to meet the increase in need for service stemming from development or redevelopment within the limitations of s.37 of the Planning Act. The following sections of this letter report summarize the legislative context for the undertaking, the methodology used in the assessment, and the findings of our review.

## 1. Legislative Context

The COVID-19 Economic Recovery Act received Royal Assent on July 21, 2020. Schedule 17 of the Act amends the Planning Act with respect to the provisions of community benefits and parkland dedication. These amendments were proclaimed and came into effect on September 18, 2020. Municipalities with agreements for community benefits have two years after the date of proclamation (i.e., September 18, 2022) to transition to the new rules under s.37 of the Planning Act. Eligible municipalities also have the ability to impose a C.B.C. under this authority.

Single-tier and lower-tier municipalities may adopt a by-law to impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. The capital costs included in a C.B.C. may include:

- a) land for parks or other public recreational purposes in excess of lands conveyed or funded by cash-in-lieu of parkland payments under sections 42 and 51 of the Planning Act;
- b) capital costs for services under section 2(4) of the D.C.A. that are ineligible for recovery under a D.C. by-law; and
- c) capital costs for municipal services ineligible for inclusion in a D.C. by-law.



There are restrictions on the application of the charges. A C.B.C. may be imposed only with respect to development or redevelopment that requires:

- the passing of a zoning by-law or of an amendment to a zoning by-law under section 34;
- the approval of a minor variance under section 45;
- a conveyance of land to which a by-law passed under subsection 50 (7) applies;
- the approval of a plan of subdivision under section 51;
- a consent under section 53;
- the approval of a description under section 9 of the Condominium Act, 1998; or
- the issuing of a permit under the Building Code Act, 1992 in relation to a building or structure.

As discussed later, the regulations limit the charge relative to the value of land at the time of building permit issuance thus, imposing the charge at the time of development requiring the issuance of a building permit would be prudent.

The Planning Act limits the imposition of the C.B.C. to certain types of development. Under s.37(3) a C.B.C. may not be imposed with respect to:

- development or redevelopment of fewer than 10 residential units, and in respect of buildings or structures with fewer than five storeys;
- a building or structure intended for use as a long-term care home;
- a building or structure intended for use as a retirement home;
- a building or structure intended for use by a university, college, or an Indigenous Institute;
- a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion;
- a building or structure intended for use as a hospice to provide end-of-life care; or
- not-for-profit housing.

Before adopting a C.B.C. by-law a municipality must prepare a C.B.C. Strategy that identifies the facilities, services and matters that will be funded with the charges. The municipality must consult with such persons and public bodies as the municipality considers appropriate while preparing the Strategy. Further, Ontario Regulation 509/20 specifies the methodology that must be followed in the Strategy. This includes:

1. An estimate of the anticipated amount, type and location of development and redevelopment with respect to which community benefits charges will be imposed;
2. Estimates of the increase in the need for facilities, services and matters attributable to the anticipated development and redevelopment to which the community benefits charge by-law would relate;



3. For the facilities, services and matters included above, an identification of excess capacity and estimates of the benefit existing development;
4. Estimates of the capital costs necessary to provide the facilities, services and matters; and
5. Identification of any capital grants, subsidies and other contributions made to the municipality or that the council of the municipality anticipates will be made in respect of the capital costs.

Once the by-law is passed the municipality must give notice of passage and the by-law may be appealed to the Ontario Land Tribunal (OLT) within 40 days of by-law passage.

The amount of the charge can not exceed an amount equal to the prescribed percentage of the value of the land on the date of building permit issuance. At present, the prescribed value is set by regulation at 4% of land value. Moreover, if the landowner is of the view that the amount of the C.B.C. exceeds the prescribed value, the landowner may pay the charge under protest. In this circumstance there is an obligation of the landowner and municipality to provide appraisals, and for the municipality to maintain a registry of at least three land appraisers.

A municipality may allow the landowner to provide in-kind contributions towards the facilities, services or matters in lieu of paying a C.B.C.

Revenue collected under a C.B.C. by-law must be maintained in a special account and used for the purposes that the charge was imposed. A municipality must report on the activity of the special account annually.

## 2. Methodology

The methodology applied in this assessment follows the requirements of s.s. 37(9) of the Planning Act and s. 2 and 3 of O. Reg. 509/20 with respect to the establishment of the need for service which underpins the C.B.C. calculation. These requirements are illustrated schematically in Figure 1 with each step subsequently defined below.

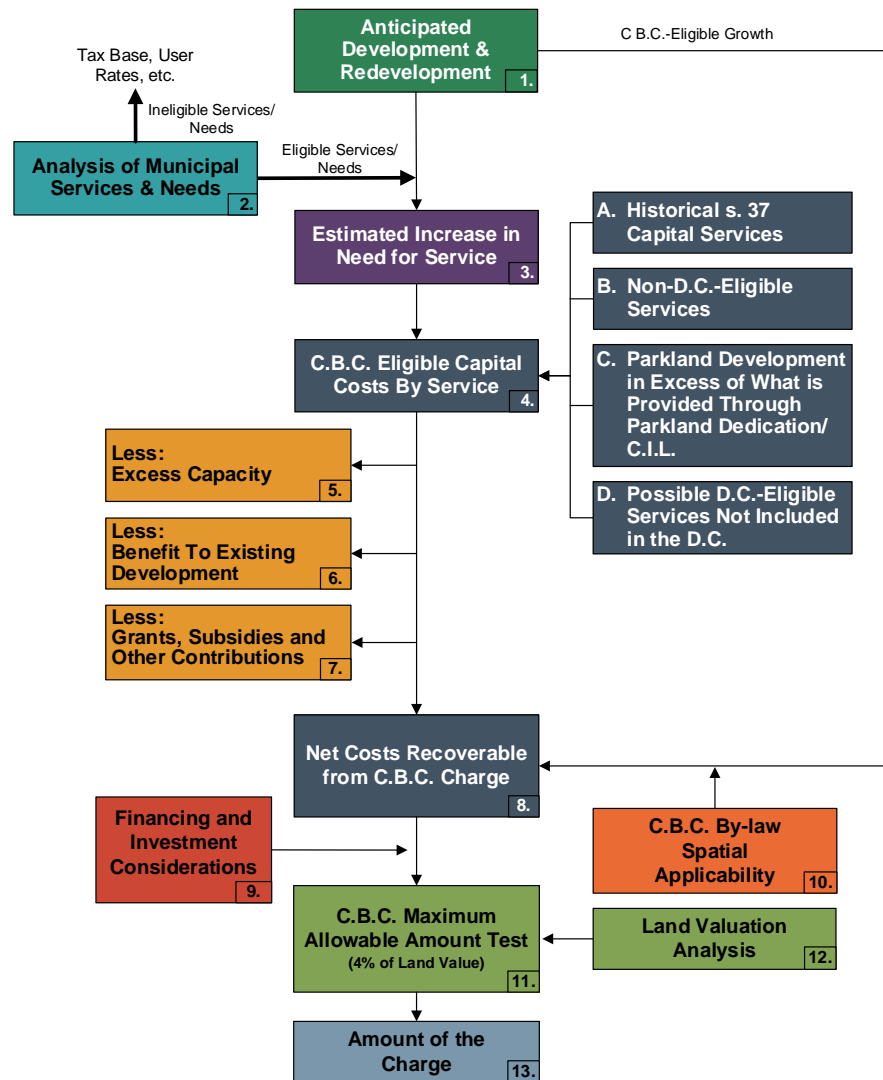
1. The anticipated development and redevelopment forecast reflects the anticipated development within the City's 2019 D.C. Background Study. The estimate for this assessment is a 10-year forecast period to 2031. In determining the charge, the anticipated development has been reduced to only that eligible under s.s. 37(4) of the Planning Act, i.e. buildings containing at least 5 storeys and 10 residential dwelling units.
2. As per s.s. 37(5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:





- a. land for parks or other public recreational purposes in excess of lands conveyed or funded by cash-in-lieu of parkland payments under sections 42 and 51 of the Planning Act;
- b. capital costs for services under section 2(4) of the D.C.A. that are ineligible for recovery under a D.C. by-law; and
- c. capital costs for municipal services ineligible for inclusion in a D.C. by-law.

**Figure 1**  
**The Methodology for Calculating a Community Benefits Charge**





Examples of services not provided by a D.C. or Parkland Dedication by-law include (but are not limited to) capital facilities and equipment for municipal parking, airports, municipal administration building expansions, museums, arts centres, public art, heritage preservation, landfill, public realm improvements, community gardens, space for non-profits, etc.

3. The C.B.C. calculation commences with an estimate of “the increase in the need for service attributable to the anticipated development,” for eligible services to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could potentially be expressed generally in terms of units of capacity, a project-specific expression of need would appear to be most appropriate.
4. Section 37 (2) of the Planning Act provides that, “The council of a local municipality may by by-law impose community benefits charges against land to pay for the capital costs of facilities, services and matters.” The Act does not define what capital costs may be included within the charge. The Act provides that the C.B.C. charge could include capital costs for eligible D.C. services that are not intended to be funded under the City’s D.C. by-law. This provision suggest that capital costs may be defined in an equivalent manner as the Development Charges Act (D.C.A.). Hence, based on this relationship with the D.C.A., capital costs may include:
  - a. costs to acquire land or an interest therein (including a leasehold interest);
  - b. costs to improve land;
  - c. costs to acquire, lease, construct or improve buildings and structures;
  - d. costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes;
  - e. interest on money borrowed to pay for the above-referenced costs;
  - f. costs to undertake studies in connection with the above-referenced matters; and
  - g. costs of the C.B.C. Strategy study.
5. Section 2 (c) of O. Reg. 509/20 requires the identification of the excess capacity that exists in relation to the facilities, services and matters referred to in clause 2(b) suggesting the need for a potential deduction to the capital. “Excess capacity” is undefined, but in this case, the excess capacity must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of excess capacity from the future increase in the need for the service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g., if a new landfill site to accommodate increased solid waste generated by the new growth



is not required because sufficient excess capacity is already available, then a landfill site expansion would not be included as an increase in need, in the first instance.

6. Section 2 (c) of O. Reg. 509/20 of the D.C.A. provides that the capital estimates identify extent to which an increase in a facility, service or matter referred to in clause 2 (b) of the regulation would benefit existing development. The general guidelines used to consider benefit to existing development included:
  - the repair or unexpanded replacement of existing assets;
  - the elimination of a chronic servicing problem not created by growth; and
  - providing services where none previously existed (for example, extending garbage pickup to the rural area which previously did not receive the municipal services).

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing garbage collection vehicles for future development simply replicates what existing residents are receiving, the existing developments receive very limited (or no) benefit as a result.

In the case of services such as cultural facilities, the service is typically provided on a municipal-wide system basis. For example, facilities of the same type may provide different services (i.e., visual art vs. performance art), different programs (i.e., art classes vs. acting classes), and different time availability for the same service (i.e., art classes available on Wednesdays in one facility and Thursdays in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

7. This step involves reducing the capital costs by capital grants, subsidies, and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes.

Although specific grants, subsidies and/or other contributions may not be currently identified and reduced in the calculations, due diligence should be



undertaken by municipal staff during the annual budget process to net off any future identified funding from these other sources.

8. Deducting the required reductions for excess capacity, benefit to existing development, and grants, subsidies and other contributions from the capital cost estimates results in the net capital costs related to the anticipated development or redevelopment. As the application of the charge is limited to only building of at least 5 storeys and with a minimum of 10 residential dwelling units, the capital costs need to be further reduced to only reflect the cost share attributable to this portion of the anticipated development. This is undertaken by applying the residential cost benefit to the subset of the high-density residential development in the growth forecast.
9. Section 37(32) of the Planning Act stipulates that the amount of the charge can not exceed an amount equal to the prescribed percentage of the value of the land on the date of building permit issuance. O. Reg 509/20, section 3, sets the maximum prescribed percentage as 4% of land value. Acknowledging this limitation, the methodology considers the calculated charge relative to the anticipated land value to inform a further adjustment in the calculated charge.

To facilitate this calculation, an estimate of the market value of the land related to the anticipated applicable development/redevelopment needs to be undertaken. It is noted that the land values may vary based on a number of factors including location, zoning density, parcel size, etc., however, these values should estimate the land value the day before building permit issuance. This data may be available from municipal staff, or the municipality may consider engaging the assistance of a land appraiser. For the purposes of this assessment, we have used the City's land valuation from last three years of parkland dedication appraisals.

### 3. Assessment Findings

Table 1 summarizes the anticipated residential development for the City over the 2022-2031 forecast period. This anticipated development is estimated based on the the City's 2019 D.C. Background Study, based on it's 10-year forecast. The growth forecast anticipates approximately 42% of residential dwelling units being in the form of high-density apartment buildings. This amount of residential development would represent approximately 30% of the City's incremental population growth over the period. Further refinement of this estimate to determine the share of high-density apartment units contained in building of at least 5 storeys would be required in the formal Strategy. However, as this informs not only the denominator in the calculation of the charge but also the growth-related cost allocation, proceeding with this forecast as C.B.C. eligible development is reasonable for the purposes of this assessment.



**Table 1**  
**2022-2031 Residential Development Forecast**

Description	Dwelling Unit Types (10-year forecast)				Total
	Singles & Semi-Detached	Multiple Dwellings	Apartments	Institutional Units	
Residential Dwelling Units	3,361	4,229	5,145	456	13,191
Persons Per Unit Occupancy	3.168	2.552	1.703	1.100	
Population	10,648	10,792	8,762	502	30,704

Watson undertook a series of interviews with City staff to determine the increase in need for service arising from the anticipated development. Based on these interviews a number of information sources were consulted to determine the capital costs included in the assessment. The following summarizes the sources consulted.

- The City's 2019 D.C. Background Study. This study included municipal service costs for Parking, as well as consulting costs for an Animal Services Master Plan. These services are no longer eligible for inclusion in a D.C. by-law, because of the recent amendments to the Development Charges Act (D.C.A.). The D.C. Background Study established the development-related increase in need for these services. Moreover, the study identified the need for a new library branch. The D.C.A. does not permit the inclusion of capital costs for computer equipment. Discussions with Library Services staff identified additional computer hardware equipment that would be required within the new facility. These capital cost estimates have been included in the assessment.
- The City's Growth Related Operations Facility Needs Assessment (G.R.O.F.N.A.) Study. This Study established the growth-related needs for the Northern Depot facility. Components of the additional facility space are included in the City's D.C. Background Study for Transportation, Parks & Recreation, and Waste Diversion services. However, components of the facility are also expected to provide additional service capacity for Animal Control & By-Law Services, as well as the non-waste diversion portion of Waste Management Services that is ineligible for inclusion in a D.C. The expansionary components for these services as identified in the G.R.O.F.N.A. study have been included in the C.B.C. assessment.
- The City anticipates undertaking an Economic Development Strategy that will inform future development in the City. The consulting costs of this strategy have been included herein.
- The City's Workforce Strategic Plan identifies the increase in need for additional City staff, due in part to the increased demands of population and employment growth arising from new development. While the study identifies the needs for staff to improve the City's overall level of service, it also provides the current



2021 standard of approximately 1 employee per 221 population. Applying this standard to the anticipated population growth indicates a need for approximately 113 additional staff over the 10-year forecast period to maintain the current service levels. Facility space for these additional positions maybe accommodated within existing space or in expansionary space included in the City's D.C. However, the additional computer equipment for these individuals would not be recognized in those facility estimates. Based on a provision of \$3,900 per employee as provided by City staff, these capital costs have been included in the C.B.C. calculation.

- The City's Corporate Information Technology Strategic Plan identified a number of capital investments necessary to evolve the City's infrastructure. The C.B.C. assessment includes a number of these capital projects, with a portion relating to the proportionate increase in population arising from development over the forecast period. The capital cost estimates were provided by staff as indicated in the City's Capital Budget and Forecast and do not include the computer equipment provisions identified for the additional staff complement above.

Table 2 summarizes the gross capital cost estimates based on the information sources presented above. The table also provides the deductions for benefit to existing development, grants subsidies and other contributions, and the share attributable to future development beyond that eligible for C.B.C. funding. In total approximately \$0.7 million of the \$7.5 million in gross capital costs could be considered for recovery under a C.B.C. by-law.

Based on the anticipated number of C.B.C. eligible residential dwelling units, this would equate to an average charge of \$123 unit. Given the nominal charge per unit produced, it is anticipated that this charge would be well within the prescribed limit for development. As such, this would appear to be a reasonable charge with some consideration in the associated by-law policies to address situation where an over recovery may occur.



**Table 2  
10-Year Forecast C.B.C. Recoverable Costs**

Increased Service Needs Attributable to Anticipated Development 2022-2031	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less: Benefit to Existing Development	Less: Grants, Subsidies and Other Contributions	Potential C.B.C. Recoverable Cost	Residential Cost Share	CBC Eligible Cost Share 30%
<u>Municipal Parking Services</u>							
Parking - Plate Recognition	2023	50,000	43,088		6,912	4,562	1,376
<u>Animal Control &amp; By-Law Services</u>							
Animal Services Master Plan	2022	150,000	75,000		75,000	75,000	22,628
GROFNA Facility	2027	624,625	-		624,625	624,625	188,455
<u>Solid Waste Management Services<sup>1</sup></u>							
GROFNA Facility	2027	970,738	-		970,738	640,687	193,301
<u>Library Services</u>							
Computer Hardware (15 desktops and 5 laptops)	2022-2025	50,000	-		50,000	47,500	14,331
Printers/Photocopiers (2 public and 2 staff)	2022-2025	19,284	-		19,284	18,320	5,527
Other IT Equipment (self-checkout, RFID, security gate)	2022-2025	48,400	-		48,400	45,980	13,873
<u>Economic Development</u>							
Economic Development Strategy		100,000	50,000		50,000	33,000	9,956
<u>Workforce Strategic Planning</u>							
Workforce Strategic Plan		100,000	86,176		13,824	9,124	2,753
Workforce Strategic Plan (113 at 2021 Std.)		440,700	-		440,700	290,862	87,756
<u>Corporate Information Technology Strategic Plan</u>							
Policy and Standards Development Project	2022/2023	150,000	129,263		20,737	13,686	4,129
ITPS Training and Development Project	2023-2025	204,000	175,798		28,202	18,613	5,616
IT service management tools	2022	100,000	86,176		13,824	9,124	2,753
Maximo – Ongoing Evolution	2025/28/31	600,000	517,054		82,946	54,744	16,517
Cityview – Ongoing Evolution	2025/28/31	300,000	-	300,000	-	-	-
Business Systems Continued Evolution Assessment	2025/28/31	1,380,000	1,189,224		190,776	125,912	37,989
PeopleSoft Finance Roadmap and Business Case	2023	100,000	86,176		13,824	9,124	2,753
Finance Roadmap implementation	2024	500,000	430,878		69,122	45,620	13,764
Health and Safety tracking	2022	100,000	86,176		13,824	9,124	2,753
Enterprise Content Management solution implementation	2025/28/31	750,000	646,317		103,683	68,431	20,646
Public Wi-Fi service delivery review and potential expansion.	2023	30,000	25,853		4,147	2,737	826
Datawarehouse	2023	240,000	206,822		33,178	21,898	6,607
Digital Services expansion	2023-2031	450,000	387,790		62,210	41,058	12,388
<b>Total</b>		<b>7,457,746</b>	<b>4,221,790</b>	<b>300,000</b>	<b>2,935,956</b>	<b>2,209,732</b>	<b>666,695</b>





## 4. Conclusions

Based on our assessment, we would conclude that the City does have an increase in need for services eligible for consideration under a C.B.C. The assessment would indicate a charge per high-density apartment dwelling unit, residing in buildings of at least 5 storeys of approximately \$123. We would submit this assessment for City and Council consideration. If the City elects to proceed with a formal C.B.C. Strategy and by-law, we suggest finalizing the growth forecast assumptions for anticipated needs over a 10-year forecast period, refining with staff the capital needs forecast relative to capital plans for the same period, and evaluating the underlying land appraisals used herein to evaluate the calculated charge as necessary.

We trust this letter report sufficiently addresses your needs in this respect. Should you have any questions, please contact the undersigned at your convenience.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

Andrew Grunda  
Principal



**Item: FIN-20-75**

Finance Committee – December 7, 2020

Development Charges By-law 60-2019 Amendment

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That the Finance Committee recommend to City Council:

Whereas the City finalized the most recent update to the Development Charge Background Study in 2019 to support Development Charges (D.C.) By-law 60-2019 which was effective as of July 1, 2019; and

Whereas, Report FIN-19-34 dated May 2, 2019, concerning the Review and Update of the City of Oshawa Development Charge Background Study and By-law, notice was given that the City intends to revisit the Local Service Policy for Transportation and Fire Services during a D.C. review in 2020; and

Whereas, effective January 1, 2020, Bill 108, More Homes, More Choice Act, 2019, Bill 138, Plan to Build Ontario Together Act and Regulation 454/19 resulted in a number of changes to the Development Charges Act (D.C.A.); and,

Whereas, these changes included the deferral of development charge (D.C.) payments to allow installments for a number of development types, freezing of D.C. rates under certain conditions, and provides additional statutory exemptions for second residential dwelling units under certain conditions; and,

Whereas, on September 18, 2020, the Province of Ontario proclaimed the remaining amendments made to the D.C.A. and the Planning Act by Bill 108, More Homes, More Choice Act, and, Bill 197, COVID-19 Economic Recovery Act; and,

Whereas, changes to regulations were made under the Planning Act, Development Charges Act and Building Code Act in order to finalize the framework for development charges, community benefits and parkland; and,

Whereas, Bill 197 eliminates the 10% statutory reduction for soft services (i.e. Parks, Recreation and Trails Library, Administrative Studies, and Waste Diversion), allows lower-tier municipalities to impose a Community Benefit Charge (C.B.C.) By-law for services that are not D.C. eligible (i.e. parking, animal control) or D.C. eligible services where costs are not included in the D.C. by-law, and maintain the ability of municipalities to impose the alternative parkland rate through a by-law to acquire land for parks or cash in-lieu; and,

Whereas, municipalities have two years to transition to the new regime for D.C.'s and C.B.C.'s; and,

Whereas, staff have consulted with Watson and Associates Economists Ltd. who have recommended the following approach:

1. Amend the City's 2019 Development Charge Background Study and By-law to remove the 10% statutory deduction in Q1-2021;
2. Amend the City's 2019 Development Charge Background Study and By-law to remove services no longer eligible to be funded under the Development Charges Act, and reflect the changes to the imposition, collection and statutory exemptions of the D.C. under certain conditions;
3. Undertake a Community Benefit Charge and Parkland Dedication review in 2021; and,
4. Undertake a review of the Transportation local service policy, Fire Services, and the Growth Related Operations Facility Needs Assessment and capital cost estimates, and update the 2019 Development Charge Background Study in 2021; and

Therefore, be it resolved:

1. That the amendment to the City's 2019 Development Charge Background Study to remove the 10% statutory deduction and reflect amendments to the Development Charges Act described above be prepared and be made available to the public 60 days prior to Council adoption; and
2. That the Finance Committee hold a statutory public meeting prior to Council adoption of the amended D.C. background study, as required under the Development Charges Act.