

Type: Open Session – Consent

Report To: Council

Meeting Date: May 21, 2024

Subject: Community Benefit Charge Strategy

Recommendation(s)

1. That report FIN-24-11, Community Benefit Charge Strategy, dated May 21, 2024 be received as information.

Purpose

The purpose of this report is to provide Council an update on the Town's draft Community Benefits Charge Strategy and to address any comments and feedback received on the Community Benefits Strategy and draft By-law, in advance of the upcoming public meeting scheduled for June 17, 2024.

Background

In June 2019, Bill 108, More Homes, More Choice Act, 2019, introduced significant amendments to the Development Charges Act and the Planning Act, R.S.O, 1990. Subsequent changes were made by Bills 138, Plan to Build Ontario Together Act, 2019 and Bill 197, COVID-19 Economic Recovery Act, 2020. These changes were enacted by the Province on September 18, 2020.

One key result of these legislative updates is the introduction of Community Benefit Charges (CBCs). CBCs may be collected from developments that are a minimum of five storeys high with 10 or more residential units. The charge is a one-time fee imposed on the property developer, at a maximum rate of 4% of the assessed land value the day before issuance of the first building permit, as prescribed by O.Reg 509/20.

The CBC is a new funding tool that allows municipalities to impose a charge against higher density developments. This funding tool allows municipalities to invest in community benefits not currently funded through development charges, such as parking, public art, and cultural facilities.

Furthermore, O.Reg 509/20 provides exemptions from CBC payments for certain institutions, including long-term care and retirement homes, colleges, universities, indigenous institutes, the Royal Canadian Legion, hospices, and nonprofit housing.

A draft of the proposed CBC By-law is attached as **Appendix B**.

Strategic Priorities

Priority: Collective Prosperity

Direction: Focus on affordability and financial sustainability for the municipality

Action: Build the long-term financial health of the community

Financial Impact

Town staff have been working with Hemson Consulting to update development forecasts and determine the types of capital works the CBCs could fund. CBCs, similar to Development Charges (DC), are a strategic funding tool to ensure that "growth pays for growth". The intent is to ensure that higher density developments contribute additional funding to improve the surrounding area, reducing the burden on taxpayers to fund the costs of the capital improvements that result from high density developments.

The identified categories for the CBC Capital Program are as follows:

- Growth-Related Studies;
- Parking Services;
- Bridges, Roads, and Active Transportation;
- CBC Administration;
- Fire Services;
- Parkland, Park Development, and Community Facilities;
- Public Art, Heritage, and Culture;
- Climate Change Initiatives; and
- Affordable Housing

The gross cost of the CBC capital program eligible for partial or full CBC funding is \$92.8 million. Approximately \$46.1 million of this gross cost is deemed ineligible for funding over the 2023-2032 period due to the benefit to existing residents, funding identified from the DC background Study, and other funding sources such as grant funding. Please see **Appendix A** for a more detailed explanation and breakdown of the Capital Program.

However, although the gross program capital cost is \$92.8 million, the funding collected through CBC's is limited to 4% of the land value as of the day before the first building permit is issued. Based on the forecasted future development, the projected CBC revenue over the next 10 (ten) years is estimated at \$3.8 million.

Land Value Scenarios ¹	Land Value per Unit	Average CBC (4% Cap)	# of Units	Potential CBC Revenue ²
Low	\$25,000	\$1,000	2,510	\$2.5 million
High	\$50,000	\$2,000	2,510	\$5.0 million
Average	\$37,500	\$1,500	2,510	\$3.8 million

¹ Average land values based on survey of sample municipalities (Fort Erie and Niagara Falls)

² Calculated by multiplying the 10-year growth by the average CBC per unit

Adopting the CBC Strategy would mean levying CBCs on development applications that meet the criteria of 5+ stories and 10+ residential units. If the strategy is not adopted, the Town would be missing out on additional funding under Section 37, potentially leaving taxpayers to cover costs associated with the higher density developments.

According to the legislation, a dedicated reserve fund must be set up for CBC revenues. Each calendar year, the Town must allocate or spend at least 60% of the account's balance each year. Staff will review eligible projects and make a recommendation to Council through the budget process for CBC project prioritization and spending.

Public Input

A public meeting is scheduled for June 17, 2024, to allow the public and development industry to provide comments on the CBC Strategy.

Staff are working with the consultant to investigate the possibility of a meeting with the Development Community to address any questions or concerns before the planned By-law passage on July 2, 2024.

Conclusion

Next steps and timeline for the CBC Strategy implementation are as follows:

- May 21, 2024: Council approves the draft CBC strategy;
- May 27, 2024: Posting of the strategy and draft By-law on the Town's website;
- June 17, 2024: Statutory public meeting;
- July 2, 2024: CBC By-law passage; and
- Statutory appeal period of By-law (40 days).

Respectfully prepared by,



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Attachments

- **Appendix A** – Draft Community Benefit Charge Strategy
- **Appendix B** – Draft Community Benefit Charge By-law