

Council

2024 Community Benefits Charges (CBC) Strategy & By-law




TOWN OF GRIMSBY
Tuesday, May 21st, 2024



Discussion Topics

- Introduction & Background
- Development Forecast
- Capital Program Summary
- CBC Revenue Estimate
- Next Steps

New Framework for “Growth-Related” Capital



Development Charges Act (DCs)

- Used to fund initial round of growth-related capital infrastructure
- Prescribed list of eligible services
- Certain “soft” services removed from list (e.g. parking, cemeteries, airports, affordable housing, studies)
- No more 10% discount for soft services



Planning Act: Community Benefits Charges (CBCs)

- Initial round of capital, can overlap with DCs
- In-kind contributions permitted
- Capped at 4% of land value
- Imposed only on development with 5 or more storeys & 10 or more housing units
- Only local municipalities can charge



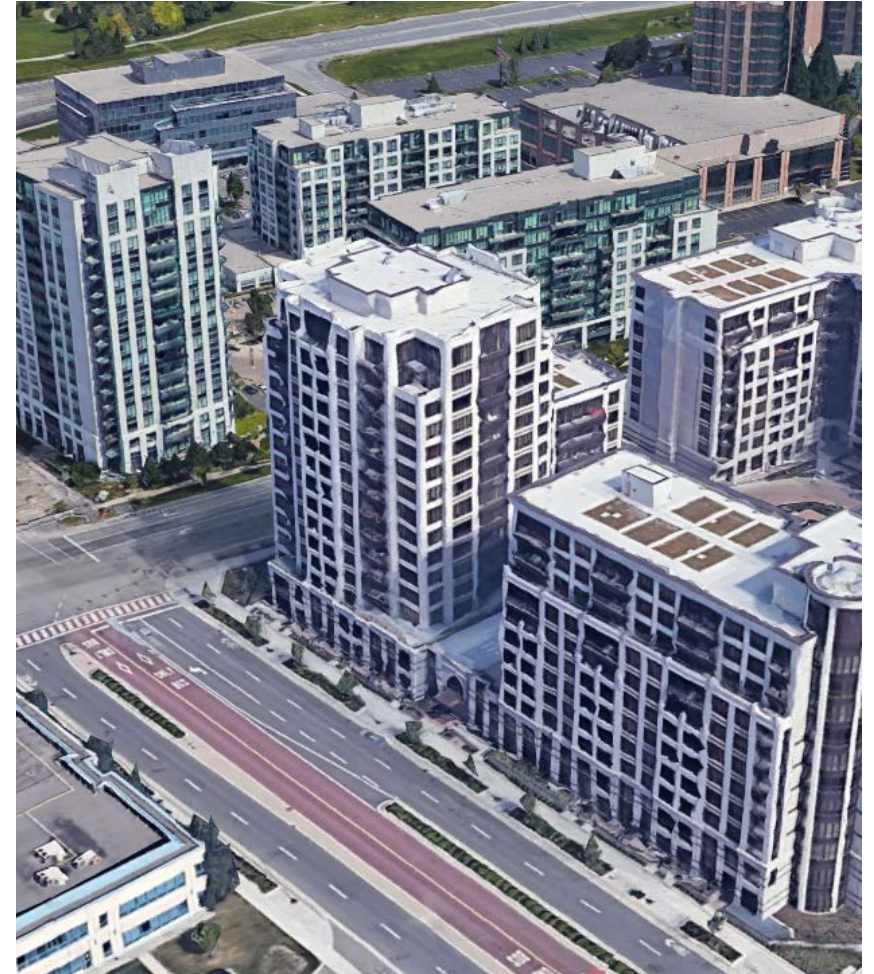
Planning Act: Parkland Acquisition

- Parkland acquisition
- Standard rate of 5% for residential and 2% for non-residential
- Alternative, higher rate may apply based on units/ha – new rules which “cap” the amount conveyed or collected
- Cash In Lieu permitted

All tools are appealable to Ontario Land Tribunal (with conditions)

Planning Act: Community Benefits Charges (CBCs)

- Height/density “bonusing” under s.37 of Planning Act now gone
- Replaced by CBC for growth-related capital—can overlap with DCs
- In-kind contributions permitted (credits given)
- By-law never expires, but must be reviewed every 5 years



Legislative Basics

- Only local or single-tier municipalities can charge
- Can only be levied against higher density development:
 - 5 or more storeys, AND
 - 10 or more residential units
- Requires a “strategy”
- Legislation does not prescribe CBC rate structure
 - % of land value (most common)
 - Per unit
 - Per square foot (gross floor area)
 - Per net developable hectare (land area)

Regulation sets cap at **4%** of land value the day before a building permit is issued



Land value should reflect zoning and density permissions

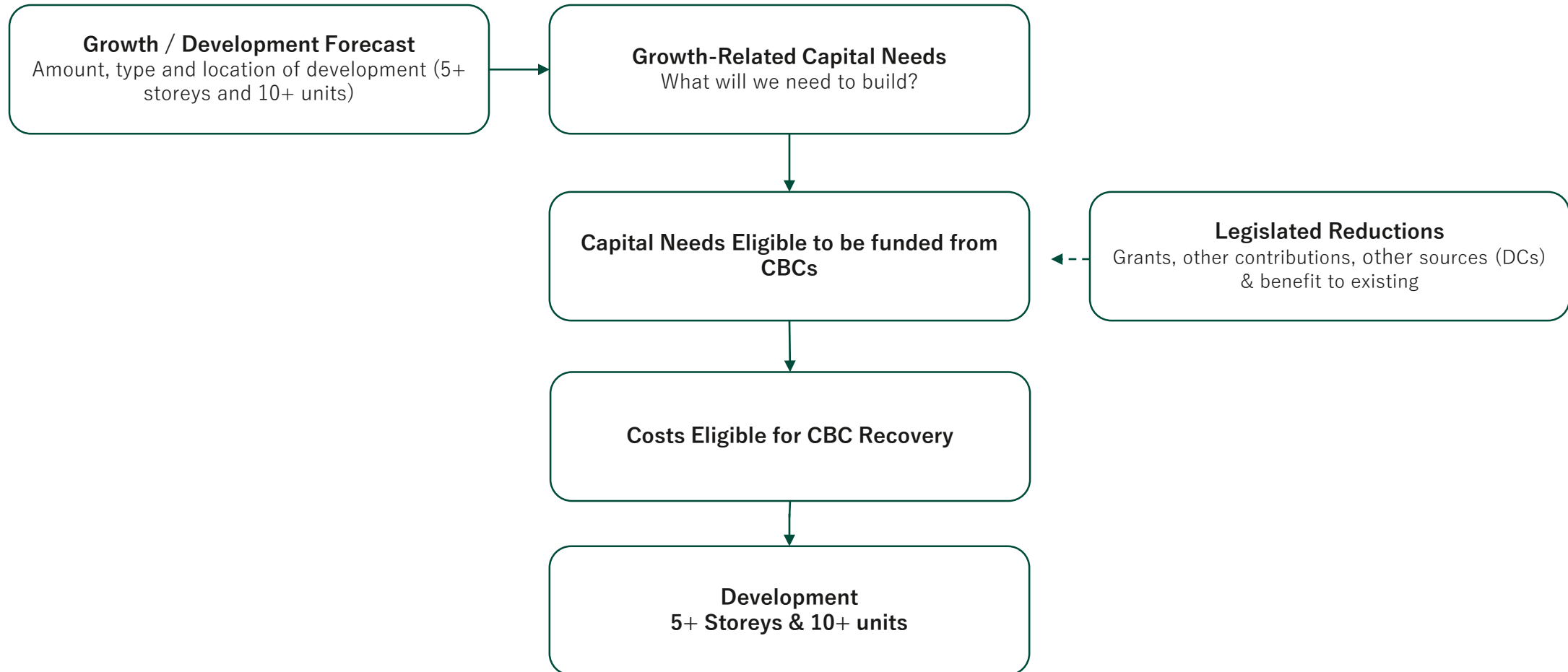
What Can CBCs Fund?

- Can recover any “growth related” capital cost
 - Eligible DC services (no overlap with DCs)
 - Parkland acquisition (no overlap with s.42)
 - Other services (DC ineligible services and others)
- Still requires “nexus tests” between servicing needs and development
 - Servicing needs arising from buildings with 5 or more storeys and 10 or more residential units

Service Categories Identified:

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

CBC Strategy Process



CBC Implementation and Administration

CBC By-law

Consultation is required but not defined

Adoption Process

Only one CBC By-law is allowed

Notice of passage (similar to DC By-law)

Right to appeal to Ontario Land Tribunal

Administration and Reporting

Must establish CBC “special account”

In each calendar year, a municipality shall “spend or allocate” at least 60% of the monies

Maintain a list of (at least 3) appraisers under agreement with the municipality

Produce an “Annual Report” showing opening/closing balances of special account and all transactions

CBC Strategy Must...

- Forecast development and redevelopment of lands to which CBCs will be imposed
- Estimate increase in need for service arising from development and redevelopment
- Identify facilities, services and matters to be funded with CBCs
- Identify excess capacity, benefit to existing and other adjustments (similar to DCs)

Development Forecast: CBC Eligible Units

Residential	Single/Semi	Row	Apartment	Total
Units Subject to CBC	0	0	2,510	2,510
All Units	150	250	2,700	3,100

- Includes apartments 5 or more storeys with 10 or more residential units
- Forecast informed by known development applications
- 10-year planning horizon 2024-2033
- CBC eligible units represent about 80% of all units constructed in the next 10-years

CBC Strategy Capital Program

- Need to include list of services and projects
- Project should include basic information:
 - Description
 - Timing
 - Gross costs and other funding sources (including DC and parkland revenue)
 - Potentially similar to DC Study capital program
- Prioritization of “projects” or “categories” does not need to be in the Strategy—many municipalities are developing standalone policies

Draft CBC Capital Program (\$Millions)

CBC Service	Net Costs	Ineligible Shares*	DC Funded Shares	Other Funding**	Total CBC Eligible Share
Growth-Related Studies	\$1.30	\$0.13	\$0.14	\$0.44	\$0.59
Parking Services	\$6.80	\$4.76	\$0.00	\$0.86	\$1.18
Bridges, Roads and Active Transportation	\$24.41	\$0.73	\$0.00	\$10.01	\$13.67
CBC Administration	\$0.20	\$0.00	\$0.00	\$0.00	\$0.20
Fire Services	\$18.44	\$0.00	\$7.60	\$4.58	\$6.26
Parkland, Park Development and Community Facilities	\$26.99	\$0.00	\$7.61	\$4.66	\$14.72
Public Art, Heritage, Culture and Community Infrastructure	\$12.00	\$0.00	\$0.00	\$3.80	\$8.20
Climate Change Initiatives	\$0.65	\$0.00	\$0.00	\$0.27	\$0.38
Affordable Housing	\$2.00	\$0.00	\$0.00	\$0.48	\$1.52
Total	\$92.79	\$5.61	\$15.35	\$25.10	\$46.73

*Ineligible shares refers to benefit to existing (BTE) shares

** Funding from other revenue sources will be reviewed as part of the Town's subsequent DC Study updates

Potential CBC Rate Structures



Percentage of Land Value



Per Unit



Per Gross Floor Area (Square Foot)



Per Hectare/Acre of Land

- Could differentiate charge by area, built form, “bands” of charges etc.
- Regardless, CBC cannot exceed 4% of land value *for each specific development*
- CBC land value adjusted for retention of existing buildings
- Legislation provides rules where there is disagreement on value of land

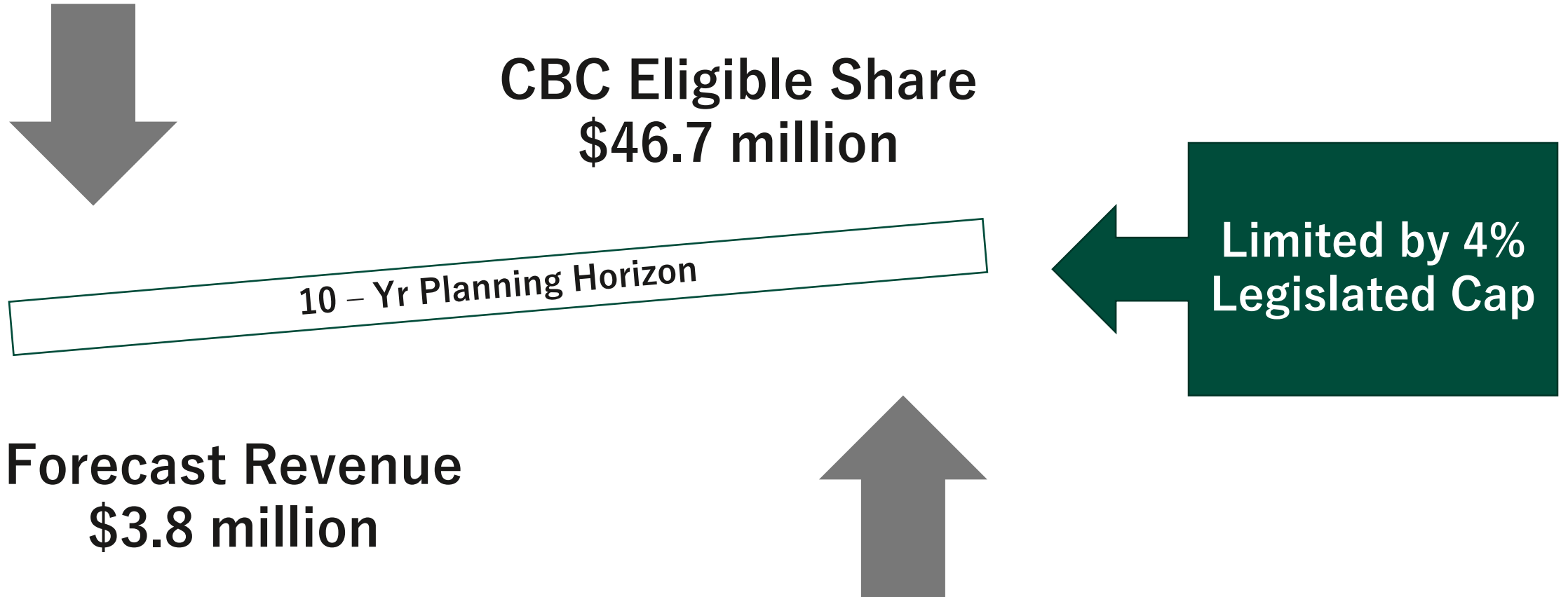
Proposed CBC Rate is Maximum Permissible 4% of Land Value

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

Revenue Forecast vs Capital Costs (2024-2033)



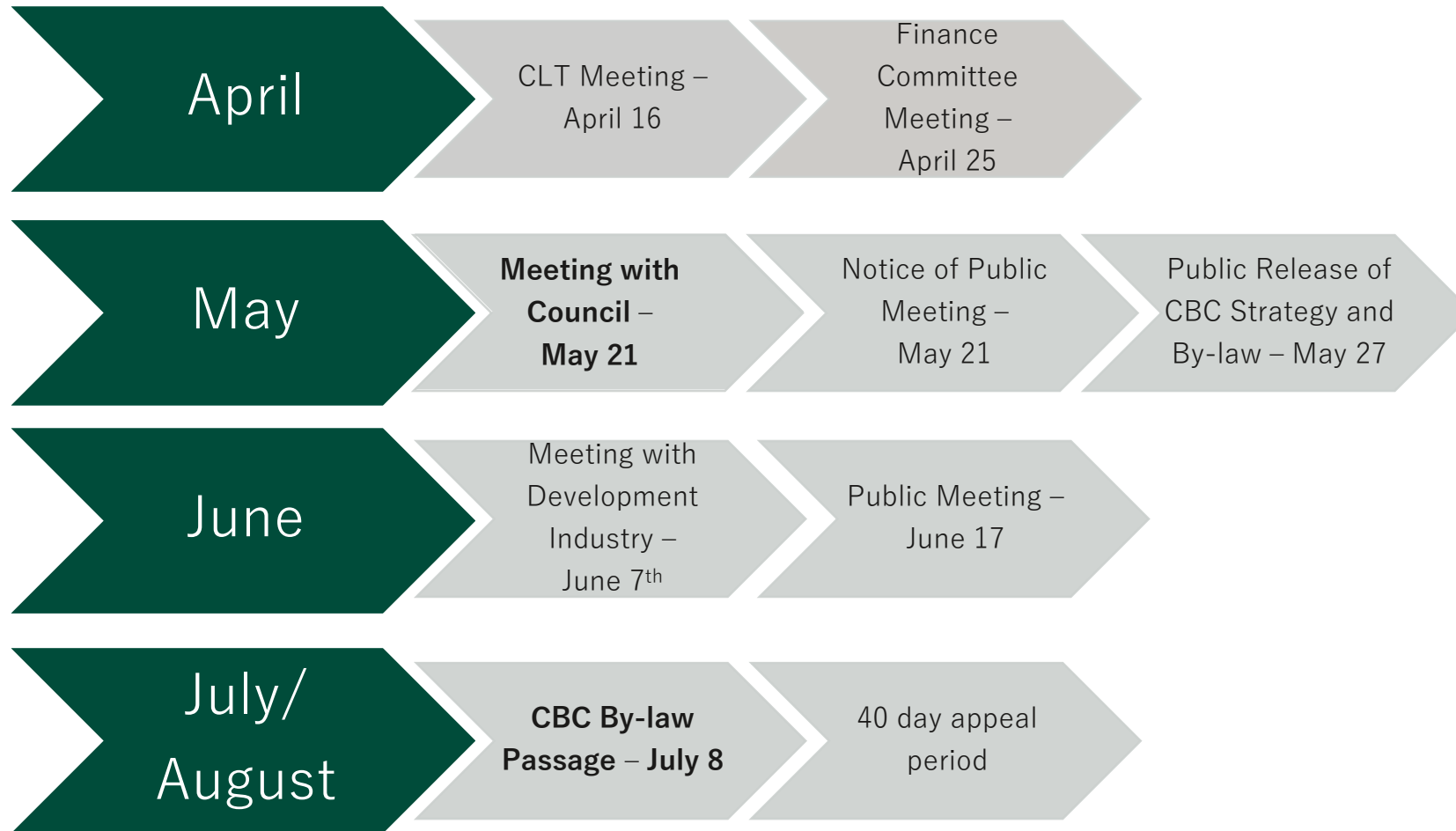
What are Other Municipalities Doing?

Municipality	Per Unit CBC Forecasted Revenue (Average at 4% of land value)	Unit Structure
Grimsby	\$1,500	4% of land value
Brampton	\$1,210	4% of land value
Fort Erie	\$1,483	4% of land value
Guelph	\$986	4% of land value
Halton Hills ¹	\$3,300	4% of land value
Hamilton	\$906	4% of land value
Innisfil	N/A	\$1,200 / unit in Orbit Secondary Plan Area \$800 / unit outside the Orbit Secondary Plan Area
Markham	\$3,825	4% of land value
Mississauga	\$2,268	4% of land value
Newmarket	\$1,147	4% of land value
Niagara Falls	\$1,600 - \$2,000	4% of land value
Pickering ²	\$1,580	\$1,070 / 2+ Bedroom Apt. \$657 / < 2 Bedroom Apt.
Richmond Hill	\$2,648	4% of land value
Toronto	\$5,704	4% of land value
Waterloo	\$1,372 (Central City)\$972 (Remainder of City)	4% of land value

¹Based on \$3.95M per hectare land cost and density of 100 units per hectare.

²Based on \$6.57M per hectare land cost and density of 79 units per hectare.

Proposed CBC Timeline



Questions?