

POLICY	<b>Development Charge Exemption Policy</b>
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICES	General Reserve and Reserve Fund Policy
APPROVED BY	Council
EFFECTIVE DATE	November 2016
REVISION DATE	As required

---

## 1. POLICY STATEMENT

It is the policy of the City of Guelph

- to track Development Charge exemptions, phasing, and other such concessions, and
- to maintain reserve funds to address the resulting shortfall in capital cost recovery related to development and redevelopment within the municipality.

## 2. POLICY PURPOSE

Under paragraph 3 of sub-section 5 (6) of the *Development Charges Act, 1997*, if the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development. That is to say, exemptions and phase-ins will result in the development charges collected being insufficient to fund the capital projects to the same extent that they had been estimated in the calculation of the development charge rates. The purpose of this policy is to ensure that provision is made to offset the loss of development charge revenue resulting from exemptions, phasing-in, and other such concessions.

## 3. DEFINITIONS

In this policy,

“**Capital cost**” means a cost incurred or proposed to be incurred by the City or a local board thereof directly or by others on behalf of, and as authorized by, the City or local board,

- (a) to acquire land or an interest in land, including a leasehold interest,
- (b) to improve land,
- (c) to acquire, lease, construct or improve buildings and structures,
- (d) to acquire, lease, construct or improve facilities including,
  - (i) furniture and equipment, other than computer equipment, and

- 
- (ii) materials acquired for circulation, reference or information purposes by a library board, and
  - (iii) rolling stock with an estimated useful life of seven years or more, or
  - (e) to undertake studies in connection with any of the matters referred to in clauses (a) to (d) above, including the development charge background study, required for the provision of services designated in the Development Charge By-law within or outside the City, including interest on borrowing for those expenditures under clauses (a) to (d) above that are growth-related.

**“Development”** means the construction, erection, or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof, and includes redevelopment.

**“Development charge”** means a charge imposed with respect to the Development Charge By-law.

**“Exemption”** means a provision in the Development Charge By-law whereby the amount of development charges otherwise applicable is not imposed with respect to specified development.

**“Hard services”** means water services, waste water services, storm water drainage and control services, and roads and related services.

**“Reserve fund”** means a fund with assets which are segregated and restricted to meet the purpose of the reserve fund. It is prescriptive as to the basis for collection and use of monies in the fund.

**“Soft services”** means all services other than water services, waste water services, storm water drainage and control services, and roads and related services.

## **4. SCOPE**

The Development Charge Exemption Policy applies to all departments and local boards (including Library and Police Services) of the Corporation of the City of Guelph.

## **5. PROCEDURE / ADMINISTRATION**

### **5.1 Tracking**

- (a) The City of Guelph will track by service the amount of development charges otherwise payable with respect to exemptions authorized by the Development Charge By-law in force, including, but not limited to, any of the following:

---

### Mandatory exemptions

- The enlargement of an existing dwelling unit or the creation of up to two additional dwelling units in prescribed classes of existing residential buildings;
- Lands owned by and used for the purposes of the City, a local board of the City, a board of education, the County of Wellington, or a local board of the County of Wellington;
- The portion of an enlargement, whether attached or separate, of the gross floor area of an existing industrial building up to 50% of the gross floor area before the first enlargement for which an exemption was granted.

### Discretionary exemptions

- Development of certain land, buildings, or structures for the University of Guelph or university-related purposes;
  - A place of worship, cemetery, or burial ground;
  - Non-residential temporary uses permitted pursuant to section 39 of the Planning Act;
  - Non-residential farm buildings constructed for bona fide farm uses;
  - Development creating or adding an accessory use or accessory structure not exceeding 10 square metres of gross floor area;
  - A public hospital.
- (b) The City will track by service the amount of development charges otherwise payable with respect to phasing at a percentage less than 100% as authorized by the Development Charge By-law in force.
- (c) The City will track by service, the amount of development charges otherwise payable with respect to any other concessions authorized by the Development Charge By-law in force.

## **5.2 Reserve Funds**

Council may establish a reserve fund to be used for any authorized exclusive purpose. A discretionary reserve fund may be created where Council wishes to set aside from general operations a revenue amount for financing future expenditures to ensure that it will not be used for any other purpose and be available when needed.

Funds will be transferred into the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) as contributions from operating budgets to help finance approved growth-related capital costs where development charge contributions have been reduced as a result of exemptions, phasing-in, and other such concessions. Budgeted transfers into these DC exemptions reserve funds will be based on the tracked average of Development Charge exemptions, phasing, and other such concessions during the previous three years.

---

### **5.3 Limitations**

- 5.3.1 Transfers shall be made into or from the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) as approved by by-law, including but not limited to the annual budget by-law.
- 5.3.2 A reduction in the amount of development charges otherwise payable for redevelopment involving demolition or conversion will be tracked, but the amount will not be included in budgeted transfers into DC exemptions reserve funds except when the demolition / conversion is not followed by construction in a timely manner. When construction is delayed, the excess service capacity benefits all developers, the need for services is increased by the new construction, and the cost of the DC reduction would have to be added into the cost of the annual recoveries from operating budgets.
- 5.3.3 Annually the amount of exemptions granted will be calculated and an amount equaling this will be transferred from either the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) to the affected DC Reserve Fund to ensure that the reserve fund is made whole as if the exemption had not been made.