

2018 DC Background Study

Stakeholder Input Summary – City Response #1

April 20, 2018

Exemptions	
Questions/Comment	City Response
1. The existing credits for demolitions should continue in the new DC By-law. City staff should be advised that it is not a requirement for the owner to prove that a DC was paid previously for the buildings(s) being demolished.	Agreed. The City considers the previous use of a property to determine the amount of the DC redevelopment reduction, developers should not need to provide proof of payment.
2. The definition of industrial should match that in the Zoning By-law.	<p>The Zoning By-law does not have a definition for industrial. It does however specify a number of “Industrial zones” within the City where specific, clearly, commercial uses are permitted.</p> <p>The applicable DC rate and exemption eligibility is determined by the use of the property, not the zoning which is subject to change.</p> <p>Staff will consider the DC By-law “Existing Industrial Building” definition to ensure this is as clear as possible.</p>
3. Any exemptions should have a clearly stated rationale.	Agreed. Most of the City’s exemptions are legislated, but any Council directed exemptions will have a fulsome explanation
4. Temporary structures should not be required to pay DCs (e.g. a sales trailer)	<p>Temporary Structures are only exempt from paying DCs under the Planning Act if there is a Council-approved By-law. When a temporary structure is replaced by permanent development, a reduction in DC’s for the temporary use is applied to the re-development.</p> <p>The City will be considering adding language in the DC By-law that makes this position clear and easy to administer. It will be aligned to the Building Department permit practices.</p>
5. Additional brownfield incentives would be beneficial to further offset additional costs involved with development clean ups. Programs similar to that of the Region of Waterloo and City of Waterloo should be considered	<p>The Planning Department is in the processes of renewing the Community Improvement Plan for Brownfield properties – the Statutory Public Meeting was held on April 9, 2018</p> <p>It is better from a policy perspective to keep these incentive programs separate and unique from the DC By-law so that they can be amended and updated without requiring a DC By-law reopening.</p>

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<p>6. All DC exemptions should have a clearly stated rationale (e.g. the University and Farm Use).</p>	<p>Agreed. All City directed exemptions will have a fulsome rationale. Any exemptions that are legislated will be identified.</p>
<p>7. Understand that the full DC exemption for up to 50% industrial building expansion is mandatory but I believe that the City should consider a sliding scale for all areas where the City has discretionary exemptions. Can the City consider a lesser amount (e.g. 75% or 50%)? Could a sliding scale be applied that is based on the size of the addition?</p>	<p>The DC Act does mandate the full DC exemption on industrial building expansions up to 50% of the existing building size.</p> <p>Discretionary exemptions can be full or partial, it is up to the City to decide what portion they wish to exempt. A sliding scale could be used if the City so wished.</p>
<p>8. Why does the City only provide an exemption for industrial expansions? Why not other non-residential development types?</p>	<p>The Development Charges Act, 1997 mandates that municipalities permit a DC exemption of up to 50% of the gross floor area of an existing industrial building. Providing partial or full exemptions to other types of employment/investment generators would be considered a discretionary exemption/reduction and would therefore, be required to be paid by the tax/rate base.</p>
<p>9. Why does the university/college need an exemption for residences and parking?</p> <ul style="list-style-type: none"> • I don't agree with the university/college exemption if the land, building or structures are being used for student residences or for parking. Are these currently considered University-Related purposes? Housing options are available off campus and those developments have paid full DC. Parking expansion is not a required University purpose and should certainly not be DC exempt especially given the high level of transit support already provided to the University area at the expense of the City and students. 	<p>A detailed memo about the history of the University Exemption was prepared for Council as part of the 2013 DC Background Study process, and can be found in Attachment #1</p>
<p>10. Explain 'defined area' and 'outside the defined area' for the University which is a major landowner/developer in Guelph. Could a sliding scale for any exemptions and no special treatment for student housing and parking are relevant</p>	<p>Please see a map of the 'defined are' in Attachment #2.</p> <p>The history of the University exemption is detailed in Attachment 1.</p> <p>Due to the contractual nature of the exemptions with the University, staff advise that modifying the exemptions in the By-law would be</p>

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	problematic. As was the staff recommendation in the last By-law review, the exemption for the University should remain in place.
11. Why does the City reduce DCs being charged on a new development based on the use of the previous development? (Redevelopment Credit)	It is assumed that an existing building has a share of the existing 'service capacity', so if that structure is demolished for another structure, we reduce in DC owing by the DCs on the existing building, to ensure that DCs are only paid on the new component that does not yet have 'service capacity'.
12. What type of hospitals are DC exempt? Is Homewood exempt?	Public hospitals receiving aid under the Public Hospitals Act are not required to pay DCs. Homewood is not exempt.
13. To what degree does development in the downtown area receive special DC treatment and what we might be able to do to further promote downtown residential intensification? Can we consider exempting (in full or in part), transit and roads DC's for downtown residential development?	<p>Development in the downtown does not receive special DC treatment.</p> <p>Redevelopment in the downtown has been encouraged in recent years through Community Improvement Plans (for more information follow the link provided: https://guelph.ca/business/downtown-business/tax-increment-based-grants/). This CIP is under review and will be before Council within the next year.</p> <p>As discussed previously related to the Brownfield Incentive, from a policy perspective, it is better to consider exemptions/reductions for the purpose of incentivizing development through separate programs and not the DC By-law.</p>
Local Service Policy	
1. More infrastructure items should be pushed to the developer's direct responsibility. Anything within an 'area of influence', of 2-5 kilometers of the development.	<p>The draft LSP has re-evaluated the division of responsibility between the LS and DC.</p> <p>This work is important to improve equity, clarity and developer certainty of costs and to ensure the City's Policies comply with Bill 73.</p>
2. Where the City requests that a developer design and/or build a trail or any component of a park beyond merely supplying the land, there should be a cash-in-lieu credit for this amount.	The draft LSP states that if a developer designs and constructs a trail, beyond the basic development, that is part of a master plan document, there will be a DC credit available.
3. Consistent language in the Development Charge Background Study, Parkland Dedication By-law and Trail Masterplan and	This is a good suggestion. Staff will work to use consistent language throughout our corporate plans and policies.

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<p>the Local Service Guidelines, to clearly define what is a developer responsibility in accordance with the Planning Act.</p>	
<p>4. The City is to provide further clarification of Local Service. For example, the City of Cambridge’s DC policy is such that the developer is responsible for all costs of infrastructure incurred to support their subject development based on minimum requirements. Any oversizing to accommodate external lands is DC eligible. Also, if a service on or offsite is provided to support more than one property, it is considered DC eligible. Simply put if an item of infrastructure required to accommodate growth will benefit:</p> <ul style="list-style-type: none"> a. Only one (1) development, it is appropriate to categorize that item as a local service b. More than one (1) development, it should be considered as DC eligible infrastructure 	<p>The City has proposed a draft LSP that is built upon similar basic principles.</p> <p>The City does not agree however that the determining factor for DC eligibility to be for more than 1 development. There are cases where costs remain a local responsibility and where cost sharing agreements between the developments should be the appropriate solution.</p>
<p>5. Frontage costs should not be charged for existing infrastructure. If new infrastructure is required, such as a sidewalk, that could be DC eligible.</p>	<p>Agreed that the City will not charge frontage fees. Infrastructure costs will either be a local service or included in the DC.</p>
<p>6. The Sanitary sewer capacity improvements required along Gordon Street and in the Clairfield Subdivision should be included as a DC item in this new By-law.</p>	<p>Staff agree that at least part of this capital item may be included in the 2018 DC background study.</p>
<p>7. All trail design and construction costs should continue to be included as DC items and should be removed from the Local Service Guidelines. The requirement to construct or pay for the design and construction of trails should also be removed as a condition of draft plan approval.</p>	<p>The Staff proposal for the LSP, is based upon the following principles: If a trail through a development is identified on a master plan, the trail will be funded from DCs. If the developer constructs the trail, they will be entitled to a DC credit. If the trail is not on a master plan, then it is considered a local trail and part of the Local Service cost.</p>
<p>Miscellaneous</p>	
<p>1. Developers sometimes suggest that DC costs will just be passed through to home buyers and make new housing less affordable...while I understand that DC costs are part of the new home price equation, the cost to consumers is market driven. If the view is that we need to keep DC’s low to support housing objectives, I’d like to see</p>	<p>The D.C. is calculated based upon identified needs for each service and are limited by the service standard ceiling. The City has not intentionally kept the D.C. low.</p>

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<p>some factual evidence of the relation between DC's and cost to home buyers.</p>	
<p>2. Growth should pay for growth.</p>	<p>The Province had initially implemented the Development Charges Act, 1989 with the concept that Growth should pay for growth. Changes to the Act in 1997 resulted in a municipality only able to recover approximately 75-80% of the capital cost of growth due to mandatory exemptions, deductions and the introduction of ineligible services. The Province also mandates how much and what type of growth a municipality must accommodate. There is very little a municipality can do to decrease the financial impact of growth on the existing tax/rate payers. Having said that, the City does have authority over non-legislated (discretionary) exemptions – and can control the cost of growth to existing tax/rate payers from that perspective.</p> <p>Growth does not fully fund the capital cost of infrastructure related to servicing that growth.</p>
<p>3. How will the Waste diversion cost calculated in the DC By-law? What if Guelph's waste diversion costs are significantly higher than other municipalities? Perhaps there is an industry standard that should be applied.</p>	<p>The City has compiled a detailed list of all the assets (Facilities, vehicles and equipment) needed to operate the waste diversion operation. It has determined the percentage of each asset that relates to eligible material from City of Guelph residents and businesses only.</p>
<p>4. Is the City willing to pay for a Peer Review on behalf of the Development Community?</p>	<p>The City is more than happy to work with a peer review team throughout the process, however, the City will not pay for a peer review.</p>
<p>5. It is questioned as to why private parking structures are proposed to be defined in the new DC Bylaw.</p>	<p>There is a need to add clarity about the DC treatment of residential and non-residential parking structures.</p> <p>It has also been identified as a possible future DC exemption to assist with the parking issues in the downtown and address a land-use planning inconsistency as the current policy has the unintended outcome of incenting surface lot parking over structures.</p>
<p>6. Refine Definition for Industrial and Parking Structures.</p>	<p>Agreed. Staff are working to refine the definitions for industrial and parking structures.</p>
<p>7. Define mix use developments for the purposes calculating DCs.</p>	<p>Any development that consists of both residential and non-residential uses is considered mix-use.</p> <p>Staff will consider adding this definition in the</p>

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	By-law.
8. Remove all cost related to the construction of City Hall from the DC By-law. It is not an eligible DC item.	The cost of City Hall is only used to calculate the Service Standard limits for eligible services in this DC Study and only to the extent that a portion of the building is used to deliver Parks Planning and Recreation Services. However, Recreation Services staff were relocated in 2017 and therefore only the portion of the building remaining for Parks Planning is included in the calculation.
9. The Background Study should include detailed descriptions of the line items included in the DC By-law. There is no transparency in the current DC Background Study. The City of Kitchener model should be considered.	Staff have created a project description template similar to the Kitchener model provided, that will be included in the 2018 Background Study.
10. The improvements required to service the Clair Maltby Secondary Plan area must be included in the DC By-law	The Clair Maltby Secondary Plan has not been completed, so there is no way for staff to identify the growth related infrastructure required for that area. If the Clair Maltby Secondary Plan is completed earlier than anticipated, the City will amend the DC By-law to include the associated infrastructure that was approved by Council.
11. The City must provide stakeholders with the annual DC Reserve Statements since the current DC By-law came into effect, so as to answer the following:	The Treasurer statements are published annually and posted on the City's website (https://guelph.ca/city-hall/budget-and-finance/development-charges/). Staff have also provided the 2016 Statements to the Stakeholder Group on February 16, 2018.
a. What is the current balance of each of the reserve funds?	The 2017 Statements will be published May 2018. 2016 balances are included in the 2016 Statements provide February 16, 2018 and available on the website
b. Where has borrowing occurred amongst these reserves and how much of any such borrowing has been repaid?	The 2017 Statements will be published May 2018. 2016 balances are included in the 2016 Statements provide February 16, 2018 and available on the website
c. How much has been spent from the DC reserves to extend roads and services to the Guelph Innovation District Lands?	The York Trunk will benefit the GID secondary plan as well as a portion of the Victoria Road expansion. Staff will work on providing an approximate value.
12. All DCs should be 100% payable at the time of Building Permit. When a subdivision agreement is signed, the exact number of units is not known. Having to pay DC's	City Staff will analyze the implications of this change and report back to the stakeholder group.

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<p>before building permit just promotes smaller plans and additional administration time and cost in processing more plans than need be.</p>	
<p>13. Transportation planning specific comments for your consideration:</p>	
<p>a. Guelph is going to need at least a second GO Transit station (more traditional ‘park and ride’ station likely in west end). The municipality will have to share some of the cost. Has this project been identified as part of DC update?</p>	<p>This would be an initiative through Metrolinx and the City has not been made aware of this location being identified. The City suspects that the Province would want to first see what happens with their initiative with all day GO service from Guelph Central Station, before considering any other locations. Based on this, it is premature to include this cost in the 2018 DC Study. .</p>
<p>b. Guelph’s mode share targets for cycling and walking require some expensive infrastructure (an example is path under the Speedvale bridge and path attached to GJR’s Eramosa River Bridge). Are these projects on DC list?</p>	<p>The DC Study reflects those components identified in the approved Active Transportation Plan, both on-road and off-road as well as the Cycling Master Plan and the Trail Master Plan.</p>
<p>c. Active transportation mode share targets also require major improvements to both on-road and off-road facilities <u>in existing areas</u> to make continuous paths say from the downtown to areas where growth is occurring. Should these projects be captured in growth related DC’s?</p>	<p>As above, the DC Study includes the capital infrastructure costs for all Active Transportation, Trails and Cycling facilities identified in the various Master Plans.</p>
<p>d. Interchanges on the Hanlon are required at Speedvale and Paisley (and a flyover at Willow Rd and grade separation at GJR track). City may be asked to cost share and will have other associated road improvement needs. Are these projects on the DC list?</p>	<p>These projects are not currently planned within the timeframe applied in the development charge calculation</p>
<p>e. Several road cross sections have been converted in the City to reduce auto/truck through travel and provide wider bike lanes (e.g. Woodlawn from 4 to 2 through lanes). How are these projects treated for DC?</p>	<p>If the improvement will help the City accommodate growth, than a portion of that cost is included in the DC study.</p>
<p>14. Please provide the service level of roads with and without the cost of land under the road</p>	<p>Please see the draft service standards attached (with and without land values included)</p>

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<p>15. Consider including police and fire in the soft service payment since they are not required until after a Building Permit is issued</p>	<p>The Development Charges Act, 1997 sets out that all services, except those set out in Section 5. subsection (5) are limited to a 10-year planning horizon (soft services). The services (hard & essential) that are set out in subsection (5) include the following:</p> <ol style="list-style-type: none"> 1. Water supply services, including distribution and treatment services. 2. Waste water services, including sewers and treatment services. 3. Storm water drainage and control services. 4. Services related to a highway as defined in subsection 1 (1) of the <i>Municipal Act, 2001</i> or subsection 3 (1) of the <i>City of Toronto Act, 2006</i>, as the case may be. 5. Electrical power services. 6. Police services. 7. Fire protection services. <p>The term ‘Hard Service’s used for those services that are permitted to have DC payment due at subdivision and/or consent agreement refers only to water, wastewater, storm and services related to a highway.</p> <p>Therefore, the DC related to Police and Fire services are not eligible to be collected at the time of subdivision/consent agreement however, the planning horizon used for calculation purposes is not limited to 10 years.</p>
<p>16. Please provide the Development Charge Act reference making health services DC eligible. Are “local health integration network” services included within the definition of a Public Hospital making them ineligible?</p>	<p>The Regulation under the Development Charges Act identifies all ineligible Services. Section 2.1 (1) 4. Identifies that a hospital as defined in the Public Hospital Act is ineligible. https://www.ontario.ca/laws/regulation/980082</p>
<p>17. Please confirm the total Waste Diversion cost for the City including items being processed for other municipalities and provide the Waste Diversion cost to process waste generated by just the City of Guelph.</p>	<p>The DC calculation requires that the 10 year historical service standard be determined for eligible materials from City sources only. Operating costs will not be considered. Attachment #3 provides the DC eligible proportion of the assets at Solid Waste.</p>
<p>18. Please use a consistent approach regarding the undercount. If it has now been accounted for, then include the adjusted</p>	<p>Jamie Cook will provide a response on this item.</p>

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number in all calculations.	
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ATTACHMENT #1

ISSUE: Development Charges Exemption for the University of Guelph
DEPARTMENT: Finance & Enterprise
PREPARER: Wendy McQuade

BACKGROUND:

Council has asked for a history of the exemptions from Development Charges provided to the University of Guelph

STAFF RESPONSE:

In November of 1991, the draft of the proposed DC By-law that was presented to Council, included clauses that exempted the University of Guelph from charges on the development of land that had traditionally been exempt from levies and requiring the University to pay for the development of land for commercial and residential projects that would usually be developed by the private sector. Council directed that all exemptions for the University be removed from the interim by-law and passed a resolution to refer the issue of development charges for the University and the arbitration process for disputes, to the Executive Committee of the new Council for further discussion and negotiation and to report back to Council with their recommendations. On December 4, 1991 the University appealed the enactment of the DC By-law at a hearing of the OMB scheduled for September, 1992.

In the interim, the Executive Committee and the University's representatives came to a mutually acceptable solution after considering the following factors:

- Through a series of agreements, as early as 1958, the City (previously the Township) and the University (previously the Province) had worked cooperatively on the construction and maintenance of providing hard services on University lands. These agreements include: a July 13, 1966 agreement regarding sanitary sewer rates, an agreement dated January 31, 1966 regarding the York Road trunk sewer, and a July 12, 1984 with respect to the "Research Park Lands".
- The University has its own Fire Marshall for 24 hour first response service.
- The University has built a number of sports facilities that are available for use by City residents and its library is available to the general public.
- Soft services provided by the University, which benefit the City, were a trade-off for the services provided by the City.

The proposed agreement divided the University lands into two areas, the core (defined) area, where development for University related purposes would be exempt from DC's and the area outside the defined area where development charges would generally apply unless the development was owned (directly or indirectly) by the University and used for University related purposes. There were specific agreements that related to the development at the Village by the Arboretum and the Research Park lands that were unique to the circumstances of each development.

In 1992 the University and the City consented to an order of the Board allowing and disposing of the University's appeal by amending the DC by-law (1991) – 13994.

A March 23, 1993 Agreement put into writing the details of the Settlement between the University and the City with regard the treatment of the “core” and “non-core” lands and the details of the treatment of development at the Village by the Arboretum and the Research Park as well as the arbitration of any disputes.

Section 9.1 specifies that “This Agreement shall continue throughout the term of the Development Charge By-law and the Subsequent By-law and shall expire on the earlier of the repeal or expiry of the Subsequent By-law or on the enactment of an amendment to the Development Charge By-law or the Subsequent By-law which makes a material and adverse amendment with respect to the exemption of the lands of the University as set out in the Development Charge By-law as amended by Order of the Ontario Municipal Board dated September 9, 1992 or in the Subsequent By-law or is otherwise contrary to the Principles.”

In spite of the intention for the terms of this agreement to come to an end at the upon expiry of the “subsequent” By-law (1994)-14553, we have continued to maintain this mutually beneficial relationship with the University with the continuation of the DC exemptions through the future By-laws; (1999)-15992, (2004)-17361, and (2009)-18729.

An opinion, obtained from our Legal Department, regarding a possible joint campus of Conestoga College and the University of Guelph states that the *Colleges of Applied Arts and Technology Act, 2002* clearly defines Colleges, established under the act, as Crown Agencies. However, it is not clear if the Crown Agent status applies to the University. If we were to consider removing the development charges exemption for university or university-related purposes, we would need to obtain a legal opinion as to whether or not the University is an “Agent of the Crown”.

FINANCIAL IMPLICATIONS:

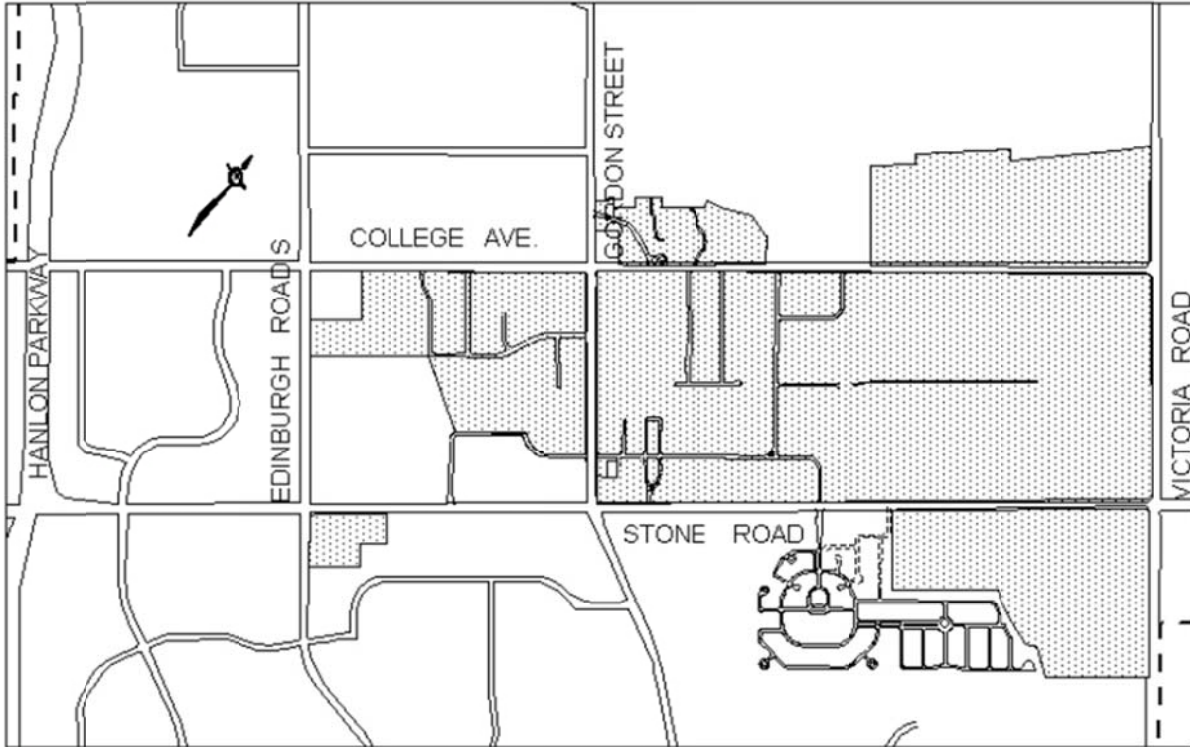
If the Development Charges exemptions for university or university-related purposes were removed from the By-law we would benefit from the collection of DC's on any future development undertaken by the University. However, we could lose the benefit enjoyed by City residents by having access to University facilities (i.e. the University library, various sports facilities and trails) and gain the additional costs associated with increased demand for City services such as fire protection and police services.

RECOMMENDATION:

Due to the mutually beneficial past relationship between the City and the University of Guelph and the benefits to the City that would be realized with the possible creation of a joint downtown campus of Conestoga College and the University, the Finance Department recommends continuing the Development Charges exemption provided to the University in the By-law.

ATTACHMENT #2

UNIVERSITY OF GUELPH
"DEFINED AREAS"



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ATTACHMENT #3

Proportion of Waste Facilities and Vehicles that relate to Eligible Material from The City of Guelph

Facility and Related Assets	% Attributable to Recycle and Organics from City Sources									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration Centre	0.33	0.33	0.34	0.20	0.30	0.32	0.26	0.21	0.24	0.22
East Scale House	0.66	0.66	0.60	0.52	0.58	0.62	0.45	0.36	0.09	0.08
Household Hazardous Waste	0.84	0.80	0.73	0.74	0.75	0.77	0.78	0.72	0.75	0.75
Material Recovery Facility	0.49	0.49	0.43	0.46	0.48	0.60	0.33	0.26	0.40	0.52
Organic Waste Processing Facility	1.00	1.00	1.00	0.79	0.57	0.54	0.54	0.53	0.52	0.35
Transfer Station (Includes commingled C&D)	0.09	0.09	0.10	0.08	0.04	0.04	0.04	0.01	0.00	0.00
West Scale House	0.18	0.18	0.24	0.20	0.21	0.18	0.15	0.10	0.48	0.46
New PDO Pad (Includes source separated C&D)	0.18	0.18	0.24	0.20	0.21	0.18	0.15	0.10	0.48	0.46
Recycle Zone (was old PDO pad)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Yardwaste	0.90	0.90	0.90	0.96	0.96	0.99	0.94	0.99	0.98	0.99
Roll off (all MRF transfers, and only PDO divertable transfers)	0.24	0.24	0.28	0.25	0.24	0.25	0.31	0.43	0.37	0.30
Dual Stream Packers	0.00	0.00	0.00	0.00	0.76	0.76	0.76	0.76	0.76	0.76
Single Stream Packers that are 100% recycle or organics	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00