

Development Charges – July 2022 to June 2023

Presented To:	Finance and Administration Committee
Meeting Date:	March 29, 2022
Type:	Correspondence for Information Only
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Recommended by:	General Manager of Corporate Services

Report Summary

This report provides information regarding indexation changes to Development Charges (DC) that will be effective July 1, 2022 in accordance with By-Law 2019-100.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

This report has no financial implications as rates are prepared in accordance with the existing Development Charges By-Law 2019-100.

Background

The following chart reflects the current DC rates effective until June 30, 2022:

Servicing	Single Family Dwellings (per unit)	Semi Detached Dwellings (per unit)	Multiples, Apartments and Small Residential (per unit)	Industrial (per sq ft)	Commercial / Institutional (per sq ft)
All Services	\$18,910	\$15,193	\$10,913	\$3.16	\$4.74
Excluding Water	\$17,839	\$14,333	\$10,295	\$2.93	\$4.51
Excluding Wastewater	\$13,907	\$11,175	\$8,027	\$2.10	\$3.68
Excluding Water and Wastewater	\$12,837	\$10,315	\$7,409	\$1.87	\$3.45

Development Charges are to be indexed per the Statistics Canada Quarterly Construction Price Statistics (Non-Residential Building Construction Index) in accordance with the Development Charges Act and By-Law 2019-100. The Development Charges are adjusted by NRBCPI so that funding reflects the impact to capital expenditures faced by the City on an annual basis.

Since no statistics are released for Sudbury, the inflationary change for Ottawa is used and in accordance with By-Law 2019-100. The increase for the period of December 2020 to December 2021 which was released in February 2022 is 17.2%.

The revenues from development charges are used to fund the growth-related capital expenditures. Any changes in amounts received from development charges will have corresponding impacts on other capital funding sources, mainly City tax levy, water & wastewater user fees, and/or reserves.

The chart below reflects the rates in effect starting July 1, 2022 until June 30, 2023. Please refer to Appendix A for the detailed development charge rate schedules.

Servicing	Single Family Dwellings (per unit)	Semi Detached Dwellings (per unit)	Multiples and Apartments (per unit)	Industrial (per sq ft)	Commercial / Institutional (per sq ft)
All Services	\$22,162	\$17,806	\$12,791	\$3.70	\$5.56
Excluding Water	\$20,908	\$16,799	\$12,066	\$3.43	\$5.29
Excluding Wastewater	\$16,300	\$13,097	\$9,408	\$2.46	\$4.31
Excluding Water and Wastewater	\$15,046	\$12,089	\$8,683	\$2.19	\$4.05

Revisions to Development Charges Rates per Development Charges By-Law

Council has the ability to adjust Development Charges rates. If these rates are not adjusted in accordance with the Development Charges By-law, then an amendment must be proposed to the Development Charges By-law.

The *Development Charges Act* requires that a public meeting be held to allow citizens to provide input regarding a proposed development charges by-law. Advertised notices of a public meeting must be provided at least 20 days before the public meeting. The proposed by-law and background study must be available to the public at least two weeks prior to the public meeting.

Once the Finance and Administration Committee has received public input, a motion will be required at the end of the public input meeting, if committee wishes to direct a different rate revision. The amending by-law will be prepared for presentation and approval at a subsequent City Council meeting. The amending by-law would need to be approved by Council with sufficient time before July 1, 2022 to allow applicants and staff to process building permits before changes become effective on July 1st.

Development charges are a form of revenue which is dedicated to growth related capital costs and the significance of the change in the high rate of indexation for 2022 means those costs are very likely to experience significant inflation in the near term. Any lost revenue resulting from adjustments in development charges would be funded from the tax levy, water/wastewater user fees, City reserves funds and/or external debt, for future growth-related capital expenditures to be made.