



PORT COLBORNE

Subject: Development Charges By-law

To: Council

From: Office of the Chief Administrative Officer

Report Number: 2024-191

Meeting Date: October 22, 2024

Recommendation:

That Chief Administrative Office Report 2024-191 be received; and

That Council approve the City of Port Colborne Development Charges By-Law prepared by Watson & Associates attached as Appendix A to this report.

Purpose:

The purpose of this report is to seek Council approval of the City's new Development Charges (DC) By-Law.

Background:

A DC Background Study and By-law was prepared by Watson & Associates that reflects changes in provincial legislation since the City's current DC by-law was passed on November 12, 2019, and expires on November 13, 2024 (see Appendix A). The new by-law includes the service needs and twelve (12) year capital costs for: Roads; Public Works (Facilities and Fleet); Fire Protection Services; Park and Recreation; Library Services; Water and Wastewater Services; and Growth Studies. The City's current Development Charge for a single detached dwelling unit is \$11,419. The new DC, as outlined in the by-law, will increase the charge for a single detached dwelling to \$30,529.

As part of the DC Background Study, Watson & Associates also completed a twelve (12) year Growth Forecast Update to provide a foundation to support the capital projects included in the study. The forecast, which is included in the study, incorporated 2021 Census data and other information including the Growth Review Analysis Report completed by Dillon Consulting and presented to Council in September 2023. The City's

current population is 20,033 and Watson & Associates are forecasting this to increase to 24,900 by 2036.

A Public Meeting was held on September 24, 2024, and notice was provided in accordance with the *Development Charges Act*. The draft DC by-law was posted on the City's website on August 23, 2024. Notice of the meeting was also posted on the City's website within the prescribed timelines and included on an online media publication and shared with investors, developers, builders, consultants, and real estate agents. The Notice of the Public Meeting indicated that interested persons could express their comments at the Public Meeting or in writing, addressed to the Clerk, prior to September 19, 2024.

To allow for additional time for public input, it was announced at the September 24 Public Meeting that the deadline for public comments would be extended to Friday September 27. No delegations registered to appear at the Public Meeting and no emails or letters were received on or before September 19. On Friday September 27, the City received correspondence from Upper Canada Consulting and the Niagara Home Builders Association requesting that passage of the by-law be delayed to allow for further review.

It is staff's position, supported by the DC consultant, that these letters were provided last minute despite the City's DC process being initiated in September 2023. Ample time was provided for members of the public and the development community to provide feedback, including the May 1st open house and September 24th Public Meeting. City staff have sent letters to both organizations thanking them for their input and mentioning that Port Colborne's new DC by-law provides the sustainable financial model required to fund the capital projects necessary to support the anticipated growth. City staff have forged strong working relationships with the development community and are always pleased to meet. However, City staff and the DC consultant, are recommending that the DC by-law move forward to passage at the Council meeting on October 22, 2024.

Discussion:

As part of the process for by-law adoption and implementation, the City is required to give notice of the DC by-law passage and appeal deadline within 20 days of the DC by-law passage. The last day for appealing the DC by-law is the day that is 40 days after the day the DC by-law is passed. For example, if Council were to pass the DC by-law on October 22nd, notice of the passage of the by-law would have to be provided no later than November 11th and the last day to appeal the by-law would be December 2nd. Assuming passage of the DC by-law on October 22nd, the new DC rates will come into force on October 23rd.

Development Charges are payable at building permit issuance. To date, DCs have been calculated and collected by the Building Division along with any other applicable fees or charges. City staff are changing the process to have Finance calculate and collect the DCs and this will take effect on January 1st, 2025.

This change in DC administration is focused on centralizing customer service inquiries and payment processing on the first floor of City Hall; streamlining our processes by having Finance, who are already manage revenues for the City, collect DCs and allocate to the DC reserve accounts; and creating efficiencies to allow Building staff more time to focus on permit review, plans examination, inspections, and project inquires from residents and contractors.

The City's new DC is \$30,529 compared with the current DC of \$11,419. As the City's DC consultant noted during his September 24th presentation, this amount would be \$16,669 if annual inflation increases, which are permitted under the *Development Charges Act*, had been added. This has been acknowledged by City staff and on a go forward basis, the City's DC amount will be indexed to inflation annually on the anniversary date of the by-law's passage. Based on the graph shown on page 23 of the consultant's presentation, Port Colborne's new DC is comparable with six other Niagara municipalities (see Appendix B).

The DC consultant and City staff have discussed the importance of revisiting the City's DC by-law in 18 months to review the status of projects, cost estimates, and growth forecasts based on market absorption of new housing units. The cost of this interim review is an eligible study under the *Development Charges Act* and has been added to the DC by-law.

City staff are committed to ensuring that the City has the policies, processes, and a sustainable funding model to manage and support future growth. To this end, the new DC by-law is a foundational document that prepares the City for anticipated growth, minimizes the impact on the City's existing tax base, and places the cost of growth-related capital projects on new development and new residents. An Addendum to the Development Charges Background Study and By-law was issued on October 11, 2024, as information in one of the tables needed to be revised (see Appendix C).

Internal Consultations:

City staff from Finance, Recreation, Public Works, Roads, Parks, Planning, Building, Economic Development, Library, Fire, Fleet, and Water/Wastewater were all involved in providing capital project information and cost estimates for the DC Background Study.

Financial Implications:

The cost of the DC Background Study is estimated to be \$75,000 versus the \$50,000 estimated in the in the 2022 Capital and Related Budget. The additional \$25,000 will be funded from DCs. This adjustment will occur through the 2025 Capital and Related Budget process and Trimester 2 reporting.

As a result of provincial legislation changes that removed the mandatory phase-in of charges, the City will collect 100% of DCs once they come into effect on October 23, 2024.

The amount of DC revenue to be collected annually will be based on the number of new residential units and non-residential square footage constructed each year.

Public Engagement:

An open house to present the draft DC Background Study to the development community was held on May 1, 2024. Almost one hundred email invitations were sent to investors, developers, builders, planning consultants, and real estate agents. City staff from Building, Planning, Public Works, and Economic Development provided brief updates and this was followed by a detailed presentation by Watson & Associates' consultant and a question-and-answer period. The presentation included an overview of DCs, the capital projects included, growth forecast information, the proposed new DC, and how this amount compares with other Niagara municipalities.

The Public Meeting held on September 24, 2024, is a requirement of the *Development Charges Act*. Notice of the Public Meeting was provided within the prescribed timelines and was posted on the City's website; advertised on an online Metroland publication; and it was emailed to the same group who received the invitation to the May 1st open house. The DC Background Study and proposed by-law was posted on the City's website on August 23, 2024.

As part of the notice for the September 24th Public Meeting, it was advertised that interested parties could appear before Council as a delegation, or they could provide comments to the City Clerk, prior to September 19, 2024. The deadline for receiving public input was extended to September 27, 2024.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Environment and Climate Change
- Welcoming, Livable, Healthy Community

- Economic Prosperity
 - Increased Housing Options
 - Sustainable and Resilient Infrastructure
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Conclusion:

It is important that “growth pay for growth.” The City’s current DC by-law expires on November 13th, 2024. A new Development Charges Background Study and By-law has been completed by Watson & Associates that reflects Port Colborne’s updated population forecast for the next 10-15 years and includes growth related capital projects. City staff are recommending that this new DC by-law be approved, and staff will move forward with implementation.

Appendices:

- a. Development Charges By-law
- b. Watson & Associates presentation - September 24, 2024 Public Meeting
- c. Watson & Associates Report - Addendum #1 to the August 23, 2024, Development Charges Background Study

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and the City Treasurer, when relevant. Final review and approval by the Chief Administrative Officer.