

Developer Industry Session

# Development Charges Study, CBC Strategy Update and Related By-laws



CITY OF NIAGARA FALLS

Wednesday, November 1, 2023



# Agenda

- Background
- Available Growth-Funding Tools
- Recent Legislative Changes (e.g. Bill 23)
- What do DCs Fund in Niagara Falls?
- Development Forecast Assumptions
- Capital Program Assumptions:
  - Master Plans
  - DC eligible/ineligible shares of projects
- DC Policy Items
- Project Timelines and Next Steps

# Background

The City has retained Hemson to complete:

- 2024 DC Background Study
  - Existing City-wide DC Bylaw 2019-69 expires **July 9, 2024**
- CBC Strategy Update
  - Review the current CBC Strategy and By-law (2022-119)
  - CBC By-law must be “reviewed” at minimum every 5-years to determine if an update to the by-law is required

# New Framework for “Growth-Related” Capital

## Development Charges Act (DCs)

Used to fund initial round of capital infrastructure

Prescribed list of eligible services

Certain “soft” services removed from list (e.g. parking, cemeteries, airports, studies, affordable housing)

No more 10% discount

## Planning Act: Community Benefit 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

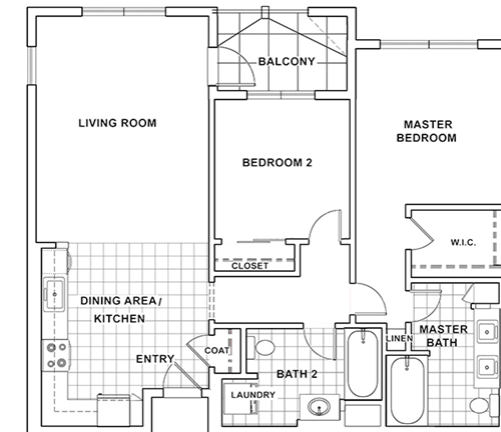
Alternative, higher rate may apply based on units/ha

Cash In Lieu permitted

# Recent Changes to *Development Charges Act (DCA)*

- New exemptions:
  - Affordable/Attainable Housing (not yet in force)
  - Residential intensification in existing units
  - Additional units in existing rental housing
  - Non-profit housing (defined by legislation)
  - Inclusionary Zoning (must be affordable)
- New discounts:
  - Rental housing development (defined as 4+ units) based on number of bedrooms
  - Fully calculated rates must be phased-in over 5-year period

Year	Maximum DC
1	80%
2	85%
3	90%
4	95%
5	100%

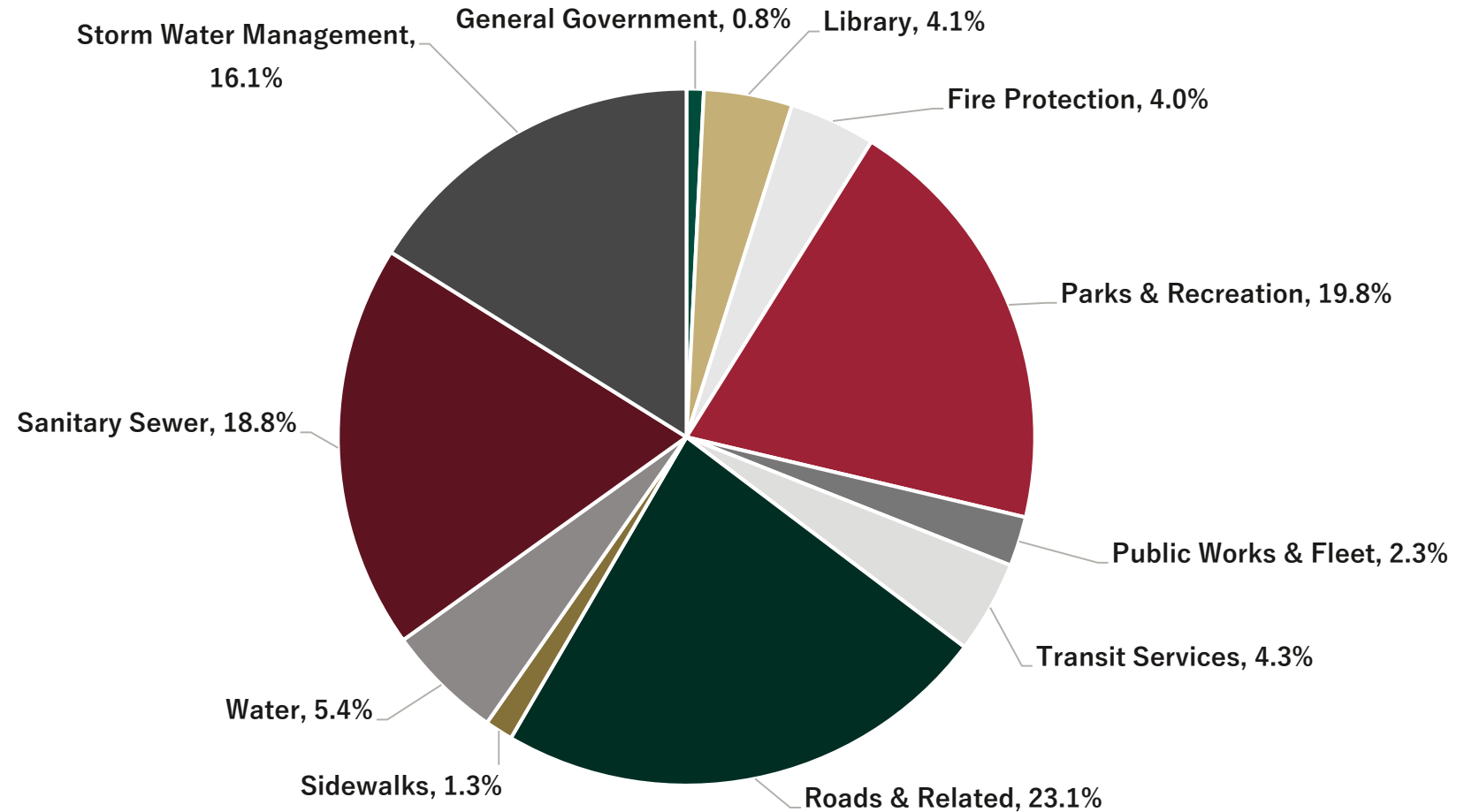


# DC Services Applicable in Niagara Falls

Municipal-Wide and Urban Area	Area-Specific	Other Available & Not Applicable Services
<p><b><u>Municipal-Wide</u></b></p> <ul style="list-style-type: none"> <li>• Library Services</li> <li>• Protection (Fire)</li> <li>• Parks and Recreation</li> <li>• Public Works &amp; Fleet</li> <li>• Services Related to a Highway (Roads and Related)</li> </ul> <p><b><u>Urban Area</u></b></p> <ul style="list-style-type: none"> <li>• Water Services</li> <li>• Sanitary Sewer Services</li> <li>• Storm Water Management</li> <li>• Services Related to a Highway (Sidewalks)</li> </ul> <p>• <b>NOTE: General Government is no longer an eligible service. Transit services have been uploaded to the Region.</b></p>	<p><b><u>Outside the Core Tourist Area (OCTA)</u></b></p> <ul style="list-style-type: none"> <li>• Services Related to a Highway (Roads and Related and Sidewalks)</li> <li>• Water Services</li> <li>• Sanitary Sewer Services</li> <li>• Storm Water Management</li> </ul> <p><b><u>Core Tourist Area (CTA)</u></b></p> <ul style="list-style-type: none"> <li>• Services Related to a Highway (Roads and Related and Sidewalks)</li> <li>• Water Services</li> <li>• Wastewater/Sanitary Sewer Services</li> <li>• Storm Water Management</li> </ul>	<p><b><u>Other Available</u></b></p> <ul style="list-style-type: none"> <li>• Services related to emergency preparedness</li> <li>• Public Health</li> <li>• Child Care</li> <li>• By-law enforcement and court services</li> <li>• Waste Diversion</li> <li>• Long Term Care</li> <li>• Ambulance Services</li> <li>• Protection (Policing)</li> <li>• Transit Services</li> </ul> <p><b><u>Not Applicable</u></b></p> <ul style="list-style-type: none"> <li>• Electrical Power Services</li> <li>• Toronto-York Subway Extension</li> <li>• Yonge North Subway Extension</li> <li>• Services related to airports, but only in the Regional Municipality of Waterloo</li> </ul>

# What do Residential DCs Fund in Niagara Falls?

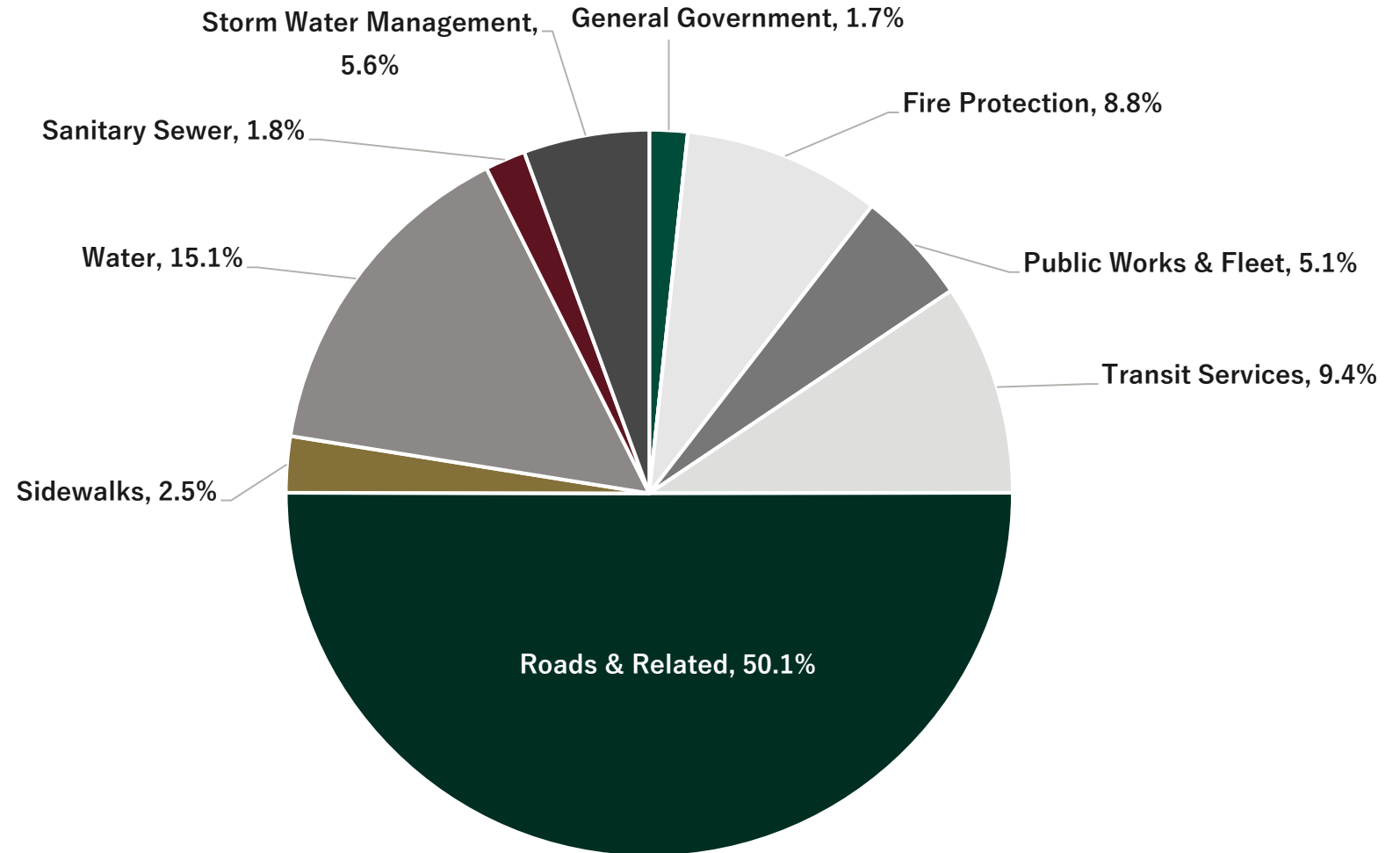
DC Per Unit (Urban Area)
Singles & Semis \$17,239
Townhouse Dwelling \$10,813
Apartment Dwelling \$8,194





# What do Non-Residential DCs Fund in Niagara Falls?

DC Per Square Metre
Urban Area (Tourist Core) <b>\$33.68</b>
Urban Area (Non Tourist Core) <b>\$57.26</b>
Non-Urban Area <b>\$24.44</b>



Note: Funding percentages are different for Outside Core Tourist Area.  
Note: Development Charge Rates effective as of September 1, 2023.  
Note: Transit Services have been uploaded to the Region.



# Development Forecast Assumptions

- DCA requires the City to estimate:
  - “the anticipated amount, type and location of development” for which development charges may be imposed
- Forecast will be informed by the Niagara Region 2022 Official Plan and estimates from staff
  - Anticipated development of Secondary Plan Areas
  - Alignment with infrastructure master plans
- Forecast will also consider:
  - Available 2021 Census data
  - Impacts of COVID-19 pandemic (employment has returned to pre-pandemic levels)
  - Potential unit mix (e.g. ground-related verses high density units)

# Capital Program Assumptions: What Will Be Included?

- Capital programs will be prepared for all eligible services:
  - Alignment with 2024 budget and master plans
  - Identify projects that will benefit new development and expand City servicing capacity (i.e., building expansions, new fleet acquisitions, road widening)
- City is in the process of updating its Master Servicing Plan and Transportation Master Plan
  - Public Information Centre for the MSP will be held on **December 2023**
  - Questions and input for associated projects should be discussed at the PIC
  - Once the IMP and TMP are approved, the associated projects will be transferred to the DC capital program
  - BTE (Benefit to Existing) and PPB (Post Period Benefit) shares will be applied

# DC Ineligible Shares: Benefit to Existing (BTE)

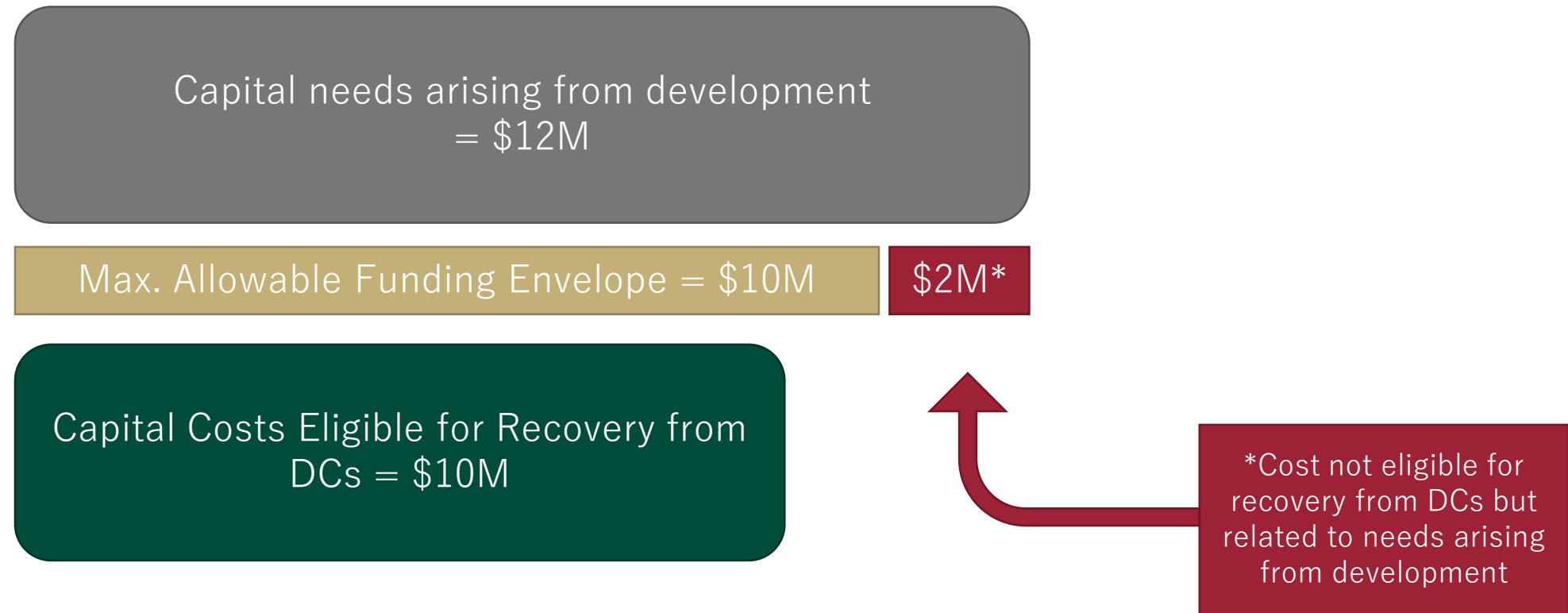
- DCA does not specify how BTE shares are determined
- Common approaches have been established through OLT decisions and best practices
- The use of new facilities by existing residents does not always equal a BTE share, as “use” should not necessarily be considered a “benefit”
- Where possible, a quantifiable approach is recommended for determining BTE

# DC Eligible Share: “Post-Period” Benefit (PPB)

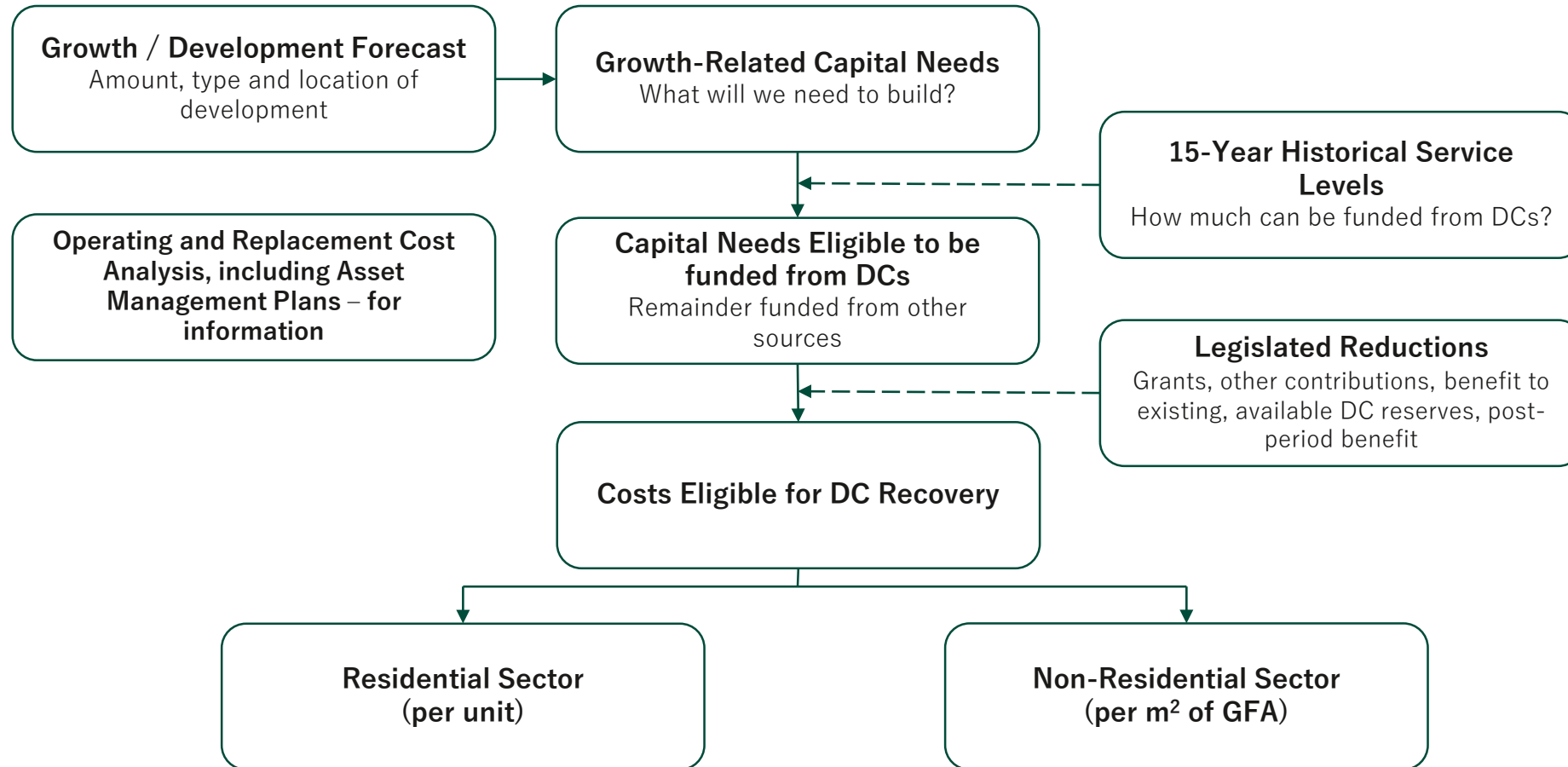
- Development-related costs not eligible for in-period DC funding
  - Considered oversized for development beyond the planning period
  - Referred to as “post-period” or as a “post-period benefit”
- General Services are capped at a level no greater than the average service level over the last 15-years
- For projects exceeding the “cap” PPB shares are applied to projects occurring in the later part of the planning period

# Post-Period Benefit Methodology: General Services

Services such as Library, Parks and Recreation, Fire, Police etc.



# Development Charges Study Process



# DC Policy Items

- A review of definitions in DC By-law is being completed
- Review of current non-statutory exemptions:
  - Gas station canopies
  - Industrial land uses
  - Cemeteries, mausoleums and columbariums
  - Single room occupancy units that are accommodated within existing buildings and/or structures including existing motels and/or hotels
  - Charitable institutions
  - Parking structures
  - Agricultural uses
  - Municipal housing projects
  - Affordable housing projects (receive funding from Niagara Regional Housing)
  - Designated exemption areas
- Rules with respect to redevelopment



# Local Service Guidelines

- What is a direct developer responsibility?
  - *A development charge by-law may not impose development charges with respect to local services*
- Project must be listed in the most current Niagara Falls DC Study
- Guidelines will provide clarity to what is considered to be a local developer responsibility
  - Roads (e.g. streetlights, active transportation, sidewalks)
  - Water/Wastewater
  - Stormwater Drainage
  - Parkland

# CBC By-law Refresh

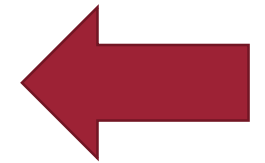
- Once the DC Capital Programs are confirmed and updated, we will review the current CBC Capital Program
- Dependent on the DC capital, changes may not need to be made to the CBC capital and associated by-law
- The current CBC rate is set at the **4% of land value cap**
  - **Cap it not expected to change as part of this study process**

# Key Steps in Passing a DC By-law

Task	Description
Release DC Background Study to the Public	<ul style="list-style-type: none"><li>• 60-days prior to by-law passage (including on website)</li></ul>
Advertise for Public Meeting	<ul style="list-style-type: none"><li>• 20-days notice</li></ul>
Release Proposed DC By-law	<ul style="list-style-type: none"><li>• 2 weeks before the Public Meeting (or sooner)</li></ul>
Hold Statutory Public Meeting	<ul style="list-style-type: none"><li>• Received submissions from the public and Council</li><li>• Amend proposed charges and by-law if warranted</li><li>• Determine if additional Public Meeting is required</li></ul>
DC By-law Passage	<ul style="list-style-type: none"><li>• Any changes brought forward for adoption</li></ul>
Notice of By-Law Passage	<ul style="list-style-type: none"><li>• 20-days after DC by-law passage</li></ul>
Appeal Period	<ul style="list-style-type: none"><li>• 40-days following DC by-law passage</li></ul>
DC Pamphlet	<ul style="list-style-type: none"><li>• 60-days after passage of DC by-law</li></ul>

# Proposed DC Study Timeline – Key Dates

Item	Date
Prepare Draft Development Forecast	July 2023
Complete Historical Service Levels and Interview Staff	July/August 2023
Prepare DC Capital Program	Draft Fall 2023 / Finalize Early 2024
Council Info Session	October 24 2023
Preliminary DC Rate Calculation	Late November 2023
Prepare Draft DC Background Study	February/March 2024
Finalize DC Rates with Engineering Inputs	Early March 2024
Release DC Background Study to Public	Late March 2024
Notice of Public Meeting	Late March 2024
Statutory Public Meeting	Mid April 2024
<b>By-law Passage</b>	<b>Late May/Early June 2024</b>
Notice of By-law Passage	Late May/Early June 2024
Appeal Period	July 2024



# Next Steps

- Additional Developer Industry Sessions will be held in **early 2024**
  - Review key study inputs and assumptions
- Draft Rates will be taken to Council **late February 2024**
- Statutory Public Meeting will be held **late April 2024**

# Questions?

# Contacts

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