

2014 Development Charges Study Policy Review

DC Exemptions Policy and CIP DC Grants

Strategic Priorities and Policy Committee

August 26, 2013



London
CANADA

Background

- Once DC Background Study complete and DC rates are calculated, a DC By-law is prepared to establish the rules for collecting development charges.
- Historically, the rules have provided for exemptions/discounts from the payment of development charges for specified forms of development:
 - Statutory exemptions (e.g., industrial building expansions up to 50%; municipal/school board buildings; and second units)
 - Exemptions for buildings that do not place perceptible demands on services (e.g., parking building/structure, non-residential farm building, etc.)
 - Exemptions/discounts to promote economic development or area re-development (e.g., industrial buildings, hospitals (50% CSRF), residential units in the Downtown and Old East Village, etc.)

Proposed Change of Approach

SAME EFFECT, CHANGING THE TOOL

Community Improvement Plans (CIPs)

- Incentives for community improvement
- Provide grant funding for DCs paid by desirable development (economic development/area re-development)

DC By-law

- Recovering growth costs
- Only exempting development that is mandatory (DC Act) or structures with no perceptible demand on growth infrastructure (e.g., parking structure)

Proposed Change of Approach

- “Outside of the statutory exemptions, Civic Administration believes that DC exemptions should only apply to forms of development that would not have been included in forecasted residential and non-residential growth, and/or forms of development that are not perceived to place any demands on new or existing servicing through their construction.”
- “By establishing a CIP to accomplish the effect of the former DC exemption, Council will gain a clear understanding of what the program seeks to accomplish, how it will operate, any limitations or horizons to the program, and the ability to evaluate the impacts of grants provided for DCs paid; Council will have greater control and flexibility with its subsidy programs.”

Benefits to the Proposed Approach

- Use of the appropriate tool
 - CIPs can provide coordinated strategy for incenting desirable development; DC By-law can focus on the recovery of growth costs
- Improved strategic approach to providing incentives
 - CIPs can provide improved coordination of incentives and
- Additional financial transparency
 - Council of its economic incentive programs will be gained with the new approach. law
- Enhanced monitoring and improved transparency
 - All CIPs will have reserve funds to make DC contributions as development occurs, rather than the “Capital Budget” approach of funding growth infrastructure projects
- Program evaluation opportunities and improved accountability
 - CIPs intended to be strategic documents that are evaluated to determine results and can provide a framework for how the evaluation is to occur

Staff Recommendation

- **DC Exemptions to be maintained for 2014 DC By-law**
 - Statutory exemptions (industrial buildings generally up to 50%; municipal/school board buildings; second units)
 - Parking building/structure
 - Non-residential farm building
 - Structures without water/sanitary facilities for seasonal use
 - Temporary garden suite as defined by the Planning Act
 - Temporary air supported/fabric clad structure operated by a non-profit for indoor recreational purposes

- **CIPs to be amended/prepared to provide grants for all of or a portion of DCs paid**
 - Residential units: Downtown Area, Old East Village Area, SoHo Area
 - Industrial: New industrial buildings and expansions not exempt by Statute
 - Institutional: Hospitals, universities, places of worship and not-for-profits exempt from taxation
 - Small business: Minor commercial expansion

Implementation Plan

Date/Committee	Report	Purpose
PEC November 26, 2013	Downtown/OEV/SoHo CIP Amendments	<ul style="list-style-type: none"> • Program alternatives • Parameters/measures
PEC December 10, 2013	Industrial CIP Initiation; Institutional CIP Initiation	<ul style="list-style-type: none"> • Program alternatives • Parameters/measures
PEC March, 2014	Draft Industrial CIP; Draft Institutional CIP	<ul style="list-style-type: none"> • Contents of CIPs • Receive public input
PEC May, 2014	Final Industrial CIP; Final Institutional CIP	<ul style="list-style-type: none"> • Approval of CIPs
SPPC May, 2014	DC By-law Public Meeting	<ul style="list-style-type: none"> • Contents of DC Background Study and By-law • Receive public input
SPPC July, 2014	Final DC By-law (if req'd)	<ul style="list-style-type: none"> • Approval of DC By-law
PEC September, 2014	Small Business CIP Initiation	<ul style="list-style-type: none"> • Program alternatives • Parameters/measures

Summary

- New approach to providing non-Statutory DC exemptions
- New approach involves defining program goals and criteria through a CIP (Planning to lead CIP processes)
- Benefits to administering exemptions through CIPs include greater control, accountability and transparency