



2021 Development Charge Study Update

Strategic Priorities and Policy Committee
July 14, 2020



Agenda

- Development Charges Refresher
- 2021 DC Study Update and Scope of Changes
- Proposed DC Rates and Municipal Comparators
- Timetable



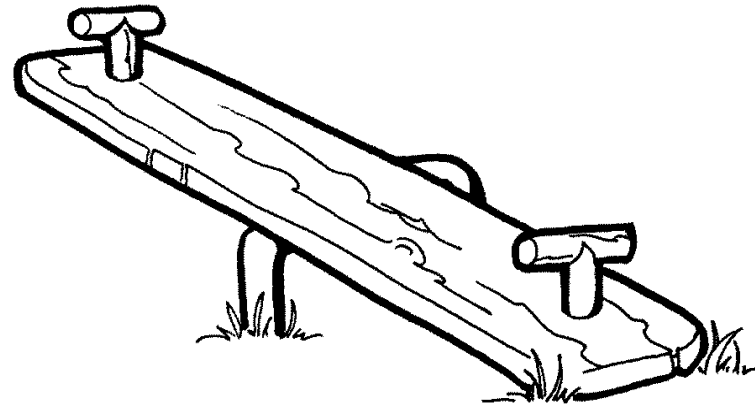
London
CANADA

DC Refresher

The DC Study Challenge

“Maximize new opportunities for growth”

“Minimize additional costs to homebuyers”

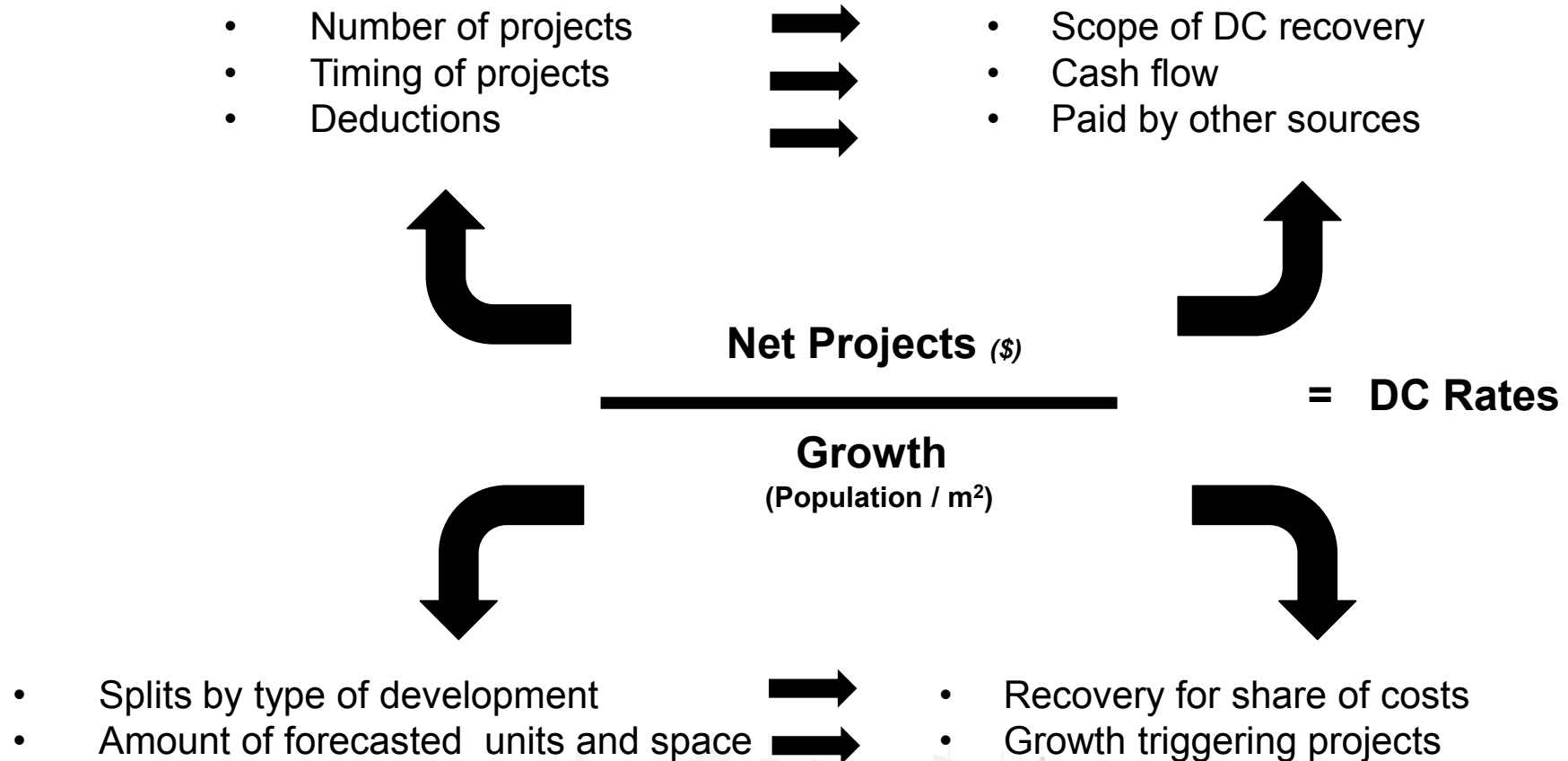


“Ensure sufficient recovery for the capital plan”

“Growth pays for growth”



DC Refresher Rate Calculations



The Need for a 2021 DC Study Update

- Bill 108, More Homes, More Choice Act has amended a number of different statutes, including the Development Charges Act (DCA)
- Certain portions of the Bill have been proclaimed and are in force and effect, while other sections are pending until they are proclaimed
- Details are now known regarding Federal/Provincial transportation funding
- In order to ensure alignment between the DC By-law DCA, a 2021 DC Background Study Update was undertaken
- Since the 2019 DC Study was recently completed and the recent changes to Bill 108, the 2021 DC Study Update was limited in scope
 - Primarily legislative changes to the DCA
 - A few adjustments that were deferred from the 2019 DC Study

Legislative Changes

Changes That Have Been Proclaimed and Are in Force and Effect

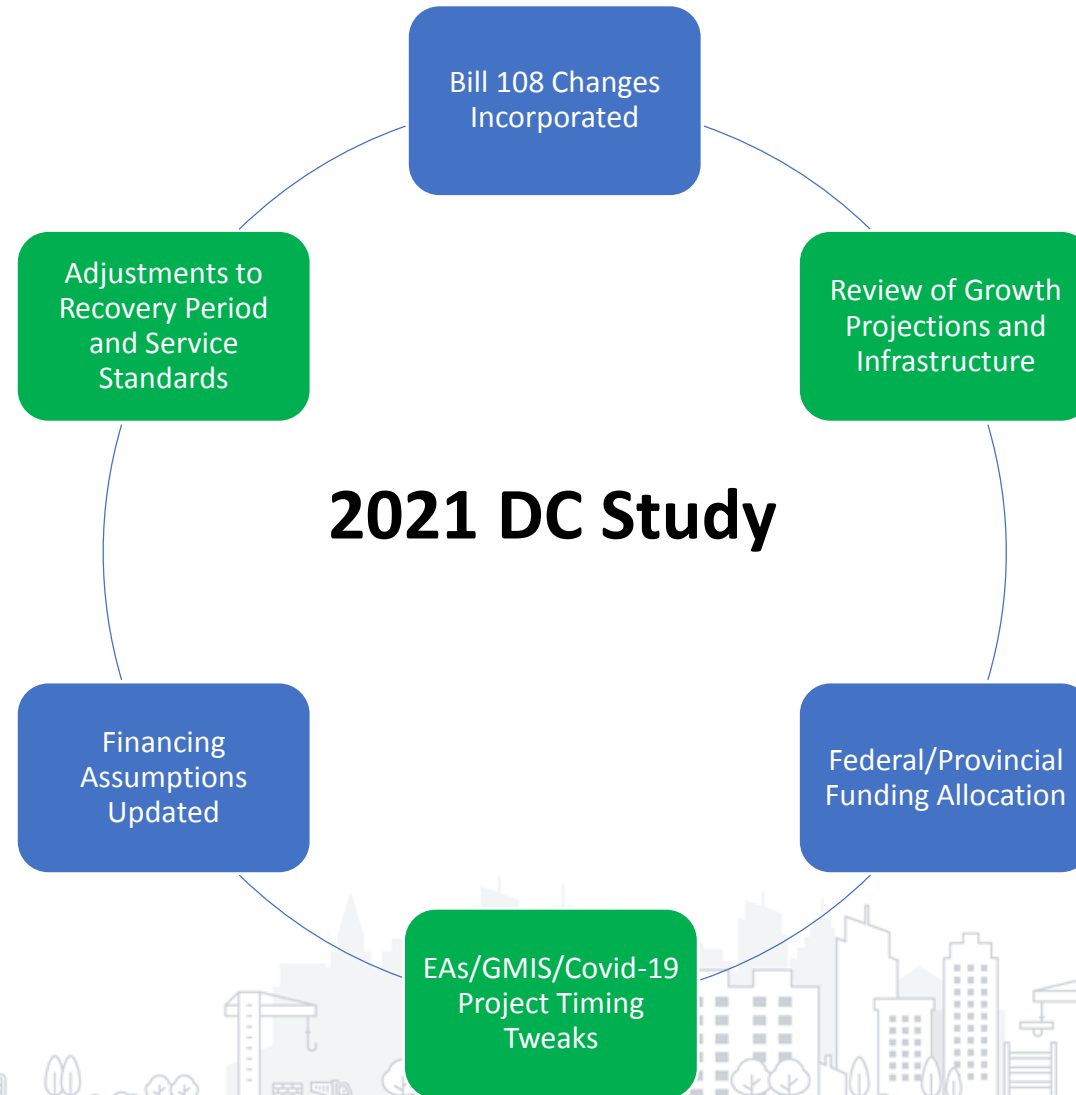
- ✓ DC rates are frozen at an earlier point in time (site plan/re-zoning/building permit)
- ✓ Interest will be charged from date of application to date DC is payable
- ✓ DCs will remain frozen until two years from the date the application is approved, after which will revert to time of permit issuance
- ✓ Deferred types of development (rental housing, non-profit housing, institutional buildings)

Legislative Changes

Sections Not Yet In Force And Effect

- Services For Which DCs Can Be Imposed:
 - Fundamental shift in how the DCA determines eligible versus ineligible services for DC recovery
 - The DCA now includes a list of those services that are deemed ineligible (versus listing only those services that are non-eligible)
 - For the City of London, the same capital costs collected for in the 2019 DC Study will continue to be collected for in the 2021 DC Study **(if proposed changes adopted by Province)**
- Removal of 10% Mandatory Deduction and Restriction of Planning Horizon:
 - The mandatory deduction and restricted planning horizon, that was applied to certain services, has been removed from the DCA
 - Draft 2021 DC Study includes Parks & Recreation and Libraries without 10% deduction **(based on proposed changes adopted by Province)**

2021 DC Study Methodology



Proposed DC Rates

Single & Semi Detached




Component	Current 2020 DC Rate	2021 Proposed DC Rate	Change
Hard Services	28,298	29,204	906
Soft Services	5,646	4,954	(692)
Total	33,944	34,158	214
			0.6%

Subject to rounding

The DCA requires that rates be indexed each year to ensure that rates are keeping pace with the cost of construction. By implementing a 2021 DC Study Update, indexing of the rate will not be required.

Proposed DC Rates

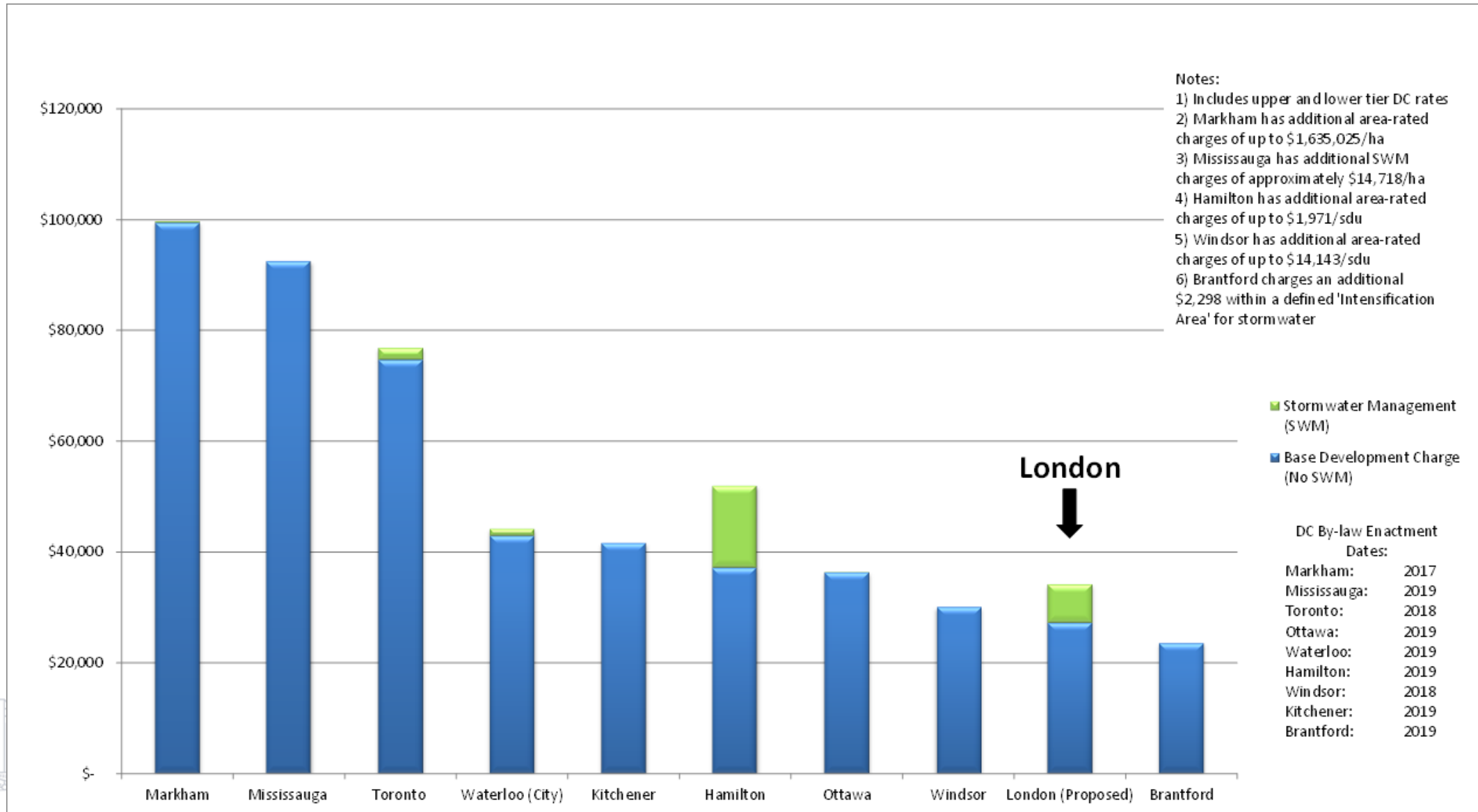
Non-Residential

	Component	Current 2020 DC Rate	2021 Proposed DC Rate	Change
	Commercial	285.54	289.34	3.80 / 1.3%
	Institutional	172.38	178.49	6.11 / 3.5%
	Industrial	211.19	206.26	(4.93) / (2.3%)

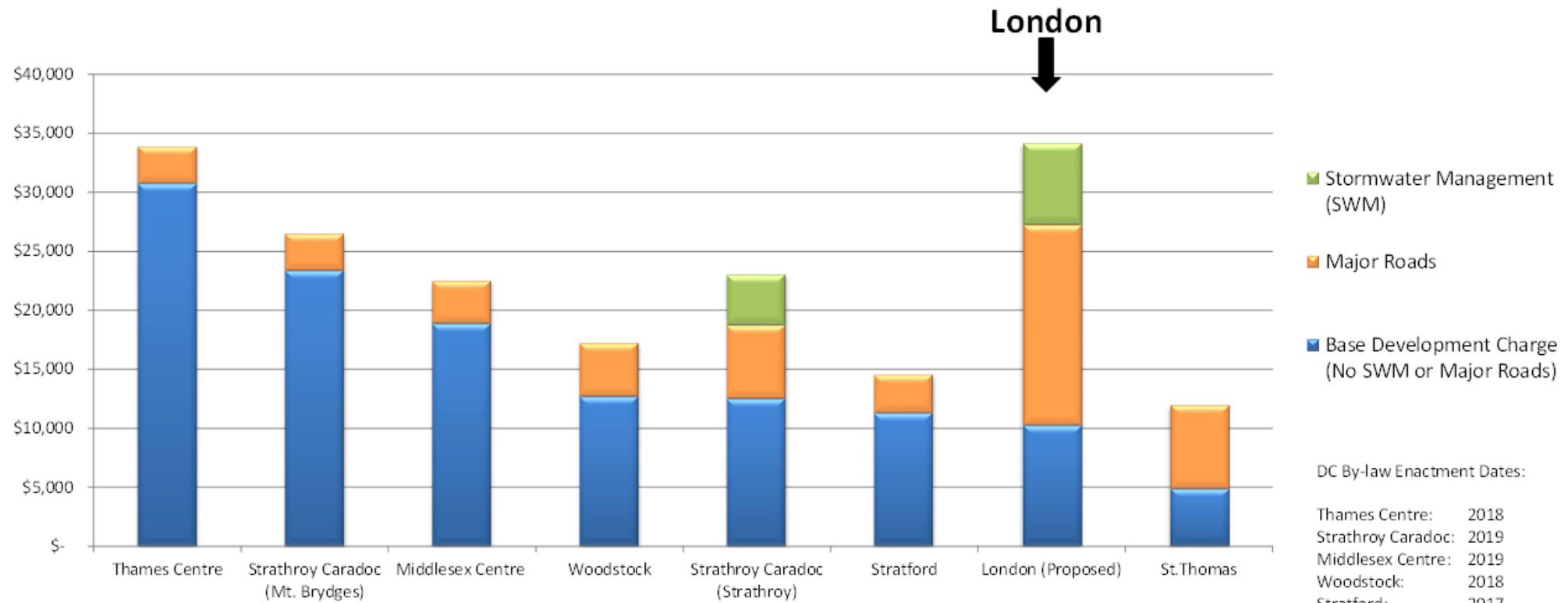
Subject to rounding



Municipal Comparators Single/Semi Detached Dwellings



Municipal Comparators Single/Semi Detached Dwellings



Notes:

- (1) Woodstock includes DC rates for Oxford County.
- (3) St. Thomas does not have a charge for water distribution.
- (4) St. Thomas has additional area-rated charges of up to \$2,014/sdu
- (5) Stratford has additional area-rated charges of up to \$2,699/sdu



2021 DC Update Timetable

DATE	ITEM / TOPIC
July 14, 2020	SPPC: DC Study Update / By-law Tabling and PPM
October 20, 2020	SPPC: Review / Deliberation
October 27, 2020	Council: Approval
January 1, 2021	Effective Date of By-law

Note: Finalization of Bill 108 legislation/regulations may result in amendments to the draft DC Study prior to approval.

- Eligible services (Parks and Recreation; Libraries)
- Removal of 10% statutory deduction



QUESTIONS?

