

# Statutory Public Meeting

# 2025 Development Charges Study & Community Benefits Charges Strategy



MUNICIPALITY OF CLARINGTON

Monday, April 7, 2025

*Clarington*

HEMSON

# Today we will discuss...

- Background and legislative requirements
- Development Charges (DC)
  - Development forecast
  - Capital programs
  - Proposed DC rates and bylaw policies
- Community Benefits Charges (CBC)
  - Capital program
  - Anticipate revenue
  - Proposed rate structure
- Timeline/Next Steps

# Purpose of Today's Meeting

- Provide an opportunity to make representation on the proposed 2025;
  - Development Charges Study and By-law
  - Community Benefits Charges Strategy and By-law
- **Statutory Public Meeting** required by Section 12 of the *Development Charges Act*
- **Public meeting** required for CBCs under section 37(10) of the *Planning Act*
- DC Background Study, CBC Strategy and corresponding by-laws made publicly available on **March 24, 2025**

# New Framework for “Growth-Related” Capital

## Development Charges Act: Development Charges

Used to fund initial round of capital infrastructure

Prescribed list of eligible services

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

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

# Development Charges

# DCA Statutory Exemptions and Other Requirements

## ▪ Statutory discounts/exemptions

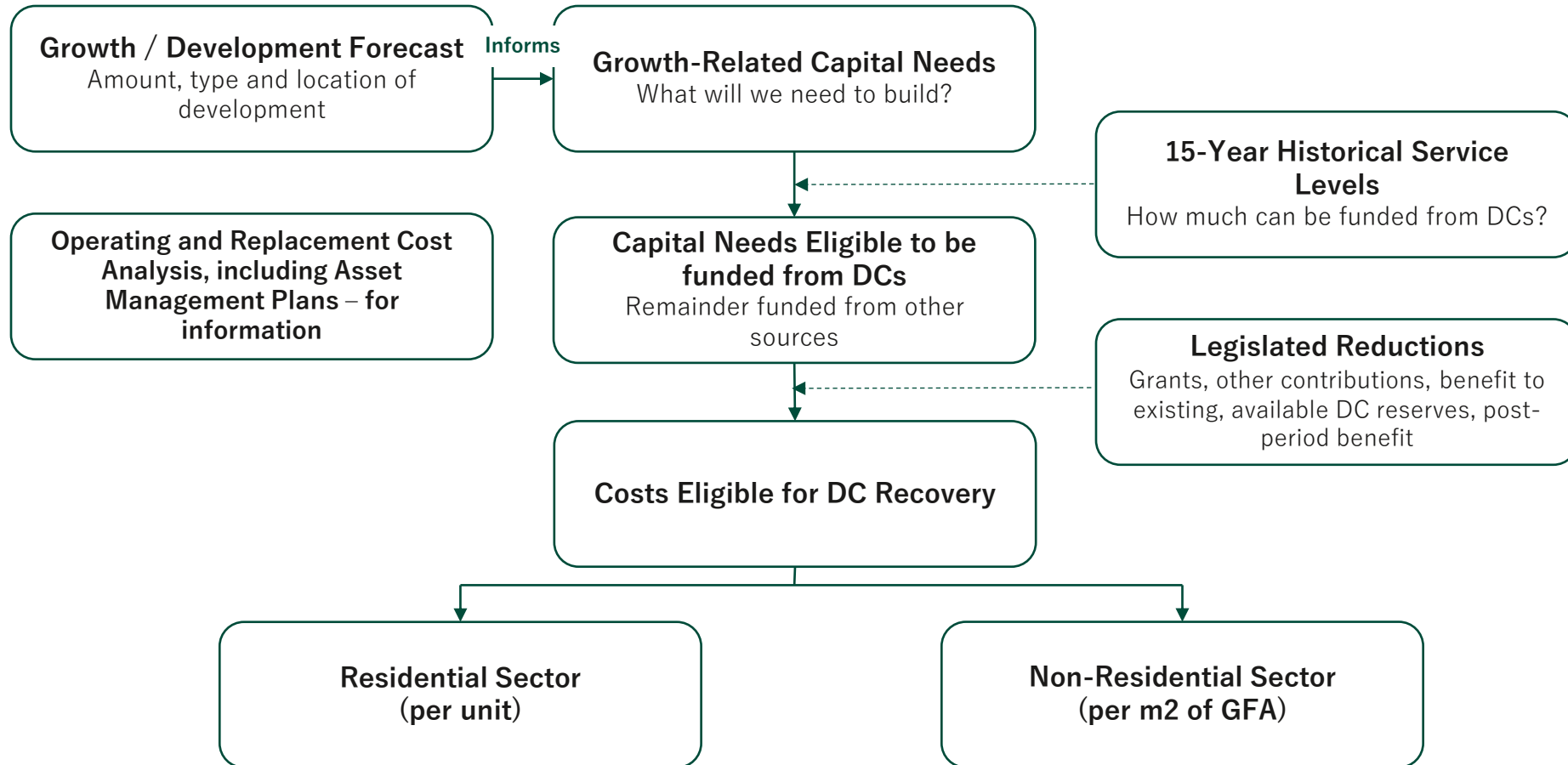
- Exemption for Affordable/Attainable housing
- Exemption for non-profit housing
- Discount for rental housing (based on number of units)
  - 25% - 3 bedrooms or more
  - 20% - 2 bedrooms 20%
  - 15% - 1 bedroom or less
- Exemption for additional residential units (new and existing units)
- Exemption for existing industrial (expansion up to 50%)
- Exemption for Municipal Boards and Boards of Education

## ▪ Other requirements

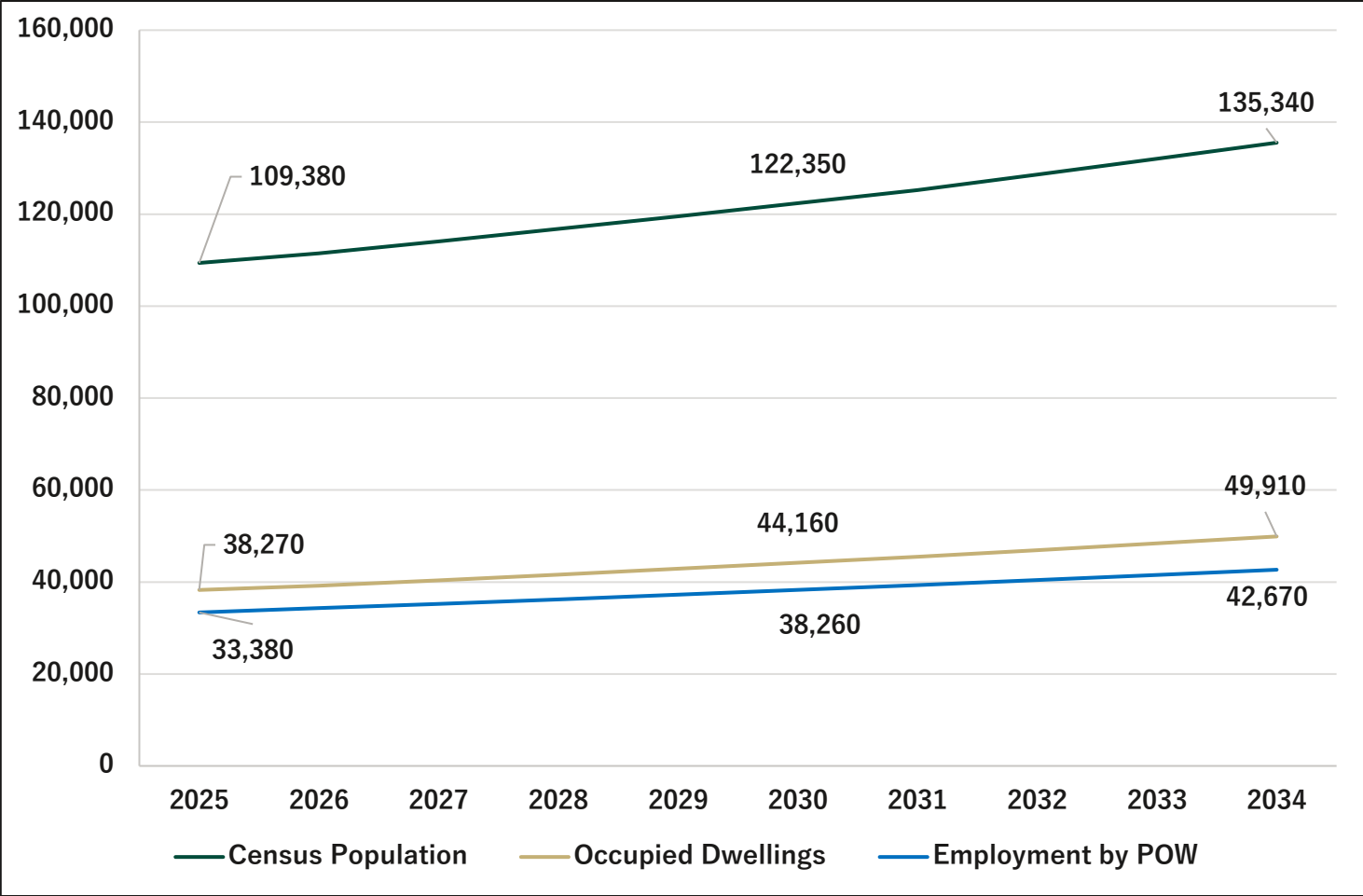
- DC By-law expires every 10-years
- Must commit or allocate 60% of DC reserve funds in a year for Water, Wastewater and Roads Services
- DCs frozen at site plan and/or rezoning (if applicable)
- Deferral payments for rental and institutional uses



# Development Charges Study Process



# Development Forecast to 2034



**Key assumptions:**

Based on achieving the Region's 2051 targets

Achieves Housing Pledge of 13,000 starts by 2031

For the purposes of the 2025 DCBS a 10-year planning horizon 2025-2034 is proposed.

7 Note: Census Population exclude Census undercoverage, Place of Work (POW) Employment, excludes work at home employment.



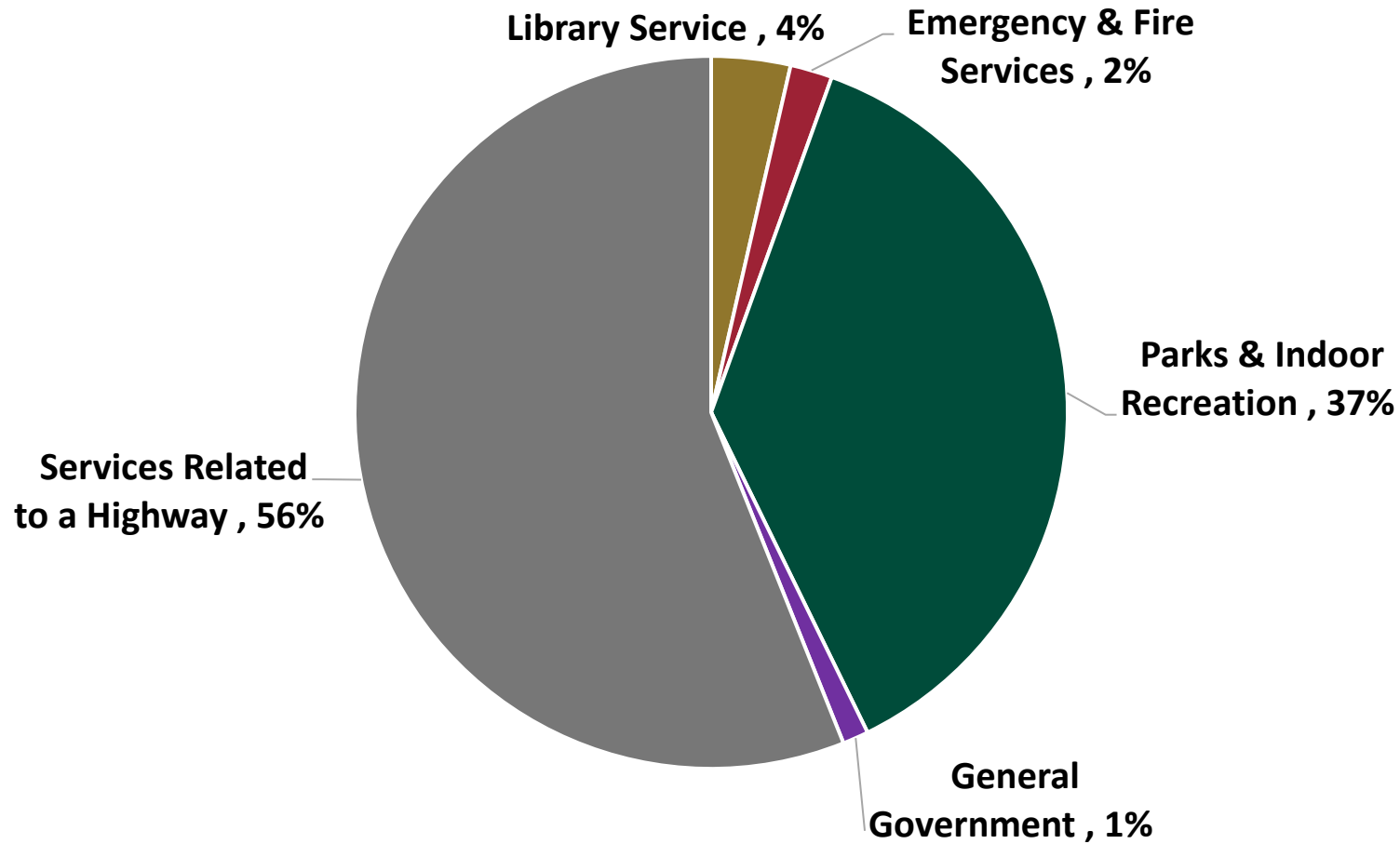


# Municipal-wide Capital Program (\$millions)

Services	Gross Costs	Grants/ Subsidies	Ineligible Shares	Available DC Reserves	DC Eligible Post-2035	DC Eligible 2025 - 2034
Library Services	\$46.12	\$0.00	\$0.00	\$1.81	\$28.08	\$16.24
Emergency & Fire Services	\$38.10	\$3.20	\$1.52	\$5.08	\$17.97	\$10.34
Parks & Indoor Recreation	\$310.44	\$0.00	\$2.44	\$4.08	\$155.52	\$148.41
General Government	\$10.37	\$0.00	\$2.10	\$0.21	\$0.97	\$7.09
Services Related to a Highway*	\$470.20	\$0.03	\$45.28	\$33.17	\$64.11	\$327.60
<b>Total (\$)</b>	<b>\$875.23</b>	<b>\$3.23</b>	<b>\$51.34</b>	<b>\$44.34</b>	<b>\$266.65</b>	<b>\$509.67</b>
<b>Total (%)</b>	<b>100%</b>	<b>0%</b>	<b>6%</b>	<b>5%</b>	<b>30%</b>	<b>58%</b>

\*Includes Operations and Roads & Related Services

# Calculated Residential DC Rates



DC Residential Rates
Singles & Semis <b>\$42,835</b>
Other Multiples <b>\$35,165</b>
Apartments 2 Bedrooms + <b>\$20,661</b>
Apartment Bachelor & 1 Bedroom <b>\$14,375</b>

# Comparison of Current vs. Draft Calculated Municipal-wide Residential Rates per Single-Detached

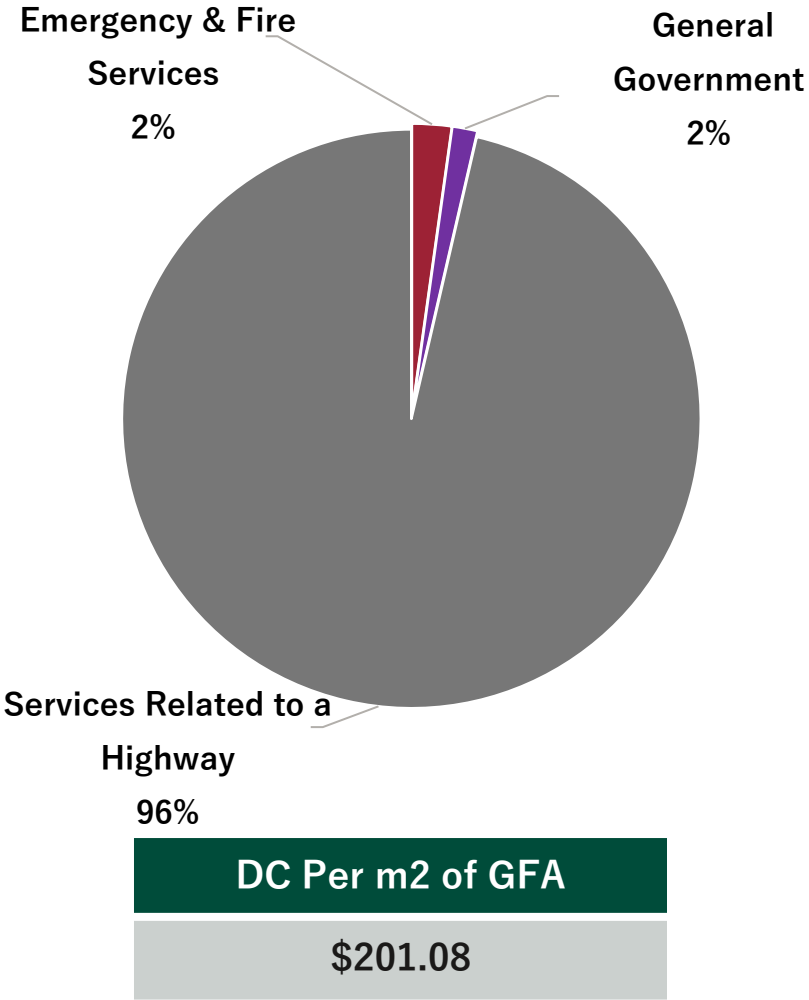
Service	Current Residential Charge / SDU <sup>1</sup>	Calculated Residential Charge / SDU	Difference in Charge	
Library Service	\$1,430	\$1,536	\$106	7%
Emergency & Fire Services	\$645	\$819	\$174	27%
Parks & Indoor Recreation	\$10,907	\$15,964	\$5,057	46%
General Government	\$449	\$505	\$56	12%
<b>Subtotal General Services</b>	<b>\$13,431</b>	<b>\$18,824</b>	<b>\$5,393</b>	<b>40%</b>
Services Related to a Highway (2)	\$17,055	\$24,011	\$6,956	41%
<b>TOTAL CHARGE PER UNIT</b>	<b>\$30,486</b>	<b>\$42,835</b>	<b>\$12,349</b>	<b>41%</b>

(1) Effective July 1, 2024 to June 30, 2025

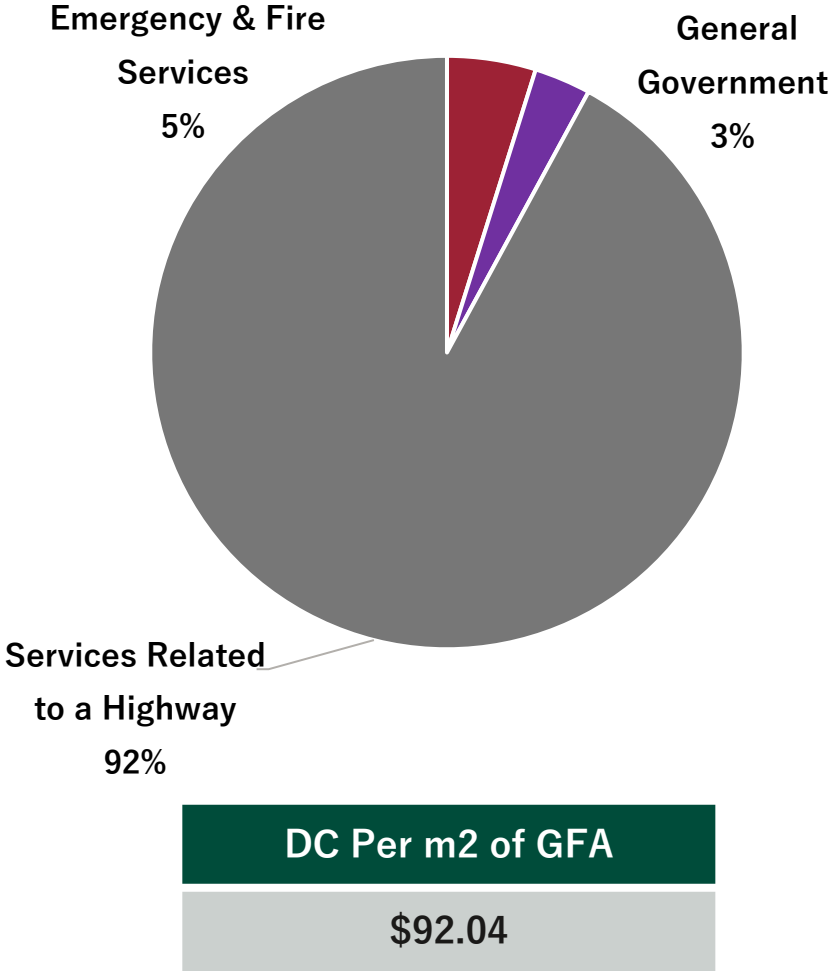
(2) Services Related to a Highway include Operations and Roads & Related infrastructure

# Calculated Non-Residential DC Rates

Non-Industrial DC Rate



Industrial DC Rate



# Comparison of Current vs. Calculated Municipal-wide Non-Residential Rates

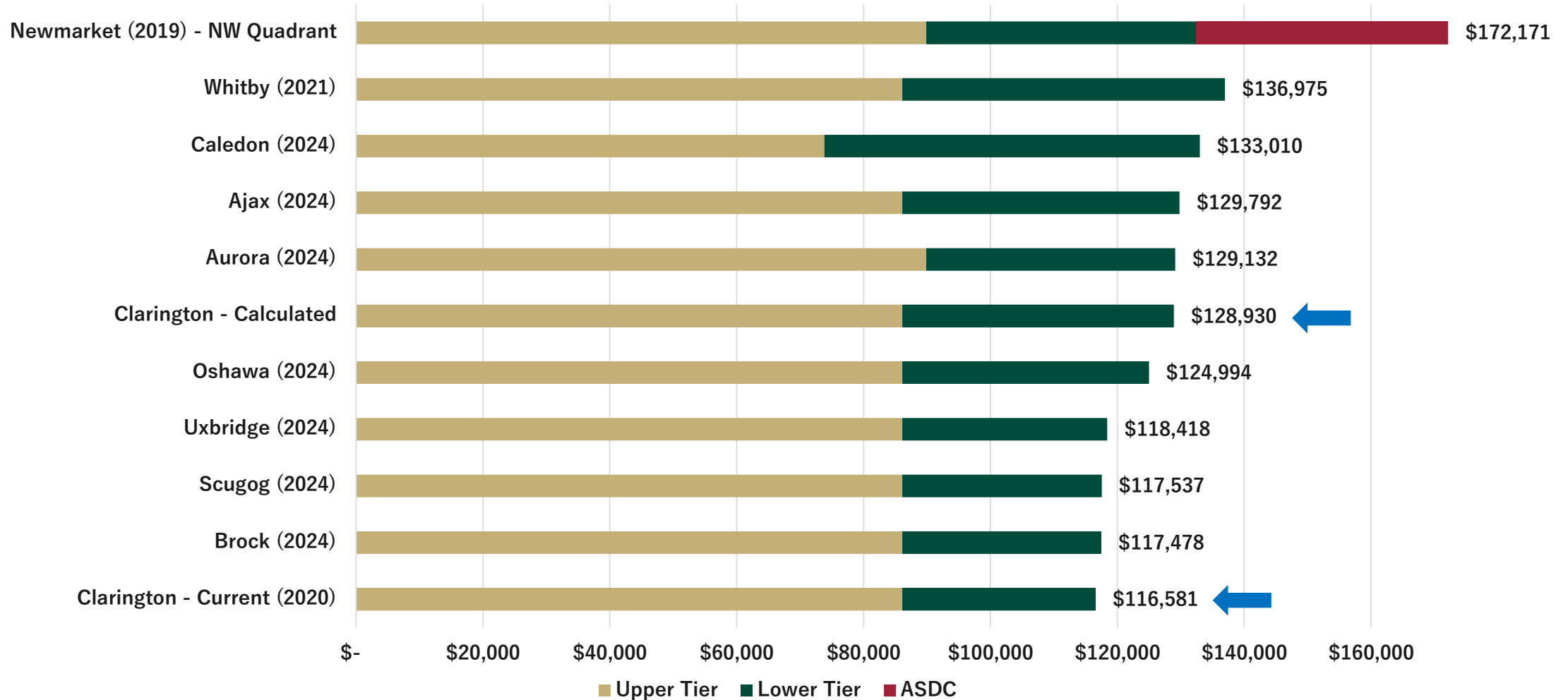
Service	Non-Industrial (\$/Square Metre)				Industrial (\$/Square Metre)			
	Current Non-Industrial Charge	Calculated Non-Industrial Charge	Difference in Charge		Current Industrial Charge	Calculated Industrial Charge	Difference in Charge	
Library Service	\$0.00	\$0.00	\$0.00	0%	\$0.00	\$0.00	\$0.00	0%
Emergency & Fire Services	\$3.48	\$4.45	\$0.97	28%	\$3.48	\$4.45	\$0.97	28%
Parks & Indoor Recreation	\$0.00	\$0.00	\$0.00	0%	\$0.00	\$0.00	\$0.00	0%
General Government	\$1.37	\$2.84	\$1.47	107%	\$1.37	\$2.84	\$1.47	107%
<b>Subtotal General Services</b>	<b>\$4.85</b>	<b>\$7.29</b>	<b>\$2.44</b>	<b>50%</b>	<b>\$4.85</b>	<b>\$7.29</b>	<b>\$2.44</b>	<b>50%</b>
Services Related to a Highway(1)	\$146.16	\$193.79	\$47.63	33%	\$47.22	\$84.75	\$37.53	79%
<b>TOTAL CHARGE PER SQUARE METRE</b>	<b>\$151.01</b>	<b>\$201.08</b>	<b>\$50.07</b>	<b>33%</b>	<b>\$52.07</b>	<b>\$92.04</b>	<b>\$39.97</b>	<b>77%</b>

(1) Services Related to a Highway include Operations and Roads & Related infrastructure

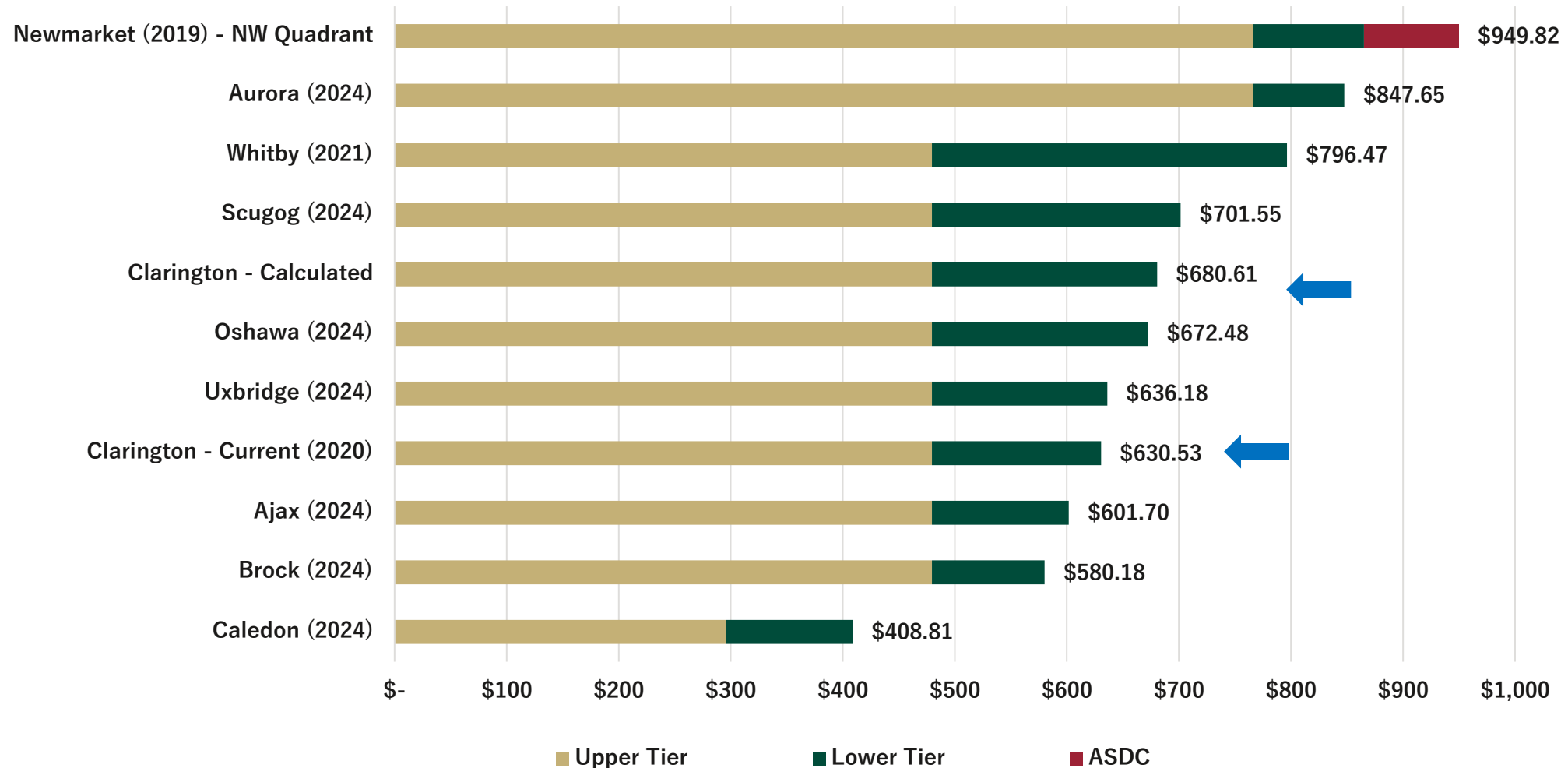
# Updates Since the General Government Committee Meeting (February 3, 2025)

- Draft DC rates have come down
  - **Residential:** 50% increase now 41% (single-detached units)
  - **Non-Industrial:** 54% increase now 33%
  - **Industrial:** 103% now 77% increase
- Reason for changes includes revised assumptions:
  - Historical inventories
  - Minor revisions to the growth forecast
  - Capital projects (added/removed)
  - Final reserve fund balances

# Residential Rate Comparison: Single/Semi-Detached - \$/unit

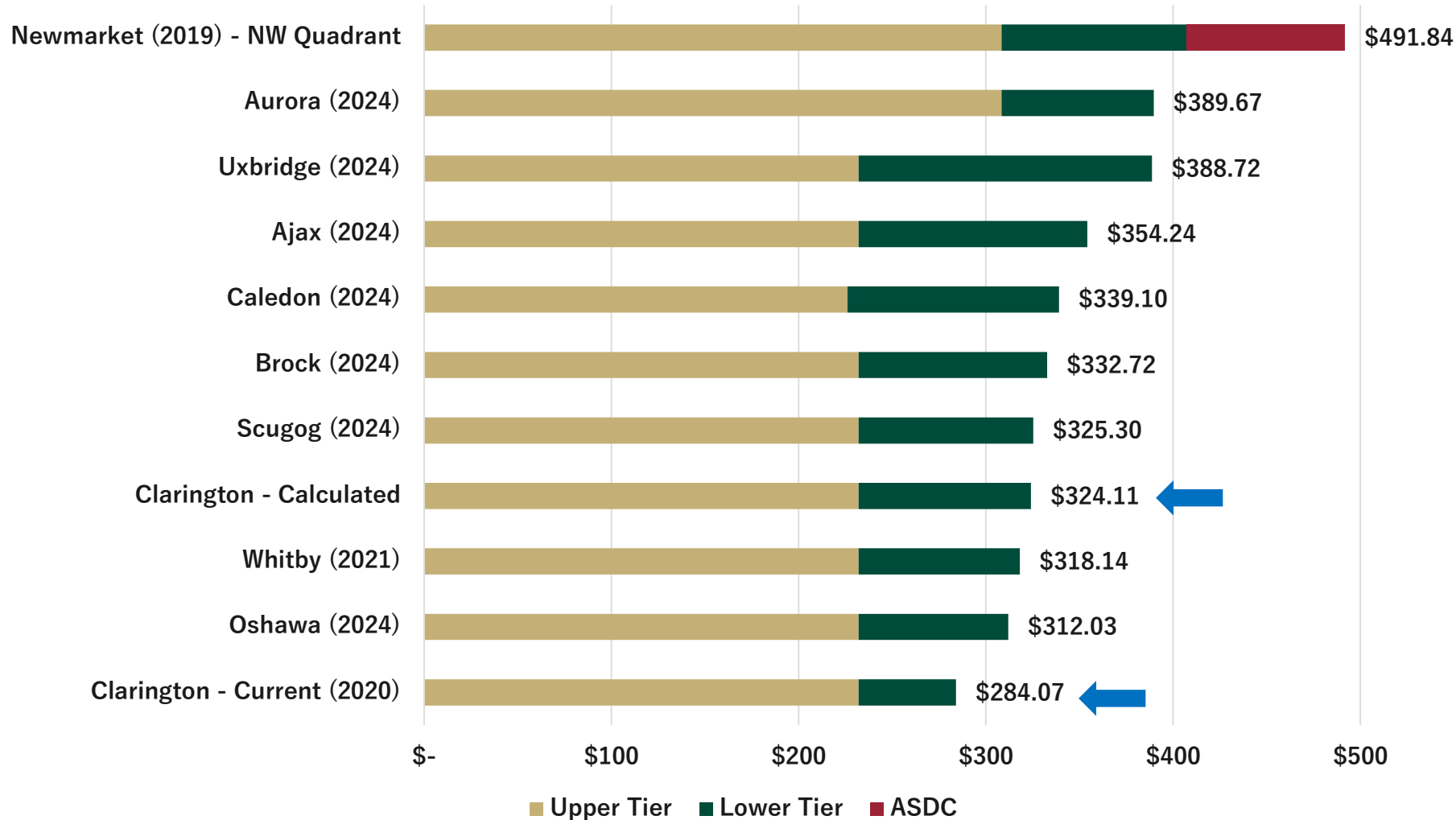


# Non-Residential Rate Comparison: Non-Industrial \$/m<sup>2</sup>





# Non-Residential Rate Comparison: Industrial \$/m<sup>2</sup>



**Current Exemptions in DC By-law:**

- If gross floor area of existing industrial building enlarged by 100% or less, no DCs charged
- 50% reduction for new industrial users

# Draft 2025 DC By-law: Policy Changes

- Minor modifications to **definitions**
- Alignment with **statutory exemptions and discounts** under the DCA (i.e., non-profit housing, rental housing, intensification)
- Added policy for **undetermined non-residential use** – options for paying DCs for non-residential building if the use is not known at the time of building permit issuance
- Propose reducing exemption from 100% to 50% for **existing industrial development**
- Propose removing legacy exemption for **Science Park and Energy Park**
- Discount removed for purpose built **rental housing development**

# Community Benefits Charges

# CBCs – Legislative Basics

- Replaces old section 37 under the *Planning Act*
- Only local or single-tier municipalities can charge
- Can only be levied against higher density development:
  - 5 or more storeys, AND
  - 10 or more residential units
- Requires a “strategy”
- Once CBC By-law is in force, it never expires but must be reviewed every 5-years
- Legislation does not prescribe CBC rate structure
  - **% of land value (most common)**
  - Per unit
  - Per square foot (gross floor area)
  - Per net developable hectare (land area)

Regulation sets cap at **4%** of land value the day before a building permit is issued



Land value should reflect zoning and density permissions

# CBC Capital Program (\$thousands)

Service	Gross Project Cost	Grants/Subsidies	Ineligible Shares	DC Funding	Other Funding	Total CBC Related Costs
Parking Services	\$500	\$0	\$0	\$0	\$478	\$22
CBC Administration	\$200	\$0	\$0	\$0	\$0	\$200
Climate Change Initiatives	\$2,800	\$0	\$325	\$0	\$2,336	\$139
Cemeteries	\$599	\$0	\$213	\$0	\$364	\$22
Public Art, Heritage & Culture	\$8,000	\$0	\$2,000	\$0	\$5,740	\$260
Affordable Housing	\$2,000	\$0	\$0	\$0	\$1,888	\$112
Parks & Recreation	\$88,750	\$0	\$0	\$18,406	\$66,391	\$3,953
Legislative Services	\$2,575	\$0	\$0	\$0	\$2,430	\$14
<b>Total (\$)</b>	<b>\$105,424</b>	<b>\$0</b>	<b>\$2,538</b>	<b>\$18,406</b>	<b>\$76,627</b>	<b>\$4,852</b>
<b>Total (%)</b>	<b>100%</b>	<b>0%</b>	<b>2%</b>	<b>17%</b>	<b>76%</b>	<b>5%</b>

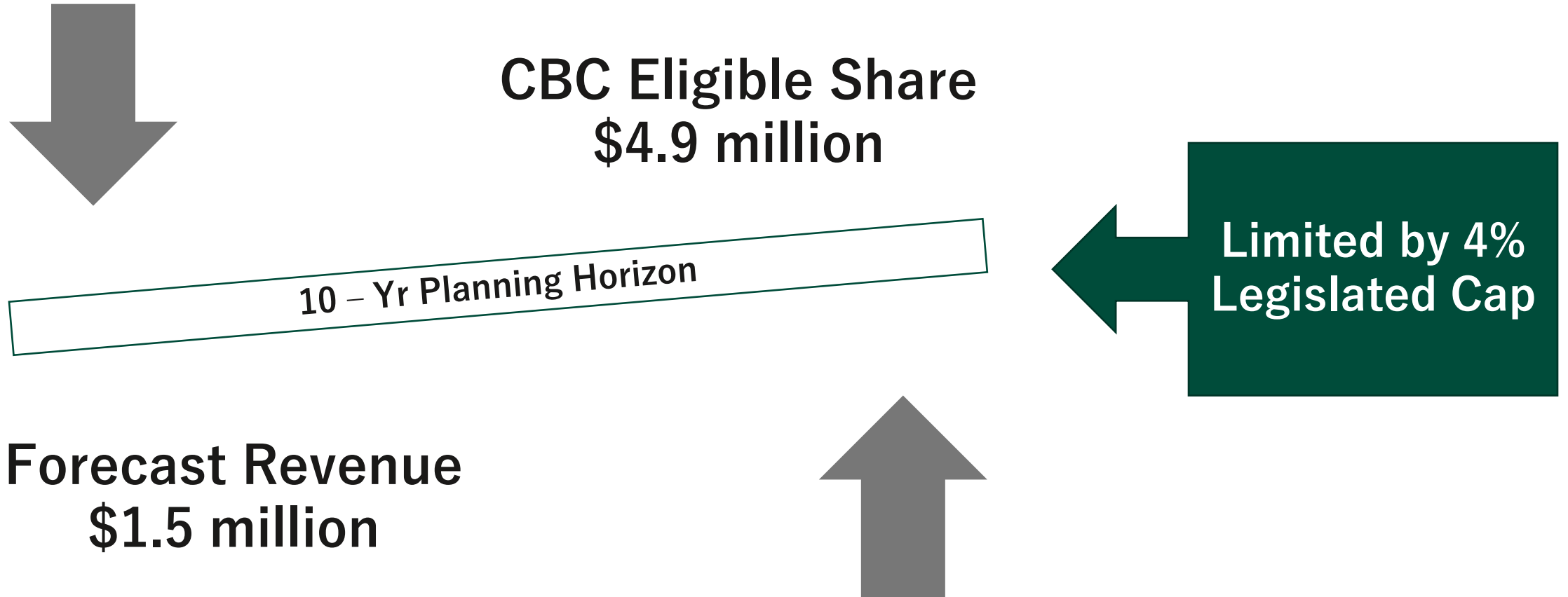
# Proposed CBC Rate is Maximum Permissible 4% of Land Value

Land Value Scenarios <sup>1</sup>	Land Value per Unit	Average CBC (4% Cap)	# of Units	Potential CBC Revenue <sup>2</sup>
Reference	\$28,000	\$1,120	356	\$398,500
Low	\$28,000	\$1,120	304	\$340,700
<b>High</b>	<b>\$28,000</b>	<b>\$1,120</b>	<b>1,315</b>	<b>\$1,472,600</b>

<sup>1</sup> Based on different CBC eligible unit growth scenarios

<sup>2</sup> Calculated by multiplying the 10-year growth by the average CBC per unit

# Revenue Forecast vs Capital Costs (2025 – 2034)



# What are Other Municipalities Doing?

Municipality	Unit Structure
<b>Clarington</b>	<b>4% of land value</b>
Ajax	4% of land value
Brampton	4% of land value
Burlington	\$488/ 2+ Bedroom Apt. \$362 / < 2 Bedroom Apt.
Fort Erie	4% of land value
Grimsby	4% of land value
Guelph	4% of land value
Halton Hills	4% of land value
Hamilton	4% of land value
Innisfil	\$1,200 / unit in Orbit Secondary Plan Area \$800 / unit outside the Orbit Secondary Plan Area
Markham	4% of land value
Newmarket	4% of land value
Niagara Falls	4% of land value
Oshawa	\$147 / 2+ Bedroom \$90 / Bachelor and 1 Bedroom
Pickering	\$1,070 / 2+ Bedroom Apt. \$657 / < 2 Bedroom Apt.
Richmond Hill	4% of land value
Toronto	4% of land value
Waterloo	4% of land value



# Timelines/Next Steps

Item - DC & CBC By-laws	Dates
Developer Consultation #1	January 7, 2025
General Committee Information Session	February 3, 2025
Developer Consultation #2	February 28, 2025
Release DC Study & CBC Strategy to Public (minimum of 60 days before DCBL passage)	March 24, 2025
<b>Statutory Public Meeting</b>	<b>April 7, 2025 (Today)</b>
DC & CBC By-law Passage	June 23, 2025
Notice of By-law Passage	July 11, 2025
Appeal Period	40 days after By-law passage

Current DC By-law expires  
January 19, 2026