

Memorandum

To	Kate Hyde
From	Daryl Abbs
Date	August 7, 2024
Re:	2024 Development Charges Amendments as per Bill 185

Fax Courier Mail Email

1. Introduction

The City of Cambridge currently imposes Development Charges (D.C.) via the following by-laws:

- 24-040 (Fire Protection Services);
- 24-041 (Library Services);
- 24-042 (Parks and Recreation Services);
- 24-043 (Facilities and Fleet);
- 24-044 (Services Related to a Highway);
- 24-045 (Stormwater Drainage and Control Services);
- 24-046 (Wastewater Services); and
- 24-047 (Water Services).

On April 10, 2024, the Province released proposed changes to the *Development Charges Act* (D.C.A.) via Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*. The Bill received Royal Assent on June 6, 2024. This Bill reversed many of the key changes that were implemented through Bill 23: *More Homes Built Faster Act*. As such, the purpose of this memo is to provide for updates to the D.C. by-laws to align with the D.C.A. as amended by Bill 185.

2. Legislative Background

The following section provides details on the revisions to the D.C.A. as a result of Bill 185.

Revised Definition of Capital Costs

Bill 185 reversed the capital cost amendments of Bill 23 by reinstating studies as an eligible capital cost. The following paragraphs were added to subsection 5(3) of the D.C.A.:



5. *Costs to undertake studies in connection with any of the matters referred to in paragraphs 1 to 4.*

6. *Costs of the development charge background study required under section 10.*

The amendment allows municipalities to fund studies, consistent with by-laws passed prior to Bill 23.

Removal of Mandatory Phase-in

Bill 23 required the phase-in of charges imposed in a D.C. by-law over a five-year term for any by-laws passed after January 1, 2022. Bill 185 removed this mandatory phase-in.

For site plan and zoning by-law amendment applications that were made prior to Bill 185 receiving Royal Assent, the charges payable will be the charges that were in place on the day the planning application was made (i.e., including the mandatory phase-in).

Process for Minor Amendments to D.C. By-laws

Section 19 of the D.C.A. requires that a municipality must follow sections 10 through 18 of the D.C.A. (with necessary modifications) when amending D.C. by-laws. Sections 10 through 18 of the D.C.A. generally requires the following:

- Completion of a D.C. background study, including the requirement to post the background study 60 days prior to passage of the D.C. by-law;
- Passage of a D.C. by-law within one year of the completion of the D.C. background study;
- A public meeting, including notice requirements; and
- The ability to appeal the by-law to the Ontario Land Tribunal.

Bill 185 allows municipalities to undertake minor amendments to D.C. by-laws for the following purposes without adherence to the requirements noted above (with the exception of the notice requirements):

1. To repeal a provision of the D.C. by-law specifying the date the by-law expires or to amend the provision to extend the expiry date (subject to the 10-year limitations provided in the D.C.A.);
2. To impose D.C.s for studies, including the D.C. background study; and
3. To remove the provisions related to the mandatory phase-in of D.C.s.

Minor amendments related to items 2 and 3 noted above may be undertaken only if the D.C. by-law being amended was passed after November 28, 2022, and before Bill 185 came into effect. Moreover, the amending by-law must be passed within six months of Bill 185 taking effect.



Notice requirements for these minor amending by-laws are similar to the typical notice requirements, with the exception of the requirement to identify the last day for appealing the by-law (as these provisions do not apply).

Reduction of D.C. Rate Freeze Timeframe

Changes to the D.C.A. in 2020 provided for the requirement to freeze D.C.s imposed on developments subject to a site plan and/or a zoning by-law amendment application. The D.C. rate for these developments is “frozen” at the rates that were in effect at the time the site plan and/or zoning by-law amendment application was submitted (subject to applicable interest). Once the application is approved by the municipality, if the date the D.C. is payable is more than two years from the approval date, the D.C. rate freeze would no longer apply. Bill 185 reduced the two-year timeframe to 18 months. Note, this change is not subject to the minor amendment provisions introduced and must follow the full D.C. by-law amendment process.

Modernizing Public Notice Requirements

The D.C.A. sets out the requirements for municipalities to give notice of public meetings and of by-law passage. These requirements are prescribed in sections 9 and 10 of O. Reg. 82/98 and include giving notice in a newspaper of sufficiently general circulation in the area to which the by-law would apply. The regulatory changes modernize the public notice requirements by allowing municipalities to provide notice on a municipal website if a local newspaper is not available. Note, this change is in effect as of July 1, 2024.

3. Changes to the Current D.C. By-laws

The City is undertaking a minor amendment to the current D.C. by-laws to add growth studies. In addition, a housekeeping amendment to remove the clause related to the mandatory phase-in is being undertaken for all by-laws.

It is noted that an amendment is not required related to the reduction of the D.C. rate freeze timeframe given that the timeframe noted in the by-law refers to the D.C.A. As such, this change has been in effect since Bill 185 received Royal Assent.

3.1 Addition of Growth Studies

The D.C.A. permits the inclusion of studies undertaken to facilitate the completion of the City’s capital works program. These studies have been included as a class of service referred to as Growth Studies, based on the eligible D.C. services to which the studies relate.

The City has identified approximately \$2.49 million of growth-related studies. These studies include various master plans, an official plan review, future D.C. Background Study updates, a Master Environmental Servicing Plan and a number of transportation assessments. Deductions to recognize benefit to non-D.C. eligible services have been



made to the Official Plan Review and the Sports Development & Tourism Strategic Plan in the amount of \$52,000. In addition, deductions for the share of the various studies that is anticipated to benefit the existing community have been made in the amount of \$664,900. As a result, \$1.78 million is included in the D.C. calculation (excluding the reserve fund adjustment).

As of December 31, 2022, the City had a reserve fund balance of \$2.01 million related to growth studies. A number of reserve fund commitments and 2023 funding transfers related to growth studies that are in progress have been identified as follows:

Table 3-1
City of Cambridge
Reserve Fund Commitments and Funding Transfers

Study	Reserve Fund Commitment/ 2023 Funding Transfers
A/00545-20 Development Charges Update (2022)	(\$165,442)
A/00861-20 Parkland Strategy	(\$204,600)
A/00862-20 Older Adult Strategy	(\$38,000)
A/01542-20 Cricket Feasibility Study	(\$5,000)
A/00785-20 Operations Facility Master Plan	(\$225,000)
A/01054-20 Official Plan Review (2023)	(\$259,200)
A/00738-20 Growth Management Study Update (2019)	(\$21,780)
A/00975-20 Stormwater Master Plan Update	(\$183,425)
A/01019-20 Intersection Assessment Study	(\$80,000)
A/01499-30 Hespeler Transportation Assessment (2024)	(\$75,000)
Total Reserve Fund Commitments/Funding Transfers from 2023	(\$1,257,447)

Based on the above, the below table provides for the adjusted reserve fund balance that has been deducted from the D.C. calculations:

Table 3-2
City of Cambridge
Adjusted Reserve Fund Balance

Ending Balance December 31, 2022	\$2,007,977
Less: Reserve Fund Commitments	(\$1,257,447)
Adjusted Reserve Fund Balance	\$750,530

Based on the net D.C.-recoverable costs of the studies of \$1.78 million and the deduction of \$750,530 to account for the existing reserve fund balance, \$1.03 million has been included in the D.C. calculation for growth studies.



The capital costs have been allocated 69% to residential development, and 31% to non-residential development based on the incremental growth in population to employment for the 10-year forecast period (2023 to 2032, consistent with the 2023 D.C. background study and by-law).

3.2 D.C. Calculation for Growth Studies

Based on the calculations provided herein, Growth Studies result in a D.C. of \$114 per residential single detached dwelling unit and \$0.04 per sq.ft. of non-residential gross floor area.

The Growth Studies capital sheet is presented in Table 3-3 and the D.C. calculations are provided in Tables 3-4 and 3-5.



**Table 3-3
City of Cambridge
Growth Studies Capital Costs**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Service to which the Study Relates to	Timing (year)	Gross Capital Cost Estimate (2023\$)	Post Period Benefit	Other Deductions (to recognize benefit to non-D.C. services)	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
	2023 to 2032										69%	31%
1	A/01499-30 Hespeler Transportation Assessment (2024)	Services Related to a Highway	2024	150,000	-		150,000	50,000		100,000	69,000	31,000
2	A/01500-30 Road Safety Strategy (2025)	Services Related to a Highway	2025	189,000	-		189,000	161,900		27,100	18,699	8,401
4	A/01016-20 Transportation Master Plan Update	Services Related to a Highway	2026	206,000	-		206,000	68,700		137,300	94,737	42,563
5	A/01017-20 Integrated Mobility Plan	Services Related to a Highway	2030	200,000	-		200,000	20,000		180,000	124,200	55,800
6	Master Environmental Servicing Plan (MESP) - new lands in North Cambridge.	Services Related to a Highway, Water, Storm, Wastewater	2025	150,000	-		150,000	-		150,000	103,500	46,500
7	A/01555-20 Sanitary Master Plan	Wastewater Services	2028	350,000	-		350,000	116,700		233,300	160,977	72,323
8	A/01556-20 Stormwater Master Plan	Stormwater Services	2026	350,000	-		350,000	116,700		233,300	160,977	72,323
9	A/00745-20 Development Charges Study	All D.C. Eligible Services	2027	130,000	-		130,000	-		130,000	89,700	40,300
10	A/01355-20 Development Charges Study	All D.C. Eligible Services	2032	130,000	-		130,000	-		130,000	89,700	40,300
11	A/XXXX-XX Library Facilities Master Plan	Library Services	2025	90,000	-		90,000	30,000		60,000	41,400	18,600
12	A/00631-20 Official Plan Review (2028)	All D.C. Eligible Services	2028	234,300	-	23,430	210,870	23,400		187,470	129,354	58,116
13	A/00865-21 Recreation Services Master Plan (2026)	Parks and Recreation Services	2026	200,000	-		200,000	20,000		180,000	124,200	55,800
14	A/01505-20 Sports Development & Tourism Strategic Plan	Parks and Recreation Services	2028	115,000	-	28,750	86,250	57,500		28,750	19,838	8,913
	Reserve Fund Adjustment							750,530		(750,530)	(517,866)	(232,664)
	Total			2,494,300	-	52,180	2,442,120	1,415,430	-	1,026,690	708,416	318,274



Table 3-4
City of Cambridge
Growth Studies D.C. Calculation

Service/ Class of Service D.C. Calculations	Residential	Non-residential
Growth Studies D.C. Eligible Costs	\$708,416	\$318,274
Population/G.F.A. Growth (sq.ft.)	23,702	8,168,500
Cost Per Capita/Non-Residential GFA (sq.ft.)	\$114	\$0.04

Table 3-5
City of Cambridge
Growth Studies D.C. Calculation – by Residential Unit Type

Residential Unit Type	Persons Per Unit	D.C. per Residential Unit
Single and Semi-Detached Dwelling	3.821	\$114
Other Multiples	2.555	\$76
Apartments - 2 Bedrooms or more	2.173	\$65
Apartments - Bachelor and 1 Bedroom	1.180	\$35
Special Care/Special Dwelling Units	1.100	\$33



Based on the changes noted above, the D.C. calculations have been revised to include growth studies. As a result, the total calculated City-wide development charge (single/semi-detached unit) for full services has increased from \$38,872 to \$38,986 (2023 \$). In regard to the non-residential charges, the total City-wide calculated development charge (per sq.ft.) for full-services has increased from \$8.64 to \$8.68 (2023 \$).

The summary below outlines the charges as calculated in the December 22, 2023 D.C. background study and the charges as amended.

Table 3-6
City of Cambridge
Rate Comparison – Residential (Single Detached)
2023\$

Service/Class of Service	2023 Charge Prior to By-law Passage	Calculated as per By-laws 24-040 through 04-047
City Wide Services/Classes:		
Services Related to a Highway	10,617	14,707
Public Works (Facilities and Fleet)	1,569	2,457
Fire Protection Services	460	1,365
Parks and Recreation Services	11,145	14,300
Library Services	1,705	1,604
Growth Studies	281	114
Total City Wide Services/Classes	25,777	34,547
Area Specific Services:		
Stormwater Drainage and Control Services	1,354	258
Wastewater Services	4,295	3,188
Water Services	761	993
Total Area Specific Services	6,410	4,439
Grand Total - Urban Area	32,187	38,986



Table 3-7
City of Cambridge
Rate Comparison – Non-Residential (per sq.ft.)
2023\$

Service/Class of Service	2023 Charge Prior to By-law Passage	Calculated as per By-laws 24-040 through 04-047
City Wide Services/Classes:		
Services Related to a Highway	3.84	5.02
Public Works (Facilities and Fleet)	0.57	0.84
Fire Protection Services	0.16	0.47
Parks and Recreation Services	0.43	0.57
Library Services	0.07	0.06
Growth Studies	0.08	0.04
Total City Wide Services/Classes	5.15	7.00
Area Specific Services:		
Stormwater Drainage and Control Services	0.47	0.20
Wastewater Services	1.54	1.13
Water Services	0.27	0.35
Total Area Specific Services	2.28	1.68
Grand Total - Urban Area	7.43	8.68

3.2.1 Amendments to the D.C. By-law

As a result of the above, By-law 24-044 will be amended as follows:

- Add growth studies as a class of service; and
- Revise Schedule A to include growth studies.

By-laws, 24-040, 24-041, 24-042, 24-043, 24-044, 24-045, 24-046, and 24-047 will be amended as follows:

- Repeal section 9.2 related to mandatory phase-in for housekeeping purposes.

The draft amending by-laws are included in Appendix A to this memo.



3.3 Recommendations

It is recommended that Council:

“Approve the memo dated August 7, 2024 RE: 2024 Development Charges Amendment as per Bill 185”; and

“Approve the amending D.C. by-laws as set out in Appendix A”.