



# Committee Report

<b>To:</b>	Warden McQueen and Members of Grey County Council
<b>Committee Date:</b>	September 10, 2020
<b>Subject / Report No:</b>	FR-CW-21-20
<b>Title:</b>	Proposed Changes to the County's Development Charges By-laws
<b>Prepared by:</b>	Randy Scherzer and Kevin Weppler
<b>Reviewed by:</b>	Kim Wingrove
<b>Lower Tier(s) Affected:</b>	All Municipalities
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW159-20; Endorsed by County Council September 24, 2020 per Resolution CC75-20;

## Recommendation

- 1. That the proposed changes to the County's Development Charges By-law be supported in principle as it relates to exempting purpose-built rental housing apartments, non-profit housing, and detached additional dwelling units to support the creation of more affordable housing; and**
- 2. That other proposed changes to the County's Development Charges also be supported in principle including:**
  - aligning with the recent changes made by the Province to the Development Charges Act**
  - supporting incentives related to municipal community improvement plans**
  - including criteria for considering future development charge deferrals**
  - considering development charge credits for qualifying redevelopment projects; and**
- 3. That staff be directed to provide notice of the proposed changes to the County's Development Charges By-laws in accordance with the County's**

**notice policy and the Development Charges Act and hold a public meeting on the proposed changes; and**

- 4. That following the review period, the revised development charge by-laws be brought forward for Council's consideration.**

## Executive Summary

The purpose of this report is to propose changes to the County's Development Charges (DC) By-laws to encourage more rental housing, non-profit housing, and detached additional dwelling units by exempting these developments from a County DC. Other proposed changes to the By-laws include alignment with the recent changes to the Development Charges Act, supporting incentives related to municipal CIP's and the County's CIP Program, and considering DC credits for qualifying redevelopment projects. The proposed changes to the DC By-laws align with the policy direction in Recolour Grey (County Official Plan) and align with direction previously provided by Council. Staff are recommending that Council proceed with the consultation process required by the DC Act in order to obtain feedback on the proposed changes. Following the public meeting and review period, staff will summarize the comments and bring back a final revised version of the DC By-laws for Council's consideration.

## Background and Discussion

There is an on-going need for more affordable housing throughout Grey County and more importantly purpose-built rental housing, non-profit housing, and additional secondary dwelling units. Through the Recolour Grey process, we heard from residents on numerous occasions about the need for more affordable housing and specifically the need for more rental housing. The current vacancy rate for rental housing is quite low. According to CMHC the combined average vacancy rate for Owen Sound, Meaford and West Grey in 2018 and 2019 was approximately 1.9%. This is below the 3 to 4% vacancy rate considered ideal for a healthy housing market. The average vacancy rate in Ontario was 2.0% in 2019. In other parts of Grey County, employers are indicating that their employees are finding it difficult to find affordable housing near their place of work. Newcomers to Grey County are also indicating that it is difficult to find housing options that are affordable.

Recolour Grey, the County's new Official Plan, was approved by the Province in June 2019. Recolour Grey includes a number of policies that will help to encourage more affordable housing throughout Grey County. Local municipalities are also updating their local official plans and zoning by-laws to remove any potential policy barriers to allow more affordable housing to occur.

The policies in Recolour Grey provided the basis for the creation of a Community Improvement (CIP) Program which was supported by Council in 2019. Staff are working with local municipalities to adopt local community improvement plans that would align with the County CIP program. The CIP program is designed to provide incentives for encouraging certain types of development, such as affordable housing, by providing incentives such as surplus land owned by either the County or the local municipality, reducing or waiving development application fees, as well as other incentives.

In order to provide some further incentives to encourage more affordable housing, Council supported in principle in 2019 to consider amending the County's Development Charges (DC) By-law to exempt purpose-built rental housing, non-profit housing, and detached additional dwelling units from a County DC. Other changes to the County's DC By-law were also supported in principle including aligning the By-laws with the Province's proposed changes to the DC Act. In December 2019, the Province proclaimed some of the changes to the DC Act and passed regulations which provided some further detail about how to administer these changes. In July 2020, the Province made further changes to the Development Charges Act as part of Bill 197, COVID-19 Economic Recovery Act. Some of the sections of the DC Act have not been proclaimed to date, nor have associated regulations been released, but based on the recent changes made staff believe that we have enough information in order to align the proposed changes to DC By-laws with some of the changes made under the DC Act. Staff are recommending that Council proceed with the consultation process as required by the DC Act and incorporate any further changes to the DC Act prior to Council passing the amendments to the By-laws.

To amend a development charges by-law a municipality must go through the same public process associated with enacting a development charges by-law including preparing a background study which outlines the purpose of the amendment and rationale for the amendment. A public meeting is also required, and notice must be provided at least 20 days prior to the meeting. The proposed by-law amendments and the background study must be made available to the public at least two weeks prior to the public meeting and the background study must be made available 60 days prior to Council passing the changes to the DC By-laws. Staff propose that the public meeting be held in October. Following the public meeting, staff will summarize the comments and bring back a final revised version of the DC By-laws for Council's consideration in November/early December.

The proposed amendment will result in certain types of residential developments paying lower or no development charges. Some of the amendments also relate to the changes made to the DC Act. The proposed amendments will not alter the growth forecasts or the development-related capital program established in the DC Background Study

completed in 2016. Based on this, the requirements of the DC Act related to a full background study do not apply to the amendments being proposed. However, this Report provides information regarding the purpose of the proposed amendments to the DC By-laws as well as the rationale for the amendments as required by the DC Act.

It is noted that the County will be undertaking a full background study exercise in 2021 as preparation to enact new DC by-laws, as the existing by-laws will reach their five-year expiry date in October 2021. The study process will provide a good opportunity to review the efficacy of the amendments set out in this report.

## Purpose and Rationale for the Proposed Amendments

The premise with development charges is that growth should pay for growth related costs so that these costs are not required to be paid by taxpayers. The Development Charges Act (DC Act) allows municipalities to exempt certain types of development from development charges. Certain types of development are already exempt under the County's current Development Charges By-laws (DC By-laws). For example, additional dwelling units constructed either within or attached to an existing residential unit are exempted from a development charge.

Based on the need for more affordable housing options as described earlier in this Report, the County is proposing to exempt purpose built rental housing units, non-profit housing units, and detached additional dwelling units from a County development charge. By exempting purpose built rental housing, non-profit housing, and additional dwelling units, it would allow developers to reduce their overall development costs which could make a rental project more viable and may allow developers/homeowners to proceed with rental projects earlier than originally anticipated. It would also free up capital costs which could be invested in more rental housing builds. If there were more rental housing options, some people may sell their existing homes and move into a rental unit to either downsize or to free up equity in their house which would free up more housing supply options.

The following is a summary of the proposed revisions to the County's Development Charges By-laws:

### **1. Exempting all new purpose-built rental units**

This exemption would apply to any rental housing units that are designed and built expressly for long-term accommodation and would include such housing types as rental apartments, rental townhouses or rental dormitory-style units.

This exemption would not apply to condominium units. In order to ensure that these developments stay as the intended use over a period of time, Staff are recommending that an agreement be entered into with the owner that would be

registered on title. Staff are proposing that we continue to monitor the overall average vacancy rate and if the rate returns to healthy levels (i.e. 3 to 4%) then Council could re-instate a DC for purpose-built rental apartment units as a future update to the DC By-law. A definition for purpose-built rental housing development has been included in the proposed amendments to the DC By-laws which aligns with the definition in Ontario Regulation 454/19 made under the DC Act (i.e. rental housing development means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises).

In terms of the potential loss of revenue from exempting purpose-built rental housing, there are four rental development projects that staff are aware over the past several years that have either been built or are currently under construction. These include a school conversion to rental apartments in Chatsworth, the on-going school conversion to apartments in Owen Sound, the new apartment building that is being constructed near the Bayshore Arena, and a proposed 8-unit rental apartment in Hanover. These rental developments have or will create a total of 125 rental units which equates to approximately 25 units each year on average over the past 5 years. This would equate to an approximate loss in revenue of just over \$100,000 per year on average. It should be noted that a deferral agreement for the school conversion apartments in Owen Sound was entered into between the County and the developer with the deferral agreement noting that should the DC rate be changed prior to occupancy of the first unit, that the DC rate at time of occupancy would be used to calculate the DC's. If rental housing were exempted in the County's DC By-law, there would be no DC's charged to this project which results in a loss of revenue of approximately \$280,000 (this has been factored into the average loss of revenue per year described above).

Staff hope that by providing an exemption to purpose built rental housing that more rental apartments will be constructed in order to fulfill the need for more rental housing across the County. This loss of revenue is considered minor if it will help result in more affordable/attainable rental housing being created.

**2. Exempting all residential housing developments constructed by non-profit organizations and/or development projects supported through funding provided by the County Housing Department or the National Housing Strategy.**

By exempting non-profit housing units or units that receive funding provided by the County Housing Department or funding through the National Housing Strategy, Staff hope this will result in more affordable housing being created

throughout the County. This exemption could include housing built by Habitat for Humanity, Community Living, the Owen Sound Municipal Non-Profit Housing Corporation, The Blue Mountains Attainable Housing Corporation, and other non-profit housing organizations. There have been some private residential developments that have received funding from the County in the past through the Investment in Affordable Housing (IAH) program (e.g. Durham project). Normally the County has provided a grant-in-lieu of development charges for projects that have received IAH funding. Instead of providing a grant-in-lieu of development charges, the proposed changes to the County's DC By-laws would exempt these developments from a County development charge. For developments that receive funding from the National Housing Strategy, these would also be exempt from a County DC. A definition for non-profit housing development has been included in the proposed DC by-law changes which aligns with the definition in Ontario Regulation 454/19 made under the DC Act as outlined below:

- Non-profit housing development means development of a building or structure intended for use as residential premises by,
  - a) A corporation without share capital to which the Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing;
  - b) A corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under the Act and whose primary object is to provide housing;
  - c) A non-profit housing co-operative that is in good standing under the Co-operative Corporations Act.

In addition to the above definition for non-profit housing development under the Development Charges Act, the proposed definition for non-profit housing development also specifically identifies the Grey County and Owen Sound Housing Corporation, the Owen Sound Housing Corporation, The Blue Mountains Attainable Housing Corporation, as well as any other housing corporations that are initiated by the Province, the County and/or local municipalities. The definition also development built by housing providers that are managed by the County in its capacity as Service Manager under the Housing Services Act.

Over the past several years, there have been approximately 60 non-profit housings units that been constructed, which is approximately 12 units on average per year. Most of these units have either been apartments or other multiple residential units which if assuming 12 non-profit units on average per year would result in just over \$50,000 per year on average in lost revenue from DC's. Staff are aware of just over 100 units being proposed in the near future by non-profit

organizations. If non-profit housing were exempted, this would result in a loss of DC revenue of approximately \$450,000 to \$500,000 which would likely be spread over the next few years. Again, staff feel that this is a minor loss considering the overall benefits that are provided by having more affordable housing options for Grey County residents. Staff also hope that by non-profits saving on DC costs, that these savings can then be used to construct even more affordable housing units.

### 3. Exempt detached additional dwelling units.

The current County DC By-law exempts additional dwelling units that are within or attached to an existing dwelling. This proposed amendment would also exempt detached additional dwelling units on the same property where there is an existing single detached residential unit. For example, if a property owner wanted to construct a detached additional dwelling unit in their backyard as a 'laneway' housing unit or to construct a detached garage with an additional dwelling unit built above or attached to the garage, then a County development charge would not apply. This would align with the Province's recent changes to the Planning Act that requires municipalities to permit additional dwelling units both within, attached, and detached to an existing dwelling. Ontario Regulation 454/19 of the Act prescribes details for additional dwelling units for both existing residential units and new residential developments. The applicable sections to the DC Act have not been proclaimed to date, however County staff believe that the details provided in O. Reg 454/19 provides the intended direction that the Province will likely provide when it comes to exempting additional dwelling units for existing residential units and new residential developments. Below is a summary of the prescribed details for additional dwelling units under O. Reg 454/19:

#### Creation of Additional Dwelling Units - Existing Residential Buildings

Item	Name of Class of Existing Residential Building	Description of Class of Existing Residential Buildings	Maximum Number of Additional Dwelling Units	Restrictions
1.	Existing single detached dwellings	Existing residential buildings, each of which contains a single dwelling unit, that are not	Two	The total gross floor area of the additional dwelling unit or units must be less than or equal to the gross floor area of the

		attached to other buildings.		dwelling unit already in the building.
2.	Existing semi-detached dwellings or row-dwellings	Existing residential buildings, each of which contains a single dwelling unit, that have one or two vertical walls, but no other parts, attached to other buildings.	One	The gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the dwelling unit already in the building.
3.	Existing rental residential buildings	Existing residential rental buildings, each of which contains four or more dwelling units.	Greater of one and 1% of the existing units in the building	None
4.	Other existing residential buildings	An existing residential building not in another class of residential building described in this table.	One	The gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the smallest dwelling unit already in the building.

### **Creation of Additional Dwelling Units in New Residential Buildings**

Item	Name of Class of Proposed New Residential Buildings	Description of Class of Proposed New Residential Buildings	Restrictions
1.	Proposed new detached dwellings	Proposed new residential buildings that would not be attached to other buildings and that are permitted to contain a second dwelling unit, that being either of the two dwelling units, if the units have the same gross floor area, or the smaller of the dwelling units.	<p>The proposed new detached dwelling must only contain two dwelling units.</p> <p>The proposed new detached dwelling must be located on a parcel of land on which no other detached dwelling, semi-detached dwelling or row dwelling would be located.</p>



2.	Proposed new semi-detached dwellings or row dwellings	Proposed new residential buildings that would have one or two vertical walls, but no other parts, attached to other buildings and that are permitted to contain a second dwelling unit, that being either of the two dwelling units, if the units have the same gross floor area, or the smaller of the dwelling units.	<p>The proposed new semi-detached dwelling or row dwelling must only contain two dwelling units.</p> <p>The proposed new semi-detached dwelling or row dwelling must be located on a parcel of land on which no other detached dwelling, semi-detached dwelling or row dwelling would be located.</p>
3.	Proposed new residential buildings that would be ancillary to a proposed new detached dwelling, semi-detached dwelling or row dwelling	Proposed new residential buildings that would be ancillary to a proposed new detached dwelling, semi-detached dwelling or row dwelling and that are permitted to contain a single dwelling unit.	<p>The proposed new detached dwelling, semi-detached dwelling or row dwelling, to which the proposed new residential building would be ancillary, must only contain one dwelling unit.</p> <p>The gross floor area of the dwelling unit in the proposed new residential building must be equal to or less than the gross floor area of the detached dwelling, semi-detached dwelling or row dwelling to which the proposed new residential building is ancillary.</p>

In 2018, a total of 11 additional dwelling units were built throughout the County and a total of 14 additional/secondary dwelling units were built in 2019. It is not known whether these additional dwelling units were within, attached or detached to the existing dwelling. Based on the current exemption and the proposed exemption related to additional dwelling units, this resulted in a total loss of revenue of approximately \$75,000 to \$100,000 each year. This represents a relatively minor loss when compared to overall development charge revenue collected by the County.

#### 4. Development Charge Deferral Policy

Throughout the past few years, the County has accepted development charge deferral requests for several development projects with the premise that the projects were providing more affordable/attainable housing options (e.g. life-lease developments and a purpose-built rental conversion project). The proposed changes to the County's DC By-laws would include a reference to a deferral policy to be created which would outline criteria for when the County would consider entering into a DC deferral agreement. It is recommended that the DC Deferral Policy be a separate document to the DC By-law to allow Council to amend the policy without triggering an update to the DC By-law.

It should be noted that the Province's recent changes to the DC Act requires municipalities to defer development charges for purpose-built rental housing, non-profit housing and institutional developments. Based on the proposed exemptions for rental housing and non-profit housing, and based on the current County DC By-law not applying a charge to non-residential developments including institutional uses, the required deferrals under the updated DC Act would no longer be applicable to the County's Development Charges once the proposed changes to the DC By-laws have been approved. In order to consider other deferrals beyond the proposed exemptions or beyond the required deferrals in the updated DC Act, the following criteria is being proposed for considering future deferrals of development charges until time of occupancy:

- 1) Housing units that meet the Accessibility for Ontarian Disabilities Act standards. Any housing units that meet the AODA standards would be eligible for a County DC deferral until time of occupancy.
- 2) Other rental developments that would not be eligible for an exemption
- 3) Condo Apartments or Life Lease Developments

For developments that meet the deferral criteria identified in the policy, a deferral agreement would be required which would need to be registered on title. It is recommended that the Director of Corporate Services and the Director of Planning be delegated the ability to sign a deferral agreement that meets the criteria identified in the DC Deferral policy or for proposals that meet the intent of the Deferral Policy. If a DC deferral request is received that does not meet the criteria in the DC Deferral policy, Council could still consider the deferral request through a written request that would be brought forward for Council's consideration.

Council has the ability to charge interest on the funds deferred. Interest is normally charged in order to reflect the interest lost due to the funds not being in a reserve account. As per staff report FR-CW-19-20 regarding DC Deferral Interest, it is recommended that any DC Deferral Agreements use the DC

Interest Rate that has been applied to required DC Rate Freezes as per Section 26.2 of the DC Act. The interest rate applied to DC Rate Freezes was 3.5% which is an interest rate that is in line with the Canada's Prime Rate (also known as the prime lending rate that major banks charge), as well as the County's average indexing of development charge rate increases over the past 3 years (2018-2020). Staff recommend that Council apply the same interest rate as outlined in the Development Charge Interest Policy for consistency purposes. Staff would continue to monitor this interest rate and may recommend a change to the interest rate should we see a significant change to Canada's Prime Rate or the average indexing of development charge rates.

## **5. Redevelopment Credits**

The proposed changes to the County's DC By-law also include provisions for considering credits for redevelopment projects. For example, if a commercial building is being converted to residential units, a credit would be provided in the amount of what the commercial DC rate would have been if a County non-residential rate was applied to the commercial space and this would be discounted from the applicable residential charge. The calculated non-residential rate identified in the latest DC Background Study was \$33.93 per square metre in 2016. Using the index rates used between 2018 to 2020 to index the development charges, the 2020 non-residential indexed rate would be \$37.98 per square metre.

Here is an example of how the redevelopment credit would work, let's say that a development converted 500 square metres of commercial space into 6 condominium apartments. The total County DC charge for the 6 condo apartments would be \$26,082 based on 2020 DC rates. Based on the current structure of the County DC By-law a credit would not apply to the commercial space. If the proposed amendments were approved, a credit of \$18,990 would be provided for the commercial space based on the current indexed rate (500 square metres x \$37.98 per square metre for the calculated non-residential rate). This would mean that the developer would pay approximately \$9,000 for the 6-condominium apartment conversion project. If the credit for the commercial space exceeds the applicable residential charge, the County would not owe any funding back to the developer.

Although the County has never collected a non-residential charge in the past, this credit recognizes that there is at least a 'like-for-like' in the amount of services provided by the County for the current commercial use as it will be for the future residential use. Therefore, providing a credit for the existing commercial use appears to be a fair approach. In terms of actual building conversions that have

occurred from commercial space to residential space, County staff don't have an exact number but there have been a few conversions over the past several years. If a credit were to be applied, this will result in a slight reduction in DC revenue to be collected. We may also see more requests in the future to convert commercial space to residential space given that there is less demand for commercial space compared to an increasing demand in housing units and this has been further exacerbated by the pandemic.

## **6. Exempting Development Charges for Approved Community Improvement Plan Projects**

As noted earlier in the report, County Council supported a Community Improvement Plan (CIP) program in 2019. Local municipalities are working on either updates to their existing CIP's or working on adopting a new CIP. The CIP Program is designed to provide incentives for encouraging certain types of development. The CIP Program identifies 5 priority type developments which include:

- 1) Residential – to increase the attainable housing stock including secondary suites, multi-unit housing, rooming house developments, purpose built rental housing and apartment dormitory style developments.
- 2) Agricultural – to increase agricultural value-add, agri-tourism and facility improvement projects
- 3) Vacant/Brownfield – to promote the development, redevelopment and/or conversion of brownfield, vacant, and grey field properties
- 4) Downtown revitalization – downtown revitalization of store fronts, publicly-used frontages, and streetscapes; reduction of vacant storefronts and increased residential capacity.
- 5) Residential and Commercial – adaptive re-use of commercial, industrial and institutional buildings, support development of new commercial uses.

Staff are recommending that when a County DC charge applies to a development that has received a CIP grant or incentive through the local Community Improvement Plan that aligns with the County's CIP program, that these projects be exempted from a County DC. This would help to further encourage the five types of priority developments that County Council would like to see happen throughout Grey County by providing an additional incentive. This would also align with the recent changes made to the County's Fees and Services by-law to recognize that any fees and services (e.g. planning application fees) could also be waived/exempted or reduced in accordance with the CIP. It is too early to tell what revenue impact this would have; however, staff would monitor this as part of the overall CIP monitoring and report back to Council on an annual basis.

## 7. Amendments based on DC Act Changes

Bill 138, the Plan to Build Ontario Together Act, received royal assent on December 10<sup>th</sup>, 2019. Part of Bill 138 implemented amendments to the Development Charges (DC) Act beyond those passed in June 2019 by Bill 108, More Homes More Choices Act. Some of the changes made by Bill 108 and Bill 138 to the DC Act have been proclaimed whereas other changes to the DC Act have not been proclaimed to date.

The Province recently passed Bill 197 entitled the COVID-19 Economic Recovery Act. Bill 197 is an omnibus bill that proposes to make changes to a number of Acts including the DC Act. The following is an overview of the changes made to the DC Act through the various Bill's approved by the Province in the past year:

- Required DC Deferrals - The DC Act requires that DC's be paid in equal annual installments for three types of development: (1) rental housing; (2) institutional development; and (3) non-profit housing. The installments begin on the earlier of occupancy permit issuance or first occupancy. The following outlines the length of time for these installments and the total number of installments:
  - Rental and Institutional development – 5 years (6 payments in total); and
  - Non-profit housing – 20 years (21 payments in total)

The above does not apply to any DC's that became payable prior to January 1, 2020. If Council supports the proposed exemptions to rental housing and non-profit housing, then these DC deferral requirements would no longer be applicable. This would in turn save time and resources for both County and local municipal staff as we would no longer need to track or administer these deferral payments. In the interim, Council recently approved a DC Deferral Interest Rate of 0% for the required payment plans for these types of developments to align with the proposed changes to the DC By-laws.

- Development Charge Freeze – The DC Act includes a section which essentially 'freezes' the development charge rate for developments that submitted a site plan control application or zoning by-law amendment after January 1, 2020. The DC rate 'freezes' at:
  - The day of application for site plan control; or, if not applicable
  - The day of application for rezoning; or, if neither apply

- The day of building permit issuance (which is normally when the DC rates are calculated and when they are normally due).

If a development requires both a site plan and rezoning application, the later application is the date used for determining the DC. The freezing of the DC rates only apply for a total of 2 years from the date the site plan or rezoning application is submitted to when the building permit has been issued.

Municipalities can charge interest from the date of application to the date the DC is payable, up to a maximum prescribed interest rate. To date, the Province has indicated that they will not be setting a maximum interest rate and therefore municipalities can determine what the appropriate interest rate would be. As per Report FR-CW-19-20, the Interest Rate applied to DC Rate Freezes as approved by Council is 3.5%. This interest rate is in line with Canada's Prime Rate (also known as the prime lending rate that major banks charge), as well as the County's average indexing of development charge rate increases over the past 3 years (2018-2020). The proposed amendments to the County's DC By-laws reference the DC Freeze provisions in accordance with the DC Act and also identifies the recommended interest rate to be applied.

- Initially the Province was proposing to remove the ability to collect development charges for 'soft-services'. The Province has removed this proposed change and instead has identified a number of eligible services that municipalities can collect development charges for. The following is a list of the services that a municipality can apply a development charge for:
  - Water supply services, including distribution and treatment services
  - Wastewater services, including sewers and treatment services
  - Storm water drainage and control services
  - Services related to a highway as defined in subsection 1(1) of the Municipal Act
  - Electrical power services
  - Transit services
  - Waste diversion services
  - Policing services
  - Fire Protection Services
  - Ambulance Services

- Services provided by a board within the meaning of the Public Libraries Act
- Services related to long-term care
- Parks and recreation services, but not the acquisition of land for parks
- Services related to public health
- Child care and early years programs and services within the meaning of Part VI of the Child Care and Early Years Act, 2014 and any related services
- Housing services
- Services related to proceedings under the Provincial Offences Act, including by-law enforcement services and municipally administered court services
- Services related to emergency preparedness
- Services related to airports, but only in the Regional Municipality of Waterloo
- Additions services as prescribed

There are a number of new eligible services that have been added to the DC Act. It is recommended that these eligible services be reviewed in further detail as part of the next update to the County DC By-law which is scheduled to occur before the end of 2021.

- The DC Act also prescribed some further DC exemptions for additional dwelling units as well as the conversion of communal areas to residential units in rental buildings. Given the proposed amendments noted above that would exempt additional dwelling units as well as rental housing units, the proposed exemptions would align with the required exemptions under the updated DC Act.
- The DC Act will also now allow the County to combine services, including parts or portions of services or capital costs, into “classes” within a development charge by-law. Each class would be deemed to be a single service for the purposes of development charge reserve fund management. It is recommended that this be reviewed as part of the 5-year update to the County DC By-laws in 2021.
- Also important are transition rules that would extend the timeframe for municipalities to update their development charge by-laws from one year

to two years after the eligible service provisions come into force. This fits well with the County's plan to update its by-laws in 2021.

- Development Charge eligible services will no longer be subject to a 10% discount. The County can update its development charge by-laws to eliminate the 10% discount as soon as the new legislation comes into force. However, given the relevant provisions have not yet been proclaimed, it is proposed that this be addressed as part of the next 5-year update to the County DC By-laws in 2021.
- Changes have been made to the proposed Community Benefit Charges (CBC) under the Planning Act. Significantly for Grey County, only local municipalities or single-tier municipalities will now be able to implement a CBC. CBCs will only apply to developments of more than 5 storeys or 10 or more units. CBCs can include the costs of development charge eligible services or parkland, but those costs can only be recovered once.

The above represents a summary of the proposed amendments to the County's DC By-laws. These amendments are further outlined in the draft DC By-law Amendment attached to this Report. It should be noted that there may be revisions to the draft By-laws prior to the Public Meeting to address the overall mechanics on how these exemptions and deferrals are going to be administered. Should Committee support these amendments in principle, staff will post the proposed by-law changes along with this Report for review and comment on the County website. Staff will also email the proposed amendments to key stakeholders such as developers, consultants, local municipalities, and other agencies. Following the public meeting and review period, staff will summarize the comments and bring back a final revised version of the DC By-laws for Council's consideration.

## Legal and Legislated Requirements

Development Charges Act

## Financial and Resource Implications

Should Council support the proposed amendments to the County's DC By-laws, there will be a potential loss in anticipated DC revenue going forward for the period of the current DC background study. Staff have estimated that this could be approximately \$250,000 to \$300,000 on an average annual basis (as outlined in the table below), however noting that some of the proposed amendments are difficult to estimate the potential revenue loss. These amendments however align with the strategic objectives to encourage more affordable housing options throughout the County. Therefore, staff



are recommending that Council support these amendments in principle and to direct staff to move forward with the consultation process to receive comments and feedback.

<b>Proposed Change to the DC By-laws</b>	<b>Potential Average Annual Revenue Loss</b>
1. Exempting All new purpose-built rental units	Approximately \$100,000 on average per year
2. Exempting All Non-Profit Housing Developments and/or development projects supported through funding provided by the County Housing Department or the National Housing Strategy	Approximately \$50,000 on average per year
3. Exempt Detached Additional Dwelling Units along with the already exempted additional dwelling units exempted within or attached to an existing housing structure	Approximately \$75,000 to \$100,000 on average per year (for all additional dwelling units)
4. Development Charge Deferral Policy	No loss of revenue anticipated – just delayed revenue
5. Redevelopment Credits	Difficult to estimate as the County does not have data on how many non-residential to residential conversions have been completed over the past several years, however we anticipate this will be less than \$50,000 per year on average.
6. Exempting Development Charges for Approved Community Improvement Plan Projects	Difficult to estimate at this time. County staff will continue to monitor and can report back once there are more CIP projects that have been approved locally.
7. Amendments based on DC Act Changes	Don't anticipate any loss in revenue. In fact, staff anticipate there will be an increase in revenue following the 5-year update to the County DC By-laws given the additional services that the County can consider a development charge for as well as the removal of the 10% discount.
<b>Total Estimated Average Annual Revenue Loss</b>	<b>Approximately \$250,000 to \$300,000 annually</b>

## Administration Matters

Staff anticipate some changes to DC procedures in order to administer the new exemptions. To preserve the main purpose and intent of the exemptions for purpose built rental and non-profit housing, the County may require developers of prospective rental/non-profit housing to declare their intention, by way of signed declaration or

affidavit, to maintain the building for use as rental housing for a specified period of time. Formal legal agreements, securing the charge with a mortgage, and/or letters of credit may be required to ensure buildings remain as their intended use during that period.

## Relevant Consultation

- ☒ Internal (Finance, Planning, Housing, Transportation Services, Paramedic Services, Economic Development, etc.)
- ☒ External (Hemson (County's current DC Consultant), Local municipalities, developers, prescribed agencies and public as per Development Charges Act)

## Appendices and Attachments

[2016 Consolidated Development Charges Background Study](#)

[By-Law 4949-16 Establish Development Charges County-Wide Roads and Related](#)

[By-Law 4950-16 Establish Development Charges General Services](#)

Draft By-law to Amend By-law 4949-16 (Attached)

Draft By-law to Amend By-law 4950-16 (Attached)

Draft Development Charges Deferral Policy (Attached)

# Corporation of the County of Grey

## By-Law 50XX-20

Revisions to By-law 4949-16 being a By-law to Establish Development Charges for the County of Grey (County-Wide Roads and Related Charges)

WHEREAS Subsection 2(1) of the *Development Charges Act, 1997 (Act)* provides that the council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services arising from the development of the area to which the by-law applies;

AND WHEREAS the Council of the Corporation of the County of Grey (Council) enacted By-law 4949-16 on October 4, 2016 to impose such development charges within the County of Grey (By-law);

AND WHEREAS the Act permits municipalities to provide exemptions in respect of the payment of these development charges as well as make amendments to the By-law following a consultation process as prescribed in the Act;

AND WHEREAS Council considers it in the public interest to provide exemptions or deferrals in respect of the payment of development charges on lands used for certain purposes including rental housing, non-profit housing, detached additional dwelling units, developments that have been approved for an incentive through local community improvement plans, and redevelopment development charge credits, in order to encourage certain types of development throughout the County including, but not limited to, affordable housing;

AND WHEREAS the Province has recently amended the Development Charges Act and it is necessary to amend the By-law to align with some of the changes made to the Act;

AND WHEREAS Council have deemed it necessary by resolution 50XX-20 that staff proceed with amendments to the 2016 County-Wide Development Charges By-laws as per Staff Report FR-CW-21-20 which addresses the requirements for a scoped Development Charges Background Study;

AND WHEREAS Council held a public information meeting that was held in accordance with the Act on \_\_\_\_\_, 2020:

NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CORPORATION OF THE COUNTY OF GREY HEREBY ENACTS AS FOLLOWS:

1. That section 1 of By-law 4949-16 be amended by adding the following definitions:

- ‘Life-lease units means Life-lease developments are where a tenant can either lease a unit within a development or lease land within a development for either the life of the tenant(s) or a specified period of time. The tenant could either lease the unit, or own the unit and lease the land upon which the unit is located.’
- ‘Purpose built rental housing means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises. For greater clarity, this does not include condominium apartment units or life-lease units.’
- ‘Non-profit housing development means development of a building or structure intended for use as residential premise by,
  - a) A corporation without share capital to which the Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing;
  - b) A corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under the Act and whose primary object is to provide housing;
  - c) A non-profit housing co-operative that is in good standing under the Co-operative Corporations Act;
  - d) Any housing providers that are managed by the County in its capacity as a Service Manager under the Housing Services Act; or
  - e) The Grey County and Owen Sound Housing Corporation, the Owen Sound Housing Corporation, The Blue Mountains Attainable Housing Corporation, or any other housing corporation initiated by the Province, the County, and/or the local municipalities.’

2. That section 17 of By-law 4949-16 be deleted and replaced with the following:

Rules for Exemption Relating to the Creation of Additional Dwelling Units

17.0 This By-law does not apply with respect to approvals related to the residential development of land, buildings or structures that would have the affect only,

17.1 of permitting the enlargement of existing dwelling unit;

17.2 of creating a maximum of two additional dwelling units in, attached or detached to an existing single detached dwelling that is not attached to other buildings, where the total gross floor area of the additional dwelling unit or units is less than or equal to the gross floor area of the existing dwelling unit already in the building;

17.3 of creating a maximum of one additional dwelling unit within or attached to an existing semi-detached dwelling or row dwelling (each of which contains a single dwelling unit, that have one or two vertical walls, but no other parts, attached to the other buildings), where the total gross floor area of the additional dwelling unit is less than or equal to the gross floor area of the dwelling unit already in the building.

17.4 of creating the greater of one additional unit or 1% of the existing units in the building either within or attached to an existing rental residential building, each of which contains four or more existing dwelling units.

17.5 of creating a maximum of one additional dwelling unit within or attached to an existing residential building not in another class described in sections 17.2, 17.3 or 17.4, where the total gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the smallest dwelling unit already in the building.

17.6 of creating a maximum of two additional dwelling units either within, attached or detached to a proposed new single detached dwelling where the proposed new single detached dwelling would not be attached to other buildings and that are permitted to contain a second dwelling unit and/or have a detached second dwelling, that being either of the two dwelling units, if the units have the same gross floor area, or the smaller of the dwelling units. The proposed new detached dwelling must only contain two dwelling units. The proposed new detached dwelling must be located on a parcel of land on which no other detached dwelling, semi-detached dwelling or row dwelling would be located.

17.7 of creating a maximum of two additional dwelling units either within, attached or detached to a proposed new semi-detached dwelling or row dwelling where the proposed new residential buildings would have one or two vertical walls, but no other parts, attached to other buildings and that are permitted to contain a second dwelling unit or have a detached dwelling unit, that being either of the two dwelling units, if the units have the same gross floor area, or the smaller of the dwelling units. The proposed new semi-detached dwelling or row dwelling must only contain two dwelling units. The proposed new semi-detached dwelling or row dwelling must be located on a parcel of land on which no other detached dwelling, semi-detached dwelling or row dwelling would be located.

17.8 For greater clarity to section 17.6 and section 17.7, proposed new residential buildings that would be ancillary (e.g. detached structure) to a proposed new detached dwelling, semi-detached dwelling or row dwelling and that are permitted to contain a single dwelling unit are also exempt. The proposed new detached dwelling, semi-detached dwelling or row dwelling, to which the proposed new residential building would be ancillary, must only contain one dwelling unit. The gross floor area of the

dwelling unit in the proposed new residential building must be equal to or less than the gross floor area of the detached dwelling, semi-detached dwelling or row dwelling to which the proposed new residential building is ancillary.

3. That section 18 of By-law 4949-16, which identifies categories of uses that are exempted from the payment of development charges, be amended by adding the following uses:
  - 3.1 Section 18.9 purpose built rental housing subject to entering into an agreement to the satisfaction of the County;
  - 3.2 Section 18.10 non-profit housing
  - 3.3 Section 18.11 developments that are constructed by development companies that meet the criteria of developing affordable housing as determined by the County and the Province under the Housing Services Act or have received funding through the National Housing Strategy.
  - 3.4 Section 18.12 developments that are approved to receive a grant or other incentive through a local Community Improvement Plan that encourages one or more of the five priority types of development identified in the County's Community Improvement Plan program, subject to entering into an agreement to the satisfaction of the County.
4. That section 20.4 of By-law 4949-16 be amended by adding the following sentences at the end of the section:
  - 4.1 A redevelopment credit will be applied to the redevelopment of an existing non-residential building to a residential use by an amount calculated by multiplying \$33.93 per square metre (indexed to the current rate as per Section 14) by the Gross Floor Area of the non-residential building, or portion thereof, that has been or will be demolished or converted. Sections 20.2 and 20.3 would apply to the calculation of the redevelopment credit.'
5. That section 23 of By-law 4949-16 by adding a new subsection 23.1 to identify the interest to be applied to any development charge deferral or to the freezing of development charges:
  - 5.1 Section 23.1 The County shall charge interest on a development charge deferral or to the freezing of development charge rates as identified in Section 24.1 and Section 24.2 respectively of the By-law at a rate as identified in the Development Charge Interest Policy.
6. That Section 24 of By-law 4949-16 be amended by changing the heading of the section to 'Front Ending Agreements, Deferral Agreements, Payment Plans and Freezing of Development Charge Rates' and by adding the following subsections:

6.1 Section 24.1 The County may enter into Development Charge Deferral Agreements in accordance with Section 27(1) of the Development Charges Act as well as in accordance with the deferral policies of the County in effect at the time. The County is also required to apply equal deferral payment plans for certain types of developments in accordance with Section 26.1 of the Development Charges Act. Interest will be applied in accordance with Section 23.1 of this By-law and in accordance with the deferral policies of Council to any deferred development charge payments except for payment plans required by Section 26.1 of the Development Charge Act.

6.2 Section 24.2 Freezing of development charge rates may apply to a development in accordance with Section 26.2 of the Act. If a development meets the criteria for a freeze of the development charge rate as per the Act, interest will be applied to the 'frozen' rate which will be compounded annually in accordance with Section 23.1 of this By-law and in accordance with the deferral and interest rate policies of Council.

7. This by-law shall come into force and effect on the day the by-law is enacted and passed.

ENACTED AND PASSED this xx day of xx, 2020.

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WARDEN: Paul McQueen

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CLERK: Heather Morrison

# Corporation of the County of Grey

## By-Law 50XX-20

Revisions to By-law 4950-16 being a By-law to Establish Development Charges for the County of Grey (County-Wide General Services Charges)

WHEREAS Subsection 2(1) of the *Development Charges Act, 1997 (Act)* provides that the council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services arising from the development of the area to which the by-law applies;

AND WHEREAS the Act permits municipalities to provide exemptions in respect of the payment of these development charges as well as make amendments to the By-law following a consultation process as prescribed in the Act;

AND WHEREAS the Council of the Corporation of the County of Grey (Council) enacted By-law 4950-16 on October 4, 2016 to impose such development charges within the County of Grey (By-law);

AND WHEREAS the Council of the Corporation of the County of Grey (Council) considers it in the public interest to provide exemptions or deferrals in respect of the payment of development charges on lands used for certain purposes including rental housing, non-profit housing, detached additional dwelling units, developments that have been approved for an incentive through local community improvement plans, and redevelopment development charge credits, in order to encourage certain types of development throughout the County including, but not limited to, affordable housing;

AND WHEREAS the Province has recently amended the Development Charges Act and it is necessary to amend the By-law to align with the changes made to the Act;

AND WHEREAS Council have deemed it necessary by resolution 50XX-20 that staff proceed with amendments to the 2016 County-Wide Development Charges By-laws as per Staff Report FR-CW-XX-20 which addresses the requirements for a scoped Development Charges Background Study;

AND WHEREAS Council held a public information meeting that was held in accordance with the Act on \_\_\_\_\_, 2020:

NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CORPORATION OF THE COUNTY OF GREY HEREBY ENACTS THAT BY-LAW 4950-16 BE AMENDED AS FOLLOWS:



1. That section 1 of By-law 4950-16 be amended by adding the following definitions:

- 'Life-lease units means Life-lease developments are where a tenant can either lease a unit within a development or lease land within a development for either the life of the tenant(s) or a specified period of time. The tenant could either lease the unit, or own the unit and lease the land upon which the unit is located.'
- 'Purpose built rental housing means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises. For greater clarity, this does not include condominium apartment units or life-lease units.'
- 'Non-profit housing development means development of a building or structure intended for use as residential premise by,
  - a) A corporation without share capital to which the Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing;
  - b) A corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under the Act and whose primary object is to provide housing;
  - c) A non-profit housing co-operative that is in good standing under the Co-operative Corporations Act;
  - d) Any housing providers that are managed by the County in its capacity as a Service Manager under the Housing Services Act; or
  - e) The Grey County and Owen Sound Housing Corporation, the Owen Sound Housing Corporation, The Blue Mountains Attainable Housing Corporation, or any other housing corporation initiated by the Province, the County, and/or the local municipalities.'

2. That section 17 of By-law 4950-16 be deleted and replaced with the following:

#### Rules for Exemption Relating to the Creation of Additional Dwelling Units

17.0 This By-law does not apply with respect to approvals related to the residential development of land, buildings or structures that would have the affect only,

17.1 of permitting the enlargement of existing dwelling unit;

17.2 of creating a maximum of two additional dwelling units in, attached or detached to an existing single detached dwelling that is not attached to other buildings, where the total gross floor area of the additional dwelling unit or units is less than or equal to the gross floor area of the existing dwelling unit already in the building;

17.3 of creating a maximum of one additional dwelling unit within or attached to an existing semi-detached dwelling or row dwelling (each of which contains a single dwelling unit, that have one or two vertical walls, but no other parts, attached to the other buildings), where the total gross floor area of the additional dwelling unit is less than or equal to the gross floor area of the dwelling unit already in the building.

17.4 of creating the greater of one additional unit or 1% of the existing units in the building either within or attached to an existing rental residential building, each of which contains four or more existing dwelling units.

17.5 of creating a maximum of one additional dwelling unit within or attached to an existing residential building not in another class described in sections 17.2, 17.3 or 17.4, where the total gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the smallest dwelling unit already in the building.

17.6 of creating a maximum of two additional dwelling units either within, attached or detached to a proposed new single detached dwelling where the proposed new single detached dwelling would not be attached to other buildings and that are permitted to contain a second dwelling unit and/or have a detached second dwelling, that being either of the two dwelling units, if the units have the same gross floor area, or the smaller of the dwelling units. The proposed new detached dwelling must only contain two dwelling units. The proposed new detached dwelling must be located on a parcel of land on which no other detached dwelling, semi-detached dwelling or row dwelling would be located.

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17.8 For greater clarity to section 17.6 and section 17.7, proposed new residential buildings that would be ancillary (e.g. detached structure) to a proposed new detached dwelling, semi-detached dwelling or row dwelling and that are permitted to contain a single dwelling unit are also exempt. The proposed new detached dwelling, semi-detached dwelling or row dwelling, to which the proposed new residential building would be ancillary, must only contain one dwelling unit. The gross floor area of the dwelling unit in the proposed new residential building must be equal to or less than the gross floor area of the detached dwelling, semi-detached dwelling or row dwelling to which the proposed new residential building is ancillary.

3. That section 18 of By-law 4950-16, which identifies categories of uses that are exempted from the payment of development charges, be amended by adding the following uses:
  - 3.1 Section 18.9 purpose built rental housing subject to entering into an agreement to the satisfaction of the County;
  - 3.2 Section 18.10 non-profit housing
  - 3.3 Section 18.11 developments that are constructed by development companies that meet the criteria of developing affordable housing as determined by the County and the Province under the Housing Services Act or have received funding through the National Housing Strategy.
  - 3.4 Section 18.12 developments that are approved to receive a grant or other incentive through a local Community Improvement Plan that encourages one or more of the five priority types of development identified in the County's Community Improvement Plan program, subject to entering into an agreement to the satisfaction of the County.
4. That section 20.4 of By-law 4950-16 be amended by adding the following sentences at the end of the section:
  - 4.1 A redevelopment credit will be applied to the redevelopment of an existing non-residential building to a residential use by an amount calculated by multiplying \$33.93 per square metre (indexed to the current rate as per Section 14) by the Gross Floor Area of the non-residential building, or portion thereof, that has been or will be demolished or converted. Sections 20.2 and 20.3 would apply to the calculation of the redevelopment credit.'
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  - 5.1 Section 23.1 The County shall charge interest on a development charge deferral or to the freezing of development charge rates as identified in Section 24.1 and Section 24.2 respectively of the By-law at a rate as identified in the Development Charge Interest Policy.
6. That Section 24 of By-law 4950-16 be amended by changing the heading of the section to 'Front Ending Agreements, Deferral Agreements, Payment Plans and Freezing of Development Charge Rates' and by adding the following subsections:
  - 6.1 Section 24.1 The County may enter into Development Charge Deferral Agreements in accordance with Section 27(1) of the Development Charges Act as well as in accordance with the deferral policies of the County in effect at the time. The County is also required to apply equal deferral payment plans for certain types of developments in accordance with Section 26.1 of the Development Charges Act. Interest will be applied in accordance with Section

23.1 of this By-law and in accordance with the deferral policies of Council to any deferred development charge payments except for payment plans required by Section 26.1 of the Development Charge Act.

6.2 Section 24.2 Freezing of development charge rates may apply to a development in accordance with Section 26.2 of the Act. If a development meets the criteria for a freeze of the development charge rate as per the Act, interest will be applied to the 'frozen' rate which will be compounded annually in accordance with Section 23.1 of this By-law and in accordance with the deferral and interest rate policies of Council.

7. This by-law shall come into force and effect on the day the by-law is enacted and passed.

ENACTED AND PASSED this xx day of xx, 2020.

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WARDEN: Paul McQueen

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CLERK: Heather Morrison

# Corporate Policy

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## Development Charges Deferral Policy

**Approved by:** Council  
**By-laws:** 4949-16 and 4950-16  
**Replaces:** None  
**Section:**

**Policy:** X-XXX-XXX  
**Date Approved:** XXX, XX, 2020  
**Last Revision Date:**  
**Scheduled for Review by:** Dec. 31, 2021

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### Policy Statement

The Development Charge Deferral Policy establishes guidelines related to applications for, and the administration and issuance of, development charge deferrals to applicants.

### Purpose

This Policy will apply to all landowners, developers and/or builders who apply to the County of Grey for a deferral of development charges application to their proposed development or for equal deferral payments as required by the Development Charges Act. The Policy is intended to assist applicants to proceed with their proposed development and also assist in the provision of services that contribute to a strategic goal of the County, as set out in the County Official Plan (Recolour Grey) and in the County's Community Improvement Plan Program (e.g. affordable housing and accessible housing). An application for approval of a deferral request is required in accordance with this Policy unless a deferral meets the requirements as per Section 26.1 of the Development Charges Act.

### Scope

The County has, from time to time, approved applications for development charge deferral. The rationale for requesting a deferral has varied over the years, however, a set of principles can be developed from Council's previous approvals in order to streamline the deferral request process.

Development charges are calculated and collected on land and structures being developed in accordance with the Development Charges Act, and the County of Grey's Development Charges By-laws. The collection of development charges typically occurs at the issuance of a building permit. Section 27(1) of the Development Charges Act allows for the deferral of development charges beyond the timeline stipulated in the County of Grey's Development Charges By-laws.

The roles and responsibilities outlined in this Policy will be subject to the best practices of the corporation. If a development meets the eligibility criteria outlined in this Policy or meets the required provisions for a deferral outlined under the Development Charges Act, then a deferral agreement will be entered into and the Director of Corporate Services and Director of Planning can approve such agreements. A deferral request that does not meet the eligibility requirements outlined under this Policy would be subject to the approval of Council.

Council has approved in the past development charge deferral requests for several development projects that were providing more affordable/attainable housing options as well as developments that were providing housing units that met the accessibility standards of the Accessibility for Ontario Disabilities Act (AODA). These past approvals have helped to shape the eligibility requirements outlined in this Policy.

The Province also passed changes to the Development Charges Act that came into effect January 1, 2020 that requires municipalities to defer development charges for purpose-built rental housing, non-profit housing and institutional developments. The County's Development Charges By-laws currently only applies to residential development and wind turbines. The County's Development Charges By-laws also exempts rental housing and non-profit housing units (pending Council's approval). Therefore, the required deferrals under the updated Development Charges Act would not apply to the County's Development Charges (pending Council's approval).

In order to consider other deferrals beyond the proposed exemptions or beyond the required deferrals in the updated DC Act, this Policy identifies eligibility requirements for the deferral of development charges for other types of development.

1. Housing units that meet the Accessibility for Ontarian Disabilities Act standards. Any housing units that meet the AODA standards would be eligible for a County DC deferral until time of occupancy.
2. Other rental developments that would not be eligible for an exemption under the County's Development Charge By-laws.
3. Any new condominium apartment developments or life lease developments.

For developments that meet the deferral criteria identified in the policy, a deferral agreement would be required which would need to be registered on title. It is recommended that the Director of Corporate Services and the Director of Planning be delegated the ability to sign a deferral agreement that meets the criteria identified in the DC Deferral policy. If a DC deferral request is received that does not meet the criteria in the DC Deferral policy, Council could still consider these requests subject to Council's approval.

Council has the ability to charge interest on the funds deferred. Interest is normally charged in order to reflect the interest lost due to the funds not being in a reserve account. Interest rates will be charged in accordance with the County's Development Charges By-laws as well as in accordance with the Development Charges Interest Rate Policy.

## 1.0 Policy Statements

### 1.1 Eligibility Requirements

- a) Development charge deferrals may be available for the following:
  - i) Accessible Housing Units – housing units that will meet the Accessibility of Ontarians Disabilities Act (AODA) standards.
  - ii) Other residential rental developments that would not be eligible for an exemption as per the County's Development Charges By-laws
  - iii) Any new condominium apartments or life lease developments.

Condominium apartment buildings means development of a building or structure with four or more condominium dwelling units.

Life-lease developments are where a tenant can either lease a unit within a development or lease land within a development for either the life of the tenant(s) or a specified period of time. The tenant could either lease the unit, or own the unit and lease the land upon which the unit is located.
- b) Notwithstanding the above criteria, the Director of Corporate Services and the Director of Planning can approve other deferral requests that meet the general intent of the Development Charges Deferral Policy.
- c) Notwithstanding the above criteria, if there is a strategic and significant direct economic benefit to Grey County from the proposed development, the Director of Corporate Services and the Director of Planning can recommend a deferral of the development charges to Council.

Determination of the strategic and significant direct economic benefit is at the discretion of the Director of Corporate Services and the CAO.
- d) Applicants for a deferral of development charges must comply with all the conditions that are determined as necessary for development (e.g. Planning Act, etc.), agree to any other conditions imposed by the Director of Corporate Services on the deferral authorization and enter into an agreement with the County, which agreement shall be registered on title.

- e) The requirements outlined in this document are applicable to all DC Deferral applications received on or after the date that this Policy becomes effective. Deferrals previously granted will be 'grandfathered' under the terms and conditions under which they were approved.

## 1.2 Applicable Development Charge Rates

- a) In order to ensure that the County does not collect an amount less than the initial payment due, development charges deferred shall be payable in accordance with the deferral agreement executed with the County and shall be based on the rate in effect at the time of building permit issuance plus applicable interest compounded until time of payment. Payment of the deferred development charges and the interest rate applied to the deferral will be in accordance with the County's Development Charges Interest Rate Policy. Payment of the deferred development charges will be due upon the earlier of the following occurring:
  - i) Upon issuance of the first occupancy permit; or
  - ii) Upon occupancy of the first unit; or
  - iii) To a maximum of 5 years from building permit issuance
- b) For development charge deferrals required by the Development Charges Act, the interest rate will be in accordance with the County's Development Charges Interest Rate Policy.

## 1.3 Approval Authority

- a) Approval of a deferral shall be obtained prior to the normal trigger for an applicant paying development charges on the proposed development (e.g. prior to building permit being issued for commencement of construction)
- b) Notwithstanding the eligibility requirements outlined in this Policy, a deferral request may be refused by the Director of Corporate Services and Director of Planning if the net development charge reserve balance is in a deficit.
- c) For developments that meet the eligibility requirements in this Policy or the eligibility requirements under the Development Charges Act, the Director of Corporate Services and Director of Planning can approve the deferral request and execute the deferral agreement if:
  - i) The deferral request does not exceed \$2 million (at the time of the approval); and,
  - ii) The deferral does not exceed 5 years or in the case of required deferrals under the Development Charges Act the deferral period in accordance with the Act.

## 1.4 Security/Financial Obligations



- a) An applicant may need to secure the deferred development charge by way of a letter of credit or securing the charge with a mortgage, in an amount and form satisfactory to, and at the discretion of, the Director of Corporate Services. The letter of credit will be held until such time as the development charges are paid to the satisfaction of the County. The value of the letter of credit shall be based on the estimated development charges due over the term of the deferral (i.e. development charge rate at the time of building permit issuance plus applicable interest).
- b) The applicant may be required to include the estimated indexed development charges deferred in any vendor take back mortgage for the unit(s).
- c) If the DC's are not paid in full, the County can then draw against the letter of credit. Any remaining DC payment that is still owed to the County can then be applied to the property taxes by requesting to the local municipality that the amount be added to the property taxes.

#### 1.5 Terms and Conditions of Approval

- a) The Director of Corporate Services and Director of Planning may impose such additional terms and conditions in the deferral agreement as are reasonable, in his/her discretion.

#### 1.6 Applicable Process

- a) The applicant shall forward a complete application package to the director of Corporate Services or Director of Planning for a partial or full development charge deferral, a minimum of 60 days prior to the expected date of building permit issuance.
- b) A complete application shall include the following:
  - i) The reason/criteria for the deferral request;
  - ii) Evidence of compliance with the eligibility criteria as outlined in this Policy or the Development Charges Act;
  - iii) The legal description of the land being proposed for the development;
  - iv) The number and type of residential units; and
  - v) Any other additional materials as requested by the Finance Department.
- c) Subject to receipt of the application package, including any additional materials requested by staff, a review will be conducted by the Finance Department and Planning Department, and the Director of Corporate Services and Director of Planning will make a decision to approve or deny the deferral request in accordance with this Policy.

- i) If the request complies with the Policy and falls within the Director of Corporate Services and Director of Planning's approval authority, the Directors may approve the deferral, subject to the requirements of this Policy and any additional terms and conditions as deemed appropriate by the Directors;
  - ii) If the request does not comply with the Policy, the Directors will refuse the applicant and advise the applicant accordingly;
  - iii) If the request falls outside of the Policy criteria but the rationale provided by the applicant is on that merits further consideration, staff will prepare a report to Council with an appropriate recommendation.
- d) Deferral Agreement – if the deferral request is approved, an agreement will be prepared to include the terms and conditions required by the Director of Corporate Services and the Director of Planning and to secure payment of the deferred charges
- e) In the event that a building permit is ready for issuance for an applicant that qualifies for a deferral, but the deferral agreement is not executed and/or registered on title to the land, the applicant will be required to pay the development charges in full or secure the payment with letters of credit. Subsequent to the execution of the deferral agreement and its registration on title, the County will refund the amount of the development charges deferred that were paid or release the letter of credit for the deferred amount to the applicant, without interest.

## 2.0 Roles and Responsibilities

### 2.1 Finance Department and Planning Department

- a) Future updates to this Policy.
- b) Determining whether a request meets the deferral criteria.
- c) Notifying the local municipality when a deferral request has been approved and providing the local municipality with a copy of the deferral agreement which will outline the payment plan and when payments are due.
- d) Assisting local municipalities with the calculation of the development charges due on the proposed development should any questions arise.
- e) Requesting Council approval for DC Deferrals that do not comply with the Policy or that are refused and appealed.
- f) Ensuring the preparation of the deferral agreement in conjunction with the Clerks Department
- g) Overall administration of the deferral agreements and letter of credit(s)

- h) Determining the amount to be secured by letter of credit, if necessary.
- i) Ensuring that the instalments and final DC payments are remitted by local municipalities as per the agreement.

## 2.2 Director of Corporate Services and Director of Planning

- a) Making a decision on applications for a deferral in accordance with this Policy.
- b) Determining, in his/her sole discretion, the length of the deferral, the quantum and frequency of interim payments as well as the DC rates to be paid when due, as per this Policy.

## 2.3 Clerks Department

- a) Prepare the deferral agreement
- b) Register the deferral agreement on title.
- c) Ensure that deferral is adequately secured in a form satisfactory to the Director of Corporate Services.

## 2.4 Legal Services

- a) Advise the Finance Department, the Director of Corporate Services, the Director of Planning, and the Clerks Department on the drafting, securing, and registration on title of the deferral agreement.

## Forms

To be created as needed.