

MEMORANDUM

To: City of Ottawa

From: Hemson Consulting Ltd.

Date: October 10, 2024

Re: Development-Related Studies Development Charge Calculation
Memorandum

A. Introduction

The City of Ottawa passed a development charges by-law, By-law No. 2024-218, on May 15, 2024. When the City passed the by-law, Development-Related Studies were not an eligible capital cost for development charge (DC) recovery under the requirements of the *Development Charges Act (DCA)*¹.

Bill 185 (the *Cutting Red Tape to Build More Homes Act, 2024*) received royal assent on June 6, 2024. Bill 185 amended the DCA and DC Background Study process to:

- Re-introduce Development-Related studies as a DC-eligible capital cost.
- Remove the requirement to phase-in maximum calculated DCs over five years.
- Allow municipalities to make minor amendments to DC By-laws in certain circumstances.
- Reduce the timeframe for which DC rates are “frozen”.
- Update notice requirements where local newspapers are unavailable.
- Implement affordable housing exemptions by June 1, 2024.

¹ Development-Related studies were removed as a DC eligible service under Bill 23, More Homes Built Faster Act, 2022 which came into force on November 28, 2022.

DCs for Development-Related studies can be included in DC By-laws passed after November 28, 2022, without the need for a background study or a public meeting under the DCA. The amendment is not appealable to the Ontario Land Tribunal (OLT). The clerk of the municipality is required to give public notice of by-law passage as per the requirements of Section 13 of the DCA.

Amending a DC By-law in this way must be done within six months of Bill 185 taking effect which means an amendment must be made before December 6, 2024.

As a result of Bill 185, the City has opted to re-introduce Development-Related Studies as a service for DC recovery. Table 1 shows the Development-Related Studies 10-year capital program. The Development-Related Studies gross capital program totals \$70.2 million and consists of the recovery of the negative reserve fund balance, various studies, including Official Plan updates, Development Charges By-law review, Master Plans, corporate and infrastructure studies, various strategies, and other growth and development studies. No grants or subsidies are anticipated to be received to offset any portion of the projects.

A share of \$19.4 million has been identified to benefit the existing population and employment and has been removed from the DC rate calculation. The negative reserve fund balance and future DC Background Studies are the only capital costs entirety related to in-period development. The entire DC eligible cost for recovery is related to development anticipated to occur within the 10-year planning horizon, therefore no post-period allocation has been made. As a result, the in-period DC cost eligible for recovery is approximately \$50.7 million.

From 2024 to 2033, it is projected the City will add approximately 205,888 people in new residential dwelling units. The City will also add 4,841 new industrial employees occupying 532,510 square metres of industrial non-residential floor space as well as 36,578 new non-industrial employees

occupying 1,593,751 square metres of non-industrial non-residential floor space. These projections are in-line with the growth forecasts contained in the City's Consolidated 2024 DC Background Study dated July 19, 2024. A copy of the study can be found on the City's website.

The total development-related cost is allocated 79% against new residential development and 21% against non-residential development. The non-residential development is differentiated by industrial (allocated at 2%), and non-industrial (allocated at 18%). These yield calculated development charges of \$195.10 per capita, \$2.32 per industrial square metre, and \$5.86 per non-industrial square metre.

As shown in Table 2, the calculated per capita development charge of \$195.10 per capita is translated into a charge per residential unit based on average occupancy (person per unit) factors. The calculated residential development charges are \$655 for a single & semi-detached unit, \$517 for multiple, row, and mobile dwellings, \$355 for apartments, back-to-back, and stacked townhouses with two or more bedrooms, \$253 for apartments with less than two bedrooms, and \$195 for dwelling rooms. The non-residential rates are \$2.32 per industrial square metre, and \$5.86 per non-industrial square metre; also shown as per square foot charges of \$0.22 per industrial square foot, and \$0.54 per non-industrial square foot.

B. IMPLEMENTATION

As noted above, Bill 185 allows municipalities to make certain specific amendments to their DC by-laws without having to follow the normal DC by-law amendment of sections 19, and 10-18 of the DCA. One of the specified minor amendments is imposing DCs for the eligible studies, including a DC background study. Furthermore, amending a DC by-law under the Bill 185 provisions requires that the existing DC by-law was passed after November 28, 2022, and before Bill 185 took effect. The City of Ottawa's Development

Charges By-law No. 2024-218 was passed on May 15, 2024, and can therefore be amended under the Bill 185 provisions.

It is proposed that the City's DC By-law No. 2024-218 be amended to include the recovery of eligible development-related studies, as set out above. Appended to this report is a draft proposed amending by-law.

Once the amending by-law is approved, notice of passage of the amending by-law is required, in accordance with s. 19(1.4) and s.13 of the DCA. Note, an amending by-law made under these provisions of the Bill 185 is not appealable.

**TABLE 1
CITY OF OTTAWA
DEVELOPMENT-RELATED CAPITAL PROGRAM
DEVELOPMENT-RELATED STUDIES**

Project Description	Timing	Gross Project Costs	Grants/ Subsidies/Other Funding	Net Municipal Cost	Ineligible Costs		Total DC Eligible Costs	Less: Prior Growth	DC Recoverable 2024-2033	Less: Post -2033 (Future DC)	Benefiting Area
					(%)	Replacement & BTE Shares					
6.0 DEVELOPMENT-RELATED STUDIES											
6.1 Recovery of Negative Reserve Fund Balance											
6.1.1 Balance as of December 2023	2024 - 2024	\$ 1,826,379	\$ -	\$ 1,826,379	0%	\$ -	\$ 1,826,379	\$ -	\$ 1,826,379	\$ -	City-wide
Subtotal Recovery of Negative Reserve Fund Balance		\$ 1,826,379	\$ -	\$ 1,826,379		\$ -	\$ 1,826,379	\$ -	\$ 1,826,379	\$ -	
6.2 Development-Related Studies											
6.2.1 Official Plan Update	2025 - 2025	\$ 3,000,000	\$ -	\$ 3,000,000	10%	\$ 300,000	\$ 2,700,000	\$ -	\$ 2,700,000	\$ -	City-wide
6.2.2 Official Plan Update	2030 - 2030	\$ 3,000,000	\$ -	\$ 3,000,000	10%	\$ 300,000	\$ 2,700,000	\$ -	\$ 2,700,000	\$ -	City-wide
6.2.3 Development Charges By-law Review	2024 - 2033	\$ 2,268,000	\$ -	\$ 2,268,000	0%	\$ -	\$ 2,268,000	\$ -	\$ 2,268,000	\$ -	City-wide
6.2.4 Redevelopment Studies - Community Design Plans	2024 - 2033	\$ 2,623,000	\$ -	\$ 2,623,000	50%	\$ 1,311,500	\$ 1,311,500	\$ -	\$ 1,311,500	\$ -	City-wide
6.2.5 Community Infrastructure Plans	2024 - 2033	\$ 4,040,000	\$ -	\$ 4,040,000	10%	\$ 404,000	\$ 3,636,000	\$ -	\$ 3,636,000	\$ -	City-wide
6.2.6 Greenfield Studies - Community Design Plans	2024 - 2033	\$ 2,268,000	\$ -	\$ 2,268,000	10%	\$ 226,800	\$ 2,041,200	\$ -	\$ 2,041,200	\$ -	City-wide
6.2.7 Servicing Studies - Development	2024 - 2033	\$ 4,253,000	\$ -	\$ 4,253,000	10%	\$ 425,300	\$ 3,827,700	\$ -	\$ 3,827,700	\$ -	City-wide
6.2.8 Rural Servicing Strategy	2024 - 2033	\$ 2,835,000	\$ -	\$ 2,835,000	50%	\$ 1,417,500	\$ 1,417,500	\$ -	\$ 1,417,500	\$ -	City-wide
6.2.9 Rapid Transit and Transit Priority Studies	2024 - 2033	\$ 13,892,000	\$ -	\$ 13,892,000	32%	\$ 4,445,440	\$ 9,446,560	\$ -	\$ 9,446,560	\$ -	City-wide
6.2.10 Library Planning Studies	2024 - 2033	\$ 142,000	\$ -	\$ 142,000	5%	\$ 7,100	\$ 134,900	\$ -	\$ 134,900	\$ -	City-wide
6.2.11 Recreation Planning Studies	2024 - 2033	\$ 567,000	\$ -	\$ 567,000	70%	\$ 396,900	\$ 170,100	\$ -	\$ 170,100	\$ -	City-wide
6.2.12 Zoning By-law Study	2024 - 2033	\$ 567,000	\$ -	\$ 567,000	10%	\$ 56,700	\$ 510,300	\$ -	\$ 510,300	\$ -	City-wide
6.2.13 Parking Studies	2024 - 2033	\$ 584,000	\$ -	\$ 584,000	80%	\$ 467,200	\$ 116,800	\$ -	\$ 116,800	\$ -	City-wide
6.2.14 TRANS Model Projects	2024 - 2033	\$ 3,718,000	\$ -	\$ 3,718,000	33%	\$ 1,226,940	\$ 2,491,060	\$ -	\$ 2,491,060	\$ -	City-wide
6.2.15 Origin-Destination Data Collection Study	2024 - 2033	\$ 2,468,000	\$ -	\$ 2,468,000	45%	\$ 1,108,132	\$ 1,359,868	\$ -	\$ 1,359,868	\$ -	City-wide
6.2.16 Transportation Master Plan	2024 - 2033	\$ 6,804,000	\$ -	\$ 6,804,000	45%	\$ 3,054,996	\$ 3,749,004	\$ -	\$ 3,749,004	\$ -	City-wide
6.2.17 Infrastructure Master Planning (Water & Wastewater)	2024 - 2033	\$ 1,918,000	\$ -	\$ 1,918,000	50%	\$ 959,000	\$ 959,000	\$ -	\$ 959,000	\$ -	City-wide
6.2.18 Corporate Studies - Infrastructure Services	2024 - 2033	\$ 9,300,000	\$ -	\$ 9,300,000	20%	\$ 1,860,000	\$ 7,440,000	\$ -	\$ 7,440,000	\$ -	City-wide
6.2.19 Environmental Assessment Studies - Water	2024 - 2033	\$ 1,001,000	\$ -	\$ 1,001,000	20%	\$ 200,200	\$ 800,800	\$ -	\$ 800,800	\$ -	City-wide
6.2.20 Infrastructure Master Planning Studies (Stormwater)	2024 - 2033	\$ 2,085,000	\$ -	\$ 2,085,000	50%	\$ 1,042,500	\$ 1,042,500	\$ -	\$ 1,042,500	\$ -	City-wide
6.2.21 Environmental Assessment Studies - Wastewater	2024 - 2033	\$ 1,001,000	\$ -	\$ 1,001,000	20%	\$ 200,200	\$ 800,800	\$ -	\$ 800,800	\$ -	City-wide
Subtotal Development-Related Studies		\$ 68,334,000	\$ -	\$ 68,334,000		\$ 19,410,408	\$ 48,923,592	\$ -	\$ 48,923,592	\$ -	
TOTAL DEVELOPMENT-RELATED STUDIES		\$ 70,160,379	\$ -	\$ 70,160,379		\$ 19,410,408	\$ 50,749,971	\$ -	\$ 50,749,971	\$ -	

City-wide Cost Allocations (Residential and Non-Residential)		
Residential Calculation		
Residential Share of Eligible Costs	79%	\$ 40,168,640
10 Year Population Growth		205,888
Unadjusted Per Unit Charge		\$195.10
Non-Residential Calculation		
Non-Residential Share of Eligible Costs	21%	\$ 10,581,331
Industrial		
Non-Residential Share of Eligible Costs	2%	\$ 1,236,732
10 Year Non-Residential Growth in GFA (m2)		532,510
Charge per Square Metre		\$2.32
Non-Industrial		
Non-Residential Share of Eligible Costs	18%	\$ 9,344,598
10 Year Non-Residential Growth in GFA (m2)		1,593,751
Charge per Square Metre		\$5.86

Available DC Reserve Fund Balance	
Total	
City-wide	(\$4,500,598)
IGB	\$0
OGB	\$1,527,987
Rural	\$1,146,232
Total	(\$1,826,379)

**TABLE 2
CITY OF OTTAWA
DEVELOPMENT-RELATED STUDIES CALCULATED RATES**

Residential Development Charges					
Fully Calculated Development Charge Rate: City-wide					
Service	Singles & Semis	Multiple, Row and Mobile Dwelling	Apartment Dwelling, Back to Back and Stacked Townhouse	Apartment (less than 2 bedrooms)	Dwelling Rooms
Development Related Studies	\$655	\$517	\$355	\$253	\$195
Total City-Wide	\$655	\$517	\$355	\$253	\$195

Non-Residential Development Charges				
Fully Calculated Rates for Industrial and Non-Industrial Development: City-wide				
Service	Industrial Use (\$ per square metre)	Industrial Use (\$ per square foot)	Non-Industrial Use (\$ per square metre)	Non-Industrial (\$ per square foot)
Development Related Studies	\$2.32	\$0.22	\$5.86	\$0.54
Total City-Wide	\$2.32	\$0.22	\$5.86	\$0.54