

Subject: Motion - Changes to the *Development Charges Act*

File Number: ACS2022-OCC-PLC-0001

Report to Planning Committee on 14 April 2022

and Council 27 April 2022

Submitted on February 18, 2022 by Kelly Crozier, Committee Coordinator

Contact Person: Councillor G. Gower, Stittsville Ward (6)

613-580-2476, Glen.Gower@ottawa.ca

Ward: Citywide

Objet : Motion – Modifications de la *Loi de 1997 sur les redevances d'aménagement*

Dossier : ACS2022-OCC-PLC-0001

Rapport au Comité de l'urbanisme

le 14 avril 2022

et au Conseil le 27 avril 2022

Soumis le 18 février 2022 par Kelly Crozier, Coordonnatrice du comité

Personne ressource : Conseiller G. Gower, quartier Stittsville (6)

613-580-2476, Glen.Gower@ottawa.ca

Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Planning Committee recommend Council approve:

- 1. that the 2022 Development Charge deferral rate be an average of 2020 and 2021, inclusive, representing a rate of 5.83 %, plus the standard 0.5% administrative adjustment, for a total rate of 6.33%; and**
- 2. that this rate be effective beginning on May 01, 2022 though to March 31, 2023, inclusive; and**

3. that these rates be applied for the duration of the deferral installments, over five or twenty years, and any locked in Development Charge rates over this time frame.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'approuver

1. que le taux de 2022 pour le report des redevances d'aménagement corresponde à la moyenne de 2020 et 2021, ce qui représente un taux de 5,83 %, auquel s'ajoute l'ajustement administratif habituel de 0,5 %, pour un taux total de 6,33 %; et
2. que ce taux entre en vigueur le 1^{er} mai 2022 et qu'il le demeure jusqu'au 31 mars 2023 inclusivement;
3. que ce taux s'applique pendant toute la période de report des paiements, sur 5 ou 20 ans, et à tout taux de redevances d'aménagement gelé pendant cette même période.

BACKGROUND

At the Planning Committee meeting on March 10, 2022, Chair G. Gower introduced a Notice of Motion for consideration at the subsequent meeting. The motion is now before Planning Committee for consideration.

DISCUSSION

Chair Gower has provided the following revised motion for Planning Committee's consideration, pursuant to subsection 89(3) of the procedure by-law stating that prior to Committee's consideration of a motion of which notice has been given previously, a revised motion on the same subject, approved by the mover may be substituted for the original one:

WHEREAS recent amendments to the *Development Charges Act* requires municipalities to defer payment of development charges for uses including rental housing, institutional developments and not-for profit housing, pursuant to Section 26.1 of the Act; and

WHEREAS Section 26.2 allows for Development Charge rates to be frozen at the time of site plan or rezoning application. In both cases, interest may be applied to offset the cost associated with the delay in collection of development charges to account for the

funding gap between when services are required and the timing of the collection of revenues to fund growth-related infrastructure;

WHEREAS the legislation allows municipalities to apply interest on the deferred installments and frozen (locked-in) payments which is reviewed annually;

WHEREAS the applied interest rate is at the discretion of Council;

WHEREAS Council approved the 2020 report entitled "Implementation of Interest Rate on Development Charge Deferrals Required Pursuant to Bill 108" that Council adopt an appropriate interest rate policy based on the higher of 1) the rate of indexing applied to the various development charge rates on an annual basis or 2) the actual interest rate that was applied to the debt used as a source of financing of eligible growth-related capital projects;

WHEREAS the 2021 Construction price Index for Ottawa is 17.2 per cent, which represents the largest increase of the Index since its inception in 1981;

WHEREAS a 17.2 per cent is a significantly greater interest rate charged by the City.

THEREFORE IT BE RESOLVED that Planning Committee recommend that Council approve that the 2022 Development Charge deferral rate be an average of 2020 and 2021, inclusive, representing a rate of 5.83 %, plus the standard 0.5% administrative adjustment, for a total rate of 6.33%

AND FURTHER BE IT RESOLVED that this rate be effective beginning on May 01, 2022 though to March 31, 2023, inclusive;

FURTHER BE IT RESOLVED THAT these rates be applied for the duration of the deferral installments, over five or twenty years, and any locked in Development Charge rates over this time frame.

FINANCIAL IMPLICATIONS

The 2022 Development Charge deferral rate representing 5.83%, plus the standard 0.5% administrative adjustment, for a total of 6.33% reflects the average prescribed Development Charge Act index over 2 years and 7 quarters. The recommended interest rate will be applied to offset the cost associated with the delay of collection of development charges to assist with risk mitigations against the funding gap between when services are required and the timing of the collection of revenues to fund growth-related infrastructure.

LEGAL IMPLICATIONS

There are no legal impediments to the adoption of this motion.

COMMENTS BY THE WARD COUNCILLOR(S)

Chair Gower raised this issue, by way of Notice at the March 10 Planning Committee meeting and can provide further context upon request.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable

CONSULTATION

No specific consultation was conducted in respect of this report. The public was notified of this report in such that the Notice of Motion was raised at the public meeting of the Planning Committee on March 10, 2022, and was listed on the associated meeting Disposition, which was posted to Ottawa.ca. Subsequently, the meeting was advertised in community newspapers and on Ottawa.ca, and the agenda was published on Monday, April 4, 2022.

Public delegations may be received by the Committee.

ACCESSIBILITY IMPACTS

This report was drafted to transmit the above Motion, approved at Committee, to Council for consideration its meeting of April 14, 2022. No specific accessibility impacts have been identified.

RISK MANAGEMENT IMPLICATIONS

There are no known risk management implications associated with this report.

RURAL IMPLICATIONS

There are no rural implications associated with the report recommendation.

TERM OF COUNCIL PRIORITIES

This report has no direct impacts on the City's strategic priorities or directions identified for the current term of Council.

DISPOSITION

Staff will take direction from Committee and Council and proceed accordingly.