

**CBC Strategy Version for Public Consultation**

Prepared by Hemson for City of Ottawa

# Community Benefits Charge Strategy

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# List of Acronyms

ACT Planning Act (Ontario), R.S.O. 1990, c. P.13

BTE Benefit to Existing

CBC Community Benefits Charge

DC Development Charges

DCA Development Charges Act, 1997

GFA Gross Floor Area

GFT Growth Funding Tool

IZ Inclusionary Zoning

PPB Post-Period Benefit

PPU Persons Per Unit

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# Executive Summary

## A. Purpose of 2022 CBC Strategy

### i. What is a Community Benefits Charge?

A Community Benefits Charge (CBC) is a new growth-funding tool (GFT) under the Planning Act (Act) that allows municipalities to levy a charge against certain forms of higher density development to fund associated development-related capital infrastructure needs. CBCs are one of several GFTs such as development charges (DCs) and collections under section 42/51 of the Planning Act (Parkland Acquisition). The CBC provisions replace the former section 37 height and density bonusing in the Act, subject to transition rules.

### ii. What can CBCs be used for?

Municipalities can use CBCs to fund a wide-range of upfront capital costs, of any public service, that are related to the needs associated with new growth if those costs are not already recovered from development charges and parkland provisions. CBC funds can only be used for the upfront capital costs and may not be used for replacement of existing assets, operating costs or other ineligible costs. CBC monies can be used to fund services provided for under a DC by-law, and for parkland acquisitions, as long as there is no duplication of recovery of the same capital costs under another GFT.

### iii. Legislative Context

The City of Ottawa 2022 Community Benefits Charge Strategy (herein referred to as the “CBC Strategy”) is presented as part of the process to lead to the approval of a CBC By-law in compliance with the Planning Act, 1990 (the “Act”). The report is prepared in accordance with the Act and

associated Ontario Regulations 509/20 (O.Reg. 509/20), including the amendments that came into force on September 18, 2020.

#### **iv. CBCs Levied on Higher Density Residential Development**

A CBC can only be levied against higher density residential development, limited by the Act to developments that are:

- Five or more storeys, **and**
- Contain 10 or more residential units.

Note that a mixed-use development, a building that contains both residential and non-residential uses, can be subject to a CBC if it meets the above criteria.

The regulations to s.37 of the Act, O. Reg. 509/20, also provide for a number of statutory exemptions from the payment of a CBC, namely:

- Long-term care & retirement homes;
- Colleges, universities and post-secondary indigenous institutes;
- Royal Canadian Legion;
- Hospice for end of life care;
- Non-profit housing.

#### **v. CBC Strategy**

Subsection 37(32) of the Planning Act prescribes that the maximum permitted charge that can be levied is four per cent of land value for a development with five or more storeys and ten or more residential units on the day before issuance of the building permit. Several key steps must be undertaken in order to levy CBCs. They include:

- Preparing a development (growth) forecast;
- Determining the increased need arising from development;
- Determining how these costs are attributed to CBC development;

- Identifying any excess capacity that exists; and
- Estimated benefit to existing shares, grants, subsidies or other contributions.

## **B. Development Forecast**

Over the ten-year planning period from 2022 to 2031, the City is anticipated to grow by approximately 19,300 occupied dwelling units in buildings which would be subject to a community benefits charge. As set out in Section 3 of O.Reg. 509/20 the maximum permissible CBC is capped at four per cent. At the four per cent cap, a high level estimate of the CBC revenue potential associated with these units is approximately \$35 million. Additional details are provided in Section 5.

## **C. CBC Capital Needs Exceed Revenue Forecast**

The estimated CBC eligible costs of the growth-related capital program totals \$71 million. The CBC eligible costs exceed the amount that can be funded under the four per cent cap.

## **D. Application of CBCs**

The City of Ottawa is considering levying CBCs as a per cent of land value of the development prior to the issuance of a building permit, or the first permit if the development requires multiple permits. The charges will be applied on a City-wide basis to all eligible developments notwithstanding statutory exemptions in subsection 37 (4) (e) of the Act and the City's CBC By-law.



# 1. Introduction

## A. Introduction and Background

The City of Ottawa Community Benefits Charge Strategy is presented as part of a process to lead to the approval of a new community benefits charge by-law in compliance with the Planning Act, 1990 (Act).

Subsection 37(9) of the Act and section 2 of O. Reg. 509/20 require that a community benefits charge strategy shall:

- (a) include estimates of the anticipated amount, type and location of development and redevelopment with respect to which community benefits charges will be imposed;
- (b) include estimates of the increase in the need for facilities, services and matters attributable to the anticipated development and redevelopment to which the community benefits charge by-law would relate;
- (c) identify the excess capacity that exists in relation to the facilities, services and matters referred to in clause (b);
- (d) include estimates of the extent to which an increase in a facility, service or matter referred to in clause (b) would benefit existing development;
- (e) include estimates of the capital costs necessary to provide the facilities, services and matters referred to in clause (b); and
- (f) identify any capital grants, subsidies and other contributions made to the municipality or that the council of the municipality anticipates will be made in respect of the capital costs referred to in clause (e).

This strategy presents the estimated CBC development-related net capital costs attributable to CBC eligible development that is forecast to occur in the City. The apportionment of these net capital costs is shown among

various growth-related funding sources including Development Charges, Parkland Conveyance and others.

The Act requires that municipalities consult with the public. Accordingly, the City will make this CBC Strategy and the draft CBC by-law available for public comment before Council's passage of the by-law. A number of industry information and engagement sessions were held prior to Council's consideration of the CBC Strategy and by-law and a public meeting is proposed to be held in the spring of 2022. Following completion of this consultation process, Council will review the strategy, the comments received regarding this report and any other information brought to Council's attention regarding the proposed rate. Finally, Council will pass a new Community Benefits Charge by-law for the City.

The remainder of this strategy report sets out the information and analysis upon which the proposed charge is based.

## **B. Legislative Context & Regulatory Requirement**

The community benefits section of the Planning Act has replaced what was previously referred to as section 37 "Increased Density." This change was introduced through the COVID-19 Economic Recovery Act, 2020 and previous versions in the More Homes, More Choice Act, 2019 as well as the Plan to Build Ontario Together Act, 2019. The new section 37 enables municipalities to impose community benefits charges against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the municipality.

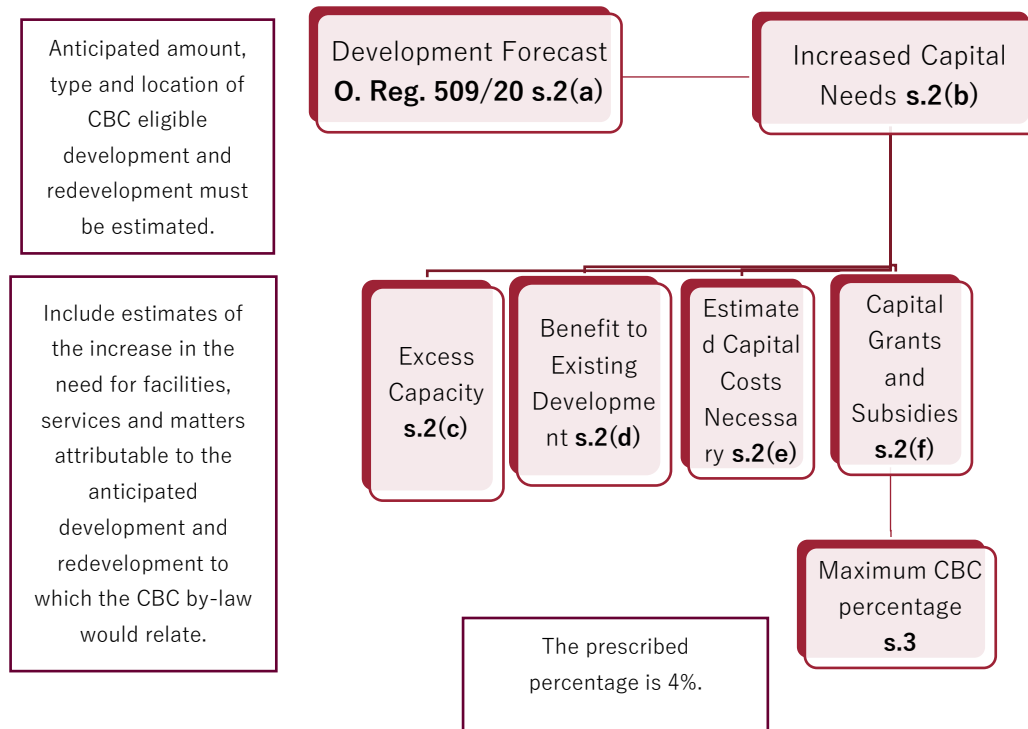
The new section 37 sets out the relationship between community benefits charges and other growth-related funding tools, including the development charges levied under the Development Charges Act, 1997.

## 2. Purpose of the 2022 Community Benefits Charge Strategy

### A. Key Steps in Determining CBCs

As shown in Figure 1, the CBC Strategy needs to include various components to validate the applied charge. In the case of the City of Ottawa, the charge is levied on a land value basis not exceeding the legislated maximum of four per cent.

**Figure 1. Key Steps in Determining CBCs**



## **B. Proposed Methodology & Approach**

The Community Benefits Charges legislation does not specify the method by which a CBC is levied. Various options could be applied by a municipality, such as charges based on a per cent of land value, a per-unit charge, or a charge based on gross floor area of development. This strategy is based on the City using the first option, four per cent of land value at the time of building permit issuance, for the collection of CBCs levied on a City-wide basis. This approach enables the City to maximize revenue collections to help fund growth-related costs.

The CBC capital program, summarized in the section below and in Section 4 of the Strategy, was developed with City staff and relies on previous work completed for the 2022 capital budget, 2019 DC Background Study, Community Design Plans, Transit-Oriented Development Plans, and previous uses of section 37 contributions.

As directed by subsection 37 (45) CBC collections shall be paid into a special account. Furthermore, subsection 37 (47) directs that a minimum of 60 per cent of the monies in the special account must be allocated or spent annually. A process outside of this CBC Strategy will be established to outline the details for determining priorities for spending, as approved by Council.

## **C. CBC Capital Program**

The total gross capital program identified for recovery in part from CBCs is \$534.0 million. The entire gross capital cost is not eligible to be funded by CBCs and a series of legislated deductions have been made including consideration for excess capacity, replacement or benefit to existing shares and shares to be funded from other growth-funding tools. A total of \$18.0 million in grants or other contributions has been identified for housing and active transportation services.

As indicated in Table 1 below, the resulting net municipal cost is \$515.9 million. Replacement or benefit to existing shares removed from the eligible recovery costs total \$338.5 million and relates to Housing, Public Realm, Community Facilities, Active Transportation and Urban Parks projects. Lastly, of the total development-related cost of \$195.5 million, only a portion of \$70.7 million is deemed eligible for recovery from CBC developments. The remaining development related costs may be recovered from the DC Study \$18.7 million or other funding tools \$106.0 million.

**Table 1. Summary of CBC Capital Program (\$000s)**

Service	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	Replacement & BTE (\$)	Total Development Related Cost	DC Share (\$)	Remaining Development-Related	Total CBC Related Costs
1.0 HOUSING	\$439,530	\$15,500	\$424,030	\$318,023	\$121,508	\$0	\$96,686	\$24,821
2.0 TRAFFIC CALMING & ROAD SAFETY	\$500	\$0	\$500	\$0	\$500	\$0	\$0	\$500
3.0 PUBLIC REALM	\$8,750	\$0	\$8,750	\$1,277	\$7,473	\$0	\$4,353	\$3,120
4.0 COMMUNITY FACILITIES	\$26,000	\$0	\$26,000	\$5,000	\$21,000	\$0	\$0	\$21,000
5.0 ACTIVE TRANSPORTATION	\$17,950	\$2,520	\$15,430	\$10,508	\$7,442	\$0	\$0	\$7,442
6.0 URBAN PARKS	\$41,080	\$0	\$41,080	\$3,692	\$37,388	\$18,681	\$5,000	\$13,707
7.0 CBC BY-LAW ADMINISTRATION	\$150	\$0	\$150	\$0	\$150	\$0	\$0	\$150
<b>TOTAL COST</b>	<b>\$533,960</b>	<b>\$18,020</b>	<b>\$515,940</b>	<b>\$338,500</b>	<b>\$195,460</b>	<b>\$18,681</b>	<b>\$106,040</b>	<b>\$70,740</b>

Note: May not add due to rounding.

## D. Proposed City-Wide Rate

Consideration was given as to whether or not CBCs should be implemented on a city-wide basis. A single, uniform city-wide charge is most suitable as the services included in the capital program are planned for on a City-wide basis. Importantly, subsection 37(12) of the Act prescribes that only one CBC by-law may be in effect at a time. By contrast, under the DCA, multiple by-laws are permitted particularly in relation to area-specific charges.

### **3. Development Forecast**

This section describes the basis and results of the development forecast that forms the basis of the capital program. The development forecast is based on estimates of growth occurring within approved Official Plan designated urban areas and is consistent with the 2019 DC Background Study.

This section portrays the results of the housing unit and population forecast in line with the requirements of O.Reg. 509/20 s.2(a).

#### **A. Proposed 10-Year Planning Horizon**

The City establishes capital budgets on a 10-year basis and the CBC Strategy capital programs are in line with the internal City capital planning time-frame. In addition, the time frame aligns with the 2019 DC Background Study as some capital projects are funded using both growth funding tools. The time-frame for the development forecast and the capital programs in this CBC Strategy is 2022-2031.

#### **B. Consistent with the DC Development Forecast**

The forecast for the CBC Strategy was based on the forecast used in the City's 2019 DC Background Study (DC Study).

Based on the city's current development pipeline data, it is anticipated approximately 85 per cent of apartment units over the 2022 to 2031 period will meet the CBC criteria of being five or more storeys and containing 10 or more residential units. As shown in Table 2, the total forecast of units over the ten year period in the City totals 60,661 as included in the DC Study.

**Table 2. Forecast of Annual Housing Unit Starts – City-wide**

Year	Single	Semi	Row	Apartment	Total
2022	1,870	216	1,488	2,143	5,717
2023	1,895	218	1,507	2,171	5,792
2024	1,920	221	1,527	2,200	5,868
2025	1,945	224	1,547	2,229	5,945
<b>2026</b>	<b>1,970</b>	<b>227</b>	<b>1,568</b>	<b>2,258</b>	<b>6,023</b>
2027	1,996	230	1,588	2,287	6,101
2028	2,022	233	1,609	2,317	6,181
2029	2,049	236	1,630	2,347	6,262
2030	2,076	239	1,651	2,378	6,344
<b>2031</b>	<b>2,103</b>	<b>242</b>	<b>1,673</b>	<b>2,410</b>	<b>6,428</b>
<b>Total 2022-2031</b>	<b>19,846</b>	<b>2,287</b>	<b>15,788</b>	<b>22,741</b>	<b>60,661</b>

As shown in Table 3 below, the total forecast of units subject to CBCs is approximately 19,300 apartment unit starts over the 2022 to 2031 period. This represents 85 per cent of the total 10-year forecast of apartment unit starts or 32 per cent of all unit types.

**Table 3: Forecast of Annual Housing Unit Starts – Units Subject to CBCs**

Year	Single/Semi	Row	Apartment	Total
2022	-	-	1,822	1,822
2023	-	-	1,846	1,846
2024	-	-	1,870	1,870
2025	-	-	1,894	1,894
<b>2026</b>	-	-	1,919	1,919
2027	-	-	1,944	1,944
2028	-	-	1,970	1,970
2029	-	-	1,995	1,995
2030	-	-	2,022	2,022
<b>2031</b>	-	-	2,048	2,048
<b>Total 2022-2031</b>	<b>0</b>	<b>0</b>	<b>19,329</b>	<b>19,329</b>

Table 4 shows the calculation of persons in units subject to CBCs as a percentage of persons in all units. This calculation uses the occupancy factors or “persons per unit” (PPU) assumptions established as part of the DC Study. The average apartment unit PPU is 1.62 and this, when applied to the total 10-year CBC unit start forecast (19,329), results in an estimate of 31,263 persons. This represents 20 per cent of the overall 10-year forecast of people in all unit starts (153,043). This 20 per cent figure is used to inform the CBC-eligible percentage of projects that are anticipated to benefit all residential and mixed-use development, as shown in Section 4. It is noted that in certain cases, a potential non-residential benefit is recognized resulting in a CBC-eligible share lower than 15%.

**Table 4. Forecast of Persons in Unit Starts, 2022-2031**

	<b>Single</b>	<b>Semi</b>	<b>Row</b>	<b>Apartment</b>	<b>Total</b>
Units Subject to CBC	-	-	-	19,329	19,329
All Units	19,846	2,287	15,788	22,741	60,661
<b>PPU Assumptions</b>	<b>3.43</b>	<b>2.76</b>	<b>2.65</b>	<b>1.62</b>	
Persons in Units Subject to CBC	-	-	-	31,314	31,314
Persons in All Units	68,071	6,312	41,837	36,840	153,060
<b>% of Persons in Units Subject to CBC</b>					<b>20%</b>

Low and high forecasts were developed for the purposes of establishing a CBC revenue forecast. Further details on the forecast revenue is in Section 5. The estimated high-end forecast is 20,500 units representing 90 per cent of the total forecasted apartment units in the City while the low-end forecast is 18,200 units or 80 per cent as presented in Table 5.



**Table 5: City-wide Apartment Growth and High and Low CBC Apartment Developments**

Year	Annual Growth - City-wide Apartment Units	High CBC Eligible Development	Low CBC Eligible Development
2022	5,717	4,574	5,145
2023	5,792	4,634	5,213
2024	5,868	4,694	5,281
2025	5,945	4,756	5,351
<b>2026</b>	<b>6,023</b>	<b>4,818</b>	<b>5,421</b>
2027	6,101	4,881	5,491
2028	6,181	4,945	5,563
2029	6,262	5,010	5,636
2030	6,344	5,075	5,710
<b>2031</b>	<b>6,428</b>	<b>5,142</b>	<b>5,785</b>

For determining shares of capital costs related to growth in CBC-eligible development where a project benefits both residential and non-residential developments a non-residential forecast is presented below. The ten year, 2022 to 2031, forecasted population in new dwelling units plus place of work employment totals 207,800. Of this total growth, 15 per cent is anticipated to occur in CBC-eligible developments as shown in Table 6 below.

**Table 6: Summary of Shares of Total Population and Employment Development vs CBC Eligible Population Growth**

<b>Population in New Dwellings (a)</b>	153,043
<b>Place of Work Employment (b)</b>	54,756
<b>Population and Employment (c)</b>	207,799
<b>CBC Eligible Units Population (d)</b>	31,263
<b>Share of CBC Eligible Pop. Vs Total City-wide Pop. &amp; Emp. (%) (d)/(c)</b>	15%

## 4. CBC Capital Program

### A. Services Considered

The Act defines the types of projects and capital that can be included in the strategy as: the facilities, services and matters that may be funded with community benefits charges.

In Section 5 below, it is evident that there is not sufficient CBC revenue anticipated to be collected under the four per cent cap to meet the increased needs arising from CBC-eligible development. As such, through the work with City staff, a priority list of service categories have been identified. The list is based on projects that have lost eligibility for DC funding, projects previously funded through section 37 Bonus Zoning, where DC legislation limits funding due to historical service level restrictions and others. The following services have been included as related to developments subject to the CBC:

- Housing;
- Traffic Calming & Road Safety;
- Public Realm;
- Community Facilities;
- Active Transportation;
- Urban Parks;
- CBC By-law Administration.

Each service area covers the following matters:

- Service Description;
- Service Delivery and Service Levels Consideration;
- Estimate of Need;
- Consideration of Excess Capacity;
- Capital Cost;

- Provision for In-Kind Contributions;
- Identification of any Anticipated Capital Grants, Subsidies or Other Contributions;
- Consideration of Benefit to Existing;
- Relation to funding from Other GFT (if applicable);
- Share of Net Capital Costs related to CBC Eligible Developments.

## **B. Capital Needs by Service**

Table 7 below includes the details by service of the capital needs associated with the forecasted CBC eligible developments in the City over the ten year period 2022 to 2031. The capital costs included in this Strategy are point in time for this framework but this need for the services is estimated to continue beyond the ten year period. Some service areas include provisions for addressing the need arising from CBC development which allow the City to continue to respond to development as future capital costs arise.

TABLE 7  
CITY OF OTTAWA  
DEVELOPMENT-RELATED CAPITAL PROGRAM

Project Description	Timing	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	BTE (%)	Replacement & BTE (\$)	Total Development Related Cost	DC Share (\$)	Non-DC Development Costs	Remaining Development-Related	CBC Share (%)	Total CBC Related Costs
<b>1.0 HOUSING</b>												
1.1 Provision for Affordable Housing Support	Various	\$170,730,150	\$0	\$170,730,150	75%	\$128,047,613	\$42,682,538	\$0	\$42,682,538	\$33,963,451	20%	\$8,719,087
1.2 OCHC at Gladstone Village Phase 1 (335 units)	Various	\$143,800,000	\$5,100,000	\$138,700,000	75%	\$104,025,000	\$39,775,000	\$0	\$39,775,000	\$31,649,858	20%	\$8,125,142
1.3 OCHC at Rochester Heights (238 units)	Various	\$107,000,000	\$3,400,000	\$103,600,000	75%	\$77,700,000	\$29,300,000	\$0	\$29,300,000	\$23,314,666	20%	\$5,985,334
1.4 Supportive Housing (40 to 50 units)	Various	\$18,000,000	\$7,000,000	\$11,000,000	75%	\$8,250,000	\$9,750,000	\$0	\$9,750,000	\$7,758,293	20%	\$1,991,707
<b>TOTAL HOUSING</b>		<b>\$439,530,150</b>	<b>\$15,500,000</b>	<b>\$424,030,150</b>		<b>\$318,022,613</b>	<b>\$121,507,538</b>	<b>\$0</b>	<b>\$121,507,538</b>	<b>\$96,686,267</b>		<b>\$24,821,270</b>
<b>2.0 TRAFFIC CALMING &amp; ROAD SAFETY</b>												
2.1 Traffic Calming Measures (High Density Residential Areas)	Various	\$500,000	\$0	\$500,000	0%	\$0	\$500,000	\$0	\$500,000	\$0	100%	\$500,000
<b>TOTAL TRAFFIC CALMING &amp; ROAD SAFETY</b>		<b>\$500,000</b>	<b>\$0</b>	<b>\$500,000</b>		<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>		<b>\$500,000</b>
<b>3.0 PUBLIC REALM</b>												
3.1 Provision for Community Gardens	Various	\$1,500,000	\$0	\$1,500,000	85%	\$1,276,985	\$223,015	\$0	\$223,015	\$177,389	20%	\$45,625
3.2 Provision for Public Art (incl. Indigenous)	Various	\$2,000,000	\$0	\$2,000,000	0%	\$0	\$2,000,000	\$0	\$2,000,000	\$0	100%	\$2,000,000
3.3 Provision for Cultural Facilities	Various	\$5,000,000	\$0	\$5,000,000	0%	\$0	\$5,000,000	\$0	\$5,000,000	\$3,977,076	20%	\$1,022,924
3.4 Art at Vanier Revitalization Project	2023-2024	\$250,000	\$0	\$250,000	0%	\$0	\$250,000	\$0	\$250,000	\$198,854	20%	\$51,146
<b>TOTAL PUBLIC REALM</b>		<b>\$8,750,000</b>	<b>\$0</b>	<b>\$8,750,000</b>		<b>\$1,276,985</b>	<b>\$7,473,015</b>	<b>\$0</b>	<b>\$7,473,015</b>	<b>\$4,353,319</b>		<b>\$3,119,695</b>
<b>4.0 COMMUNITY FACILITIES</b>												
4.1 Childcare Facilities	Various	\$10,000,000	\$0	\$10,000,000	50%	\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$0	100%	\$5,000,000
4.2 Greenview Avenue Park Childcare Facility	Various	\$10,000,000	\$0	\$10,000,000	0%	\$0	\$10,000,000	\$0	\$10,000,000	\$0	100%	\$10,000,000
4.3 Provision for Community Facilities (Recreation, Library etc.)	Various	\$6,000,000	\$0	\$6,000,000	0%	\$0	\$6,000,000	\$0	\$6,000,000	\$0	100%	\$6,000,000
<b>TOTAL COMMUNITY FACILITIES</b>		<b>\$26,000,000</b>	<b>\$0</b>	<b>\$26,000,000</b>		<b>\$5,000,000</b>	<b>\$21,000,000</b>	<b>\$0</b>	<b>\$21,000,000</b>	<b>\$0</b>		<b>\$21,000,000</b>

TABLE 7

CITY OF OTTAWA  
DEVELOPMENT-RELATED CAPITAL PROGRAM

Project Description	Timing	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	BTE (%)	Replacement & BTE (\$)	Total Development Related Cost	DC Share (\$)	Non-DC Development Costs	Remaining Development- Related	CBC Share (%)	Total CBC Related Costs
<b>5.0 ACTIVE TRANSPORTATION</b>												
5.1 Kipp St Sidewalk	Various	\$250,000	\$0	\$250,000	75%	\$187,500	\$62,500	\$0	\$62,500	\$0	100%	\$62,500
5.2 Beachburg Subdivision Rail Corridor Pathway	Various	\$2,000,000	\$0	\$2,000,000	57%	\$1,140,000	\$860,000	\$0	\$860,000	\$0	100%	\$860,000
5.3 Lola St Bike Lane	Various	\$1,000,000	\$0	\$1,000,000	51%	\$510,000	\$490,000	\$0	\$490,000	\$0	100%	\$490,000
5.4 Brian Coburn MUP southside	Various	\$2,700,000	\$1,620,000	\$1,080,000	57%	\$615,600	\$2,084,400	\$0	\$2,084,400	\$0	100%	\$2,084,400
5.5 Leirim Station Pathway	Various	\$1,000,000	\$0	\$1,000,000	57%	\$570,000	\$430,000	\$0	\$430,000	\$0	100%	\$430,000
5.6 Maple Grove Rd ped improvement	Various	\$1,000,000	\$0	\$1,000,000	75%	\$750,000	\$250,000	\$0	\$250,000	\$0	100%	\$250,000
5.7 Eye Bright cres sidewalk	Various	\$250,000	\$0	\$250,000	75%	\$187,500	\$62,500	\$0	\$62,500	\$0	100%	\$62,500
5.8 Long Island Rd ped improvement	Various	\$500,000	\$300,000	\$200,000	75%	\$150,000	\$350,000	\$0	\$350,000	\$0	100%	\$350,000
5.9 Johnwoods MUP	Various	\$500,000	\$0	\$500,000	57%	\$285,000	\$215,000	\$0	\$215,000	\$0	100%	\$215,000
5.10 Nanaimo Sidewalk	Various	\$750,000	\$0	\$750,000	75%	\$562,500	\$187,500	\$0	\$187,500	\$0	100%	\$187,500
5.11 Casey Ave Sidewalk	Various	\$250,000	\$0	\$250,000	75%	\$187,500	\$62,500	\$0	\$62,500	\$0	100%	\$62,500
5.12 Haiwatha Park Sidewalk	Various	\$250,000	\$0	\$250,000	75%	\$187,500	\$62,500	\$0	\$62,500	\$0	100%	\$62,500
5.13 Clover and Aldea Sidewalk	Various	\$1,000,000	\$600,000	\$400,000	75%	\$300,000	\$700,000	\$0	\$700,000	\$0	100%	\$700,000
5.14 Madison Ave Sidewalk	Various	\$500,000	\$0	\$500,000	75%	\$375,000	\$125,000	\$0	\$125,000	\$0	100%	\$125,000
5.15 Vance St and Logan Farm Sidewalk	Various	\$1,000,000	\$0	\$1,000,000	75%	\$750,000	\$250,000	\$0	\$250,000	\$0	100%	\$250,000
5.16 Ainsley Park MUP	Various	\$250,000	\$0	\$250,000	75%	\$187,500	\$62,500	\$0	\$62,500	\$0	100%	\$62,500
5.17 Fernbank Road MUP and Crossing	Various	\$500,000	\$0	\$500,000	75%	\$375,000	\$125,000	\$0	\$125,000	\$0	100%	\$125,000
5.18 Monahan Drain to Trans Canada Trail MUP	Various	\$500,000	\$0	\$500,000	75%	\$375,000	\$125,000	\$0	\$125,000	\$0	100%	\$125,000
5.19 Multi-use Pathway - Riverview Transit Station to Limebank LRT Station	Various	\$3,750,000	\$0	\$3,750,000	75%	\$2,812,500	\$937,500	\$0	\$937,500	\$0	100%	\$937,500
<b>TOTAL ACTIVE TRANSPORTATION</b>		<b>\$17,950,000</b>	<b>\$2,520,000</b>	<b>\$15,430,000</b>		<b>\$10,508,100</b>	<b>\$7,441,900</b>	<b>\$0</b>	<b>\$7,441,900</b>	<b>\$0</b>		<b>\$7,441,900</b>
<b>6.0 URBAN PARKS</b>												
6.1 Provision for Equipment in Urban Parks	Various	\$31,373,407	\$0	\$31,373,407	9%	\$2,692,105	\$28,681,302	\$18,680,695	\$10,000,607	\$5,000,303	50%	\$5,000,303
6.2 Bassano Linear Parkette (Hydro easement)	Various	\$6,600	\$0	\$6,600	0%	\$0	\$6,600	\$0	\$6,600	\$0	100%	\$6,600
6.3 Parkette (1140 Mill Street)	Various	\$300,000	\$0	\$300,000	0%	\$0	\$300,000	\$0	\$300,000	\$0	100%	\$300,000
6.4 Ev Tremblay Park Revitalization	Various	\$2,500,000	\$0	\$2,500,000	40%	\$1,000,000	\$1,500,000	\$0	\$1,500,000	\$0	100%	\$1,500,000
6.5 McCann Park Redevelopment	Various	\$2,500,000	\$0	\$2,500,000	0%	\$0	\$2,500,000	\$0	\$2,500,000	\$0	100%	\$2,500,000
6.6 Escarpment (Bronson) Park (506 Commissioner St.) Improvements	Various	\$1,000,000	\$0	\$1,000,000	0%	\$0	\$1,000,000	\$0	\$1,000,000	\$0	100%	\$1,000,000
6.7 Jack Purcell Park Improvements	Various	\$500,000	\$0	\$500,000	0%	\$0	\$500,000	\$0	\$500,000	\$0	100%	\$500,000
6.8 Minto Park Improvements	Various	\$900,000	\$0	\$900,000	0%	\$0	\$900,000	\$0	\$900,000	\$0	100%	\$900,000
6.9 St Luke's Park Improvements	Various	\$1,000,000	\$0	\$1,000,000	0%	\$0	\$1,000,000	\$0	\$1,000,000	\$0	100%	\$1,000,000
6.10 Dundonald Park Improvements	Various	\$500,000	\$0	\$500,000	0%	\$0	\$500,000	\$0	\$500,000	\$0	100%	\$500,000
6.11 McNabb Park Improvements	Various	\$500,000	\$0	\$500,000	0%	\$0	\$500,000	\$0	\$500,000	\$0	100%	\$500,000
<b>TOTAL URBAN PARKS</b>		<b>\$41,080,007</b>	<b>\$0</b>	<b>\$41,080,007</b>		<b>\$3,692,105</b>	<b>\$37,387,902</b>	<b>\$18,680,695</b>	<b>\$18,707,207</b>	<b>\$5,000,303</b>		<b>\$13,706,903</b>
<b>7.0 CBC BY-LAW ADMINISTRATION</b>												
7.1 CBC Strategy and Implementation	Various	\$150,000	\$0	\$150,000	0%	\$0	\$150,000	\$0	\$150,000	\$0	100%	\$150,000
<b>TOTAL CBC BY-LAW ADMINISTRATION</b>		<b>\$150,000</b>	<b>\$0</b>	<b>\$150,000</b>		<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>		<b>\$150,000</b>
<b>TOTAL CBC CAPITAL PROGRAM</b>		<b>\$533,960,157</b>	<b>\$18,020,000</b>	<b>\$515,940,157</b>		<b>\$338,499,803</b>	<b>\$195,460,354</b>	<b>\$18,680,695</b>	<b>\$176,779,659</b>	<b>\$106,039,890</b>		<b>\$70,739,769</b>

## **i. Housing**

### **a) Service Description**

The Housing capital program includes the capital costs associated with providing a mix of affordable housing to serve the growing population in the City. While the need for affordable housing increases as a municipality's population grows, the City has limited tools available to address housing affordability. CBCs are one growth funding tool at the municipality's disposal to fund additional affordable housing units.

The City's Affordable Housing Unit aims to increase development of affordable housing by working with private and not-for-profit sectors to meet the objectives of the City's 10-Year Housing and Homelessness Plan 2020-2030<sup>1</sup> (Housing and Homelessness Plan). The Housing and Homelessness Plan references the need to establish potential funding sources through a Long-Range Financial Plan (page 9). As development proceeds in the City, existing affordable units are displaced and the sales price of new homes continues to drive up the cost of all housing resulting in the need for investment in additional affordable units.

Furthermore, on March 10 of 2021, Council approved the recommendations contained in the Long Range Financial Plan for Housing and Homelessness Plan. Of note in the plan on page 12 it notes the following:

Staff is recommending that the funding be phased in over four years and come from multiple funding sources, including: base budget increase from taxation, development charges, new sources of funding such as Community Benefit Charges or possibly a Vacant Homes Tax, and be supplemented by one-time contributions from surplus land sales and other sources.

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<sup>1</sup> <https://documents.ottawa.ca/sites/documents/files/housingplan20202030.pdf>

**b) Service Delivery and Service Levels Consideration**

The City participates in the creation of new affordable housing through Official Plan policies, funding partnerships, and land disposition. Current funding is from Section 37 contributions, Development Charges, general taxation, and grants from other levels. As Section 37 is removed as a funding source, the need to deliver affordable housing units falls to the new Community Benefits Charges. CBC funding is therefore needed for the City to maintain the level of contributions it has historically received through the previous section 37 provisions.

**c) Estimate of Need**

Based on the Housing and Homelessness Plan, the City will need to create 5,700 to 8,500 affordable housing options (including units and housing subsidies) targeted to both low and moderate income households. Half of the average of the targets above (7,100 units) of 4,550 units, has been included in the CBC Capital program.

**d) Consideration of Excess Capacity**

The units included in the capital program relate to half of the required low and moderate income housing need identified in the Housing and Homelessness Plan, (2020-2030). This target excludes emergency or temporary housing. Existing capacity within the housing service does not exist.

**e) Gross Capital Cost**

The gross capital cost of the program is estimated at \$439.5 million over the ten-year period from 2022 to 2031. The cost is based on each of the 4,550 units costing the City \$48,100 based on the replacement cost in the 2019 DC Background Study. As development proceeds in the City, the location of the provision for additional units will be identified. Additionally OCHC at Gladstone Village Phase 1 is included at \$143.8 million, OCHC at Rochester Heights at \$107.0 million and lastly 40 to 50 units of supportive housing at \$18.0 million.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

A total of \$15.5 million has been identified as funding from other sources such as CMHC and provincial or federal contributions.

**g) Consideration of Benefit to Existing**

The Benefit to existing share of 75 per cent is reflective of the shares used in the 2019 DC Background Study and 2014 DC Background Study. This is an estimate of the number of housing units expected to be occupied by existing residents based on the centralized waiting list and priorities for assigning units. The total cost related to the BTE netted off the eligible development-related cost is \$318.0 million.

**h) Relation to funding from Other GFT (if applicable)**

The City currently provides affordable housing and in part funds the initial capital costs through DCs. The total capital program in the 2019 DC Study totals \$46.5 million while the DC eligible amount is 23% of that at \$10.5 million. This DC eligible amount is in part paid for from existing DC reserves and would be equivalent to 268 new units based on the 2019 replacement cost (see historical service level for details). Additional funding is required for remaining units.

In addition to DCs, the City is proceeding to implement Inclusionary Zoning (IZ) policy. The current CBC by-law policy is that developments contributing through IZ would not be subject to a CBC effectively valuing the IZ contribution as in-kind. Therefore there is no overlap between the units received through IZ and those funded from CBCs.

The amount funded in the CBC Strategy is related only to the share related to the CBC eligible developments based on shares of total city-wide development.

A total of \$96.7 million is growth-related but ineligible for funding from CBCs as it relates to other residential development in the City.



**i) Share of Net Capital Costs related to CBC Eligible Developments**

The amount eligible for recovery from CBCs is 20 per cent, based on the share of the ten-year population growth that is forecast to be in developments subject to a CBC, or \$24.8 million.

**ii. Traffic Calming & Road Safety**

**a) Service Description**

This service area includes items within the roads right of way and pertains to road safety. Included in the capital program is a provision for traffic calming measures.

This type of infrastructure improvements is very important in areas of redevelopment and higher-density areas to ensure safe, functional and liveable communities recognizing the higher level of pedestrian, and other active transportation, activity in these neighbourhoods. The City has used the previous section 37 density bonusing provisions to secure and fund a range of safety measures and traffic calming mitigations.

**b) Service Delivery and Service Levels Consideration**

The City has been delivering public realm improvements funded from the old Section 37.

**c) Estimate of Need**

The need included in the CBC Strategy for recovery from CBC eligible developments is based on discussions with staff, the City's 2022 capital budget, City's Transit-Oriented Development Guidelines, past section 37 collections and others.

**d) Consideration of Excess Capacity**

There is no excess capacity in the Traffic Calming & Road Safety CBC capital program.

**e) Capital Cost**

The total gross cost of the program is \$500,000 which includes various traffic calming measures.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

No grants, subsidies or other contributions have been identified for the projects included in the capital program.

**g) Consideration of Benefit to Existing**

The provision included in the Traffic Calming & Road Safety capital program is entirely related to growth and therefore no BTE shares have been identified.

**h) Relation to funding from Other GFT (if applicable)**

None of the identified projects have funding from other growth funding tools.

**i) Share of Net Capital Costs related to CBC Eligible Developments**

The full cost of \$500,000 is related to and necessitated by CBC eligible developments.

**iii. Public Realm**

**a) Service Description**

This service area includes items such as community gardens, public art, and cultural facilities.

These types of infrastructure improvements are very important in areas of redevelopment and higher-density areas to ensure safe, functional and liveable communities recognizing the higher level of pedestrian, and other active transportation, activity in these neighbourhoods. The City has used the previous section 37 density bonusing provisions to secure and fund a range of public realm and community facilities.

**b) Service Delivery and Service Levels Consideration**

The City has been delivering public realm improvements funded from the old Section 37.

**c) Estimate of Need**

The need included in the CBC Strategy for recovery from CBC eligible developments is based on discussions with staff, the City's 2022 capital budget, Community Design Plans, past section 37 collections and others.

**d) Consideration of Excess Capacity**

There is no excess capacity in the Public Realm CBC capital program.

**e) Capital Cost**

The total gross cost of the program is \$8.8 million which includes community gardens, public art, and cultural facilities.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

No grants, subsidies or other contributions have been identified for the projects included in the capital program.

**g) Consideration of Benefit to Existing**

The provision for community gardens has a benefit to existing shares of 85 per cent or \$1.3 million, based on population growth in new units over the existing base. All other projects included in the Public Realm capital program are entirely related to growth and therefore no BTE shares have been identified.

**h) Relation to funding from Other GFT (if applicable)**

Other growth funding tool revenue will be needed for \$4.4 million related to the community gardens, cultural facilities and Art at Vanier Revitalization project.

**i) Share of Net Capital Costs related to CBC Eligible Developments**

The remaining cost of \$3.1 million is related to and necessitated by CBC eligible developments.

**iv. Community Facilities**

**a) Service Description**

Community Facilities service area encompasses a variety of facilities available to residents of Ottawa. Community facilities include daycare facilities, theatres, culture hubs, community centres, libraries, heritage conservation and other facilities for the delivery of programming in the City.

The City of Ottawa is a vibrant city with a wide range of community facilities. As the City continues to grow, largely through redevelopment and intensification, there is a need to construct new community facilities and expand existing facilities. Some of these needs are funded from development charges, such as library development and expansion, but the DCA has limitations. Some community facilities are not eligible for DC funding, notably theatres, art galleries and other cultural facilities; as such, the rules under the DCA restrict the funding of DC eligible community facilities. CBCs can assist in funding a share of development-related community facility needs that are not eligible for other growth-funding tools.

**b) Service Delivery and Service Levels Consideration**

Daycare is currently delivered by the City and paid for from the tax base, old section 37 density bonusing monies, developer contributions and other sources.

In addition to Daycare services, other community facilities such as libraries, recreation facilities are also in part recovered from DCs. Past section 37 density bonusing monies have been used as well to service the needs arising from denser development. That need for servicing is anticipated to continue as development proceeds in the city. These services are contained

within the 2019 DC Background Study where a service level was established as directed by the DCA.

The City has a current inventory of daycare facilities and the needs identified in the CBC capital program provide expanded servicing capacity to meet the need arising from development.

Community facilities, to the extent permitted under the DCA, have been paid for in part through DCs, property taxes, old Section 37 contributions, grants and other sources.

Conservation of facilities with significant heritage value has been previously paid for through Section 37.

**c) Estimate of Need**

The need for community facilities driven by CBC developments is partly based on previous Section 37 contributions, planned capital projects, and costs not included in the in-period total in the 2019 DC Background Study but deemed development-related.

**d) Consideration of Excess Capacity**

Excess capacity has not been identified for this service area.

**e) Capital Cost**

The capital cost included in the CBC Strategy totals \$26.0 million which includes daycare, libraries and recreation facilities and other related capital costs.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

No grants or subsidies have been identified for this service and as such the full gross cost is the net municipal cost.

**g) Consideration of Benefit to Existing**

Benefit to existing shares are estimated for the provision of daycare facilities of 50 per cent or \$5.0 million to account for the existing deficiency. The provision for additional community facilities are fully related to meeting the need arising from development and therefore no benefit to existing has been attributed. The Greenview Avenue Park Childcare facility is also fully attributed to CBC development, as the facility is required directly because of CBC development in the area.

**h) Relation to funding from Other GFT (if applicable)**

The provision for daycare, library and recreation facilities included in the DC Study are above and beyond those included in the City's last DC Study and recognizes that higher density residential development can create incrementally higher demand for these services than reflected in the DC Study. Inclusion in the CBC Strategy allows for consideration of meeting these incremental needs with CBC monies.

**i) Share of Net Capital Costs related to CBC Eligible Developments**

The resulting net capital cost associated with CBC eligible developments is \$21.0 million.

**v. Active Transportation**

**a) Service Description**

This service area includes various capital costs related to active transportation infrastructure within road right-of-way, in greenspaces and other areas. Examples of infrastructure included in this service are multi-use pathways, pedestrian infrastructure, trails, cycling infrastructure and related.

The City has been investing significantly in a comprehensive plan to expand active transportation infrastructure across the City. Much of the City's growth is achieved through redevelopment and intensification display lower use of single-occupancy motorized vehicles and higher active transportation modes of transportation. Some of these needs are funded from development

charges however the increased needs arising from high density are not fully fundable from DCs; CBCs are a tool that can be used to fund a share of these increased need.

**b) Service Delivery and Service Levels Consideration**

The service is delivered by the City and funded from property taxes, DCs, grants and subsidies. The existing service level is included in the DC Recreation Facilities, Parks Development and Roads and Related Services. In addition, active transportation infrastructure was included in past section 37 contributions.

**c) Estimate of Need**

The transportation mode shares of denser urban built environments generally skew to non-car mode shares such as biking, walking and other forms of active transportation. Therefore, costs related to active transportation are included in the CBC capital program.

The City's Transportation Oriented Development guidelines identify additional investments required for servicing the needs of CBC eligible development.

Further details on active transportation needs can be found in 2013 Cycling Master Plan.

**d) Consideration of Excess Capacity**

There is no excess capacity available within the City's existing active transportation infrastructure and the costs included in the CBC strategy relate to incremental needs arising from development over the ten-year planning horizon.

**e) Capital Cost**

The gross capital cost included in Table 7 is \$18.0 million. This various active transportation projects ranging in costs from \$250,000 to \$2.7 million.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

Grants from the federal ATF have been identified for three projects totaling \$2.5 million.

**g) Consideration of Benefit to Existing**

Benefit to existing shares of 75, 51 and 57 per cent are allocated to the provisions for pedestrian facilities, cycling facilities and MUP structures respectively which aligns with the 2019 DC Background Study. The majority of projects are attributed the highest BTE of 75 per cent as they are MUPs.

**h) Relation to funding from Other GFT (if applicable)**

No other growth funding tools are identified to be used to pay for the identified projects in the capital program.

**i) Share of Net Capital Costs related to CBC Eligible Developments**

The remaining CBC eligible share totals \$7.4 million over the ten-year period from 2022-2031.

**vi. Urban Parks**

**a) Service Description**

Urban parks service area capital program includes costs related to the delivery and development of park space. The service area includes the development of various identified urban parks and related infrastructure.

The City recognizes the importance of providing passive and development parkland for its residents. As the City continues to intensify and as development densities increase, the need for public greenspace also increases given many new households do not have private outdoor space. Furthermore, urban parks are more expensive than traditional suburban parks both for acquisition and development of the park lands. The other growth funding tools, DCs and *Planning Act* s.42 parkland conveyance, will not fully meet the parkland needs arising from high density residential



development; CBCs provide a mechanism to fund a share of the increased development need.

**b) Service Delivery and Service Levels Consideration**

In the past, the City has collected both monies and infrastructure related to urban parks through the previous section 37.

**c) Estimate of Need**

Dense urban development places a greater demand for public urban parks and associated amenities. Decreased access to private greenspace leads to higher use of new and existing parks in high density neighbourhoods. Further exacerbated by COVID-19, urban parks now more than ever are seen as a vital component of a complete community.

**d) Consideration of Excess Capacity**

There is no excess capacity available within the City's existing parks network in areas that will experience high-density residential development. The costs included in the CBC capital program are related to incremental needs arising from CBC-eligible development over the ten-year planning horizon.

**e) Capital Cost**

The gross capital cost of the service identified in Table 7 is \$41.1 million. This cost includes a provision for urban parks at \$31.37 million various parks requiring additional infrastructure.

**f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

No grants, subsidies or other contributions have been identified for this service.

**g) Consideration of Benefit to Existing**

Benefit to existing shares have been identified at 9 per cent of the net municipal cost which reflects the shares in the 2019 DC Background Study. A BTE of 40 per cent has been allocated to the Ev Tremblay Park

Revitalization as it relates to the cost of replacing an existing facility. All other projects have a 0 per cent BTE as they are fully related to the incremental pressures arising from development.

**h) Relation to funding from Other GFT (if applicable)**

Development Charges are anticipated to pay for \$18.7 million of the provision for urban parks. An additional \$5.0 million of the cost for the provision are related to growth but do not have a specified growth funding tool identified. This amount may be recovered from future DC Background Studies or other sources.

**i) Share of Net Capital Costs related to CBC Eligible Developments**

The total eligible costs related to CBC development is \$13.7 million. Aside from the provision based on the shortfall of the 2019 DC Study, the remaining projects are located in intensification areas and are necessitated as a result of higher density development. Therefore the full cost has been attributed to CBC development. The CBC eligible share for the provision for additional urban parks equipment is 50 per cent as parts of this cost may be located in non-priority intensification areas. As development proceeds in the City and additional parks are identified, the CBC share will be refined and reflected in the annual CBC statement and City budget.

**vii. CBC By-law Administration**

**a) Service Description**

The cost of the CBC Strategy itself is eligible under the Act and included in this service category is the implementation of the strategy. Costs related to supporting the administration of the CBC Strategy and By-law.

**b) Service Delivery and Service Levels Consideration**

Inclusion of the CBC Strategy and implementation does not increase the level of service provided to existing residents as they replace existing section 37 workflows and ineligible DC Services.

**c) Estimate of Need**

Included in the cost is a CBC Strategy as well as the cost of land appraisals, legal costs and others related to the implementation of the strategy and by-law.

**d) Consideration of Excess Capacity**

No excess capacity exists for this service.

**e) Capital Cost**

The gross cost included in the capital program totals \$150,000 over the ten year planning period.

**f) Provision for In-Kind Contributions**

In-kind contributions are not anticipated for this service.

**g) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions**

No grants, subsidies or other contributions have been identified for this service.

**h) Consideration of Benefit to Existing**

No benefit to existing has been identified as these costs relate entirely to CBC eligible development.

**i) Relation to funding from Other GFT (if applicable)**

No other growth-related funding tools are available for this service.

**j) Share of Net Capital Costs related to CBC Eligible Developments**

The entire cost of \$150,000 is therefore eligible for recovery from CBC developments. The need for this is solely driven by CBC development and so no shares are netted off for other residential and non-residential growth in the City.

## 5. CBC Revenue Analysis & Rate Structure

### A. CBC Capital Needs Greater than Projected CBC Revenue

As described above in Section 4, the total cost of the CBC-eligible capital program is \$70.7 million. However as the total forecasted revenue identified is approximated between \$32.8 million to \$36.8 million it is evident that the capital needs cannot be fully funded by potential CBC revenues.

Below in Table 8, is the projection of CBC revenues under the four per cent cap based on current City development pipeline data. Land values at the time of building permit, observed within the historical development pipeline data, vary considerably across the City. The average per-unit land value in current (2022) dollars is calculated at approximately \$42,100.

Applying the legislated four per cent cap, it is anticipated that the average unit will contribute approximately \$1,800 in CBCs. This results in a high level estimate of potential CBC revenues of approximately \$36.8 million for the City over the 2022-2031 period.

As discussed in Section 4, the total cost of the CBC-eligible capital program over the same 2022-2031 period is \$70.7 million. As such, it is evident that the capital needs cannot be fully funded by potential CBC revenues. The capital needs identified for this ten year forecast are anticipated to continue going forward.

**Table 8: Estimate of Potential CBC Revenues, 2022-2031**

<b>Unit types</b>	<b>Low CBC Revenue</b>	<b>High CBC Revenue</b>	<b>Average CBC Revenue</b>
Low Unit Cost	\$29,107,947	\$32,746,440	
High Unit Cost	\$36,384,933	\$40,933,050	
Total	\$32,746,440	\$36,839,745	\$34,793,093

**B. Proposed Rate Structure is as a Percentage of Site Land Value**

It is proposed that the CBC levy rate will be a uniform four per cent of land value across the city. Developments that meet the criteria set out in Section 37 (4) of the Act will be subject to the charge excluding those listed as exempt under O.Reg. 509/20.

The City may through the CBC by-law implement a different approach such as a per unit rate. There would potentially be revenue loss impact as a result of this approach as developments that would pay higher than the set unit rate would not be subject to the higher rate while those with lower land values than the set rate would pay a lower CBC rate.

**C. Land Appraisal Process**

Individual CBC obligations will be calculated based on the market value of the site on the day before issuance of the first building permit. Payment is required prior to the issuance of a building permit by the City. In accordance with subsection 37 (44) of the Act. If the developer considers the charge is higher than four per cent of land value, they submit a payment under protest

and must submit an alternate appraisal within 30 days. The City then has 45 days to provide the appraisal upon which the charge was based.

## **D. CBC Special Account**

### **i. Existing Reserves**

Existing reserves to be transferred to the CBC Special Account include any unspent or unallocated portions of the legacy DC reserves (not eligible for recovery from DCs following September 18, 2022) and existing funds in the legacy Section 37 bonus zoning reserve less any prior commitments.

### **ii. CBC Reserve**

Subsection 37 (45) of the Act requires that a single CBC special account be established. This is unlike DC reserves which are dedicated to specific service areas as defined in the DC by-law. The funds in the CBC reserve will include any existing reserves from non-eligible DC services and CBC monies collected.

Annually, the City must allocate or spend 60 per cent of the funds in the special account to CBC-eligible projects and the following information shall be provided to the public each year in the respect of the preceding year:

1. Statements of the opening and closing balances of the special account and of the transactions relating to the account.
2. In respect of the special account referred to in subsection 37 (45) of the Act, statements identifying,
  - i. facilities, services and matters acquired during the year with funds from the special account;
  - ii. details of the amounts spent; and

- iii. for each facility, service or matter mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
- 3. In respect of the special account referred to in subsection 42 (15) of the Act, statements identifying,
  - i. land and machinery acquired during the year with funds from the special account;
  - ii. buildings erected, improved or repaired during the year with funds from the special account;
  - iii. details of the amounts spent; and
  - iv. for each asset mentioned in subparagraphs i and ii, the manner in which any capital cost not funded from the special account was or will be funded.
- 4. The amount of money borrowed from the special account and the purpose for which it was borrowed.
- 5. The amount of interest accrued on any money borrowed from the special account.

## **E. Statutory Exemptions**

O.Reg. 509/20 includes the following statutory exemptions:

- 1. Development or redevelopment of a building or structure intended for use as a long-term care home within the meaning of subsection 2 (1) of the Long-Term Care Homes Act, 2007.

2. Development or redevelopment of a building or structure intended for use as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010.
3. Development or redevelopment of a building or structure intended for use by any of the following post-secondary institutions for the objects of the institution:
  - i. a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
  - ii. a college or university federated or affiliated with a university described in subparagraph i,
  - iii. an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017.
4. Development or redevelopment of a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion.
5. Development or redevelopment of a building or structure intended for use as a hospice to provide end of life care.
6. Development or redevelopment of a building or structure intended for use as residential premises by any of the following entities:
  - i. a corporation to which the Not-for-Profit Corporations Act, 2010 applies that is in good standing under that Act and whose primary object is to provide housing,
  - ii. a corporation without share capital to which the *Canada Not-for-profit Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing,
  - iii. a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act. O. Reg 509/20, s. 1, 8.



## **F. Legacy Section 37 Revenue Compared with New CBC Revenue Forecast**

The previous section 37 was collected with the use of City prepared guidelines approved by Council on May 24, 2017. Past section 37 revenues were collected from developments where the zoning limits as set out in the Zoning By-law were exceeded in either height or density. The key difference between the old section 37 and the new is the application of the charge in the new regime is to all developments 5 storeys or taller and containing 10 or more residential units.

The revenue comparison is therefore coloured by the differences in the legislation and application of the funds. Past section 37 collections included a mix of cash-in-lieu and in-kind contributions and the estimated annual contributions of \$3.7 million. To note, some contributions have not yet been realized but the commitments have been included in the revenue estimate above.

The estimated annual revenue for the CBC by-law is \$3.5 million under the maximum legislated four per cent of land value cap. It is therefore somewhat comparable with the legacy collections under the past section 37.

## **6. Implementation & Administration**

### **A. Consultation**

The Act requires that a municipality consult with such persons and public bodies as the municipality considered appropriate. Subsection 37 (10) indicates that, at the discretion of the City, consultation shall be conducted. For this 2022 CBC Strategy, the City has met with the development industry on over seven occasions in 2021 and throughout 2022. In addition, the City provided draft information for public review through various presentations and by posting of the CBC Strategy and By-law on the City's website in advance of anticipated date of passage. Lastly the formal public meeting is anticipated to be held in summer of 2022 ahead of the by-law being presented to Council for passage.

### **B. By-Law Passage, Notice and Appeal Provisions**

The CBC By-law is anticipated to be passed in mid 2022. The commencement of the by-law will be on the date the by-law is passed or the specified in the by-law, whichever is later in accordance with subsection 37 (11) of the Act.

A notice of passage is required to be provided no later than twenty days after passage, subsection 37 (13) of the Act. Furthermore, O.Reg. 509/20 subsection 4(2) states that a notice shall be given to every owner of land in the area to which the by-law applies, every person and organization that has written request for the notice, upper-tier municipalities, school boards and by publication in a newspaper of sufficient general circulation.

A CBC by-law may be appealed to the Ontario Land Tribunal within forty days of passage by filing with the clerk of the City. The Tribunal is limited in its ability to amend the CBC By-law including not being able to increase the

amount of CBCs that will be payable in any particular case, add, remove or reduce the scope of an exemption, change a provision for a phasing in so as to make the charges payable earlier and change the date the by-law will expire.

## **C. Treatment of In-Kind Contributions**

The City may allow developers to pay CBCs in part or in whole with in-kind contributions. Such contributions will be evaluated on a case by case basis.

Paragraphs 6-8 of subsection 37 of the Act guide the legislative framework for the consideration of in-kind contributions:

### **In-kind contributions**

(6) A municipality that has passed a community benefits charge by-law may allow an owner of land to provide to the municipality facilities, services or matters required because of development or redevelopment in the area to which the by-law applies. 2020, c. 18, Sched. 17, s. 1.

### **Notice of value of in-kind contributions**

(7) Before the owner of land provides facilities, services or matters in accordance with subsection (6), the municipality shall advise the owner of land of the value that will be attributed to them. 2020, c. 18, Sched. 17, s. 1.

### **Deduction of value of in-kind contributions**

(8) The value attributed under subsection (7) shall be deducted from the amount the owner of land would otherwise be required to pay under the community benefits charge by-law. 2020, c. 18, Sched. 17, s. 1.

The CBC by-law will provide for the potential acceptance of CBC in-kind contributions consistent with the legislative requirements.

## D. CBC Payment Dispute Mechanism

Developers may dispute the CBC charge by submitting by paying in protest and submitting an alternate appraisal. If the appraisals are within 5 per cent of each other the City must refund the difference. However, if the appraisal difference is greater than 5 per cent, the City will request the developer to select one of three appraisers from a City list. That will be the final appraisal and if it results in a lower CBC rate than paid, the City must refund the difference. Figure 2 below provides a summary of the appraisal and dispute process.

**Figure 2: Payment Dispute Mechanism**

	<b>Planning Act</b>	<b>Timing</b>	<b>Action</b>	<b>Outcome</b>
<b>Charge as set by City</b>	37(44)	Building permit	Developer pays	Payment received – process complete
			Developers pays under protest	New appraisal required
<b>Payment under protest</b>	37(33)	30 days	Developer submits appraisal to City	City review need for new appraisal or accept value
<b>City disputes developer’s value</b>	37(35)	45 days	City submits appraisal to applicant	Joint review - if less than 5 percent difference, use higher value
<b>Arbitrated value</b>	37(38)	60 days	Applicant picks appraiser from City roster	New appraisal sets value

	<b>Planning Act</b>	<b>Timing</b>	<b>Action</b>	<b>Outcome</b>
<b>In-kind contribution</b>	37(7)	Before providing service / facility	City to advise applicant of in kind value	No appeal process. Value is deducted from charge

**Appendix**  
**Draft CBC By-law**  
**(To Be Made Available**  
**Under Separate Cover)**