

Development Charges Task Force

Meeting held November 18, 2024

A meeting of the Development Charges Task Force is held this day commencing at 10:00 o'clock p.m. in Room 140, 350 City Hall Square West, there being present the following members:

Councillor Kieran McKenzie, Chair
Councillor Angelo Marignani
Councillor Ed Sleiman
Councillor Gary Kaschak (participates via conference phone)
Councillor Jim Morrison
John Miller
Evangelos Kalmantis
Settino Vilardi
Frazier Fathers

Regrets received from:

Tony Rosati

Hemson Consultants in attendance:

Craig Binning, Project Manager and Courtney King, Senior Analyst

Also present are the following resource personnel:

David Simpson, Commissioner, Infrastructure Services & City Engineer
Jelena Payne, Commissioner, Economic Development
Jen Knights, Windsor Public Library Chief Executive Officer
Tony Ardochini, Deputy Treasurer, Financial Planning
Emilie Dunnigan, Manager, Development Review & Financial Administration
Karen Kadour, Committee Coordinator

Members of the Technical Working Committee are also present.

1. Call to Order

Councillor Kieran McKenzie, Chair calls the meeting to order at 10:01 a.m. and the Task Force considers the Agenda being Schedule A, attached hereto, matters which are dealt with as follows:

2. Declaration of Conflict

None disclosed.

3. Adoption of the Minutes

Moved by Councillor Ed Sleiman, seconded by Councillor Angelo Marignani,
That the minutes of the Development Charges Task Force of its meeting held
July 29, 2024 **BE ADOPTED** as presented.
Carried.

4. Business Items

4.1 Draft Development Forecast

Craig Binning, Project Manager advises that preliminary and draft rates will be shared at this meeting. He notes that he will talk about the development forecast itself and how they see the municipality growing over the next 10 to 20 years; will overview the key capital projects (service by service); will share the preliminary rates that will be compared with other jurisdictions both geographically close by and municipalities that they deem to be somewhat similar.

The Presentation entitled Development Charges Task Force Meeting #2 – Development Charges Background Study: Draft Calculated Rates” is **attached** as Appendix “A” Craig Binning provides an overview of the Presentation as follows:

- **Historical development in Windsor:**
- The City has experienced strong population and employment growth since 2009. The difference in the rate of population and household growth relates to the changes in occupancy.
- **Historical development in Windsor vs 2020 DC background study forecast:**
- The 2020 DC Study forecast 2,000 building permits between 2020 and 2023
- Actual permits based on CMHC data shows 2,700 permits issued between 2020 and 2023
- **Preliminary development forecasts:**
- Forecast of City-wide population, household and employment to 2041
- Forecast based on recent Statistics Canada data, CMHC data and Hemson analysis
- Sandwich South area – specific forecast to 2041
- Aligns with recent fiscal impact analysis done for Sandwich South
- **City-wide development forecast and Sandwich South forecast:**

- Residential and Non-residential statistics noted on pages 7 and 8 of the Presentation
- Growth-related Capital Programs:
- Capital costs are adjusted in accordance with DC legislation.
- **Confirmed** grants, subsidies and contributions.
- **Also included in the Presentation:**
- Library Services, Fire Services, Police Services, Indoor Recreation, Park Development, Transit, Waste Diversion,
- Services related to a highway: Buildings & fleet and City-wide studies and Roads and related, Sewage Treatment, Sanitary Sewer, Storm Sewer & Municipal Drains, Water
- Services related to a Highway: Roads & Related
- Sandwich South – Sanitary sewer, Storm sewer & Municipal Drains, Water
- **Preliminary calculated City-wide DCs – Residential** – (noted on page 27)
- Preliminary calculated City-wide DC's – Non-Residential – (noted on page 29)
- Rate Comparison – Single & Semis, Non-Industrial
- **Policy Considerations:**
- Area rating – Maintain area-specific approach to engineered services rates in Sandwich South
- Existing DC Exemptions
- Consideration of impact of *Excessive Soil Act*
- Energy efficiency/green buildings/potential to provide discounts

A question-and-answer period ensues throughout the Presentation.

Frazier Fathers refers to the dwelling unit forecast and states that the City's housing target is approximately 13,000 until 2031 and asks if that projection is hitting that housing target. Craig Binning responds that the City has issued some of the permits related to reaching that housing target. He adds that the way that the province is measuring achieving that housing target includes long term care homes beds which is not part of this forecast.

Settimo Vilardi comments relating to the person per unit (PPU) assumptions and notes that the trend is that the intensification for singles and semis has decreased and is slightly increasing for apartment units. Craig Binning responds that relationship ultimately on the residential side, is calculated as a charge per capita and then the charges levied by the type of unit and is done by a function of these PPU's. He adds if the shift is lower PPU's for one unit and higher for another, it shifts the burden of the funding. Settimo Vilardi states that we are assuming that apartments are where the lower income people reside but will charge more development charges on that group.

The Chair questions if there is another way to tie that analysis together with access to services. For example, there is intensification happening in South Windsor because it is close to St. Clair College and is a certain type of intensification that is different that what is traditionally happening, i.e. apartment and multi-residential dwellings units which are

being constructed in greater number than ever before. He adds there is a concern around having the charges at such a level where a greater amount of financial burden is being placed on units that could potentially be more affordable units. Is there a way to be more strategic regarding why types of units are going to be built in certain parts of the city and adds perhaps the development charge should be more reflective of what we forecast happening, i.e. more multi-residential will be built in that corridor versus some other parts of the city. We want to encourage more lower input costs to allow for more attainable housing.

Craig Binning advises that the difficulty is the *Development Charges Act* itself is not conducive to being an incentive tool and must be grounded in some differential of the cost and the demand for services. He states they could talk about some measures through community improvement plans; that becomes a more comprehensive tool for dealing with a suite of incentives to encourage for different types of development built on certain areas. However, there is a revenue and funding consequence to that.

Frasier Fathers asks where income comes to play as the price of a single unit has risen significantly in Windsor for a single-family unit while incomes have been stagnant. People cannot afford to get out of an apartment building and buy a semi-detached or single-family home. He questions if income can play a role in this and then can crosstab income by dwelling types and use that as a measure in consideration. Craig Binning responds that the data is based on newly constructed units over the last 10 years (2011 – 2021) and states they cannot introduce household income as a variable in setting development charge rates because that is an ability to pay measure which is counter to the *Development Charges Act*.

David Simpson, Commissioner, Infrastructure Services & City Engineer refers to the Waste Diversion and asks for confirmation that it does not address anything to do with landfill operations. Craig Binning responds that any solid waste collection or disposal is not covered.

In terms of the Storm Sewer & Municipal Drains, Craig Binning advises that this is under continued review with City staff as it is notably greater than in previous studies. The city for the last several years has identified significant storm sewer and municipal drain needs, and they recognize that much of this need is within existing built up areas and areas that will receive further development and redevelopment intensification and meeting servicing needs of other areas where development is occurring.

Councillor Ed Sleiman asks for an explanation of the development charge monies. Craig Binning responds that the development charge monies can only be used for the purposes for which they have been collected. So, anything collected for i.e. Police Services can only be spent on Police Services development related capital needs. If Police Services or Library Services have not fully utilized their monies, it gets netted off the capital program here.

Councillor Angelo Marignani questions if the city's infrastructure budget is based on the development charge forecast, and if so, how does that result in our infrastructure projects. Craig Binning responds that if a municipality where the rate of development is faster than what was done in the background study, normally would collect more development charge monies. It also means that you are advancing projects earlier than you have would otherwise.

Craig Binning refers to the preliminary development charge rates and notes they are continuing to review all the capital and development forecasts. The Residential Rates for the city-wide charge are as follows:

- Single detached unit - current charge is approximately \$43,000. The calculated charge is \$76,543.
- The semis/rows – current charge is \$24,387. The calculated charge is \$43,734
- The apartments – current charges if \$20,071. The calculated charge is \$38,120.
- These increases are being driven by park development, the transit service, increase, the roads, and the storm sewer and municipal drain component.

The Chair asks for an explanation regarding the 35% reduction in library services. Craig Binning responds that it is a very limited capital program.

Councillor Gary Kaschak advises that he made comments at the meeting held July 29, 2024, regarding expanding the Area 1 exemption freeze on the development charges to include Ward 8 and asks if that calculation worked into these development charges – the increase from \$43,000 to \$76,543. Craig Binning responds that an exemption area does not factor into the calculation of the rates. They calculate it based on all the anticipated development. The decision to provide an exemption from a development charge must be funded from the property tax base and not through shifting the burden to other development.

Craig Binning reviews the Non-Residential charge and adds they do differentiate between industrial and non-industrial. He notes there are increases but proportionately not as great as the residential. The draft Non-Industrial rate increase is 32%.

Craig Binning provides an overview of the Sandwich South development charges. The Chair states as most of the residents are on septic he notes there will be a significant need for infrastructure. Craig Binning responds that this matter has been flagged for review and adds there is a higher amount of development occurring forecasted within those two secondary plan areas.

Craig Binning provides comments on the rate comparison including singles, semis and non-industrial.

Councillor Jim Morrison states that Hemson is doing a study in the County municipalities and asks how quickly the results of that study will be provided. Craig Binning responds he will report back on the timing.

John Miller expresses concern that the cost for a residential home is going up 76% and asks how do people and developers absorb those costs. Craig Binning responds that these are presented as preliminary rates.

Evangelos Kalmantis concurs with the comments made by Mr. Miller and adds that the infrastructure is also deteriorating.

Frasier Fathers asks Council as we are currently reviewing the budget process where do you want this growth pays for growth theory and adds Windsor is in a housing crisis, particularly on the residential side. He notes that a \$70,000 charge will be a barrier to development. He asks if there is a model where it is not only a single-family home charge, but also a small single family home charge under 1,500 square feet with a certain charge rate, and a large mansion that is another charge rate could provide those pathways in this model to allow for some strategy and lower costs.

Councillor Jim Morrison asks Administration to elaborate on the Sewer Master Plan. Tony Ardochini advises that the Sewer Master Plan was developed for long-range flooding and part of that was also included a growth component. As these projects are implemented, the storm management system is not only in one area but is integrated city wide. For the targets to be reached for the homes, the infrastructure must be built in many cases. The draft model developed by Hemson is capturing those costs with the theme that development pays for growth. If fully calculated rates are not implemented, they cannot shift the burden to another area; it will have to be funded by existing taxpayers either through the tax levy and/or user fees.

The Chair states the foregoing is true, but there is the housing crisis piece and asks from an administrative standpoint, how does that factor into a recommendation regarding where we need to be. He asks for analysis based on what is being proposed and the impact of what lowering some of these fees would be and how that would change the dynamic of the sharing of those costs. Craig Binning responds that this is slightly outside their area of expertise and scope and adds there are firms that do this work.

Councillor Jim Morrison states that these numbers will allow for the growth-related infrastructure to proceed to support the projections of the estimated growth in the study, especially in the Sandwich South area. Craig Binning responds Sandwich South needs the linear infrastructure for the water, the sewer and the roads to develop the lands. He understands the consequence of those rate increases and the city has always had a good process of having representatives from the construction industry here at the table to talk about those things openly.

Policy Considerations

Craig Binning provides an overview of the following Policy Considerations:

Area rating –Maintain area-specific approach to engineering services rates for Sandwich South. Craig Binning strongly encourages to keep the structure as it is because of the unique servicing costs in the Sandwich South area.

Existing DC Exemptions – Area 1 and Industrial Development (City-wide & Sandwich South) Tony Ardovini states that Area 1 is the core exemption area where all DC's are currently exempted. The document entitled "Development Charges Assessed on Building Permits issued in "Area 1" since 2021 is **attached** as Appendix "B". He advises that they plotted all the development that has happened in the Area 1 core that was DC exempt. There has been approximately \$8.7M in the development charges that were exempt in less than four years.

The Chair suggests that the city should very strongly be considering some other type of measure if we do want a discount and asks what the tool is to accomplish this. Tony Ardovini states whether they reduce the boundary to the downtown core further or to decrease by 50% would be another option. The Chair refers to the development corridor's map and suggests highlighted parts of the city where we want to encourage development and part of that process would have incorporated the assessment of the existing infrastructure in those areas to support whatever intensification would be coming forward.

Councillor Angelo Marignani is concerned there may be a shortfall in revenue that will be required to improve the city's infrastructure. He suggests a more focused area in a part of the city that we want to see this growth. Tony Ardovini responds they are consistent with what they had in the previous four years. Councillor Angelo Marignani asks if the exemption gave the option to developers to do multi-unit residential as they could avoid the charges on that. Craig Binning responds for some specific projects there were exemptions.

Councillor Jim Morrison advises that the amount of water that comes off a development property is assessed and adds costs outside of the DC charges. They still must do what needs to be done to handle the water. Stacey McGuire, Executive Director, Engineering responds that in many cases the developer installs costly infrastructure on their own property. At some point the city may have to react to heavily developed areas and start adding these sewers to the infrastructure needs over time. David Simpson, Commissioner, Infrastructure Services, & City Engineer states that in addition to the on-site management, they are strategically oversizing a lot of the city's stormwater infrastructure for decades down the road (that is happening in parallel within the Area 1). He notes there will be a tipping point based on a specific geographic area of the city.

Settimo Vilardi leaves the meeting at 11:45 o'clock a.m.

Frasier Fathers refers to a map from the City's Official Plan and remarks that there is a broader coverage than just the downtown core for exemption. This is the map that identified major corridors in these hubs and the purple and orange where in theory

infrastructure is already in place for rapid and significant development. He would prefer to see something that shifts from just the downtown core to something more city-wide and targeted where every ward has a node whether it is development charged exempt or reduced in some way allowing that development not only to be in this central core area but also allowing multiple forms of development to occur in those areas. Where Council has made decisions on intensification, the exemptions could be used as a part of the study to drive that growth into those geographies where there is capacity. Tony Ardovini responds from a cost perspective; any exemption will be picked up by the taxpayers.

The Chair indicates he is not aware of the extent that there was an engineering analysis associated with these development corridors and would like to know the capacity that they have through those places. If a decision is made to go down this “rabbit hole”, it may be more feasible, i.e. taking a different strategic approach to each development one by one.

Tony Ardovini alludes to the Policy on Industrial Exemption and notes that approximately \$170M was waived in industrial development charges in less than four years (\$155M for the Nexstar development and \$15M for all other developments). This policy decision to exempt Industrial DC Fees, historically part of the DC Bylaw, should be reviewed going forward in lieu of the high growth projections. Decision will be whether the DC exemption is maintained city-wide and in Sandwich South or whether only City-wide should be considered for exemption

Councillor Jim Morrison expresses concern as it relates to the airport industrial lands and the talk of building roads to the factory, which is currently totally exempt from Industrial DC Fees. Tony Ardovini advises that the calculations for industrial have been done by Hemson. Councillor Jim Morrison remarks that the recommendation will be to not exempt them anymore.

Tony Ardovini states that a question was raised respecting the *Excessive Soil Act* and states any cost from the city’s perspective for a project is included in the study

Craig Binning refers to the Energy efficiency/green buildings and advises that a few municipalities have policies with respect to green development standards. In the City of Toronto, if you meet a set of criteria, you receive a rebate back. He further provides the practices of other municipalities.

Tony Ardovini advises that the money through the exemptions mentioned previously total \$8.7M in Area 1 and the industrial exemptions, the largest of which is the battery plant (once in a generational build) total \$170M.

John Miller states if there is to be a charge on Industrial DC Fees, he asks to see a chart that identifies where we sit as a municipality as many are fighting for these jobs. Craig Binning advises the chart can be circulated to the members.

5. Next Steps

In terms of next steps, the Chair refers to the Policy Considerations and agrees to maintain the area-specific engineered services rates for Sandwich South. In terms of Area 1 and the DC's on industrial development, the Chair asks if an Administrative report can be provided for the next meeting as the Area 1 model needs to be more strategic and refined to allow to make a recommendation on what is going on in the city, i.e. development plans that they want to encourage.

Councillor Jim Morrison states that they should move forward on the industrial.

The Chair asks if a report can be provided to indicate where we would land relative to peer municipalities. Craig Binning responds affirmatively. He also asks if the slide on the green standard exemptions can be refined in terms of what that would potentially look like in the City of Windsor. Craig Binning responds that they will provide a few recommendations or options.

The Chair refers to the impact on development at what is being proposed in terms of the rate structure itself and how that is forecasted out. He asks if Administration can provide any analysis on what these increases will look like as a development city-wide and investment. Tony Ardovini states in the past the rationale was provided supporting that DC Fee increases were not a large impact on development. The Chair remarks that the industry sector has concerns and there is concern regarding the impact on housing affordability.

Councillor Jim Morrison asks that the process for the implementation of these rates be provided.

Moved by Councillor Angelo Marignani, seconded by Councillor Ed Sleiman,

That the Development Charges Background Study: Draft Calculated Rates **BE RECEIVED**; and,

That the city-wide and area specific calculated rates continue to be refined and that options and recommendations for specific policy decisions outlined below be brought back for the Committee for consideration; and,

That different options be provided relating to Area 1 exceptions; and,

That additional information **BE PROVIDED** relating to industrial exemptions; and further,

That options **BE PROVIDED** relating to green energy and the impact on developers, impact on affordability and implementation options.

Carried.

The Chair requests that a letter be sent to the industry (along with the presentation).

6. Date of Next Meeting

The next meeting will be at the call of the Chair.

7. Adjournment

There being no further business, the meeting is adjourned at 12:17 o'clock p.m.