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Windsor, Ontario March 11, 2015

A meeting of the **Development Charges Task Force** is held this day commencing at 1:30 o'clock p.m. in the Council Chambers, 3rd floor, City Hall, there being present the following members:

Councillor Hilary Payne, Chair
Councillor Rino Bortolin
Councillor Chris Holt
Councillor Ed Sleiman
Evangelo Kalmantis
Shane Mitchell
Tony Rosati (arrives at 1:45 p.m.)
Albert Schepers
Pietro Valente

Guest in attendance:

Craig S. Binning, Partner HEMSON Consulting Ltd.

Also present are the following resource personnel:

Tony Ardovini, Deputy Treasurer – Financial Accounting
Stephan Cipkar, Executive Initiatives Coordinator
Onorio Colucci, City Treasurer
Diana Digirolama, Manager of Technical Support
Andrew Dowie, Policy Analyst, Operations
Sergio Grando, Manager Energy Initiatives
Barry Horrobin, Director of Planning, Windsor Police Services
Thom Hunt, City Planner
Angela Marazita, Fleet Manager
Bruce Montone, Fire Chief
Brian Pougnet, Controller, Finance, Enwin Utilities Ltd.
Helga Reidel, CAO
John Revell, Assistant Developmental Chief Building Official
Brad Severin, student
Mario Sonego, City Engineer
Jan Wilson, Executive Director, Recreation and Culture
Karen Kadour, Committee Coordinator

1. CALL TO ORDER

The Chair calls the meeting to order at 1:35 o'clock p.m. and the Task Force considers the Agenda being Schedule "A" **attached** hereto, matters which are dealt with as follows:

The Chair questions if it is the intention of the Task Force to vote or not vote at this meeting. If it is the Task Force's intention not to vote, this will be the last meeting. If however, the Task Force wishes to vote, an additional meeting will be held to allow for the review of an Administrative report. It is generally agreed an additional meeting of the Task Force will be held to allow for a vote.

2. ADDITIONS TO THE AGENDA

Moved by Councillor Bortolin, seconded by Councillor Sleiman,
That Rule 3.3 (c) of the *Procedure By-law 98-2011* be waived to add the following additions to the Agenda:

- Presentation by Pietro Valente, e-mail regarding "Recommendations for new residential development charge rates" and submission from Peter Valente entitled "Windsor 2015 to 2020 Setting the table to Attract Development" – *Item 5 (a)*
- Document from HEMSON Consulting entitled "Response to WEHBA Questions (March 3, 2015) of the Windsor DC Task Force – *Item 5 (b)*
- "General and Engineered Services Capital Programs – Handout – REVISED – *Item 5 (b)*

Carried.

3. DECLARATIONS OF CONFLICT

None disclosed.

4. ADOPTION OF THE MINUTES

Moved by Councillor Sleiman, seconded by Councillor Holt,
That the minutes of the Development Charges Task Force of its meeting held February 20, 2015 **BE ADOPTED** as presented.
Carried.

5. PRESENTATION

(a) Presentation by Pietro Valente

The e-mail regarding "Recommendations for new residential development charge rates" and submission from Peter Valente entitled "Windsor 2015 to 2020 Setting the table to Attract Development" are distributed and ***attached*** respectively as Appendix "A" and Appendix "B".

P. Valente provides the highlights of his document entitled "Windsor 2015 to 2020 Setting the table to Attract Development" as follows:

- If the municipality sets the development charge much higher than the neighbouring municipalities, then development will continue to avoid the City as developers will continue to make investments outside the City limits.
- If there are no new lots being developed by developers, then there is no choice to be made by a new home buyer. No lots equals no new homes.
- The City of Windsor had the highest development charges compared to the neighbouring municipalities over the last period of the bylaw and statistics show that development has avoided the City of Windsor.
- The current Development Charges By-law is not reflective of land value or home value.
- The development charge is the same whether the new home will be worth \$100,000 or \$1,000,000.
- Consideration should be given to make the development charge a percentage of land value or home value.
- In terms of multi family growth, the current rate is \$9141 per unit.
- Average value per land value is less than \$10,000/unit
- Development charge is approximately 100% of land value.
- Multi family growth usually occurs in already developed neighbourhoods close to shopping/churches, etc. and will require less investment due to growth compared to greenfield development on the outskirts of the city.
- Consider a drastically lower charge to encourage this type of housing.
- Points to consider for multifamily include no new roads to maintain (condo takes care of their own) and no garbage to collect (condo takes care of their own).
- Currently, the city collects the DC when permit is picked up. Builder has to finance not only the cost of construction but also the development fees.
- Consider collecting the development charge prior to occupancy permit. This will encourage more speculation homes to be built in the city as the builder does not have to pay the development charge until the home is sold/occupied.
- Consider reduced development charges for “in-fill” or multi unit development projects and higher development charges for former Sandwich South greenfield development where there are higher costs to development.
- To attract development, the city should listen to the stakeholders which includes developers and home builders.
- It is Council’s decision whether to set the table for development and come up with rates that are attractive to developers, so they make investments in the City of Windsor.
- Community Improvement Plans (CIP) should offer a minimum of 75% reduction in development charges all the way up to 100% and also offer 10 year tax rebates.
- Offer rebates for affordable new housing.

Following the PointPoint presentation, the following comments are provided:

- Larger homes do not necessarily have more people residing in them.
- Consultant indicated that By-laws are challengeable to the Municipal Board. Cannot differentiate between the size or value of the unit.

- Development charges are not fair. New homeowner pays taxes on the development charges and over the 20 year life of a home, 50% of the development charges result in taxes.
- If there are no development charges, taxes for residents will increase.
- Townhouses do not have as much linear infrastructure as urban sprawl.
- Example – new home costs \$300,000, building lot \$100,000 with zero development charges. If introduce \$20,000 development charge, whole development will cost \$320,000. A fully serviced lot will garner a higher price.

(b) Presentation by Craig Binning, HEMSON Consulting

C. Binning provides a PowerPoint presentation entitled “Development Charges Study DC Task Force Meeting #3”. The salient points outlined in the presentation are as follows:

- Capital costs have been adjusted in accordance with DC legislation: capital grants and subsidies, replacement/benefit to existing shares (based on shares of population and employment growth), 10% legislated discount for “soft services”, available DC reserve funds and post period benefit shares.
- Historically, the City has constructed significant engineering infrastructure that was oversized to meet a share of increased servicing needs arising from development over the long-term.
- Many of these projects continue to have “committed excess capacity” that will provide benefit to development over the 2015-2024 period.
- The DCA permits the recovery of capital costs associated with this capacity from future DC’s.
- The capital cost of the unused committed excess capacity is \$40 million.
- In past DC calculations, the City has included the recovery of these sunk costs.
- The calculated rates noted in the presentation have excluded the recovery of these eligible costs.
- The impact of including these eligible costs for recovery would be approximately a 50% increase in the calculated engineered service component of the rates.
- Potential for ASDC to be calculated for annexed lands (Sandwich South). Many engineered projects determined to largely benefit annexed lands specifically. Lots of development potential. Secondary plan deferred – development not yet begun (build-out 2040). To be reconsidered as part of the 2020 DC update, or at an earlier date.
- Reduced DCs currently levied in 3 service areas (BIA’s) that are designed to encourage intensification and infill development.
- Charges calculated as follows:
 - Area 1: reduction of 25% of linear component of engineered services
 - Area 2: reduction of 50% of linear component of engineered services
 - Area 3: reduction of 75% of linear component of engineered services
- Windsor currently calculates and levies residential DC’s on individual units by type based on occupancy patterns.

- DCs should be calculated and levied on a benefits-received basis. The main residential driver for determining municipal servicing needs is population. Stats Canada data does not show a direct correlation between the size of a dwelling unit and the number of occupants. (Small units do not necessarily have fewer persons per unit than larger units).
- Although the DCA does not prevent residential DCs to be calculated and levied on a \$/Sq.M. basis, it is not consistent with the benefits received tests of the DCA.
- The default collection point for DCs under the DCA is building permit issuance.
- The DCA allows for the collection of the engineered services DCs at the point of entering into a subdivision agreement.
- The City's practice is to collect all DCs at building permit issuance and the DC rates have been calculated on this basis.
- City may enter into an agreement with developers on an application-by-application basis to determine timing of payment for a particular development.
- The City should ensure collection consistently occurs at building permit issuance as infrastructure is often required upfront, and consistent collection policies are preferable from an administrative perspective.

In response to a question asked by Councillor Sleiman regarding why development charges are necessary in addition to what developers pay for in their development agreement, C. Binning responds the development charges provide the broader infrastructure and services for a subdivision.

A. Schepers states a case study identifying development charges and taxes was presented at the February 20, 2015 meeting of the Development Charges Task Force. He expresses concern with the "note" on page 16 of the presentation which states "If excess capacity of \$40 million had been included in engineered services calculation, calculated DC would have been approximately \$39,966/SDU. He notes the 2010 total residential charge (S/SCU) in \$30,353 and without the discount the cost for the DCs on a single family dwelling has increased 33%.

C. Binning responds the upward pressure is on storm sewers and municipal drains. The costs of the projects have increased despite the deletion of some of the EC Row expenditures.

In response to a question asked by E. Kalmantis regarding if the costs include upgrades to existing infrastructure, C. Binning responds there is no maintenance component to the DCs, only the initial round of capital costs to provide sustainability.

M. Sonogo indicates there is an infrastructure deficit of \$1.2 billion. O. Colucci states the critical issue is how to fund the current needs in order to maintain what exists and also to ensure growth for infrastructure.

E. Kalmantis questions if the Development Charges Act allows for discounts. C. Binning responds the Bylaw makes provision for redevelopment credit, i.e. policy for exemption in three zones and notes one cannot transfer a burden or responsibility to another area.

T. Rosati refers to page 18 of the PowerPoint presentation as it relates to "Residential Rate Comparison \$/Single Detached Unit" and asks what does "urban area" mean referring to

Lakeshore, Tecumseh and Amherstburg. C. Binning responds he does not have sufficient planning information to provide these calculations.

T. Hunt reports planning studies for annexed lands have been completed; however, no approvals from the Province have been received.

Councillor Holt questions what is expected in terms of recommendations at the March 27, 2015 meeting. O. Colucci indicates the Task Force could recommend the Administrative report, or could recommend very specific rates for each category. The Chair adds the Task Force could recommend the entire matter to Council for their decision.

6. DATE OF NEXT MEETING

The next meeting will be held on Friday, March 27, 2015 at 1:30 p.m. in the Council Chambers, 3rd floor, City Hall.

7. ADJOURNMENT

There being no further business, the meeting is adjourned at 3:45 o'clock p.m.

CHAIR

COMMITTEE COORDINATOR

AGENDA
of the
DEVELOPMENT CHARGES TASK FORCE
Wednesday, March 11, 2015
1:30 p.m.
Council Chambers, 3rd floor, City Hall

1. CALL TO ORDER

2. DECLARATIONS OF CONFLICT

3. ADOPTION OF THE MINUTES

Adoption of the minutes of the meeting of the Development Charges Task Force held on February 20, 2015 – (**attached**).

4. PRESENTATION

The “City of Windsor Development Charges Study DC Task Force Meeting #3” and the “General & Engineering Services Capital Programs – Handout” – **attached**.

Presentation by Craig Binning of Hemson Consulting regarding the following:

- a. Review of Development Forecast
- b. General and Engineered Services Capital Program Summaries
- c. Review Preliminary Calculated DC Rates
- d. Comparison of Current and Calculated DC Rates
- e. Rate Comparison Charts with Comparable Municipalities
- f. Policy Issues for Discussion
 - Area-specific charge for Annexed Lands
 - Reduced charges in service areas
 - Residential DCs levied on a per sq.ft. basis
 - Phasing in collection of DC Fees
- g. Next Steps
Questions and Discussion to follow.

5. ADJOURNMENT

Kadour, Karen

From: valentep1@gmail.com on behalf of Peter Valente [pvalente@valentecorp.com]
Sent: Wednesday, March 11, 2015 10:35 AM
To: Peter Valente; Kadour, Karen; Sonego, Mario; Reidel, Helga; Colucci, Onorio
Cc: Bortolin, Rino; Holt, Chris; Kalmantis, Evangelo; Mitchell, Shane; Payne, Hilary; Rosati, Tony; Schepers, Albert; Sleiman, Ed
Subject: Recommendations for new residential development charge rates.

Karen,

The following is my recommendations for the new development charge rates for residential. I would like this distributed to all members of the committee and put up for consideration at today's meeting.

These numbers are being set based on my perspective as a Realtor(R)/ Developer. I have been in business for 20 years, and all of my developments are in the Windsor/Essex County Area. I know the market inside out and know the heartbeat

These numbers are based on both the City's need for growth to pay for growth, and on a rate which will still make investment by developers in Windsor possible.

Residential Single Family: \$16,000 per unit*

- *Consideration should be given to reduce said rate in the case of homes under 1500sf. Homes under 1500 sf should be given a discount of 25% off of the fully calculated rate.

Semi/Row/Townhouse: \$12,060 per unit

- We need to keep the rates affordable for this sector as usual buyers are retirees or first time home buyers- these types of buyers are very price sensitive.

Multi Family/Apartment: \$4,000 per unit*

- This is is the most price sensitive sector of the market.
- In the last 6 years this sector of the market has not been active in Windsor.
- From 2007-2012 there have only been 35 apartment units built in the City of Windsor.
- A major reason for this is the current development charge level does not make development of these types of housing attractive.
- This type of development occurs mostly in built up areas of the City, close to public transit and shopping- this type of residential intensification puts less strain on City resources than the other 2 types of housing.
- We need to **revive this sector as it creates affordable new housing opportunities for both seniors and first time home buyers.**

Other considerations

1. Consider timing of when the development charge is payable. **Make the DC payable prior to occupancy**, it will make it easier for developer/builders to finance and will lead to more homes built.
2. Area specific development charges should be applied to the Annexed land. Engineered services in this area are highest in the City. The development of these lands should pay for their own growth **and not be subsidized by other developments** in the City.
3. CiP's in areas City would like to attract development need to be extremely aggressive to work. **The CIP areas should offer a minimum of 75% reduction in development charges all the way up to 100% and also offer 10 year tax rebates.** The old bylaw fell short on incentives and therefore there was no new residential development in the CIP areas.
4. Offer rebates for affordable new housing. More expensive houses can afford to pay a higher charge. The less expensive homes are extremely price sensitive.

Peter Valente, President

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On 10 March 2015 at 20:20, Peter Valente <pvalente@valentecorp.com> wrote:
Some examples various strategies other municipalities have implimented.

Article about keeping charges lower for affordable new housing.
<http://www.nugget.ca/2014/07/18/mayor-calls-for-lower-development-charge-fees>

Ottawa does not charge D/C's in the core, and also reduces D/C's for new apartments within 500M of transit.
<http://ottawa.ca/calendar/ottawa/citycouncil/ara/2007/01-25/Supporting%20Document%203.htm>

Sarnia - 76,000 population development charges are small fraction of Windsors D/C's:
<http://sarnia.ca/cmsfiles/2014-04-30-09-46-DevelopmentChargesPamphlet%282%29.pdf>

Cornwall chooses not to collect D/C's
<http://www.choosecornwall.ca/eng/business-in-cornwall/no-development-charges/>

On Wednesday, January 21, 2015, Kadour, Karen <kkadour@city.windsor.on.ca> wrote:
When: Tuesday, February 17, 2015 4:00 PM-6:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Meeting Room 409, 400 CityHall Sq E