

City of Ottawa City-Wide Development Charge Background Study for New Zoning By-law

City of Ottawa

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List of Acronyms and Abbreviations

D.C.	Development Charge
D.C.A.	Development Charges Act
N.Z.B.L.	New Zoning By-law
N.O.P.	New Official Plan

1. Introduction

This Background Study has been prepared pursuant to Section 10 of the Development Charges Act, 1997 (D.C.A.) and, together with the proposed by-law, is being made available to the public, as required by the D.C.A. at least two weeks prior to the public meeting of Council and at least 60 days prior to the passing of the development charge by-law. The purpose of this study is to support the amendment of the D.C. By-law to provide for a line item to fund development of the New Zoning By-law as a necessary Corporate Study.

A new Zoning By-law must be prepared within 3 years of the new Official Plan taking effect, consistent with Council direction and Planning Act statutory requirements. The Planning Act requires that a Zoning By-law come into conformance within 3 years of an Official Plan coming into effect. As such, this DC Amendment is to support work that must necessarily follow the new Official Plan, in order to implement Council-approved policy.

The City of Ottawa's next Official Plan is well into the process of being approved by Council with a target date of Q4 2021. This Plan is a completely new document which replaces the existing Official Plan and presents a vision for the future growth of the city and a policy framework to guide the city's physical development. The current Zoning By-law is not consistent with the policies within, nor with the intent of those policies – particularly with respect to implementation of the Growth Management directions for housing and neighbourhood development. Next, the City is required, as per the Planning Act, to update the Zoning By-law to implement the policies of the new Official Plan and come into conformance. This is to occur within three years of the date of approval of the new Official Plan.

On December 11, 2019, Council directed staff to begin the preparatory work in 2020 to implement the policies of the new Official Plan in the Zoning By-law using existing staff resources, with further funding requests and work plan amendments to come forward as the Official Plan moved towards its final form for approval.

2. Project Description

The Zoning By-law is the City's main regulatory tool for controlling the development and use of land within its boundaries. This document is the primary means by which the policies of the Official Plan are put into effect and provide for its day-to-day administration in a legally enforceable way.

By regulating the use and development of land, the Zoning By-law is a tool by which Council can in turn address a wide variety of topics of interest to the concerns of the municipality. Zoning influences the supply and affordability of housing, greenhouse gas emissions, economic development, public health, protection of agricultural land and many other priorities.

As of this writing, four documents have been released which lay out the principles and objectives of the new Official Plan: the 5 Big Moves, the Preliminary Policy Directions, the Growth Management Strategy, and the Draft New Official Plan. The revised draft document of the new Official Plan is available and has been released for public discussion, outlining a very different approach to land use regulation and arrangement. These documents provide a high-level understanding of the Official Plan policies that, when adopted, will in turn be implemented by the new Zoning By-law.

The Growth Management Strategy and proposed transect and neighbourhood policies are particularly relevant to the residential aspects of the zoning. The Strategy presents three scenarios for growth to 2046, of which Council selected the Balanced Scenario. The impact of this decision sees target intensification rates increase from the current 40 per cent to 60 per cent by the 2041 to 2046 period. These targets allocate 51 per cent of the overall urban growth to the built-up area through intensification. This means about 400 more dwelling units per year within the built-up area compared to the status quo scenario, of which a little more than half need to be larger than the typical one- or two-bedroom condominium apartments that are currently being built.

The Transect and neighbourhood policies within the Draft Official Plan envision a move to a form-based approach towards managing neighbourhood change, rather than typology – and a significant increase in permissions for “missing-middle” housing arrangements. Further, the Plan contemplates moving neighbourhoods towards a “15-minute” model of providing opportunity for local economic development and supportive/residential-compatible activities to occur within a neighbourhood context. Combined with a need for the Zoning to establish permissions for at minimum 92,000 net new housing units within the built-up area – and with 49,000 of those units consisting of large-household units – the changes that will be necessary to implement these policies will affect nearly every lot and neighbourhood within the City.

The Zoning By-law Review must therefore consider and develop new regulations and development standards to allow for a variety of ground-oriented, low-rise, mid-rise and high-

rise developments while complementing neighbourhood character, and work to provide opportunity across all zones and areas of the City, consistent with orderly development. These innovations include but are not limited to:

- "missing middle" low-rise infill apartments of generally up to 12 units, primarily near high-level transit service and in the Inner Urban and Downtown Core Transect areas;
- the "613 Flats" model providing for intensification through large, ground-oriented units, primarily in R1 and R2-zoned areas where mid- to late-20th century detached housing currently prevails;
- six-storey wood-frame apartment buildings in appropriate locations and contexts, as recently enabled by changes to the Ontario Building Code;
- housing forms aimed at providing affordable options to individuals who are not part of a household unit and may not need or be able to afford a self-contained dwelling unit; and
- measures to provide for enough large-household units, in development forms where this is feasible, to meet the projected need for alternatives to ground-oriented greenfield development.

The Comprehensive new Zoning By-law will implement the policy objectives of the Official Plan laid out above and will also implement any changes in the finalized new Official Plan estimated to be approved in Q4 2021.

Further, the new Official Plan will provide greater flexibility and permissions for non-residential, commercial and industrial lands, including identification of new hubs and major corridors, industrial and employment areas, special districts association with economic development, and changes to rural and village areas. Height and development permissions will be affected on major corridors and in areas focused around the transit network. The zoning by-law must amend the zoning regulations associated with these areas to provide greater flexibility for supportive non-residential land uses that achieve the overall policy objectives of the Official Plan. All of the above are intended to support and provide the framework for the next evolution of growth in the City, to meet the population and employment targets as set out in the Growth Management Strategy and new Official Plan draft policies thus far.

A Zoning By-law that is efficiently written, effective in application and enforceability, and provides a equitable outcome that fosters diversity and inclusiveness best serves the City's planning goals, and provide significant impetus to growth consistent with the Official Plan and Growth Management Strategy objectives. It will be easy to read, provide clear rules, and give

confidence to communities on how their neighbourhoods will develop. It will enable and promote good development that fits with the vision of the Official Plan.

3. Funding Requirements

The development of a new Zoning By-law is required by Provincial Law, to occur within 3 years of passage and coming into effect of a new Official Plan. As the Zoning By-law is the primary implementation tool of the Official Plan to effect the policies within, not proceeding with this project is not an option. As the development of a new Zoning By-law is a deeply complex task, and as there is both Council and provincial direction to complete this major project within a short time frame to implement the new Official Plan, resources and funding are required to do so that are not available within the current staff or budget envelope.

If resources and funding are not provided to deliver this project, it will mean that only existing resources will be available, and will therefore mean that the Zoning By-law re-write will not be completed within 3 years. The policies of the new Official Plan and Growth Management Strategy will be delayed in implementation, and may not be achievable within the timeframes identified by those documents.

As the Zoning By-law represents a major policy guidance document of the City of Ottawa, it is not comparable to capital infrastructure projects, and no project funding shifts or delays are available to offset this necessary funding requirement.

As such, this study proposes that a Development Charge line item be added as an amendment to the 2019 Development Charge By-law.

**Corporate Studies
City-wide Adjusted DC Calculation**

City-wide development related Corporate Studies were included in the 2019 Council approved calculation of development charges. The proposed 2021 adjustment is to account for a \$7 million increase in the capital project cost for the upcoming funding requirements for revising the City's Zoning By-law, which results in an overall project cost of \$8.7 million (item no. 21.27494). The existing costs, quantum and timing identified in this forecast continue to be based on the various capital projects listed in the 2019 DC Background Study. The proposal increases the city-wide development charge eligible costs from \$9.3 million to \$16.3 million.

Corporate Studies 2019 Calculation Methodology

The following discusses the calculation of the additional component cost included in the Corporate Studies service category. This analysis is set out using the methodology and underlying assumptions contained in the 2019 DC Background Study including the same planning period, development forecast, identification of growth-related capital costs and attribution to types of development.

- **Benefitting Area**

The development charges in this amendment are calculated on a city-wide basis.

- **Calculation of Development-related Capital Costs**

The development-related capital forecast includes an additional provision of \$7 million, from 2019, and results in a revised total gross project cost of \$8.7 million for the Official Plan Update and Zoning By-law account.

- **Provision for Grants, Subsidies and Other Contributions**

No grants, subsidies or other contributions have been identified; therefore, no deduction is made to the eligible costs.

- **Ineligible Costs and Benefit to Existing Shares**

The benefit to existing share is consistent with the approach applied in the 2019 DC Background Study. In total, an additional \$700,000 is identified as the ten per cent ineligible cost component. These costs will not be funded from development charges.

- **Prior Growth/Use of Existing Reserve Funds**

In 2019, the available existing DC reserve fund balance was applied to projects occurring within the identified planning period.

Appendix A

- Post-period Benefit

In 2019, no post-period adjustment shares were identified for this project or service category.

- In-Period Eligible Costs

After these adjustments, a revised eligible cost amount of \$6.3 million is included in the city-wide development charge calculation. The total growth-related cost from 2020-2029 increases from \$5.8M to \$12.1M.

- Residential versus Non-Residential Allocation

The capital program (Table 1) includes various growth-related studies and provides a summary of the residential and non-residential city-wide Corporate Studies development charge allocations. The revised development-related costs of \$6.3 million have been allocated approximately 61.6% to residential development or \$3.9M. A 38.4% allocation has been made for non-residential development or \$2.4M.

Table 1

City of Ottawa City-wide Development Charge Projects Service Component - Corporate Studies												
Item Number	Summary of Timing by Year(s)	Increased Service Needs Attributable to Anticipated Development 2020-2029 Project Descriptions	Adjusted Capital Cost Estimate	BTE %	Ineligible Costs			Total DC Eligible Costs	DC Eligible Costs		62% Residential Share	38% Non-Residential Share
					Benefit to Existing Development	Grants, Subsidies & Contributions	10% Reduction		Prior Growth	2020-2029 Growth Cost		
21.27494	2020-2024	Official Plan Update & Zoning By-law	\$8,700,000	0%	-	-	\$870,000	\$7,830,000	\$1,164,970	\$6,665,030	\$4,102,414	\$2,562,616
21.27494	2020-2029	Development Charges By-law Review - 905384 - 907880	\$529,585	0%	-	-	\$52,959	\$476,627	-	\$476,627	\$293,370	\$183,257
21.08494	2020-2029	Redevelopment Studies - Community Design Plans	\$2,064,571	50%	\$1,032,286	-	\$103,229	\$929,057	-	\$929,057	\$571,847	\$357,210
21.06494	2020-2029	Community Infrastructure Plans	\$3,180,555	10%	\$318,056	-	\$286,250	\$2,576,249	-	\$2,576,249	\$1,585,715	\$990,534
21.07494	2020-2029	Greenfield Studies - Community Design Plans	\$1,785,575	10%	\$178,558	-	\$160,702	\$1,446,315	-	\$1,446,315	\$890,226	\$556,089
Total			\$16,260,286		\$1,528,900	-	\$1,473,139	\$13,258,247	\$1,164,970	\$12,093,277	\$7,443,572	\$4,649,705

Development Charge Calculation

Consistent with the City's historical practice, an average cost methodology has been used to calculate development charges for the City's Corporate Studies service component and allocated to each of the identified benefitting areas. Development charges by type of residential uses are typically calculated on a per capita basis (Table 2). The resulting per capita adjusted residential charge is \$26. Development charges by type of non-residential uses are generally calculated on a simple square foot of gross floor area basis. The non-residential adjusted charges by type are \$0.09 for non-industrial and \$0.03 for industrial uses (5.5% of eligible costs to Industrial and 32.9% to Non-industrial uses). The per capita charge is allocated to different types of dwelling units in accordance with the average occupancy of persons per unit (PPU) factors by geographic area (Table 3). The calculation for non-residential rates was made on a uniform city-wide basis for non-industrial and industrial types of uses (Table 4).

Table 2

City-wide Costs Allocations - Residential and Non-residential		
Residential Calculation		
Residential Share of Eligible Costs	61.55%	\$3,877,733
Ten Year Population Growth		\$149,110
Unadjusted Per Unit Charge		\$26
Single & Semi-detached Dwelling Unit (3.36 ppu)		\$87
Non-residential Calculation		
Non-residential Share of Eligible Costs	38.45%	\$2,422,267
Industrial		
Non-residential Share of Eligible Costs	5.52%	\$347,613
Ten Year Non-residential Growth in Square Feet		10,205,899
Charge per Square Foot		\$0.03
Non-Industrial		
Non-residential Share of Eligible Costs	32.93%	\$2,074,653
Ten Year Non-residential Growth in Square Feet		23,877,667
Charge per Square Foot		\$0.09

Table 3

Current and Adjusted Residential DC Rates						
Location	Single and Semi-detached Dwelling \$/Unit	Townhouse, Multiple, Row and Mobile Dwelling \$/Unit	Apartment Dwelling, Back to Back & Stacked Townhouse (2+ BR) \$/Unit	Apartment Dwelling (1 BR) \$/Unit	Dwelling Room \$/Unit	
Area 1 - Inside the Greenbelt						
Corporate Studies - Current CW Rate	\$86	\$68	\$48	\$34	\$26	
Corporate Studies - Current AS Rate	\$0	\$0	\$0	\$0	\$0	
Total DC Rate - Current	\$32,903	\$26,269	\$18,129	\$12,887	\$9,958	
Corporate Studies - Adjusted CW Rate	\$87	\$69	\$47	\$34	\$26	
Total DC Rate - Adjusted	\$32,990	\$26,338	\$18,176	\$12,921	\$9,984	
Area 2 - Outside the Greenbelt						
Corporate Studies - Current CW Rate	\$86	\$68	\$48	\$34	\$26	
Corporate Studies - Current AS Rate	\$48	\$37	\$25	\$17	\$14	
Total DC Rate - Current	\$39,115	\$30,677	\$21,023	\$14,492	\$11,547	
Corporate Studies - Adjusted CW Rate	\$87	\$69	\$47	\$34	\$26	
Total DC Rate - Adjusted	\$39,202	\$30,746	\$21,070	\$14,526	\$11,573	
Area 3 - Rural Serviced						
Corporate Studies - Current CW Rate	\$86	\$68	\$48	\$34	\$26	
Corporate Studies - Current AS Rate	\$69	\$50	\$40	\$28	\$22	
Total DC Rate - Current	\$28,379	\$22,267	\$15,442	\$10,975	\$8,480	
Corporate Studies - Adjusted CW Rate	\$87	\$69	\$47	\$34	\$26	
Total DC Rate - Adjusted	\$28,466	\$22,336	\$15,489	\$11,009	\$8,506	
Area 3 - Rural Unserviced						
Corporate Studies - Current CW Rate	\$86	\$68	\$48	\$34	\$26	
Corporate Studies - Current AS Rate	\$69	\$50	\$40	\$28	\$22	
Total DC Rate - Current	\$25,829	\$20,254	\$14,059	\$9,992	\$7,720	
Corporate Studies - Adjusted Rate	\$87	\$69	\$47	\$34	\$26	
Total DC Rate - Adjusted	\$25,916	\$20,323	\$14,106	\$10,026	\$7,746	

Table 4

Current and Adjusted Non-residential DC Rates				
Location	Corporate Studies - Current DC Rate	Total Current DC Rate	Corporate Studies - Adjusted Rate	Total Adjusted DC Rate
Non-Industrial - City-wide	\$0.12	\$27.76	\$0.09	\$27.85
Rural - Serviced	\$0.12	\$27.76	\$0.09	\$27.85
Rural - Unserviced	\$0.12	\$25.13	\$0.09	\$25.22
Industrial - City-wide	\$0.04	\$11.06	\$0.03	\$11.09
Rural - Serviced	\$0.04	\$11.06	\$0.03	\$11.09
Rural - Unserviced	\$0.04	\$9.99	\$0.03	\$10.02