

# Memorandum

Date: Tuesday, May 28, 2019

To: Members of Council

From: Heather Haire, Treasurer, Finance and Infrastructure Services

Subject: Projected Financial Impact of Amendments to Proposed 2019 DC By-law

On Tuesday, May 21, 2019 at the Committee of the Whole, Council passed the following amendments to the proposed 2019 Development Charges (DC) By-law:

That the proposed Development Charges By-law attached as Schedule B to Staff Report 2019-63 be amended to include an exemption for residential development within the Downtown Bolton Business Improvement Area and the Caledon East commercial core for residential building permits issued on or before May 28, 2021, approximately 24 months following the passage of this by-law.

That the proposed Development Charges By-law attached as Schedule B to Staff Report 2019-63 be amended to provide a DC exemption for on-farm wedding venues that are:

- a. Located on an agricultural property as a secondary use;
- b. Owned by a bona fide farmer; and
- c. Operating no more than 30 calendar days per year.

These amendments have been incorporated into the draft DC By-law 2019-22 that is shown on the May 28, 2019 Council meeting agenda package. The purpose of this memorandum is to provide a projection on the tax impact of the additional DC exemptions listed above.

The Town currently budgets for \$100,000 per year for discretionary DC discounts (e.g. tax dollars the Town utilizes to “top-up” DC reserves for discretionary DC discounts). If additional exemptions are implemented, a 2020 operating budget increase (e.g. 2020 tax increase) may be required to subsidize/fund this non-statutory DC discount and keep DC reserves “whole” for future growth-related capital expenditures (e.g. new recreational facilities, libraries, etc.). The current balance of the DC Exemptions and Discounts Reserve is \$98,793.

The projected known costs of providing a DC exemption for on-farm wedding venues is expected to be \$22,585 based on current inquiries and planning applications. These costs may grow as more barns are converted to wedding venues in the future.

The projected cost of the providing a 24 month exemption for residential developments in the Downtown Bolton Business Improvement Area and the Caledon East commercial core could range from \$1,088,610 to approximately \$2,800,000. These projections were developed from building permit activity figures based on the current stage of development for each application (e.g. draft approved, not draft approved, DART inquiries, registered) that are known to the Town. Actual timing of building permit

activity will be dependent upon many factors such as clearing of conditions for draft approval/registration, and pace at which each developer will pull building permits.

Staff will notify all applicable building permit applicants in the Downtown Bolton Business Improvement Area and the Caledon East commercial core of the 24 month exemption period being provided for residential development.