



Background to a Proposed Development Charges Amendment

AFFORDABLE HOUSING RELIEF PROGRAM

July 24, 2009

Background/Purpose:

The purpose of this report is to provide background with respect to an amendment to the in-force Development Charge that was adopted by Prince Edward County effective March 11, 2008.

Investigation into relief for affordable housing began in 2007 (a history of the affordable housing discussions is included in Attachment 3), prior to by-law passage, and culminated when Council adopted the proposed amendment that is the subject of this report on May 26, 2009.

Analysis/Comment:

Amendment

A draft amending by-law is included as Attachment 1. Section 3.14.1 (1) states that an "affordable housing unit" means any single detached dwelling with more than two bedrooms for which the purchase price is at least 25% less than the average purchase price for a single detached dwelling in the County of Prince Edward as established from time to time based on Section 3.14.1 (2).

Sections 3.14.1 (3) and (7) reflect Council's direction through the motion CW-29-2008 of February 20, 2008 (adopted by Council March 10, 2008) stating "that staff be requested to develop a grant program that will provide a grant for affordable housing development equal to the difference between the development charge levy for a single detached dwelling of greater than 2 bedrooms and the amount for a single detached dwelling of 2 bedrooms or less".

Development Charges Act (the Act)

Any amendment to the DC By-law requires appropriate notice and a public meeting under the Act. A public meeting has been scheduled for August 25, 2009 with anticipation of by-law passage at the same meeting.

Section 10 of the Act provides that before passing a DC by-law, Council shall complete a DC Background Study. Watson & Associates prepared such a Study (dated January 11, 2008 and included as Attachment 6). Section 11 of the Act provides that a DC by-law (including an amendment) may only be passed within one year of the completion of the Study.

In this case, a new background study has not been prepared because there have been no material or relevant changes to any of the information provided by Watson & Associates in their original Study. In particular, there have been no changes to the information required by Section 10 (2) of the Act, specifically:

- a) Estimates of the anticipated amount, type and location of development;
- b) The calculation for each service for which the DC by-law would relate; and
- c) The examination of the long term capital and operating costs for capital infrastructure required for each service for which the DC bylaw would relate.

Financial Impact

The only impact of this proposed amendment is the amount of revenue that will be collected pursuant to the DC by-law if eligible units are erected in the County. At current development charge rates, this relief to the builder (and the revenue loss to the County) will be \$2,964 (\$7,382 minus \$4,418) for each affordable housing unit.

Attachments:

1. Proposed By-law to Amend By-law Number 2149 – 2008
2. Excerpt of Council minutes of the meeting of May 26, 2009 (refer Motion 2009-202)
3. Council report dated May 26, 2009 regarding Affordable Housing & Development Charges Relief Program
4. Excerpt of Committee of the Whole minutes of the meeting of May 14, 2009 (refer Motion CW-219-2009)
5. Committee of the Whole report dated May 14, 2009 regarding Affordable Housing & Possible Reduction in Development Charges
6. Background study Prince Edward County 2007 Development Charge Background Study prepared by Watson & Associates Economists Ltd. Dated January 11, 2008