



The Corporation of the Municipality of Arran-Elderslie

Information Report

Report From: Tracey Neifer, Treasurer

Meeting Date: September 27, 2021

Subject: SRFIN.21.33 Update on Bruce County Initiatives

Attachments: Attachment A - Draft Development Charge's in Bruce County

Report Summary

The purpose of this report is to provide Council with an update on two (2) initiatives that have been discussed at Bruce County Council. Both of these areas, Small Business Property Tax Subclass and Development Charges will have an impact on the residents of Arran-Elderslie if and when adopted.

Background

The Director of Corporate Services at the County of Bruce engaged with all the Municipal Treasurer's on two (2) initiatives being discussed:

- ☐ Implementing the Optional Small Business Property Tax Subclass
- ☐ Development Charges Collection at the County

Analysis

Optional Small Business Property Tax Subclass

This concept was first introduced in the Ontario Government's 2020 budget "Enabling Property Tax Relief for Small Businesses", wherein it was discussed that legislation would be introduced that would permit municipalities to create an optional Small Business Property Tax Subclass for certain commercial and industrial properties and provide a discounted tax rate. The following regulations were passed:

- O.Reg. 282/98 under the Assessment Act is amended by O.Reg. 331/21 establishing the optional small business property subclass
- O.Reg. 73/03 under the Municipal Act, 2001 is amended by O.Reg. 332/21 setting the municipal reduction factor for the optional small business property subclass
- Reg. 121/07 under the City of Toronto Act, 2006 is amended by O.Reg. 333/21 setting the municipal reduction factor for the optional small business property subclass

The regulations provide for a tax reduction to qualifying properties through an annual by-law, the by-law is adopted by the County for the subclass and the lower-tier municipalities, such as Arran-Elderslie would be responsible for administering the program. The tax relief applies to qualifying commercial and industrial properties, with relief up to 35%. Municipalities have the option of passing a by-law that requires landlords to pass the tax reduction to tenants as a condition of eligibility in the subclass.

A number of challenges were identified with this regulation. The first being the eligibility of a business, and what is the definition of a "small business". Is it based on geography, business features, type of property, property features or current value assessment? To answer these questions, the County of Bruce engaged its stakeholders (Treasurers and Business Community) through meetings and surveys. Arran-Elderslie shared the information when received with the Business Community as well, through the assistance of our Community Development Coordinator, to ensure Businesses had an opportunity to provide comment. The definition also had to provide a means of tracking and reporting to MPAC for assessment updating.

Secondly, the tax relief causes a tax shift onto other properties, including residential, multi-residential, and other commercial/industrial properties. Other options for funding are, a reduction in levy requirements or an allocation within the other commercial/industrial properties.

Thirdly, the implementation costs for the Program Administrator, which is deemed to be the lower tier municipality, such as Arran-Elderslie. This includes identifying and approving the properties for inclusion in the subclass, notifying property owners of decisions and reviewing requests for consideration related to a property's eligibility for inclusion in the subclass, and notification to MPAC. It would require ongoing review and monitoring for changes/new eligibilities. The municipality also requires an Appellate Authority for any appeals. Thus, creating increased staffing requirements.

At the Bruce County Corporate Services Committee Meeting on August 12, 2021, the Director of Corporate Services presented the report, Small Business Property Subclass Options. The report recommended "that the Small Business Property Tax Class not be implemented for the 2022 taxation year." The Committee accepted the recommendation, and no further action will be taken on this issue unless directed by the Committee.

Link to Report:

<https://pub-brucecounty.escribemeetings.com/Meeting.aspx?Id=893b9d8b-c215-4689-a506-abad80a0b528&Agenda=Agenda&lang=English&Item=12&Tab=attachments>

No action is required by Arran-Elderslie. Staff will continue to monitor correspondence from the County of Bruce, and will bring back additional information when it becomes available.

Development Charges Collection at the County of Bruce

The County of Bruce began its discussion on February 25th, 2021 with a Council Workshop, DCs 101 and its 1st Stakeholder Meeting. This was followed up with a 2nd Stakeholder Meeting on June 10th and a Council Workshop on July 15th.

**** A DC Public Meeting is scheduled for October 28th, 2021 at 10:00 am under the Corporate Services Committee****

Additional information will be available after this meeting.

The purpose of development charges is to provide a means of recovering certain incremental capital costs associated with residential and non-residential growth within a municipality. The Development Charges Act provides for the ability to charge these fees, however, there is a specific process required before fees can be charged.

The Municipality of Arran-Elderslie does not charge Development Charges at this time.

There are 20 categories that are considered eligible services that can be considered for imposing development fees. The County is considering:

- ☐ Services related to a Highway
- ☐ Parks & Recreation (Trails)
- ☐ Library
- ☐ Ambulance
- ☐ Long-term Care
- ☐ Child Care
- ☐ Social Housing
- ☐ Growth Studies related to the above services

A Study is currently being completed by Watson & Associates. Preliminary information was presented during the discussions noted, including information about the "service standards". The D.C.A, 1997 provided that there is a ceiling on the level of the development charges that can be imposed, which is based on the "average of the past 10 years". A detailed review is required for the service levels, both qualitative and quantitative measures.

Appendix A includes an excerpt of the presentation from July 15th, which highlights the capital infrastructure needs in the eligible service areas, the calculated development charges, and comparative analysis across the Counties and across the local municipalities in Bruce County. The draft results, as seen on page 3, shows that a single/semi-detached home would incur a development charge of \$5,676, which is in the middle of the range from \$3,579 in Dufferin to \$9,984 in Simcoe.

A non-residential property would incur a charge of \$1.17 per sq.ft, which is in the lower range of fees, just above Dufferin at \$0.79, compared to Simcoe at \$3.51.

The potential impact to Arran-Elderslie is seen on page 4, with an additional charge of \$5,676 for a single and semi-detached dwelling. The chart indicates that 4 of the 8 lower tier municipalities do not have development charges. Additional information has been provided on pages 6 to 9 to show the impact on commercial and industrial development.

Additional information can be found on the Bruce County website.

Link to Meetings and Information:

<https://brucecounty.on.ca/development-charges>

No action is required by Arran-Elderslie at this time. Arran-Elderslie Staff will review the options and next steps and provide a subsequent report for Council's consideration.

Next steps by Bruce County include:

- ☐ Release of the DC Background Study
- ☐ Passing of DC By-Law
- ☐ Annual Development Charge Report
- ☐ Annual Development Charge By-Law Pamphlet/Bulletin

Link to Strategic/Master Plan

Not Applicable

Financial Impacts/Source of Funding

There are no financial impacts to address at this time. If Development Charges are implemented by the County of Bruce, there will be a responsibility, under Section 29 of the Development Charges Act that:

If a development charge is imposed by an upper-tier municipality on a development in an area municipality, the following apply:

1. The treasurer of the upper-tier municipality shall certify to the treasurer of the area municipality that the charge has been imposed, the amount of the charge, the manner in which it is to be paid and when the charge is payable.
2. The treasurer of the area municipality shall collect the charge when it is payable and shall, unless otherwise agreed by the upper-tier municipality, pay the charge to the treasurer of the upper-tier municipality on or before the 25th day of the month following the month in which the charge is received by the area municipality.
3. If the charge is collected by the upper-tier municipality, the treasurer of the upper-

tier municipality shall certify to the treasurer of the area municipality that the charge has been collected.

Staff will continue to monitor correspondence from the County of Bruce, and will bring back additional information when it becomes available. At this time it is unclear as to the administrative commitment that this will bring. It is understood that there are no administrative fees or reimbursements to Arran-Elderslie, as the collection is considered similar to the collection and submission of the tax levy.

Approved By: Sylvia Kirkwood, CAO