Introduction

The study has been prepared to assist in the decision to amend the Development Charges By-law for the County to add a charge for multi-unit Residential Buildings. The study outlines the basis for the new Development Charge and includes a review of the calculation of a Residential and Non-Residential Charge based on information provided.
The Basic Principles of Development Charges

The Development Charges Act allows Municipalities to pass a By-law to raise revenues from new development to offset the costs incurred by the Municipality as a result of growth.

- Growth must pay its fair share; and,
- The costs of services should be fairly distributed between new and long-term development.
Legislative Basis

Section 2, subsection (1) of the Development Charges Act states:

“The Council of a municipality may, by By-law, impose Development Charges against land to pay for increased needs for services arising from development of the area”.

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Subsection (2) States:

“Development Charges may be imposed only for development that requires”:

• The passing of a Zoning By-law or an amendment;
• The approval of a minor variance;
• A conveyance of lands to which a By-law passed;
• The approval of a Plan of Subdivision;
• A consent;
• The approval of description;
• The issuing of a permit.
Legislative Basis
Ineligible Services

- Cultural or entertainment facilities, including museums, theaters and art galleries but not including Public Libraries;
- Tourism facilities including convention centres;
- Land for parks;
- Hospitals;
- Waste management services;
- Headquarters for the general administration of municipalities; and,
- Other services prescribed in regulation.
Legislative Basis
Exemptions

• Lands owned and used by the municipality;

• Lands owned and used by the Board of Education;

• Enlargements of existing industrial buildings by up to 50% of original building.

• Second Residential units in existing buildings.
Procedure for Calculation

The method is outlined as follows:

1. Estimate the amount, type and locations of development;
2. Estimate the increase in the need for service attributable to the anticipated development;
3. Council indication that increase in need will be met;
4. Limit on level of service to the average level of service over the preceding 10 year period;
5. Determine the extent to which new development will pay for existing excess capacity;
6. Determine the extent to which existing development will benefit from an increase in service;
Procedure for Calculation

7. Estimate of capital cost to provide the increased service reduced by capital grants, subsidies and other contributions.
8. Reduction by 10% of capital cost except:
   • Water supply services including distribution and treatment;
   • Waste water services including services and treatment;
   • Storm water drainage and control services;
   • Service related to highway;
   • Services related to electrical power services;
   • Police services; and
   • Fire protection services;
9. Rules to determine if a Development Charge is payable;
10. Rules to provide for full or partial exemptions, planning and indexing.
Services Included

The services to be included in the Development Charges Study are:

a) General Government, including:
   • Planning Services
b) Long Term Care;
c) County-City Health Unit;
d) Emergency Measures including:
   • EMS Services
e) Public Works, including:
   • Roads
   • Bridges and Culverts
   • Buildings and Equipment
f) Transit.
Approval of Amending By-law

• A Public Meeting;
• Public Notice of Passing;
• Any person or organization may appeal to the Ontario Municipal Board.
Annual Review/Five Year Duration By-law

- Development Charges By-law may be adjusted annually on January 1st in accordance with the Statistics Canada Quarterly Construction Price Statistics catalogue number 62-007;

- A regular adjustment allows the County to factor in the costs associated with inflation;

- A Development Charges By-law expires within 5 years;

- The County may provide in the By-law for a term of less than five years, or repeal the By-law;

- If Council adopted a new by-law for 2011 the next review of this By-law should take place in 2016 in order to have a new by-law in place before it would expire on December 31, 2016.
Development Charges Pamphlet

- A description of the general purpose for Development Charge;
- The rules for determining if a Development Charge is payable and for determining the amount of the charge;
- A list of the services to which the Development Charges relate;
- A description of the general purpose of the Statement of the Treasurer of the County and the place where it may be reviewed by the public.

A revised pamphlet must be prepared if the Development Charges By-law is amended or a new By-law comes into force. A new pamphlet has been prepared as part of the Public Notice prior to the Public Mtg.
Official Plan Policies

- Guides location of growth.
- Predicts moderate population growth
- Focuses growth in settlement areas
- Will need to comply with GGH Growth Plan
- Specific reference to Development Charges.
Projected Growth 2012 - 2021

Population Projection
• 380 new households annually which declines to 265 households in 2022 plus 50 cottage conversions (per year)

Employment Projection
• Relies upon an annual growth of 269 employees (per year)
• Projections conform to recent trends
Capital Cost of Growth

• The costs are preliminary in nature based on current plans and past expenditures;
• All estimates include allowance for grants from senior levels of government;
• The calculation provides for two Development Charges; one for Residential Development and another for Commercial/Industrial (non-residential) Development;
Capital Cost of Growth
con’t

• The cost estimates are based on past experience with road construction, recreational and community services;

• The services included in the Development Charges Calculation do not include the provision of internal services for new development;

• The Development Charge costs are related to major external improvements required for the development to proceed and other services;
Capital Cost of Growth

con’t

Method of Calculation

• The inventory in Table 1 includes a description of the size, where applicable, the replacement cost, calculation of a cost per unit developed from the replacement cost, and the number of units and service standard which reflects an assessment of whether or not these units are at capacity or have excess capacity.

• This table has been reviewed by staff.
Allocation Between Land Uses

• In order to calculate a Residential and Commercial/Industrial Development Charge, the assessment ratio of Residential, Farm and Commercial/Industrial was used to distribute the eligible Development Charge.
Future Municipal Expenditure/Capital Forecast

• It is necessary in calculating a Development Charge to look at the capital expenditures the Municipality anticipates over the next 10 years.

• Table 2 presents the current anticipated expenditures or an estimate of the budget for capital expenditures where specific projects were not identified.
Capital Expenditures by Year

• Table 3 presents the expenditures by year and indicates how the net expenditures are allocated.

• The table provides the split between residential and non-residential.
## Ratio of Fund Requirements

<table>
<thead>
<tr>
<th>Budget Area</th>
<th>Residential</th>
<th>Non-residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Measures</td>
<td>0.17%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Long Term Care</td>
<td>6.34%</td>
<td>4.08%</td>
</tr>
<tr>
<td>Emergency Medical Services</td>
<td>2.24%</td>
<td>4.52%</td>
</tr>
<tr>
<td>County-City Health Unit</td>
<td>1.74%</td>
<td>1.75%</td>
</tr>
<tr>
<td>General Government including</td>
<td>1.44%</td>
<td>1.23%</td>
</tr>
<tr>
<td>- Planning Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works (including)</td>
<td>88.02%</td>
<td>88.20%</td>
</tr>
<tr>
<td>- Roads</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bridges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Buildings and Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transit</td>
<td>0.05%</td>
<td>0.05%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Calculation of Residential Charge

• Development Charge of $3,613.95 per capita

• Using Occupancy rates:
  – Single & two unit residential: 2.70 $9,757.67
  – Multiple residential 1.80 $6,505.11
  – Multiple residential 1.40 $5,059.53

  • (1 bdrm & bachelor)

• Recommend maintaining the phase in charge with addition of Multiple Residential based on occupancy
## Phase in Residential Charge

<table>
<thead>
<tr>
<th>Year</th>
<th>Single/Semi Detached</th>
<th>Multiple</th>
<th>Multiple (Bachelor/1 Bedroom)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$4,250.00</td>
<td>$2,833.33</td>
<td>$2,203.70</td>
</tr>
<tr>
<td>2014</td>
<td>$4,750.00</td>
<td>$3,166.67</td>
<td>$2,462.96</td>
</tr>
<tr>
<td>2015</td>
<td>$5,250.00</td>
<td>$3,500.00</td>
<td>$2,722.22</td>
</tr>
<tr>
<td>2016</td>
<td>$5,750.00</td>
<td>$3,833.33</td>
<td>$2,981.48</td>
</tr>
</tbody>
</table>
Definition of Multiple Residential

• Proposed Definition:
  – “Multiple Residential Unit” means a residential unit which is one of three or more dwelling units located on the same lot as part of a residential use.
  – “Small Multiple Residential Unit” means a Multiple Residential Units with no more than one (1) bedroom and not more than 90 sq. m. of floor area.
Development Charge Calculation
Commercial/Industrial

• Justified Charge: $11.95/ m². ($1.11/ ft²);
• Existing Charge: $12.39/ m². ($1.15/ft²);
• Recommend a reduced charge over the remaining term of the By-law – no phasing
Implementation

Implementation involves ongoing monitoring and accounting of payments and expenditures.

The Draft By-law and report was circulated to staff and member municipalities.

Effective Date: The Development Charges By-law comes into force on the date it is passed unless a later date is specified.

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Types of Development

The charges will be applicable to any development which requires any of the approvals and/or permits listed under the Development Charges Act.

A Development Charge cannot be imposed with respect to the creation of:

• One or two additional dwelling units in an existing single detached dwelling; or
• One additional dwelling unit in any other existing residential building.
Approval Procedure

• Notice of Public Meeting (and Open Houses);
• Public Meeting (at least one);
• Passing of Development Charges By-law by Council;
• Written Notice of Passing of Development Charges By-law;
• Appeals must be filed with the Clerk within 20 days;
• If there are no appeals the By-law comes into force and effect on the date it was passed by Council, unless a later date is specified.
Recommendations

- Resolutions for:
  - Future Capital Expenditures
  - Service Standards
  - Intention to meet increasing need for services attributable to anticipated development
- The passage of the By-law by Council (and Ontario Municipal Board Hearing if necessary);
- Maintain collection and monitoring procedures.
We welcome your comments and questions