

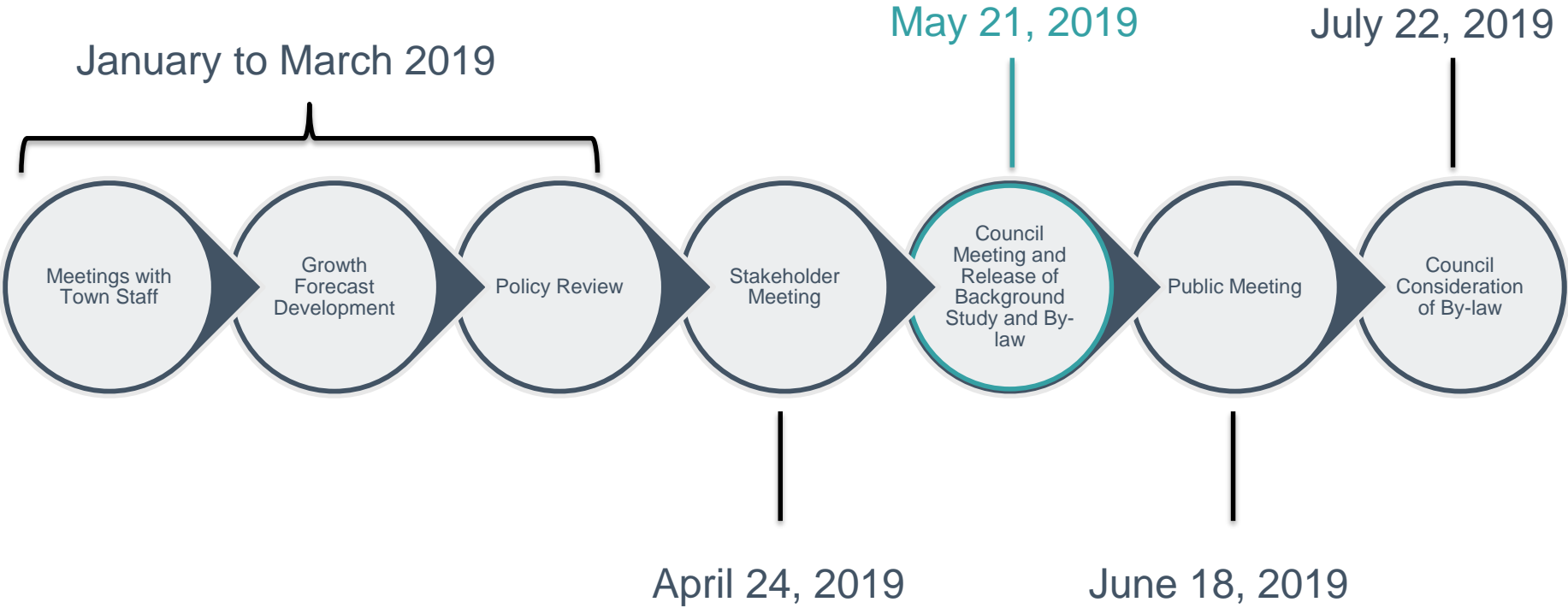


Town of Erin

2019 D.C. Council Meeting

May 21, 2019

Study Process & Timelines



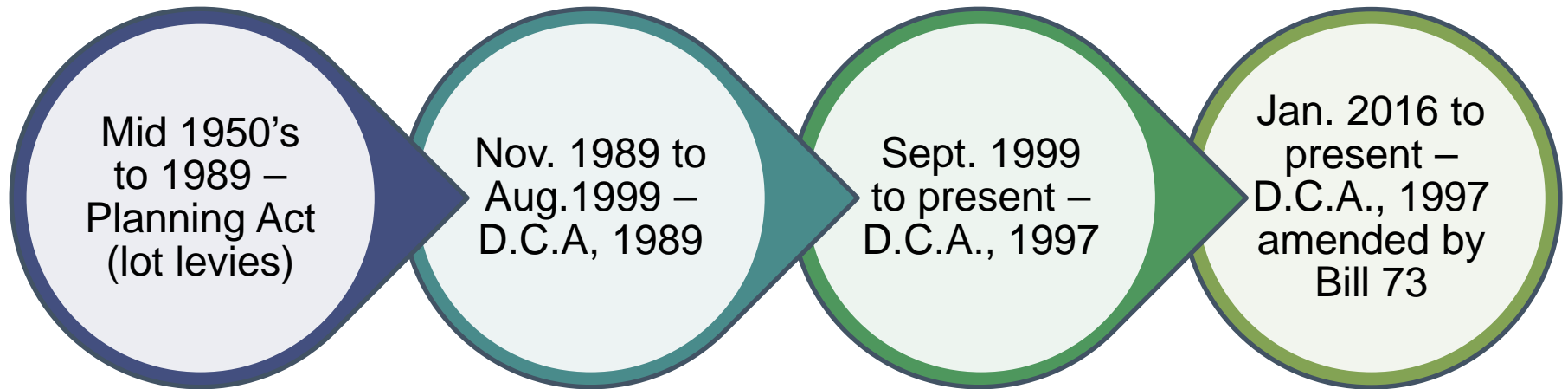
Development Charges



Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

History of D.C.'s



D.C.A. Overview



- The D.C.A. 1997 provided a major change to the D.C.A. 1989 which resulted in a significant loss of potential revenue to municipalities. The 1997 Act introduced a number of:
 - Service Limitations
 - Service Standard Restrictions
 - Mandatory Reductions
 - Mandatory Exemptions
- Bill 73, passed in December, 2015, introduced further changes
- The following provides a summary of the key aspects of the D.C.A. 1997 as amended

Limitations on Services



- Some forms of capital and some services can not be included in the D.C.A.. For example:
 - Headquarters for the General Administration of the Municipality
 - Arts, Culture, Museums and Entertainment Facilities
 - Tourism Facilities
 - Provision of a Hospital
 - Parkland Acquisition
 - Waste Management Services (updated to allow for waste diversion, as per Bill 73)

Capital Costs



Capital Cost definition has been broadened to include:

- Acquire land or interest in land
- Improve land
- Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
- Equipment and rolling stock
- Capital component of a lease for the above
- Circulation materials for Libraries
- Studies for above including a D.C. Background Study
- Interest on money borrowed to pay for the above



Capital Costs (cont'd)

- Certain Capital Costs may not be included:
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment
- D.C.A. also provides for a mandatory 10% reduction of capital cost for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
 - **Transit (updated as per Bill 73)**

Capital Costs



- The planning horizon for future capital needs is limited to 10 years for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Police
 - Fire
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

Service Standards



- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- Previously (D.C.A., 1989), provided that the D.C. be “no higher than” the highest level attained over the previous 10 year period.
- D.C.A., 1997 provides that the “average of the past 10 years” (except transit as per Bill 73)
- Impacts – generally lowers collection levels and may provide for spiral downwards if the municipality does not keep up with construction of services



Methodology

1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
 - i. Grants, subsidies and other contributions
 - ii. Benefit to existing development
 - iii. Statutory 10% deduction (soft services)
 - iv. Amounts in excess of 10 year historical service calculation
 - v. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.

D.C. Cashflow



- Hard services normally constructed in advance of growth which can cause cash flow issues
- Project funding may require debenture financing or borrowing from other reserves to interim fund works (with repayment from D.C.'s) – also requires prioritizing the timing of construction for various projects
- In some cases, municipalities may consider agreements with developers to cashflow priority works

Update on Bill 73



- **New Definitions & Ineligible Services**
- **Area-Specific Charges**
- **Waste Diversion**
- **Asset Management**
- **Transit**
- **No Additional Levies**
- **Public Process Extended**
- **Annual Report of the Treasurer**

Impact of Bill 73 on Erin



- Consider impact of “no additional levies” in development process and on Local Service Policy
- Annual reporting requirements to conform to the new required format
- Ensure the background study is available at least 60 days prior to by-law passage
- Need to consider Area Rating as part of the Background Study (but not mandatory to impose)
 - Town currently imposes Water D.C.s on the urban serviced area only

Local Service Policies



- Subdivision Agreement Conditions - the Act broadens the coverage of such agreements to include “local services related to a plan of subdivision or within the area to which the plan relates”, rather than simply local services within a plan of subdivision, as under the old Act.
- This suggests the need for a D.C. Background study to provide a local service policy
- Further, due to Bill 73, “no additional levies” clause, a Local Service Policy is required to be developed and approved by Council, through the D.C. study process, to clearly define what developers would be required to do as part of their development agreements versus what would be included in the D.C.
- Items to consider are collector & arterial roads, intersection improvements & traffic signals, streetlights & sidewalks, Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways, Noise Abatement Measures, Land dedications/easements, Water, Wastewater, Stormwater, and Park requirements.



Exemptions

Mandatory Exemptions

- For industrial building expansions (may expand by 50% with no DC)
- May add up to 2 apartments for a single as long as size of home doesn't double
- Add one additional unit in medium & high density buildings
- Upper/Lower Tier Governments and School Boards

Discretionary Exemptions

- Reduce in part or whole DC for types of development or classes of development (e.g. industrial or churches)
- May phase-in over time
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

Discretionary Exemptions for Erin



- Current Discretionary Exemptions:
 - Lands, buildings or structures used or to be used for a place of worship or for the purposes of a cemetery or burial ground exempt from taxation under the Assessment Act;
 - A public hospital receiving aid under the Public Hospitals Act, R.S.O. 1990, Chap.P.40, as amended, or any successor thereof; and
 - The development of non-residential farm buildings constructed for bona fide farm uses, which qualify as a farm business, being that which operates with a valid Farm Business Registration Number and is assessed in the Farmland Realty Tax Class.

Summary of Proposed Policies



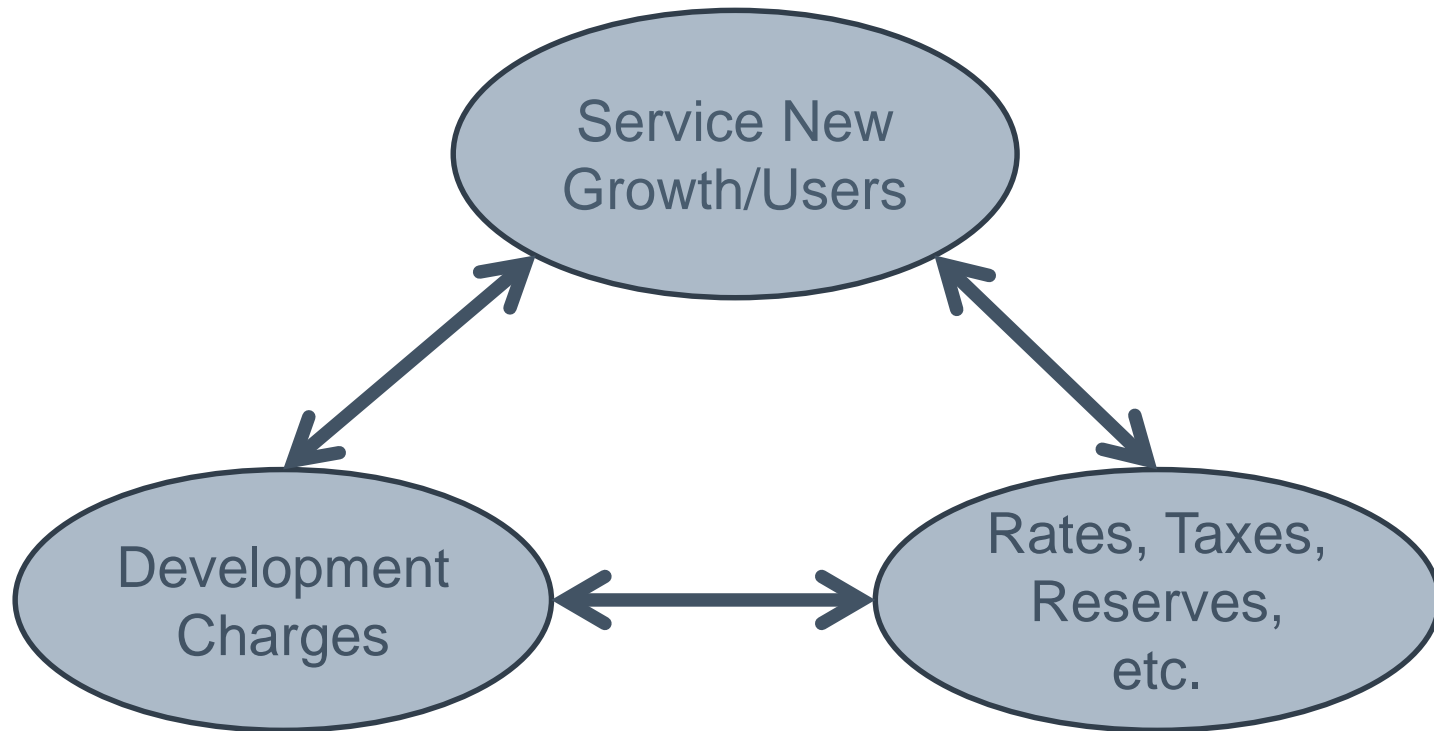
Additional Exemptions:

- One additional dwelling unit in any other existing residential accessory building;
- Garden suite constructed in accordance with the Planning Act;
- Bed and breakfast establishment that is not considered a hotel; and
- Boarding, lodging or rooming house that is not considered a hotel.

Redevelopment Credit timing:

- Change timing from 48 months to 60 months to match Wellington County

Relationship Between Needs to Service Growth vs. Funding



Growth Forecast Summary



Measure	10 Year 2019-2028	Long-Term 2019-2041	Urban Longer- Term 2019-Urban Buildout
(Net) Population Increase	1,607	6,589	12,318
Residential Unit Increase	650	2,283	4,497
Non-Residential Gross Floor Area Increase (ft ²)	187,900	479,700	1,585,700

Source: Watson & Associates Economists Ltd. Forecast 2019

Summary of Services



Town-wide:

- Transportation Services (Services Related to a Highway)
- Fire Protection Services
- Parks and Recreation Services
- Administration Studies (Engineering and Community Based Studies)

Urban-area Services

- Water Services

Current D.C. Rates – January 1, 2019



Service	Residential				Non-Residential
	Single & Semi Detached	Multiples	Apartments with ≥ 2 Bedrooms	Apartments with < 2 Bedrooms	per sq.ft.
Municipal Wide Services:					
Transportation Services	6,267	4,874	3,558	3,017	3.00
Fire Protection Services	2,444	1,901	1,389	1,178	0.99
Parks and Recreation Services	2,041	1,587	1,160	982	0.21
Administration - Studies	798	621	454	385	0.38
	11,551	8,983	6,561	5,561	4.58
Urban Services:					
Water Services	3,554	2,765	2,020	1,711	1.48
Total Urban Services	3,554	2,765	2,020	1,711	1.48
Grand Total - Rural Area	11,551	8,983	6,561	5,561	4.58
Grand Total - Urban Area	15,104	11,748	8,580	7,272	6.06

Calculated D.C. Rates



Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Town Wide Services:						
Services Related to a Highway	7,837	5,680	3,971	3,375	2,700	4.39
Fire Protection Services	2,478	1,796	1,256	1,067	854	1.39
Parks & Recreation Services	4,808	3,484	2,436	2,070	1,656	0.85
Administration - Engineering Studies	1,802	1,306	913	776	621	0.75
Administration - Community Based Studies	333	241	169	143	115	0.14
Total Town Wide Services	17,258	12,507	8,745	7,431	5,946	7.52
Urban Services						
Water Services	5,026	3,642	2,547	2,164	1,731	2.03
Total Urban Services	5,026	3,642	2,547	2,164	1,731	2.03
GRAND TOTAL RURAL AREA	17,258	12,507	8,745	7,431	5,946	7.52
GRAND TOTAL URBAN AREA	22,284	16,149	11,292	9,595	7,677	9.55

Rate Comparison - Residential



Residential (Single Detached) Comparison

Service	Current	Calculated
Town Wide Services:		
Services Related to a Highway	6,267	7,837
Fire Protection Services	2,444	2,478
Parks & Recreation Services	2,041	4,808
Administration - Engineering Studies	798	1,802
Administration - Community Based Studies		333
Total Town Wide Services	11,550	17,258
Area Specific Services:		
Water Services	3,554	5,026
Total Area Specific Services	3,554	5,026
Grand Total - Urban Area	15,104	22,284

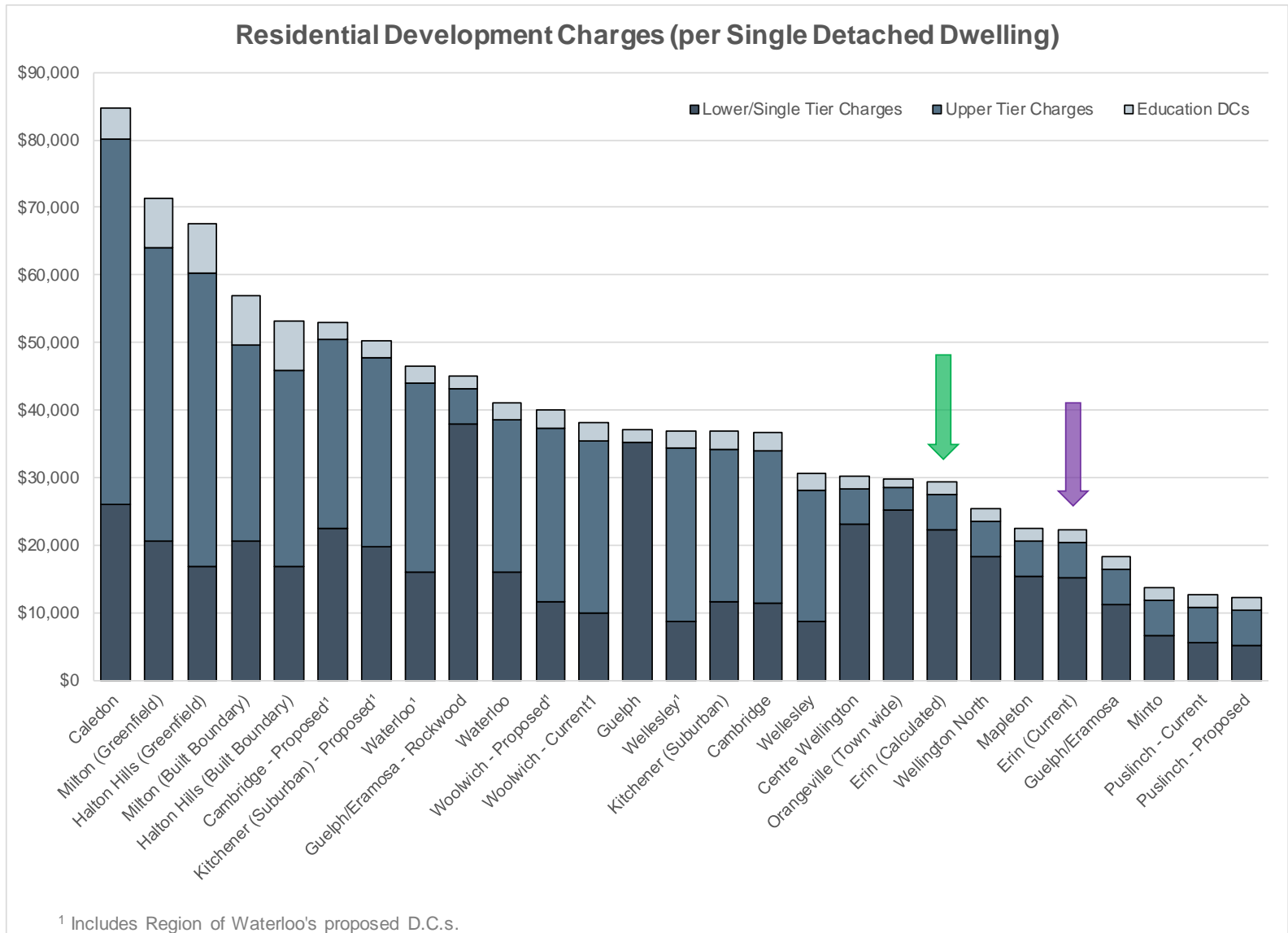
Rate Comparison – Non-Residential



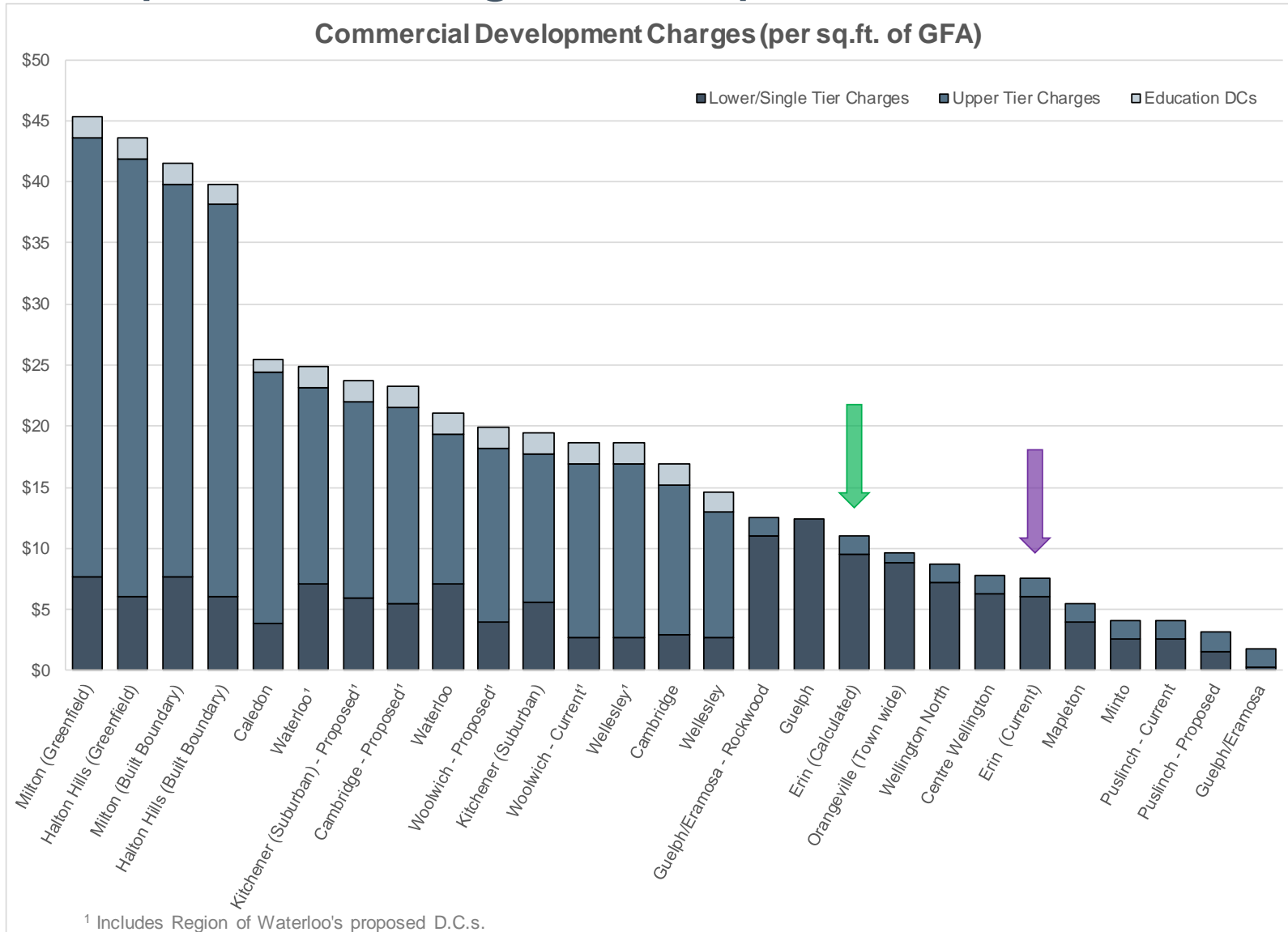
Non-Residential (per sq.ft.) Comparison

Service	Current	Calculated
Town Wide Services:		
Services Related to a Highway	3.00	4.39
Fire Protection Services	0.99	1.39
Parks & Recreation Services	0.21	0.85
Administration - Engineering Studies	0.38	0.75
Administration - Community Based Studies		0.14
Total Town Wide Services	4.58	7.52
Area Specific Services:		
Water Services	1.48	2.03
Total Area Specific Services	1.48	2.03
Grand Total - Urban Area	6.06	9.55

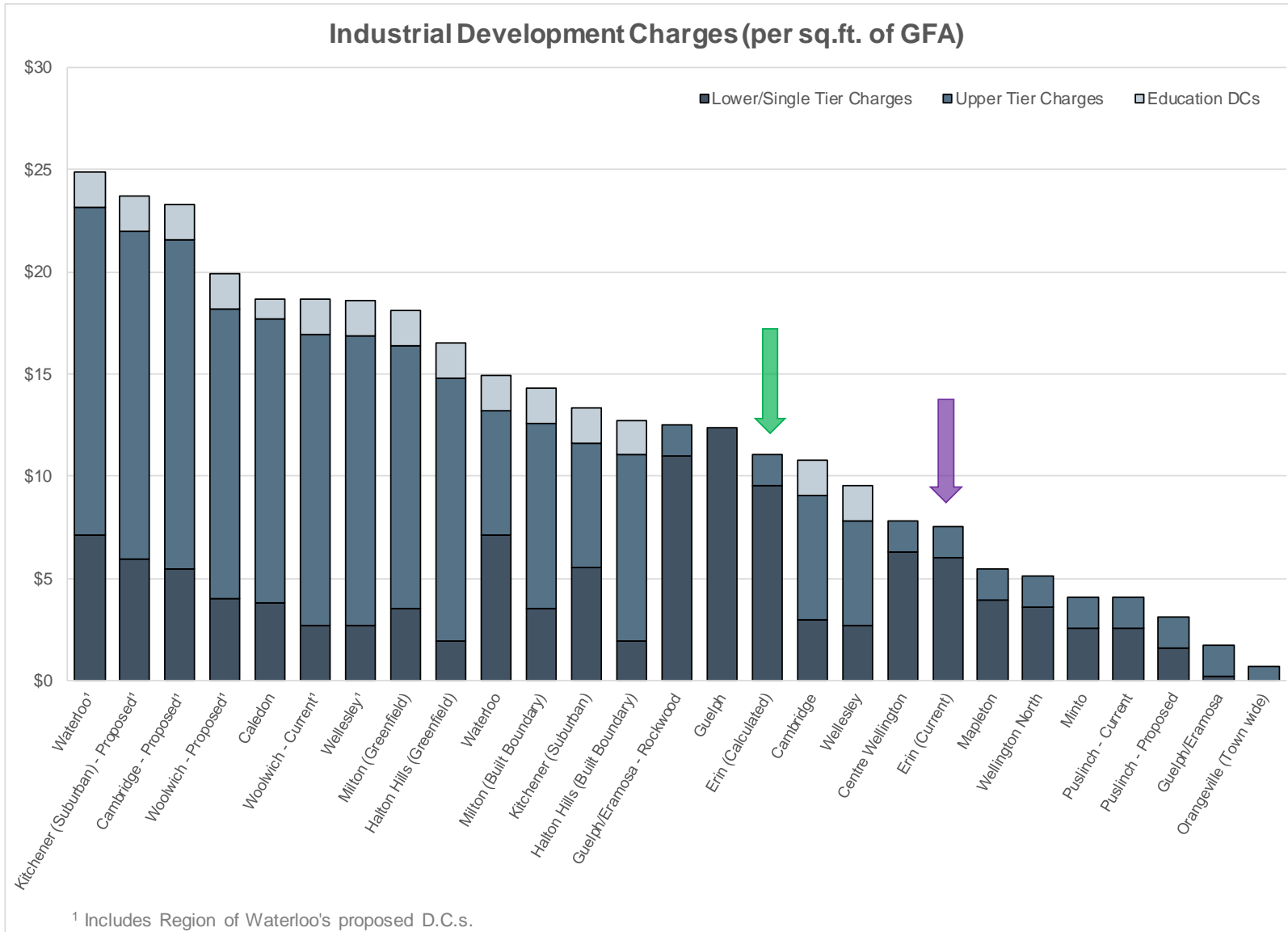
Residential (per single-detached unit) Development Charges Comparison



Non-Residential – Commercial (per sq.ft.) Development Charges Comparison



Non-Residential – Industrial (per sq.ft.) Development Charges Comparison





Bill 108: “More Homes, More Choice: Ontario's Housing Supply Action Plan”

The following provides a brief overview of the proposed changes to the **Development Charges Act**:

- Changes to eligible services
 - Soft Services will be removed from the DCA and will be considered as part of a new Community Benefits Charge imposed under the *Planning Act* (i.e. parking, outdoor recreation, indoor recreation, library services, and cemeteries)
- Payment in Installments over six years
 - Rental and non-profit housing, as well as non-residential developments will pay their DC in six equal annual installments
- When DC Amount is Determined
 - Currently DCs are calculated at the building permit stage. The proposed change would have DCs calculated on the date of the application for Site Plan or zoning amendment



Bill 108: “More Homes, More Choice: Ontario's Housing Supply Action Plan”

- **Community Benefit Charge (for soft services)**
 - Municipality may, by by-law, impose community benefits charges against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies
 - These services may not include services authorized by the DCA
 - The amount of a community benefits charge payable shall not exceed an amount equal to the prescribed percentage of the value of the land as of the valuation date
 - The valuation date is the day before building permit issuance
 - All money received by the municipality under a community benefits charge by-law shall be paid into a special account
 - Transitional provisions are set out regarding the DC reserve funds and DC credits



Bill 108: “More Homes, More Choice: Ontario's Housing Supply Action Plan”

- **Transitional Provisions for By-law Expiry**

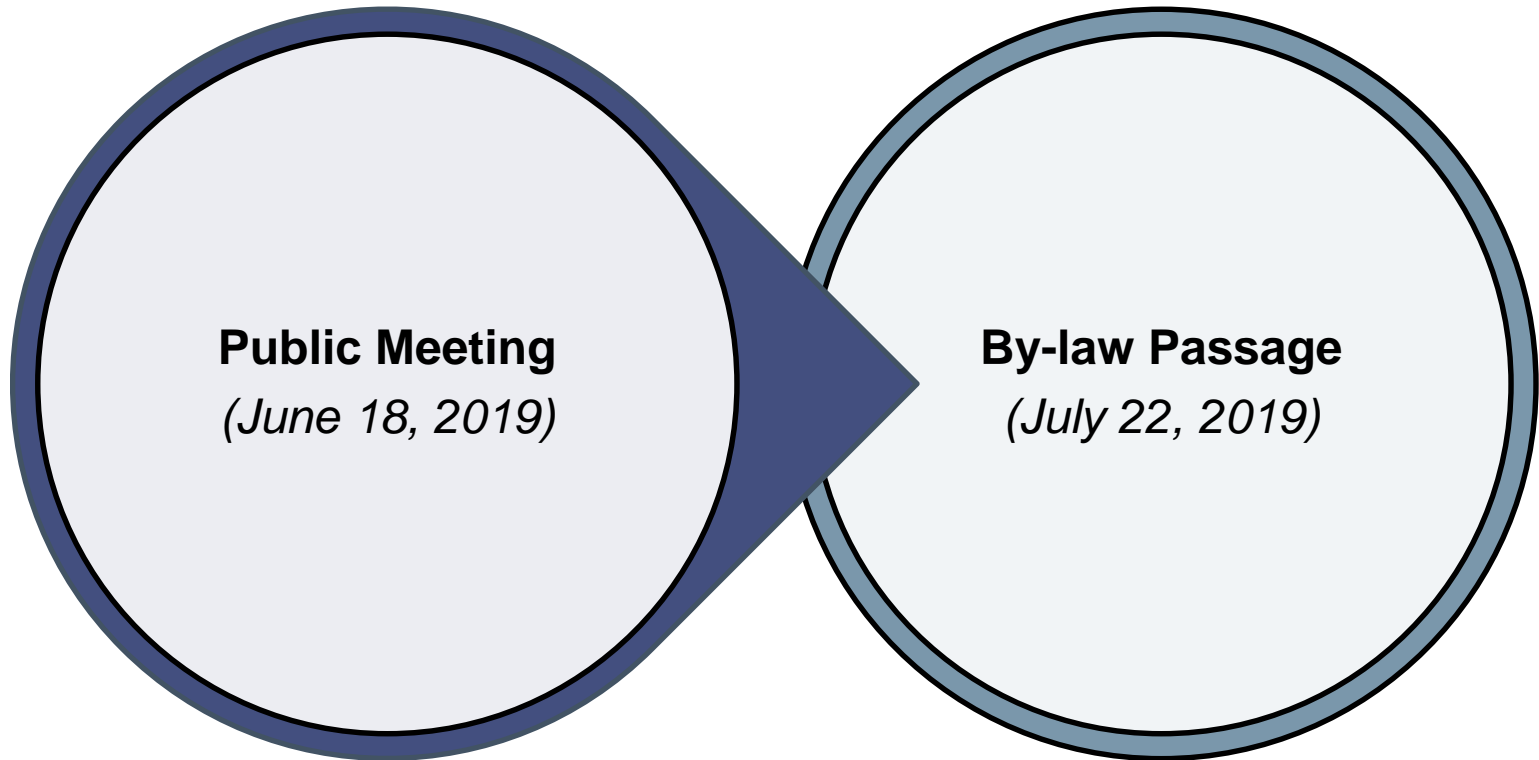
- Transitional provisions are set out for existing By-laws to remain in force as follows:
- “a development charge by-law that would expire on or after May 2, 2019 and before the prescribed date shall remain in force as it relates to the [soft services] until the earlier of,
 - (a) the day it is repealed;
 - (b) the day the municipality passes a by-law under subsection 37 (2) of the Planning Act as re-enacted by section 9 of Schedule 12 to the More Homes, More Choice Act, 2019; and
 - (c) the prescribed date.
- As a result it is recommended that the County pass a by-law whereby the DCs related to parking, indoor and outdoor recreation, library, administration, cemeteries, and ambulance services are equal to the current rates. All other services would be provided at the calculated rates.

Council Consideration



- **Consider additional exemptions**
- **Consider redevelopment timing change**
- **Consider continuation of area rating for water services**

Next Steps





Questions?