



Development Charges Council Workshop

Township of Douro-Dummer
June 18, 2024

Agenda

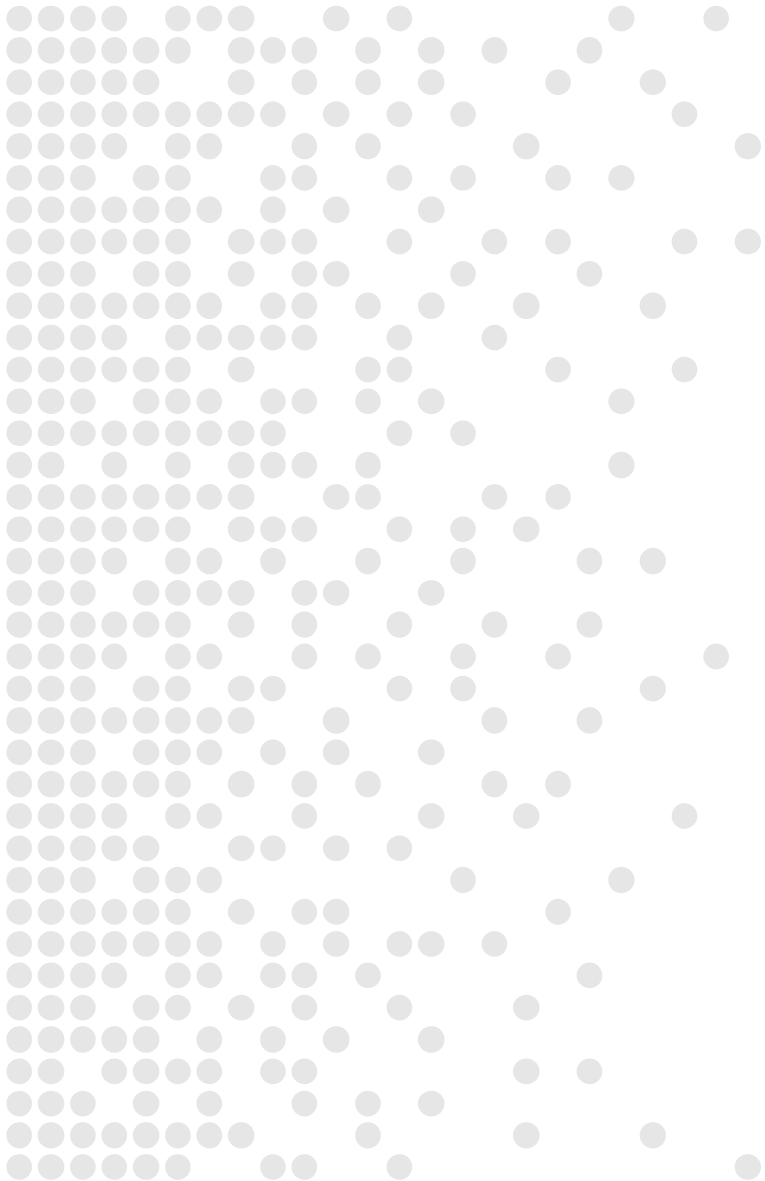


- Introductions
- Overview of Process – Timelines
- Development Charges Act Overview
- Growth Forecast Summary
- Changes to the Development Charges Act
- Overview of Current Charges and Policies
- D.C. Rates
- Survey of Municipal D.C.s
- Next Steps
- Questions



Overview of Process – Timelines

- 1** **December 2023 to April 2024**
Data collection, staff review, D.C. calculations and policy work
- 2** **June 4, 2024**
Release of D.C. Background Study and By-law
- 3** **June 18, 2024**
Council Meeting
- 4** **July 16, 2024**
Public Meeting advertisement placed in newspaper
- 5** **August 6, 2024**
Public Meeting
- 6** **August 6, 2024**
Council Consideration of By-law



Development Charges Act (D.C.A.) Overview

Township of Douro-Dummer

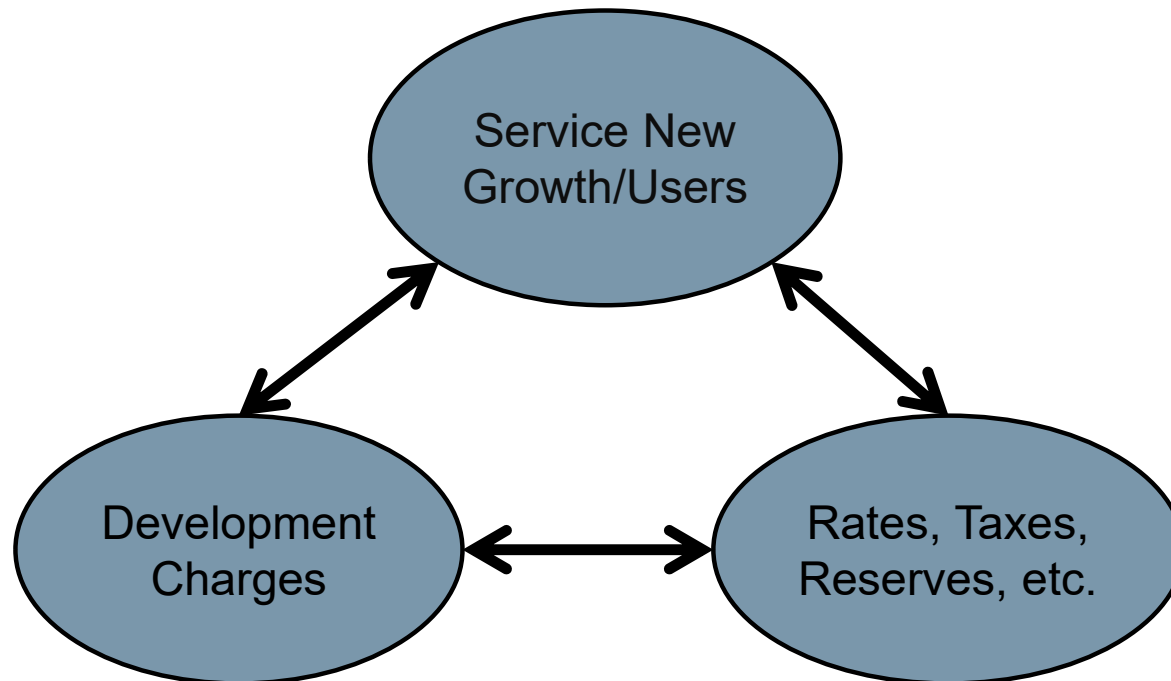


Development Charges (D.C.)

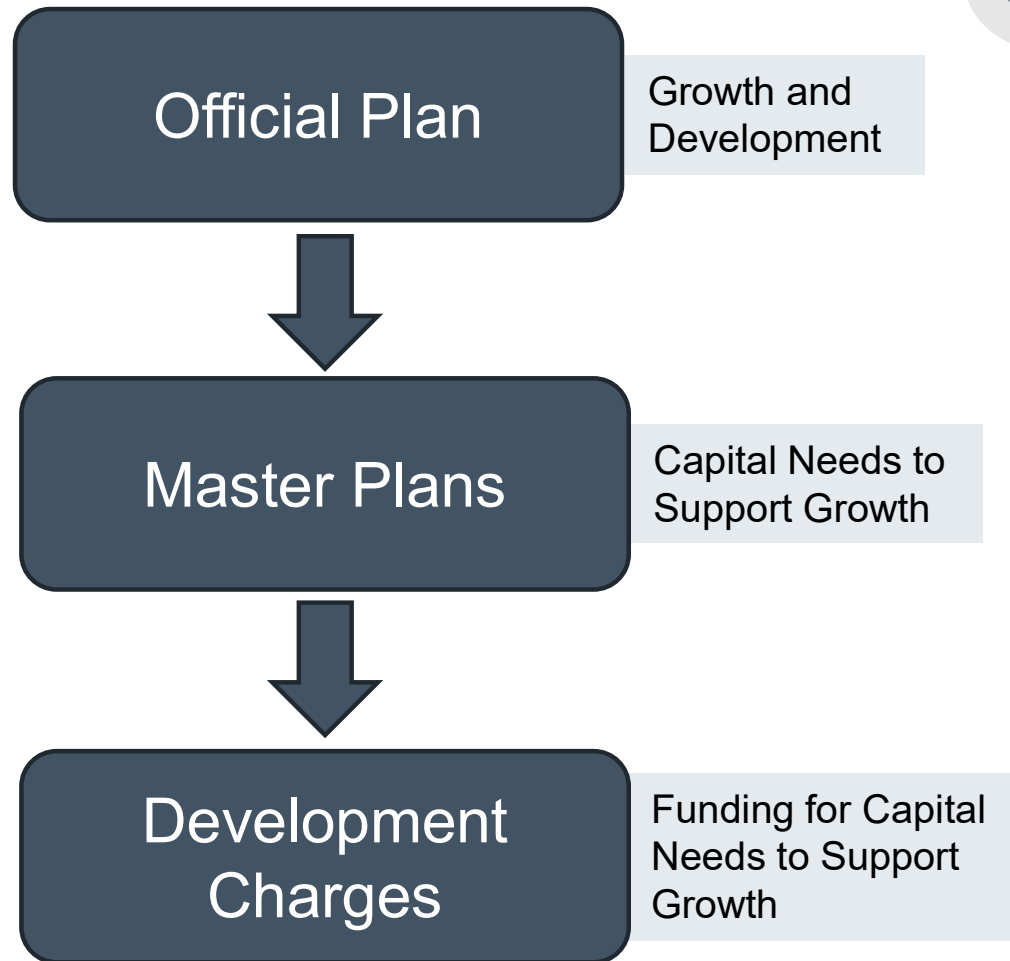
Purpose:

- 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, sidewalks, streetlights, etc.)
- D.C.s are typically paid to the Township prior to receiving a building permit
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

Relationship Between Needs to Service Growth vs. Funding



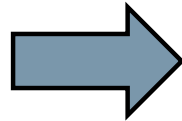
Municipal Financial Planning Framework



Overview of the D.C. Calculation



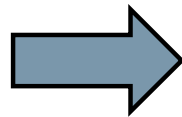
Cost of Infrastructure
Required to
Accommodate
Growth



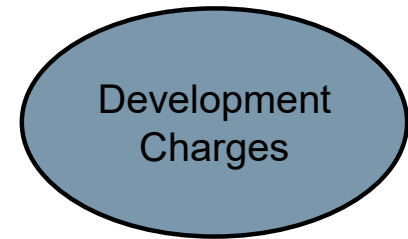
\$



Residential and Non-
residential Growth



Development Charge
per Unit
(for Residential Growth)



Development Charge
per Sq.ft.
(for Non-residential
Growth)



Methodology for Calculating a D.C.

The following provides the overall methodology to calculating the charge:

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. Amounts in excess of 15-year historical service calculation
 - iv. 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. Eligible Services



1. Water
2. Wastewater
3. Storm water drainage
4. **Services related to a highway**
5. Electrical power services.
6. Toronto-York subway extension.
7. Transit
8. Waste diversion
9. Policing
10. **Fire protection**
11. Ambulance
12. **Library**
13. Long-term Care
14. **Parks and Recreation**
15. Public Health services
16. Childcare and early years services.
17. Provincial Offences Act
18. Emergency Preparedness
19. Airports (Waterloo Region only).

Service Standard Methodology



- Service standard measure provides a ceiling on the level of the charge that can be imposed
- The D.C.A. requires the calculation to be based on “quality” and “quantity” measures and “averaged” over the past 15 years
- This involves reviewing capital inventories in detail over past 15 years
- Note that this measure does not apply to water, wastewater, stormwater and transit (which now has a forward-looking service standard)

Service Standards



SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED								Utilized	Remaining
Service Category	Sub-Component	15 Year Average Service Standard					Maximum Ceiling LOS		
		Cost (per capita)	Quantity (per capita)		Quality (per capita)				
Service Related to a Highway	Services Related to a Highway - Roads	\$18,629.67	0.0367	km of roadways	507,620	per km	7,619,535	2,634,041	5,878,677
	Services Related to a Highway - Bridges, Culverts & Structures	\$872.93	0.0017	Number of Bridges, Culverts & Structures	513,488	per item	357,028		
	Services Related to a Highway - Sidewalks	\$20.07	0.0002	km of sidewalks	100,350	per km	8,209		
	Services Related to a Highway - Streetlights	\$28.07	0.0117	No. of Streetlights	2,399	per signal	11,481		
	Public Works - Facilities	\$506.81	2.2301	sq.ft. of building area	227	per sq.ft.	207,285		
	Public Works - Vehicles & Equipment	\$755.94	0.0037	No. of vehicles and equipment	204,308	per vehicle	309,179		
Fire Protection	Fire Protection Services - Facilities	\$841.06	1.6021	sq.ft. of building area	525	per sq.ft.	343,994	745,263	6,663
	Fire Protection Services - Vehicles & Equipment	\$837.54	0.0024	No. of vehicles	348,975	per vehicle	342,554		
	Fire Protection Services - Small Equipment and Gear	\$159.85	0.1181	No. of equipment and gear	1,354	per item	65,379		
Parks & Recreation	Parkland Development	\$1,804.07	0.0226	Acres of Parkland	79,826	per acre	737,865	868,172	2,748,092
	Parkland Amenities	\$310.77	0.0026	No. of parkland amenities	119,527	per amenity	127,105		
	Parkland Trails	\$15.57	0.6105	Linear Metres of Paths and Trails	26	per linear m	6,368		
	Recreation Facilities	\$6,658.30	9.0257	sq.ft. of building area	738	per sq.ft.	2,723,245		
	Parks & Recreation Vehicles and Equipment	\$53.01	0.0009	No. of vehicles and equipment	58,900	per vehicle	21,681		
Library	Library Services - Facilities	\$174.13	0.2869	sq.ft. of building area	607	per sq.ft.	71,219	85,056	16,025
	Library Services - Collection Materials	\$73.01	2.0352	No. of library collection items	36	per collection item	29,861		



Capital Costs

- 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



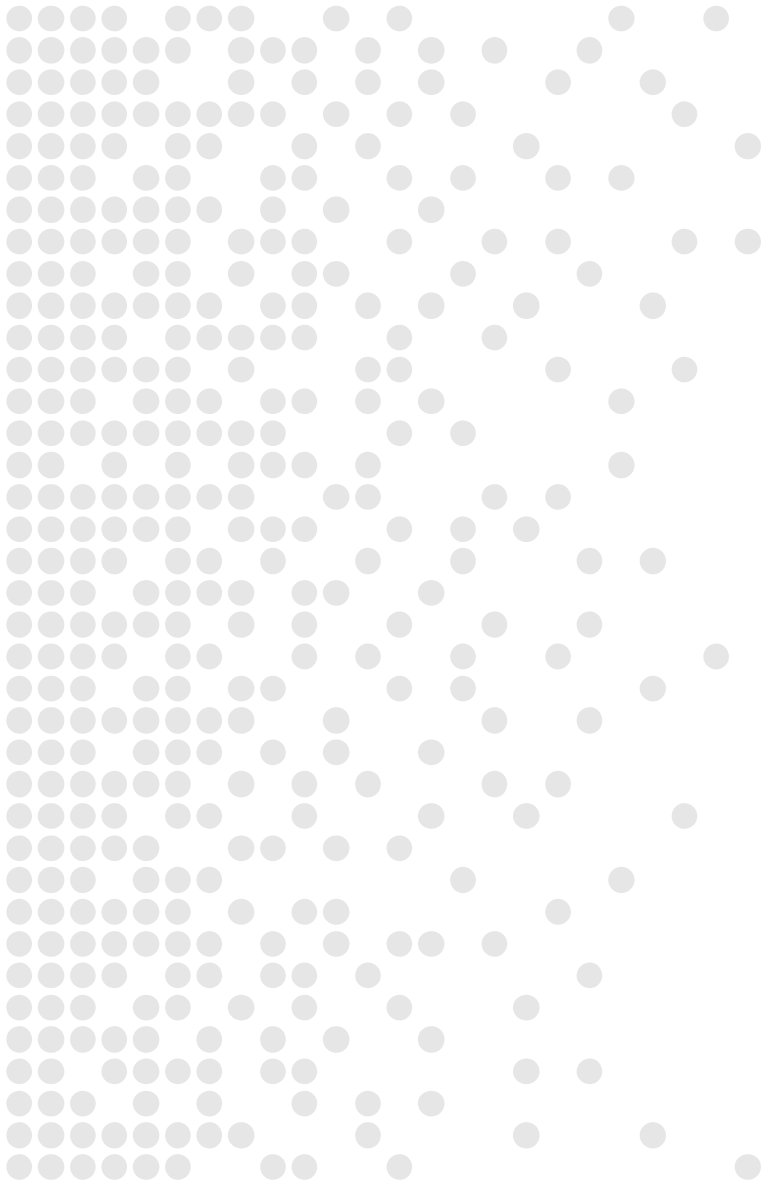
Capital Costs (cont'd)

- Any planning horizon for future capital needs can be used, except for Transit (which is limited to 10 years)
- 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
- Certain Capital Costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment that is not integral to the delivery of the service

Capital Costs



Increased Service Needs Attributable to Anticipated Development	Forecast Period	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
						Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
Services Related to a Highway	2024 to 2051	5,650,000	-	-	5,650,000	3,015,959	-	2,634,041	1,343,361	1,290,680
Fire Protection Services	2024 to 2051	6,864,300	1,366,100	-	5,498,200	4,752,937	-	745,263	380,084	365,179
Parks and Recreation Services	2024 to 2051	875,000	-	-	875,000	6,828	-	868,172	824,763	43,409
Library Services	2024 to 2051	101,000	-	-	101,000	15,944	-	85,056	80,803	4,253
Growth Studies	2024 to 2051	270,000	-	-	270,000	103,454	-	166,546	84,939	81,608
Total		\$13,490,300	\$1,366,100	-	\$12,124,200	\$7,791,669	-	\$4,332,531	\$2,629,011	\$1,703,520



Growth Forecast Summary

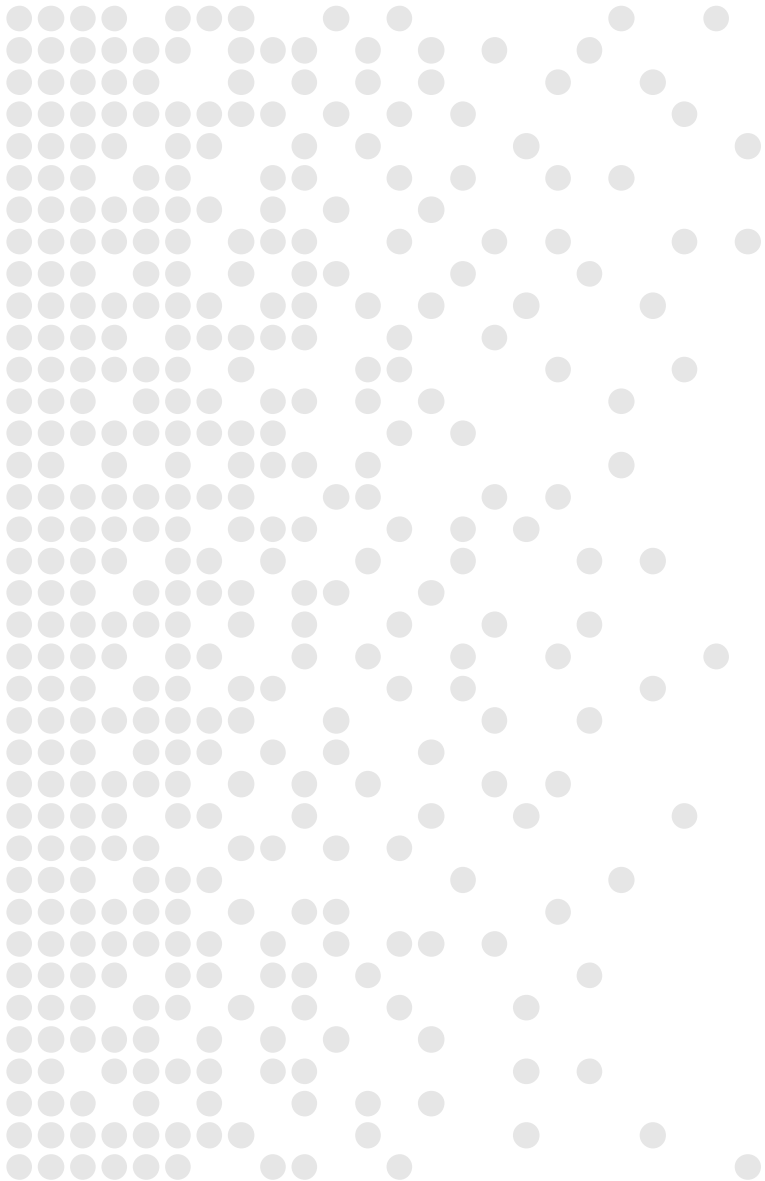
Township of Douro-Dummer

Growth Forecast Summary



Measure	Long-Term 2024-2051
(Net) Population Increase	409
Residential Unit Increase	409
Non-Residential Gross Floor Area Increase (sq.ft.)	366,600

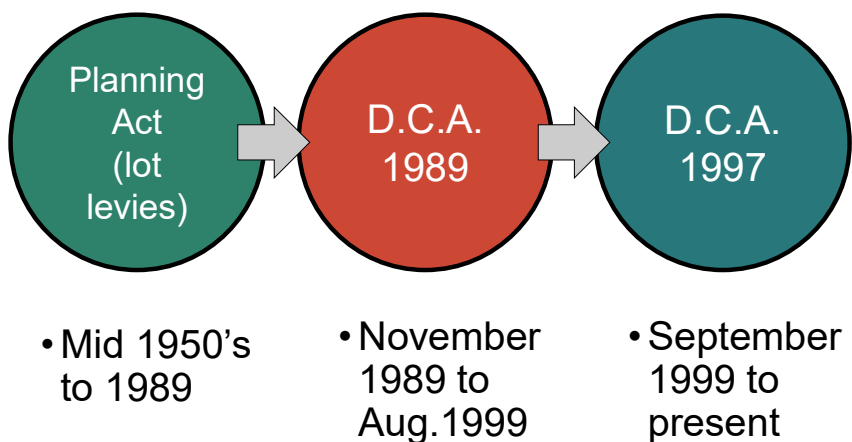
Source: Watson & Associates Economists Ltd. Forecast 2024



Changes to the Development Charges Act

Township of Douro-Dummer

History of D.C.s



Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023
9. Bill 185: June 2024

Recent Changes to the D.C. Legislation



There were a number of recent changes to the D.C.A. These changes were provided through:

- Bill 108: *More Homes, More Choice Act*, 2019
- Bill 138: *Plan to Build Ontario Together Act*, 2019
 - Removed instalment payments for commercial and industrial developments (identified in Bill 108)
- Bill 197: *COVID-19 Economic Recovery Act*, 2020
- Bill 213: *Better for People, Smart for Business Act*, 2020
- Bill 109: *More Homes for Everyone Act*, 2022
 - Additional reporting requirements
- Bill 23: *More Homes Built Faster Act*, 2022
- Bill 134: *Affordable Homes and Good Jobs Act*, 2023
- Bill 185: *Cutting Red Tape to Build More Homes Act*, 2024

Changes to the D.C.A.

Bill 23



Additional D.C. Exemptions:

Currently in Force:

- **Inclusionary Zoning Units:** Affordable housing units required under inclusionary zoning by-laws
- **Non-Profit Housing:** Non-profit housing units are exempt from D.C. installment. Outstanding installment payments due after this section comes into force will also be exempt from payment of D.C.s.
- **Additional Residential Unit Exemptions:** units in existing rental buildings, 2nd and 3rd units in existing and new singles, semis, and rowhouses
- **Affordable Rental Unit (additional details provided on the next slide)**
- **Affordable Owned Unit (additional details provided on the next slide)**

Currently Not in Force (yet to be defined by legislation):

- **Attainable Unit**

Changes to the D.C.A. – Affordable/Attainable Definitions

Bill 23/Bill 134



Definitions for “affordable” under the D.C.A. were updated by Bill 134, which received Royal Assent on December 4, 2023. As per s 4.1 of the D.C.A. the affordable rental unit and affordable owned unit exemptions are in effect as of June 1, 2024.

Bill 23 Definitions

Affordable Rental Unit: where rent is no more than 80% of the average market rent, as defined by a new Bulletin*

Affordable Owned Unit: where the price of the unit is no more than 80% of the average purchase price, as defined by a new Bulletin*

Bill 134 Definitions

Affordable Rental Unit: rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in a new Bulletin*

Affordable Owned Unit: cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in a new Bulletin*

Attainable Unit: yet to be defined by legislation

*Bulletin published by the Ministry of Municipal Affairs and Housing

Changes to the D.C.A.

Bill 23



D.C. Discounts:

- Rental Housing Discount (based on number of bedrooms – 15%-25%)

D.C. Revenue Reduction:

- Removal of Housing as an Eligible D.C. Service
- Capital Cost Amendments (restrictions to **remove studies** and land)
- Historical Levels of Service from 10 years to 15 years
- **Mandatory Phase-In of D.C. (Maximum charge of 80%, 85%, 90%, 95%, 100% for first 5 Years of the by-law) - These rules apply to a D.C. by-law passed on or after January 1, 2022**

D.C. Administration:

- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years

***Note: Bill 185 removed the mandatory phase-in, and added studies back into the definition of eligible capital costs**

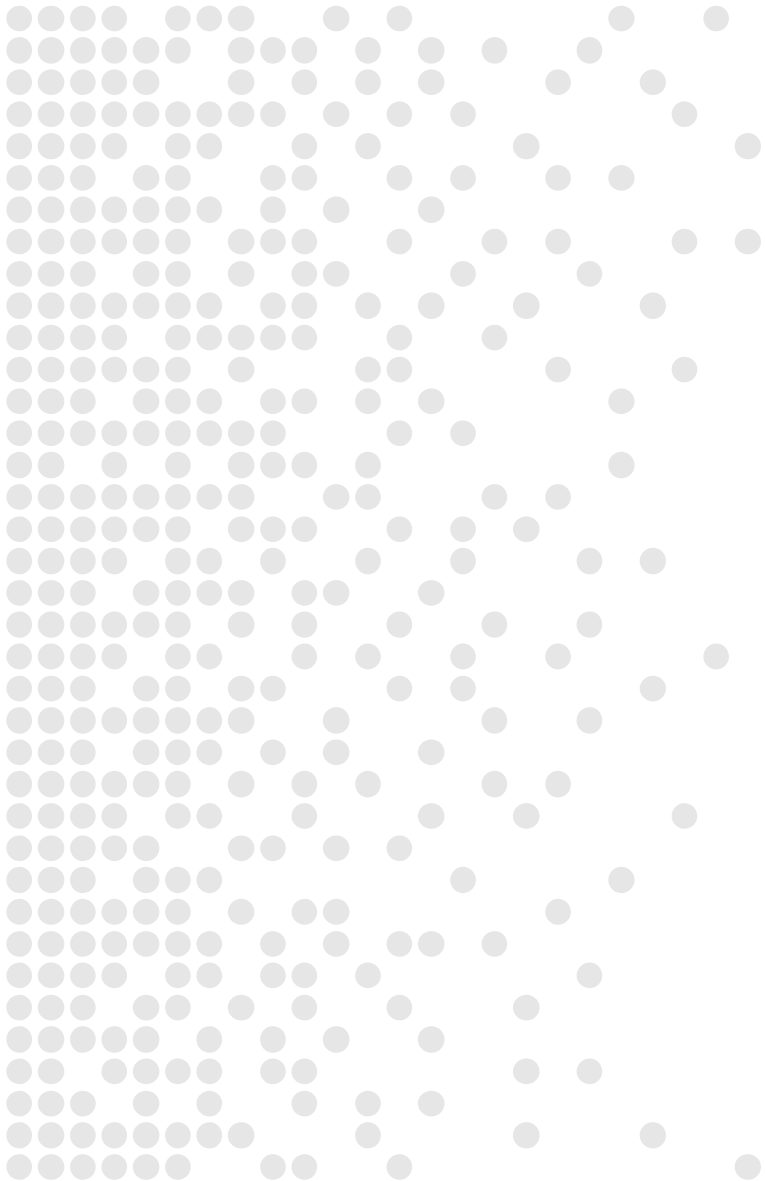
Changes to the D.C.A. – Bill 185



- On June 6, 2024, the Province gave Royal Assent to Bill 185 (*Cutting Red Tape to build More Homes Act*). The Bill provided changes to a number of Statutes including the D.C.A.

The D.C.A. changes include:

- The definition of eligible capital costs (to include certain studies);
- The removal of the mandatory phase-in of charges;
- The process for minor amendments to development charge (D.C.) by-laws;
- A reduction of time for the D.C. rate freeze related to site plan and zoning by-law amendment planning applications;
- Modernizing public notice requirements; and
- Implementation of the Affordable Residential Unit exemptions.



Overview of Current Charges and Policies

Township of Douro-Dummer

Current D.C. Rates



Service	Residential					Non-Residential
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Services Related to a Highway	4,823	4,823	4,823	4,823	4,823	0.14
Fire Protection Services	1,192	1,192	1,192	1,192	1,192	0.06
Parks and Recreation Services	128	128	128	128	128	-
Library Services	471	471	471	471	471	-
Growth Studies	121	121	121	121	121	0.01
Total	6,736	6,736	6,736	6,736	6,736	0.20



Mandatory Exemptions

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.);
- Development of lands intended for use by a university that receives operating funds from the Government (as per Bill 213);
- Discount for Rental units based on bedroom size;
- May add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure);
- Add one additional unit or 1% of existing units in an existing rental residential building;
- Affordable inclusionary zoning units;
- Non-profit Rental Housing;
- Affordable units; and
- Attainable units.

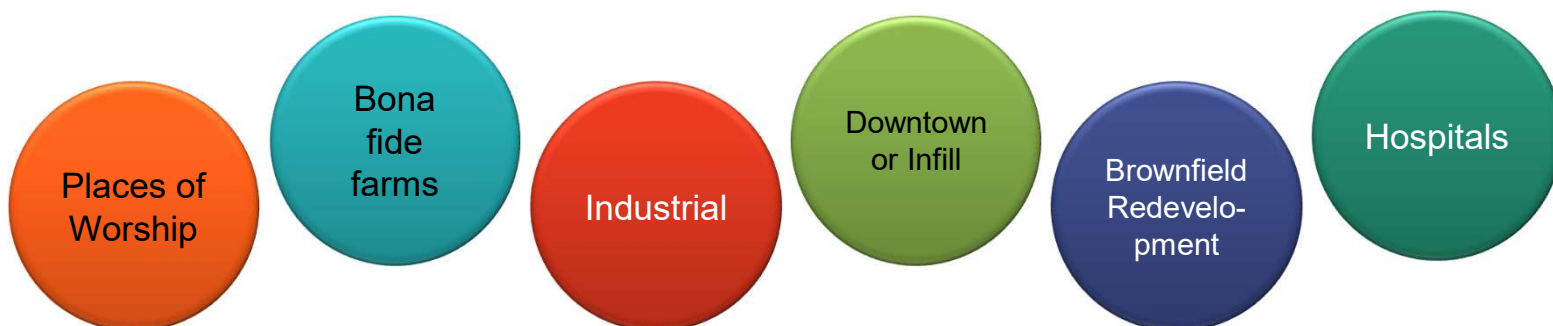
***Amended as per Bill 23**

Discretionary Exemptions



- Reduce in part or whole D.C. 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)
 - The Township's by-law states that development is only eligible for redevelopment credits if the existing building was demolished within 60 months prior to the date of payment of D.C.s.

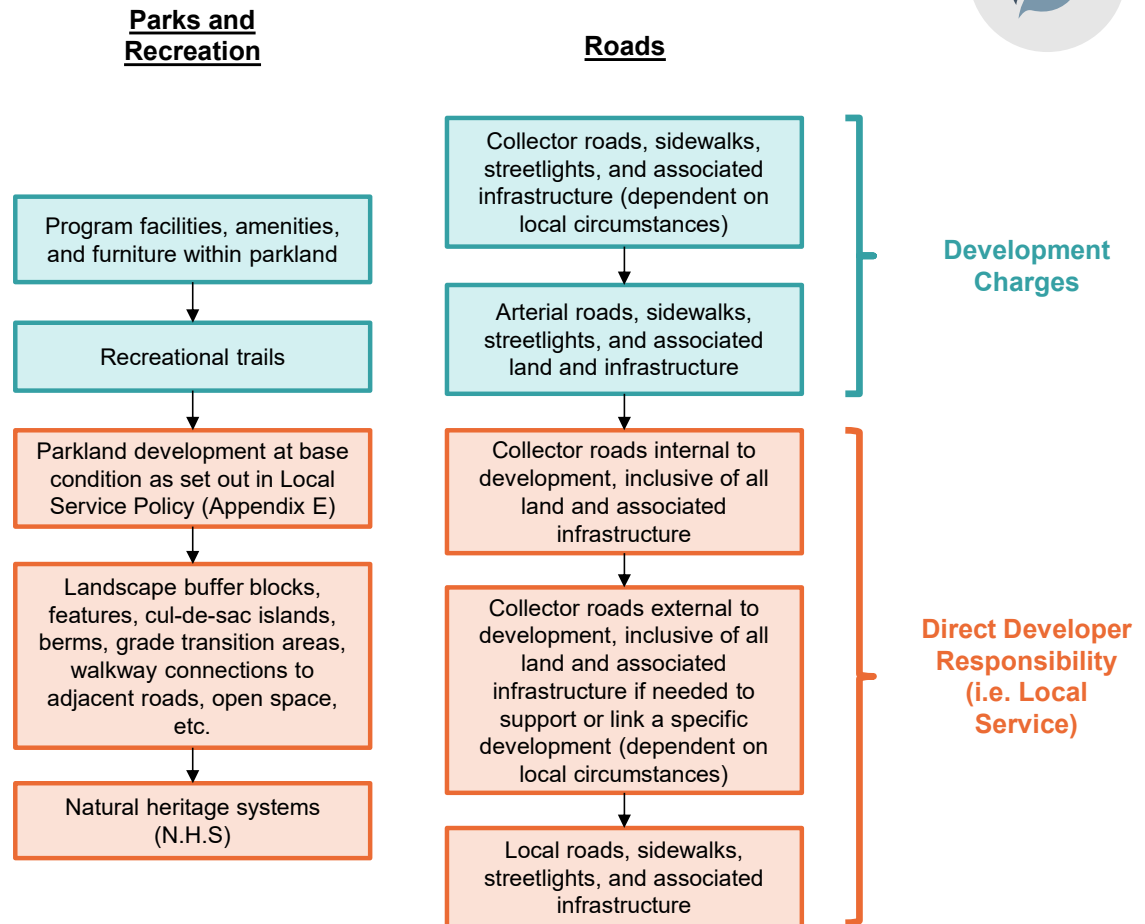
Common Discretionary Exemptions for Council's Consideration:

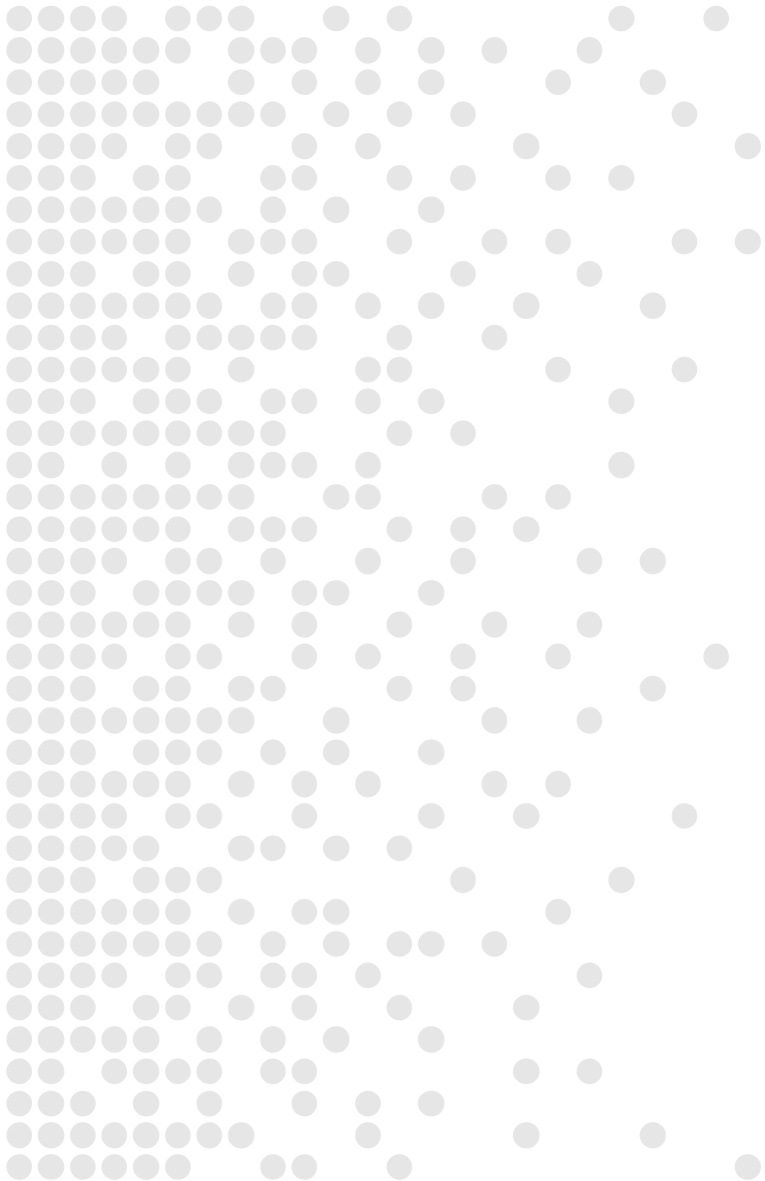


Local Service Policy



- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, 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.





D.C. Rates

Township of Douro-Dummer

Calculated D.C. Rates



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Township Wide Services/Class of Service:						
Services Related to a Highway	3,295	2,231	2,429	1,396	1,229	3.52
Fire Protection Services	932	631	687	395	348	1.00
Parks and Recreation Services	2,023	1,370	1,491	857	755	0.12
Library Services	198	134	146	84	74	0.01
Growth Studies	208	141	153	88	78	0.22
Total Township Wide Services/Class of Services	6,656	4,507	4,906	2,820	2,484	4.87

Rate Comparison – Residential – Single Detached (per unit)

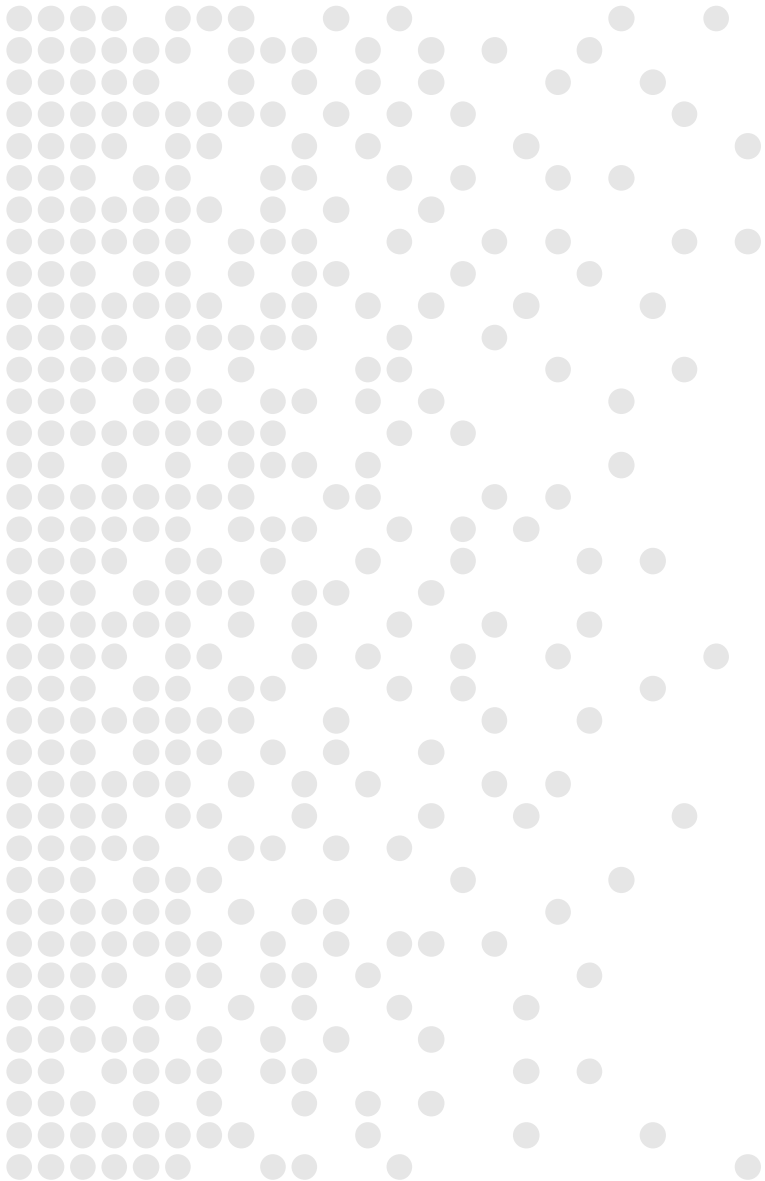


Service/Class of Service	Current	Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	4,823	3,295
Fire Protection Services	1,192	932
Parks and Recreation Services	128	2,023
Library Services	471	198
Growth Studies	121	208
Total Municipal Wide Services/Classes	6,736	6,656

Rate Comparison – Non-Residential (per sq.ft.)



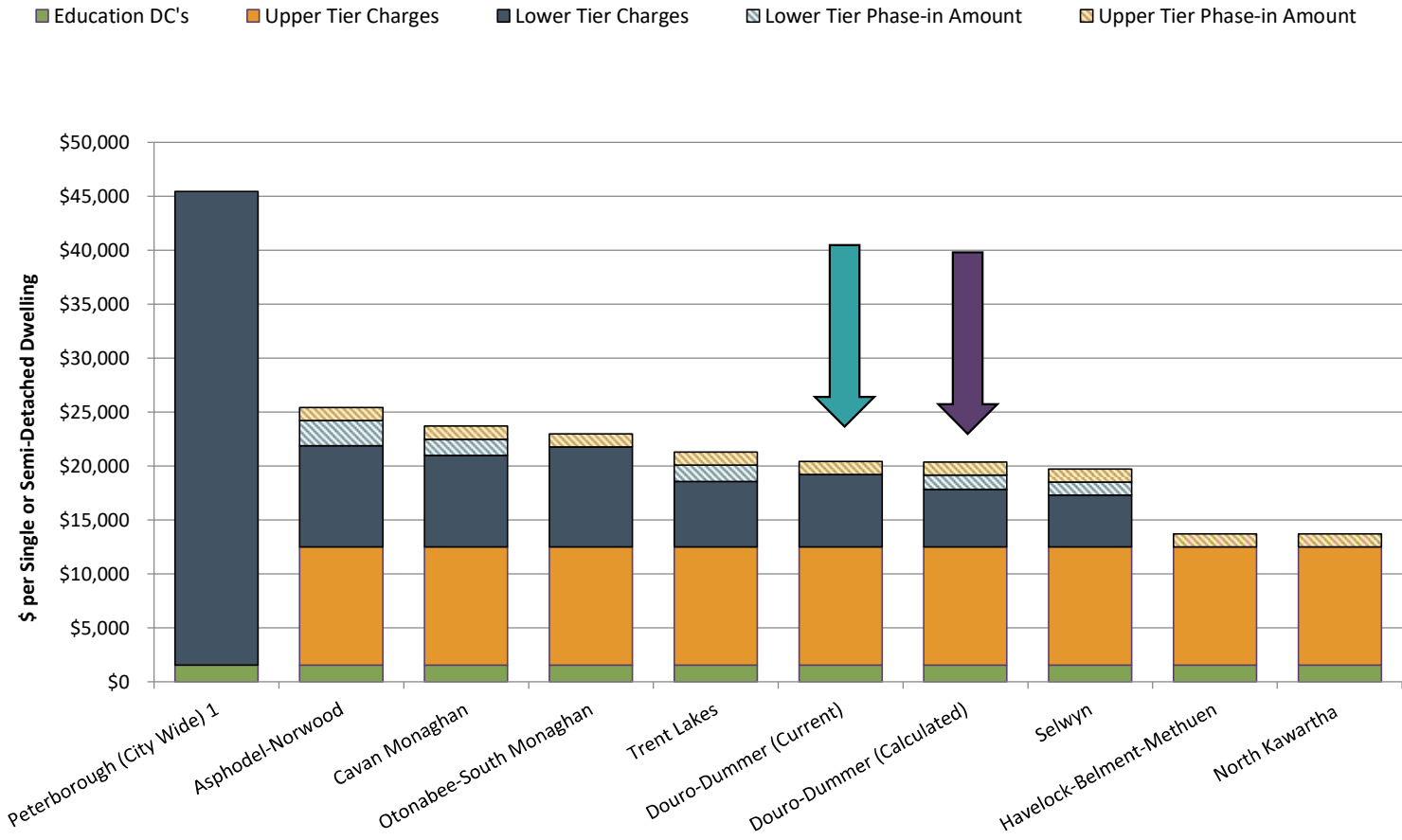
Service/Class of Service	Current	Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	0.14	3.52
Fire Protection Services	0.06	1.00
Parks and Recreation Services	-	0.12
Library Services	-	0.01
Growth Studies	0.01	0.22
Total Municipal Wide Services/Classes	0.20	4.87



Survey of Municipal D.C.s

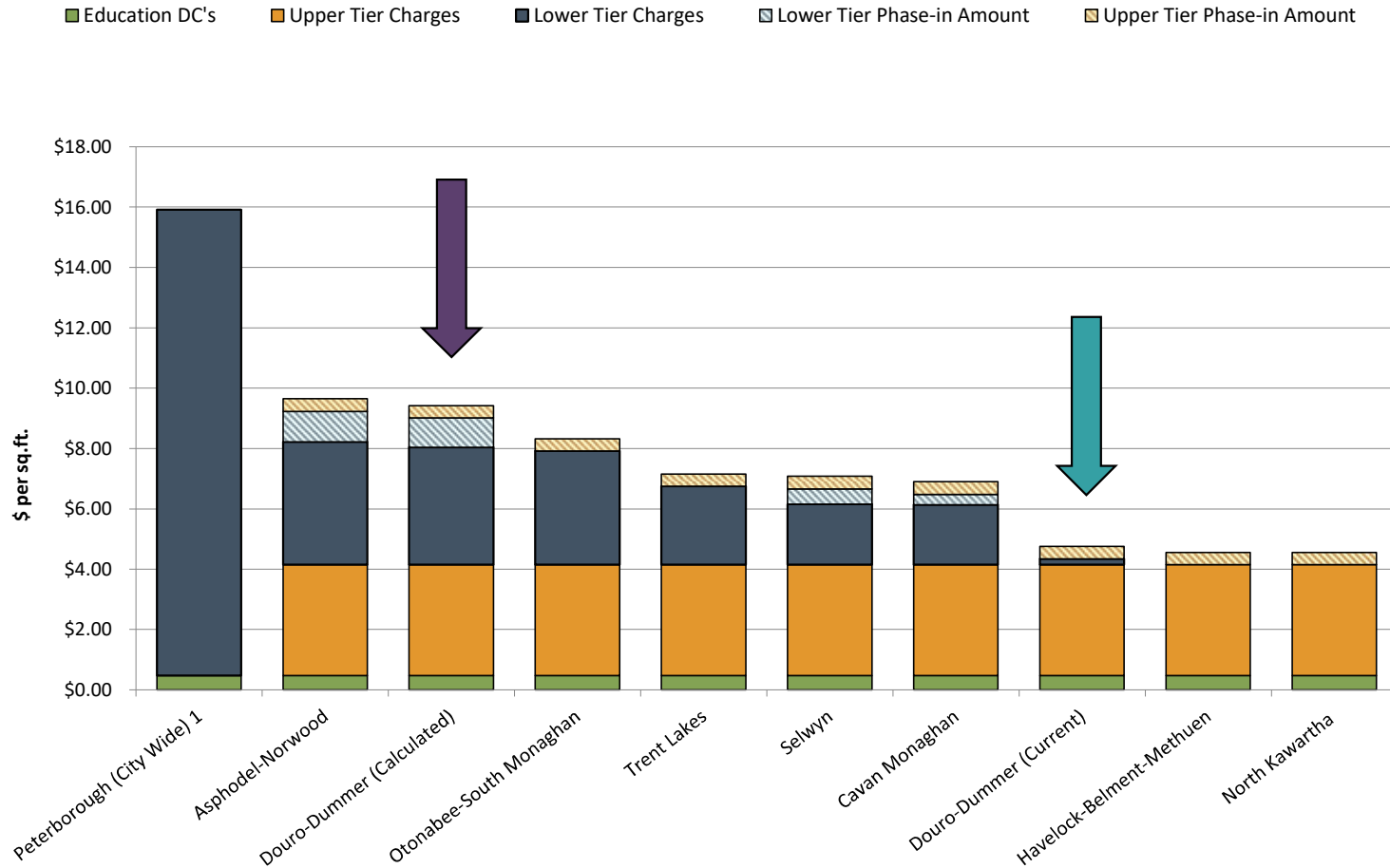
Township of Douro-Dummer

Survey of Comparator Municipalities – Single/Semi-Detached



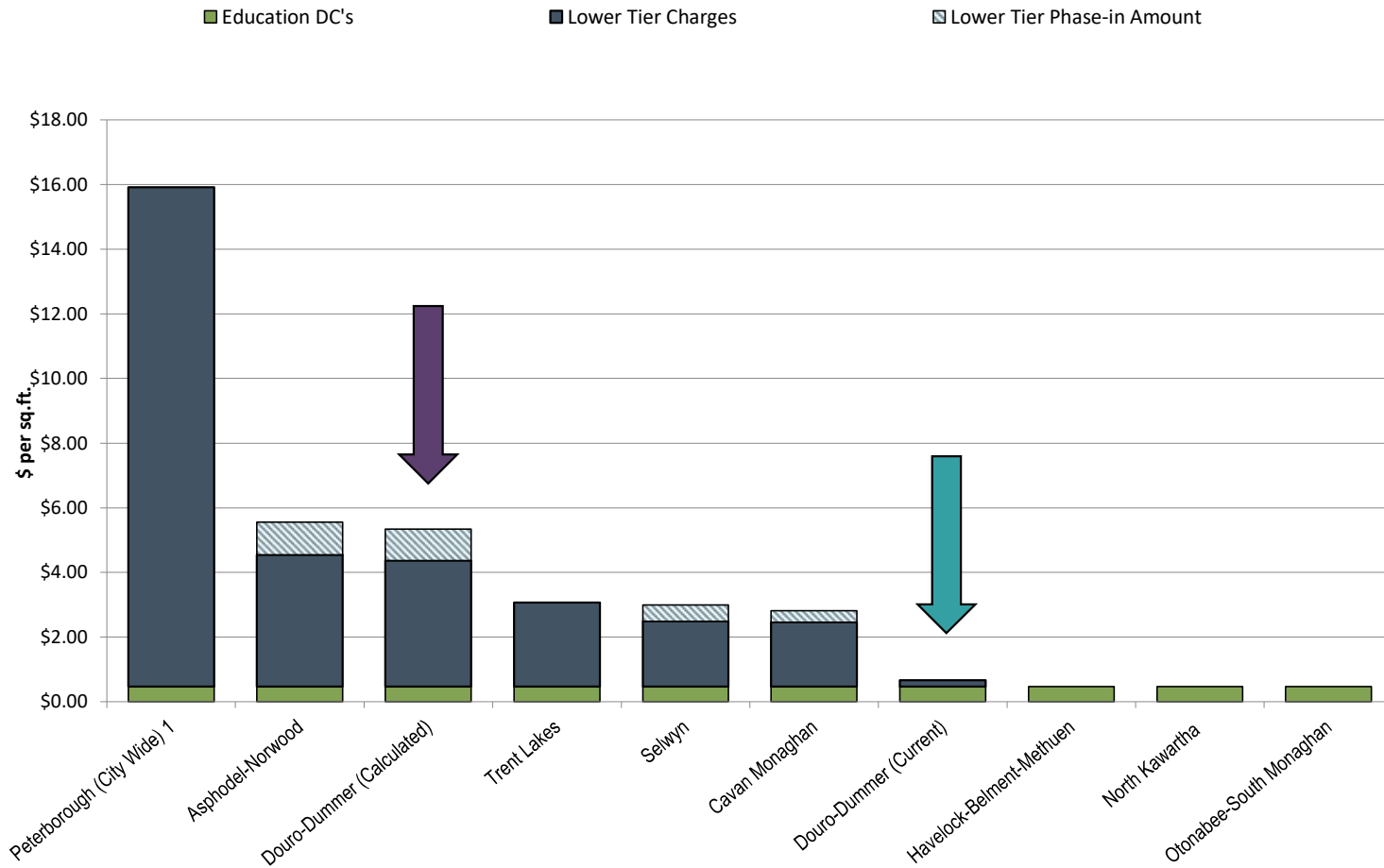
¹ The City of Peterborough has 8 different area charges, the City-Wide rate is shown
 Note: All charges exclude water and wastewater services

Survey of Comparator Municipalities – Commercial (per sq.ft.)



¹ The City of Peterborough has 8 different area charges, the City-Wide rate is shown
 Note: All charges exclude water and wastewater services

Survey of Comparator Municipalities – Industrial (per sq.ft.)



¹The City of Peterborough has 8 different area charges, the City-Wide rate is shown
 Note: All charges exclude water and wastewater services



Overview of Process – Timelines



December 2023 to April 2024

Data collection, staff review, D.C. calculations and policy work



June 4, 2024

Release of D.C. Background Study and By-law



June 18, 2024

Council Meeting



July 16, 2024

Public Meeting advertisement placed in newspaper



August 6, 2024

Public Meeting



August 6, 2024

Council Consideration of By-law

Questions

