



 **Watson
& Associates**
ECONOMISTS LTD.

Bruce County 2023 Development Charges

Public Meeting

September 7, 2023



Format for Public Meeting

- Opening Remarks
- Public Meeting Purpose
- Study Process and Timelines
- Development Charges Overview
- Presentation of the Proposed Policies and Charges
- Presentations by the Public
- Questions from Council
- Conclude Public Meeting

Public Meeting Purpose



- The public meeting is to provide for a review of the D.C. proposal and to receive public input on the proposed policies and charges.
- The meeting is a mandatory requirement under the Development Charges Act (D.C.A.).
- Prior to Council's consideration of a by-law, a background study must be prepared and available to the public a minimum 60 days prior to the D.C. by-law passage.

Study Process & Timelines



- 1** **March 2023 to May 2023**
Calculations, meetings with County Staff, and Policy Review
- 2** **April 21 and June 15, 2023**
Council Workshops
- 3** **July 5, 2023**
Stakeholder Meeting
- 4** **July 20, 2023**
Public Release of Background Study
- 5** **September 7, 2023**
Public Meeting of Council
- 6** **September 21, 2023***
Council Consideration of Recommendations
- 7** **October 5, 2023***
Council Consideration of By-law

*Note: Council consideration of by-law could be undertaken as early as September 21, 2023

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.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- Development charges are typically collected prior to issuance of a building permit



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 Services
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. ~~Housing services~~
18. Provincial Offences Act
19. Emergency Preparedness
20. Airports (Waterloo Region only)

These are the current D.C. eligible services being considered in the calculations
***Amended as per Bill 23**

Changes to D.C. Legislation - Overview



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

- Bills 108 and 138: More Homes, More Choice Act, 2019 and Plan to Build Ontario Together Act, 2019
 - *Installment payments (for rental housing and institutional developments)*
 - *D.C. Freeze for Site Plan and Zoning By-law Applications (once a complete application is received; the D.C. rate is frozen. Once the municipality approves the application, the developer has 2 years to pull a building permit to maintain frozen rate)*
- Bill 197: COVID-19 Economic Recovery Act, 2020
 - *Removal of mandatory 10% deduction*
 - *List of eligible services*
 - *C.B.C. legislation (Planning Act)*
- Bill 213: Better for People, Smarter for Business Act, 2020
 - *Exemptions for universities*
- Bill 109: More Homes for Everyone Act, 2022
 - *Rules for Annual Treasurer's Statement*
- Bill 23: More Homes, Built Faster Act, 2022



Bill 23 Overview

- The Province passed Bill 23: More Homes Built Faster Act, 2022 on November 28, 2022
- This Bill amends a number of pieces of legislation, including the Development Charges Act (D.C.A.), and the Planning Act
- These changes impact development charges (D.C.s), community benefits charges (C.B.C.s), and parkland dedication
- The changes provided through Bill 23 negatively impact the County's ability to collect revenues to fund growth-related capital expenditures

Changes to D.C. Legislation

Bill 23



Additional DC Exemptions:

- **Affordable Rental Unit:** Where rent is no more than 80% of the average market rent, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **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**, published by the Ministry of Municipal Affairs and Housing.
- **Attainable Unit:** Excludes affordable units and rental units, **will be defined as prescribed development or class of development** and sold to a person who is at “arm’s length” from the seller.
 - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years.

Currently
NOT 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)

Currently
in force

Changes to D.C. Legislation (continued)



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)
- 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
- Historical Levels of Service from 10 years to 15 years

Changes to D.C. Legislation (continued)₂

Bill 23



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



D.C. Methodology – Simplified Steps

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.

Overview of the D.C. Calculation



Exemptions



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);
- 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 and attainable units (to be in force at a later date);
- Affordable inclusionary zoning units;
- Non-profit housing;
- Discount for Rental units based on bedroom size; and
- Phase-in of D.C.s.

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; and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law).



Proposed Discretionary Exemptions

- Places of Worship;
- Cemeteries or burial grounds;
- Hospitals;
- Non-residential buildings used accessory to agricultural operation; and
- Temporary use buildings.

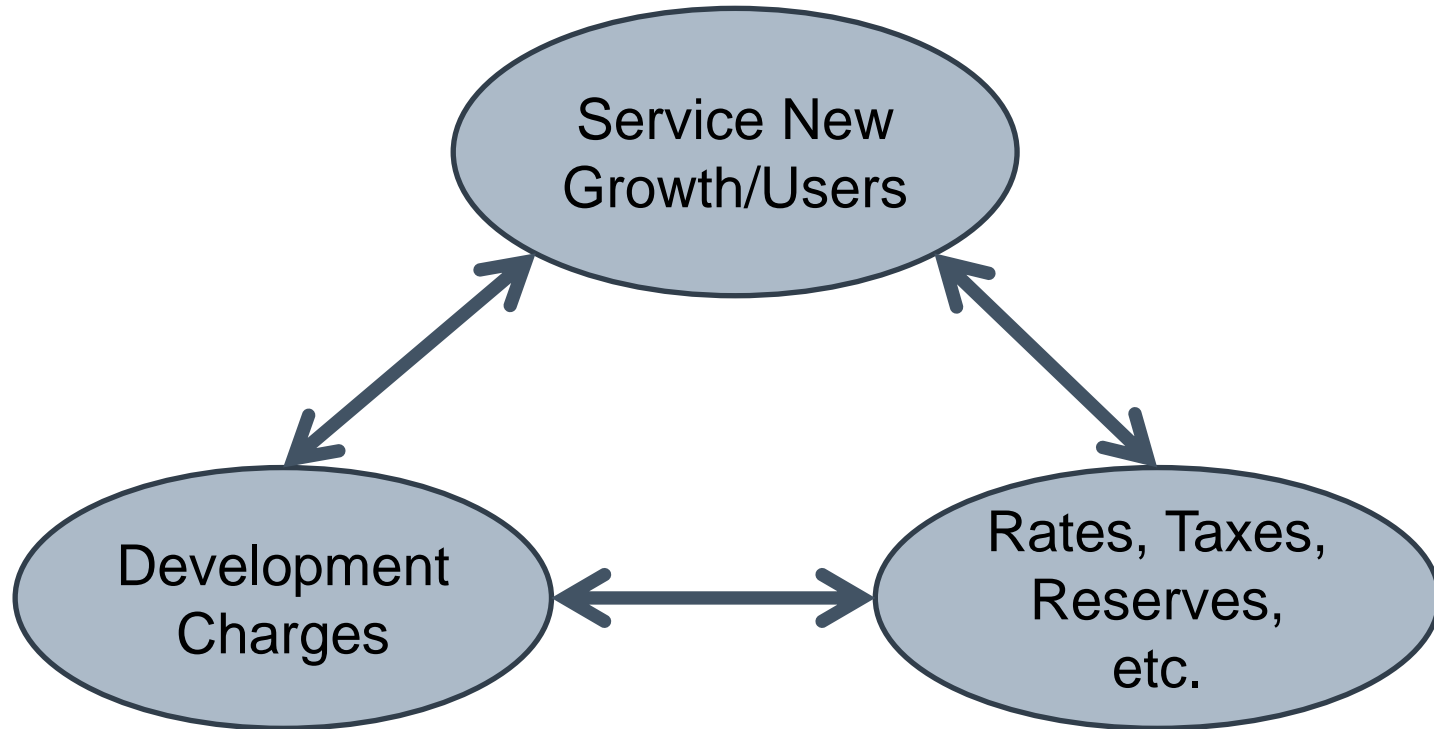


Local Service Policies

- 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.



Relationship Between Needs to Service New Development vs. Funding



Growth Forecast Summary



Measure	10 Year	14 Year
	2023-2032	2023-2036
(Net) Population Increase	8,911	12,221
Residential Unit Increase	4,286	5,756
Non-Residential Gross Floor Area Increase (sq.ft.)	2,713,000	3,230,400

Source: Watson & Associates Economists Ltd. Forecast 2023

Residential

Unit Type	Mix
Low Density	38%
Medium Density	21%
High Density	27%
Seasonal Units	12%
Conversions	2%

Non-Residential G.F.A

Type	Mix
Industrial	65%
Non-industrial	35%



Services Being Included

The following services are being included on a County-wide basis:

- Services Related to a Highway
- Parks & Recreation Services - Trails
- Long-term Care Services
- Child Care and Early Years Programs
- Ambulance Services

A class of service for Fleet is being included on a County-wide basis and it includes vehicles related to the following services:

- Services Related to a Highway
- Parks and Recreation Services – Trails
- Long-term Care Services

Proposed Development Charges



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Studio and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:						
Services Related to a Highway	6,302	4,028	3,973	2,674	2,603	2.76
Fleet	33	21	21	14	14	0.01
Parks and Recreation Services	96	61	61	41	40	0.01
Long-term Care Services	910	582	574	386	376	0.12
Child Care and Early Years Programs	58	37	37	25	24	-
Ambulance Services	266	170	168	113	110	0.04
Total County Wide Services/Class of Service	7,665	4,899	4,834	3,253	3,167	2.94
80% of Calculated Charges	6,132	3,919	3,867	2,602	2,534	2.35

Draft D.C. Rates – Non-Residential



Service/Class of Service	NON-RESIDENTIAL
	(per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:	
Services Related to a Highway	2.76
Fleet	0.01
Parks and Recreation Services	0.01
Long-term Care Services	0.12
Child Care and Early Years Programs	-
Ambulance Services	0.04
Total County Wide Services/Class of Service	2.94
80% of Calculated Charges	2.35

Blended

Service/Class of Service	NON-RESIDENTIAL	
	Industrial (per sq.ft. of Gross Floor Area)	Non-Industrial (per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:		
Services Related to a Highway	1.49	4.98
Fleet	0.01	0.03
Parks and Recreation Services	0.00	0.01
Long-term Care Services	0.08	0.24
Child Care and Early Years Programs	0.00	0.00
Ambulance Services	0.02	0.07
Total County Wide Services/Class of Service	1.60	5.33
80% of Calculated Charges	1.28	4.26

Industrial/Non-industrial

County Comparison



County	Single/Semi-Detached
Simcoe	\$13,052
Peterborough	\$10,133
Grey	\$9,183
Wellington	\$8,827
Bruce (fully calculated)	\$7,665
Bruce (80%)	\$6,132
Oxford*	\$4,940
Dufferin	\$3,218
Huron	\$0.00

**Excludes water and wastewater charges*

County	Commercial (per sq. ft.)
Simcoe	\$5.10
Peterborough	\$3.40
Bruce (fully calculated)	\$2.94
Wellington	\$2.46
Bruce (80%)	\$2.35
Oxford*	\$1.61
Dufferin	\$0.99
Grey	\$0.84
Huron	\$0.00

**Excludes water and wastewater charges*

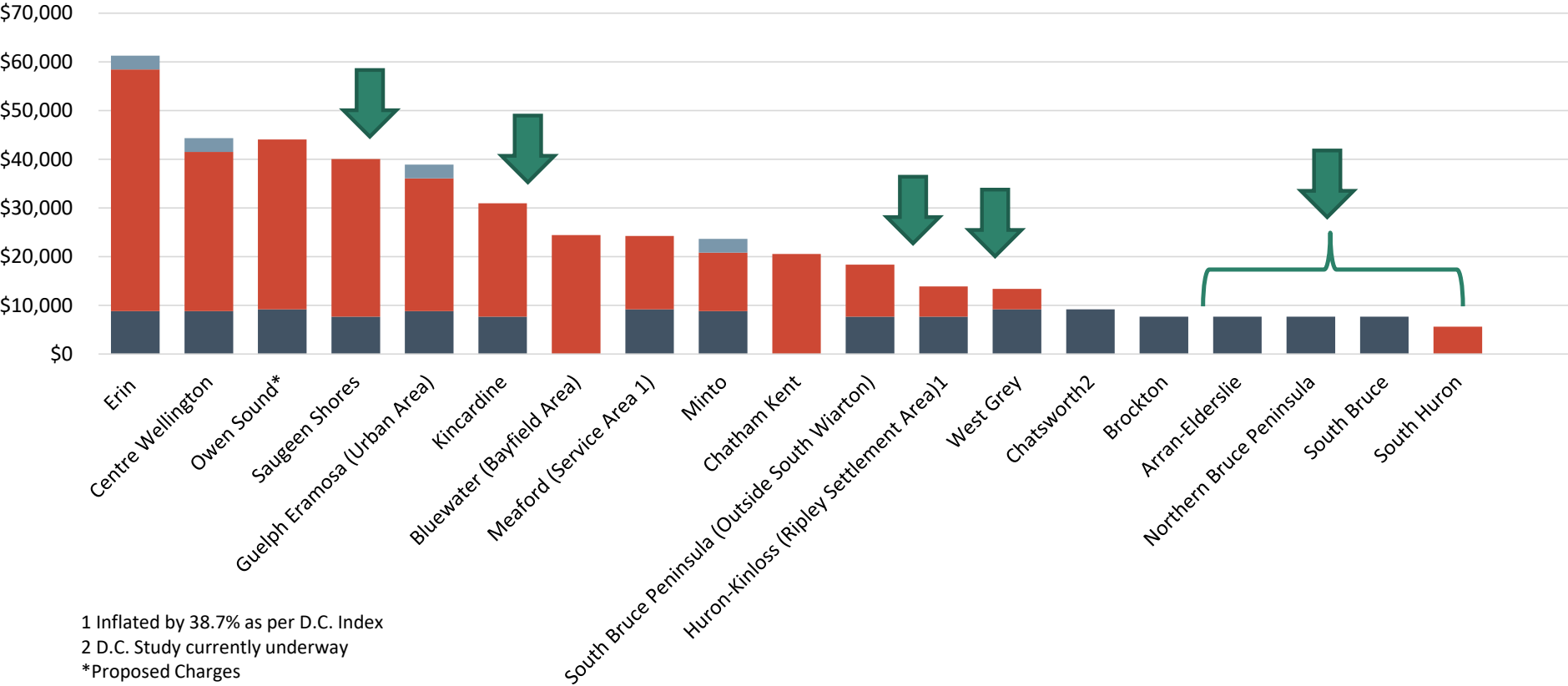
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Simcoe	\$5.10
Bruce	\$2.94
Wellington	\$2.46
Bruce (80%)	\$2.35
Dufferin	\$0.99
Grey	\$0.84
Peterborough	\$0.00
Oxford	\$0.00
Huron	\$0.00

Survey of D.C. Rates – Residential



Development Charge Rates for Bruce County and Select Municipalities Single Detached and Semi-Detached Dwellings

■ Upper Tier Charges ■ Lower Tier Charges ■ Education DC's



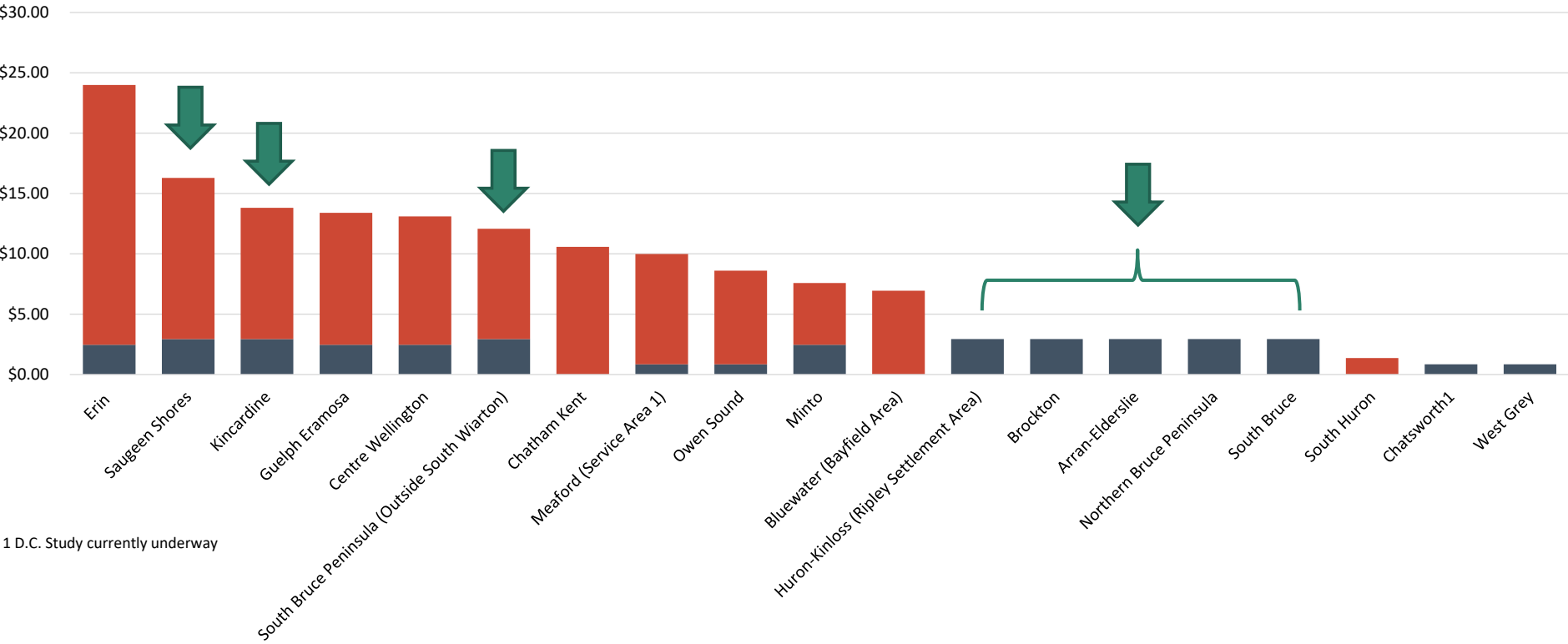
1 Inflated by 38.7% as per D.C. Index
 2 D.C. Study currently underway
 *Proposed Charges

Survey of D.C. Rates – Commercial



Development Charge Rates for Bruce County and Select Municipalities
Commercial Development - per sq.ft.

■ Upper Tier Charges ■ Lower Tier Charges

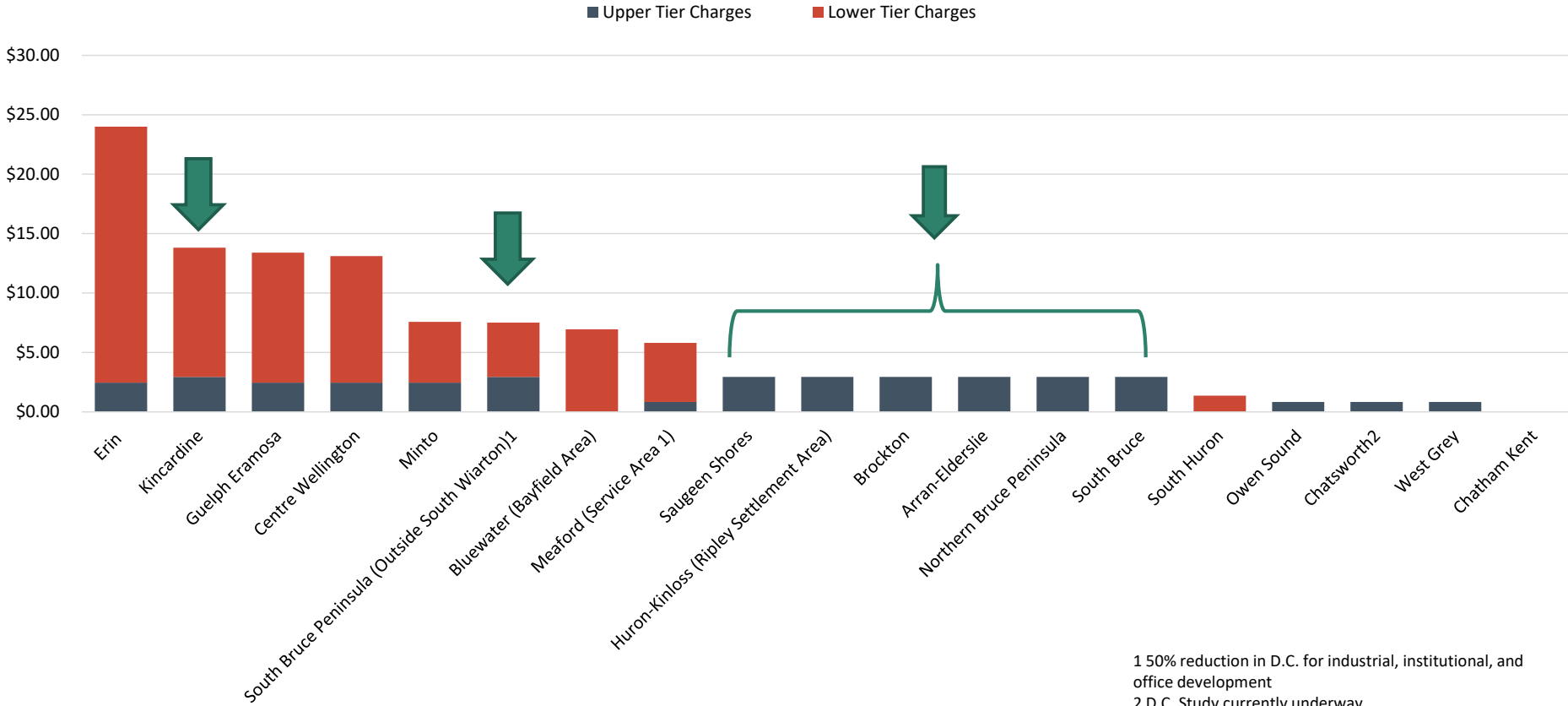


1 D.C. Study currently underway

Survey of D.C. Rates – Industrial



Development Charge Rates for Bruce County and Select Municipalities
Industrial Development - per sq.ft.



¹ 150% reduction in D.C. for industrial, institutional, and office development
² D.C. Study currently underway

Study Process & Timelines



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Calculations, meetings with County Staff, and Policy Review



April 21 and June 15, 2023

Council Workshops



July 5, 2023

Stakeholder Meeting



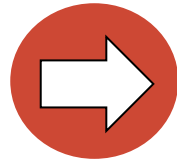
July 20, 2023

Public Release of Background Study



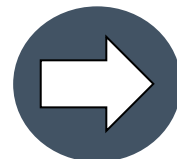
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September 21, 2023*

Council Consideration of Recommendations



October 5, 2023*

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Questions

