



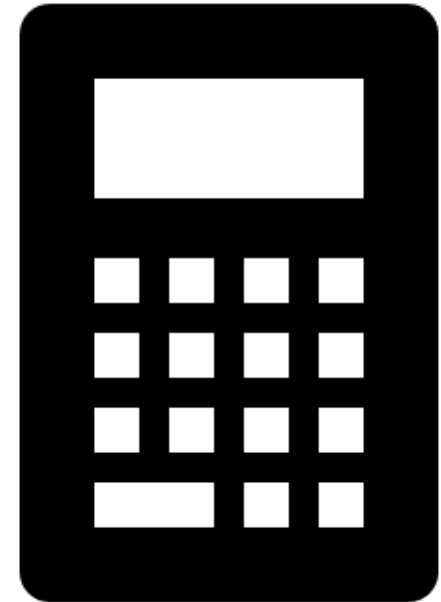
Development Charges

TOWNSHIP OF HURON-KINLOSS

SEPTEMBER 4, 2024

What are Development Charges (DCs)?

- ▶ A tool available to allow municipalities to recover **capital costs** associated with infrastructure and services put in place that benefit growth. This includes:
 - ▶ New infrastructure and services that support growth; and
 - ▶ Pay down existing debt for past growth works or services;
- ▶ General idea is that 'growth pays for its share' so that the existing tax-payers are not bearing the cost of servicing growth
- ▶ **Development charges cannot be collected for operating or maintenance costs.**
- ▶ Development charges are collected from new development (not existing development)
- ▶ By-laws are in place for 10 years (but can be updated earlier)



Development Charges

- ▶ DCs are calculated based on a capital works plan set out in the DC Background Study that sets out what projects are being paid for through DCs.
 - ▶ Must consider if projects have specific benefit areas
 - ▶ DC money must go towards DC projects.
- ▶ DCs are ultimately set by Council.

Recent Changes to DC Act

- ▶ There is no longer a mandatory phasing in of development charges through the DC Act.
 - ▶ But municipalities can still choose to phase in their own DCs
- ▶ Studies, including the development charge background study, can be included in DCs
- ▶ Reduction in the development charge freeze from 2 years to 18 months.

Process for Implementing a DC Bylaw

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- ▶ Undertake a Background Study
 - ▶ Forecast of future growth
 - ▶ Review of projects for inclusion in the DCs
 - ▶ Review of previously adopted Master Plans and studies for projects
 - ▶ Review of projects previously included in DCs
- ▶ Calculation of DCs for each project
- ▶ Present calculated DCs to staff and Council. Council sets proposed DC.
- ▶ Background Study must be available for review 60 days prior to passage of By-law
- ▶ Prepare draft By-law (available 2 weeks prior to Public Meeting)
- ▶ Host Public Meeting to get feedback on proposed DC
- ▶ Council passes DC By-law
- ▶ Issue Notice of Passage
- ▶ 40-day appeal period starts immediately after by-law passed.



We are here

How DCs are Calculated

Forecast future growth and development

Forecast capital needs to service future growth and development

Determine 15-year average levels of service

- Cannot charge in excess of the 15-year average level of service

Determine net capital costs for projects

- Need to subtract any grants/subsidies received
- Identify any post-period benefits
- Subtract portion of costs attributable to the existing population

Allocate costs to residential and non-residential growth

Calculate the DC per capita and per sqft (or sqm) for non-residential based on forecasted growth

Forecasted Residential Growth

- ▶ Forecast based on the 10-year average annual growth based on building permits.
- ▶ Majority of population growth expected along the Lakeshore.

Population Forecast

Year	Lucknow	Ripley	Lakeshore*	Rural Huron	Rural Kinloss	Township
2023	1,211	874	5,765	1,163	1,698	10,711
2028	1,235	927	6,085	1,244	1,754	11,245
2033	1,248	973	6,378	1,316	1,798	11,713
2038	1,271	1,026	6,696	1,397	1,854	12,244
2043	1,295	1,079	7,015	1,477	1,910	12,776
2048	1,307	1,123	7,303	1,547	1,953	13,233
5-year change	24	53	320	81	56	534
10-year change	37	99	613	153	100	1,002
20-year change	84	205	1250	314	212	2,065

*Lakeshore population includes seasonal population

Forecasted Non-Residential Growth

Non-Residential Growth, in square feet

Area	Forecast Period	Industrial (sqft)	Commercial (sqft)	Institutional (sqft)	Total (sqft)
Lakeshore	2023-2033	0	1,667	2,333	4,000
Lakeshore	2023-2043	0	2,500	3,500	6,000
Ripley	2023-2033	13,000	4,500	4,550	22,050
Ripley	2023-2043	26,000	7,000	8,050	41,050
Lucknow	2023-2033	0	1,500	1,400	2,900
Lucknow	2023-2043	0	1,750	2,800	4,550
Rural	2023-2033	13,000	1,500	0	14,500
Rural	2023-2043	26,000	1,500	0	27,500
Township	2023-2033	26,000	11,500	12,950	50,450
Township	2023-2043	52,000	16,750	21,350	90,100

Forecast based on employee forecasts from Bruce County Good Growth Forecast.

15-year Level of Service

Service	15-year average service level	Max. Allowable DC Funding Envelope
Fire Services	\$541.19/person	\$575,834
Parks and Recreation	\$588.73/person	\$626,412

- ▶ Per the Development Charge Act, DCs should be set no higher than the average level of service over the past 15 years.
- ▶ Service level calculated based on number of assets and value of assets
- ▶ There is no service level calculation for sewer, stormwater or water infrastructure projects.
 - ▶ Requirements for these types of infrastructure is legislated in other Acts.

Current DCs

Service Area	DC for Single Detached Unit (per unit)
Lucknow	\$4,104.16
Ripley	\$4,499.72
Lakeshore Area	\$2,086.55
Rural Huron	\$1,123.74
Rural Kinloss	\$377.64
Finlay St. Service Area	\$58,247.71

- ▶ Currently HK does not collect non-residential development charges

Review of 2019 DC Projects

Category	Project	Total Cost	For 2024 DCs
Sanitary Sewage	Sewage Treatment - Ripley	4,535,321.00	Continue to collect for remaining capacity
Sanitary Sewage	Sewers - Finlay	212,020.00	Revise project costs (based on final costs) and continue to collect for remaining capacity
Water	Lakeshore Water Supply	5,069,900.00	Continue to collect for remaining capacity
Water	Lucknow Water Storage	3,100,000.00	Revise project costs (based on grant received, final cost) and continue to collect for remaining capacity
Water	Ripley Well and Storage	3,250,000.00	Continue to collect for remaining capacity
Water	Watermain - Finlay	283,975.00	Revise project costs (based on final costs) and continue to collect for remaining capacity
Transportation	Extension of Lake Range Drive	925,000.00	Remove from development charges (project fully collected for)
Transportation	Boiler Beach Multi-Use Path	1,059,250.00	Project not proceeding. Funds collected will be credited against similar project in future.
Transportation	Finlay Street	510,062.00	Revise project costs (based on final costs) and continue to collect for remaining capacity
Transportation	Bridge Needs Study	25,000.00	Collect for next bridge needs study
Stormwater	Finlay Street	206,144.00	Revise project costs (based on final costs) and continue to collect for remaining capacity
Fire	Fire Hall in Lucknow	1,169,319.18	Continue to collect
Fire	Firefighter Outfitting - Ripley Huron	42,714.00	Continue to collect
Fire	Firefighter Outfitting - Lucknow Kinloss	3,942.00	Continue to collect
Fire	Firefighter Training Centre	74,570.00	Continue to collect
Administration	Development Charge Study	18,500.00	Collect for next DC Study

New Projects for 2024 DCs

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Service Category	Project	Description
Fire Services	Decontamination Room and Equipment (Ripley Fire Department)	<ul style="list-style-type: none"> A decontamination room and associated equipment are required. The estimated cost is \$80,000. Benefits the Ripley, Huron, Finlay Street and Lakeshore service areas.
Fire Services	Decontamination Room and Equipment (Lucknow Fire Department)	<ul style="list-style-type: none"> A decontamination room and associated equipment are required. The estimated cost is \$80,000. Half of the costs are attributable to Ashfield-Colborne-Wawanosh (per a servicing agreement). Benefits the Lucknow and Kinloss service areas.
Fire Services	SCBA Compressor (Ripley and Lucknow Fire Departments)	<ul style="list-style-type: none"> A new SCBA compressor is required. The estimated cost is \$90,000 per unit Half of the costs associated with the SCBA unit for the Lucknow Fire Hall are attributable to Ashfield-Colborne-Wawanosh (per a servicing agreement).
Parks and Recreation	Dog Parks	<ul style="list-style-type: none"> Dog parks are planned for Ripley and Lucknow. The estimated cost is \$25,000 per park.
Parks and Recreation	New Multi-Use Court	<ul style="list-style-type: none"> A multi-use court is planned to be constructed. The estimated cost of a new multi-use court is \$400,000.
Sewage	Ripley WWTP Expansion Environmental Assessment (EA)	<ul style="list-style-type: none"> The Growth and Servicing Master Plan identified that the sewage treatment plant is approaching the limit of capacity based on current commitments and that an EA should be completed in the next 5-10 years. Estimated cost is \$125,000. This project only benefits future development.
Sewage	Lucknow WWTP Expansion EA	<ul style="list-style-type: none"> The Growth and Servicing Master Plan identified that the Lucknow sewage treatment plant is approaching the limit of capacity based on current commitments and that an EA should be completed in the next 5-10 years. Estimated cost is \$125,000. This project only benefits future development.
Sewage	Septage Receiving Facility	<ul style="list-style-type: none"> The need for a septage receiving facility at the Ripley WWTP has been identified. The estimated cost of the facility is \$50,000. This project will benefit the Lakeshore, Huron and Kinloss service areas. This project will benefit existing and future development.
Water	Lakeshore Water Storage EA	<ul style="list-style-type: none"> The Growth and Servicing Master Plan identified that additional water storage is required for the lakeshore water system. It recommended completing an EA in the next few years. The estimated cost is \$50,000.

Service Areas

Rural Huron

Rural Kinloss

Lakeshore

Ripley

Lucknow

Finlay St.
Service
Area

Service areas were reviewed and no changes to the service areas are proposed.

DC Projects

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Category	Project	Total Cost	Net Cost	Amount Recoverable Through DCs
Fire	Lucknow Fire Hall	1,169,319	209,660	10,483
Fire	Outfitting - Ripley, Huron	4,000	18,340	18,340
Fire	Outfitting - Lucknow, Kinloss	4,000	4,862	4,862
Fire	Decontamination Room + Equipment	80,000	80,000	8,000
Fire	Decontamination Room	80,000	40,000	4,000
Fire	SCBA air compressor	90,000	90,000	9,000
Fire	SCBA air compressor	90,000	45,000	4,500
Fire	Training Centre	74,570	74,570	6,711
Parks and Recreation	Trails	263,377	263,377	263,377
Parks and Recreation	Dog Parks	50,000	50,000	4,500
Parks and Recreation	Multi-Use Court	400,000	400,000	36,000
Sanitary Sewage	Ripley Sanitary Servicing and Rerating	4,535,321	425,695	76,625
Sanitary Sewage	Ripley WWTP Expansion EA	125,000	125,000	125,000
Sanitary Sewage	Finlay Sewage	199,008	199,008	69,653
Sanitary Sewage	Lucknow WWTP Expansion EA	125,000	125,000	125,000
Water	Lakeshore Water System	5,069,900	1,759,500	210,398
Water	Lakeshore Water Storage EA	50,000	50,000	37,500
Water	Lucknow ET	6,053,441	2,547,625	883,561
Water	Ripley Well and ET	3,250,000	2,774,188	1,564,288
Water	Finlay Water	273,366	273,366	95,678
Roads	Finlay Roads	576,915	576,915	151,440
Septage	Septage Receiving at Ripley WWTP	50,000	50,000	12,500
Stormwater	Finlay Stormwater	195,013	195,013	51,191
Admin	Development Charges Study	25,000	14,012	14,012
Admin	OP and Zoning Bylaw Updates	150,000	150,000	75,000
Admin	Feasibility Study - Public Works Shop	25,000	25,000	12,500
Admin	Feasibility Study - Firehall Expansion	25,000	25,000	12,500
Admin	Bridge Needs Study x2	50,000	50,000	4,500
Admin	Stormwater Master Plan	100,000	100,000	50,000

Lucknow Development Charges

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Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	134	82	71	65	52	3.55
Water	3,119	1,910	1,656	1,511	1,209	2.97
Stormwater	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Fire	436	267	232	211	169	0.15
Septage	-	-	-	-	-	-
Total	4,879	2,988	2,590	2,364	1,891	6.87

Ripley Development Charges

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Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	1,148	703	610	556	445	0.14
Water	3,142	1,924	1,669	1,523	1,218	0.83
Stormwater	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Fire	116	71	62	56	45	0.08
Septage	-	-	-	-	-	-
Total	5,596	3,427	2,972	2,712	2,169	1.25

Lakeshore Development Charges

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Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	-	-	-	-	-	-
Water	753	461	400	365	292	1.18
Stormwater	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Fire	116	71	62	56	45	0.08
Septage	36	22	19	18	14	0.04
Total	2,095	1,283	1,112	1,016	812	1.50

Finlay Street Development Charges

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Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	11,845	7,254	6,290	5,739	4,591	0.14
Water	17,836	10,923	9,471	8,641	6,913	0.83
Stormwater	7,861	4,814	4,174	3,809	3,047	-
Roads	23,256	14,242	12,349	11,268	9,014	-
Fire	116	71	62	56	45	0.08
Septage	-	-	-	-	-	-
Total	62,104	38,033	32,977	30,090	24,071	1.25

Rural Huron Development Charges

Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	-	-	-	-	-	-
Water	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Fire	116	71	62	56	45	0.08
Septage	36	22	19	18	14	0.04
Total	1,342	822	712	651	520	0.32

Rural Kinloss Development Charges

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Category	Single & Semi Detached (per unit)	Multi-Unit (per unit)	Apartment, 2 or more bedroom (per unit)	Apartment, 1 bedroom or bachelor (per unit)	Residential Nursing/ Retirement (1 person per bedroom)	Non-Residential (per sqft)
Parks and Recreation	782	479	415	379	303	-
Administration	408	250	216	198	158	0.20
Sanitary Sewage	-	-	-	-	-	-
Water	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Fire	436	267	232	211	169	0.15
Septage	36	22	19	18	14	0.04
Total	1,662	1,018	882	806	644	0.39

Comparison of 2019 and 2024 DCs

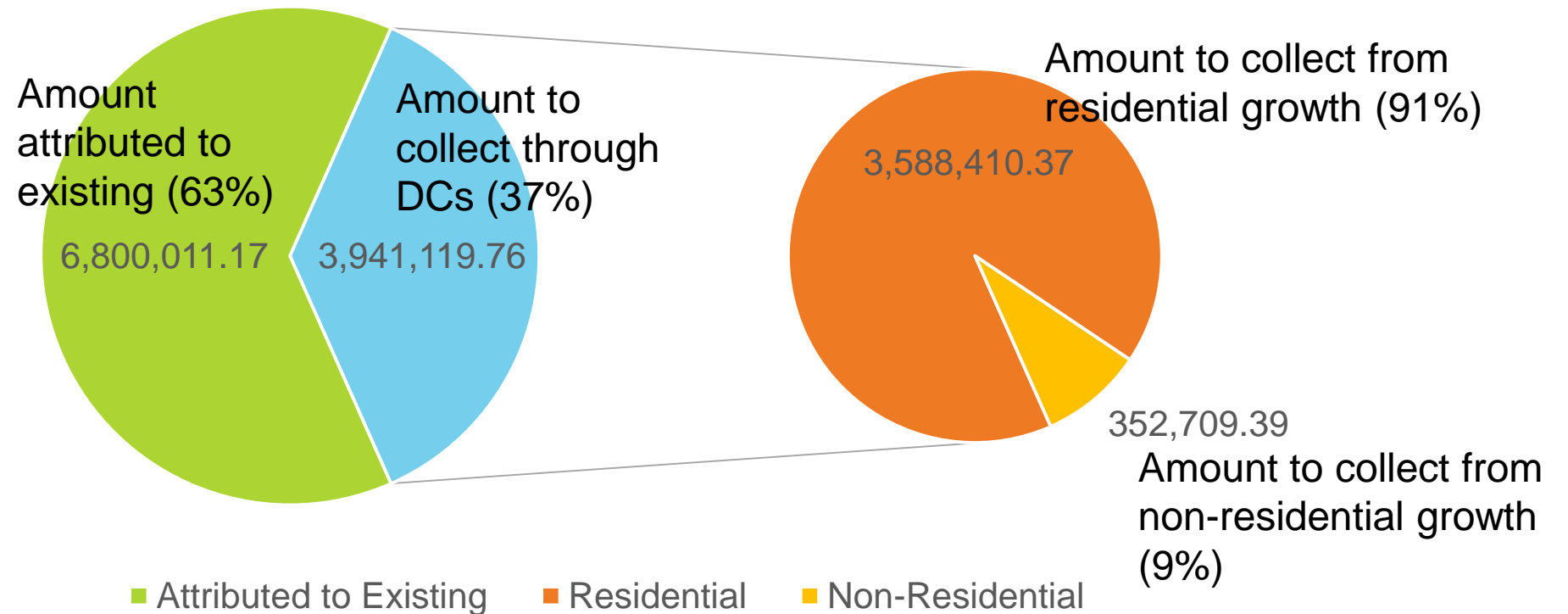
Service Area	2019 DC for Single Detached Unit (per unit)	2024 DC for Single Detached Unit (per unit)
Lucknow	\$4,104.16	\$4,879
Ripley	\$4,499.72	\$5,596
Lakeshore Area	\$2,086.55	\$2,095
Rural Huron	\$1,123.74	\$1,342
Rural Kinloss	\$377.64	\$1,662
Finlay St. Service Area	\$58,247.71	\$62,104



DC Summary

- ▶ Increase in Rural Huron and Rural Kinloss DCs as a result of additional fire service projects, parks and recreation projects, additional studies and septage project.
- ▶ Lucknow DCs remain relatively similar as a result of receiving the grant for Lucknow ET.
- ▶ Ripley DCs increase as a result of addition of parks and recreation projects, additional studies, and EA project.
- ▶ Lakeshore DCs remain relatively similar as a result of removal of Boiler Beach and Lake Range projects.
- ▶ Finlay St. DCs change to reflect final project costs.

Development Charge Summary



DCs in Neighbouring Municipalities

Municipality/DC Area	DC for Single Detached Unit	Non-Residential DC
Brockton (Walkerton) – not yet passed	\$9,078	\$4.00 per sqft
Kincardine (with water/sewage)	\$24,860	\$11.52 per sqft
Saugeen Shores (No water/sewage)	\$16,392	\$5.71 per sqft (commercial only)
Saugeen Shores (with water/sewage)	\$32,411	\$14.21 per sqft (commercial)
West Grey	\$4,200	0
Minto (Urban)	\$12,797	\$5.46
Minto (Rural)	\$5,042	\$2.15
ACW (Township-Wide)	\$9,519	\$2.12
ACW (Saltford)	\$10,803	\$2.12

Statutory Exemptions to DCs

- ▶ Under the DC Act, DCs cannot be collected for:
 - ▶ Enlargement of an existing dwelling unit;
 - ▶ The creation of additional dwelling units in prescribed classes of existing residential buildings or prescribed structures ancillary to existing residential buildings
 - ▶ A second and third dwelling unit in prescribed classes of proposed new residential buildings, including structures ancillary to the dwelling
 - ▶ Non-profit housing developments
 - ▶ For industrial development where the gross floor area is enlarged by 50% or less
 - ▶ Affordable and attainable residential units
 - ▶ In HK, a single detached home with a purchase price of less than \$402,200 is defined as affordable
 - ▶ Affordable rental unit (2 bedroom) = \$1,440 per month



Municipalities can put their own exemptions in their bylaw.

Considerations for the draft By-law

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1. Phasing in of DCs

- ▶ Council can implement phasing in of DCs. Money not collected as a result of phasing cannot be recouped through future DCs.
- ▶ **Question – does Council want to phase in the DCs?**

2. Exemptions

- ▶ Current bylaw exempts: churches, cemeteries, agricultural uses, temporary structures, and non-residential development
- ▶ Note, if HK chooses to include any specific exemptions, those exemptions will also apply to the County DCs.
- ▶ **Question – any changes to the Township-specific exemptions for the draft by-law?**

3. Reductions or Discounts

- ▶ Council can include discounts or reductions to DCs through the by-law. Money not collected as result of discounts/reductions cannot be collected through future DCs.
- ▶ Current bylaw has 70% reduction for retirement/senior care units.
- ▶ DC Act sets out discounts for rental developments (4 or more units) based on the number of bedrooms.
- ▶ **Question – any changes to the discounts or reductions be included in the draft by-law?**

Bruce County Development Charges

- ▶ Development in Huron-Kinloss is subject to Bruce County DCs.
- ▶ County DC 'matches' any lower-tier DC exemptions
 - ▶ Currently under the existing HK DC bylaw, non-residential development is exempt from DCs. Therefore, a new non-residential building in HK will not pay HK DCs or County DCs.
- ▶ Each municipality makes its own decisions regarding their own DCs – must weigh who is paying for development when considering exemptions.
- ▶ DCs are not the only consideration when locating a business or home in a certain municipality.



Next Steps

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- ▶ Council provides direction for the draft bylaw
- ▶ Draft bylaw published on HK website
- ▶ Hold public meeting for Development Charges (Notice issued 20 days prior)
- ▶ By-law can be passed after November 27, 2024.



Questions