

Report to Council

Report Title:	Development Charges – Public Meeting		
Prepared By:	Trish Serratore, Chief Financial Officer, Sonya Watson, Chief Administrative Officer, Dieter Wetz, Building and Planning Manager/CBO, and Dalton Stone, Municipal Services Coordinator		
Department:	Planning		
Date:	September 24, 2024		
Report Number:	PLN2024-07	File Number:	C11PLN
Attachments:	Draft Development Charges By-law, Development Charges and Housing Affordability Study by Adam Found, Letter from WT Land, Letter from Himansu Shah, Report PLN2024-05		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number PLN2024-07 – Development Charges Public Meeting, prepared by Trish Serratore, Chief Financial Officer, Sonya Watson, Chief Administrative Officer, Dieter Wetz, Building and Planning Manager/CBO, and Dalton Stone, Municipal Services Coordinator and in doing so authorizes a by-law to come forward with the following exemptions:

Report:

Background:

On December 12, 2023, Council awarded the contract to conduct a Development Charges Background Study to B.M. Ross in the amount of \$33,089, plus HST. The contract is to complete a comprehensive study of the municipality's anticipated growth, and the services needed to meet the demands of the growth, as well as a detailed account of the capital costs for the infrastructure requirements and how we can fund this growth through Development Charges (DCs). The County of Bruce has also implemented a Development Charge By-Law and the Municipality of Brockton has already collected \$21,059.00 in 2024 in development charges that will be transferred to the County.

On August 13, 2024, Council received report PLN2024-05 – Development Charges Background Study, prepared by Trish Serratore, Chief Financial Officer and Sonya Watson, Chief Administrative Officer and Dalton Stone,

Municipal Services Coordinator, for information purposes. This report presented Council with the background information for the capital projects that are currently included in the Development Charge Study to assist Council in making decisions related to the charges proposed. That report is attached here for reference purposes.

Analysis:

On September 5, 2024, Brockton held the Stakeholders Meeting, hosted by Lisa Courtney, from BM Ross. During this time, there were approximately 10 key development stakeholders present. The meeting provided valuable feedback from the stakeholders regarding the Development Charges Background Study. Key points discussed included:

1. **Infrastructure Needs and Capital Costs:** Stakeholders raised questions about the methodology used to estimate capital costs for infrastructure projects. Some requested clarification on how these costs are distributed across different types of developments and whether there are provisions to adjust charges in response to changes in project scope or cost overruns.
2. **Impact on Development:** There was discussion about how the proposed Development Charges might affect future development in the municipality. Concerns were raised that higher charges could deter investment or slow down the pace of development. Attached are further written comments received.
3. **County Coordination:** Given that the County of Bruce has also implemented a Development Charge By-Law, there was interest in understanding how the County's charges align with or differ from those proposed by the Municipality of Brockton. Ensuring consistency and coordination between the County and municipal charges.
4. **Economical Impact:** Increase in assessment vs development charges. Stakeholders discussed the economic impact of additional property assessments from new development in relation to the need to institute a development charge.
5. **Specific Exemptions:** Some specific exemptions were discussed that are present in other communities for consideration as well as how a development charge might specifically affect already approved projects.

Overall, the Stakeholders Meeting highlighted the importance of addressing stakeholder concerns through a transparent and collaborative approach. By incorporating this feedback, the municipality can enhance the effectiveness and acceptance of the Development Charges Background Study and ensure that it supports both growth and infrastructure development in a balanced manner.

For Council's consideration, a presentation titled, "*Development Charges and Housing Affordability: A False Dichotomy*" prepared by Adam Found, PhD, PLE, for the Institute on Municipal Finance & Governance, at the Munk School of Global Affairs & Public Policy, at the University of Toronto, dated November 10th, 2021, challenges popular narratives that link development charges with housing affordability issues because they disregard the connection between development charges and municipal services, property taxes and user fees. This is provided for information purposes based on some of the feedback received. The presentation is attached for Council's review.

The following information has been directly quoted from the presentation and provides several arguments in support of the implementation of development charges as they relate to municipal taxes:

- Municipal services are subject to capital indivisibilities for three reasons:
 - Engineering Reality: Bridges, road lanes, traffic signals, ice arenas, snowploughs, etc. provide all-or-nothing capacity.
 - Legal Constraints: Water and sewage systems, landfills, etc. are subject to regulations requiring advance expansion.
 - Cost Factors: Cost efficiency requires highly infrequent expansion or replacement of major municipal assets such as water treatment plants and trunk sewers.
- ...to maintain municipal service levels cost-efficiently, extension of services to growth necessarily entails creation of excess capacity. Municipal capital costs relating to growth, years or decades into the future, are thus incurred upfront.
- As a necessary condition of full cost recovery, efficient property taxes and user fees are based on full utilization of capacity. However, growth occurs gradually and generates municipal revenue only upon materialization. Therefore, efficient property taxes and user fees fail to fully recover growth-related capital costs.
- If municipalities have recourse only to property taxes and user fees to recover growth-related capital costs, they would have to levy inefficiently high property taxes and user fees. Accordingly, growth-related capital costs are then invariably shifted to established ratepayers in the form of excessive property taxes and user fees. As a result, established ratepayers call for lower service levels and greater restrictions on development.
- Efficiency requires the upfront creation of excess capacity. Indivisible capital costs are driven by capacity rather than population. Population is always below capacity, meaning that costs divided by population always exceed costs divided by capacity.
- The presentation ends on the following summary and conclusion
 - Municipal services are subject to capital indivisibilities.
 - If municipalities have recourse only to property taxes and user fees to recover growth-related capital costs, then excessive levies will result.
 - Housing in a municipality is necessarily consumed jointly with municipal services.
 - Introduction of properly formulated development charges improves the welfare of households collectively and thus housing affordability.

Draft By-Law for Council Consideration:

Attached to this report is the draft Development Charges By-Law for Council's consideration. Lisa Courtney from BM Ross will be presenting the draft by-law to Council. This draft by-law reflects the preliminary findings and recommendations from the Development Charges Background Study.

Municipal Staff have conducted a comparison review of local development charge by-law's which included the following Bruce County Municipalities, Huron-Kinloss, Kincardine, Saugeen Shores and South Bruce Peninsula and within Grey County the Municipality of West Grey. The Bruce County Development Charges By-law was also included as part of the comparison review.

The Municipalities of Arran-Elderslie and Northern Bruce Peninsula do not have local development charges, and the Municipality of South Bruce is presently undergoing a development charges review.

In consideration of a Development Charges By-law Council can establish and set exemptions to the By-law. Council may wish to consider exemptions or reductions for local developments, examples could include:

- Phased in development charges
- Developments within the East Ridge Business Park where lands have been serviced and developed by the Municipality.
- Institutional developments i.e. retirement care facilities, hospice, private child care centers.
- Residential Rental developments with greater than 4 units.
- Commercial Residential mixed-use development located in the Core Commercial designated lands.
- Existing approved developments i.e. approved site plan developments where development commences within two years of adoption of by-law.
- Existing Residential subdivision developments locked in development charges rates for a specified period of time or per phase.

The following summary outlines exemptions found in the reviewed local neighbouring municipal development charges by-laws.

Huron Kinloss

- all commercial, industrial, institutional.
- a 70% reduction for seniors care facilities.

Kincardine

- non-residential development and zoned C1 that is smaller than 232 square metres in gross floor area,
- any non-residential institutional development,
- current developments that have a Subdivision Agreement in place and are required to pay the current capital and reserve charge for water and wastewater,

Saugeen Shores

- non-residential development in the Commercial Core designated lands as described in the Town of Saugeen Shores' Comprehensive Zoning By-law, as amended,
- industrial development
- mixed-use development located in the Core Commercial designated lands as described in the Town of Saugeen Shores' Official Plan as amended, that has both a residential and retail component.
- residential development located in the Core Commercial or Office Residential designated lands as described in the Town of Saugeen Shores' Official Plan, as amended, provided that:

the development has received Federal, Provincial or County government funding or subsidies for the provision of affordable housing development or is constructed by Habitat for Humanity or any other non-profit housing provider; and

satisfactory evidence is provided to the Chief Administrative Officer (CAO), or designate, demonstrating that the residential use is intended for persons of low or modest incomes

and that the dwelling units are being made available at values that are initially and will continue to be below current market levels in the Town.

- the conversion of buildings and structures, or part of buildings or structures, that have been vacant for a minimum period of 12 consecutive months, provided that:

satisfactory evidence is provided to the CAO, or designate, demonstrating that the building has been vacant and will be converted to another use; and

any gross floor area that exceeds the existing gross floor area of the building or structure being converted will not be exempt from development charges and will be charged at the applicable rate pursuant to schedule “A”.
- Purpose-built Rental Housing shall be exempt from Development Charges provided one or more of the following is met:

Twenty percent of all dwelling units are universally accessible in accordance with Town initiatives, or

Twenty percent of the dwelling units contain three or more bedrooms, or

Is located within 250 metres of the Commercial Core designation as shown in Schedule “A” of the Town’s Official Plan, or

Is located within 250 metres of a future transit corridor, if applicable.

South Bruce Peninsula

- 50% reduction in the development charges for industrial, institutional and office development.

Bruce County

- The Bruce County Development charges by-law affords exemption to County Development Charges where there is a building or structure is exempt from local development charges.
- Rental housing – (which means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises.)
- Residential dwellings under 1,000 square feet built for residential uses in the Municipality of Northern Bruce Peninsula.

Next Steps

In consideration of the comments from the public, and information provided from BM Ross and Municipal Staff, Council’s next step is to put forth any amendments to the draft by-law, including any proposed exemptions that Council deems necessary. Once the amendments are completed, the finalized by-law will be brought to a future Council meeting for approval and passage in accordance with the Development Charges Act.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community Yes
- Recommendations contribute to achieving Quality of Life Yes
- Recommendations contribute to achieving Land Use Planning and the Natural Environment Yes
- Recommendations contribute to achieving Economic Development Yes
- Recommendations contribute to achieving Municipal Governance Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

Development Charges will help support infrastructure needs as a result of new growth and help to alleviate this burden from existing residents and the municipal levy.

Respectfully Submitted by:



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