



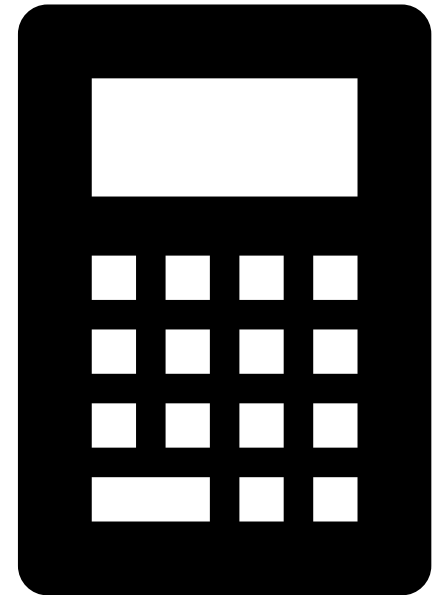
# Development Charges

PUBLIC MEETING

SEPTEMBER 24, 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)

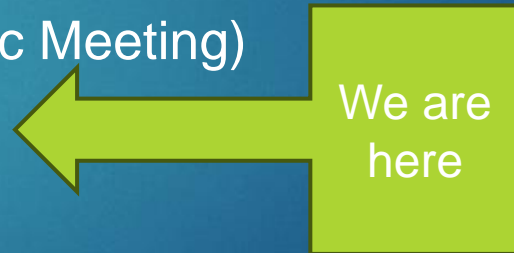


# Development Charges

- ▶ 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.

# Process for Implementing a DC Bylaw

- ▶ 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 (e.g. Master Plan for Parks and Recreation, Walkerton Water and Wastewater Servicing Master Plan)
  - ▶ 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.



# 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

- ▶ Utilized Plan the Bruce – Good Growth Final Report growth projections.
- ▶ Anticipate the majority of growth will occur in Walkerton.

Year	Walkerton Population	Brockton Population
2021	4,724	9,784
2023	5,047	10,127
2028	5,621	10,749
2033	6,195	11,370
2038	6,769	11,992
2043	7,343	12,613
<b>10-year change</b>	<b>1,148</b>	<b>1,243</b>
<b>20-year change</b>	<b>2,296</b>	<b>2,486</b>

# Forecasted Non-Residential Growth

Non-Residential Growth, in square feet, Walkerton

Time Period	Industrial	Commercial	Institutional	Total
2023-2033	37,700	51,000	71,400	160,100
2023-2043	80,600	100,500	136,080	317,180

Non-Residential Growth, in square feet, Brockton

Time Period	Industrial	Commercial	Institutional	Total
2023-2033	41,860	55,770	71,400	169,030
2023-2043	93,340	112,200	136,080	341,620

# 15-year Level of Service

Service	15-year average service level	Max. Allowable DC Funding Envelope
Fire Services	\$343.33/person	\$587,089
Parks and Recreation	\$1,041.56/person	\$1,781,073
Public Works	\$1,069/person	\$1,828,476

- ▶ 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 (the level of service for these services is set out by other legislation)



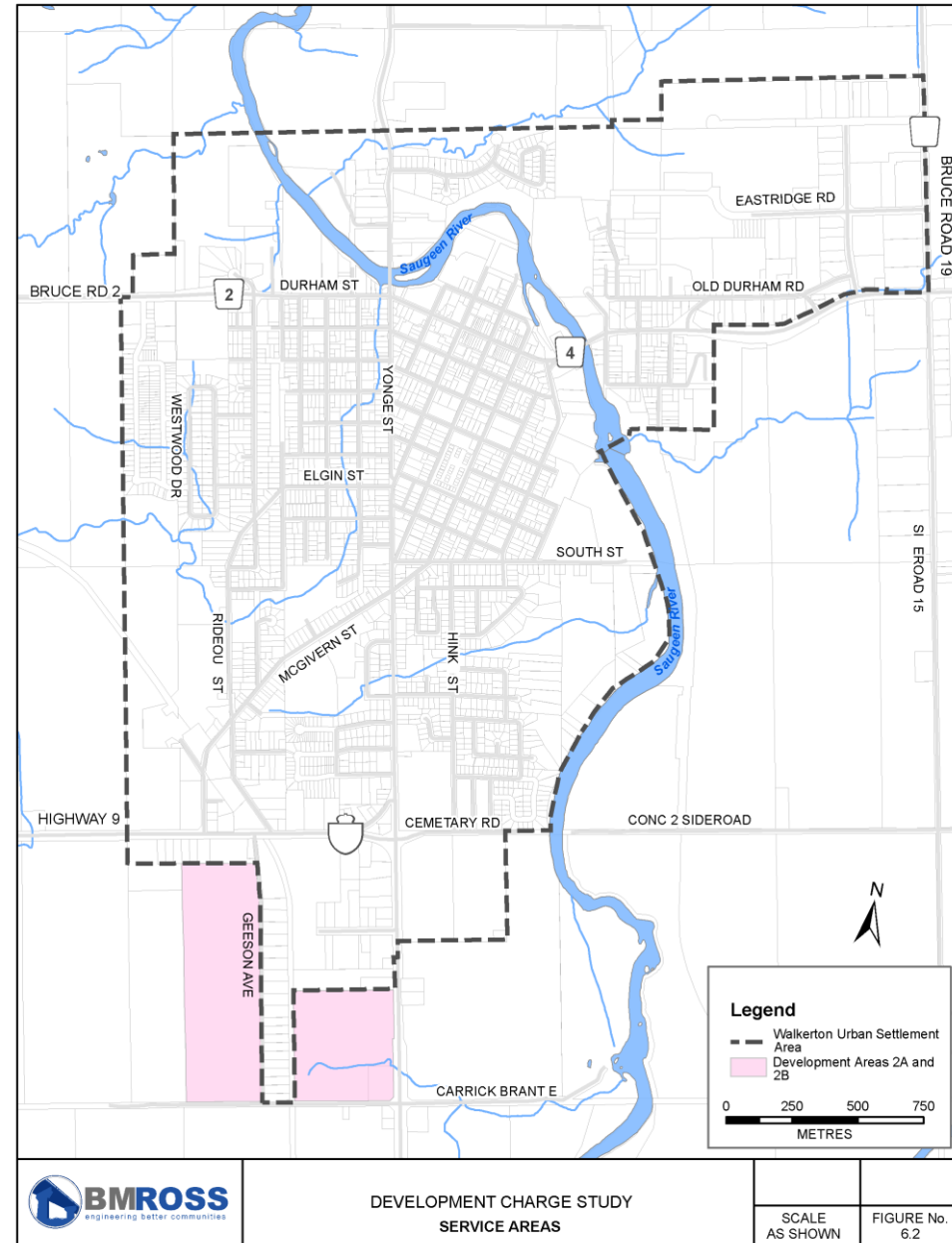
# Projects Included in DC Calculations

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Category	Project	Service Area
Fire Services	Firefighter Gear	Municipal-wide
Fire Services	Aerial Truck	Municipal-wide
Parks and Recreation	New Arena	Municipal-wide
Parks and Recreation	New Ball Diamond	Municipal-wide
Parks and Recreation	Parkland Development	Municipal-wide
Parks and Recreation	Trails	Municipal-wide
Parks and Recreation	Washroom	Municipal-wide
Public Works	Fleet – New Snowplow and Sidewalk Plow	Municipal-wide
Public Works	Street Lighting	Municipal-wide
Public Works	Sidewalks	Municipal-wide
Public Works	Expansion and Combining Public Works Shops	Municipal-wide
Water	Elevated Water Storage, Trunk Watermain and Pumping Station	Development Areas 2A and 2B in Walkerton
Stormwater	Ridout Trunk Stormsewer	Walkerton
Administrative	Studies	Municipal-wide

# Service Areas

- ▶ Municipal-wide (all of Brockton)
- ▶ Walkerton Urban Settlement Area
- ▶ Development Areas 2A & 2B (in Walkerton)



# DC Projects

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Project	Net Cost	Amount Recoverable through DCs	Amount Benefiting Existing
Firefighter Gear	26,200	26,200	-
Aerial Truck	3,000,000	2,250,000	750,000
New Arena	48,145,552*	5,296,011	42,849,542
New Ball Diamond	500,000	375,000	125,000
Parkland Development	310,750	310,750	-
Trails	526,600	61,886	500,714
Washroom	200,000	22,000	178,000
Fleet – New Snowplow and Sidewalk Plow	550,000	280,000	110,000
Street Lighting	110,000	12,100	97,900
Sidewalks	375,000	281,250	93,750
Expansion and Combining Public Works Shop	3,500,000	1,190,000	2,310,000
Elevated Water Storage, Trunk Watermain and Pumping Station	16,224,592*	14,602,133	1,622,459
Ridout Trunk Storm sewer	1,210,000	605,000	605,000
Studies	459,900	80,849	379,051

\*Net cost Includes debenture costs

# Calculated Development Charges

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DC Area	Service Category	Per Capita Charge	Single Detached & Semi (per unit)	Multi-unit (per unit)	Apartment 2 or 2+ bedroom (per unit)	Apartment 1 bedroom, bachelor (per unit)	Non-Res (per sqft)
Municipal-Wide	Fire	380	973	627	574	475	0.66
Municipal-Wide	Parks and Recreation	1,434	3,671	2,366	2,165	1,793	-
Municipal-Wide	Public Works	1,252	3,205	2,066	1,891	1,565	1.49
Municipal-Wide	Admin	52	133	86	79	65	1.47
<b>Municipal-Wide Total</b>	<b>Total</b>	<b>3,118</b>	<b>7,982</b>	<b>5,145</b>	<b>4,709</b>	<b>3,898</b>	<b>3.62</b>
Development Areas 2A and 2B	Water	7,458	19,092	12,306	11,262	9,323	8.75
Walkerton	Stormwater	427	1,093	705	645	534	0.36
<b>Walkerton Total</b>	<b>Total</b>	<b>3,545</b>	<b>9,075</b>	<b>5,850</b>	<b>5,354</b>	<b>4,432</b>	<b>4.00</b>
<b>Development Areas 2A and 2B Total</b>	<b>Total</b>	<b>11,003</b>	<b>28,167</b>	<b>18,156</b>	<b>16,616</b>	<b>13,755</b>	<b>12.73</b>

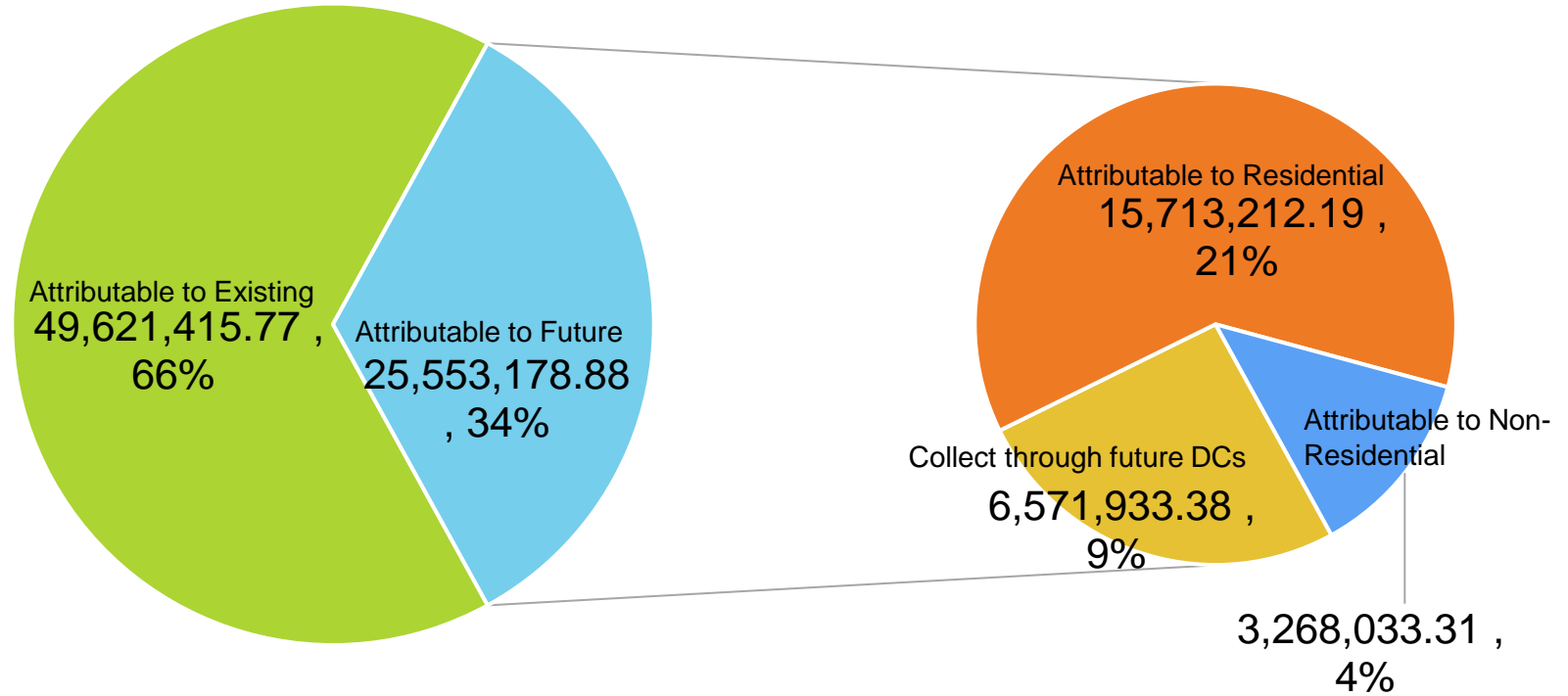


# DC Summary

- ▶ A new, single detached home in Cargill, Elmwood, Chepstow, and rural areas of Brockton would pay \$7,982 in development charges.
  - ▶ If a new house cost \$500,000 this equates to **1.6%** of the cost.
- ▶ In Walkerton a new single detached home would pay \$9,075 in development charges.
  - ▶ Assuming a \$500,000 cost for a new home, this is **1.8%** of the cost.
- ▶ In Development Areas 1 and 2, a new single detached home would pay \$28,167 in development charges.
  - ▶ Using same assumption as above, this is **5.6%** of the cost.

# Development Charge Summary

## Development Charge Summary



# DCs in Neighbouring Municipalities

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Municipality/DC Area	DC for Single Detached Unit	Non-Residential DC
Brockton (Walkerton)	\$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 only)
Huron-Kinloss, Lucknow	\$4,104	0
Huron-Kinloss, Ripley	\$4,499	0
Huron-Kinloss, Ripley (Finlay St)	\$58,247	0
West Grey	\$4,200	0
Minto (Urban)	\$12,797	\$5.46
Minto (Rural)	\$5,042	\$2.15
Wellington North (Urban)	\$19,426	\$7.07 (commercial /institutional) \$3.54 (industrial)
Wellington North (Rural)	\$4,640	\$1.29 (commercial / institutional) \$.064 (industrial)

# 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 Brockton, a single detached home with a purchase price of less than \$366,500 is defined as affordable
    - ▶ Affordable rental unit (2 bedroom) = \$1,464 per month



**Municipalities can put their own exemptions in their bylaw.**



# Draft Development Charge Bylaw

- ▶ Has been and is available on Municipality's website for review .
- ▶ Current proposed exemptions: churches, cemeteries, non-residential farm buildings, non-profit housing, affordable and attainable units, affordable units required through an inclusionary zoning bylaw, uninhabited accessory structures associated with residential dwellings.
- ▶ Development charges are generally charged when a building permit is issued.
- ▶ Discount for rental units (per the Act): 25% for three + bedrooms, 20% for 2 bedrooms, and 15% for less than 2 bedrooms.
- ▶ Rental and institutional development can pay DCs over 6 annual installments (with interest)
- ▶ Redevelopment credits for changes in use or demolition (provided it is rebuilt within 5 years)
- ▶ Development charge 'freeze' for developments requiring site plan approval and/or zoning bylaw amendment. Any applications after January 1, 2020 have 18 months from time of approval to when they get a building permit to have the DCs frozen to the rate the day of their application.
  - ▶ After 18 months, the charge is the rate the day the building permit is issued.

# Bruce County Development Charges

- ▶ Residential and non-residential development in Brockton is subject to Bruce County DCs.
- ▶ Other municipalities that have DC exemptions in place will have those same exemptions under the County DC
  - ▶ This creates different DC situations for different municipalities in Bruce County.
    - ▶ E.g. – Saugeen Shores exempts development charges for industrial and institutional development. An industrial development in Saugeen Shores would be exempt from the County DCs but in Brockton (where there is no DC Bylaw) an industrial development would pay the County DC.
- ▶ Current Bruce County development charge is:
  - ▶ \$2,042.72 for residential
  - ▶ \$0.78 per sq. ft for non-residential.
- ▶ Current Bruce County exemptions: affordable and attainable housing in accordance with County policy or Provincial legislation, rental housing, agricultural use, temporary uses, hospitals, schools, churches and cemeteries.

# Stakeholder Meeting

- ▶ Stakeholder meeting was held on September 5, 2024 – local builders, developers and realtors invited.
- ▶ Approximately 10 people in attendance.
- ▶ Provided an update on the development charge study process and reviewed the calculated development charges.
- ▶ Comments received:
  - ▶ Understand development charges from working in other places.
  - ▶ Need to be competitive.
  - ▶ Consider how else these projects can be funded rather than DCs and work to lower them.
  - ▶ Is better to have more houses built and collect taxes rather than charge DCs?
  - ▶ Questions about existing approved developments and how a DC bylaw might have an impact on those. Potential exemptions for already approved developments.



# Implementation and Proposed By-law

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- ▶ Council hears and receives feedback on the DCs and the proposed bylaw.
- ▶ Council can provide direction for changes to draft by-law
  - ▶ Phasing
  - ▶ Exemptions
  - ▶ DC amounts
    - ▶ Can remove projects or reduce amount that will be collected through DCs
    - ▶ Cannot recoup uncollected amounts from future development



# Next Steps

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- ▶ Council can provide direction to staff
- ▶ Revise bylaw/background study if required
- ▶ By-law can be passed after October 12, 2024.



# Questions & Comments