

Report to Council

Report Title:	Brockton Development Charges November 2024 Update		
Prepared By:	Sonya Watson, Chief Administrative Officer, Trish Serratore, Chief Financial Officer, Dalton Stone, Municipal Services Coordinator, and Dieter Weltz, Building and Planning Manager/CBO		
Department:	Planning		
Date:	November 12, 2024		
Report Number:	PLN2024-09	File Number:	C11PLN, D26
Attachments:	Report to Council – Development Charges Background Study – August 13, 2024 Draft Development Charges By-Law Letter from D. Clancy		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number PLN2024-09 - Brockton Development Charges November 2024 Update, prepared by Sonya Watson, Chief Administrative Officer, Trish Serratore, Chief Financial Officer, Dalton Stone, Municipal Services Coordinator, and Dieter Weltz, Building and Planning Manager/CBO and in doing so directs staff to proceed with Option _____ as outlined and bring forward the amended draft By-Law for First and Second reading and provide to the public to consider any further input prior to the implementation of the Development Charges in Brockton.

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).

Staff worked with BM Ross and conducted a detailed review of Municipal plans already approved by Council while also considering the growth areas, pending and approved development projects and the related future infrastructure that will be required to establish a list of infrastructure projects that area necessary and meet the criteria for inclusion in a Development Charges Study. These projects were presented to stakeholders, the public and Council for consideration.

On August 13, 2024, Council received report PLN2024-05 – Development Charges Background Study. 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. The August 13, 2024, Report has been attached for Council’s reference. At the same Council meeting B.M. Ross and Associates Limited presented Council with a summary of the background report for the development charges study. During this presentation, the specific projects that may be required for community growth were presented to Council. Council was also advised that the projects included in the Development Charges Study would need to be finalized prior to the passing of the by-law as a cost associated with each project is used to establish the Development Charge. Council accepted the presentation and previously mentioned report for information purposes.

A further meeting was held on September 10th, 2024 with stakeholders to present the background study, consider input related to projects, exemptions, experience related to development charges and concerns from the development community. Receipt of a final written letter related to the Development Charges Study has been provided for Council’s review. Many of the items included were raised at the stakeholder meetings and were included in past reports to Council and through the exemptions provided for in the draft by-law.

Staff brought forward an additional report on to a public meeting Council Meeting on September 24, 2024, which included a draft Development Charges By-Law. This report included the feedback from the meeting with stakeholders and staff sought Council’s direction in regard to the list of exemptions that Council deemed necessary. Council provided additional feedback on the exemptions to include in the draft by-law. At this public meeting, B.M. Ross and Associates provided general information regarding Development Charges and discussed the draft by-law and background study.

Analysis:

As directed by Council at the September 24, 2024 Council meeting, staff have taken the feedback from Council and the public to date and present this report and a draft by-law for Council’s final consideration. It is recommended that Council consider 1st and 2nd reading of the draft By-Law and it is once again provided to the public for comment prior to final consideration for a third reading on November 26th, 2024. Additional Exemptions have been added as per the feedback received.

For Council’s convenience, the following additions have been made to the draft by-law:

Additional Exemptions:

- Non-residential development within the East Ridge Business Park where the lands were serviced and developed by the Municipality of Brockton.
- Institutional developments
- Rental housing developments
 - Building or structure with 4 or more dwelling units all intended for use as rented residential premises.
- Developments with signed Plan of Subdivision, Plan of Condominium, or Site Plan agreements
 - Exempt if they get building permits within 18 months of the passage of the bylaw.

In addition to the first and second reading of the draft Development Charges By-Law, Staff are also seeking Council’s direction to make a decision for Development Charges rates. The additional information below has been provided for Council’s consideration in its decision.

The chart below shows how each project in the Development Charges Study contributes to the overall fee for a single detached house in the Town of Walkerton. With a proposed fee of \$9,075.00, the chart details each project, the amount that will be allocated to each project as a result of the charge, and the percentage of the total fee that each project represents.

Project	Proportion of Fee	% of Fee
Firefighter Gear	\$44.00	0.48%
Aerial Truck	\$929.00	10.24%
New Arena	\$2,084.00	22.96%
New Ball Diamond	\$773.00	8.52%
Parkland Development	\$640.00	7.05%
Trails	\$128.00	1.41%
Washrooms	\$46.00	0.51%
Snowplow	\$466.00	5.13%
Trackless Sidewalk Plow	\$266.00	2.93%
Street Lighting	\$20.00	0.22%
Sidewalk	\$468.00	5.16%
Shop Expansion	\$1,984.00	21.86%
Development Charges Study	\$56.00	0.62%
OP and Zoning Bylaw Updates	\$15.00	0.17%
Water and Wastewater MP Update	\$18.00	0.20%
Recreation Master Plan	\$13.00	0.14%
Roads Needs Study	\$8.00	0.09%
Bridge Needs Study	\$3.00	0.03%
Traffic Study	\$13.00	0.14%
Sidewalk Study	\$8.00	0.09%
Walkerton Only – Ridout Stormwater	\$1,093.00	12.04%
Total proposed development charge for Single detached house in Walkerton	\$9,075.00	100%

As Council considers the rate at which to set Development Charges, it is important to note that if Council chooses to phase in Development Charges, ultimately the underfunded shortfall is recouped through the tax levy. There are two common approaches that can be taken to account for this underfunding. One method treasurers can look at is to estimate the number of permits issued for the upcoming year and then estimate the loss of rates collected due to phasing. The estimated loss would be budgeted and then transferred into the DC reserve account at the end of the year. A second method includes tracking the amount of money not collected through phasing and when a project proceeds, the treasurer would budget the shortfall and fund it from reserves/taxes at that time. Both of these approaches include funding the shortfalls with the tax base, if the Municipality went forward with phasing in Development Charges.

Although alternative strategies to determine Development Charges may exist, such as arbitrarily determining a value that Council is comfortable with, it once again leads to a situation where underfunding will occur. The projects brought forward are all crucial items that are felt necessary in the growing community of Brockton. Any reduction to the Development Charge will result in an added tax levy to the existing residents to fund these projects. Council and staff have a joint goal of offering a sustained level of service and ensuring infrastructure renewal is sustainable in the future while yearly trying to balance the burden and effect on the Brockton tax payer. Development Charges will assist the Municipality in this regard.

At the September 24, 2024, Council meeting, comments and questions arose in regards to the pre-determined cost of an affordable detached house in the Municipality of Brockton. The price of an affordable unit, as defined in the Development Charges Act, is determined from the “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin”. It is published by the Minister of Municipal Affairs and Housing and it is updated annually. The Bulletin determines the figures for every Municipality in the Province of Ontario. Therefore, it would not be advisable to arbitrarily set a number of what an affordable home cost is in Brockton.

In consideration of determining the Development Charges rates for the Municipality of Brockton, Staff have presented Council with the following options:

Option 1: Accept Development Charges Rates as originally presented.

The Council has decided to adopt the Development Charges fees that were presented during the Council meeting on September 24, 2024, which include a comprehensive assessment of infrastructure needs and projected growth in the community. This decision reflects the Council's commitment to ensuring that new development contributes fairly to the costs associated with public services and infrastructure enhancements. These rates would be as outlined in Schedule “C” of the draft by-law attached and for further clarity are \$9,075 for a Single Detached located in Walkerton and \$7,982 for a single detached home in one of the hamlet areas with consideration of the many exemptions also provided.

Option 2: Progressively phase in Development Charges.

Although no longer legislatively required, the Council has the option to gradually phase in development charges. The Ontario Legislature has recently repealed the requirement for a five-year mandatory phase-in of Development Charges rates. Previously, these charges were discounted by 20% in Year 1, 15% in Year 2, 10% in Year 3, and 5% in Year 4, with the full rate taking effect in Year 5.

If the Council chooses to implement the same phased approach as before, the charges for a single detached home in the Town of Walkerton would be as follows:

2025 (80%)	2026 (85%)	2027 (90%)	2028 (95%)	2029 (100%)
\$7,260.00	\$7,713.75	\$8,167.50	\$8,621.25	\$9,075.00

It is important to highlight that any reductions in development charges will necessitate increased contributions from the tax base to cover the shortfall in the Development Charges Reserve Account. This additional funding can be included in each budget cycle, or alternatively, the shortfall can be addressed when the project moves forward. In contrast, fully implementing development charges would lessen the

dependency on tax base contributions for these essential initiatives, providing a more sustainable funding model for future development projects.

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

The collection of Development Charges will ensue development is supporting growth related projects and reducing undue burden on existing taxpayers who have contributed to community infrastructure and services on an ongoing yearly basis.

Respectfully Submitted by:



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Dalton Stone, Municipal Services Coordinator



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