

2017 Development Charges Update

Development Charges Advisory
Committee

November 3, 2016



Agenda

A. DC Rate Calculations:

- i. Total Costs
- ii. Adjusted Growth
- iii. Rate Calculations

B. By-law Structure & DCs

C. DC Comparison

D. Retail Conversion



A. DC Rate Calculations

Transportation Capital Cost - Revised (\$000's)

Category	Gross Cost 2017 - 2031	Less:		Net Cost	Res.	Non Res
		Non-Growth (BTE)	Post Planning Period			
Road Reconstruction	\$ 51,247	\$ 51,247	\$ -	\$ -	\$ -	\$ -
Road Widening	1,325,581	186,702	73,866	1,065,013	681,607	383,405
Reconstruction with Widening	195,272	44,346	6,153	144,773	92,655	52,118
New Alignment	316,054	438	25,701	289,915	185,545	104,369
Structures/Grade Seperation	120,593	6,786	-	113,807	72,837	40,971
ATMP	42,667	6,727	-	35,940	23,002	12,938
Studies/Other	138,552	92,497	-	46,055	29,475	16,580
Total	\$ 2,189,966	\$ 388,744	\$ 105,720	\$ 1,695,502	\$ 1,085,121	\$ 610,381

Transportation Capital Cost - Revised (\$000's)

Category	Gross Cost 2017 - 2031	Less:		Net Cost	Res.	Non Res
		Non-Growth (BTE)	Post Planning Period			
Per Oct. 20 DCAC	\$ 2,189,966	\$ 447,258	\$ 105,720	\$ 1,636,988	\$ 1,047,669	\$ 589,319
Per Revised	2,189,966	388,744	105,720	1,695,502	1,085,121	610,381
Difference	\$ 2,189,966	\$ (58,514)	\$ -	\$ 58,514	\$ 37,452	\$ 21,062

i. Total Costs

- Capital Infrastructure Costs (\$millions)

Services	Gross Cost	Less:				Net Growth		
		Benefit to Existing Dev't	Subsidy, Dev Contbt'n	Post Period Capacity	10% Statutory Deduc't	Total	Res	N-res
W/WW (2017-2031):								
Water	\$ 535.1	\$ 11.4	\$ -	\$ 43.6	\$ -	\$ 480.1	\$ 357.7	\$ 122.4
Wastewater	625.7	95.8	-	18.0	-	511.9	379.6	132.3
Sub-Total	\$ 1,160.8	\$ 107.2	\$ -	\$ 61.6	N/A	\$ 992.0	\$ 737.3	\$ 254.6
Roads (2017-2031)	\$ 2,189.9	\$ 388.7	\$ -	\$ 105.7	N/A	\$ 1,695.5	\$ 1,085.1	\$ 610.4
General Servc (2017-2026):								
Growth Studies	\$ 16.6	\$ 4.6	\$ -	\$ -	\$ 0.1	\$ 11.9	\$ 8.4	\$ 3.4
Police (2017-2031)	115.8	36.7	-	25.7	-	53.4	37.8	15.6
Paramedics	25.5	8.4	-	10.1	0.7	6.3	5.5	0.7
Facilities	11.8	3.6	-	1.2	0.5	6.5	5.6	0.8
Social Housing	95.0	47.5	-	-	4.8	42.8	42.8	-
Waste Diversion	9.8	4.8	-	1.7	0.3	2.9	2.8	0.1
Waterfront Parks	40.1	9.8	2.3	18.2	1.0	8.9	8.4	0.4
Sub-Total	\$ 314.5	\$ 115.4	\$ 2.3	\$ 57.0	\$ 7.3	\$ 132.6	\$ 111.4	\$ 21.2
Total	\$ 3,665.3	\$ 611.3	\$ 2.3	\$ 224.3	\$ 7.3	\$ 2,820.0	\$ 1,933.8	\$ 886.2

Note: May not add due to rounding

i. Total Costs

– Water & Wastewater (\$000's)

Costs	Residential	Non-Residential	Comments
Reserve Fund Balance	\$ (5,897)	\$ -	Projected 2016 year-end balances
Unfunded Capital Costs	372,505	-	Remaining expenditures in the 2012 Allocation program
2012 Allocation Front End Payment	(372,505)	-	Front end payment for from remaining expenditures in 2012 Allocation program
Internal Debt	-	227,662	Regional Interim Financing to be recovered up to 2016
External Debt Charges	104,412	54,315	Outstanding debt charge for projects proceeded or approved up to 2016 (e.g. Sinking fund for employment land servicing, Skyway WWTP)
DC Credits	-	4,188	Remaining DC credits relating to S. 14 of the DC Act and developer up-front financing provided under CS-52-03.
Oversizing - Historic	16,054	8,226	Oversizing costs carried from previous DC Studies
Net Growth Cost	737,315	254,643	DCAC Meeting #2
Interest/Inflation	(2,768)	40,683	Assumed 2.0% inflation, 3.5% interest
Total	\$ 849,115	\$ 589,718	

i. Total Costs – Transportation (\$000's)

Costs	Residential	Non-Residential	Comments
Reserve Fund Balance	\$ 43,777	\$ -	Projected 2016 year-end balances
Unfunded /Internal Borrowing	33,530	122,532	Unfunded capital works approved to 2016 and Regional interim financing to be recovered from non-residential DCs up to 2016
DC Credits	-	169	Remaining DC credits relating to S. 14 of the DC Act.
Oversizing - Historic	3,242	2,161	Oversizing costs carried from previous DC Studies
Net Growth Cost	1,085,121	610,381	DCAC Meeting #2 adjusted for BTE revision
Interest/Inflation	4,075	37,608	Assumed 2.0% inflation, 3.5% interest
Total	\$ 1,169,745	\$ 772,851	

i. Total Costs – General Services (\$000's)

Services	Net Growth	External Debt	Interest/ Inflation	Reserve Fund Balance	Total		
					Total	Res	Non-Residential
Growth Studies	\$ 11,863.4	\$ -	\$ 374.4	\$ 4,754.3	\$ 16,992.1	\$ 11,352.7	\$ 5,639.4
Police	18,806.3	40,445.9	(4,420.9)	1,833.4	56,664.8	38,627.2	18,037.6
Paramedic Services	6,285.8	-	323.3	1,815.2	8,424.3	7,346.4	1,077.9
Facilities	6,470.8	-	88.0	661.6	7,220.4	6,345.4	875.0
Social Housing	42,750.0	-	(476.1)	(1,444.9)	40,829.0	40,829.0	-
Waste Diversion	2,936.5	-	17.8	-	2,954.3	2,805.9	148.5
Waterfront Parks	8,864.3	-	365.1	-	9,229.4	8,765.5	463.9

ii. Adjusted Growth – Residential (SDEs)

	<u>W/WW</u>	<u>Roads</u>	<u>General Services</u>
BPE Total new units	83,263	83,263	57,156
Rural units	(272)	n/a	n/a
Net	82,991	83,263	57,156
Adjustments for DC Calculation:			
Convert to SDE (PPU 3.52)	62,863	63,111	41,733
Unit Adjustment	-	3,486	5,398
Institutional *	789	791	538
Net SDEs	63,652	67,388	47,669

*Population related institutional (i.e. long-term care)

ii. Adjusted Growth - Non-residential (sq.ft.)

	W/WW	Roads
TFA (2017-2031)	72,223,448	72,223,448
Sq.Ft. Adjustment	42,519,982	42,519,982
Rural	190,672	n/a
Institutional *	(1,083,219)	(1,083,219)
Net TFA	113,850,883	113,660,211

*Population related institutional employment

iii. DC Rate Calculations

- W/WW & Transportation (2017-2031)

(Region-wide, Uniform DC for illustration)

Residential	W/WW	Roads
Total Costs (\$000's)	\$ 849,115	\$ 1,169,745
SDE (adjusted)	63,652	67,388
\$DC/SDE	\$ 13,340	\$ 17,358

Non-residential		
Total Costs (\$000's)	\$ 589,718	\$ 772,851
Sq. Ft. (adjusted)	113,850,883	113,660,211
\$DC/Sq.Ft.	\$ 5.18	\$ 6.80



iii. DC Rate Calculations - General Services (2017-2026)

Services	Residential DC (\$/SDE)			Non-Residential DC (\$/Sq.Ft.)		
	Total Costs (\$000's)	SDEs	DCs	Total Costs (\$000's)	Sq.Ft.	DCs
Growth Studies	\$ 11,352.7	47,210	\$ 240.5	\$ 5,639.4	44,258,080	\$ 0.127
Police (2017-2031)	\$ 38,627.2	68,588	\$ 563.2	\$ 18,037.6	113,660,213	\$ 0.159
Paramedic Services	\$ 7,346.4	47,210	\$ 155.6	\$ 1,077.9	44,258,080	\$ 0.024
Facilities	\$ 6,345.4	47,210	\$ 134.4	\$ 875.0	44,258,080	\$ 0.020
Social Housing	\$ 40,829.0	47,210	\$ 864.8	n/a	n/a	n/a
Waste Diversion	\$ 2,805.9	47,210	\$ 59.4	\$ 148.5	44,258,080	\$ 0.003
Waterfront Parks	\$ 8,765.5	47,210	\$ 185.7	\$ 463.9	44,258,080	\$ 0.010
Total			\$ 2,203.6			\$ 0.344

* SDE captures growth of 2012 and 2013 as full DC collection is expected by the end of 2013



B. By-law Structure & DCs



DC By-law Structure

- As part of the 2017 DC Update, consideration was given to area specific area charges
- The Region will be considering area specific charge for water and wastewater services, which differentiates the distribution/ collection charge portion of the rate for Built Boundary and Greenfield
- Residential DC rate structure for dwelling types will remain unchanged
- Non-residential DC rate will continue to be differentiated between retail and non-retail
- Front-end recovery charge for residential development will be added commencing January 1, 2017

2017 DC By-law Structure

	Areas Applied	Planning Period
1. Water/Wastewater:		
A. Capacity	Region-wide	2017-2031
B. Distribution/Collection:	Area-specific	2017-2031
(i) Greenfield		
(ii) Built Boundary		
2. Roads	Region-wide	2017-2031
3. Police	Region-wide	2017-2031
4. Other General Services	Region-wide	2017-2026

W/WW DCs for Greenfield vs Built Boundary

	Region-wide DC	(1) Capacity DC Region-wide	(2) Distribution & Collection DC Greenfield	(3) Distribution & Collection DC Built Boundary
Residential				
Total Costs (\$000's)	\$ 849,115	\$ 120,638	\$ 628,069	\$ 99,897
SDE (adjusted)	63,652	63,652	42,862	20,790
\$DC/SDE	\$ 13,340	\$ 1,895	\$ 14,653	\$ 4,805
DC by Areas:				
Greenfield (1) + (2)			\$ 16,548	
Built Boundary (1) + (3)				\$ 6,700
Non-residential				
Total Costs (\$000's)	\$ 589,718	\$ 248,190	\$ 317,155	\$ 23,648
Sq.Ft. (adjusted)	113,850,883	113,850,883	76,897,589	36,953,295
\$DC/Sq.Ft.	\$ 5.18	\$ 2.18	\$ 4.12	\$ 0.64
DC by Areas:				
Greenfield (1) + (2)			\$ 6.30	
Built Boundary (1) + (3)				\$ 2.82



Residential DC Rate Per SDE

Service	As Of April 1, 2016		New Calculated		
	Greenfield	Built-Bndry	Region - Wide	Area Specific	
				Greenfield	Built-Bndry
Water & Wastewater	\$ 21,215	\$ 11,658	\$ 13,340	\$ 16,548	\$ 6,700
Roads	14,121	14,121	17,358	17,358	17,358
General Services	1,105	1,105	2,204	2,204	2,204
GO Transit ¹	1,084	1,084	1,084	1,084	1,084
Total	\$ 37,526	\$ 27,968	\$ 33,986	\$ 37,195	\$ 27,347

Front-end Recovery Charge for 2012 Allocation program (estimated)

Water & Wastewater	n/a	n/a	\$ 9,032	\$ 9,032	\$ 9,032
Roads	n/a	n/a	1,423	1,423	1,423
Total	\$ 37,526	\$ 27,968	\$ 44,441	\$ 47,650	\$ 37,802

1. GO Transit requirements are beyond the scope of this study. However, GO DC is shown in this table for the purposes of presenting a total quantum of DCs

Residential DC Rate Structure

Unit Type	Total	
	Greenfield	Built Boundary
Single and Semi-Detached	\$37,194.89	\$27,346.84
Multiples - 3 or More Bedrooms	29,678.11	21,730.75
Multiples - Less than 3 Bedrooms	21,831.40	16,051.90
Apartments - 2 or More Bedrooms	18,256.43	13,411.48
Apartments - Less than 2 Bedrooms	14,189.21	10,455.56
Special Care/Need & Accessory Dwelling	11,619.34	8,543.95

Note: May not add due to rounding



Differentiated Roads Non-Res DC - Trip Rates by Development Type

Based on PM Peak Weekday		
	Category	Net Trip Rate
Retail	Shopping Centre	2.41
	Finance & Insurance	3.05
	Entertainment/Recreation	4.41
	Food Services	7.26
	Other	2.49
	Average Rate	3.72
Non-Retail	Industrial	0.66
	Institutional	1.23
	Office	1.60
	Accomodation	0.88
	Average Rate	0.73

Differentiated Roads Non-Res DC

	(1)	(2)	(3)	(4)	(5)	(6)
Category	Sq. Ft	PM Peak Trip Rates	PM Peak Trips (1) x (2)	% Trips	Revenue (Uninflated) (Total Revenues x (4))	\$DC (5) / (1)
Retail	8,489,630	3.72	31,558,242	29%	\$ 224,298,772	\$ 26.42
Non-Retail	105,170,581	0.73	77,179,816	71%	548,552,039	\$ 5.22
Total	113,660,211		108,738,058	100%	\$ 772,850,811	

Uniform DC rate..... **\$ 6.80**



Non-Residential DC Per Sq.Ft.

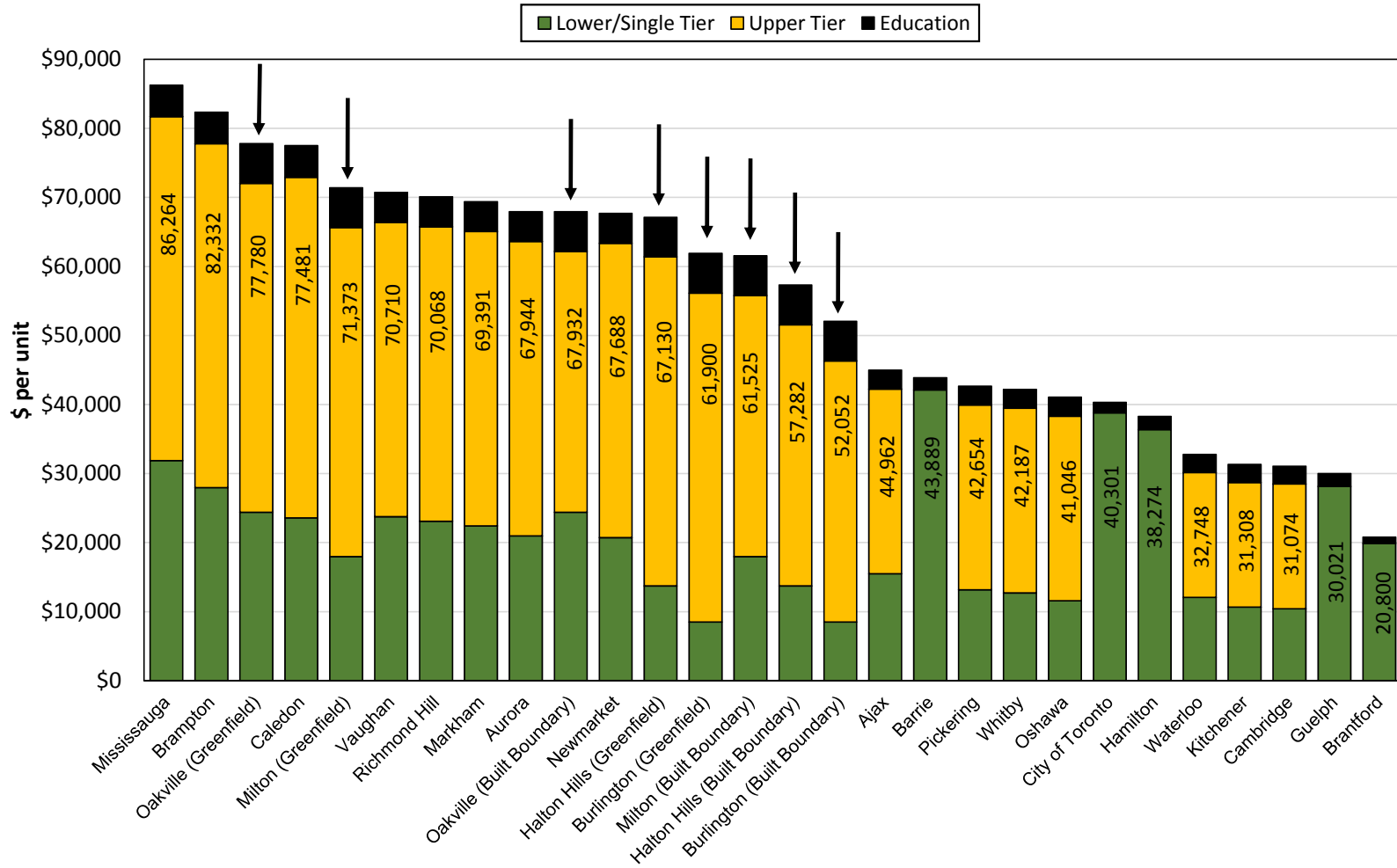
Service	As Of April 1, 2016				New Calculated					
	Greenfield		Built-Bndry		Region-Wide		Area Specific			
	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Greenfield		Built-Bndry	
							Retail	Non-Retail	Retail	Non-Retail
Water & Wastewater	\$ 7.70	\$ 7.70	\$ 4.57	\$ 4.57	\$ 5.18	\$ 5.18	\$ 6.30	\$ 6.30	\$ 2.82	\$ 2.82
Roads	18.24	5.04	18.24	5.04	26.42	5.22	26.42	5.22	26.42	5.22
General Services	0.29	0.29	0.29	0.29	0.34	0.34	0.34	0.34	0.34	0.34
Total	\$ 26.23	\$ 13.03	\$ 23.10	\$ 9.90	\$ 31.94	\$ 10.74	\$ 33.07	\$ 11.86	\$ 29.58	\$ 8.38



C. DC Comparison

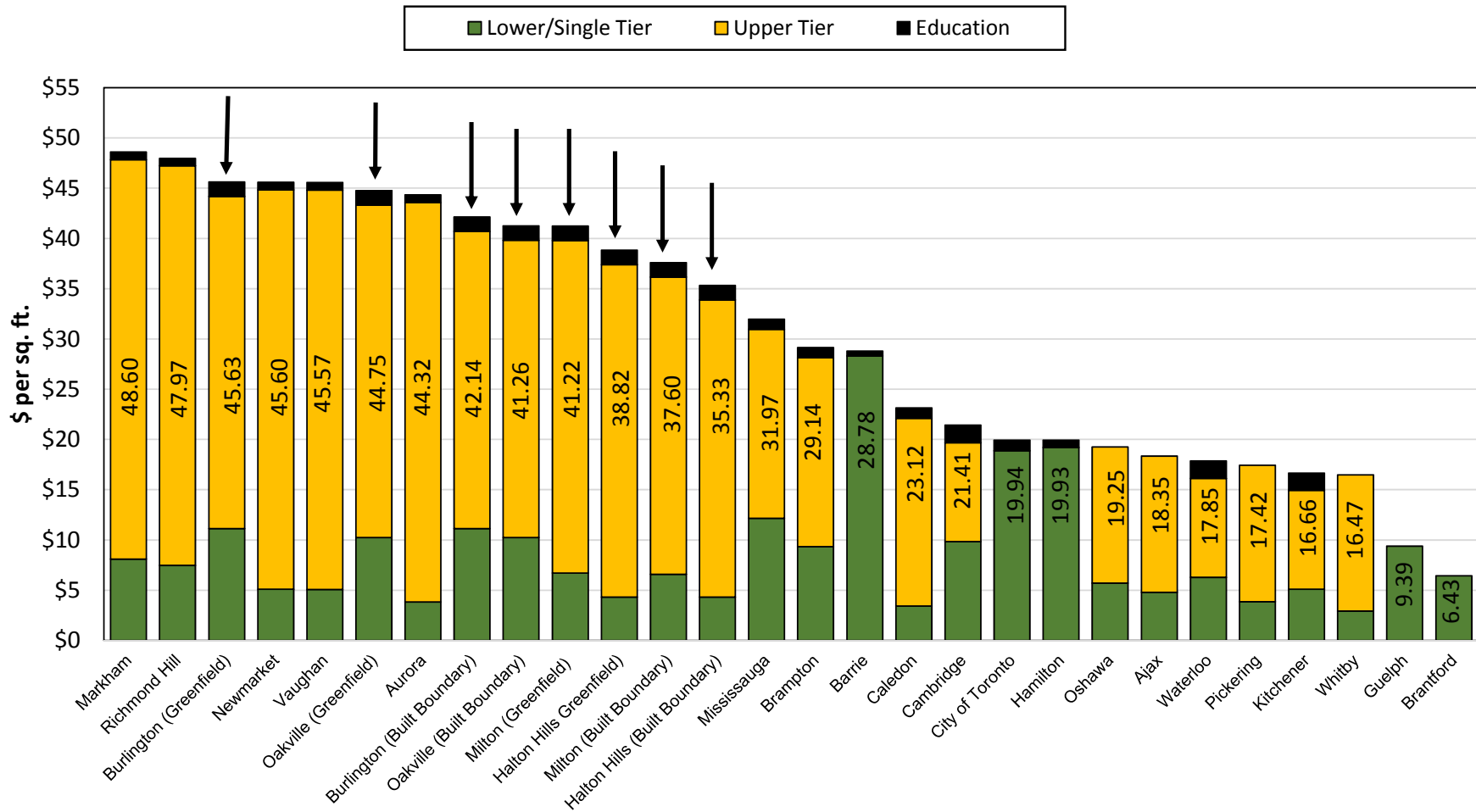
Residential DC (per SDE)

Halton's Proposed DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



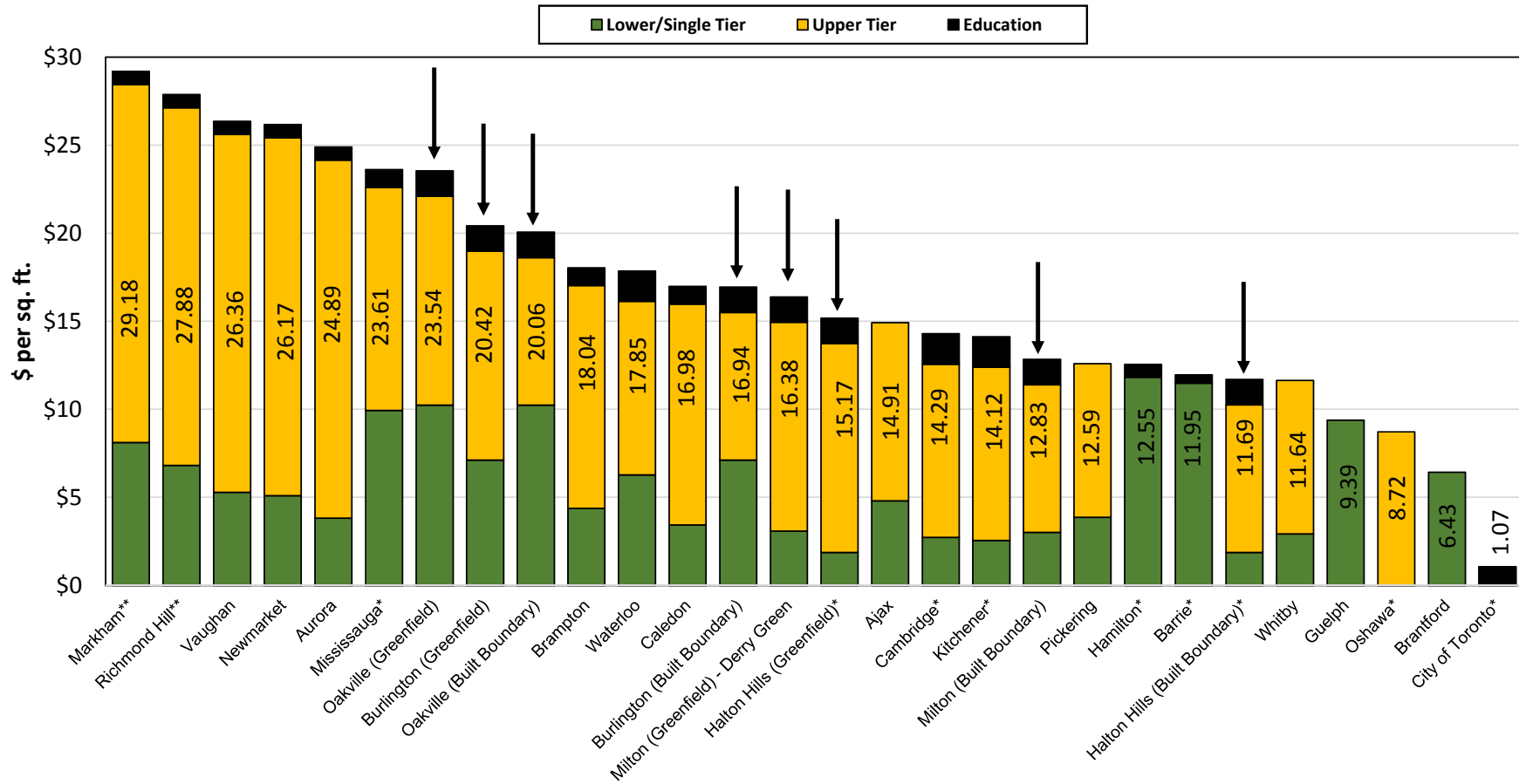
Non-Residential DC - Retail (per sq.ft.)

Halton's Proposed DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



Non-Residential DC - Non Retail - Industrial (per sq.ft.)

Halton's Proposed DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



*Municipalities differentiate their DCs for non-retail between industrial and non-industrial categories. Industrial category charge shown.

**One Municipal-wide non-retail category, however, Area-specific charges differ between industrial and non-industrial. Industrial category charge shown.



D. Retail Conversion Policy

Retail Conversion

Existing Issues/Challenges:

- Under the current policy the DC credit does not apply if the retail conversion is over 3,000 sq. ft.
- Industrial buildings in the BB area are often sitting vacant for a long period
- A few infill redevelopment opportunities to convert existing industrial buildings to retail have been lost due to high DC requirement

Item for Consideration:

- Revise the retail conversion policy to encourage re-use of existing larger buildings in the Built Boundary area
- Provide retail DC conversion credit for the first 10,000 sq. ft. or 25% TFA , whichever is greater

Financial Implications:

- Based on retail conversion activities observed during the implementation of By-law 48-12;
 - Of 23 cases, over 80% would be fully exempt from DCs under the proposed policy;
 - This translates to an additional DC exemption cost of approximately \$900,000 when compared to the current policy.

