

2022 Development Charges Update

Development Charges Advisory
Committee

September 24, 2021



Agenda

1. Development Charges Advisory Committee
2. DC 101
3. Growth Plan

1. DC Advisory Committee



DC Advisory Committee

- 2022 DC Update process to be based on comprehensive consultation process involving DCAC:
 - Committee consists of 15 members representing developers, builders, business, councillors and rate payers.
 - Committee's goal is to advise and assist the Region with respect to the preparation of the Water, Wastewater, Roads and General Services DC Background Study (The Recovery DC, GO Transit DC and Front-ending Recovery are out of scope).
 - Advise based on Council approved Official Plan, Best Planning Estimates, Master Plan Studies, other reports and within the requirements of DC Act.

DCAC Membership

- **4 Ratepayers:**
 - Lisa Brown
 - Carmen Gucciardi
 - Herb Lewington
 - Ric Robertshaw
- **2 Home Builders:**
 - Steven Frankovich (WEHBA)
 - Gary Gregoris (BILD)
- **2 Non-Residential Developers:**
 - Shane Cooney
 - Jason Sheldon
- **2 Business/Chamber of Commerce:**
 - Ray Chesher
 - Leisl Dukhedin-Lalla
- **Regional Chair**
 - Gary Carr
- **4 Regional Councillors:**
 - Mayor, Rob Burton
 - Councillor Mike Cluett
 - Councillor Paul Sharman
 - Councillor Clark Somerville



DCAC Meeting Schedule

- **Meeting #1 – September 24, 2021 @ 9:30 am**
 - Introductions, Election of Chair
 - DC 101
 - Growth Assumptions
 - Discussion
- **Meeting #2 – October 8, 2021 @ 9:30 am**
 - DC Policies
 - General Services Capital Costs and Calculations
 - Discussion
- **Meeting #3 – October 21, 2021 @ 9:30 am**
 - Water/Wastewater & Roads Capital Costs and Calculations
 - DC Compare
 - Discussion
- **Meeting #4 – October 29, 2021 @ 9:30 am**
 - Development Charge Policies
 - Final Review
 - Discussion



Election of Chair and Vice Chair

&

**DISCLOSURES OF PECUNIARY
INTEREST**



3. Development Charges 101



What are Development Charges (DCs)?

- Charges collected by municipalities (and EDCs in the case of school boards) to fund development-related capital costs.
- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- DCs are paid by developers and builders and anyone seeking a building permit, subdivision, or by agreement.

Changes to D.C. Legislation

There were a number of changes to the D.C.A. since the preparation of the 2017 DC Background Study. These changes were provided through:

- Bill 108: More Homes, More Choice Act, 2019
- Bill 138: Plan to Build Ontario Together Act, 2019
 - Removed installment payments for commercial and industrial developments (identified in Bill 108)
- Bill 197: COVID-19 Economic Recovery Act, 2020
- Bill 213: Better for People, Smarter for Business Act, 2020

Bill 108

(More Homes, More Choice Act, 2019)

- On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A.
 - The Bill received Royal Assent on June 6, 2019
- The following provisions are effective as of January 1, 2020:
 - Rental housing and institutional developments will pay D.C.s in 6 equal annual payments commencing at occupancy
 - Non-profit housing developments will pay D.C.s in 21 equal annual payments commencing at occupancy
 - The D.C. rate is frozen for Site Plan or Zoning By-law amendments until 2 years after approval
 - Interest may be charged on the instalments as well as the D.C. rate freeze

Bill 138

(Plan to Build Ontario Together Act, 2019)

- On November 6, 2019, the Province introduced Bill 138, which proposed changes to the D.C.A.
 - The Bill received Royal Assent on December 10, 2019
- The following provisions are effective as of January 1, 2020:
 - Removed the requirement (set out in Bill 108) to have installment payments on commercial and industrial developments
 - Allows for Community Benefit Charges (C.B.C.) by-laws to be appealed to Ontario Land Tribunal (formerly LPAT)
 - Adds transitional provisions for by-laws requiring parkland as a condition of development or redevelopment
 - Adds transitional provisions for parkland as a condition of approval of a plan of subdivision

Bill 197

(COVID-19 Economic Recovery Act, 2020)

The Province tabled legislation on July 8, 2020 in response to the COVID-19 global pandemic. Many of the changes proposed in Bill 108 that were not yet in effect have now been revised. All sections of Bill 197 were proclaimed on September 18, 2020. The following changes are provided in Bill 197:

- Eligible services: the list of eligible services has now been expanded from the original list under Bill 108.
- The mandatory 10% deduction is removed for all D.C.-eligible services
- Community Benefits Charge: eligible for lower-tier and single-tier municipalities only (not eligible to the Region) – limit 4% of market value of land
 - Can only be applied to higher density development (where there are more than 10 residential units and 5 or more storeys)

Bill 213 (Better for People, Smarter for Business Act, 2020)

- On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that does not require the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government.

D.C. Eligible Services – As per Bill 197

1. Water
2. Wastewater
3. Storm water drainage
4. Services related to a highway.
5. Electrical power services.
6. Toronto-York subway extension.
7. Transit
8. Waste diversion
9. Policing
10. Fire protection
11. Ambulance
12. Library
13. Long-term Care
14. Parks and Recreation
15. Public Health services
16. Childcare and early years services.
17. Housing services.
18. Provincial Offences Act
19. Emergency Preparedness
20. Airports (Waterloo Region only).

Note: Classes of services will be established for Growth Studies and Facilities



Mandatory Exemptions

- Upper/Lower Tier Governments and School Boards
- Industrial building expansions (may expand by 50% with no D.C.)
- May add up to 2 units (or ancillary dwelling) in an existing single provided it is less than or equal to existing unit floor area
- Add one additional unit in existing semi-detached, medium & high-density buildings
- Add greater of one or 1% of the existing building in existing rental residential building
- Residential development (additional unit or ancillary dwelling) in new dwelling units (as per Bill 108)

Discretionary Exemptions

- Council may decide for economic development or other purposes to reduce in part or whole D.C. for types of development or classes of development (e.g. places of worship and agricultural)
- This will be discussed in DCAC Meeting #2

Growth Challenges

- Halton cannot accommodate the growth targets of the Provincial *Places to Grow Act* (Growth Plan) unless the full costs of growth are recoverable through DCs or other funding tools.
- This will be further discussed in DCAC Meeting #4

What Kinds of Costs are Covered by DCs?

- **“Municipal Capital Costs”**

- Cost to acquire, lease (capital component only), construct or improve facilities, including rolling stock, furniture and equipment, including related studies, borrowing costs and land purchase (s.s.5(3))

- **Typical capital costs include:**

Region

- Water
- Wastewater
- Regional Roads and Bridges
- Growth Studies
- Police
- Paramedic Services
- Social Housing
- Seniors' Facilities
- Regional Parkland Improvements
- Waste Diversion
- Facilities

Local Municipalities

- Local Roads
- Storm Water Management
- Fire
- Parks & Recreation
- Transit
- Libraries (incl. materials)
- Studies
- Operations Centres (incl. vehicles & equipment)



What Kinds of Costs are not Covered by DCs?

- Service or cost exclusions, e.g. hospitals, computers, admin. HQ, etc.
- Operating costs, which are not capital;
- Local services (roads, sewer, water, etc.) which form part of individual subdivisions and are provided by development agreement;
- Projects which involve repair, replacement and upgrading and do not relate to growth;

What is Required under the DCA to Enact a DC Bylaw

- Produce a DC Background Study, which must follow a defined calculation procedure including:
 - certain cost information re: project timing;
 - benefit to existing, etc.; and
 - a proposed DC by-law, which must address various rules re: exemptions, indexing, phasing-in, etc.
- Give a minimum 20 days' newspaper notice of a public meeting of Council, at which anyone attending is entitled to be heard.
- Make the Background Study and by-law publicly available at least 2 weeks prior to the public meeting and 60 days prior to by-law passage.

What is Geographic Coverage of DC By-laws

- Most municipalities impose a uniform, municipal-wide charge, calculated on an average cost basis. This serves to spread total DC recoverable costs uniformly over all new development.
- A municipality must consider, and can establish, one or more “area-specific” charges along with or instead of a municipal-wide charge.

The Process of Calculating a Development Charge Under the DCA – Simplified Steps

The following provides the overall methodology to calculating the charge:

1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
 - i. Grants, subsidies and other contributions
 - ii. Benefit to existing development
 - iii. Amounts in excess of 10-year historical service calculation (where applicable)
 - iv. D.C. Reserve funds (where applicable)
5. Net costs are then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.



Region's Current DCs

Residential – Per Single Detached Unit

| | Greenfield | Built Boundary |
|------------------|---------------------|-----------------------|
| Water | \$ 8,689.18 | \$ 3,143.56 |
| Wastewater | 10,276.31 | 4,535.49 |
| Roads | 19,284.39 | 19,284.39 |
| General Services | 2,405.06 | 2,405.06 |
| Total | \$ 40,654.94 | \$ 29,368.50 |

Note: Above rates are Non-recovery area and does not include Go Transit DC or Front-ending Recovery Payment

Non-Residential – Per Square Foot

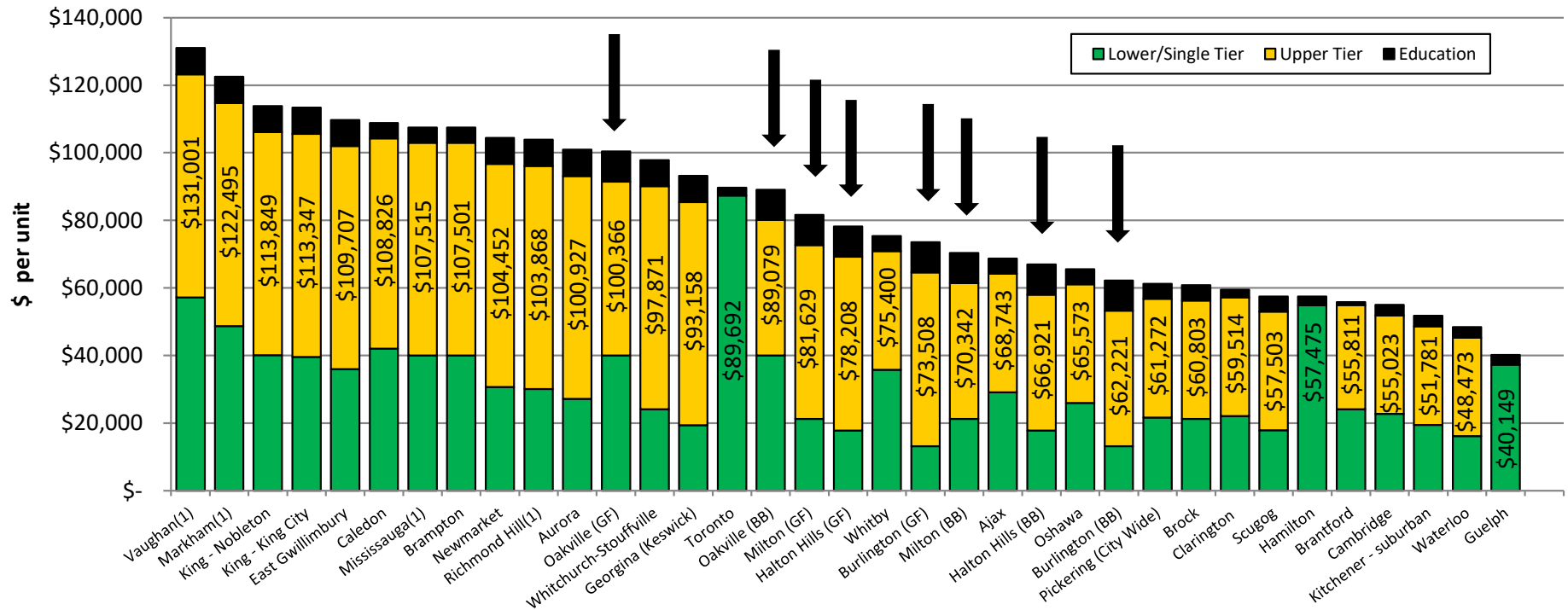
| | Retail | | Non-retail | |
|------------------|-------------------|-----------------------|-------------------|-----------------------|
| | Greenfield | Built Boundary | Greenfield | Built Boundary |
| Water | \$ 3.166 | \$ 1.229 | \$ 3.166 | \$ 1.229 |
| Wastewater | \$ 4.060 | \$ 2.004 | \$ 4.060 | \$ 2.004 |
| Roads | \$ 30.279 | \$ 30.279 | \$ 5.978 | \$ 5.978 |
| General Services | \$ 0.393 | \$ 0.393 | \$ 0.393 | \$ 0.393 |
| Total | \$ 37.898 | \$ 33.905 | \$ 13.597 | \$ 9.604 |

Updated DCs will be presented as part of DCAC #2 (general services) and DCAC #3 (water, wastewater, and roads)



Residential DC Survey

Residential Development Charges
Per Single Detached Dwelling for Greater Toronto Area & Select Municipalities
as of September 1, 2021



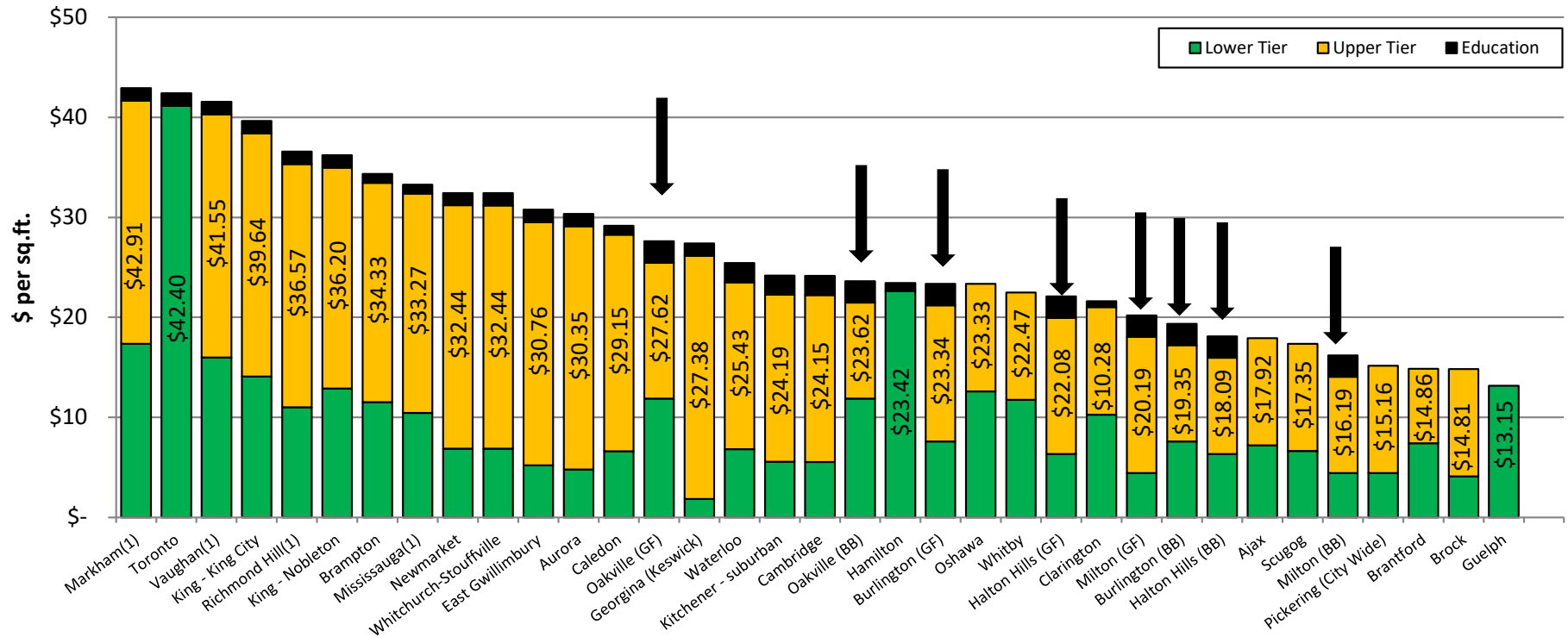
BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical single detached unit.



Non-residential DC Survey - Retail

**Non-Residential Development Charges
Per GFA of Retail Floor Area for Greater Toronto Area & Select Municipalities
as of September 1, 2021**



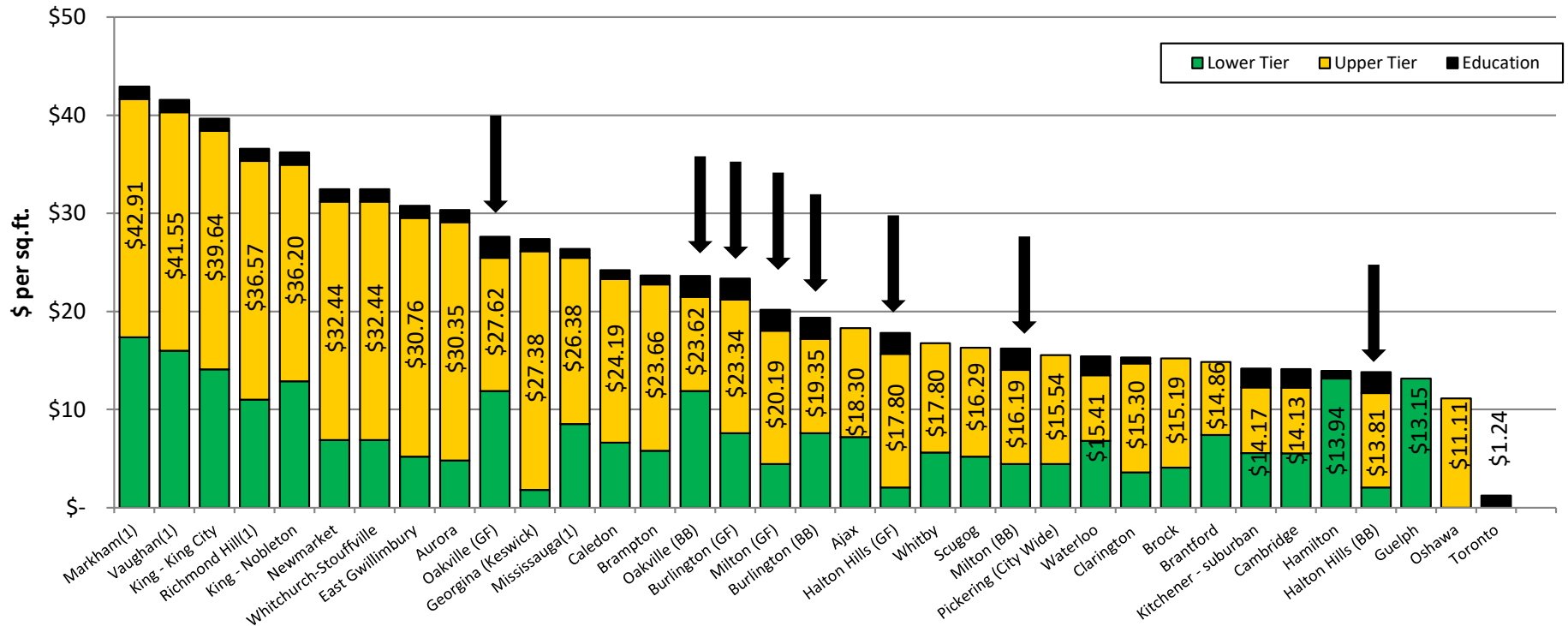
BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical charge per sq.ft. of G.F.A.



Non-residential DC Survey – Non-retail

Non-Residential Development Charges
Per GFA of Non-retail Floor Area for Greater Toronto Area & Select Municipalities
as of September 1, 2021



BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical charge per sq.ft. of G.F.A.



4. Growth Forecast



Best Planning Estimates – ROPA 39

- The approved 2011 BPEs are the basis for the 2021-2031 forecast which was approved by Council on July 13, 2011 (LPS-54-11);
- The next Regional Official Plan (ROP) Review which is currently being undertaken as the Integrated Growth Management Strategy (IGMS) will incorporate amendments to the Provincial Growth Plan; and
- Once these updates to the ROP are complete, the resulting growth impact will be incorporated into a future DC update.

Population Growth Between 2022 & 2031

| Per Halton BPE | Cumulative | | | Incremental Growth | |
|------------------------------|------------|---------|---------|--------------------|-----------|
| | 2021 | 2026 | 2031 | 2022-2026 | 2022-2031 |
| Population ¹ | 624,094 | 688,895 | 752,537 | 64,801 | 128,443 |
| Less Institutional | 8,618 | 9,531 | 10,436 | 914 | 1,818 |
| Net Population | 615,476 | 679,363 | 742,101 | 63,887 | 126,625 |
| Per Estimated Actuals | | | | | |
| Population ¹ | 602,747 | 688,895 | 752,537 | 86,148 | 149,790 |
| Less Institutional | 8,199 | 9,531 | 10,436 | 1,332 | 2,237 |
| Net Population | 594,548 | 679,363 | 742,101 | 84,815 | 147,553 |
| Over/(Under) BPE | | | | | |
| Population ¹ | (21,347) | - | - | 21,347 | 21,347 |
| Less Institutional | (419) | - | - | 419 | 419 |
| Net Population | (20,928) | - | - | 20,928 | 20,928 |

¹ Excludes net Census undercount.



Residential Unit Growth Between 2022 & 2031

| | 2021 | Cumulative | | Incremental Growth | |
|------------------------------|----------|------------|---------|--------------------|-----------|
| | | 2026 | 2031 | 2022-2026 | 2022-2031 |
| Per Halton BPE | | | | | |
| Dwelling Units | 234,455 | 262,449 | 288,556 | 27,995 | 54,102 |
| Per Estimated Actuals | | | | | |
| Dwelling Units | 212,742 | 262,449 | 288,556 | 49,707 | 75,814 |
| Over/(Under) BPE | | | | | |
| Dwelling Units | (21,713) | - | - | 21,713 | 21,713 |



Long-Term Growth Forecast Region-wide (2022-2031)

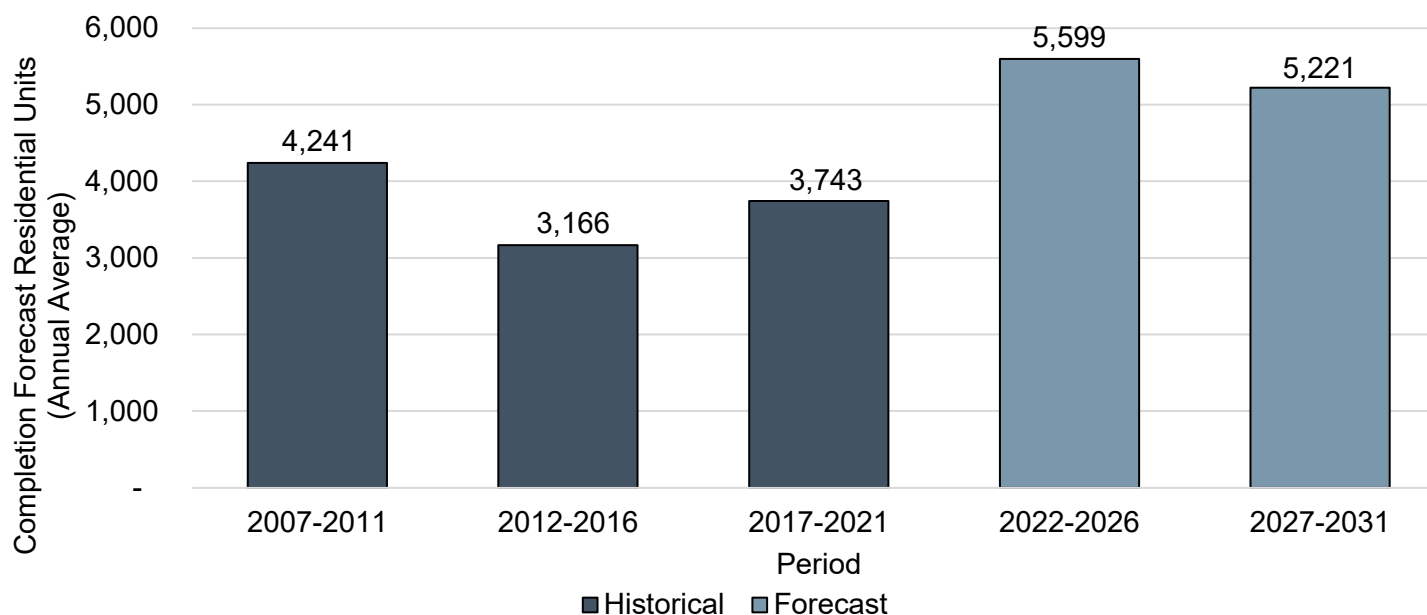
- Persons Per Unit (PPU) updated based on 2016 Statistics Canada

| Residential Unit Category | Persons Per Unit | % Distribution of Estimated Units | Weighted Persons Per Unit Average |
|--|------------------|-----------------------------------|-----------------------------------|
| <i>Single family & semi-detached</i> | 3.772 | 45% | 1.684 |
| <i>Multiples except apartments</i> | 2.851 | 21% | 0.604 |
| <i>Apartments</i> | 1.655 | 34% | 0.566 |
| Total | | 100% | 2.853 |

Long-Term Growth Forecast Region-wide (2022-2031)

| | | Population (Net of Institutional) | |
|---|---------------------------------------|--------------------------------------|---------|
| Population to 2021 | | 615,476 | |
| Occupants of New Housing Units, 2022 to 2031 | <i>Units</i> | 54,102 | |
| | <i>multiplied by persons per unit</i> | 2.853 | |
| | <i>gross population increase</i> | 154,377 | 154,377 |
| Decline in Housing Unit Occupancy, 2022 to 2031 | <i>Units</i> | 234,455 | |
| | <i>multiplied by ppu decline rate</i> | -0.118 | |
| | <i>total decline in population</i> | -27,752 | -27,752 |
| Population Estimate to 2031 | | 742,101 | |
| <i>Net Population Increase, From 2022 To 2031</i> | | 126,625 | |

Halton Region Occupied Residential Dwelling Unit Forecast vs. Historical Completions



| | Low Density | Medium Density | High Density | Total |
|-------------------|-------------|----------------|--------------|-------|
| 2007-2021 Average | 1,788 | 1,078 | 850 | 3,716 |
| 2022-2031 Average | 2,415 | 1,145 | 1,850 | 5,410 |



Employment Growth Between 2022 & 2031

| Per Halton BPE | 2021 | Cumulative | | Incremental Growth | |
|------------------------------|----------|-------------------|---------|---------------------------|-----------|
| | | 2026 | 2031 | 2022-2026 | 2022-2031 |
| Total Employment | 327,684 | 355,710 | 390,000 | 28,026 | 62,316 |
| Per Estimated Actuals | | | | | |
| Total Employment | 281,300 | 309,326 | 390,000 | 28,026 | 108,700 |
| Over/(Under) BPE | | | | | |
| Total Employment | (46,384) | (46,384) | - | - | 46,384 |

Non-Residential Growth

- Work at Home and No Fixed Place of Work employees are removed from employment forecast.
- Work at Home (WAH) – the population forecast already includes these individuals, and the resulting service impact is generated from homes (residential units).
- No Fixed Place of Work (NFPOW) – NFPOW employees do not generate gross floor area (GFA).

Non-Residential Growth

| | 2021 | 2031 | Incremental Growth |
|-------------------------|----------------|----------------|--------------------|
| Total Employment | 327,683 | 390,000 | 62,316 |
| WAH | 29,206 | 35,429 | 6,223 |
| NFPOW | 32,625 | 39,289 | 6,664 |
| Net Employment | 265,852 | 315,282 | 49,429 |

| | Retail | Office/Other | Industrial | Institutional | Gross |
|-----------------------------------|------------------|------------------|-------------------|------------------|-------------------|
| Employment | 10,321 | 8,370 | 23,232 | 7,506 | 49,429 |
| Conversion (Sq.Ft. / Employee) | 466 | 325 | 1,389 | 740 | 918 |
| Total Floor Area (Sq. Ft.) | 4,810,378 | 2,721,083 | 32,276,629 | 5,552,561 | 45,360,650 |
| % of TFA | 11% | 6% | 71% | 12% | 100% |

Non-Residential Avg. Floor Space per Employee

Commercial

| Municipality | FSW |
|----------------------|------------|
| Burlington | 400 |
| Oakville | 400 |
| Milton | 400 |
| Halton Hills | 400 |
| Rural | 1,200 |
| Halton Region | 403 |

Industrial

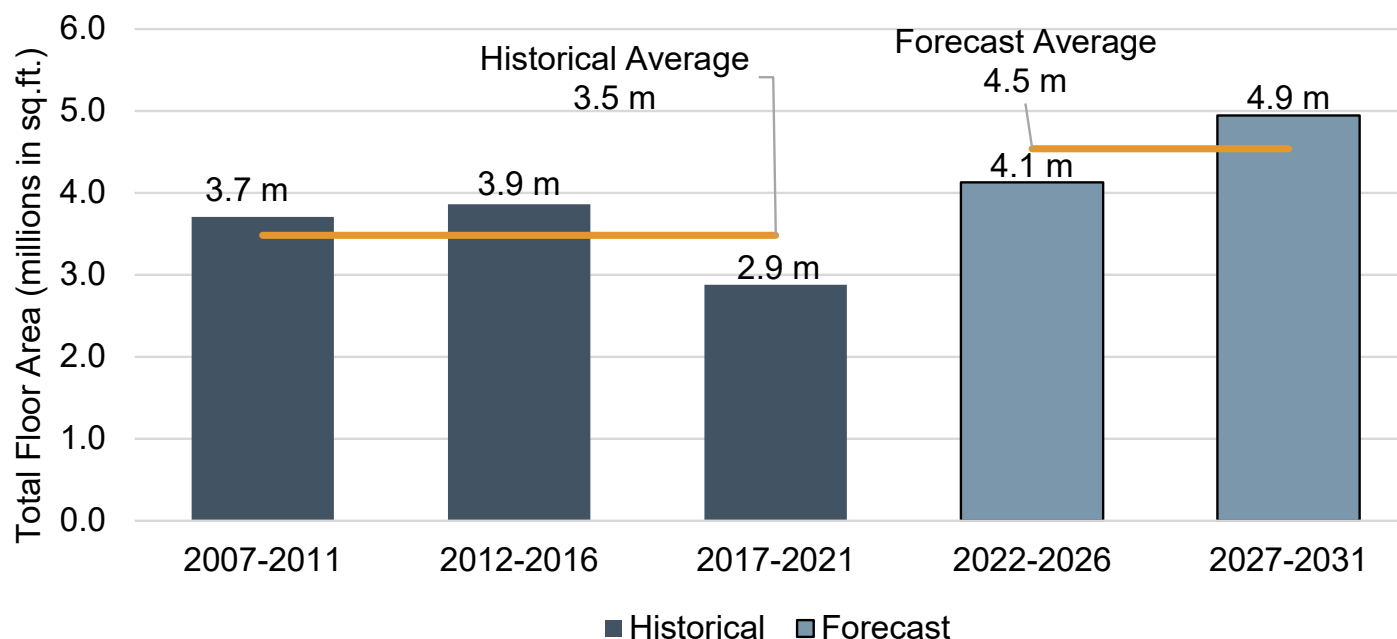
| Municipality | FSW |
|----------------------|--------------|
| Burlington | 800 |
| Oakville | 1,002 |
| Milton | 1,440 |
| Halton Hills | 1,400 |
| Rural | 2,000 |
| Halton Region | 1,389 |

Institutional

| Municipality | FSW |
|----------------------|------------|
| Burlington | 400 |
| Oakville | 467 |
| Milton | 827 |
| Halton Hills | 500 |
| Rural | 1,200 |
| Halton Region | 740 |

Halton Region

Non-Residential Development – Historical & Forecast



Source: 2007-2021 derived from Halton Region non-residential DC database data by Watson & Associates Economists Ltd. Forecast derived based on Halton Region Best Planning Estimates, June 2011.

Discussion



Questions

Please submit any questions to DCAdvisory@halton.ca

