

DEVELOPMENT CHARGES

What, Why and Recent Changes to the Legislation

Presentation by: Calvin Pol, BES(Hons), RPP, MCIP Township of North Dundas

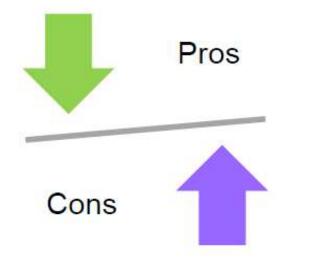


PARTIAL LIST OF DEVELOPMENT CHARGES STUDIES & BY-LAWS

Township of Alfred Development Charges Study & By-law Burleigh & Anstruther Twp Development Charges Study Township of Cambridge Development Charges Study & By-law*, Indexed By-law, Amendment Village of Casselman Development Charges Study & By-law, Amendments Township of Charlottenburgh Dev. Charges Water Service Amendment Study Township of Clarence Development Charges Amendment Study & By-law Township of East Ferris Development Charges Study & By-law East Hawkesbury Development Charges Study & By-law Township of Edwardsburgh Development Charges Study Township of Faraday Development Charges Study Township of Finch Development Charges Study North Fredericksburgh Twp. Development Charges Study & By-law Front of Leeds and Lansdowne Development Charges Study & By- law & Amendments Hawkesbury Hydro Development Charges Study Township of Matilda Development Charges Study, By-law & Special Amendment Township of Montague Development Charges Study Township of Nation Development Charges Study & By-law Township of North Dundas Development Charges Study & By-law (1999, 2005, 2006, 2011) Township of North Glengarry Development Charges Study & By-law Town of Napanee Development Charges Study & By-law Village of L'Orignal Development Charges Study & By-law Township of Pittsburgh Study & By-law (provided technical assistance) since 1990, Mr. Pol has Township of Augusta Development Charge Study and By-law Development Charge Studies worked on over 40 Town of Prescott Development ChargeStudy and By-law Oxford-on-Rideau Township Development Charges Study & By-law Village of Plantagenet Development Charges Study & By-law Plantagenet Hydro Development Charges Study & By-law Township of Richmond Development Charges Study & By-law Rockland Hydro Development Charges Update & By-law Town of Rockland Development Charges Update & By-law Township of Roxbourgh Development Charges Study & By-law Township of Russell Amendment (provided technical assistance) Township of Sheffield Development Charges Study West Hawkesbury Development Charges Study & By-law Township of Williamsburg Development Charges Study & By-law Township of Winchester Development Charges Study & By-law*

Typical Council Discussion and Debate

Do we want to raise taxes?



- Can we afford projects?
- What about the "pay-as-yougo" philosophy?



Municipal Revenue Options



89.6% Property Taxes
5.8% Fees and Charges
0.7% Investment Income
0.0% Area Charges/Special Services
0.0% Local Improvement Charges
3.9% Development Charges





DEVELOPMENT CHARGES ACT



(Growth Related) Expansions:

Financed by Development Charges

Since 1989

What are Development Charges?

- Fees levied on new development to help pay for the infrastructure required to service new growth.
- They help ensure that growth pays for a portion of growth-related costs.

(MMAH, Ontario, Feb. 3, 2016)

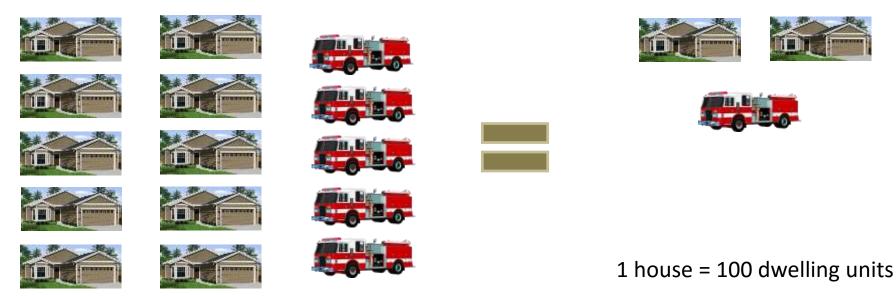
Counties and School Boards can charge DCs.



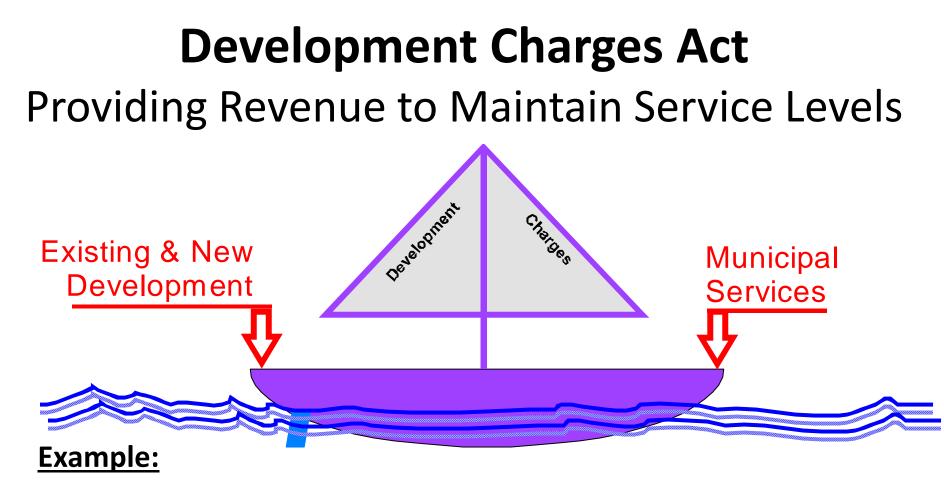
Development Charges (Impact Fees)

Existing Number of Dwellings & Fire Vehicles

Projected Growth



Development charges could pay for the capital cost of purchasing the new fire truck. Property taxes collected from these new dwellings would go towards maintaining (operational costs) and replacing the vehicle.



Parkland space is acquired in a subdivision through the Planning Act

The Development Charges Act collects funds from each new house built in the subdivision to pay for the playground equipment.

We are not growing ?

Population Growth



Housing Starts

2006 to 2011 = 130 people

Source: Statistics Canada

2006 to 2011 = 222 houses

Source: Building Department

Incremental growth does add up over the years. 40 homes/yr = 400 houses in 10 years



Development Charges Collected over 5 Years

Dev. Charge	10 houses	25 houses	40 houses	60 houses
\$500	\$27,000	\$67,500	\$108,000	\$162,000
\$1,000	\$54,000	\$135,000	\$216,000	\$324,000
\$1,500	\$81,000	\$81,000 \$202,500		\$486,000
\$2,500	\$135,000	\$337,500	\$540,000	\$810,000
\$3,500	\$189,000	\$472,500	\$756,000	\$1,134,00>

Note: 8% added for non-residential development

EXAMPLE:

North Dundas: 11,500 population 42 new houses/year \$139,417/year in Development Charges 2.5% of municipal taxation (\$5.5 million 2015)

Over the 5 year life of the 2012 D.C. By-law, we anticipate collecting **\$700,000** in development charges.

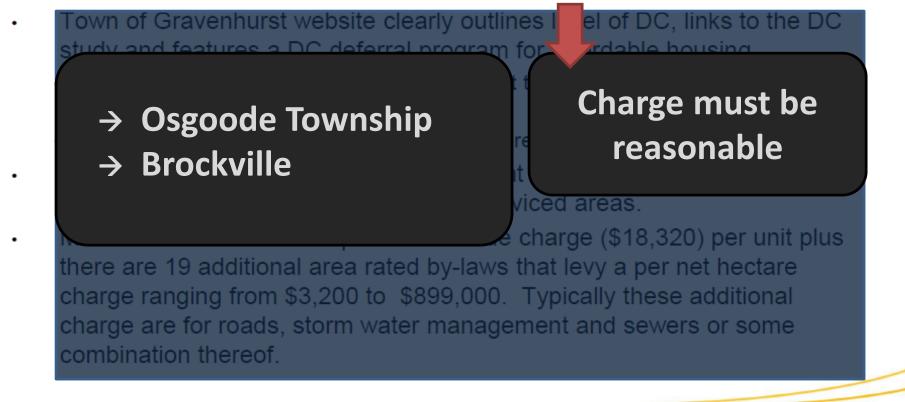
Top Reasons Why you do <u>not</u> have development charges

- 4. Your municipality believes the Province will shower you with lots of transfer payments and grants every year.
- 3. You believe development charges will discourage growth.
- 2. Your municipality can get away with an **extra** 1 to 2.5% property tax increase to offset growth.
- 1. Your residents love paying **more** property taxes every year.



Development Charges Current Examples

 Consultant's report to Town of Prescott Council provides consultant's opinion that development charges (DCs) do not hinder new development





Even if DCs Influenced . . .

Even if Development Charges influenced decisions to build (-1 to -2%), the net D.C. amount would be worth collecting.

Over the 5 year life of the 2012 D.C. Bylaw, we anticipate collecting **\$700,000** in development charges.

Instead, we collect **\$690,114** to **\$683,143** in development charges.



What Can Municipalities use the DCs Revenue for?

- Growth-related Capital Expenses.
- Not for operating expenses or replacement costs.

(property taxes cover these costs)



DEVELOPMENT CHARGES ACT Upgrades financed by Growth

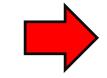


Single Axle Dump



Tandem Axle Dump

Replacement Value = \$185,000



Value = \$215,000

Potential Eligible Capital Cost = \$30,000







Replacement Sidewalk

New or Upgraded Sidewalk

Widened Sidewalk







Replacement Asphalt

Upgrade Gravel to Surface Treatment



DEVELOPMENT CHARGES ACT

Which Services can be Included?

				%
M	unicipal Service		Components	Recoverable From Dev.Ch.
			Eligible Services	
1.	Administration	1.1	Development Charges Study	90%
2.	Transportation	2.1 2.2 2.3 2.4 2.5 2.6 2.7	Municipal roads Traffic signs, signals, etc. Sidewalks Streetlights Municipal parking lots Depots and salt / sand domes Rolling stock†	100% 100% 100% 100% 100% 100%
3.	Fire Protection	3.1 3.2 3.3	Fire stations Fire fighting vehicles (pumpers, tankers, rescue vehicles)† Equipment and gear	100% 100% 100%
4.	Storm Water Drainage and Control Services	4.1 4.2 4.3	Retention / detention ponds Channelling, connections Truck lines, main channels	100% 100% 100%
5.	Water Supply Services	5.1 5.2	Distribution system Treatment plant	100% 100%
6.	Waste Water Services	6.1 6.2 6.3	Sewer lines Pumping stations Treatment plant	100% 100% 100%
7.	Electric Power Services	7.1 7.2 7.3	Substations Distribution system Rolling stock†	100% 100% 100%
8.	Police Services	8.1 8.2 8.3	Police stations Police vehicles† Equipment and gear	100% 0% + 100%† 100%
9.	Ambulance	9.1 9.2 9.3	Building / Station Ambulance Vehicles† Equipment and gear	100% 0% - 100%† 100%

† - Must have estimated useful life of seven (7) years or more

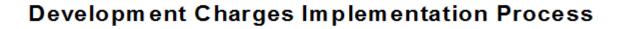
DEVELOPMENT CHARGES ACT

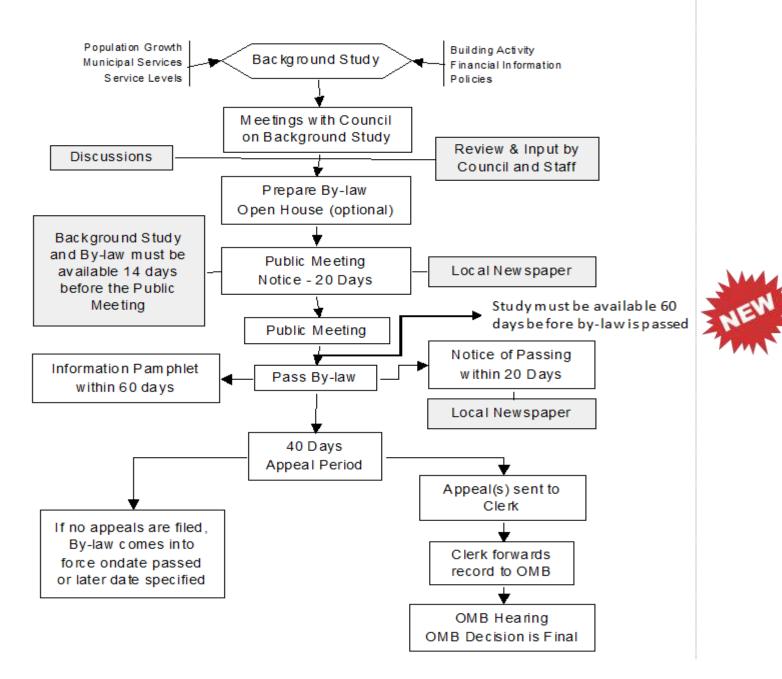
Which Services can be Included?

Municipal Service			Components	% Recoverable From Dev.Ch.
			Eligible Services	
10.	Library Services	10.1 10.2 10.3 10.4	Buildings & Land Furniture and equipment Circulation materials Studies	90% 90% 90% 90%
11.	Recreational Services	11.1 11.2 11.3 11.4 11.5	Arenas Community Centres, Pools Vehicles, rolling stock† Park development (structures, fields, etc.) Studies	90% 90% 90%† 90% 90%
12.	Homes for the Aged	12.1	Buildings and facilities	90%
13.	Day Care	13.1	Buildings and facilities	90%
14.	Social Services	14.1	Buildings and facilities	90%
			Ineligible Services	
15.	Ineligible Services	15.1 15.2 15.3	Town Hall Cultural or entertainment facilities (museums, theatres, art galleries) Tourism facilities including convention centres	0% 0% 0%
		15.4 15.5	Parkland acquisition Hospitals (capital contributions)	0% 0%
		15.6	Waste management services & studies	0%
		15.7		0%
		15.8 15.9	Computer equipment Administration furniture and equipment	0% 0%
			(other than computer equipment)	0 /0
			Cost to acquire administration land	0%
		15.11	Rolling stock with useful life less than 7 years (ie. riding lawn mowers)	0%

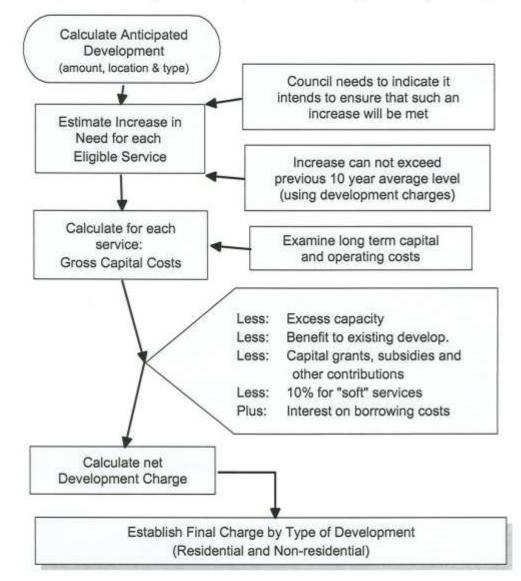


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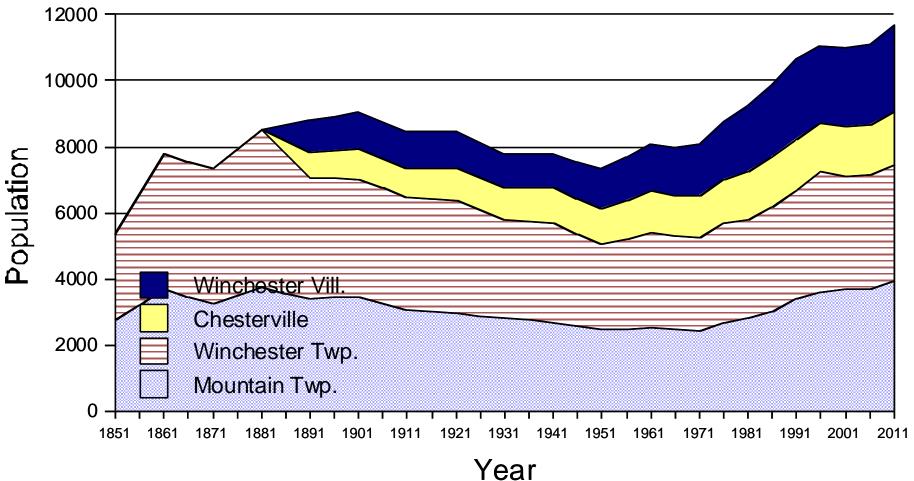
Process for Calculating a Development Charge (Section 5, Development Charges Act, 1997)

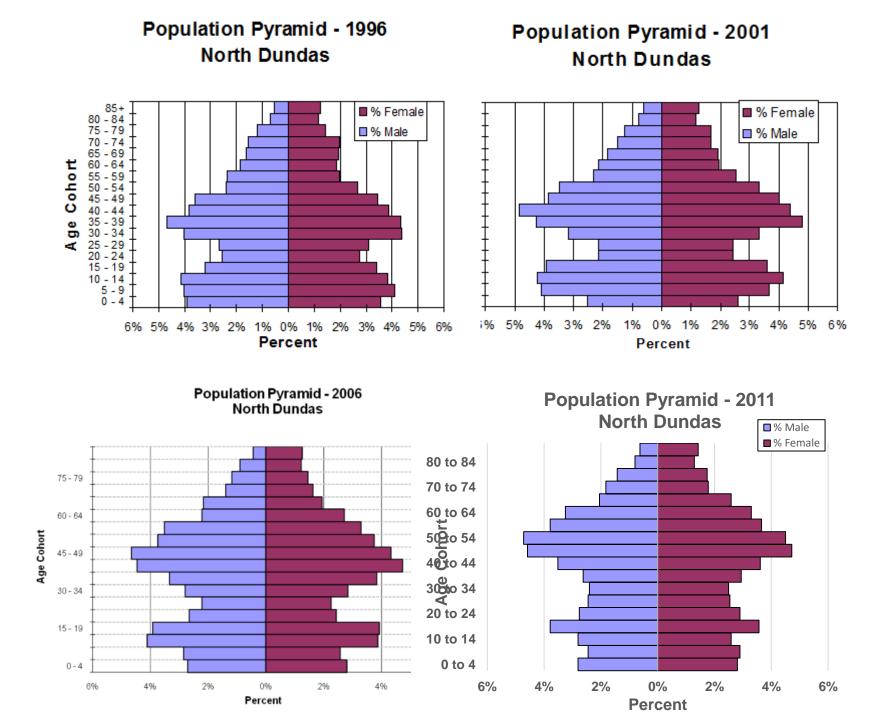


Note: The above simplified flow chart is provided only for illustration purposes. For complete details and legal requirements, consult the Development Charges Act (1997) and the associated Ontario Regulation 82/98.

North Dundas Township

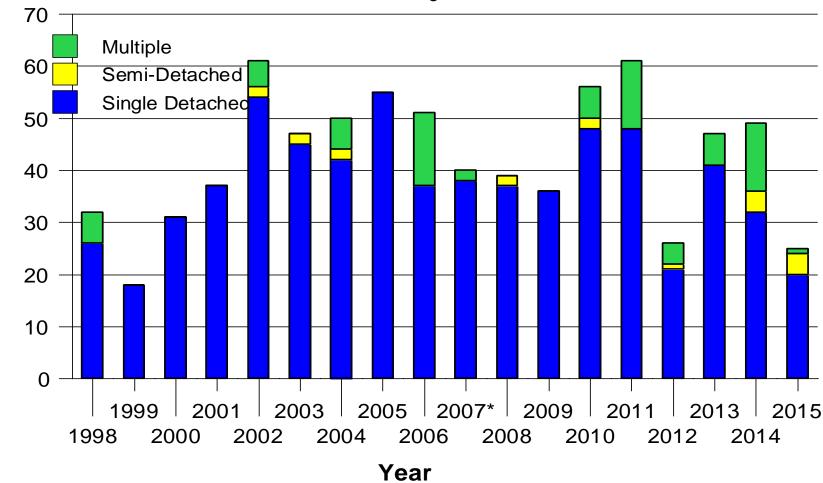
Historical Population 1851-2011





Housing Starts

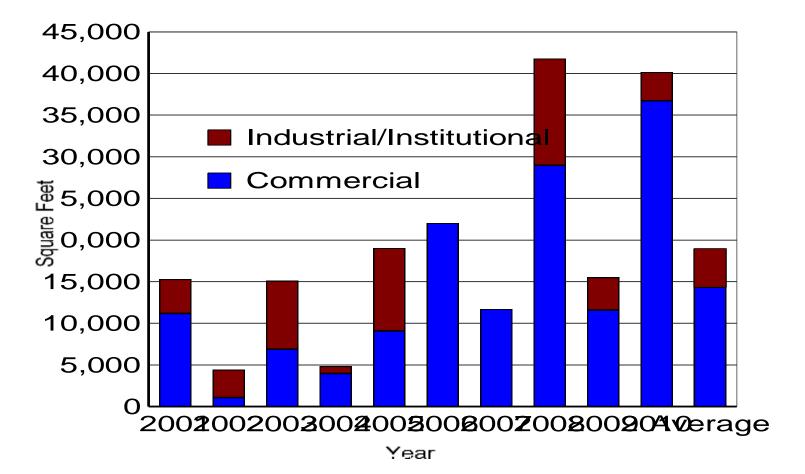
Since Amalgamation





Number of Units Built

Commercial & Industrial Development





Calculating Development Charges

- Look back 10 years and project 10 years
- Service levels (can not exceed avg.).
 → 2.25 lawnmowers/1,000 dwellings

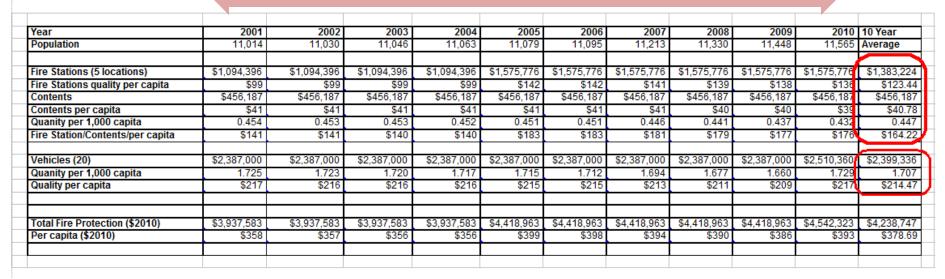




Table 5.4

Fire Protection Facilities and Services Capital Assets Inventory - past 10 years Township of North Dundas

10 YEARS



Past 10 year Average Level of Service



Table 6.4

10 YEAR PROJECTION

Fire Protection Facilities and Services Capital Program Forecast (2011-2020) Township of North Dundas

Year	Gross Cost	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Population		11,683	11,789	11,895	11,988	12,081	12,174	12,267	12,360	12,453	12,546
Chesterville & Morewood Fire Station Upgrades	\$125,000							\$65,000		\$60,000	
Fire Equipment/Hall Contents	\$40,000		\$4,000	\$4,000	\$8,000		\$8,000		\$8,000		\$8,000
PumperTruck/Vehicle Upgrades	\$220,000					\$50,000			\$90,000		\$80,000
Total Fire Protection (\$2010)	\$385,000	\$0	\$4,000	\$4,000	\$8,000	\$50,000	\$ 8,000	\$ 65,000	\$98,000	\$60,000	\$88,000

Service Component	Maximum Allowable*	Capital Forecast	Beyond Avg. Service Level**	Excess Capacity ***
Fire Stations (5)	\$127,738	\$125,000	Nil	Nil
Equipment & Contents	\$ 42,206	\$ 40,000	Nil	Nil
Vehicles	\$221,948	\$220,000	Nil	Nil

* - Based on average service level standards (Table 5.3) plus non-residential growth (+8%)

** - Must be financed from sources other than development charges.

*** - Excess capacity within existing service.

Using 10 year <u>Average</u> Level of Service for the next 10 years



DEI	OUCTIONS (Less)	Excess capacity	- Development				
		Benefit to Existing Development					
		Capital Grants, Subsidies and othe	, charge is then s	plit			
		Beyond allowable average 10 year	s between				
		Capital reduction - 0% or 10%	Residential, Non-				
Tota	al Deductions		residential, and				
NE	I GROWTH-RELATED	CAPITAL COST	Farm Buildings				
	Residential share (87.70	6% for Vehicles & Equipment; and 92	(according to				
	Non-residential share (8	8.04%) excluding Farm Buildings	projected growt	:h)			
	Non-residential share (4	4.2%FarmBuildings)		\$	10		

RESIDENTIAL DEVELOPMENT CHARGE

Projected Number of Persons	956	Avg. Development Charge per unit	\$
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NON-RESIDENTIAL DEVELOPMENT CHARGE

Development Charges Index to Inflation - April 14, 2016

Schedule of Development Charges by Type of Dwelling Unit

RESIDENTIAL DEVELOPMENT CHARGES								
Type of Unit	Development charge per unit							
Single Detached	\$3,726							
Semi-detached / Duplex	\$3,478							
Row Dwelling / Townhouse	\$2,981							
Apartment 3 bedroom	\$2,857							
Apartment 2 bedroom	\$2,608							
Apartment 1 bedroom	\$1,987							
Apartment Bachelor	\$1,491							



Schedule of Development Charges for Non-residential Uses of Land, Buildings or Structures

Non-RESIDENTIAL DEVELOPMENT CHARGES per sg.ft. of Gross Floor Area									
TOTAL BUILDING SIZE	(1) (2) FOR THE FOR THE FIRST NEXT 2,500 S.F. 2,500 S.F. BEYOND (1)		(3) FOR THE NEXT 25,000 S.F. BEYOND (1&2)	(4) FOR THE NEXT 25,000 S.F. BEYOND (1,2&3)	(5) FOR ANY ADDITIONAL S.F. BEYOND (1,2,3&4)				
0-2,500 S.F.	\$0.6561	-	-	-	-				
2,501-5,000 S.F.	\$0.6561	\$0.33	-	-	-				
5,001-30,000 <u>S.F</u>	\$0.6561	\$0.33	\$0.16	-	-				
30,001-55,000 S.F.	\$0.6561	\$0.33	\$0.16	\$0.10	-				
55,001 S.F. +	\$0.6561	\$0.33	\$0.16	\$0.10	\$0.05				

S.F. - Square Feet



FARM BUILDING DEVELOPMENT CHARGES per sq.ft of Gross Floor Area									
TOTAL BUILDING SIZE	(1) FOR THE FIRST 500 S.F.	(2) FOR THE NEXT 2,000 S.F. BEYOND (1)	(3) FOR THE NEXT 2,500 S.F. BEYOND (1 & 2)	(4) FOR THE NEXT 5,000 S.F. BEYOND (1, 2 & 3)	(5) FOR ANY ADDITIONAL S.F. BEYOND (1, 2, 3 & 4)				
0 to 500 S.F.	Nil	-	-	-	-				
500 to 2,500 S.F. 2,501 to 5,000 S.F.	Nil Nil	\$0.1669 \$0.1669	- \$0.0834	-	-				
5,001 to 10,000 S.F. 10,001 S.F. +	Nil Nil	\$0.1669 \$0.1669	\$0.0834 \$0.0834	\$0.042 \$0.042	- \$0.021				

S.F. - Square Feet

We only Charge for Fire Services (Vehicles & Equipment)









Municipal Service		Public Works								Trans	spi
		Garage	ſ	Equipment & Furniture)	Unlicenced Vehicles	L	icenced Vehicles		Sidewalks	
Balance as of the 1st day of											
January 2015	\$	143,432.14	\$	-534.55	\$	70,751.68	\$	17,734.01	\$	-764.99	_
				1 000 77							4
Residential Dev. Chrgs Received	_	6,258.42	-	1,689.77	-	4,255.73	<u> </u>	7,744.80	-	2,503.37	-
Non-Residential Dev. Chrgs. Received		900.23	-	243.06	-	612.16	<u> </u>	1,114.03	-	360.09	-
Farm Buildings Dev. Chrqs Received		7 450 05	_	4 000 04	-	1007.00	-	0.050.00	_	0.000.40	+
Total Dev. Charge Received	\$	7,158.65	\$	1,932.84	\$	4,867.88	\$	8,858.83	\$	2,863.46	-
Accrued Interest - Residential		567.67	_	153.27		386.02		702.50		227.07	+
Accrued Interest - Non-Residential		74.06		20.00		50.36		91.65		29.62	
Accrued Interest - Farm Building											
Total Accrued Interest		641.73		173.27		436.38		794.15		256.69	\neg
SUB-TOTAL	\$	7,800.39	\$	2,106.10	\$	5,304.26	\$	9,652.98	\$	3,120.16	
LESS											
Development Charges Refunded		0.00		0.00		0.00		0.00		0.00	
Transfers to Capital Fund		-196,000.00	-	0.00		-11,649.30		0.00		0.00	-
Amount Borrowed by Municipality		0.00		0.00		0.00		0.00		0.00	
Interested on Borrowed Amount		0.00		0.00		0.00		0.00		0.00	
SUB-TOTAL		-196,000.00		0.00		-11,649.30		0.00		0.00	+
CLOSING BALANCE - December 31, 2015		-44,767.47		1,571.55		64,406.64		27,386.98		2,355.17	_
2015 Capital Projects:											
	Ac	tual Amount	B	udget Amount	Am	ount Withdrawn		mount Financed		Grants/Other	
				D.C.'s			f	from Reserves		Contributions	
2015 Fire Dept. Air Filling Stations	_	\$46,742.00		\$22,000.00		\$22,500.00		\$19,242.00		\$5,000.00	
2015 Fire Dept. Cutters Edge		\$3,047.71		\$3,500.00		\$3,000.00		\$47.71		\$0.00	
2015 Public Works Garage		\$595,998.83		\$160,000.00	_	\$196,000.00		\$399,998.83		\$0.00	
2015 7ft Road Side Mower/Cutter (Unlicenced)		\$11,649.30		\$12,000.00		\$11,649.30		\$0.00		\$0.00	

How many Ontario Municipalities Have DC's?

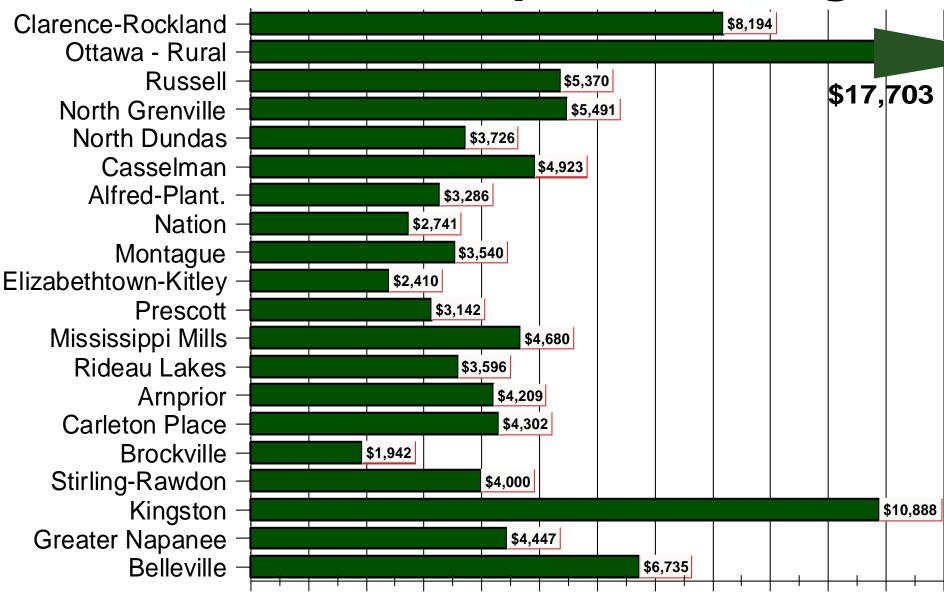
Based on Survey of Municipalities:

	Population Range		# of Municipalities with DC By-laws	%		
ł	0 - 2,500	134	5		4%	
	2,500 - 5,000	57	14		25%	060/
	5,000 - 10,000	80	43		54%	00/0
	10,000 - 25,000	79	68		86%	
	25,000 - 100,000	59	44		75%	•
	100,000+	34	31		91%	
	Total	443	205		46%	





Rural Area Development Charges



Note: No Water or Sanitary Sewer Charges Included

Data from websites: August 2016

DEVELOPMENT CHARGE BY-LAWS ADVICE:

- Keep the charge reasonable for your area (comparable and "baby steps").
- Take into consideration "economies of scale" for nonresidential development.



QUESTIONS AND COMMENTS

In the spirit of the Act...

Section 12.1 of the DCA states:

"Any person who attends a meeting under this section may make representations relating to the proposed by-law."



Thank You!

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