

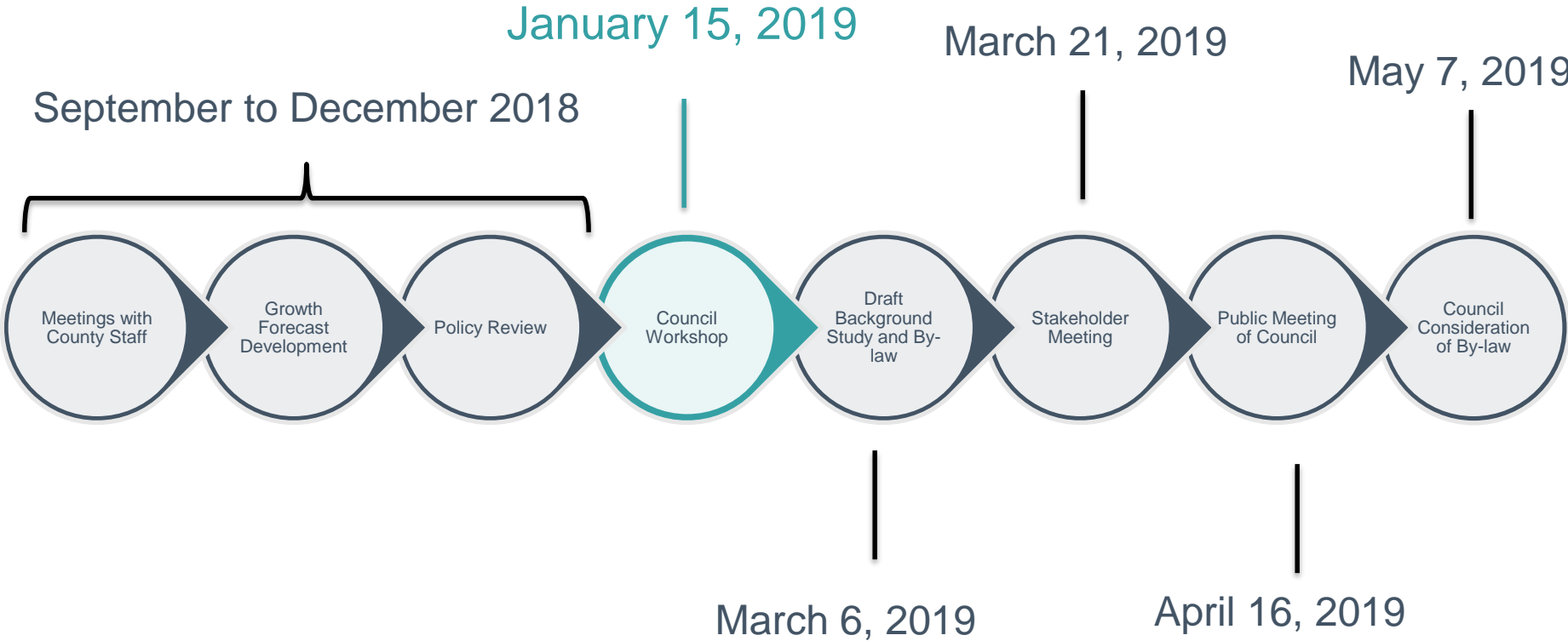


Haldimand County

Development Charges Council
Workshop

January 15, 2019

Study Process & Timelines



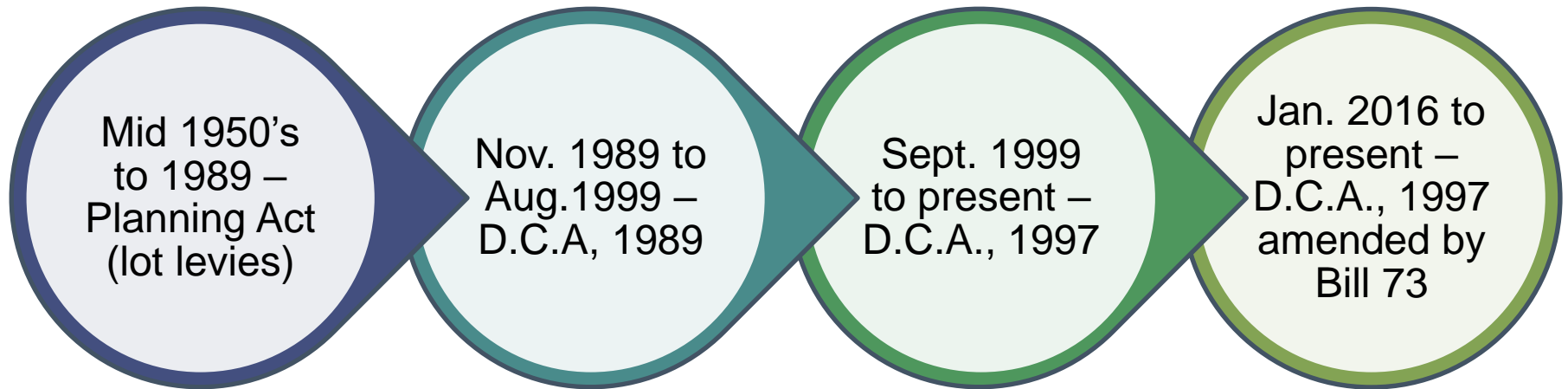
Development Charges



Purpose:

- 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.)

History of D.C.'s



D.C.A. Overview



- The D.C.A. 1997 provided a major change to the D.C.A. 1989 which resulted in a significant loss of potential revenue to municipalities. The 1997 Act introduced a number of:
 - Service Limitations
 - Service Standard Restrictions
 - Mandatory Reductions
 - Mandatory Exemptions
- Bill 73, passed in December, 2015, introduced further changes
- The following provides a summary of the key aspects of the D.C.A. 1997 as amended

Limitations on Services



- Some forms of capital and some services can not be included in the D.C.A.. For example:
 - Headquarters for the General Administration of the Municipality
 - Arts, Culture, Museums and Entertainment Facilities
 - Tourism Facilities
 - Provision of a Hospital
 - Parkland Acquisition
 - Waste Management Services (updated to allow for waste diversion, as per Bill 73)

Capital Costs



Capital Cost definition has been broadened to include:

- Acquire land or interest in land
- Improve land
- Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
- Equipment and rolling stock
- Capital component of a lease for the above
- Circulation materials for Libraries
- Studies for above including a D.C. Background Study
- Interest on money borrowed to pay for the above

Capital Costs (cont'd)



- Certain Capital Costs may not be included:
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment
- D.C.A. also provides for a mandatory 10% reduction of capital cost for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
 - **Transit (updated as per Bill 73)**

Capital Costs



- The planning horizon for future capital needs is limited to 10 years for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

Service Standards



- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- Previously (D.C.A., 1989), provided that the D.C. be “no higher than” the highest level attained over the previous 10 year period.
- D.C.A., 1997 provides that the “average of the past 10 years” (except transit as per Bill 73)
- Impacts – generally lowers collection levels and may provide for spiral downwards if the municipality does not keep up with construction of services



Methodology

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. Statutory 10% deduction (soft services)
 - iv. Amounts in excess of 10 year historical service calculation
 - v. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to provide the D.C. charge

D.C. Cashflow



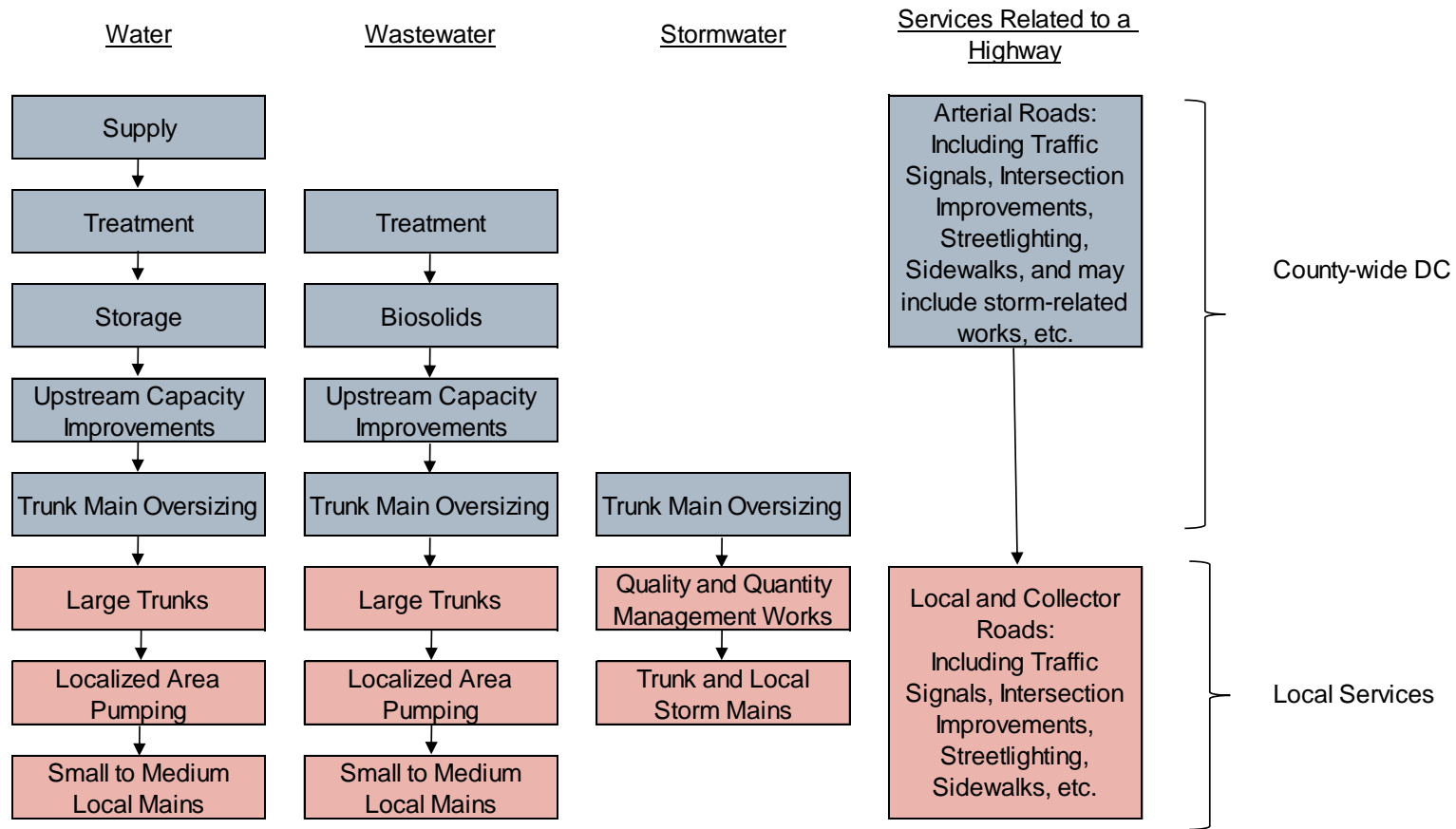
- Hard services normally constructed in advance of growth which can cause cash flow issues
- Project funding may require debenture financing or borrowing from other reserves to interim fund works (with repayment from D.C.'s) – also requires prioritizing the timing of construction for various projects
- In some cases, municipalities may consider agreements with developers to cashflow priority works

Local Service Policies



- Subdivision Agreement Conditions - the Act broadens the coverage of such agreements to include “local services related to a plan of subdivision or within the area to which the plan relates”, rather than simply local services within a plan of subdivision, as under the old Act.
- This suggests the need for a D.C. Background study to provide a local service policy
- Further, due to Bill 73, “no additional levies” clause, a Local Service Policy is required to be developed and approved by Council, through the D.C. study process, to clearly define what developers would be required to do as part of their development agreements versus what would be included in the D.C.
- Items to consider are collector & arterial roads, intersection improvements & traffic signals, streetlights & sidewalks, Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways, Noise Abatement Measures, Land dedications/easements, Water, Wastewater, Stormwater, and Park requirements.

Draft Local Service Policy



- No recommended changes from current local service policy
- May consider Best Efforts agreements for cost sharing localized services in some situations



Exemptions

Mandatory Exemptions

- For industrial building expansions (may expand by 50% with no DC)
- May add up to 2 apartments for a single as long as size of home doesn't double
- Add one additional unit in medium & high density buildings
- Upper/Lower Tier Governments and School Boards

Discretionary Exemptions

- Reduce in part or whole DC for types of development or classes of development (e.g. industrial or churches)
- May phase-in over time
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

County of Haldimand Current Exemptions



Discretionary Exemptions

- Development which is or would be classified under the Assessment Act as exempt from taxation for realty taxes such as a place of worship
- Farm operation constructed for bona fide farm uses
- Current Definition: “farm building” means that part of a bona fide farm operation encompassing barns, silos, and other ancillary development to an agricultural use, but excluding a residential, commercial, and industrial use (note that this will be refined to exclude agri-tourism business)

Other Matters



- Excess Capacity – any excess capacity in the system cannot be recovered in the DC unless council had expressed a clear intention to recover these costs at or before the time the capacity was created
- Cross Subsidization - the act clarifies that a cost recovery shortfall from one type of development may not be made up through higher charges on other development. However, it also clarifies that the charge for any particular development does not have to be limited to the cost increase attributable to that development

Other Matters



- An examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service
- It is mandatory that a D.C. Background Study be prepared and be available to the public (along with a draft D.C. by-law) at least two weeks prior to the public meeting
- Prescribed Index - use of the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (CANSIM Table 327-0043)



Update on Bill 73: New Definitions & Ineligible Services

- **New Definitions:**
 - “Prescribed” – a reference to what may be contained in the Regulation
 - “Regulations” – used to specifically refer to regulations made under the D.C.A.
- **Ineligible Services:**
 - move the definition of Ineligible Services from the D.C.A. to the Regulations – allows for easier adjustments to add or reduce ineligible services.
 - Solid waste was formerly an ineligible service – Section 2.1(5) and (6) identify that only landfill and incineration are ineligible thus allowing for alternative waste disposal methods to be allowed for (e.g. recycle, reuse, composting, etc.)

Update on Bill 73: Area-specific Charges



- New section 10(c.1) requires that Municipalities must examine the use of area-rating
- While there are no specific “prescribed” services, this section identifies that the background study must consider this to reflect the different needs for different areas
- Note that while the background study must consider the option of area rating, it is not mandatory to pass area specific charge
- Minister maintains right to prescribe services or municipalities which must be area rated

Update on Bill 73: Waste Diversion



- Waste collection, recycling collection and management, and organic waste collection and management now eligible for D.C. funding
- Eligible costs to be treated like “general” services
 - 10-year historical service level restriction
 - Development-related capital costs subject to 10% reduction
- Ineligibility maintained for:
 - Landfill sites and services
 - Facilities and services for the incineration of waste

Update on Bill 73: Asset Management



- Background Study must include an asset management plan related to new infrastructure (will be included as an appendix in the report)
- For all services except transit, the background study shall deal with all assets proposed in the study and demonstrate that these assets are financially feasible over their full life cycle
- For Transit services, a more prescriptive set of requirements has been included in the Regulations
- Act identifies that further information or the manner in which these are provided may be prescribed however only transit services are prescribed at this time

Update on Bill 73: Transit



- 10% mandatory deduction from the growth-related costs removed
- Methodology for determining the planned level of service set out in the regulations
- Methodology requires ridership forecasts and ridership capacity for all modes of transit over the 10 years, identification of excess capacity which exists at the end of 10 years, identification of whether new ridership is from existing or planned development
- New forward-looking service standard based on ridership
- Revised Benefit to Existing and Post Period Benefit calculations for facilities and vehicles

Update on Bill 73: No Additional Levies



- New section 59.1(1) and (2) of the Act - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A.
- Subsection (2) does allow for exceptions if a class of service or development, or an Act is prescribed – no provision is made in the Regulations at this time
- Does not affect a charge imposed prior to January 1, 2016
- Minister may at any time investigate a municipality for compliance - note that the powers provided to the Minister to investigate are extensive



Update on Bill 73: Public Process Extended

- Council shall ensure that the D.C. Background study is made available to the public 60 days prior to the passing of the D.C. by-law
- Report must be available on the website for 60 days prior to passage and be available as long as the by-law is in effect

Update on Bill 73: Annual Report of the Treasurer



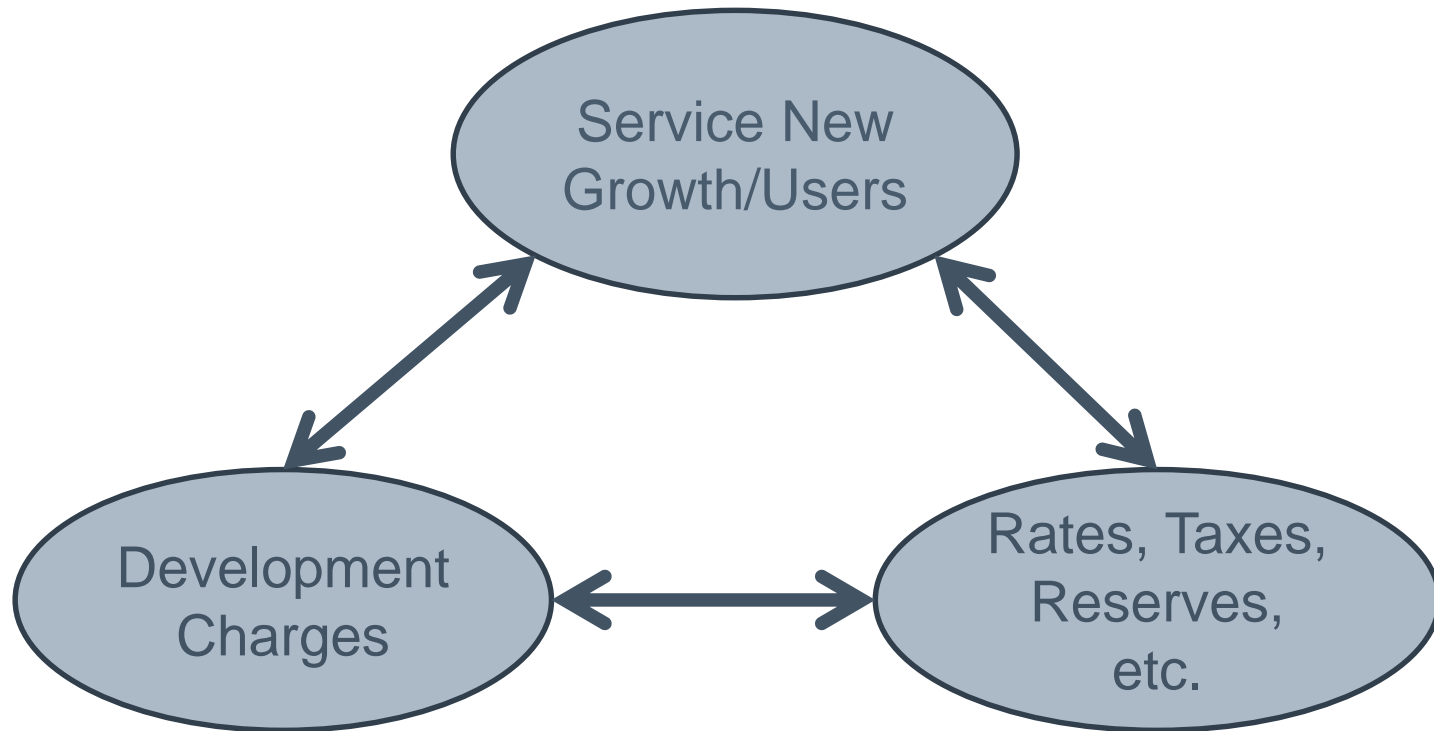
- Annual report must include opening/closing balances, all transaction in the fund, statements identifying all assets funded by D.C.'s and how the portions not funded by D.C.'s were funded
- Include a statement as to the municipality's compliance in not imposing, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by this Act
- Submit the report to the MMAH only when requested by the Minister

Impact of Bill 73 on Haldimand



- Consider impact of “no additional levies” in development process and on Local Service Policy
- Annual reporting requirements to conform to the new required format
- Ensure the background study is available at least 60 days prior to by-law passage
- Need to consider Area Rating as part of the Background Study (but not mandatory to impose)
 - Currently the County imposes water, wastewater, and stormwater charges on the urban areas of the County and it is recommended that this approach be continued

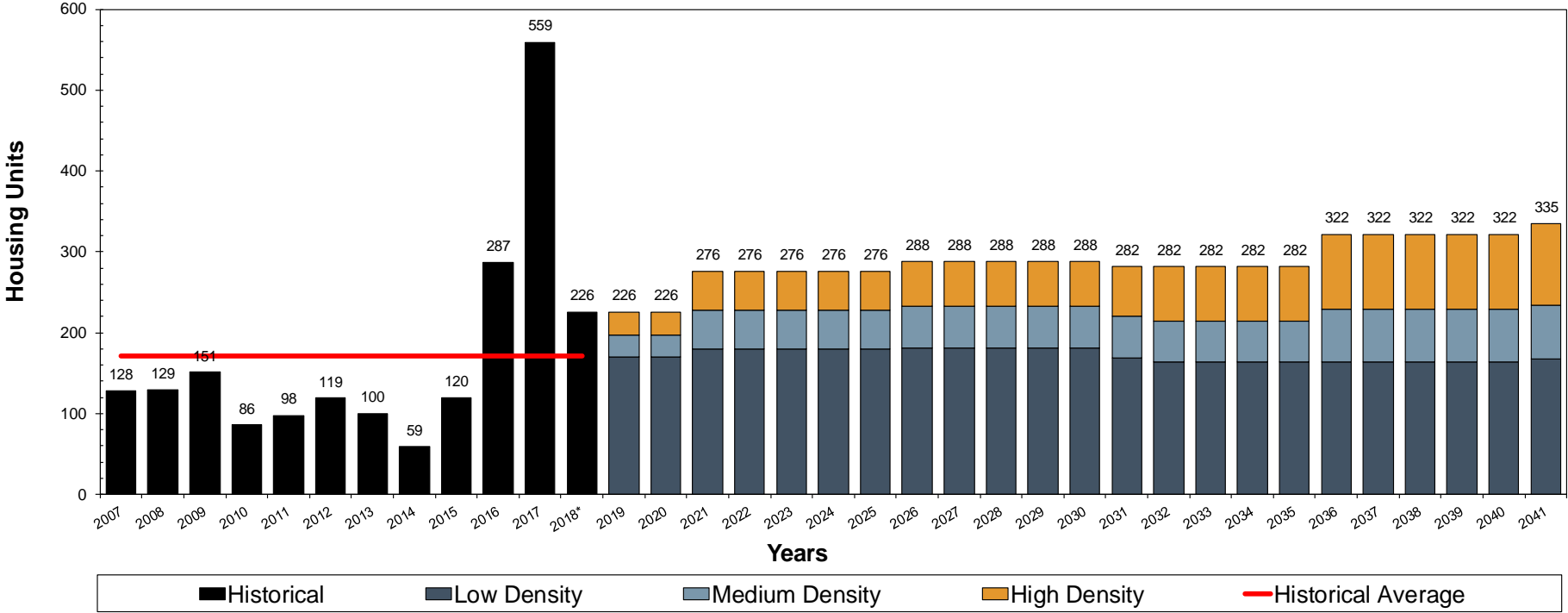
Relationship Between Needs to Service Growth vs. Funding



Growth Forecast



Figure A-1
Annual Housing Forecast¹



Source: Historical housing activity derived from Haldimand County building permit data, 2007-2017.
Note: 2018 is an estimate.

Growth Forecast Summary



The 2019 Development Charge forecast provides for the following growth:

Measure	10-year 2019-2028	20-year 2019-2038	Urban 20-year 2019-Urban 20 Year
(Net) Population Increase	6,376	13,433	13,445
Residential Unit Increase	2,696	5,648	5,393
Non-Residential Gross Floor Area Increase (sq.ft.)	2,185,900	3,995,700	3,995,700

Source: Watson & Associates Economists Ltd. Forecast 2019

Summary of Services Considered



County-wide:

- Services Related to a Highway (currently roads and related)
- Public Works – Buildings & Fleet
- Fire Protection Services
- Cemeteries
- Parking Services
- Indoor and Outdoor Recreation Services (currently leisure services)
- Library Services
- Ambulance Services
- Waste Diversion Services
- Administration Studies (currently general government)

Urban-area Services

- Wastewater Services
- Water Services
- Stormwater Services

Draft Level of Service Ceiling – Maximum vs. Utilized



SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED								Maximum Ceiling LOS	Utilized	Remaining
Service Category	Sub-Component	10 Year Average Service Standard								
		Cost (per capita)	Quantity (per capita)		Quality (per capita)					
Services Related to a Highway	Services Related to a Highway	\$11,862.40	0.0276	km of roadways	429,797	per lane km	159,347,619	13,350,974	145,996,645	
Public Works	Public Works - Facilities	\$600.29	1.8550	ft ² of building area	324	per sq.ft.	8,063,696	1,603,445	11,871,198	
	Public Works - Vehicles	\$402.81	0.0056	No. of vehicles and equipment	71,930	per vehicle	5,410,947			
Fire	Fire Facilities	\$612.58	1.5017	ft ² of building area	408	per sq.ft.	8,228,787	3,108,893	5,119,895	
	Fire Vehicles	\$360.96	0.0011	No. of vehicles	328,145	per vehicle	4,848,776	1,440,000	3,408,776	
	Fire Small Equipment and Gear	\$89.35	89.3434	Value of equipment	1	per Firefighter	1,200,239	100,000	1,100,239	
Parking	Parking Facilities	\$54.38	4.9157	ft ² of building area	11	per sq.ft.	346,727	346,000	727	
Parks	Parkland Development	\$724.68	0.0138	Acres of Parkland	52,513	per acre	4,620,560	6,885,322	2,651,516	
	Parkland Amenities	\$708.32	0.0037	No. of parkland amenities	191,438	per amenity	4,516,248			
	Parkland Amenities - Buildings	\$54.52	0.1983	ft ² of building area	275	per sq.ft.	347,620			
	Parkland Trails	\$62.74	0.5331	Linear Metres of Paths and Trails	118	per lin m.	400,030			
	Parks Vehicles and Equipment	\$46.16	0.0025	No. of vehicles and equipment	18,464	per vehicle	294,316			-
Recreation	Indoor Recreation Facilities	\$3,643.58	7.7105	sq.ft. of building area	473	per sq.ft.	23,231,466	13,874,736	9,356,730	
Library	Library Facilities	\$402.04	0.8619	ft ² of building area	466	per sq.ft.	2,563,407	3,325,708	15,253	
	Library Collection Materials	\$121.95	4.0652	No. of library collection items	30	per collection item	777,553			
Ambulance	Ambulance Facilities	\$117.27	0.2755	ft ² of building area	426	per sq.ft.	747,714	656,212	91,502	
	Ambulance Vehicles and Equipment	\$50.93	0.0032	No. of vehicles and equipment	15,916	per vehicle	324,730	225,000	99,730	
Waste Diversion	Waste Diversion - Facilities - Stations/Depots	\$46.21	0.3036	ft ² of building area	152	per sq.ft.	294,635	-	294,635	
	Waste Diversion - Vehicles & Equipment	\$33.62	0.0010	No. of vehicles and equipment	33,620	per vehicle	214,361	-	214,361	

Draft - Comparison of County Residential Development Charges



Residential (Single Detached) Comparison

Service	Current	Calculated
Municipal Wide Services:		
Services Related to a Highway	1,455	1,981
Public Works - Building & Fleet	217	238
Parking Services	83	91
Fire Protection Services	976	690
Indoor & Outdoor Recreation Services	4,294	7,096
Library Services	714	1,101
Administration	211	225
Cemeteries	122	70
Ambulance	126	231
Waste Diversion	-	132
Total Municipal Wide Services	8,200	11,855
Area Specific Services:		
Stormwater Drainage and Control Services	284	121
Wastewater Services	1,947	4,777
Water Services	1,694	1,966
Total Area Specific Services	3,926	6,864
Grand Total - Urban Area	12,125	18,719

Draft - Comparison of County Non-Residential Development Charges



Non-Residential (per sq.ft.) Comparison

Service	Current	Calculated
Municipal Wide Services:		
Services Related to a Highway	0.63	0.80
Public Works - Building & Fleet	0.09	0.10
Parking Services	0.04	0.04
Fire Protection Services	0.41	0.29
Indoor & Outdoor Recreation Services	0.40	0.43
Library Services	0.07	0.07
Administration	0.10	0.09
Cemeteries	0.05	0.03
Ambulance	0.05	0.10
Waste Diversion	-	0.06
Total Municipal Wide Services	1.85	2.01
Area Specific Services:		
Stormwater Drainage and Control Services	0.10	0.05
Wastewater Services	0.60	1.84
Water Services	0.52	0.76
Total Area Specific Services	1.22	2.65
Grand Total - Urban Area	3.07	4.66

Note: D.C. by-law will include charges on a per sq.m basis as well



Residential (per single-detached unit) Development Charges Comparison

Rank	Municipality	Upper Tier	Lower Tier	Education	Total
1	Milton (Greenfield)	41,266	19,566	6,633	67,465
2	Burlington (Greenfield)	41,266	9,054	6,633	56,953
3	Milton (Built Boundary)	27,473	19,566	6,633	53,672
4	Burlington (Built Boundary)	27,473	9,054	6,633	43,160
5	Hamilton*	-	38,318	1,924	40,242
6	Lincoln**	16,841	22,603	186	39,630
7	Guelph (Draft Calculated)	-	35,098	1,884	36,982
8	Kitchener (Suburban)*	22,659	11,573	2,601	36,833
9	Cambridge*	22,659	11,370	2,601	36,630
10	Fort Erie (Proposed)	16,841	17,982	186	35,009
11	Pelham	16,841	17,750	172	34,763
12	Grimsby***	16,841	17,135	186	34,162
13	Guelph (Current)*	-	29,909	1,884	31,793
14	Kitchener (Urban)*	22,659	6,030	2,601	31,290
15	Thorold*	16,841	13,136	186	30,163
16	Niagara Falls*	16,841	12,594	172	29,607
17	West Lincoln****	16,841	11,662	186	28,689
18	Niagara-on-the-Lake	16,841	10,503	186	27,530
19	Brant County*	-	24,150	912	25,062
20	Brantford*	-	22,239	912	23,151
21	Haldimand County (Draft)	-	18,719	-	18,719
22	St. Catharines	16,841	-	186	17,027
23	Port Colborne*	16,841	-	172	17,013
24	Norfolk County*	-	14,615	-	14,615
25	Haldimand County (Current)	-	12,125	-	12,125

Notes:

- * By-law to expire within one year
- ** By-law passed with March 2019 enforcement date
- *** Indexed 2018 rates by 5.2%
- **** Indexed 2017 rates by 4.1%



Non-Residential – Commercial (per sq.ft.) Development Charges Comparison

Rank	Municipality	Upper Tier	Lower Tier	Education	Total
1	Burlington (Greenfield)	33.96	11.84	1.69	47.49
2	Burlington (Built Boundary)	30.38	11.84	1.69	43.91
3	Milton (Greenfield)	33.96	7.27	1.69	42.92
4	Milton (Built Boundary)	30.38	7.27	1.69	39.34
5	Lincoln**	11.51	10.95	-	22.46
6	Hamilton (>10,000 sq.ft.)*	-	20.54	0.73	21.27
7	Pelham	11.51	8.97	-	20.48
8	Grimsby***	11.51	8.10	-	19.61
9	Kitchener (Suburban)*	12.18	5.54	1.73	19.45
10	Fort Erie (Proposed)	11.51	6.22	-	17.73
11	Thorold*	11.51	5.99	-	17.50
12	Cambridge*	12.18	2.98	1.73	16.89
13	Niagara-on-the-Lake	11.51	4.51	-	16.02
14	West Lincoln****	11.51	4.34	-	15.85
15	Kitchener (Urban)*	12.18	1.67	1.73	15.58
16	Niagara Falls*	11.51	3.93	-	15.44
17	Guelph (Draft Calculated)	-	12.37	-	12.37
18	Port Colborne*	11.51	-	-	11.51
18	St. Catharines	11.51	-	-	11.51
20	Guelph (Current)*	-	9.98	-	9.98
21	Brantford*	-	7.19	-	7.19
22	Brant County*	-	6.74	-	6.74
23	Norfolk County*	-	6.02	-	6.02
24	Haldimand County (Draft)	-	4.66	-	4.66
25	Haldimand County (Current)	-	3.07	-	3.07

Notes:

- * By-law to expire within one year
- ** By-law passed with March 2019 enforcement
- *** Indexed 2018 rates by 5.2%
- **** Indexed 2017 rates by 4.1%



Non-Residential – Industrial (per sq.ft.) Development Charges Comparison

Rank	Municipality	Upper Tier	Lower Tier	Education	Total
1	Burlington (Greenfield)	12.18	7.58	1.69	21.45
2	Burlington (Built Boundary)	8.61	7.58	1.69	17.87
3	Milton (Greenfield)	12.18	3.32	1.69	17.19
4	Pelham	4.79	8.97	-	13.76
5	Milton (Built Boundary)	8.61	3.32	1.69	13.62
6	Hamilton (>10,000 sq.ft.)*	-	12.53	0.73	13.26
7	Guelph (Draft Calculated)	-	12.37	-	12.37
8	Cambridge*	6.09	2.98	1.73	10.80
9	Kitchener (Suburban)* ¹	6.09	2.77	1.73	10.59
10	Guelph (Current)*	-	9.98	-	9.98
11	Lincoln**	4.79	4.56	-	9.35
12	Niagara-on-the-Lake	4.79	4.51	-	9.30
13	West Lincoln****	4.79	4.34	-	9.13
14	Kitchener (Central)* ¹	6.09	0.84	1.73	8.66
15	Grimsby	4.79	3.61	-	8.40
16	Brantford*	-	7.19	-	7.19
17	Thorold*	4.79	1.99	-	6.78
18	Brant County*	-	6.74	-	6.74
19	Norfolk County*	-	6.02	-	6.02
20	Niagara Falls*	4.79	-	-	4.79
20	Fort Erie (Proposed)	4.79	-	-	4.79
20	Port Colborne*	4.79	-	-	4.79
20	St. Catharines	4.79	-	-	4.79
24	Haldimand County (Draft)	-	4.66	-	4.66
25	Haldimand County (Current)	-	3.07	-	3.07

Notes:

- ¹ For the period of July 1, 2014 to March 1, 2019, industrial development will be charged 50% of the non-residential development charge rate.
- * By-law to expire within one year
- ** By-law passed with March 2019 enforcement
- *** Indexed 2018 rates by 5.2%
- **** Indexed 2017 rates by 4.1%. Smithville industrial park has additional water, wastewater, and stormwater charges of \$16,413 per acre

Council Decisions



Council to provide input on the following matters:

- Local Service Policy
- Discretionary Exemptions
- Consideration of Area-rating
- D.C. rates to be considered

Council Resolutions



- THAT the Development Charges Council Presentation, tabled by Watson & Associates Economists Ltd. at the January 15th, 2019 Committee in Committee Meeting, be received;
- AND THAT the recommended principles, as presented by Watson & Associates, to develop the required Draft Development Charge Background Study (including area-rating, draft rates, applicable by-law) be approved;
- AND THAT the required statutory Public Meeting be held during the scheduled Council in Committee meeting on April 16th, 2019.

Next Steps

