



Development Charges 101 – Council Workshop

Town of Amherstburg
April 9, 2024

Agenda



- Introductions
- Overview of Process – Timelines
- Development Charges Act Overview
- Changes to the Development Charges Act
- Overview of Current Charges and Policies
- Survey of Municipal D.C.s
- Next Steps
- Questions

Overview of Process –Timelines



1

January to May 2024

Data collection, staff review, D.C. calculations and policy work

2

April 9, 2024

Council Workshop

3

July 2024

Release of Final Background Study

4

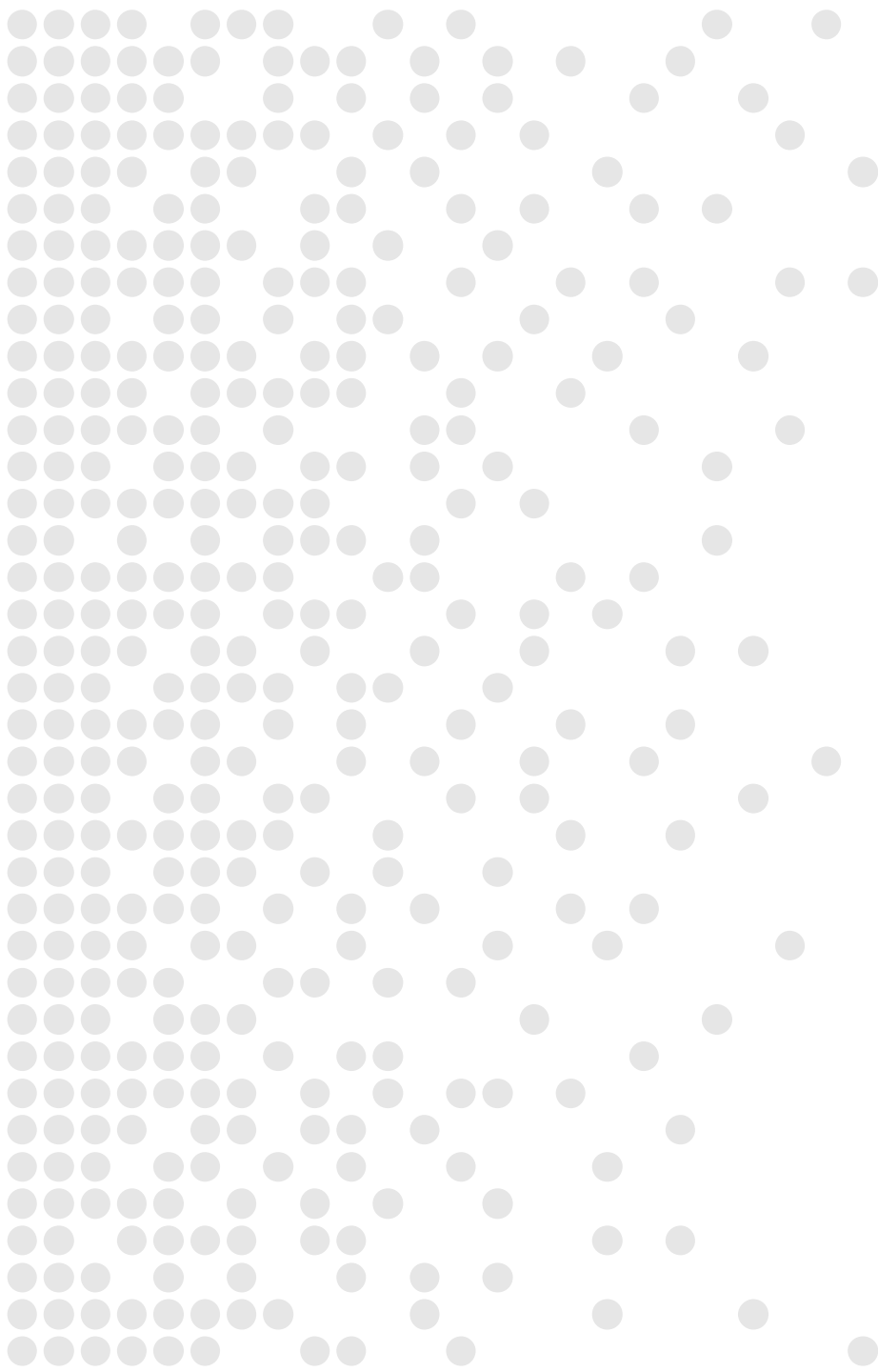
August 2024

Mandatory Public Meeting

5

September 2024

Council Consideration of By-law



Development Charges Act (D.C.A.) Overview

Town of Amherstburg

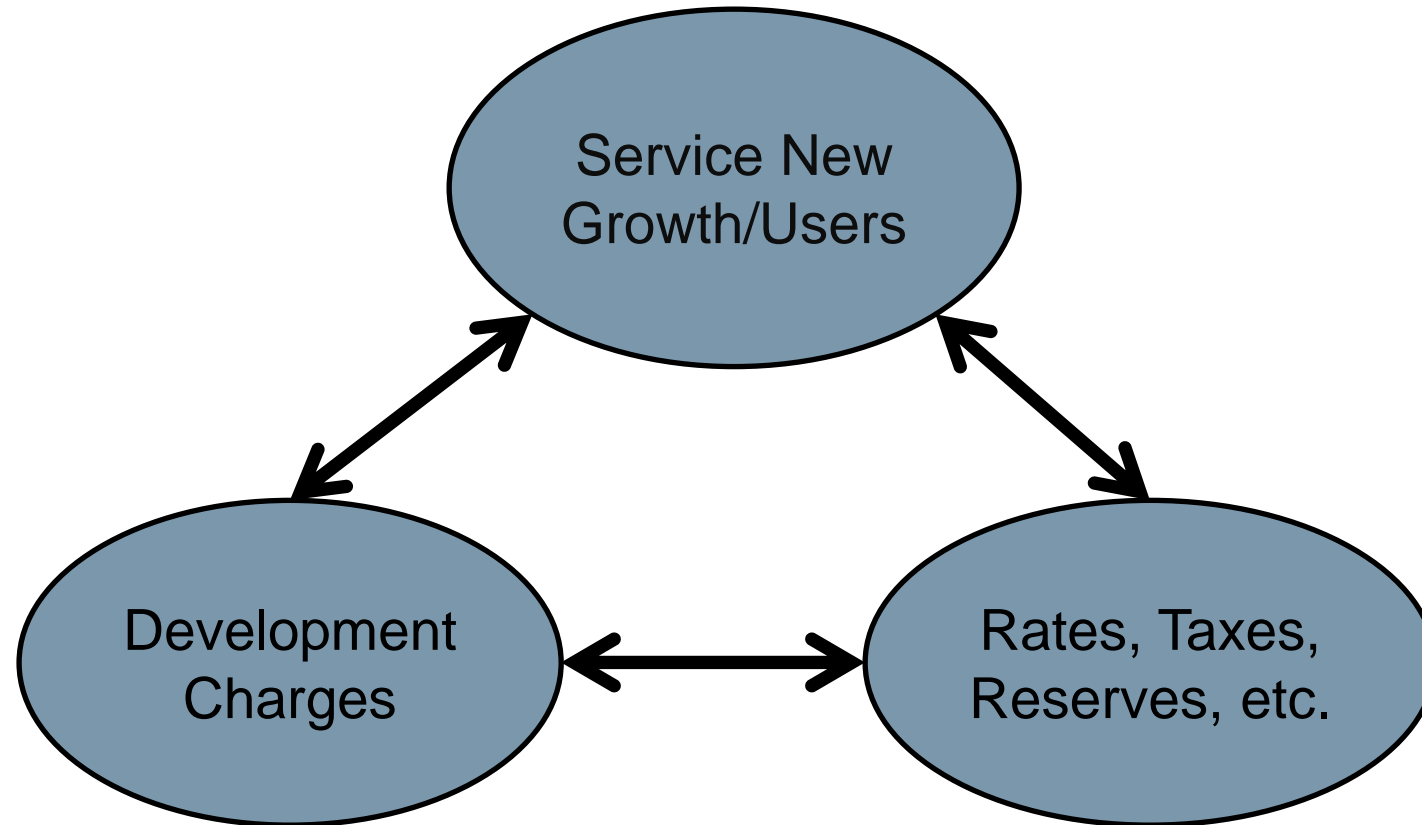
Development Charges (D.C.)



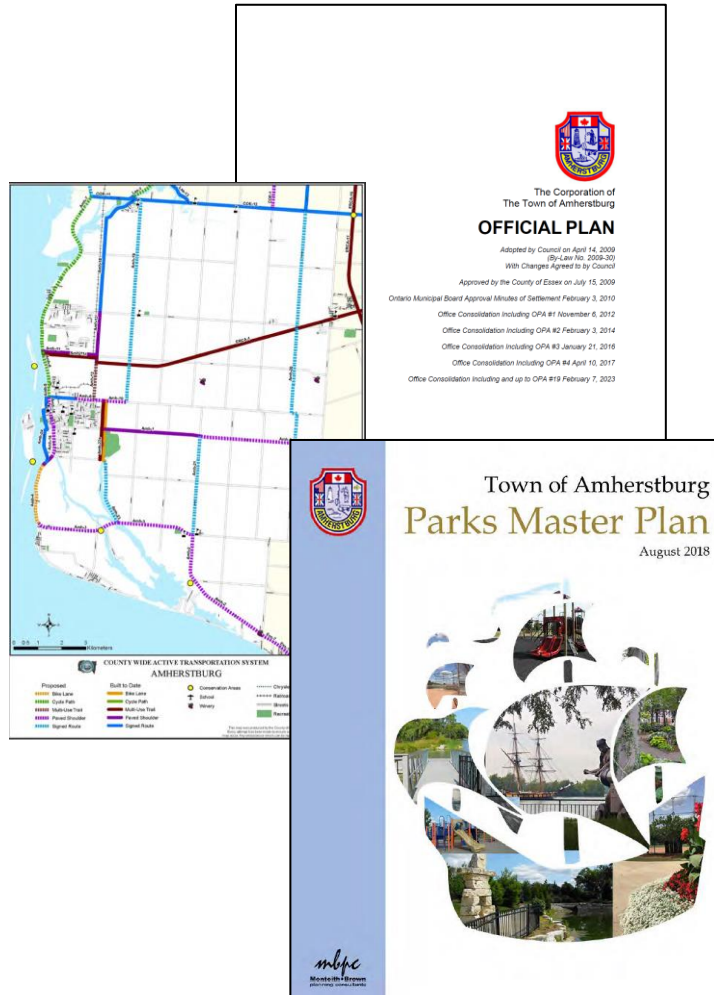
Purpose:

- 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, sidewalks, streetlights, etc.)
- D.C.s are typically paid to the Municipality prior to receiving a building permit
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

Relationship Between Needs to Service Growth vs. Funding



Municipal Financial Planning Framework



Official Plan

Growth and Development



Master Plans

Capital Needs to Support Growth



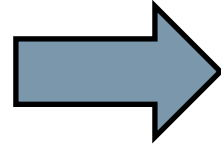
Development Charges

Funding for Capital Needs to Support Growth

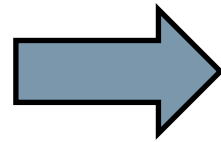
Overview of the D.C. Calculation



Cost of Infrastructure
Required to
Accommodate
Growth



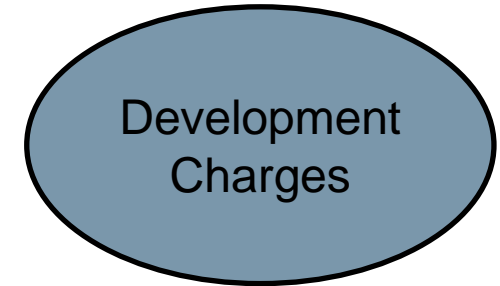
Residential and Non-
residential Growth



\$



Development Charge
per Unit
(for Residential Growth)



Development Charge
per Sq.ft.
(for Non-residential
Growth)

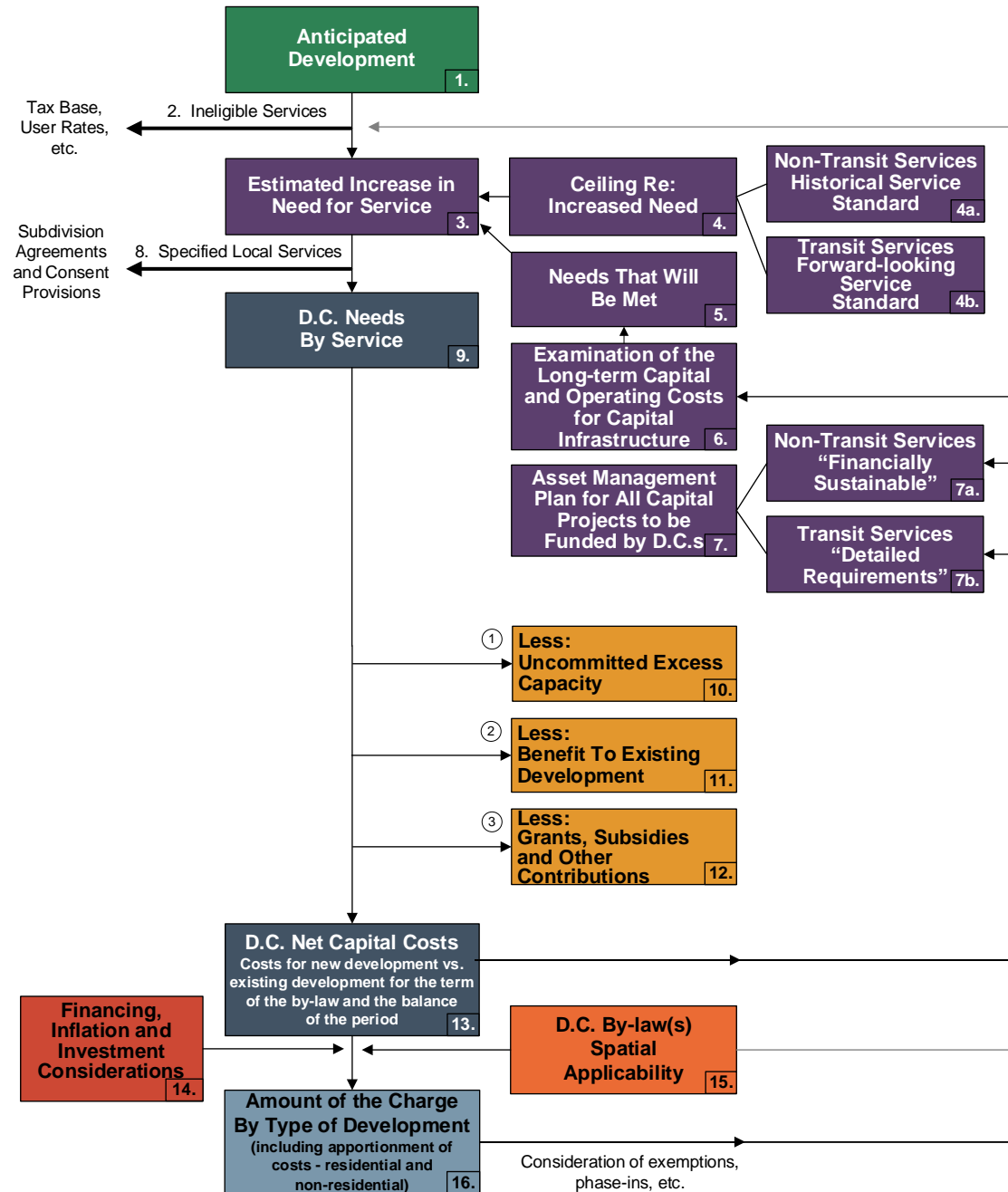
Methodology for Calculating a D.C.



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 15-year historical service calculation
 - iv. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.

The Process of Calculating a Development Charge under the Act that must be followed



D.C. Eligible Services



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. Provincial Offences Act
18. Emergency Preparedness
19. Airports (Waterloo Region only).

Maximum Charge Capped by Service Standard Calculation



- Service standard measure provides a ceiling on the level of the charge which can be imposed
- The D.C.A. requires the calculation to be based on “quantity” and “quality” measures and are averaged over the past **15** years
- Note that this measure does not apply to water, wastewater, storm water and Transit (which now has a forward-looking service standard)

2019 Service Standard Example



Town of Amherstburg Service Standard Calculation Sheet

Service: Services Related to a Highway - Roads
Unit Measure: km of roadways

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Value (\$/km)
Roads											
Asphalt	86	87	87	87	87	87	87	87	87	87	\$611,600
Tar & Chip	60	60	60	60	60	60	60	60	60	60	\$305,900
Gravel	33	33	33	33	33	33	33	33	33	33	\$267,700
Total	179	180	180	180	180	180	180	180	180	180	

Population	21,402	21,400	21,556	21,576	21,604	21,672	21,751	21,936	22,253	22,617
Per Capita Standard	0.0084	0.0084	0.0084	0.0083	0.0083	0.0083	0.0083	0.0082	0.0081	0.0080

10 Year Average	2009-2018
Quantity Standard	0.0083
Quality Standard	\$444,590
Service Standard	\$3,690

D.C. Amount (before deductions)	13 Year
Forecast Population	2,925
\$ per Capita	\$3,690
Eligible Amount	\$10,793,543

2019 Service Standard Example (cont'd)



**Town of Amherstburg
Service Standard Calculation Sheet**

Service: Services Related to a Highway - Roads
Unit Measure: Value of roadways (\$)

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Roads	-	-	-	-	-	-	-	-	-	-
Asphalt	52,597,600	53,209,200	53,209,200	53,209,200	53,209,200	53,209,200	53,209,200	53,209,200	53,209,200	53,209,200
Tar & Chip	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000	18,354,000
Gravel	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100	8,834,100
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Total	79,785,700	80,397,300	80,397,300	80,397,300	80,397,300	80,397,300	80,397,300	80,397,300	80,397,300	80,397,300

Population	21,402	21,400	21,556	21,576	21,604	21,672	21,751	21,936	22,253	22,617
Per Capita Standard	3,728	3,757	3,730	3,726	3,721	3,710	3,696	3,665	3,613	3,555

10 Year Average	2009-2018
Service Standard \$ per Capita	\$3,690

Capital Costs



- **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 (County responsibility)
- ~~Studies for above including a D.C. Background Study~~
- Interest on money borrowed to pay for the above

Capital Costs must be related to eligible services

***Amended as per Bill 23**

Capital Costs (cont'd)



- Any planning horizon for future capital needs can be used, except for Transit (which is limited to 10 years)
- 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
- Certain Capital Costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment that is not integral to the delivery of the service
 - **Studies**
 - **Possible removal of land acquisition for services (yet to be defined by the regulations)**

***Amended as per Bill 23**

2019 Capital Worksheet Example

Infrastructure Costs Included in the Development Charges Calculation



Town of Amherstburg

Service: Services Related to a Highway

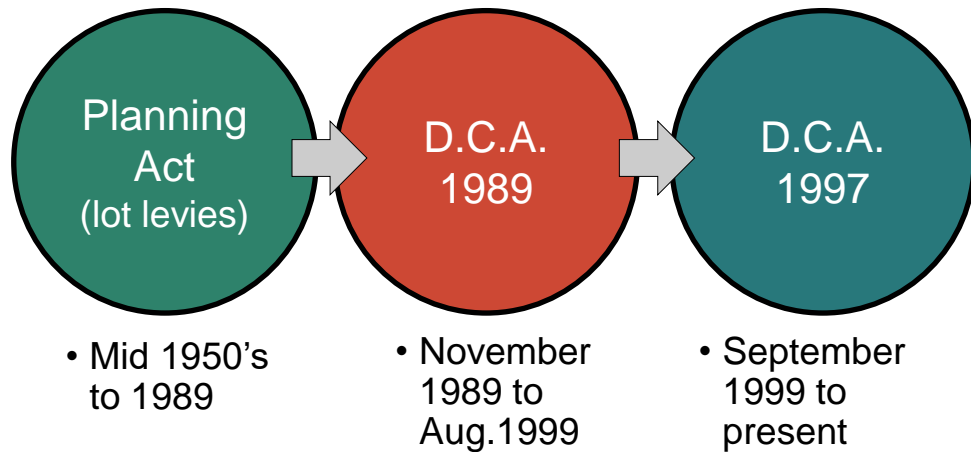
Prj .No	Increased Service Needs Attributable to Anticipated Development 2019-2031	Timing (year)	Gross Capital Cost Estimate (2019\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 86%	Non-Residential Share 14%
	Roads										
1	Fryer St. - Lowes SR to Pickering	2022-2023	3,080,000	666,000		2,414,000	1,848,000		566,000	486,760	79,240
2	Lowes S.R. - Sandwich St to Meloche Rd Upgrades & A.T.	2024-2025	5,647,000	1,221,000		4,426,000	3,388,200		1,037,800	892,508	145,292
3	Provision for Bike Lanes	2019-2031	1,162,000	-		1,162,000	-		1,162,000	999,320	162,680
4	Provision for Road Capacity, Intersection &/or signalization Upgrades in Downtown Area	2019-2031	500,000	-		500,000	-		500,000	430,000	70,000
	Public Works Facilities										
4	Provision for Facility Space (ft 2)	2019-2031	1,590,000	-		1,590,000	-		1,590,000	1,367,400	222,600
	Public Works Vehicles and Equipment										
5	Two Single Axle Dump Trucks w/plow	2020-2021	608,000	-		608,000	-		608,000	522,880	85,120
6	Boom Mower	2019	57,000	-		57,000	-		57,000	49,020	7,980
	Financing Costs & Reserve Adjustments										
7	Texas Road - County Road 20 to County Road 5 Growth Related Debt Principal	2019-2037	688,652	-		688,652	-		688,652	592,241	96,411
8	Texas Road - County Road 20 to County Road 5 Growth Related Debt - Interest (Discounted)	2019-2037	94,143	-		94,143	-		94,143	80,963	13,180
9	Reserve Fund Adjustment						1,310,524		(1,310,524)	(1,127,051)	(183,473)
	Total		13,426,795	1,887,000	-	11,539,795	6,546,724	-	4,993,071	4,294,041	699,030



Changes to the Development Charges Act

Town of Amherstburg

History of D.C.s



Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023

Recent Changes to the D.C. Legislation



There were a number of recent changes to the D.C.A. These changes were provided through:

- Bill 108: *More Homes, More Choice Act, 2019*
- Bill 138: *Plan to Build Ontario Together Act, 2019*
 - Removed instalment payments for commercial and industrial developments (identified in Bill 108)
- Bill 197: *COVID-19 Economic Recovery Act, 2020*
- Bill 213: *Better for People, Smart for Business Act, 2020*
- Bill 109: *More Homes for Everyone Act, 2022*
 - Additional reporting requirements
- Bill 23: *More Homes Built Faster Act, 2022*
- Bill 134: *Affordable Homes and Good Jobs Act, 2023*

Bill 23 Overview



- The Province passed Bill 23: More Homes Built Faster Act, 2022 on November 28, 2022
- This Bill amends a number of pieces of legislation, including the Development Charges Act (D.C.A.), and the Planning Act
 - These changes impact development charges (D.C.s), community benefits charges (C.B.C.s), and parkland dedication
- The changes provided through Bill 23 negatively impact Municipalities' ability to collect revenues to fund growth-related capital expenditures

Changes to the D.C.A.

Bill 23



Additional D.C. Exemptions:

Currently in Force:

- **Inclusionary Zoning Units:** Affordable housing units required under inclusionary zoning by-laws
- **Non-Profit Housing:** Non-profit housing units are exempt from D.C. installment. Outstanding installment payments due after this section comes into force will also be exempt from payment of D.C.s.
- **Additional Residential Unit Exemptions:** units in existing rental buildings, 2nd and 3rd units in existing and new singles, semis, and rowhouses

Currently Not in Force (additional details provided on next slide):

- **Affordable Rental Unit**
- **Affordable Owned Unit**
- **Attainable Unit**

Changes to the D.C.A. – Affordable/Attainable Definitions

Bill 23/Bill 134



Definitions for “affordable” under the D.C.A. were updated by Bill 134, which received Royal Assent on December 4, 2023:

Bill 23 Definitions

Affordable Rental Unit: where rent is no more than 80% of the average market rent, as defined by a new Bulletin*

Affordable Owned Unit: where the price of the unit is no more than 80% of the average purchase price, as defined by a new Bulletin*

Bill 134 Definitions

Affordable Rental Unit: rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in a new Bulletin*

Affordable Owned Unit: cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in a new Bulletin*

Attainable Unit: yet to be defined by legislation

*Bulletin to be published by the Ministry of Municipal Affairs and Housing

Changes to the D.C.A.

Bill 23



D.C. Discounts:

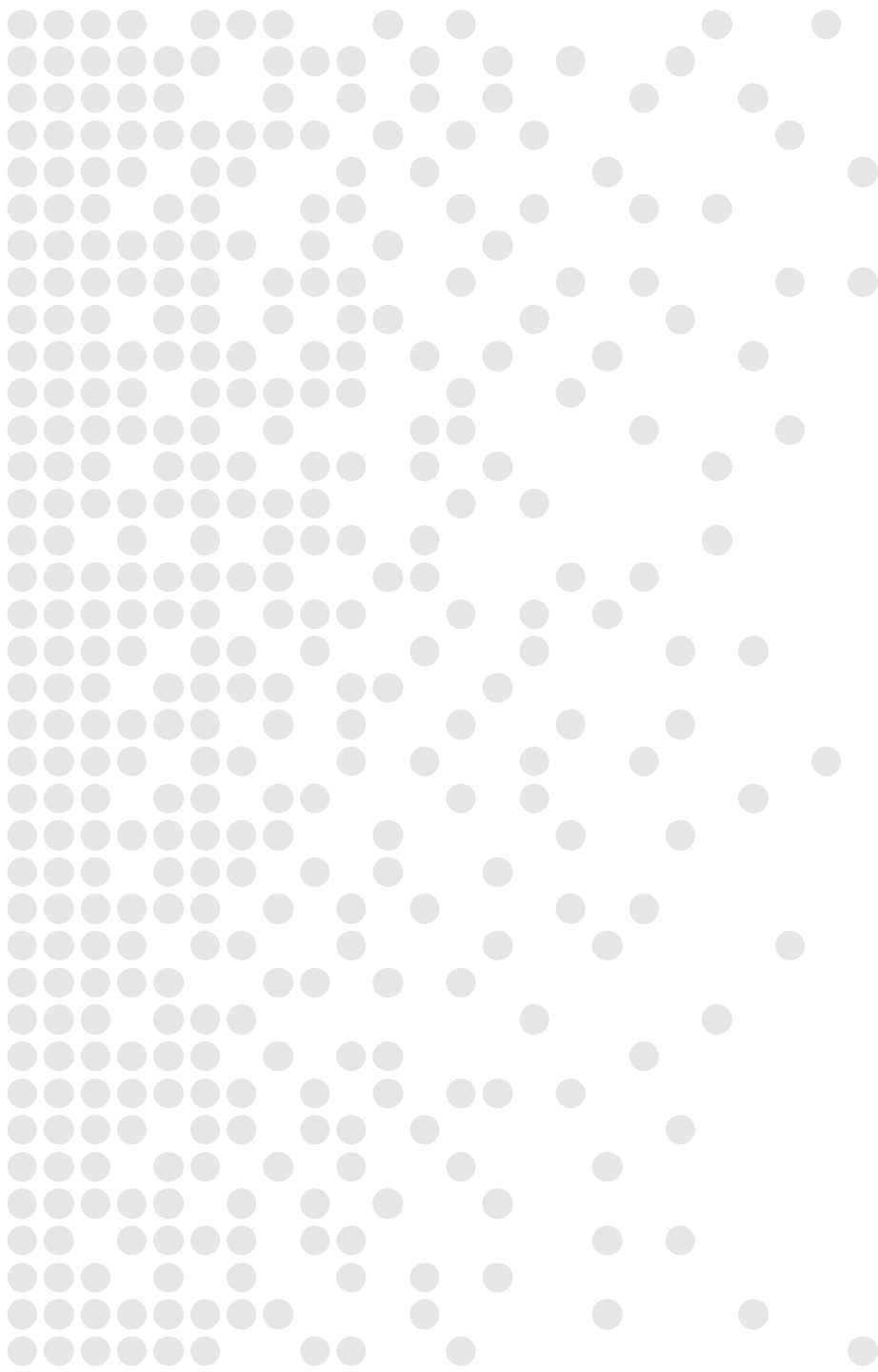
- Rental Housing Discount (based on number of bedrooms – 15%-25%)

D.C. Revenue Reduction:

- Removal of Housing as an Eligible D.C. Service
- Capital Cost Amendments (restrictions to remove studies and land)
- Historical Levels of Service from 10 years to 15 years
- **Mandatory Phase-In of D.C. (Maximum charge of 80%, 85%, 90%, 95%, 100% for first 5 Years of the by-law) - These rules apply to a D.C. by-law passed on or after January 1, 2022**

D.C. Administration:

- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
 - Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
 - D.C. by-law expiry extended to 10 years
- *Note: The Province has recently announced they will be reviewing** 23



Overview of Current Charges and Policies

Town of Amherstburg

Current D.C. Rates



Service	Residential					Non-Residential	Wind Turbines & Telecommunication Towers	Solar Farms (per sq.ft.)
	Single & Semi Detached	Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)		
Municipal Wide Services								
Services Related to a Highway	4,930	3,189	2,773	2,144	1,772	2.80	4,930	2.80
Fire Protection Services	1,062	688	598	462	383	0.61	1,062	0.61
Policing Services	-	-	-	-	-	-	-	-
Parks & Recreation Services	3,845	2,488	2,163	1,672	1,382	0.73	-	-
Administration Studies - Engineering & Protection Services	814	527	458	354	293	0.47	814	0.47
Administration Studies - Community Based Services	324	209	183	141	116	0.19	324	0.19
Water Services	1,871	1,211	1,052	814	673	1.07	-	-
Total Municipal Wide Services	12,846	8,312	7,227	5,587	4,619	5.87	7,130	4.07
Wastewater Serviced Area Services								
Wastewater Services	9,676	6,259	5,444	4,207	3,479	5.93	-	-
Total Wastewater Serviced Area Services	9,676	6,259	5,444	4,207	3,479	5.93	-	-
Total Municipal Wide Services	12,846	8,312	7,227	5,587	4,619	5.87	7,130	4.07
Total Wastewater Serviced Areas Services	22,522	14,571	12,671	9,794	8,098	11.80	7,130	4.07

Property roll numbers assessed a charge under the Malden Sewage Project shall have the respective DC charge for wastewater reduced by \$1,422.28 for one dwelling unit per lot. Refer to Schedule E in D.C. By-law for eligible properties

Reserve Fund Allocations



Service	Single & Semi Detached
Municipal Wide Services	
Services Related to a Highway	4,930
Fire Protection Services	1,062
Policing Services	-
Parks & Recreation Services	3,845
Administration Studies - Engineering & Protection Services	814
Administration Studies - Community Based Services	324
Water Services	1,871
Total Municipal Wide Services	12,846
Wastewater Serviced Area Services	
Wastewater Services	9,676
Total Wastewater Serviced Area Services	9,676
Total Municipal Wide Services	12,846
Total Wastewater Serviced Areas Services	22,522

- Separate D.C. reserve funds are required for each service.
- Example – 1 single detached unit
 - Total D.C. of \$22,522
 - \$4,930 deposited into Service Related to a Highway reserve fund
- The amounts in each reserve fund can only be used for that service



Mandatory Exemptions

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.);
- Development of lands intended for use by a university that receives operating funds from the Government (as per Bill 213);
- Discount for Rental units based on bedroom size;
- May add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure) (e.g. A.D.U.s);
- Add one additional unit or 1% of existing units in an existing rental residential building (e.g. A.D.U.s);
- Affordable inclusionary zoning units (not currently applicable to the Town)
- Non-profit Rental Housing;
- Phase-in of D.C.s; and
- Affordable and Attainable units (to be in force at a later date).

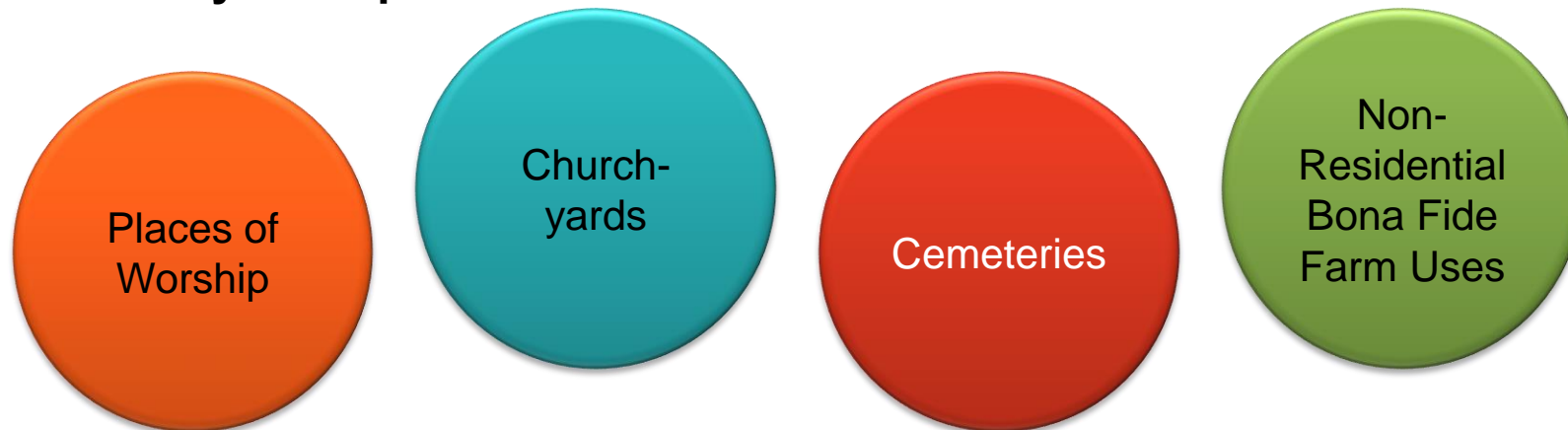
***Amended as per Bill 23**

Discretionary Exemptions



- Reduce in part or whole D.C. 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)
 - The Town's by-law states that development is only eligible for redevelopment credits if the existing building was demolished within 60 months prior to the date of payment of D.C.s if outside of the downtown area; or
 - within 36 months prior to the date of payment of D.C.s if inside the downtown area.

Town's Current Discretionary Exemptions:

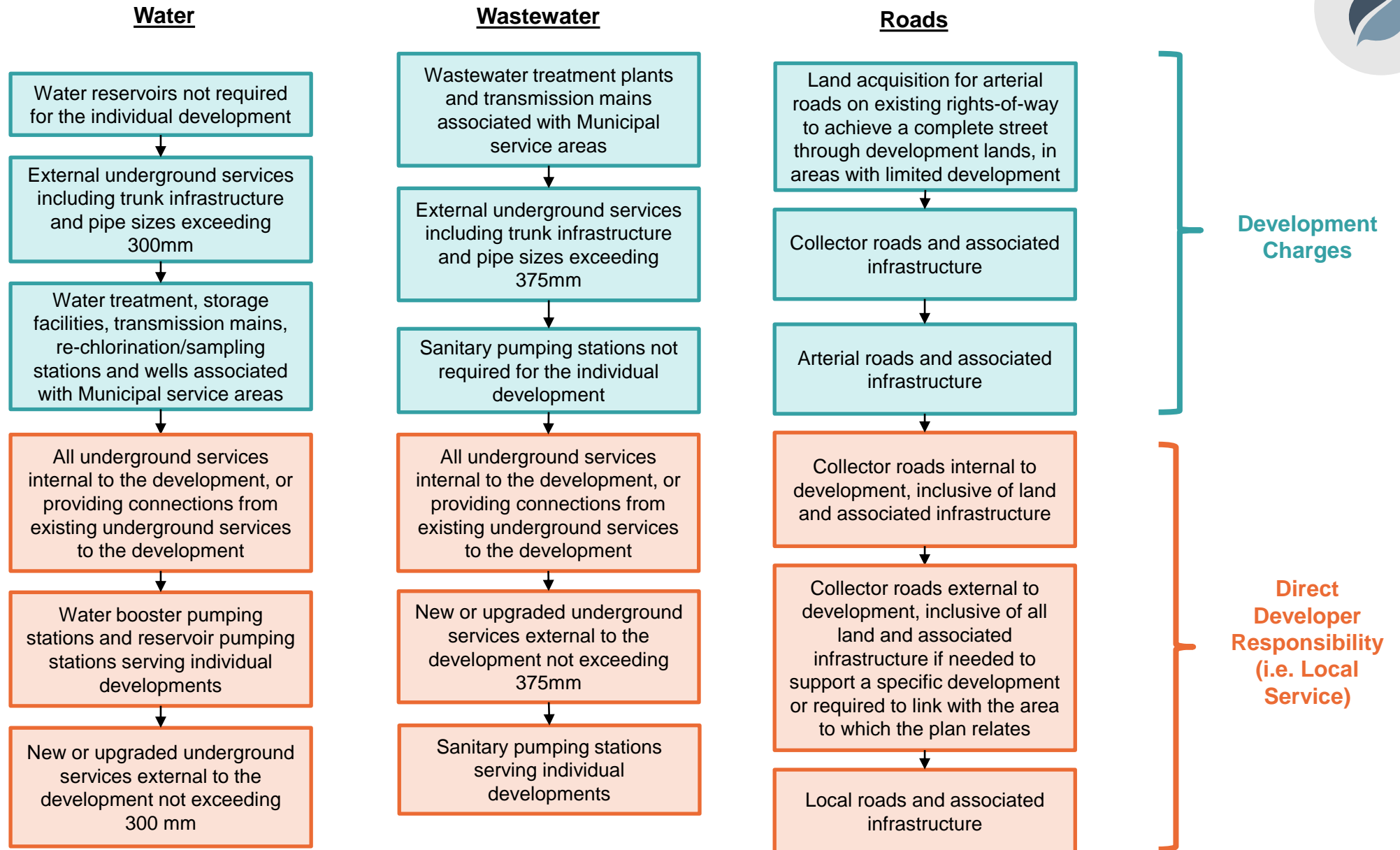




Local Service Policies

- New section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A., therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, 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.

Current Local Service Policy Schematic



Note: Stormwater and parks services not shown

Other Matters

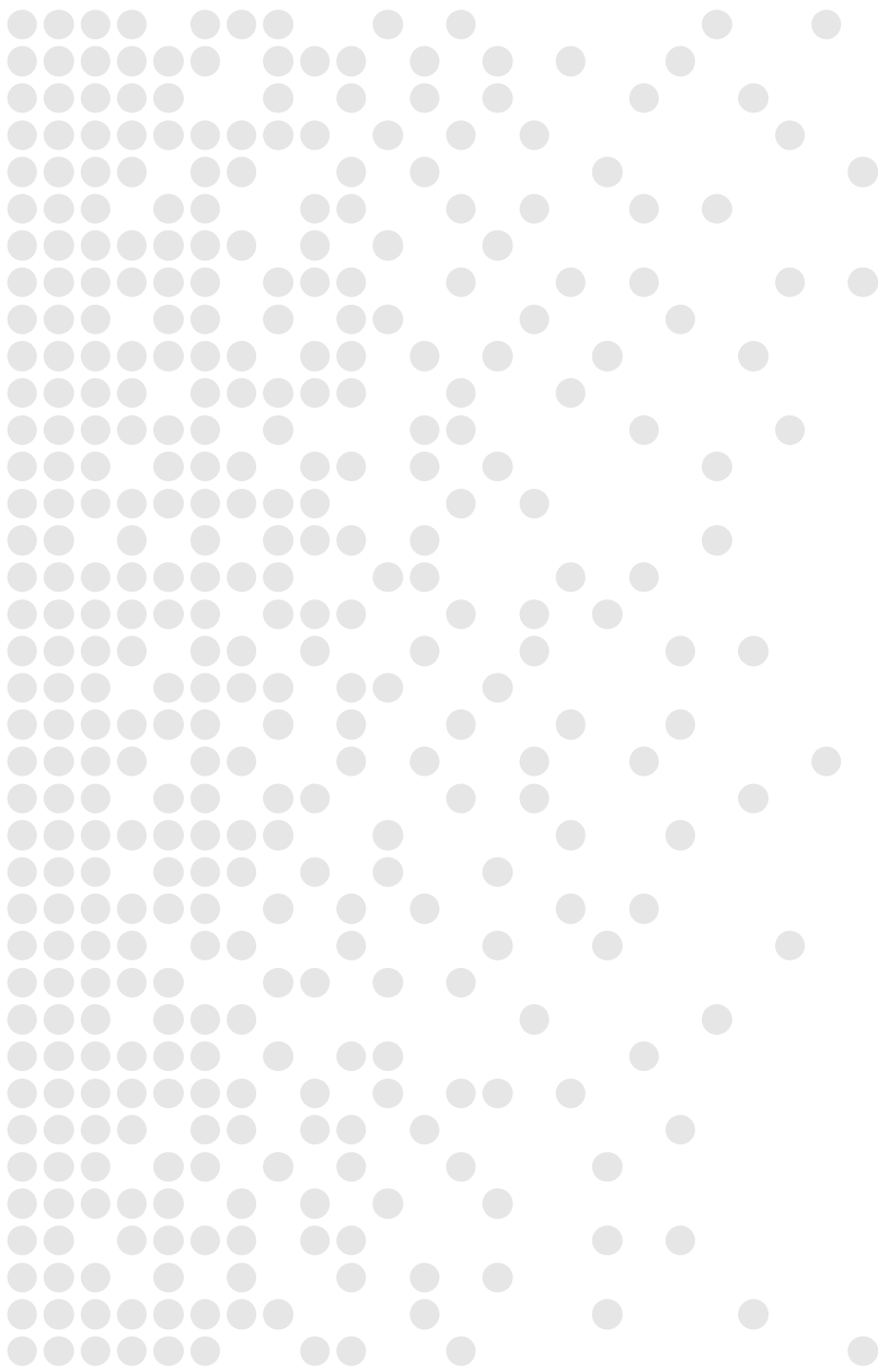


- **Cross Subsidization** - the act clarifies that a cost recovery shortfall from one type of development may not be made up through higher charges on other development. However, it also clarifies that the charge for any particular development does not have to be limited to the cost increase attributable to that development
- **Background Study** - 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 and 60 days prior to by-law passage
- **Indexing:** Without amendment to the D.C. by-law, D.C.s shall be indexed on a mandatory basis every January 1st in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) for the most recent year-over-year period.

Other Matters (Cont'd)



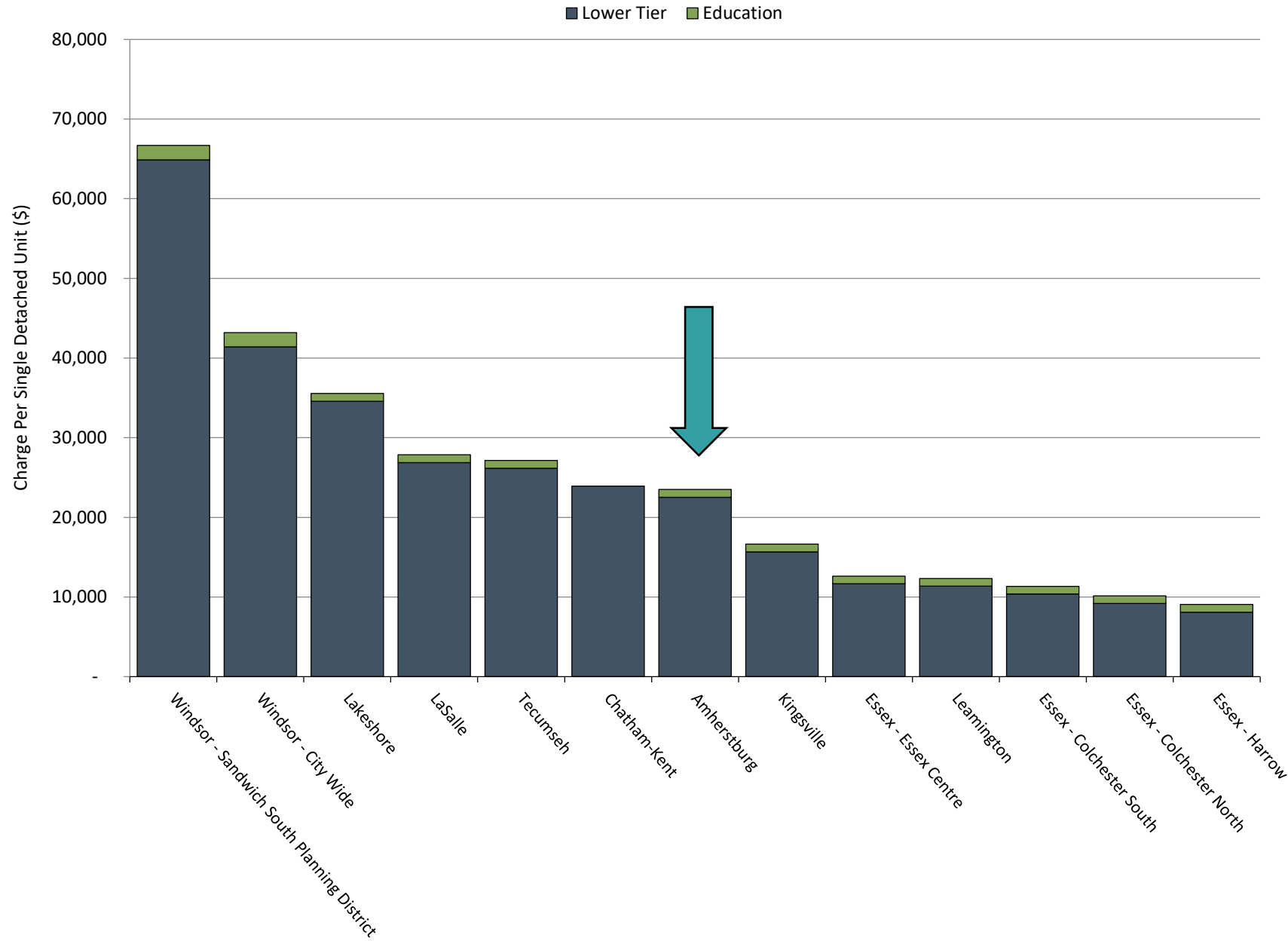
- **Timing of Payment:** Typically, D.C.s for all services are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements
 - **Instalment Payments:** Rental housing and institutional developments pay D.C.s in 6 equal annual payments commencing at occupancy, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%
 - **Rate Freeze:** The D.C. amount for all developments occurring within two (2) years of a site plan or Zoning By-law Amendment planning approval shall be determined based on the D.C. in effect on the day the applicable Site Plan or Zoning By-law Amendment application was submitted, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%



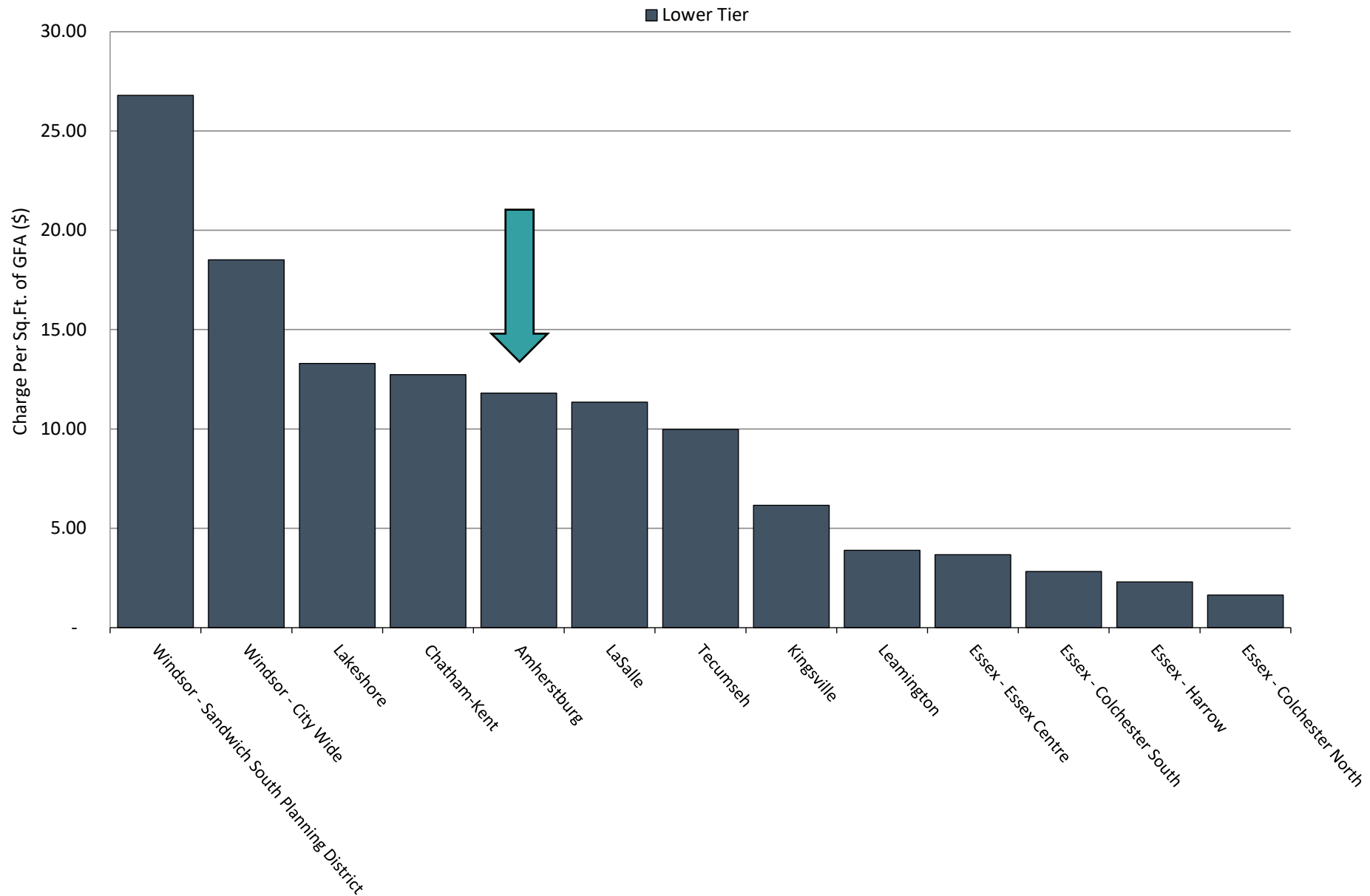
Survey of Municipal D.C.s

Town of Amherstburg

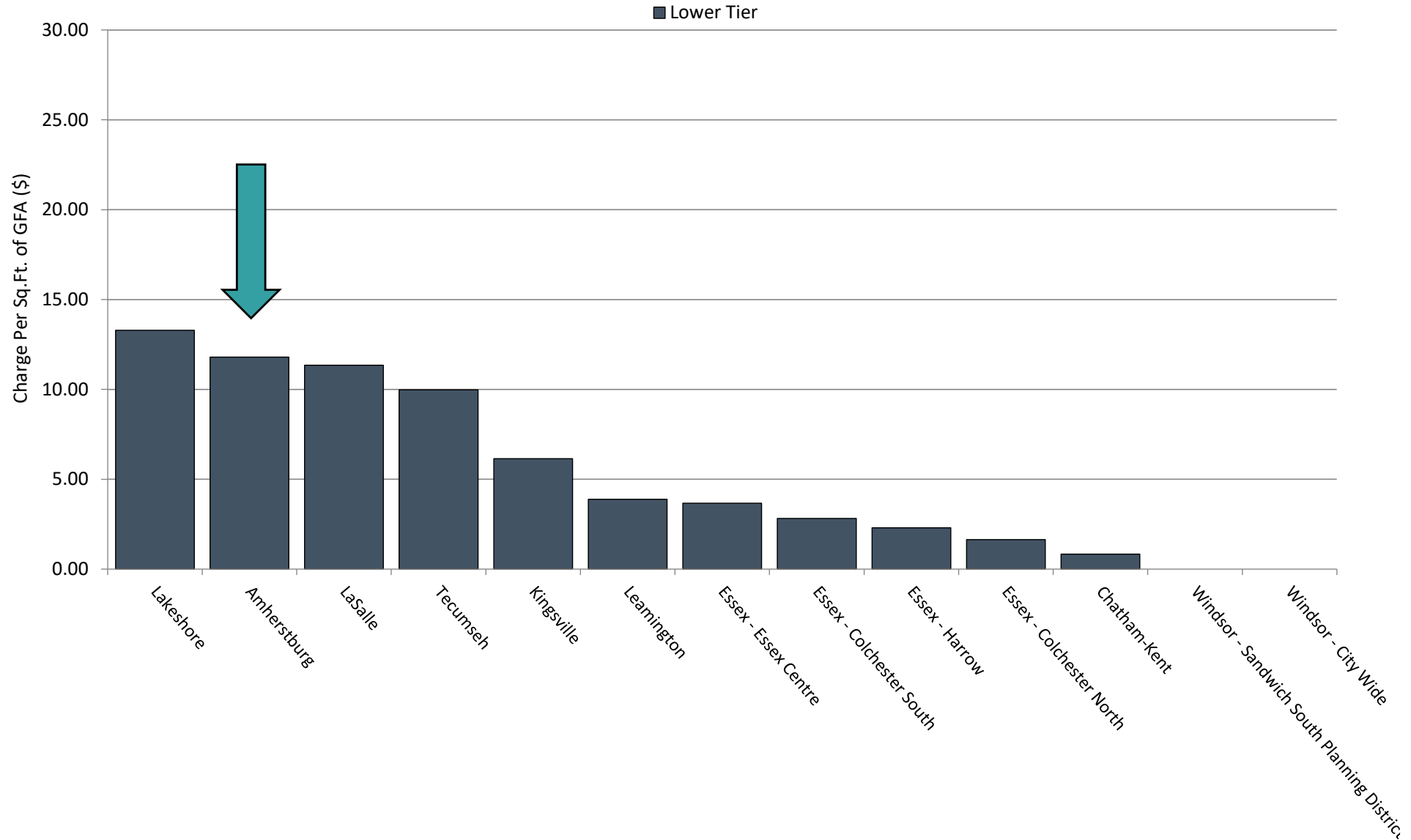
Survey of Comparator Municipalities – Single/Semi-Detached



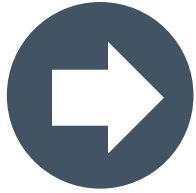
Survey of Comparator Municipalities – Commercial (per sq.ft.)



Survey of Comparator Municipalities – Industrial (per sq.ft.)



Next Steps



January to May 2024

Data collection, staff review, D.C. calculations and policy work



April 9, 2024

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July 2024

Release of Final Background Study



August 2024

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Council Consideration of By-law

Questions

