



City of Brockville Development Charges Background Study

Developers Consultation Meeting

November 26, 2019

Introduction

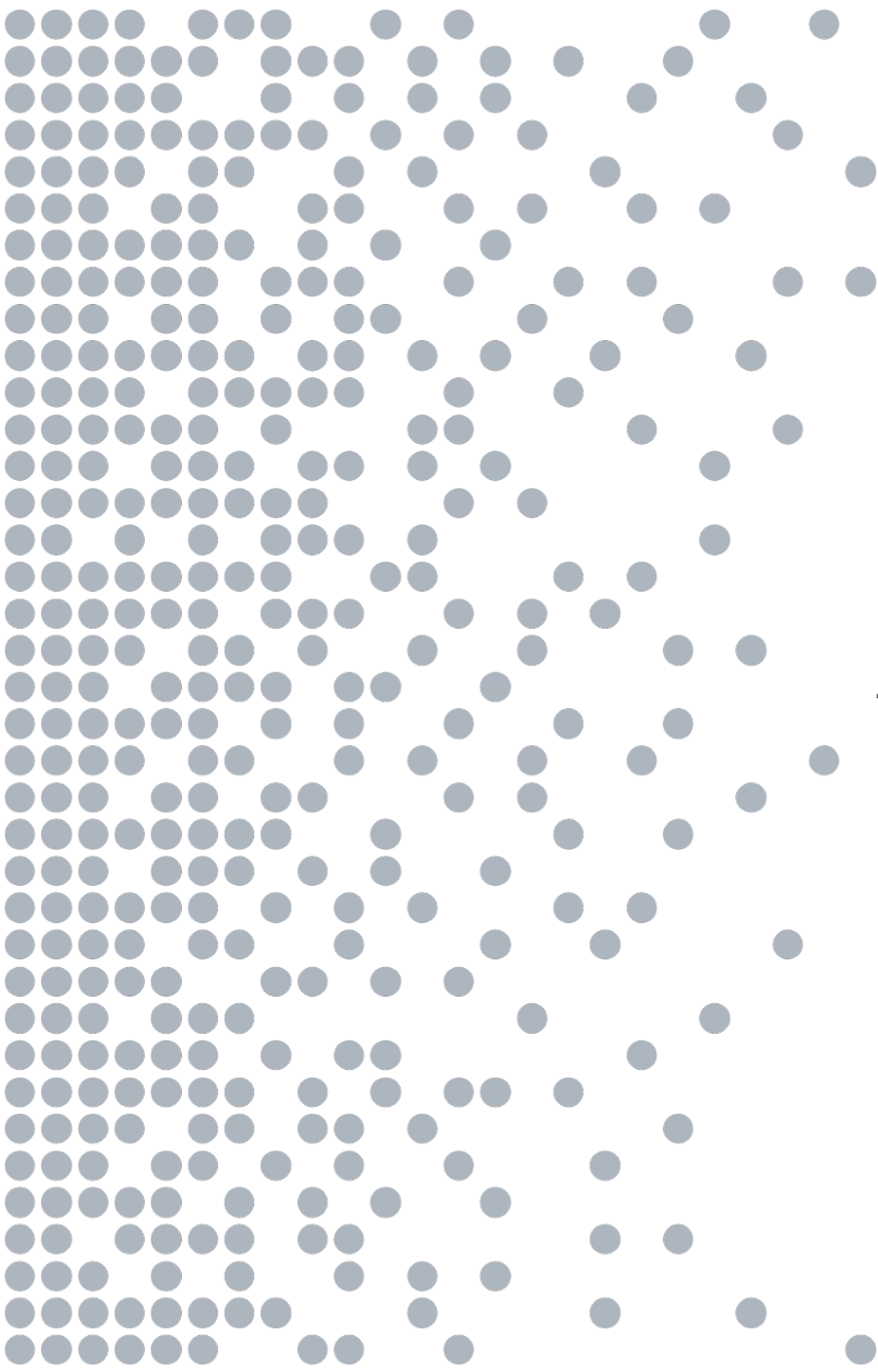


- Watson & Associates Economists Ltd. (Watson) has been retained to prepare a Development Charges (D.C.) Background Study for the City of Brockville (City)
- The City's 2014 D.C. by-law expired July 23, 2019, with the *More Homes, More Choice Act* providing for transition of soft services to be maintained
- The 2019 D.C. Background Study and draft D.C. by-law were posted to the City's website on November 4, 2019
- The intent of today's meeting is to present the findings of the D.C. Background Study and draft D.C. By-Law to the City's developers and receive feedback

Study Process



- Study Kick-off Meeting with City Staff (August 2019)
- Growth forecast and detailed discussions with municipal staff regarding future needs to service growth (September 2019)
- Present draft findings to Council for input prior to release of the D.C. Background Study (October 22, 2019)
- Release D.C. Background Study and draft D.C. By-law (November 4, 2019)
- Undertake statutory Public Meeting (December 11, 2020)
- Council passage of the D.C. by-law (January 2020)
- Transition to the provisions under the More Homes, More Choice Act (i.e. Community Benefits Charges, D.C. By-Law amendment) by January 1, 2021



Development Charges

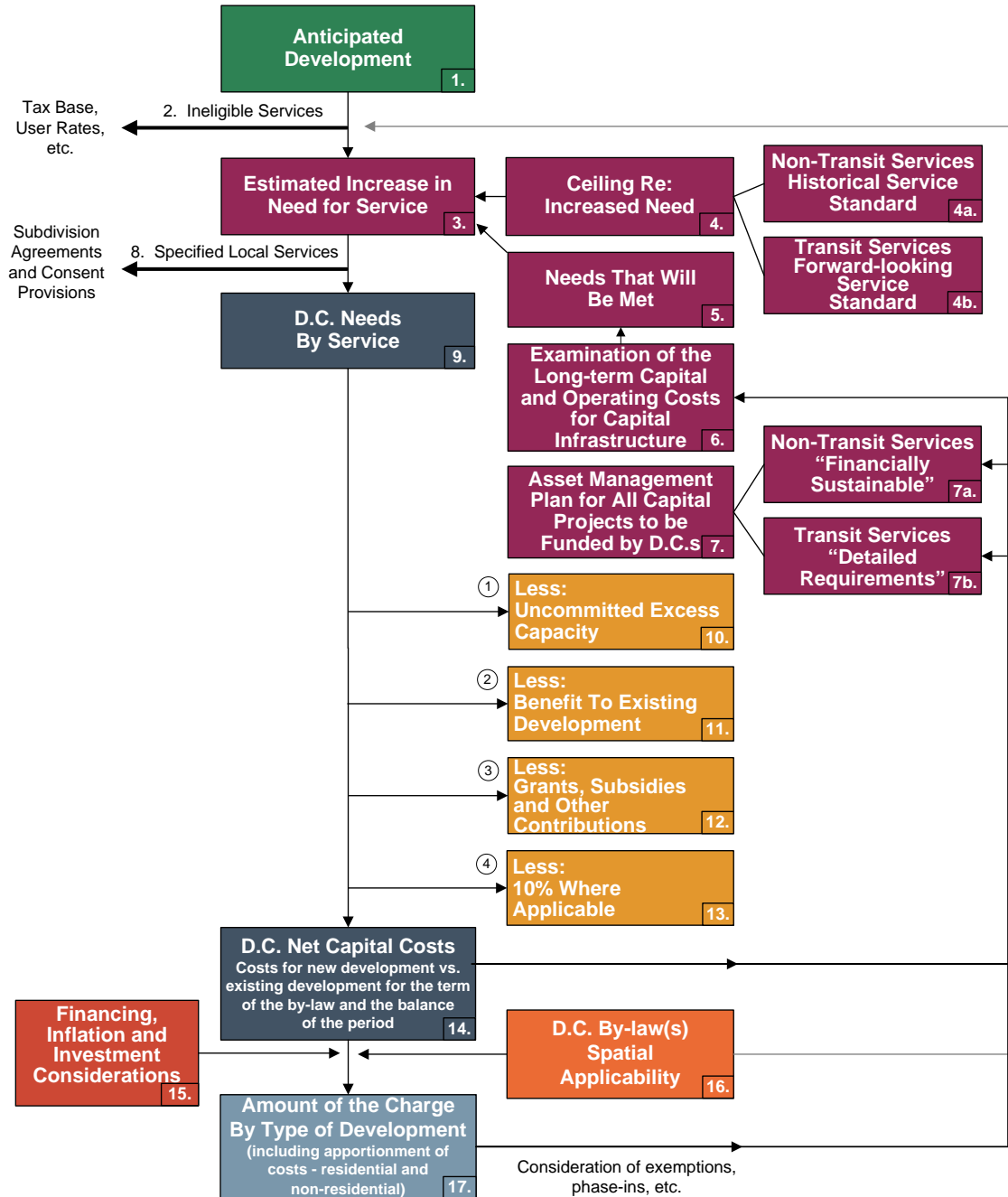
Development Charges



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 D.C.s via the *Development Charges Act, 1997* (D.C.A.)

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





More Homes, More Choice Act

Amendments to the D.C.A.

- Bill 108, *More Homes, More Choice Act*, was introduced in the Ontario Legislature on May 2, 2019 and received Royal Assent on June 6, 2019.
- The amendments include:
 - Changes to Eligible Services
 - “Soft Services” would be removed from the D.C.A. and considered as part of a Community Benefit Charge under the authority of the *Planning Act*
 - The amount of a community benefits charge payable shall not exceed an amount equal to the prescribed percentage of the value of the land as of the valuation date
 - D.C. will only be eligible for water, wastewater, stormwater, services related to a highway, policing, ambulance, fire, transit, waste diversion
 - Waste diversion and ambulance will be a 100% D.C. recoverable service (i.e. removal of 10% statutory deduction)

More Homes, More Choice Act

Amendments to the D.C.A.



- Amendments (continued):
 - Statutory exemption for second residential dwelling unit within or ancillary to an existing or new residential building
 - Determination of the D.C.
 - D.C. for developments proceeding through Site Plan or Zoning Bylaw Amendment will be determined based on the charges in effect on the day of the application
 - D.C. for developments not proceeding via these planning approvals will be determined at the earlier of building permit issuance or occupancy
 - Payment in Instalments
 - Rental housing and institutional developments would pay D.C.s in six equal annual payments, commencing from the date of occupancy
 - Proposed installments for commercial and industrial to be removed under Bill 138, *Plan to Build Ontario Together Act*
 - Non-profit housing would pay D.C.s in 21 equal annual payments, commencing from the date of occupancy

Update on Bill 108

More Homes, More Choice Act



- While the Bill has received Royal Assent, many of the amendments won't come into effect until it is proclaimed
 - The new s.s.2(4) of the D.C.A., which sets the services that can be included in a D.C. bylaw, which excludes the soft services, is not yet in effect and comes into force on proclamation
 - The new s.s.9.1(1) of the D.C.A. provides that for by-laws expiring after May 2, 2019, that they may remain in force as they apply to soft services until the earlier of:
 - when the bylaw is repealed,
 - the day the municipality passes a Community Benefits Charge By-law under the authority of the Planning Act, or
 - the prescribed date (currently anticipated to be January 1, 2021)
- As the new section s.s.2(4) is not yet in effect, the proposed D.C. bylaw can include soft services until the D.C.A. amendments are proclaimed

D.C. Background Study

Growth Forecast Projections



Time Horizon	Residential		Non-residential	
	Population ^A	Housing Units ^B	Employment (excl. WAH & NFPOW)	G.F.A. (sq. ft.)
Late 2019	21,483	10,524	12,580	
Late 2029	23,350	11,584	13,516	
Late 2031	23,697	11,771	13,673	
Incremental Change				
Mid 2019 – Mid 2029	1,867	1,060	936	709,500
Mid 2019 – Mid 2031	2,214	1,248	1,093	830,700

A: Excluding Census Undercount and Institutional Population

B: Excluding Equivalent Institutional Households



D.C. Background Study

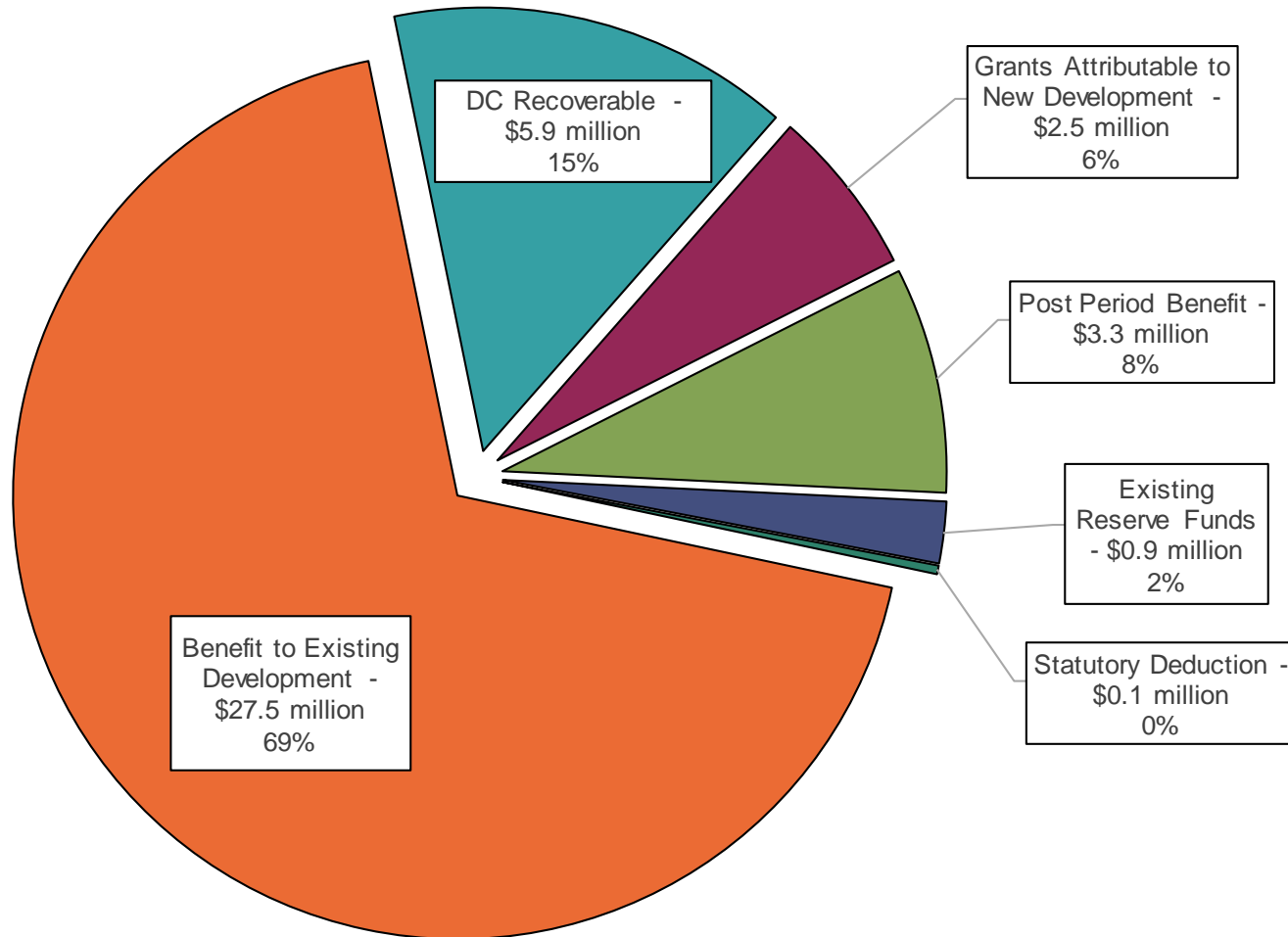
D.C. Services

- The following services are considered within the draft D.C. Background Study and By-law:
 - Roads & Related Services
 - Fire Protection Services (new)
 - Police Services (new)
 - Parks and Recreation Services
 - Library Services (new)
 - Administration – Growth-Related Studies
 - Wastewater Services
 - Water Services



Increase in Need for Service

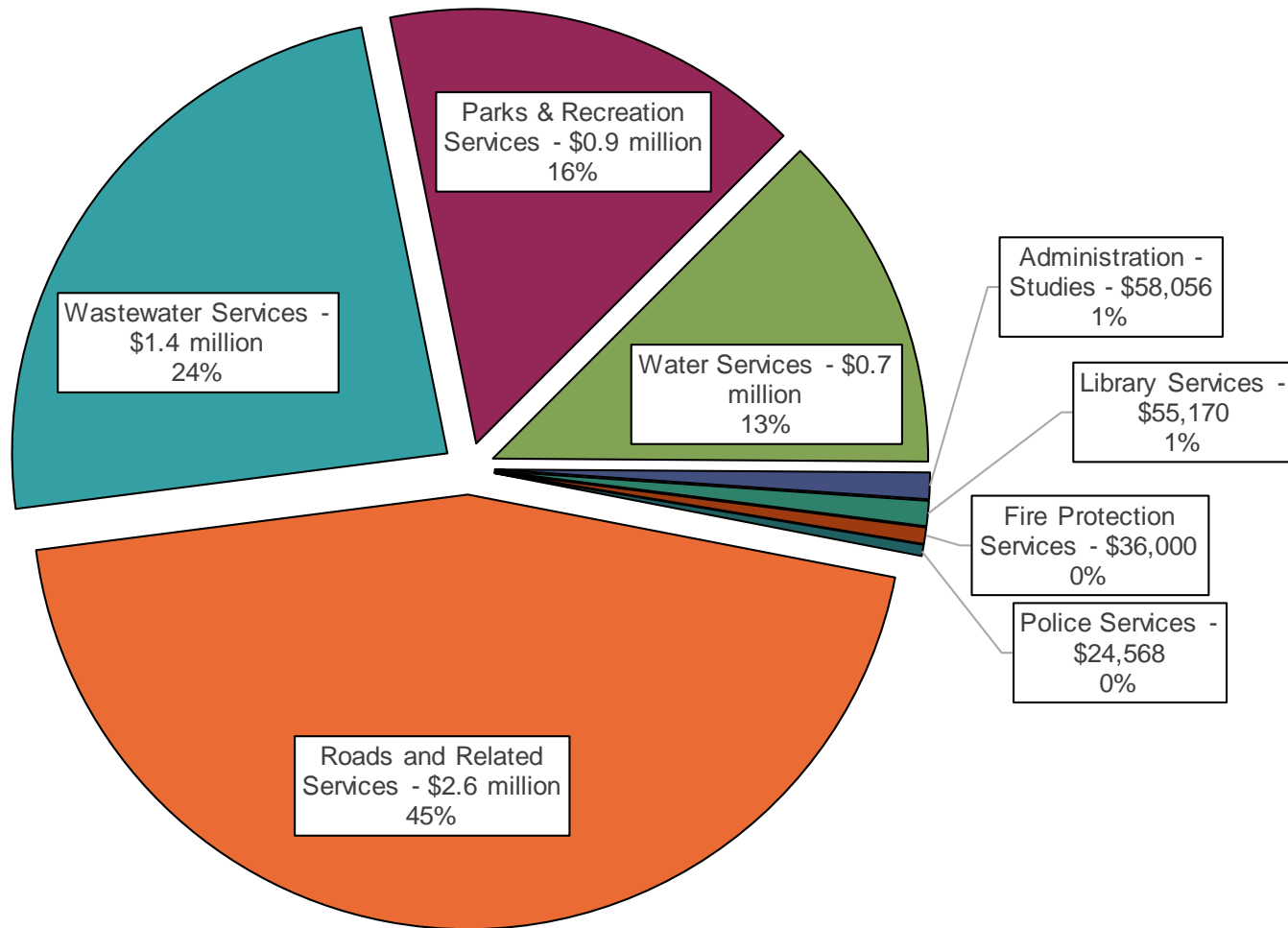
2019-2031 Gross Capital Costs – \$40.2 million





Net D.C. Recoverable Capital Costs by Service

2019-2031 - \$5.9 million



Draft Calculated Schedule of Development Charges



Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	(per sq.ft. of Gross Floor Area)
Municipal Wide Services:					
Roads and Related Services	1,861	1,221	830	1,293	1.06
Fire Protection Services	25	16	11	17	0.01
Police Services	17	11	8	12	0.01
Parks & Recreation Services	1,080	709	482	750	0.07
Library Services	65	43	29	45	0.00
Administration - Studies	48	31	21	33	0.03
Total Municipal Wide Services	3,096	2,031	1,381	2,150	1.18
Urban Services					
Wastewater Services	989	649	441	687	0.56
Water Services	524	344	234	364	0.30
Total Urban Services	1,513	993	675	1,051	0.86
GRAND TOTAL RURAL AREA	3,096	2,031	1,381	2,150	1.18
GRAND TOTAL URBAN AREA	4,609	3,024	2,056	3,201	2.04



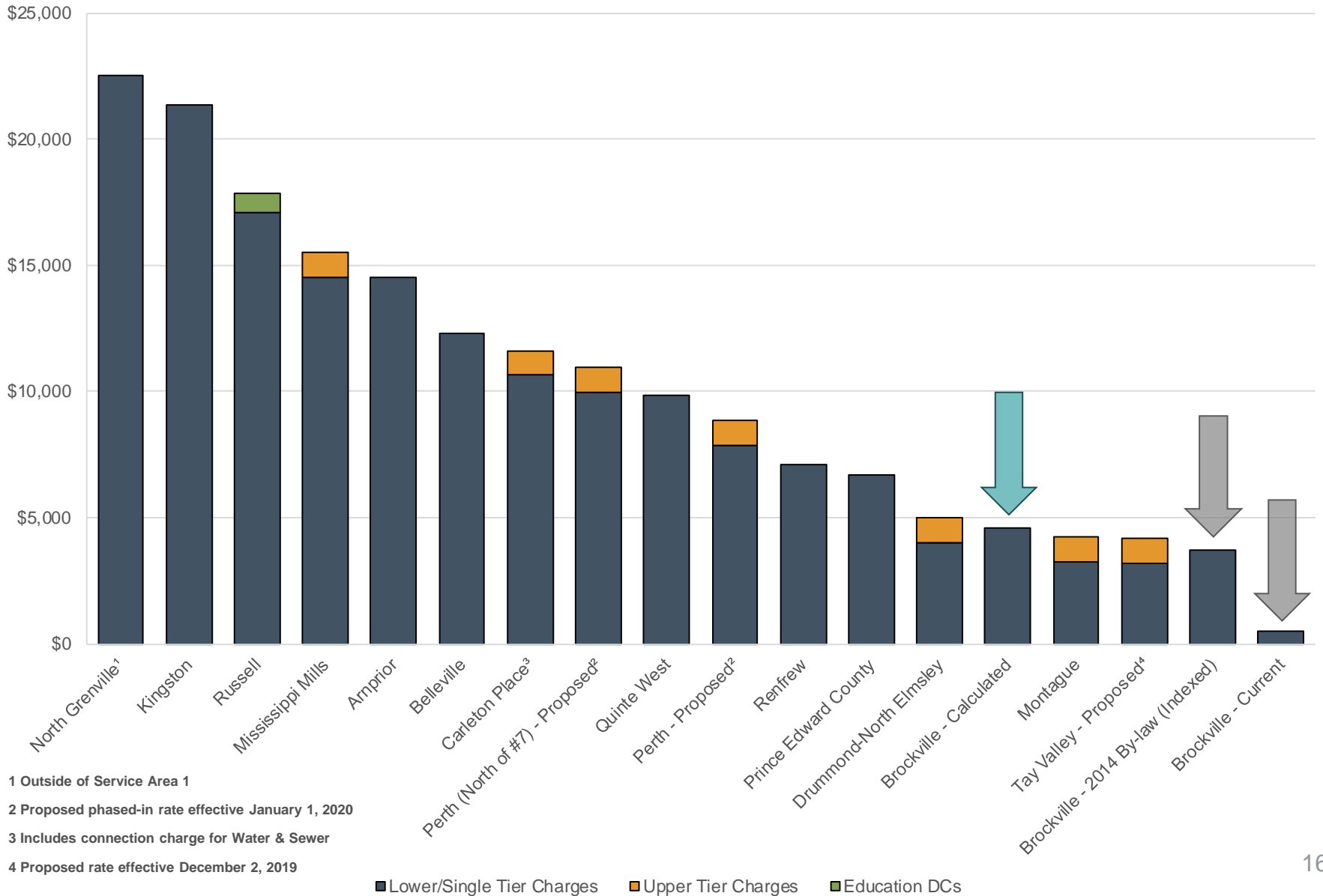
Comparison of Draft Calculated D.C. and Current D.C. For Single Detached Residential Dwelling Unit and Non-Residential Gross Floor Area (sq.ft.)

Service	Residential (Single Detached)			
	2014 D.C.B.S. (calculated)	2014 Bylaw (indexed)	Current	Calculated
Municipal Wide Services:				
Roads and Related Services	1,755	1,459	-	1,861
Fire Protection Services	-	-	-	25
Police Services	-	-	-	17
Parks & Recreation Services	610	507	507	1,080
Library Services	-	-	-	65
Administration - Studies	95	79	-	48
Total Municipal Wide Services	2,460	2,045	507	3,096
Urban Services				
Wastewater Services	1,373	1,141	-	989
Water Services	665	553	-	524
Total Urban Services	2,038	1,694	-	1,513
Grand Total - Urban Area	4,498	3,739	507	4,609

Service	Non-Residential (per sq.ft.)			
	2014 D.C.B.S. (calculated)	2014 Bylaw (indexed)	Current	Calculated
Municipal Wide Services:				
Roads and Related Services	1.01	0.48	-	1.06
Fire Protection Services	-	-	-	0.01
Police Services	-	-	-	0.01
Parks & Recreation Services	0.04	0.02	0.02	0.07
Library Services	-	-	-	-
Administration - Studies	0.05	0.02	-	0.03
Total Municipal Wide Services	1.10	0.52	0.02	1.18
Urban Services				
Wastewater Services	0.79	0.38	-	0.56
Water Services	0.38	0.18	-	0.30
Total Urban Services	1.17	0.56	-	0.86
Grand Total - Urban Area	2.27	1.08	0.02	2.04

Municipal Development Charge Comparison

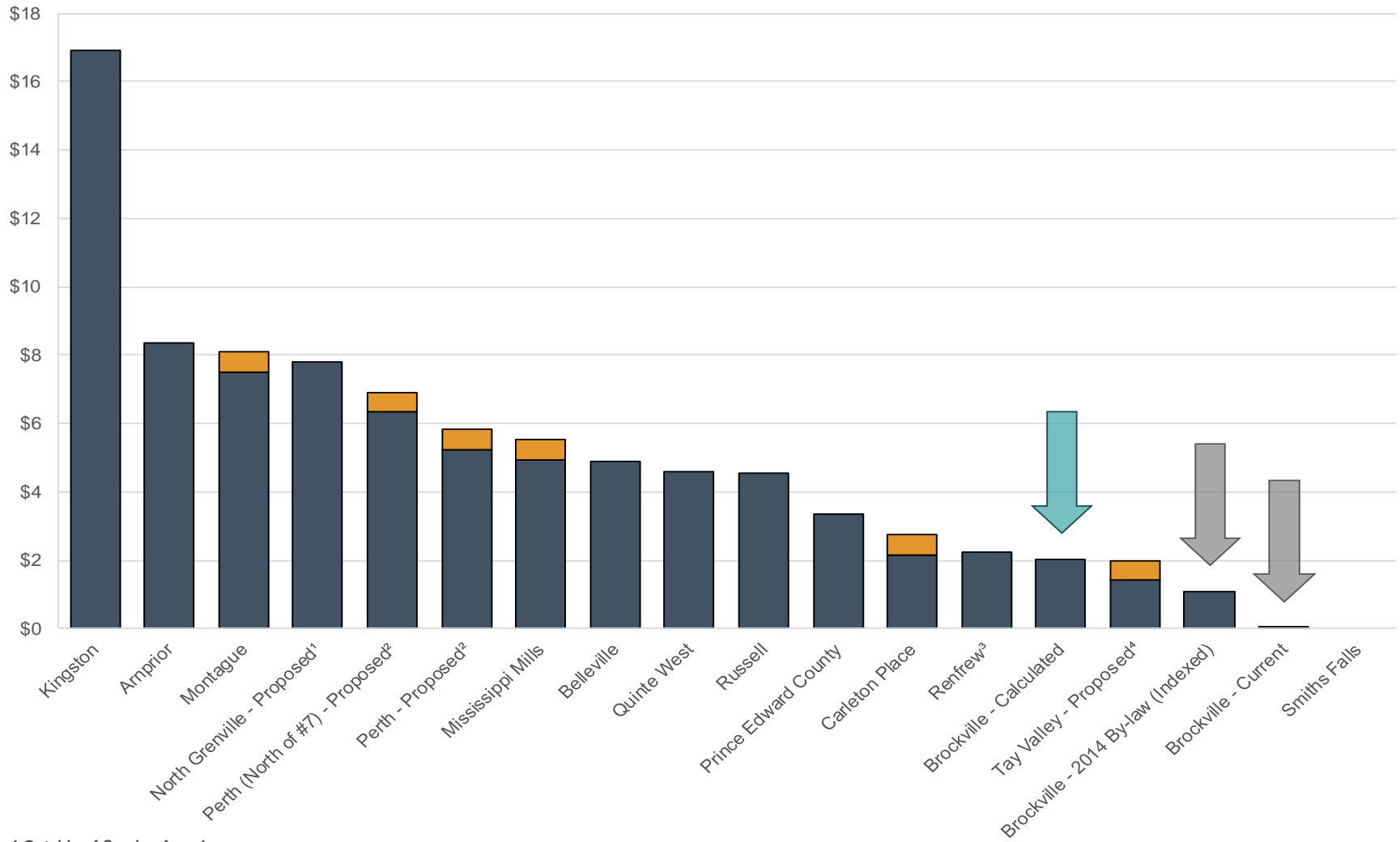
Residential Development Charges (per Fully Serviced Single Detached Dwelling)





Municipal Development Charge Comparison

Commercial Development Charges (per sq.ft. of GFA)



1 Outside of Service Area 1

2 Proposed phased-in rate effective January 1, 2020

3 Applicable charge for first 5,000 sq.ft.

4 Proposed rate effective December 2, 2019

■ Lower/Single Tier Charges

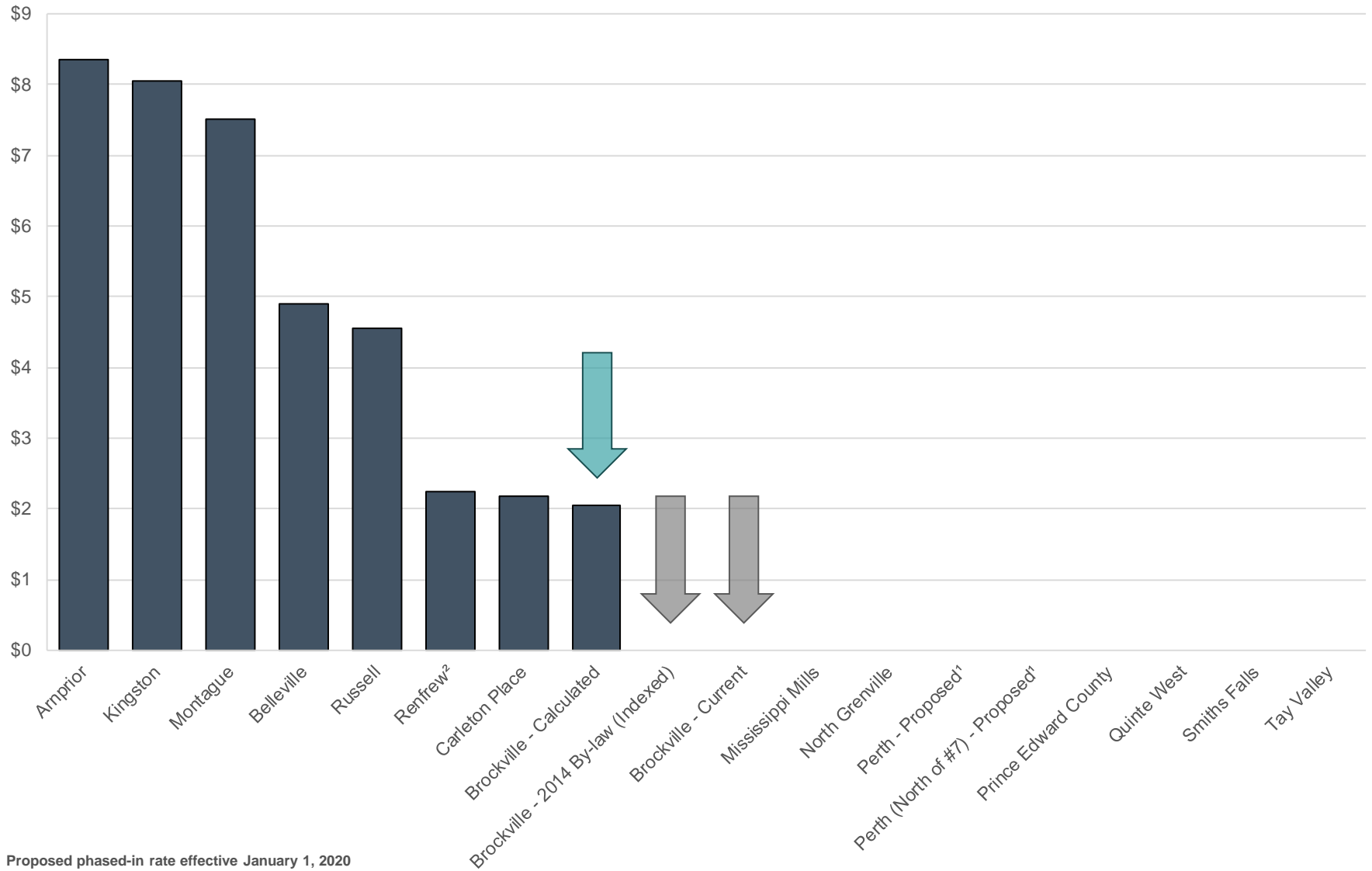
■ Upper Tier Charges

■ Education DCs



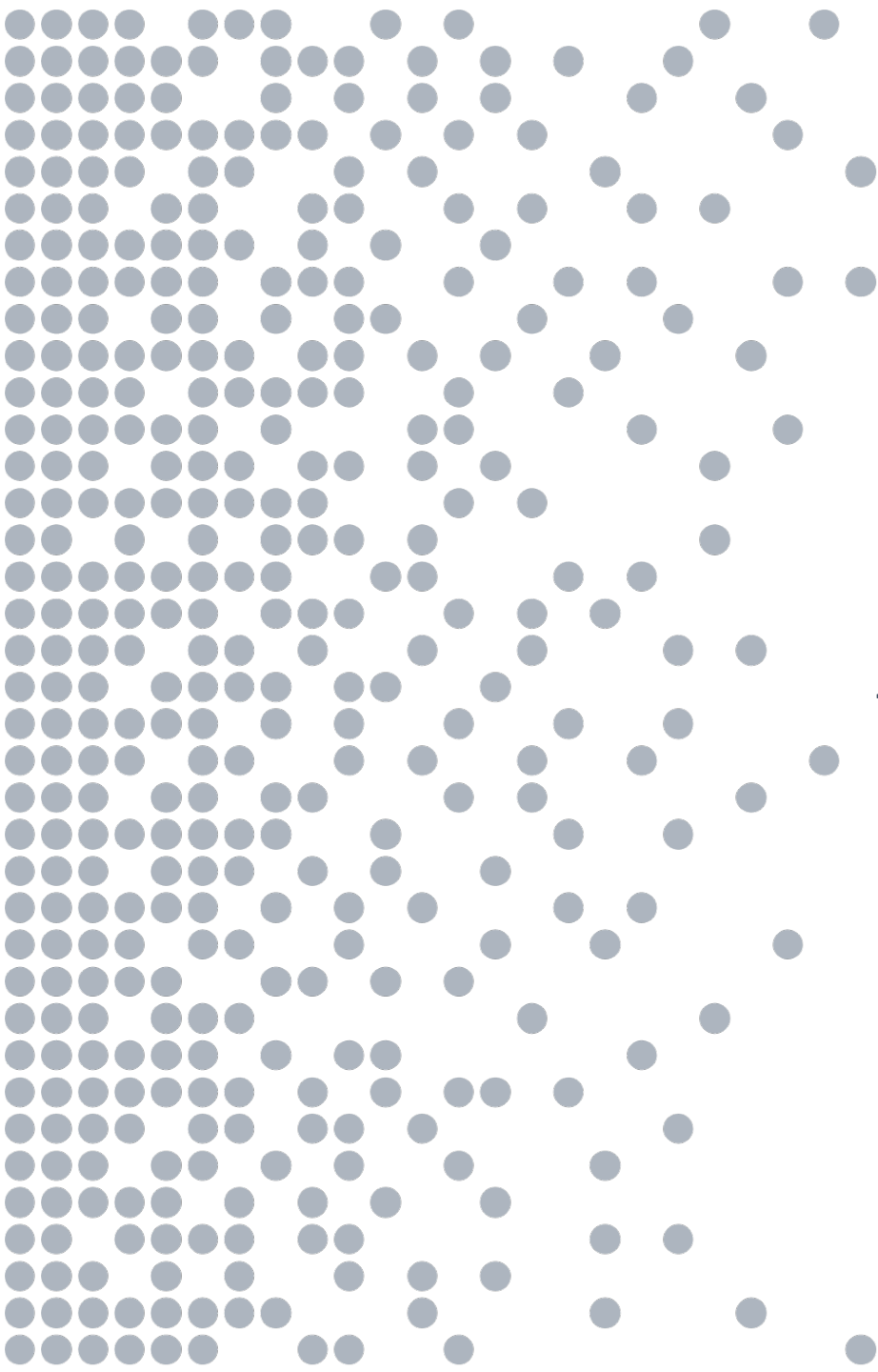
Municipal Development Charge Comparison

Industrial Development Charges (per sq.ft. of GFA)



¹ Proposed phased-in rate effective January 1, 2020

² Applicable charge for first 5,000 sq.ft.



Development Charge By-Law Policies



D.C. By-Law Policies

Timing of Collection

- D.C.s can be calculated and payable at the time of building permit issuance
 - City may enter into agreement for the D.C. to be paid before or after it would otherwise be payable
- A municipality is not required to issue a building permit for development to which a D.C. applies unless the charge has been paid
- If a D.C. or any part of it remains unpaid after it is payable, the amount unpaid shall be added to the tax roll and shall be collected in the same manner as taxes
 - Under the City's current by-law D.C.s are payable on the date the first building permit is issued



D.C. By-Law Policies

D.C. Exemptions

- The Act provides for some mandatory exemptions but also allows municipalities the ability to provide it's own exemptions
- Exemptions set out certain classes of development that will not be required to pay D.C.s. These exemptions may be determined by:
 - Use (e.g. places of worship, farm buildings)
 - Geographic area
 - Development type
 - Service exemption
- The Act is specific in identifying that the revenue forgone may not be made up by increasing the D.C.s for other classes of development
- In effect, it is a loss of revenue to the City which will have to be funded via taxes, rates, reserves or other financial resources



D.C. By-Law Policies

Statutory D.C. Exemptions

- The D.C.A. provides mandatory exemptions for:
 - Industrial building expansions (may expand by 50% with no D.C.)
 - Residential intensification:
 - May add up to two apartments for a single detached home 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



D.C. By-Law Policies

Discretionary D.C. Exemptions

- The City's current D.C. By-law provides for the following non-statutory exemptions:
 - Industrial development
 - Non-profit housing project that:
 - Has been approved to receive funding from the Government of Canada or the Province of Ontario (including Crown Corporations) or a municipal government/agency under an affordable housing program or has been approved by the City of Brockville or the United Counties of Leeds and Grenville; and
 - Such affordable housing project is not eligible for funding development charge liabilities from the Government of Canada or the Province of Ontario (including Crown Corporations)
 - Study recommends inclusion of *More Homes, More Choice Act* additional statutory exemptions for second residential dwelling unit within or ancillary to an existing or new residential building



D.C. By-Law Policies

Redevelopment Credits

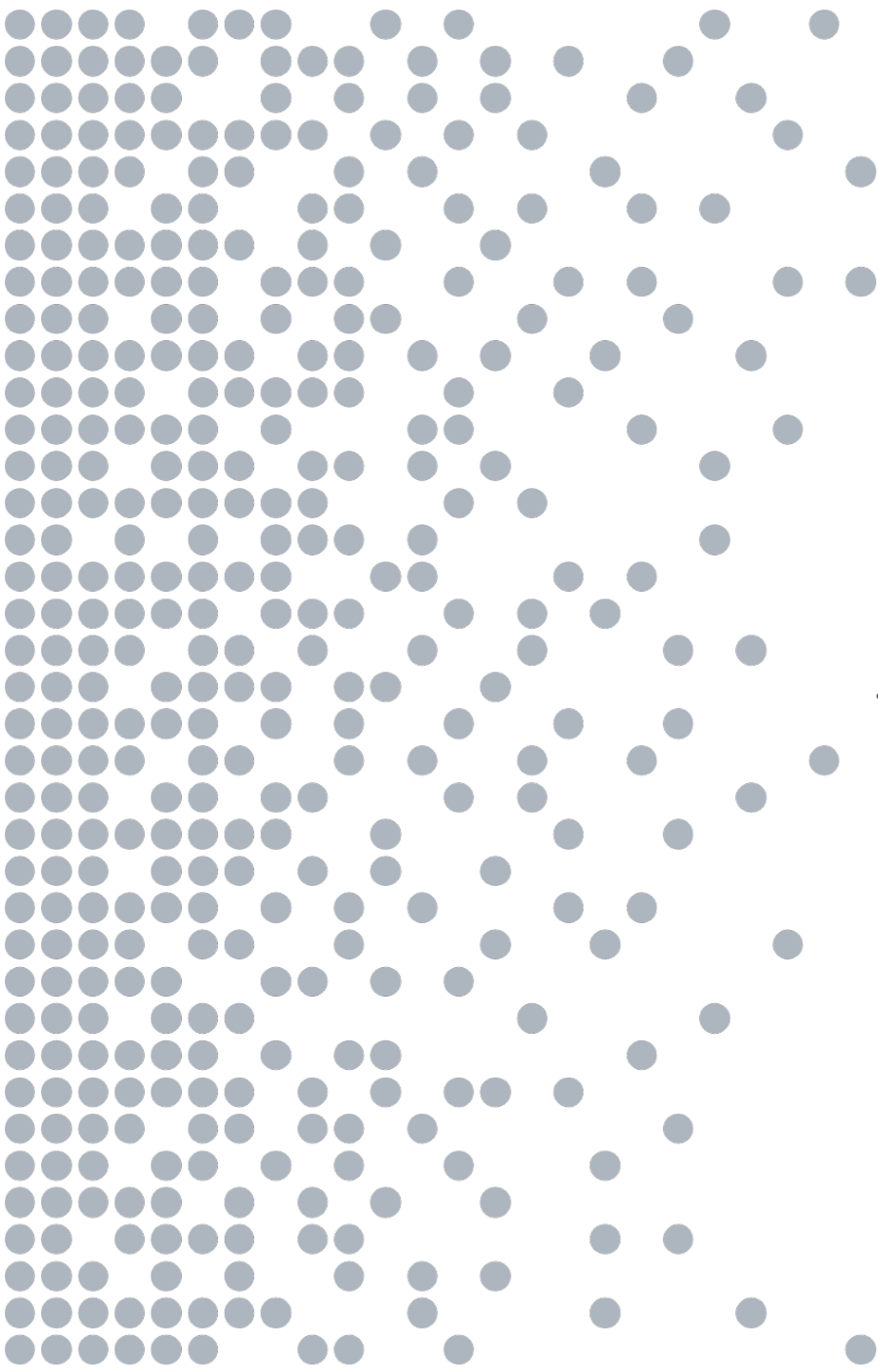
- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
- City's D.C. by-law provides for redevelopment credits where building permit issuance occurs within sixty (60) months of demolition/conversion
- No credit is provided in excess of the development charge payable



D.C. By-Law Policies

D.C. Indexing

- D.C.A. allows for adjustment of charges to reflect underlying cost increases and reduces municipal cash flow impact between statutory by-law reviews
- Indexing can be:
 - Mandatory – implemented annually commencing from the date the by-law comes into force, in accordance with the Statistics Canada Quarterly, Construction Price Statistics
 - Discretionary – index presented to Council annually for direction
- The City's current D.C. By-law provides for discretionary indexing of the charges annually on the anniversary of passing the by-law. Study recommends mandatory annual indexing.



Next Steps

Next Steps



- Receive input from the development community on the D.C. Background Study and draft D.C. By-law
- Undertake the statutory Public Meeting (December 11, 2019)
- Council to consider passage of the D.C. By-law (January 2020)
- Transition to the provisions under the More Homes, More Choice Act (i.e. Community Benefits Charges, D.C. By-Law amendment) by January 1, 2021