

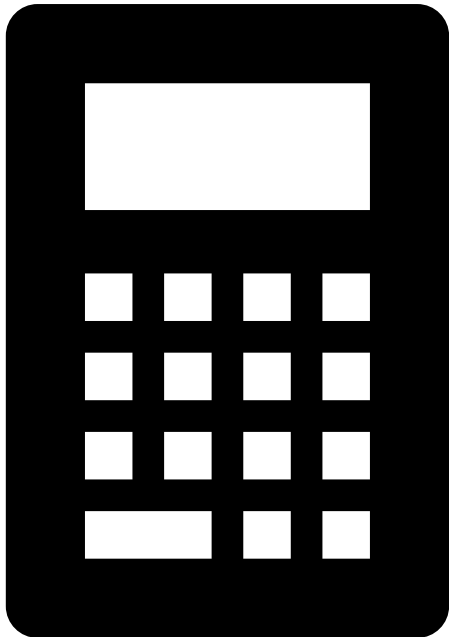


Development Charges Update

TOWNSHIP OF ASHFIELD-
COLBORNE-WAWANOSH

JULY 19, 2022

What are Development Charges (DCs)?



- ▶ A tool available to allow municipalities to recover **capital costs** associated with infrastructure and services put in place that benefit growth. This includes:
 - ▶ New infrastructure and services that support growth; and
 - ▶ Pay down existing debt for past growth works or services;
- ▶ General idea is that ‘growth pays for its share’ so that the existing tax-payers are not bearing the cost of servicing growth
- ▶ **Development charges can not be collected for operating or maintenance costs.**

Development Charges

- ▶ DCs are collected from new residential and non-residential development.
 - ▶ DCs cannot be collected from existing development.
- ▶ DCs are calculated based on a capital works plan set out in the DC Background Study that sets out what projects are being paid for through DCs.
 - ▶ Lots of rules around DCs – especially how they are calculated, what can be collected for
 - ▶ Calculating DCs is a mix of accounting, planning and engineering
 - ▶ DC money collected must go towards DC projects.
- ▶ DCs are ultimately set by Council.

Overview of DCs



DCs are calculated for residential and non-residential growth



Residential DCs are typically charged on a per unit basis (e.g. per single detached unit or per apartment unit)



Non-Residential DCs are typically charged per sq. ft. (or sq. m) for new commercial, institutional and industrial growth



Where projects have specific benefiting areas (e.g. a sewage treatment system), the DC should be area-specific.



In many other communities, there is often a different DC in urban areas vs. the rural area, because of area-benefiting services like water and wastewater.

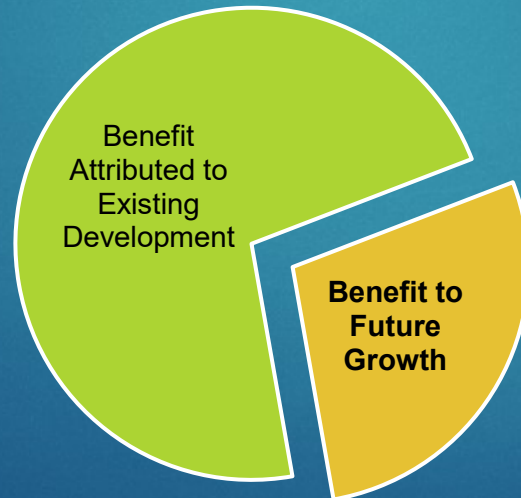
Different categories of development are split so residential development isn't paying for the non-residential share of growth and vice-versa.

Overview of DCs (continued)

- ▶ Overall, DCs are reflective of the projects being undertaken to service growth.
- ▶ Generally more growth projects = higher DCs
- ▶ DCs can only be collected for the portion of the project that benefits future growth



Net Capital Costs



This is what can be collected for through DCs

Process for Implementing a DC Bylaw

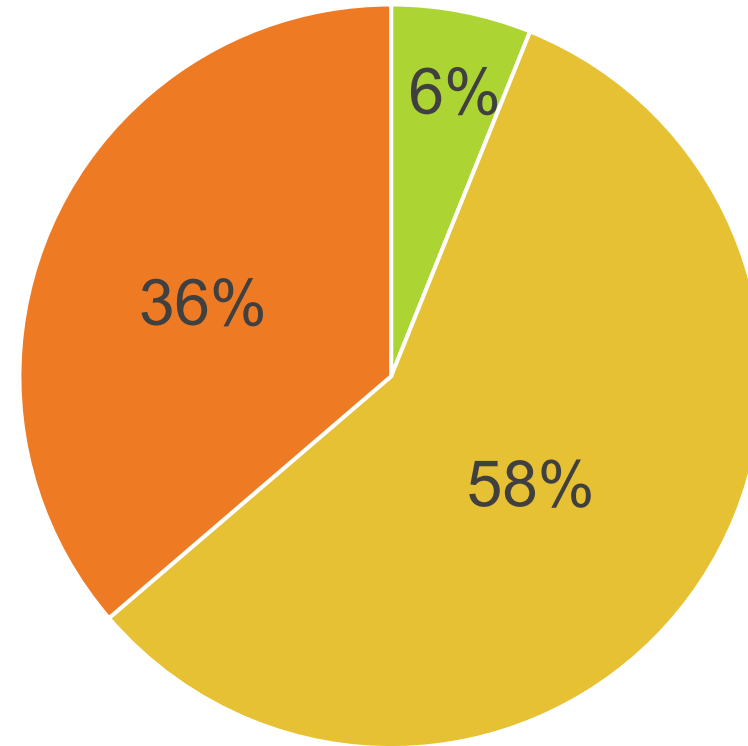
- ▶ **DC bylaws expire automatically after 5 years.**
- ▶ Undertake a Background Study
 - ▶ Forecast of future growth
 - ▶ Review of projects (take out old projects, add new ones, review costs)
 - ▶ Calculation of DCs for each project
- ▶ Background Study available 60 days prior to by-law passage
- ▶ Present calculated DCs to staff and Council. Council sets proposed DC.
- ▶ Prepare draft By-law (available 2 weeks prior to Public Meeting)
- ▶ Host Public Meeting to get feedback on proposed DC
- ▶ Council passes DC By-law
- ▶ Issue Notice of Passage
- ▶ 40-day appeal period starts immediately after by-law passed.

Services and Projects Included in 2022 DCs

7

Category	Sub Category	Project	Cost Eligible for DC Recovery
Services Related to Hwy	Bridges, Culverts, Structure	Birch Beach Bridge Replacement	78,184
		Zion Road Bridge Replacement	445,000
Services Related to Hwy	Roads and Sidewalks	Birch Beach Road	98,250
		London Road Intersection	27,500
		Airport, Mill and Champlain	1,400,000
		Westmount Line	122,500
		Zion Road	158,250
		Glen's Hill Road	225,000
Services Related to Hwy	Vehicles and Fleet	One Tonne Truck	65,000
		Back Hoe	105,000
		Sidewalk Plow	60,000
Water	Supply	Saltford Water Expansion	288,000
Outdoor Recreation	Parkland Development	Playground Equipment	20,000
		Washrooms	200,000
		Gazebos	77,200
		Trail Development	37,200
Administration	Growth Related Studies	Studies	250,875
		Total	3,657,959

Capital Projects Funding



- Grants
- Benefit to Existing
- Benefit to Future (Recoverable through DCs)

- Total Cost of Projects = \$10 Million

Grants = \$614,000

Attributable to existing development = \$5.8 Million

Recoverable through DCs = \$3.6 Million

Table 7.4 Calculated Residential Development Charges Per Unit

Service Category	Single & Semi-Detached (per unit)	Multi-units (per unit)	Apartment (2 bed room +) per unit	Apartment (1 bedroom, bachelor), per unit
Municipal-wide				
• Administration	1,085	756	756	633
• Parks & Recreation	1,565	1,090	1,090	914
• Services Related to a Highway	6,280	4,374	4,374	3,665
Municipal-wide Total	8,930	6,220	6,220	5,212
Saltford Water	1,204	838	838	702
Saltford Total	10,134	7,058	7,058	5,914

Table 7.5 Calculated Non-Residential Development Charges (per sq.ft)

Service Category	Non-Residential Development Charge (per sq. ft)
Municipal-wide <ul style="list-style-type: none"> ● Administration ● Parks & Recreation ● Services Related to a Highway 	0.31 - 1.68
Municipal-wide Total	2.00

DCs in Neighbouring Municipalities

- ▶ Remember – DCs are based on what growth related projects are being undertaken
- ▶ Not an apples to apples to comparison
- ▶ Generally, where you have large infrastructure projects, DCs will be higher



DCs in Other Municipalities

Municipality/DC Area	DC for Single Detached Unit
Kincardine (Rural Area)	\$8,661
Kincardine (Urban Areas)	\$20,173
Huron-Kinloss (Lucknow)	\$4,104
Huron-Kinloss (Ripley)	\$4,499
Huron-Kinloss (Lakeshore)	\$2,086
Huron-Kinloss (Finlay St)	\$58,247
Goderich	\$3,308
North Huron (Wingham)	\$9,689
North Huron (East Wawanosh)	\$5,142
South Huron (Rural)	\$3,126
South Huron (Urban)	\$4,875

Proposed Development Charge Bylaw

- ▶ Will be in effect from passage for a 5-year period
- ▶ Can be passed after September 13, 2022
- ▶ Exemptions:
 - ▶ Non-residential farm buildings
 - ▶ Churches
 - ▶ Industrial expansions less than 50% of the gross floor area (in accordance with the Development Charges Act)
 - ▶ Secondary units – as prescribed by the Development Charges Act
- ▶ Includes provision to index development charges on an annual basis to the Non-Residential Construction Price Index.
- ▶ Sets out when/how development charges are payable for different types of development (per the DC Act)
 - ▶ Rental and institutional DCs can be paid in 6 installments
 - ▶ Non-profit housing DCs can be paid in 21 installments

Next Steps in DC Process

Host a Public Meeting (August 23, 2022)

Bylaw can be passed on/after
September 13

Once bylaw is passed, a Notice of
Passage is issued

There is a 40-day appeal period.

Questions and Comments