



Bruce County 2023 Development Charges Background Study

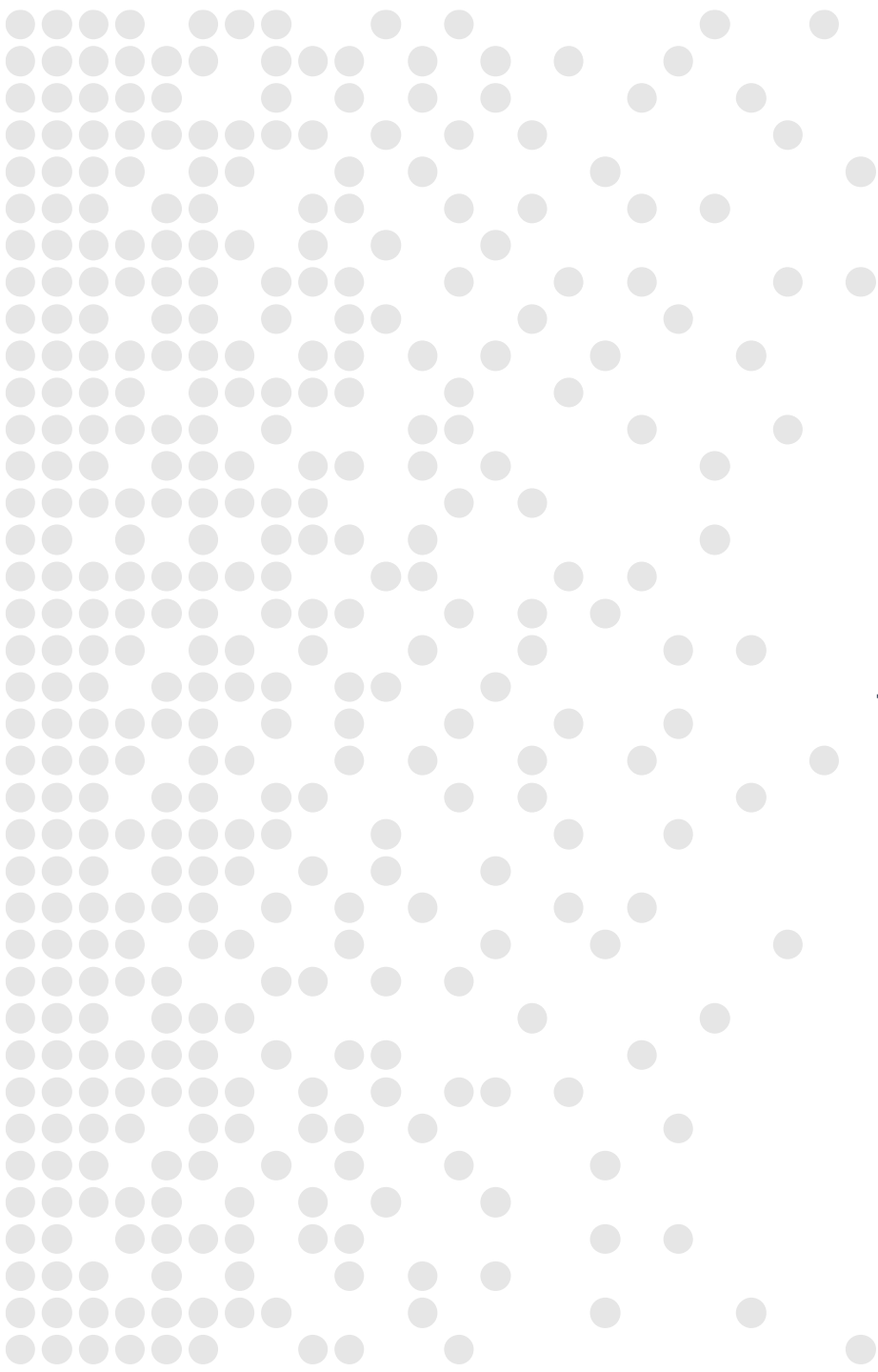
Stakeholder Meeting

July 5, 2023



Agenda

- Introductions
- Process and Timelines
- Development Charges (D.C.) Overview
- Legislative Changes to the D.C.A.
- D.C. Exemptions and Policies
- Growth Forecast
- Service Standards
- Capital Infrastructure Needs
- Draft D.C. Rates and Survey
- Next Steps
- Questions





Process and Timelines

Bruce County
2023 D.C. Background Study

Study Timeline/Schedule



- Meetings with County staff, growth forecast development, and policy review (March 2023 to May 2023)
- Council workshop #1 (April 20, 2023)
- Council workshop #2 (June 15, 2023)
- **Stakeholder meeting (July 5, 2023)** 
- Release of background study (July 20, 2023)
- Public Meeting (August 3, 2023)
- Council consideration of by-law passage (as early as September 21, 2023)



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

Bruce County

2023 D.C. Background Study

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.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

Capital Costs



- **Capital Cost definition has been broadened to include:**
 - **Acquire land or interest in land (*nothing prescribed to date*)**
 - 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
 - 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



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 Services
10. Fire protection
11. **Ambulance**
12. Library
13. **Long-term Care**
14. **Parks and Recreation (Trails)**
15. Public Health services
16. **Childcare and early years services**
17. ~~Housing services~~
18. Provincial Offences Act
19. Emergency Preparedness
20. Airports (Waterloo Region only)

These D.C. eligible services are to be considered in the calculation for the County.

***Amended as per Bill 23**



Limitations on Capital

- 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**

***Amended as per Bill 23**

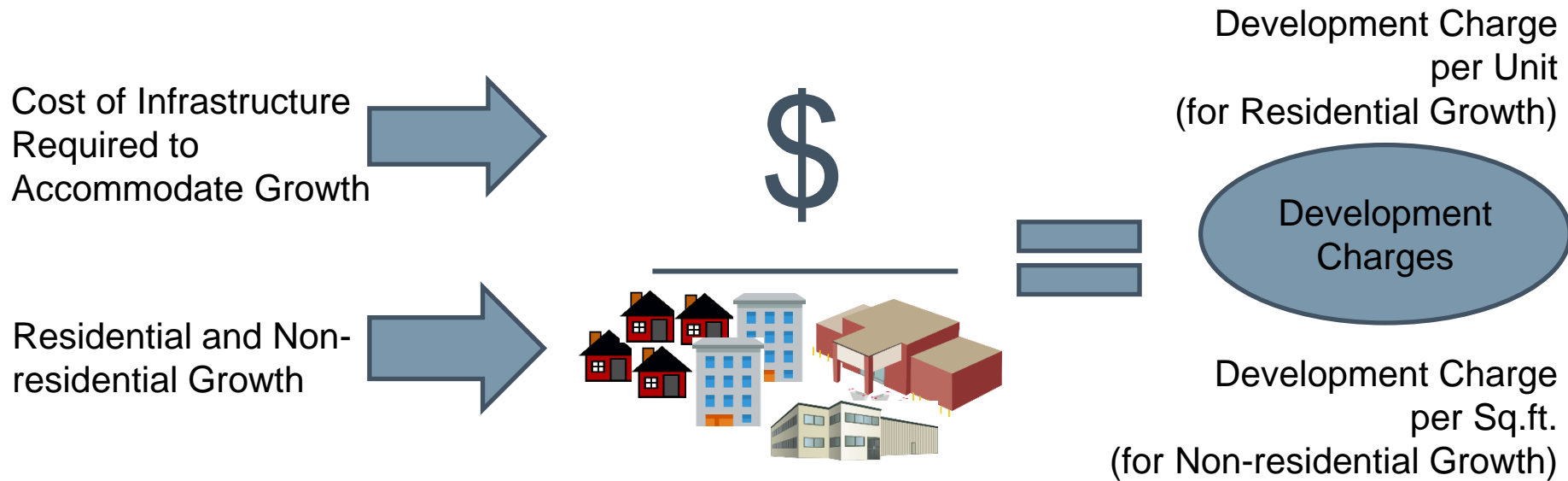
Methodology



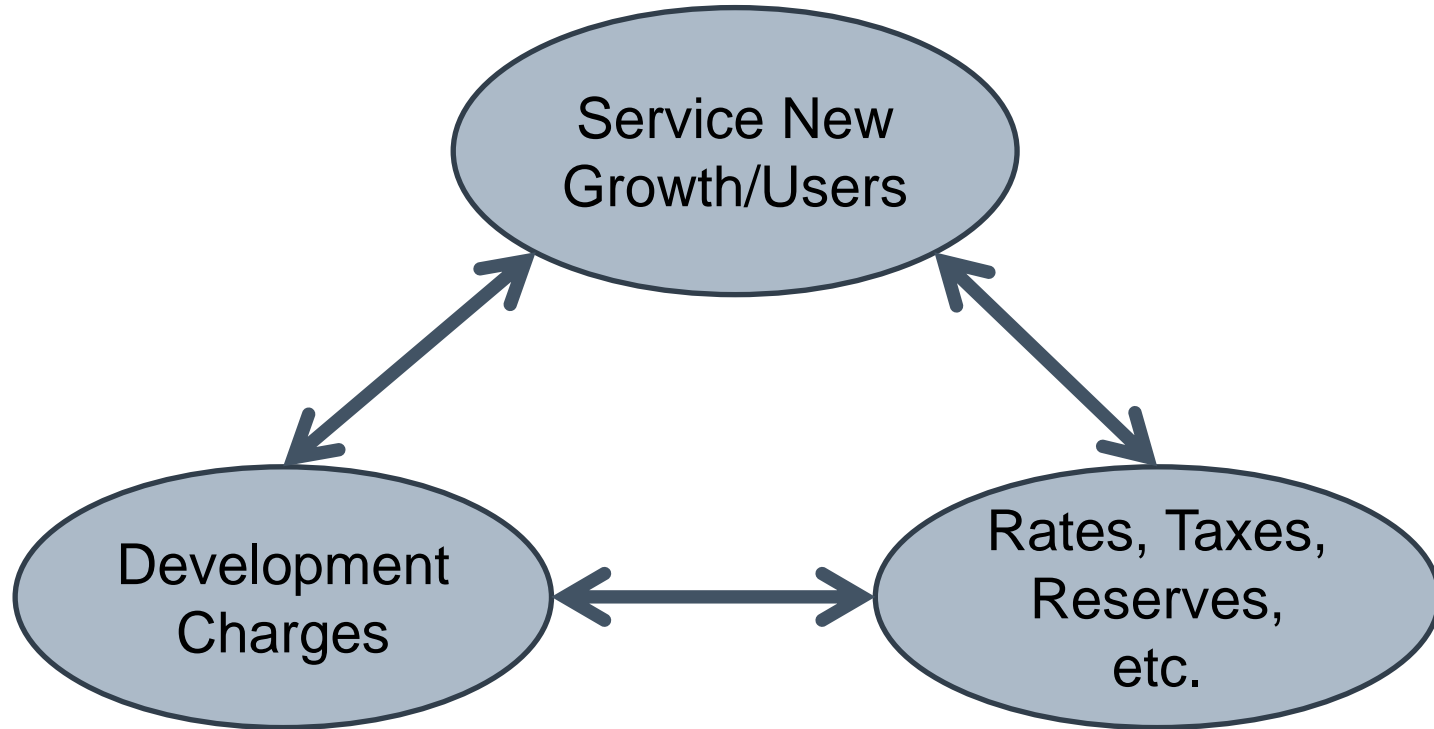
The following provides the overall methodology to calculating the charge:

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.

Overview of the D.C. Calculation



Relationship Between Needs to Service Growth vs. Funding



Local Service Policies



- 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, and
 - Stormwater.



Legislative Changes to the D.C.A.

Bruce County
2023 D.C. Background Study



Changes to D.C. Legislation

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

- Bills 108 and 138: More Homes, More Choice Act, 2019 and Plan to Build Ontario Together Act, 2019
 - Installment payments
 - D.C. Freeze for Site Plan and Zoning By-law Applications
 - Interest on the Above
- Bill 197: COVID-19 Economic Recovery Act, 2020
 - Removal of mandatory 10% deduction
 - List of eligible services
 - C.B.C. legislation (Planning Act)
- Bill 213: Better for People, Smarter for Business Act, 2020
 - Exemptions for universities
- Bill 109: More Homes for Everyone Act, 2022
 - Rules for Annual Treasurer's Statement
- Bill 23: More Homes, Built Faster Act, 2022

Changes to the D.C.A.

Bill 23



Additional DC Exemptions:

- **Affordable Rental Unit:** Where rent is no more than 80% of the average market rent, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **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**, published by the Ministry of Municipal Affairs and Housing.
- **Attainable Unit:** Excludes affordable units and rental units, **will be defined as prescribed development or class of development** and sold to a person who is at “arm’s length” from the seller.
 - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years.

Currently
NOT 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 in
force

Changes to the D.C.A. (continued)

Bill 23



D.C. Discounts:

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

D.C. Revenue Reduction:

- Removal of Housing as an Eligible D.C. Service
- Capital Cost Amendments (restrictions to remove studies and land)
- 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
- Historical Levels of Service from 10 years to 15 years

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



D.C. Exemptions and Policies

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Exemptions



Mandatory Exemptions

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.);
- May add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure);
- Add one additional unit or 1% of existing units in an existing rental residential building;
- Development of lands intended for use by a university that receives operating funds from the Government (as per Bill 213);
- Affordable and attainable units (to be in force at a later date);
- Affordable inclusionary zoning units;
- Non-profit housing;
- Discount for Rental units based on bedroom size; and
- Phase-in of D.C.s.

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; and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law).

Proposed Discretionary Exemptions from 2021 Study



- Places of worship;
- Cemeteries or burial grounds;
- Hospitals;
- Land, buildings, structures or additions constructed by a charitable or non-profit organization;
- Developments by a charitable or non-profit organization;
- Non-residential buildings used accessory to agricultural operation; and
- Temporary use buildings.



Growth Forecast

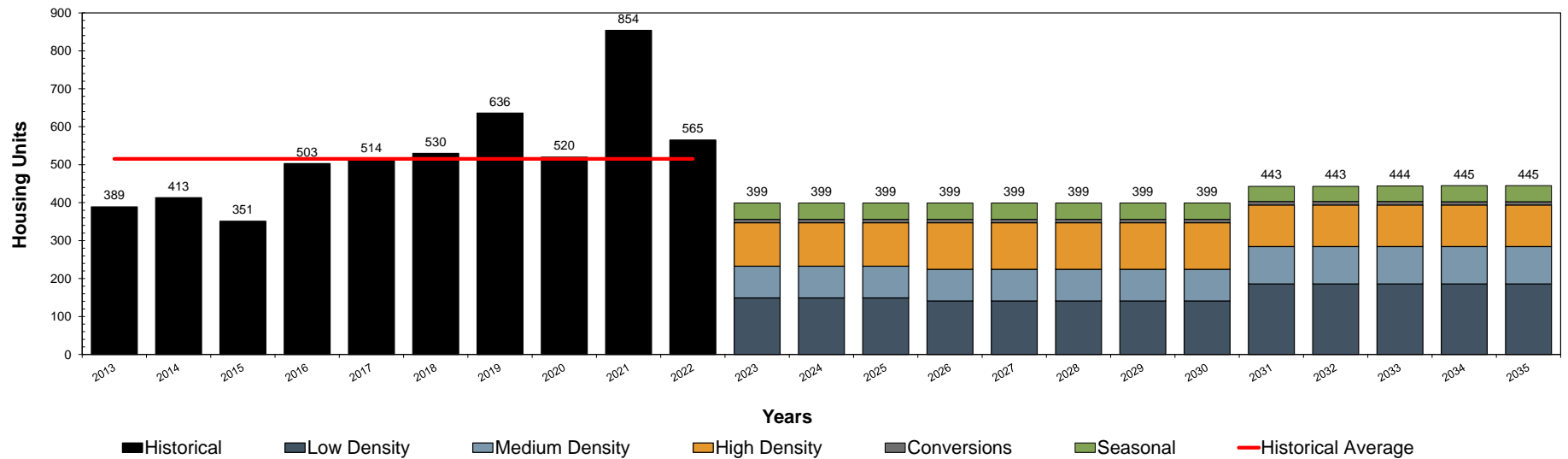
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2023 D.C. Background Study

Growth Forecast – Annual Housing Forecast



**FIGURE A-1
ANNUAL HOUSING FORECAST¹**



Source: Historical housing activity derived from Statistics Canada building permit data for Bruce County, 2013-2022.

^[1] Growth forecast represents calendar year.

Draft Growth Forecast Summary



Measure	10 Year	14 Year
	2023-2032	2023-2036
(Net) Population Increase	8,911	12,221
Residential Unit Increase	4,286	5,756
Non-Residential Gross Floor Area Increase (sq.ft.)	2,713,000	3,230,400

Source: Watson & Associates Economists Ltd. Forecast 2023

Residential

Unit Type	Mix
Low Density	38%
Medium Density	21%
High Density	27%
Seasonal Units	12%
Conversions	2%

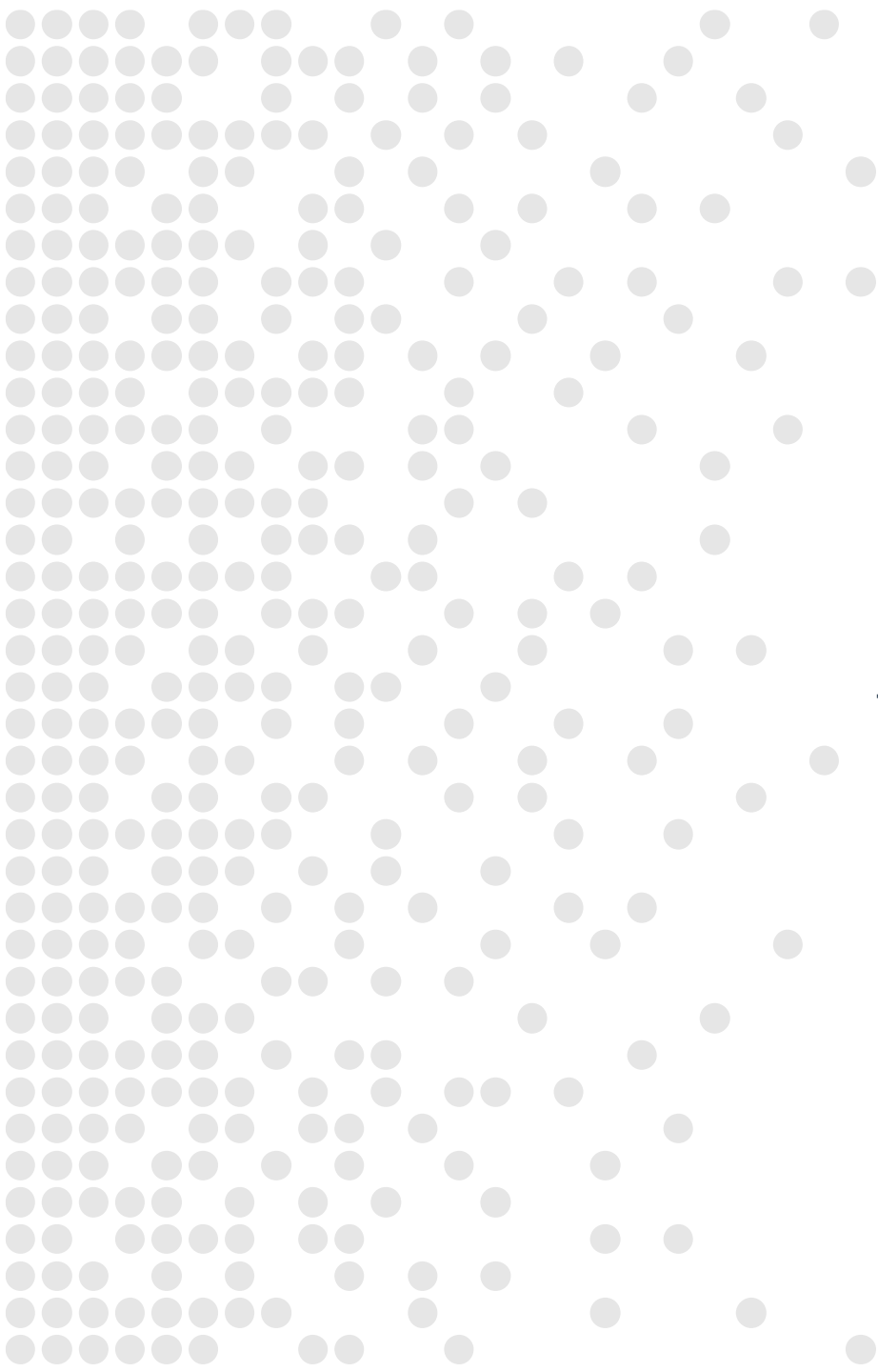
Non-Residential G.F.A

Type	Mix
Industrial	65%
Non-industrial	35%

Forecast Periods for County-Wide Services



- A 14-Year growth forecast period is being used for the following services/class of service:
 - Services Related to a Highway; and
 - Fleet (class of service).
- A 10-year growth forecast period is being used for the following services:
 - Parks and Recreation (Trails);
 - Ambulance;
 - Long-term Care; and
 - Child Care and Early Years Programs.



Service Standards

Bruce County

2023 D.C. Background Study

Service Standards - Overview



- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- D.C.A., 1997 provides that the ceiling is based on the “average of the past 15 years”
- The D.C.A. requires a detailed review of service levels and requires consideration of both “quality” and “quantity” measures
- This involves reviewing capital inventories in detail over previous 15 years

Summary of Service Standard Calculations - Draft



Service Category	Sub-Component	15 Year Average Service Standard					Maximum Ceiling LOS
		Cost (per capita)		Quantity (per capita)		Quality (per capita)	
Service Related to a Highway	Services Related to a Highway - Roads	\$12,112.07	0.0071	km of roadways	1,705,925	per km	148,021,607
	Services Related to a Highway - Bridges, Culverts & Structures	\$3,094.67	0.0016	Number of Bridges, Culverts & Structures	1,934,169	per item	37,819,962
	Services Related to a Highway - Traffic Signals & Streetlights	\$65.07	0.0002	No. of Traffic Signals	325,350	per signal	795,220
	Services Related to a Highway - Facilities	\$189.49	0.7575	sq.ft. of building area	250	per sq.ft.	2,315,757
Fleet	Fleet	\$136.33	0.0009	No. of vehicles and equipment	-	per vehicle	1,666,089
Parks & Recreation	Park Trails	\$31.29	0.0016	Km of Paths and Trails	19,556	per linear m	278,825
	Trails Facilities	\$8.52	0.0001	sq.ft. of building area	85,200	per item	75,922
Ambulance	Ambulance Facilities	\$53.23	0.1580	sq.ft. of building area	337	per sq.ft.	474,333
	Ambulance Vehicles	\$43.40	0.0002	No. of vehicles and equipment	217,000	per vehicle	386,737
Long-term Care	Long-term Care Facilities	\$1,318.27	2.0236	sq.ft. of building area	651	per sq.ft.	11,747,104
	Long-term Care Vehicles and Equipment	\$0.57	-	No. of vehicles and equipment	-	per vehicle	5,079
Childcare and Early Years Programs	Child Care and Early Years Programs - Facilities	\$29.51	0.0668	sq.ft. of building area	442	per sq.ft.	262,964



Capital Infrastructure Needs

Bruce County
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Capital Infrastructure Needs - Draft



Services	Forecast Period	Gross Capital Cost Estimate (2023\$)	Deductions*	Total D.C. Recoverable	Residential D.C. Recoverable Costs	Non-residential D.C. Recoverable Costs
Services Related to a Highway	14-Year	86,771,000	48,124,100	38,646,900	29,758,113	8,888,787
Fleet	14-Year	200,000	-	200,000	154,000	46,000
Parks and Recreation Services (Trails)	10-Year	350,000	-	350,000	332,500	17,500
Long-term Care Services	10-Year	3,500,000	-	3,500,000	3,150,000	350,000
Child Care and Early Years Programs	10-Year	200,000	-	200,000	200,000	-
Ambulance Services	10-Year	13,658,750	12,638,000	1,020,750	918,675	102,075
Total		104,679,750	60,762,100	43,917,650	34,513,288	9,404,362

*Deductions relate to post period benefit, benefit to existing development, grants, subsidies, and other contributions, and other deductions

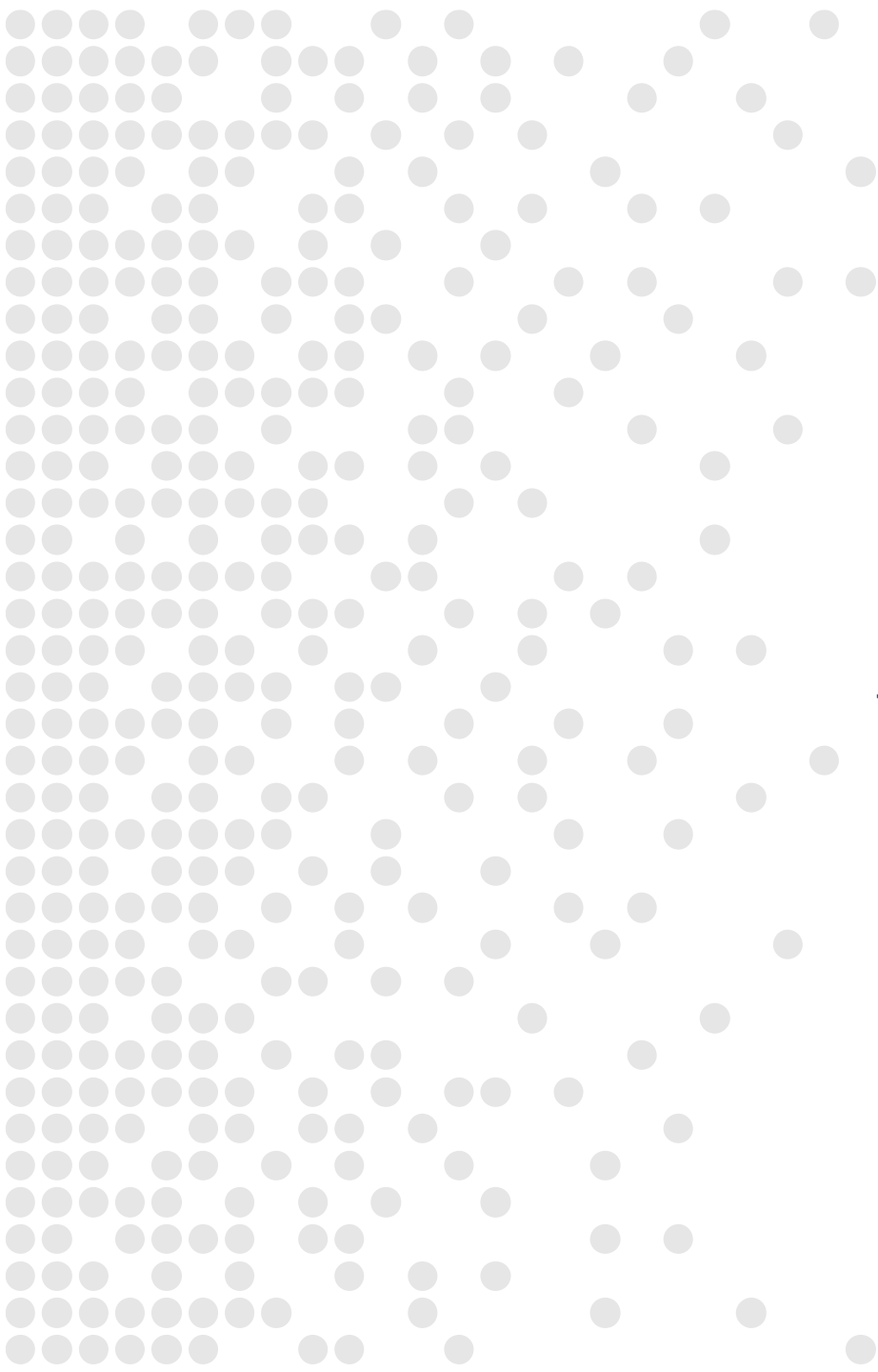
- Increases in most services consistent with inflation
- For Roads, increase in costs due to:
 - Inflation; and
 - Addition of new projects (Bruce Rd. 33 and Bruce Rd. 6 widenings)

Summary of Service Standard Calculations

– Draft - Maximum vs. Utilized



Service Category	Sub-Component	Maximum Ceiling LOS	Utilized	Remaining
Service Related to a Highway	Services Related to a Highway - Roads	148,021,607	38,646,900	150,305,647
	Services Related to a Highway - Bridges, Culverts & Structures	37,819,962		
	Services Related to a Highway - Traffic Signals & Streetlights	795,220		
	Services Related to a Highway - Facilities	2,315,757		
Fleet	Fleet	1,666,089	200,000	1,466,089
Parks & Recreation	Park Trails	278,825	350,000	4,747
	Trails Facilities	75,922		
Ambulance	Ambulance Facilities	474,333	1,020,750	57,070
	Ambulance Vehicles	386,737		
Long-term Care	Long-term Care Facilities	11,747,104	3,500,000	8,252,183
	Long-term Care Vehicles and Equipment	5,079		
Childcare and Early Years Programs	Child Care and Early Years Programs - Facilities	262,964	200,000	62,964



Draft D.C. Rates

Bruce County

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Draft D.C. Rates - Overview



- The draft rates are based on the draft capital program identified previously.
- For residential development the calculated rates are provided on a per unit basis for each type of dwelling:
 - Single/semi;
 - Multiples;
 - Apartments (large and small); and
 - Special care/special dwelling.
- With respect to non-residential development the calculations have been provided in two ways for Council's consideration:
 1. One non-residential rate (blended); or
 2. Industrial vs. non-industrial rate.

Draft D.C. Rates - Residential



Service/Class of Service	RESIDENTIAL				
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Studio and 1 Bedroom	Special Care/Special Dwelling Units
Municipal Wide Services/Class of Service:					
Services Related to a Highway	6,302	4,028	3,973	2,674	2,603
Public Works (Fleet)	33	21	21	14	14
Parks and Recreation Services	96	61	61	41	40
Long-term Care Services	910	582	574	386	376
Child Care and Early Years Programs	58	37	37	25	24
Ambulance Services	266	170	168	113	110
Total County Wide Services/Class of Services	7,665	4,899	4,834	3,253	3,167

Draft D.C. Rates – Non-Residential



Service/Class of Service	NON-RESIDENTIAL
	(per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:	
Services Related to a Highway	2.76
Public Works (Fleet)	0.01
Parks and Recreation Services	0.01
Long-term Care Services	0.12
Child Care and Early Years Programs	-
Ambulance Services	0.04
Total County Wide Services/Class of Services	2.94

Blended

Service/Class of Service	NON-RESIDENTIAL	
	Industrial (per sq.ft. of Gross Floor Area)	Non-Industrial (per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:		
Services Related to a Highway	1.49	4.98
Public Works (Fleet)	0.01	0.03
Parks and Recreation Services	0.00	0.01
Long-term Care Services	0.08	0.24
Child Care and Early Years Programs	0.00	0.00
Ambulance Services	0.02	0.07
Total County Wide Services/Class of Services	1.60	5.33

Industrial/Non-industrial

County D.C. Comparison



County	Single/Semi-Detached
Simcoe	\$13,052
Peterborough	\$10,133
Grey	\$9,183
Wellington	\$8,308
Bruce	\$7,665
Oxford*	\$4,940
Dufferin	\$3,218
Huron	\$0.00

**Excludes water and wastewater charges*

County	Commercial (per sq. ft.)
Simcoe	\$5.10
Peterborough	\$3.40
Bruce	\$2.94
Wellington	\$2.31
Oxford*	\$1.61
Dufferin	\$0.99
Grey	\$0.84
Huron	\$0.00

**Excludes water and wastewater charges*

County	Industrial (per sq. ft.)
Simcoe	\$5.10
Bruce	\$2.94
Wellington	\$2.31
Dufferin	\$0.99
Grey	\$0.84
Peterborough	\$0.00
Oxford	\$0.00
Huron	\$0.00



Rate Survey – Single and Semi-detached Dwellings

Bruce County Municipalities Only

As of June 7, 2023

Municipality	Lower Tier Charges	Upper Tier Charges	Total Development Charges
Saugeen Shores	\$30,115	\$7,665	\$37,780
Kincardine	\$23,321	\$7,665	\$30,986
South Bruce Peninsula (Outside South Wiarton)	\$10,708	\$7,665	\$18,373
Huron-Kinloss (Ripley Settlement Area) ¹	\$6,241	\$7,665	\$13,906
Brockton	-	\$7,665	\$7,665
Arran-Elderslie	-	\$7,665	\$7,665
Northern Bruce Peninsula	-	\$7,665	\$7,665
South Bruce	-	\$7,665	\$7,665

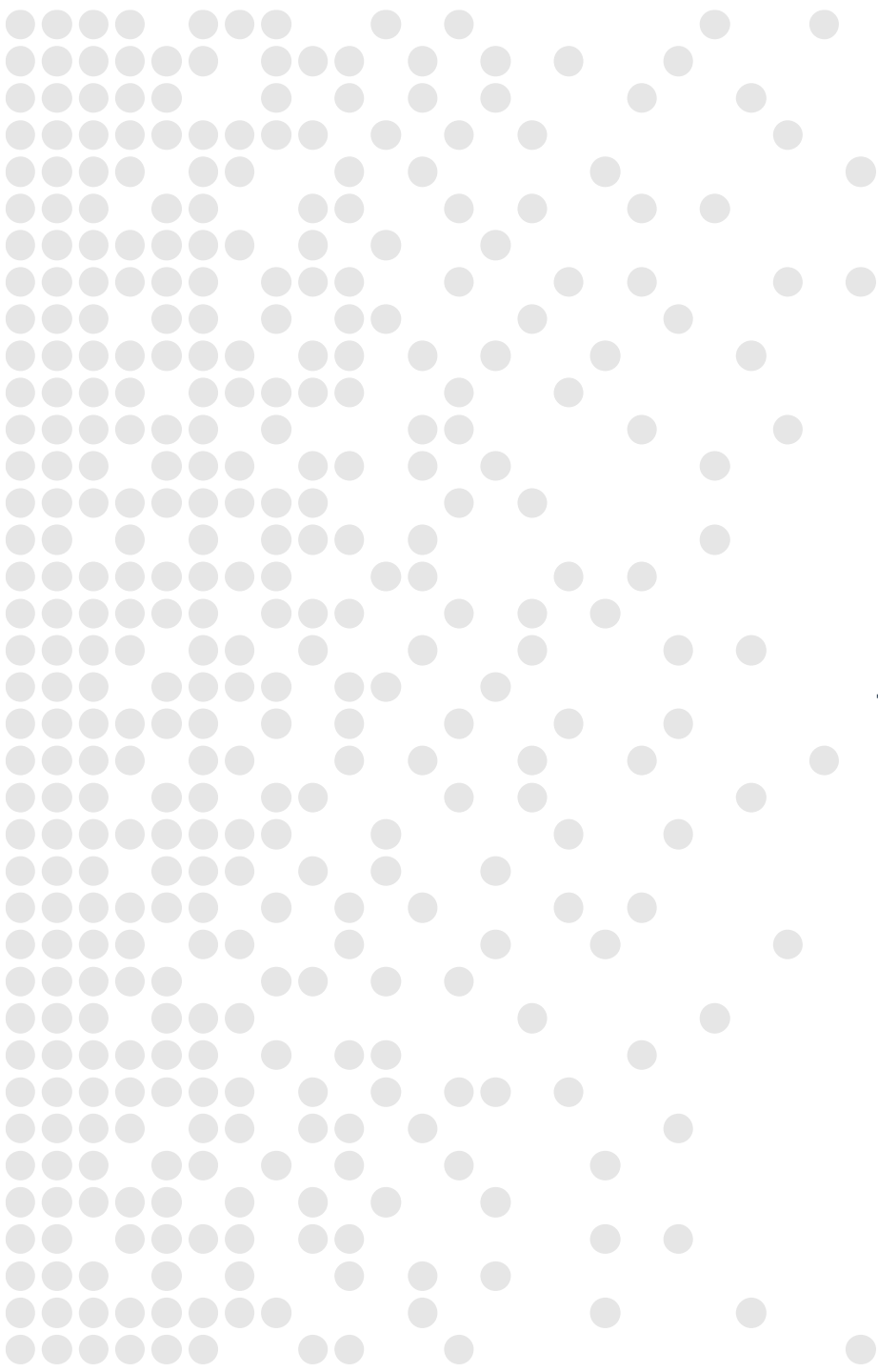
¹ Inflated by 38.7% as per DC indexing

Rate Survey – Commercial Bruce County Municipalities Only



As of June 7, 2023

Municipality	Lower Tier Charges	Upper Tier Charges	Total Development Charges
Saugeen Shores	\$13.34	\$2.94	\$16.28
Kincardine	\$10.87	\$2.94	\$13.81
South Bruce Peninsula (Outside South Wiarton)	\$9.14	\$2.94	\$12.08
Huron-Kinloss (Ripley Settlement Area)	-	\$2.94	\$2.94
Brockton	-	\$2.94	\$2.94
Arran-Elderslie	-	\$2.94	\$2.94
Northern Bruce Peninsula	-	\$2.94	\$2.94
South Bruce	-	\$2.94	\$2.94



Next Steps

Bruce County
2023 D.C. Background Study

Next Steps and Anticipated Dates



Project Milestone	Anticipated Date
Final Report Released to Public	July 20, 2023
Public Meeting	August 3, 2023
By-law Passage	As early as September 21, 2023

Questions



Questions