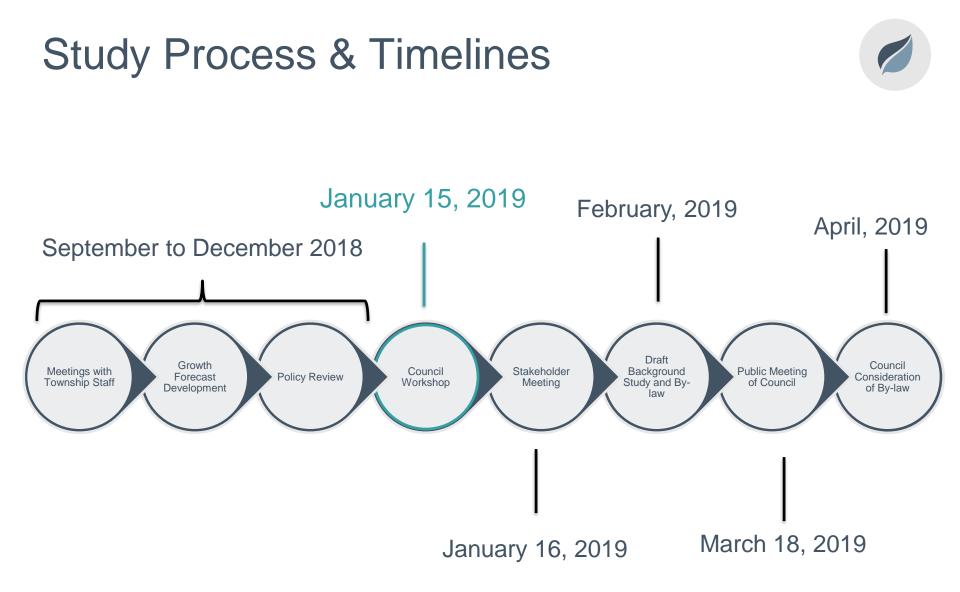


Township of Clearview

Development Charges Stakeholder Meeting

January 16, 2019



Development Charges

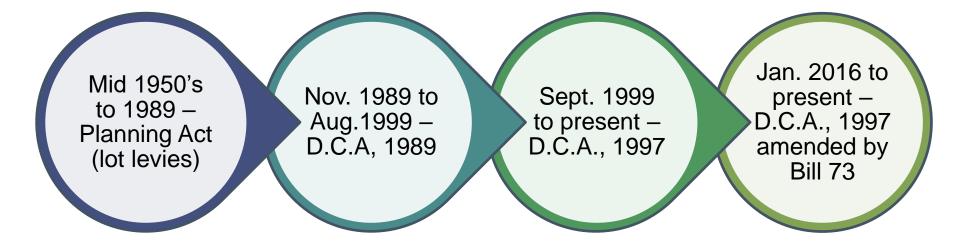


Purpose:

- To recover the capital costs associated with residential and nonresidential 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 <u>except</u>:
 - 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 <u>except</u>:
 - 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

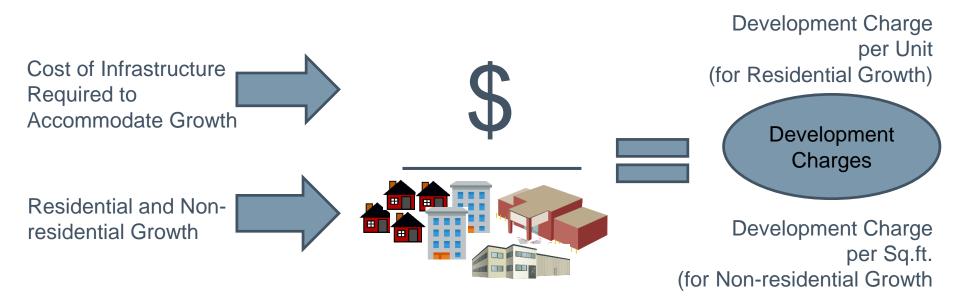
Service Standards



- 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 "<u>no higher than</u>" the highest level attained over the previous 10 year period.
- D.C.A., 1997 provides that the "<u>average</u> 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

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
 ¹²requirements.

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)

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



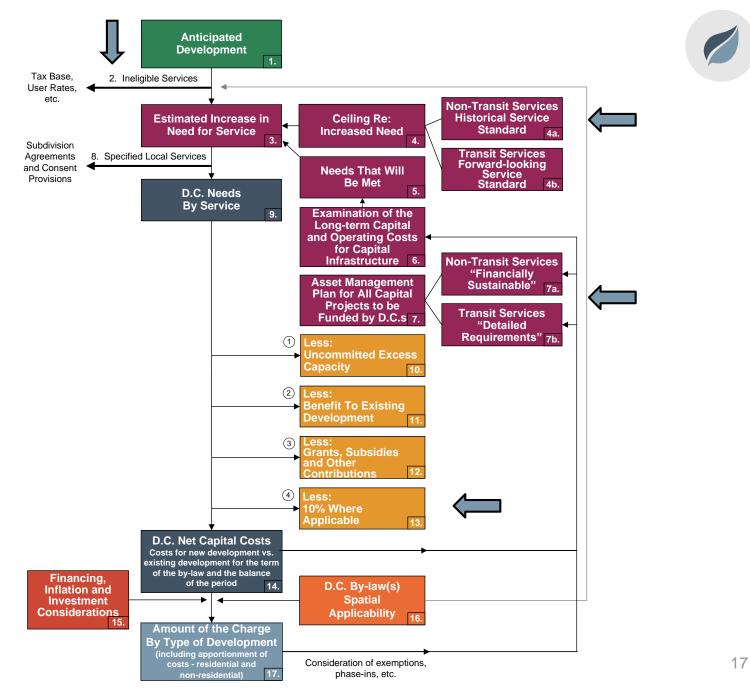
- An examination, for each service to which the development charge bylaw would relate, of the long term capital and operating costs for capital infrastructure required for the service
- It is mandatory that a D.C. Background Study be prepared and be available to the public (along with a draft D.C. by-law) 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)

Methodology



- The following chart provides the overall methodology to calculating the charge
- Arrows mark where Bill 73 has made changes and will be discussed in subsequent slides

The Process of Calculating a Development Charge under the Act that <u>must be followed</u>



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
- 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



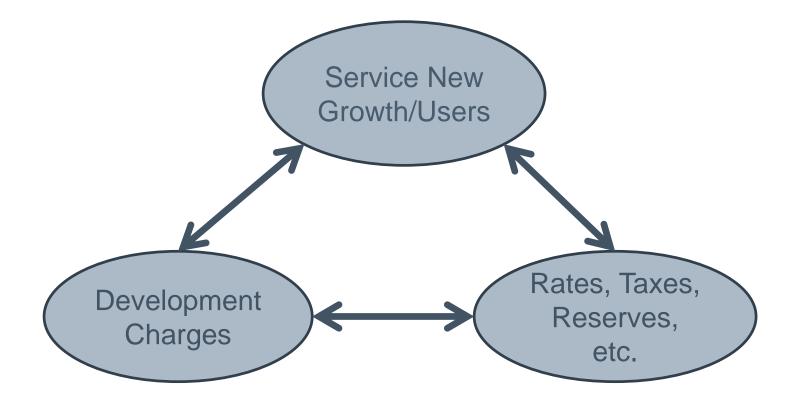
- Annual report must include opening/closing balances, all transaction in the fund, statements identifying all assets funded by D.C.'s and how the portions not funded by D.C.'s were funded
- Include a statement as to the municipality's compliance in not imposing, directly or indirectly, a charge related 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 Clearview



- 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 bylaw passage
- Need to consider Area Rating as part of the Background Study (but not mandatory to impose)
 - Currently the Township imposes water and wastewater on an areaspecific basis

Relationship Between Needs to Service Growth vs. Funding



Growth Forecast

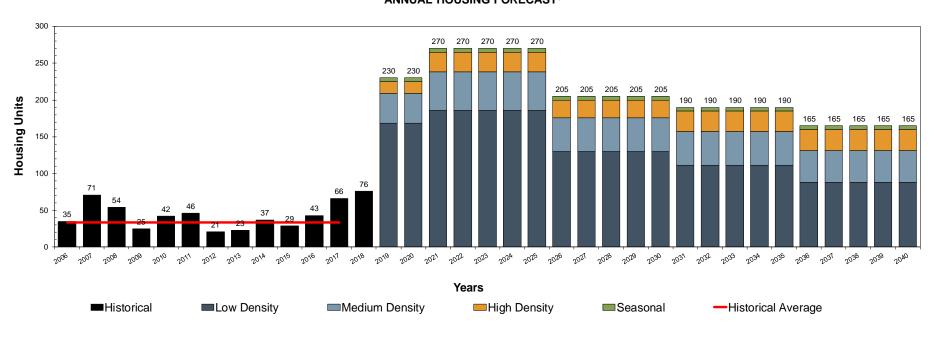


FIGURE A-1 ANNUAL HOUSING FORECAST¹

Source: Historical housing activity derived from Statistics Canada building permit data for Clearview Township, 2007-2017, and 2018 estimated with September 2018 year-to-date building permit data by Watson & Associates Economists Ltd., 2018. 1. Growth forecast represents calendar year.

Growth Forecast Summary



The 2019 Development Charge forecast provides for the following growth:

Measure	10-year 2019-2028	20-year 2019-2038	Stayner 20-year 2019-2038	Creemore 20-year 2019-2038	New Lowell 20-year 2019-2038	Nottawa 20-year 2019-2038
(Net) Population Increase	5,836	10,431	8,611	1,771	(97)	(69)
Residential Unit Increase	2,364	4,238	3,256	745	2	7
Non-Residential Gross Floor Area Increase (ft ²)	195,600	364,800	289,100	41,800	24,700	9,200

Source: Watson & Associates Economists Ltd. Forecast 2019

Summary of Services Considered



Township-wide:

- Services Related to a Highway (currently roads and related)
- Fire Protection Services
- Police Services
- Parking Services
- Indoor and Outdoor Recreation Services
- Library Services
- Administration Studies

Urban-area Services (Stayner and Creemore)

- Wastewater Services
- Water Services

Note: Transit Services were reviewed, however, future plans are recommended to by funded by the County

Level of Service Ceiling – Maximum vs. Utilized



SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED									
Service Category	Sub-Component	10 Year Average Service Standard					Maximum	Utilized	Remaining
Service Category	Sub-Component	Cost (per capita) Quantity (per capita)		Quality (per capita)		Ceiling LOS			
	Services Related to a Highway - Roads	\$29,434.20	0.0325	km of roadways	905,668	per lane km	307,028,140	13,352,982	293,675,158
	Sidewalks	\$294.80	0.0015	km of sidewalks	196,533	per km	3,075,059	674,900	2,400,159
Services Related to a Highway	Traffic Signals & Streetlights	\$257.70	0.0526	No. of Traffic Signals and Streetlights	4,899	per signal	2,688,069	723,800	1,964,269
3 4	Services Related to a Highway - Facilities	\$610.85	2.0218	ft ² of building area	302	per sq.ft.	6,371,776	2,581,500	3,790,276
	Services Related to a Highway - Vehicles	\$282.17	0.0021	No. of vehicles and equipment	134,367	per vehicle	2,943,315	1,393,600	1,549,715
	Fire Facilities	\$531.62	1.0716	ft² of building area	496	per sq.ft.	5,545,328	3,109,937	2,435,391
Fire	Fire Vehicles	\$283.03	0.0011	No. of vehicles	257,300	per vehicle	2,952,286	500,000	2,452,286
	Fire Small Equipment and Gear	\$119.69	0.0285	No. of equipment and gear	4,200	per Firefighter	1,248,486	100,000	1,148,486
Police	Police Facilities	\$54.02	0.1789	ft ² of building area	302	per sq.ft.	563,483	451,983	111,499
Folice	Police Small Equipment and Gear	\$3.90	0.0009	009 No. of equipment and gear		per Officer	40,681	40,000	681
Parking	Parking Spaces	\$33.72	0.0025	No. of spaces	13,488	per space	196,790	142,000	54,790
	Parkland Development	\$277.01	0.0076	Acres of Parkland	36,449	per acre	1,616,630		
Outdoor Recreation	Parkland Amenities	\$397.54	0.0047	No. of parkland amenities	84,583	per amenity	2,320,043	2,490,000	1,733,747
	Parkland Trails	\$25.93	1.0373	Linear Metres of Paths and Trails	25	per lin m.	151,327	2,490,000	1,733,747
	Outdoor Recreation Vehicles and Equipment	\$23.26	0.0008	No. of vehicles and equipment	29,075	per vehicle	135,745		
Indoor Recreation	Indoor Recreation Facilities	\$2,350.84	6.0817	ft ² of building area	387	per sq.ft.	13,719,502	-	13,719,502
Libran	Library Services	\$222.16	0.4525	ft ² of building area	491	per sq.ft.	1,296,526	3,517,598	612,831
Library	Library Collection Materials	\$485.59	7.1693	No. of library collection items	68	per collection item	2,833,903	3,317,390	012,031



Comparison of Township-Wide Residential Development Charges

Residential (Single Detached) Comparison							
Service	Current	Calculated					
Municipal Wide Services:							
Services Related to a Highway	3,753	4,612					
Municipal Parking Services	80	56					
Fire Protection Services	347	914					
Police Services	129	121					
Outdoor Recreation Services	1,025	965					
Indoor Recreation Services	1,020	-					
Library Services	827	1,650					
Administration	428	386					
Total Municipal Wide Services	6,588	8,704					
Area Specific Services:							
Stayner							
Water Services	11,759	14,578					
Wastewater Services*	5,823	6,039					
Total Stayner Area	17,582	20,617					
Creemore							
Water Services	6,364	8,700					
Wastewater Services	5,485	4,222					
Stormwater Services	-	2,111					
Total Creemore Area	11,849	15,033					
New Lowell		-					
Water Services	10,276	-					
Total New Lowell Area	10,276	-					
Grand Total - Stayner Area	24,171	29,321					
Grand Total - Creemore Area	18,437	23,737					
Grand Total - New Lowell Area	16,865	8,704					

*DC for prepayment lots is \$2,970

Comparison of Township-Wide Non-Residential Development Charges



Non-Residential (per sq.ft.) Comparison					
Service	Current	Calculated			
Municipal Wide Services:					
Services Related to a Highway	1.56	2.04			
Municipal Parking Services	-	0.03			
Fire Protection Services	0.20	0.40			
Police Services	0.04	0.05			
Outdoor Recreation Services	-	0.57			
Indoor Recreation Services	-	-			
Library Services	0.20	0.98			
Administration	-	0.18			
Total Municipal Wide Services	2.00	4.25			
Area Specific Services:					
<u>Stayner</u>					
Water Services	4.69	4.64			
Wastewater Services*	2.89	3.16			
Total Stayner Area	7.58	7.80			
Creemore					
Water Services	2.54	4.05			
Wastewater Services	2.19	1.96			
Stormwater Services	-	0.98			
Total Creemore Area	4.73	6.99			
New Lowell		-			
Water Services	4.26	-			
Total New Lowell Area	4.26	-			
Grand Total - Stayner Area	9.58	12.05			
Grand Total - Creemore Area	6.73	11.24			

Note: During previous study process Council eliminated non-residential D.C.s for Recreation, Parking, and Administration

6.26

4.25

Grand Total - New Lowell Area

Residential (per single-detached unit) Development Charges Comparison



^No water or wastewater

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

Municipality	Lower Tier Charges	Upper Tier Charges	Education DC's	Total Development Charges	Ranking
Barrie - Retail	31.66	-	0.47	32.13	1
Innisfil - Friday Harbour Resort Area	21.67	3.32	0.47	25.46	2
Innisfil - South Service Area	21.67	3.32	0.47	25.46	2
New Tecumseth	20.02	3.32	0.47	23.81	4
Essa - Thornton	18.69	3.32	0.47	22.48	5
Bradford West Gwillimbury - Urban	16.43	3.32	0.47	20.22	6
Bradford West Gwillimbury - Bondhead	14.67	3.32	0.47	18.46	7
Clearview - Stayner (Calculated)	12.05	3.32	0.47	15.84	8
Clearview - Creemore (Calculated)	11.24	3.32	0.47	15.03	9
Springwater - Elmvale	11.21	3.32	0.47	15.00	10
Clearview - Stayner (Current)	9.58	3.32	0.47	13.37	11
Тау	8.61	3.32	0.47	12.41	12
Essa - Angus	8.31	3.32	0.47	12.11	13
Severn - Westshore	7.73	3.32	0.47	11.52	14
Springwater - Midhurst	7.38	3.32	0.47	11.17	15
Springwater - Anten Mills	7.37	3.32	0.47	11.16	16
Springwater - Rural	7.37	3.32	0.47	11.16	16
Essa - Baxter	7.13	3.32	0.47	10.92	18
Penetanguishene	6.99	3.32	0.47	10.79	19
Clearview - Creemore (Current)	6.73	3.32	0.47	10.52	20
Bradford West Gwillimbury - Rural	6.39	3.32	0.47	10.18	21
Collingwood	6.39	3.32	0.47	10.18	21
Essa - Rural	6.36	3.32	0.47	10.16	23
Clearview - New Lowell (Current)	6.26	3.32	0.47	10.05	24
Wasaga Beach	5.59	3.32	0.47	9.39	25
Clearview - New Lowell (Calculated)	4.25	3.32	0.47	8.04	26
Clearview - All Other Areas (Calculated)	4.25	3.32	0.47	8.04	26
Adjala-Tosorontio - Everett Settlement Area^	3.95	3.32	0.47	7.74	28
Orillia	6.67	-	0.47	7.14	29
Tiny^	3.28	3.32	0.47	7.07	30
Midland	3.11	3.32	0.47	6.90	31
Oro-medonte^	2.31	3.32	0.47	6.10	32
Clearview - All Other Areas (Current)	2.00	3.32	0.47	5.79	33

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



Municipality	Lower Tier Charges	Upper Tier Charges	Education DC's	Total Development Charges	Ranking
Innisfil - Friday Harbour Resort Area	21.67	1.99	0.47	24.13	1
Innisfil - South Service Area	21.67	1.99	0.47	24.13	1
Barrie - Non-retail	21.75	-	0.47	22.22	3
Essa - Thornton	18.69	1.99	0.47	21.15	4
Bradford West Gwillimbury - Urban	16.43	1.99	0.47	18.89	5
Bradford West Gwillimbury - Bondhead	14.67	1.99	0.47	17.13	6
Clearview - Stayner (Calculated)	12.05	1.99	0.47	14.51	7
New Tecumseth	12.01	1.99	0.47	14.47	8
Clearview - Creemore (Calculated)	11.24	1.99	0.47	13.70	9
Springwater - Elmvale	11.21	1.99	0.47	13.67	10
Clearview - Stayner (Current)	9.58	1.99	0.47	12.04	11
Tay	8.61	1.99	0.47	11.08	12
Essa - Angus	8.31	1.99	0.47	10.78	13
Severn - Westshore	7.73	1.99	0.47	10.19	14
Springwater - Midhurst	7.38	1.99	0.47	9.84	15
Springwater - Anten Mills	7.37	1.99	0.47	9.83	16
Springwater - Rural	7.37	1.99	0.47	9.83	16
Essa - Baxter	7.13	1.99	0.47	9.59	18
Clearview - Creemore (Current)	6.73	1.99	0.47	9.19	19
Bradford West Gwillimbury - Rural	6.39	1.99	0.47	8.85	20
Collingwood	6.39	1.99	0.47	8.85	20
Essa - Rural	6.36	1.99	0.47	8.83	22
Clearview - New Lowell (Current)	6.26	1.99	0.47	8.72	23
Wasaga Beach	5.59	1.99	0.47	8.06	24
Clearview - New Lowell (Calculated)	4.25	1.99	0.47	6.71	25
Clearview - All Other Areas (Calculated)	4.25	1.99	0.47	6.71	25
Adjala-Tosorontio - Everett Settlement Area^	3.95	1.99	0.47	6.41	27
Tiny^	3.28	1.99	0.47	5.74	28
Midland	3.11	1.99	0.47	5.57	29
Oro-medonte [^]	2.31	1.99	0.47	4.77	30
Clearview - All Other Areas (Current)	2.00	1.99	0.47	4.46	31
Penetanguishene*	-	1.99	0.47	2.46	32
Orillia*	-		0.47	0.47	33

*Exempt

^No water or wastewater

Council Decisions



Council to provide input on the following matters:

- D.C. rates to be implemented
- Consideration of Area-rating
- Other Policies/Exemptions

Discussion Items for Council



- D.C.s should not be negotiated with individual developers
 - The D.C.A. provides that exemptions or discounts may be provided to an entire class or category of development.
 - Providing discounts or exemptions on an ad-hoc basis may be considered "Bonusing" under the Municipal Act (s.106)
- 50% Mandatory Industrial Expansion Exemption
 - Current definition provides exemption for expansions to only the existing industrial building (does not apply to building that is not connected to the existing building above grade)
 - Council to provide guidance on whether ALL non-residential properties, regardless of being a new building or an expansion of an existing building, moving forward to have 50% discounts based on ALL existing square footage in existence regardless of prior D.C. 50% discounts

Discussion Items for Council - continued



Current Discretionary Exemptions:

- Hospitals
- Place of worship
- Agricultural use that does not receive municipal water or wastewater services
- Accessory buildings to an agricultural operation
- Charitable or non-profit organization for a purpose that benefits the community as determined by Council
- Uses that provide a significant community benefit (up to 50%)
- Industrial or commercials uses utilizing green technologies provided a reduction in the D.C. as follows:
 - Green roof 10%
 - Grey-water recycling 10%
 - Wastewater pre-treatment facility 20%
 - ³⁹ Rainwater capture and re-use 5%

Discussion Items for Council - continued



Current Discretionary Exemptions:

- Industrial use creating jobs (0.5% reduction per new full-time equivalent up to a maximum of 30%)
- Non-residential charges for parking, recreation, and library services
- Temporary use buildings

Discussion Items for Council - continued



- Definition of Long-term Care/Extended Care/Independent Living
 - In 2019 D.C. study these units would be considered residential and will have their own category of charges (i.e. special care/special dwelling units)

