

DATE: October 21, 2024

REPORT NO: T-21-2024

SUBJECT: **Development Charges Background Study and Proposed By-Law**

CONTACT: Katelyn Repovs, CPA, CA Deputy Treasurer/Manager of Finance
Donna DeFilippis, CPA, CA Director of Finance/Treasurer

OVERVIEW:

- This Report presents the Township’s finalized 2024 Development Charges Background Study, as amended, and the proposed Development Charges By-Law.
- Attached to this Report is the Development Charges Background Study dated May 13, 2024 (Schedule “A”), Addendum to the Background Study dated October 7, 2024 (Schedule “B”), the proposed By-Law (Schedule “C”), and the Township’s responses to questions raised from the Stakeholder/Developer meeting (Schedules “D” and “E”).
- The final By-Law will be presented for Council approval on October 28, 2024.
- Administration recommends adoption of the 2024 Background Study, as amended and approval of a new Development Charges By-Law, with rates effective October 29, 2024.

RECOMMENDATION:

1. That, Recommendation Report T-21-2024, titled “Development Charges Background Study and Proposed By-Law”, be received; and,
2. That, Council approve the May 13, 2024 Development Charges Background Study, as amended and attached as Schedules “A” and “B” to this report; and,
3. That, Council approve the capital project listing set out in Chapter 5 of the Development Charges Background Study dated May 13, 2024, as amended, and that these projects be included in the Ten Year Capital Plan, subject to further review during the capital budget process; and,
4. That, Council continue to include a class of service for growth studies; and,
5. That, Council continue the DC approach to calculate the charges on a uniform Township-wide basis for all services except water, wastewater, and stormwater; and,
6. That, Council continue the DC approach to calculate the charges on an urban-area basis for water, wastewater, and stormwater services; and,
7. That, Council has determined that no further public meeting is required; and,

8. That, Council approve By-Law 2024-70, Imposition of Development Charges, as set out in Schedule “C” to this report; and,
9. That, the Mayor and Clerk be and are hereby authorized to sign By-Law 2024-70, Imposition of Development Charges, at the October 28, 2024 Council meeting.

ALIGNMENT TO STRATEGIC PLAN:

- **BUILD** a safe connected, caring and active community
- **CHAMPION** strategic and responsible growth
- **ADVANCE** organizational capacity and effectiveness

BACKGROUND:

Municipalities have the authority to impose Development Charges through the Development Charges Act, 1997, S.O. 1997, c. 27 (DCA). The municipality collects development charges to recover the cost of growth that occurs as a result of providing municipal services to new residential and non-residential development. For the Township, those municipal services include:

- Roads and Related Infrastructure
- Public Works Facilities, Equipment and Fleet
- Fire Protection
- Parks and Recreation
- Library
- Studies Related to Growth
- Stormwater
- Wastewater
- Water

One of the key elements in establishing development charges is the need to prepare a Development Charges Background Study and pass a by-law setting out the development charge (DC) fee to be collected. Administration provided the details related to future growth-related projects planned, as well as various growth statistics. The current Township population is roughly 15,500, with an anticipated target increase to approximately 22,780 by mid-2034 and 37,240 by mid-2051. Within a 30-year period, the Township’s population is expected to more than double, based on targets through the Niagara Region’s Official Plan.

This data forms the basis of the Background Study, which ultimately calculates a DC fee. Administration worked with consultants from Watson & Associates Economists Ltd. to prepare the 2024 Background Study (as amended) and proposed By-Law.

The Township’s current Development Charges By-Law 2019-51, as amended through By-Laws 2022-77 and 2024-42, came into effect on June 24, 2019. This By-law does not have an expiration date as this was removed through Recommendation Report T-13-2024, presented to Council in June 2024.

Council was presented with the Development Charges Background Study (Schedule “A”) at the May 27, 2024 Public/Council Meeting. The May 27, 2024 Public Meeting provided an opportunity for the public to provide comments and concerns to members of Council. At this meeting, Byron Tan from Watson & Associates Economists Ltd. presented an overview of the Development Charges Background Study and proposed By-Law. In addition, the Township hosted a Stakeholder/Developer Information meeting on April 18, 2024 with members of the development community, Administration, and Watson & Associates Economists Ltd. in order to provide an additional opportunity for public input.

In accordance with the DCA (where applicable), Administration is/has been following the below timeline to ensure all milestone requirements are adhered to, as noted below:

Process Steps	Date
Stakeholder/Developer Information Meeting	April 18, 2024
DC Council Workshop	April 29, 2024
Advertisement Notice of Public Meeting of Council <i>(written notice of at least 20 days must be given)</i>	Week of April 29, 2024 & Week of May 13, 2024
Release of Background Study and Proposed DC By-Law <i>(must be made available to public at least 2 weeks before Public Meeting, & 60 days prior to passing of DC By-Laws)</i>	May 13, 2024
Mandatory Public Meeting of Council <i>(before passing DC By-Laws, at least one public meeting must occur)</i>	May 27, 2024
Release of Staff Report T-13-2024 and Amending By-Law 2024-42 to remove DC By-Law expiration date	June 12, 2024
Council Passage of Amending By-Law 2024-42	June 24, 2024
Release of Background Study Report Addendum #1	October 7, 2024
Council Consideration of Background Study and Proposed DC By-Law	October 21, 2024
Council Approval of DC By-Law	October 28, 2024
New DC By-Laws in Effect	October 29, 2024
Written Notice of DC By-Law Passing	Week of October 28, 2024
Deadline to Appeal DC By-Laws <i>(must provide appeal period of 40 days after By-Law is passed)</i>	December 7, 2024

CURRENT SITUATION:

As a result of Bill 185: *Cutting Red Tape to Build More Homes Act*, receiving Royal Assent on June 6, 2024 and comments submitted from the Stakeholder/Developer Group, the Township worked with Watson & Associates Economists Ltd. to prepare Addendum #1 to the Development Charges Background Study Report (Schedule “B”). The Township’s responses to the Stakeholder/Developer Group comments are attached as Schedule “D” and “E” to this report. The Addendum Report was released on October 7, 2024 through the Township’s website. An advertisement was placed in the local newspaper advising the public of this Addendum. In addition, a communication was sent out to the Stakeholder/Developer Group.

The changes to the May 13, 2024 Background Study (as presented in the Addendum #1 Report) are summarized in Chapter 5 of the Addendum Report. A summary of notable changes are as follows:

- Addition of Growth Study projects and inclusion of calculation of a development charge for this service
- Road Project 7, South Grimsby Road 5: Spring Creek Road & RR20, removal of Other Contribution and DC recoverable amount increased, based on further review by Administration
- Road Project 16, Provision for Other Road-Related Works (Upgrades/Widenings), cost reduced, based on further review by Administration
- Public Works Project 1, Removal of Road Roller capital project, based on further review by Administration and in response to Stakeholder/Developer Group comments
- Public Works Project 5, Provision for New Vehicles/Equipment, cost reduced, based on further review by Administration and in response to Stakeholder/Developer Group comments
- Wastewater Project 7, Townline Road sewer upsizing, removal of Other Contribution, cost reduced, based on further review by Administration
- Removed Solar PVs from the DC calculations, as this was determined not to be feasible based on further review by Administration

The Addendum resulted in changes to the development charge rates presented in the May 13, 2024 Background Study. The below table presents a comparison of the Township-wide rates, for a single and semi-detached dwelling, under the current By-Law, under the May 13, 2024 Background Study and under the October 7, 2024 Addendum #1. The figures presented under the Addendum #1 column represent the finalized figures.

Service	Current	Calculated (May 13, 2024)	Calculated (Addendum #1)
Township Wide Services:			
Services Related to a Highway	8,042	18,757	18,388
Fire Protection Services	542	2,241	2,241
Parks and Recreation Services	6,393	6,567	6,567
Library Services	1,149	1,073	1,073
Growth Studies	472	-	891
Total Township Wide Services	16,598	28,638	29,160
Urban Services:			
Stormwater Services	100	22	22
Wastewater Services	623	5,334	5,356
Water Services	1,521	267	267
Total Urban Services	2,244	5,623	5,645
Grand Total - Urban Area	18,842	34,261	34,805

The below table presents a comparison of the Township-wide rates, for a non-residential development, under the current By-Law, under the May 13, 2024 Background Study and under the October 7, 2024 Addendum #1. The figures presented under the Addendum #1 column represent the finalized figures.

Service	Current	Calculated (May 13, 2024)	Calculated (Addendum #1)
Township Wide Services:			
Services Related to a Highway	2.99	7.10	6.96
Fire Protection Services	0.21	0.86	0.86
Parks and Recreation Services	0.47	0.80	0.80
Library Services	0.07	0.13	0.13
Growth Studies	0.18	-	0.33
Total Township Wide Services	3.92	8.89	9.08
Urban Services:			
Stormwater Services	0.02	0.01	0.01
Wastewater Services	0.21	1.96	1.97
Water Services	0.54	0.10	0.10
Total Urban Services	0.77	2.07	2.08
Grand Total - Urban Area	4.69	10.96	11.16

A full listing of the calculated residential and non-residential DC rates is available through the proposed Development Charges By-Law, attached as Schedule “C”, to be approved at the October 28, 2024 Council Meeting. Administration recommends that the By-Law and the new DC rates come into force on October 29, 2024. The attached By-Law notes an expiration date of 10 years from the date of passage, which aligns with the DCA. However, Council can repeal the By-Law at an earlier date. At present, Administration plans to update the Township-Wide Development Charges Background Study and By-Law every 5 years, in keeping with past practices.

Another item of note is that Administration can undergo a Background Study related to a single service area, and amend the By-Law accordingly. Administration will explore this further, upon the conclusion of ongoing and upcoming Master Plans, such as the Parks and Recreation Master Plan and Fire Master Plan. This would ensure the Township is accurately capturing all future growth-related infrastructure needs in a timely manner.

FINANCIAL IMPLICATIONS:

Development charges are a key component in financing growth related capital items. The Township Ten Year Capital plans include growth-related capital financed either completely or partially with development charges. The proposed increase in rates is reflective of the proposed capital projects.

Per the Background Study (as amended), **over the next ten years**, the Township’s anticipated growth-related expenditures are \$150.9 million. Of this, the amount recoverable

from DCs is \$121.2 million or 80% of the expenditures. An amount of \$26.3 million (or 17% of expenditures) will need to be contributed and funded from other sources, such as the tax levy or grants. A remaining amount of \$3.4 million represents the post period DC forecast benefit and will be captured in future Background Studies. The Township will likely increase the use of Front-Ending Agreements, in accordance with section 44 of the DCA, as mechanisms to pay for this growth-related infrastructure.

The total of the Township’s anticipated growth-related expenditures captured in the Background Study (as amended) is \$283.9 million. Of this, \$230.6 million will be recoverable from DCs, or 81% of the expenditures.

INTER-DEPARTMENTAL COMMENTS:

The development of this 2024 Background Study, as amended, and By-Law was a Township wide project with input from all Directors.

CONCLUSION:

Administration recommends the adoption of the 2024 Development Charges Background Study (as amended) dated May 13, 2024 and approval of By-Law 2024-70 Imposition of Development Charges, with an effective date of October 29, 2024.

ATTACHMENTS:

- Schedule “A” – Development Charge Background Study Report, May 13, 2024
- Schedule “B” – Development Charge Background Study Addendum, October 7, 2024
- Schedule “C” – Proposed Development Charges By-Law 2024-70
- Schedule “D” – Township Response to Stakeholder Group Questions, Letter 1
- Schedule “E” – Township Response to Stakeholder Group Questions, Letter 2

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