

2017 Development Charges Update

Development Charges Advisory
Committee

October 6, 2016



Halton.ca ☎ 311



Agenda

- 1. Development Charges Advisory Committee (DCAC)**
- 2. Halton Strategic Action Plan**
- 3. DC 101**
- 4. Growth Plan**

1. Development Charges Advisory Committee (DCAC)

- 2017 DC Update process to be based on comprehensive consultation process involving DCAC:
 - Committee consists of 15 members representing developers, builders, business, councillors and rate payers.
 - Committee's goal is to advise and assist the Region with respect to the preparation of the Development Charge Background Study.
 - Advise based on Council approved Official Plan, Best Planning Estimates, Master Plan Studies, other reports and within the requirements of DC Act.

2017 DC Update Process	Date
1. DCAC 4 Meetings	October / November 2016
2. DCAC Activity Update Report to Council	December 2016
3. Release DC Background Study to Public	December 2016 / January 2017
4. Public Meeting under the DC Act (A&F Committee)	February 2017
5. Final DC Proposals to A&F Committee	May 2017
6. Passing of DC By-law(s) by Council	May 2017

DCAC Membership

- **4 Ratepayers:**
 - Jesin Ghatalia
 - Herb Lewington
 - Syed Raza
 - Sunil Vidyarthi
- **2 Home Builders:**
 - Gary Gregoris (BILD)
 - Suzanne Mammel (HHHBA)
- **2 Non-Residential Developers:**
 - Phil King (BILD)
 - Ornella Richichi (BILD)
- **2 Business/Chamber of Commerce:**
 - Howard Mott
 - David Woodiwiss
- **Regional Chair**
 - Gary Carr
- **4 Regional Councillors:**
 - Councillor Jane Fogal
 - Councillor Dave Gittings
 - Mayor Gordon Krantz
 - Councillor Paul Sharman
 - Councillor Jack Dennison (Burlington alternate)

DCAC Meeting Schedule

- **Meeting #1 – October 6, 2016 @ 9:30 am**
 - Election of Chair, Introductions & Procedural By-law
 - Development Charges 101
 - Growth Plan
 - Discussion
- **Meeting #2 – October 20, 2016 @ 9:30 am**
 - Water/Wastewater & Transportation Review (2017 – 2031)
 - Capital Costs
 - Discussion
- **Meeting #3 – November 3, 2016 @ 9:30 am**
 - DC Calculations, including Assumptions and Methodology
 - Competitiveness
 - Discussion
- **Meeting #4 – November 17, 2016 @ 9:30 am**
 - Development Charge Policies
 - Final Review
 - Discussion



2. Halton Strategic Action Plan



Strategic Action Plan

- Sets out the strategic direction for the Region over the term of Council 2015-2018;
- Key action to maintain the Region's strong long-term financial position, including updating the DC By-law and Development Financial Plan to ensure growth pays for growth in the areas in which development occurs;
- Develop policies and deliver infrastructure to support growth in existing urban areas (i.e. intensification).

3. Development Charges 101



What are Development Charges (DCs)?

- Charges collected by municipalities (and EDCs in the case of school boards) to fund development-related capital costs.
- DCs are paid by developers and builders and anyone seeking a building permit, subdivision, or by agreement.
- DCs are imposed in over 200 Ontario municipalities. In the U.S. they are known as “impact fees”. In Western Canada they are often known as “servicing fees”.

Bill 73 – Smart Growth for Our Communities Act, 2015

- In late 2013, the Ministry of Municipal Affairs and Housing (MMAH) invited stakeholders to provide input into the *Development Charges Act, 1997* (DCA, 1997) to make sure it is predictable, transparent, cost-effective and responsive to the changing needs of communities;
- Through FN-30-13 (Re: “Provincial Land Use Planning, Appeal and Development Charges Review – Submission Respecting Recommended Amendments to the *Development Charges Act, 1997*”) Council directed staff to provide a submission to the MMAH.

Bill 73 – Smart Growth for Our Communities Act, 2015

- Halton requested that the Province amend the DCA to be consistent with the principle that growth pays for growth, including the following:
 - Include all growth-related services funded by a municipality;
 - Remove the 10 percent discount for all services;
 - Replace the 10 year average historic service level limits with a service level that is forward looking;
 - Remove mandatory exemptions; and
 - Continue to provide maximum flexibility to use alternate funding tools to finance significant growth-related infrastructure to meet the Places to Grow Act.
- On March 5, 2015 the Province announced reforms to the DCA through the introduction of Bill 73;



Bill 73 – Smart Growth for Our Communities Act, 2015

- On July 15, 2015, Council reiterated its principles that “growth pays for growth” endorsing a resolution urging the Province to amend the DCA to reflect the needs as set out in its earlier submission;
- Bill 73 came into effect January 1, 2016.
- Limited changes made through Bill 73 are far from satisfying the “growth pays for growth” principle.

Category	Halton Request	D.C.A., 1997 After January 1, 2016
Exempt Services	<ul style="list-style-type: none"> No exempt services (Include All Growth Related Services) 	<ul style="list-style-type: none"> Waste Diversion is a service that has been added to the current eligible list. No change to other services
Service Level Calculations	<ul style="list-style-type: none"> Remove 10 Year historic service level limits with a forward looking service level for all services 	<ul style="list-style-type: none"> 10-year planned level of service for prescribed services (currently only transit) Halton unaffected as transit is provided at the lower-tier level
10% Discount	<ul style="list-style-type: none"> No discount. (Remove 10% Discount for All Services) 	<ul style="list-style-type: none"> Transit is the only new service that does not require the 10% deduction
Area-specific Charges	<ul style="list-style-type: none"> The Region can utilize area-specific charges if they decide it is desirable 	<ul style="list-style-type: none"> The Region's Development Charges Background Study must "consider" area-specific charges
Development Charges Background Study	<ul style="list-style-type: none"> No change requested 	<ul style="list-style-type: none"> Made available to the public two weeks prior to public meeting and 60 days prior to by-law passage. The Region's background study will require an asset management plan for all capital projects included. The plan must show the assets are financially sustainable over their lifecycle
Flexibility	<ul style="list-style-type: none"> Provide Maximum Flexibility to Use Alternate Funding Tools to Finance Growth 	<ul style="list-style-type: none"> The Region cannot impose a levy other than what is permitted in the D.C.A. or other Act. The Region's current agreements remain unaffected
Payment Timing for Multiple Permits	<ul style="list-style-type: none"> No change requested 	<ul style="list-style-type: none"> Required that D.C.s be calculated and charged at first building permit
Annual Report of the Treasurer	<ul style="list-style-type: none"> No need for change as Halton already provides a high level of detail in its current reporting which is beyond what the current DCA requires 	<ul style="list-style-type: none"> The Region is no longer required to submit their report unless it is requested by the Minister The reporting is more detailed and must be made available to the public Report must include statement that the Region is in compliance with the new "no additional levies" rules

Finances

- 2016 Budget & Business Plan
- Older Adults Property Tax Deferral Program
- Financial Reports
- Property Taxes

Contacts

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Halton Region » Regional Council & Administration » Finances

Finances

Budget & Business Plan 

- [2016 Budget & Business Plan](#)

Financial Reports 

- [2015 Annual Financial Report](#)
- [Financial Statements](#)

Budget Monitoring 

- [Variance Report, April 2015 FN-31-15](#)
- [Variance Report, August 2015 FN-41-15](#)
- [Variance Report, Dec 2015 FN-09-16](#)

Performance Measures 


- [2013 MPMP Report](#)
- [2013 OMBI Report](#)
- [2014 OMBI Report](#)
- [2014 BMA Municipal Study](#)
- [2015 BMA Municipal Study](#)

Growth Management 


- [Development Charges & Reserve Fund Statements](#)
- [DC Review Submission to province](#)
 - [FN-23-15 Report & Appendices](#)
 - [Notice of motion – Amendment of Development Charges Act](#)
 - [FN-30-13 report & appendices](#)
- [Financing Plan Report CS-20-12](#)
- [Implementation Report—November 2013 LPS95-13/FN-29-13/PW-56-13](#)
- [Infrastructure Staging Plan & Allocation Program](#)

Property Taxes 

- [Older Adults Property Tax Deferral Program](#)
- [FN-06-16 – Implementation of Older Adults Property tax Deferral Program](#)
- [Multi-Tax Policy Strategy Update Report FN-05-14](#)
- [Current Value Assessment \(CVA\) Tax Manual](#)
- [2015 Tax Policy Report FN-21-15](#)

Reporting 

- [Gas Tax Reporting](#)

Credit Ratings 

- Memo: [Reaffirmation of Halton Region's AAA Credit Rating by S&P Global Ratings](#)
- Research Update: [Reaffirmation of Halton Region's AAA Credit Rating by S&P Global Ratings](#)
- Memo: [Reaffirmation of Halton Region's Aaa Credit Rating by Moody's Investors Services](#)
- Credit opinion: [Reaffirmation of Halton Region's Aaa Credit Rating by Moody's Investors Services](#)

By-Laws 

- [Purchasing By-law No. 74-15](#)



Growth Challenges

- Halton cannot accommodate the growth targets of the Provincial *Places to Grow Act* (Growth Plan) unless the full costs of growth are recoverable through DCs or other funding tools.

Growth Challenges

- As shown in the following chart, under the Growth Plan Halton is expected to be the fastest growing community with a growth rate of 50% between 2011 and 2031

Growth Plan Population Growth Forecast for the Greater Toronto Area, 2011 to 2031

Municipality	2011	2031	2011-2031	% Increase (2011-2031)	Share of Total Growth
Region of Halton	520,000	780,000	260,000	50%	15.9%
Region of Durham	660,000	960,000	300,000	45%	18.3%
Region of York	1,060,000	1,500,000	440,000	42%	26.8%
City of Toronto	2,760,000	3,080,000	320,000	12%	19.5%
Region of Peel	1,320,000	1,640,000	320,000	24%	19.5%
GTA Total	6,320,000	7,960,000	1,640,000		100.0%

Source: Growth Plan for the Greater Golden Horeshoe, Schedule 3



Growth Challenges

- The Growth Plan imposes significant challenges to the Region, unless it is revised to enable the Region to recover the full costs of growth through DCs or other funding tools.
- The current DCA limits the amount municipalities can collect for infrastructure and services to support growth.
- DCs, through the DCA remain the primary source of funding for financing Halton's future growth.
- DCs cannot be collected for hospitals, landfill sites, acquisition of parkland, municipal administration or computer equipment even though the demand for these services directly relates to growth.
- These limits amount to approximately \$10.6M less per year than they would have been under the previous DCA (1989). This means there has been \$148M of growth-related infrastructure that has not been funded by DCs since 2000.



Growth Challenges

- If the full cost of growth is not collected from developers, then the burden falls to existing tax payers through property taxes and water and wastewater rates, something Council is not prepared to do.
- In order to identify and update the capital cost that is not being recovered from growth, staff will update the DC by-law under the requirements of the new legislation but will also provide a DC calculation that supports the principle of growth pays for growth.
- The difference will represent the growth related infrastructure funding gap, which will be needed to support the provincially mandated growth plan.

What Kinds of Costs are Covered by DCs?

- **“Municipal Capital Costs”**

- Cost to acquire, lease (capital component only), construct or improve facilities, including rolling stock, furniture and equipment, including related studies, borrowing costs and land purchase (s.s.5(3))

- **Typical capital cost includes:**

Region

- Water
- Wastewater
- Regional Roads and Bridges
- Studies
- Police
- Paramedic Services
- Social Housing
- Seniors’ Facilities
- Regional Parkland Improvements
- Waste Diversion

Local Municipalities

- Local Roads
- Storm Water Management
- Fire
- Parks & Recreation
- Transit
- Libraries (incl. materials)
- Studies
- Operations Centres (incl. vehicles & equipment)



What Kinds of Costs are not Covered by DCs?

- Service or cost exclusions, e.g. hospitals, computers, admin. HQ, etc.
- Operating costs, which are not capital;
- Local services (roads, sewer, water, etc.) which form part of individual subdivisions and are provided by development agreement;
- Projects which involve repair, replacement and upgrading and do not relate to growth;

What is Required under the DCA to Enact a DC By-law?

- Produce a DC Background Study, which must follow a defined calculation procedure including:
 - certain cost information re: project timing;
 - benefit to existing, etc.; and
 - a proposed DC by-law, which must address various rules re: exemptions, indexing, phasing-in, etc.
- Give a minimum 20 days' newspaper notice of a public meeting of Council, at which anyone attending is entitled to be heard.
- Make the Background Study and by-law publicly available at least 2 weeks prior to the public meeting and 60 days prior to by-law passage.

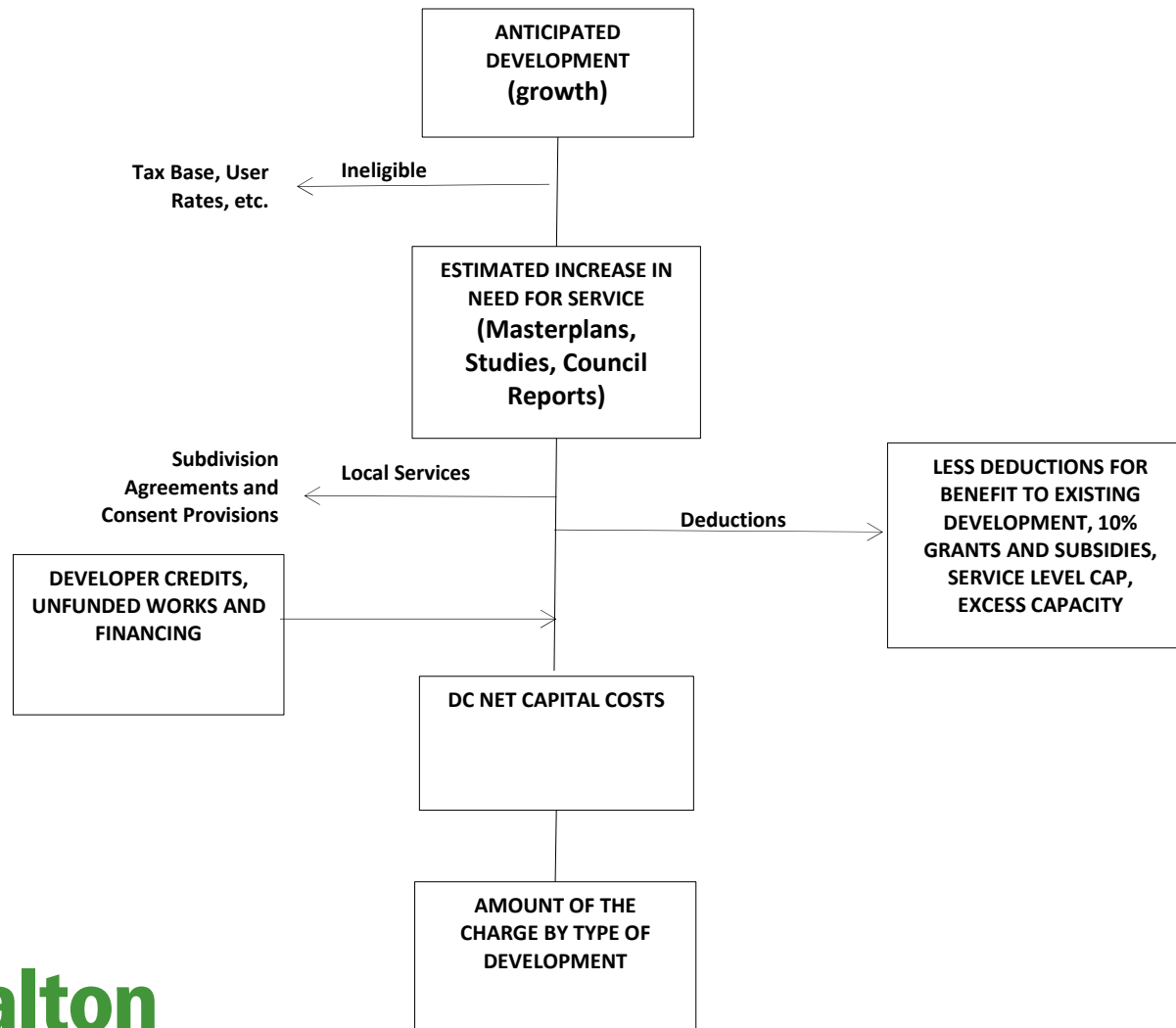
What is the Geographic Coverage of DC By-laws?

- Most municipalities impose a uniform, municipal-wide charge, calculated on an average cost basis. This serves to spread total DC recoverable costs uniformly over all new development.
- A municipality must consider, and can establish one or more “area-specific” charges along with or instead of a municipal-wide charge.

DC Land Use Exemptions

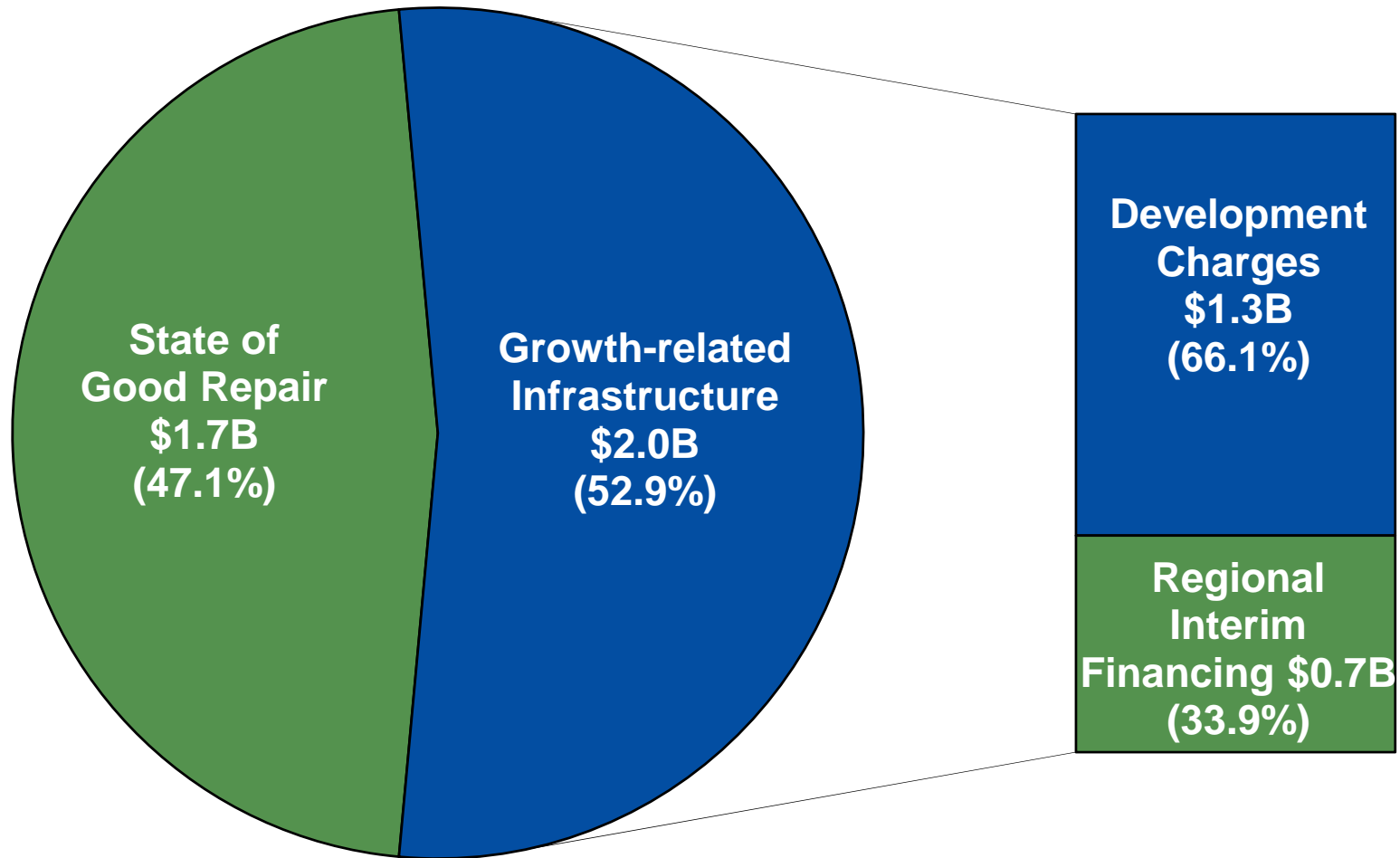
- **Mandatory:**
 - 1 and 2 unit residential unit additions to existing units
 - Industrial expansions up to 50% of the existing base
 - Land owned by and used for purposes of municipalities and school boards
 - Crown corporations, and senior governments
- **Discretionary, e.g.:**
 - Agricultural uses
 - Hospitals and places of worship
 - Parking garages
 - Temporary buildings
 - Demolition/conversion credit
- **DC Policies will be reviewed in Meeting #4**

The Process of Calculating a Development Charge Under the DCA (Meeting #3)



2016 Budget and Business Plan

2016-2025 Total Capital Financing: \$3.7B



Region's Current DCs

Residential – Per Single Detached Unit

	Greenfield	Built Boundary
Water	\$ 10,387	\$ 4,950
Wastewater	10,828	6,707
Roads	14,121	14,121
General Services	1,105	1,105
Total	\$ 36,441	\$ 26,883

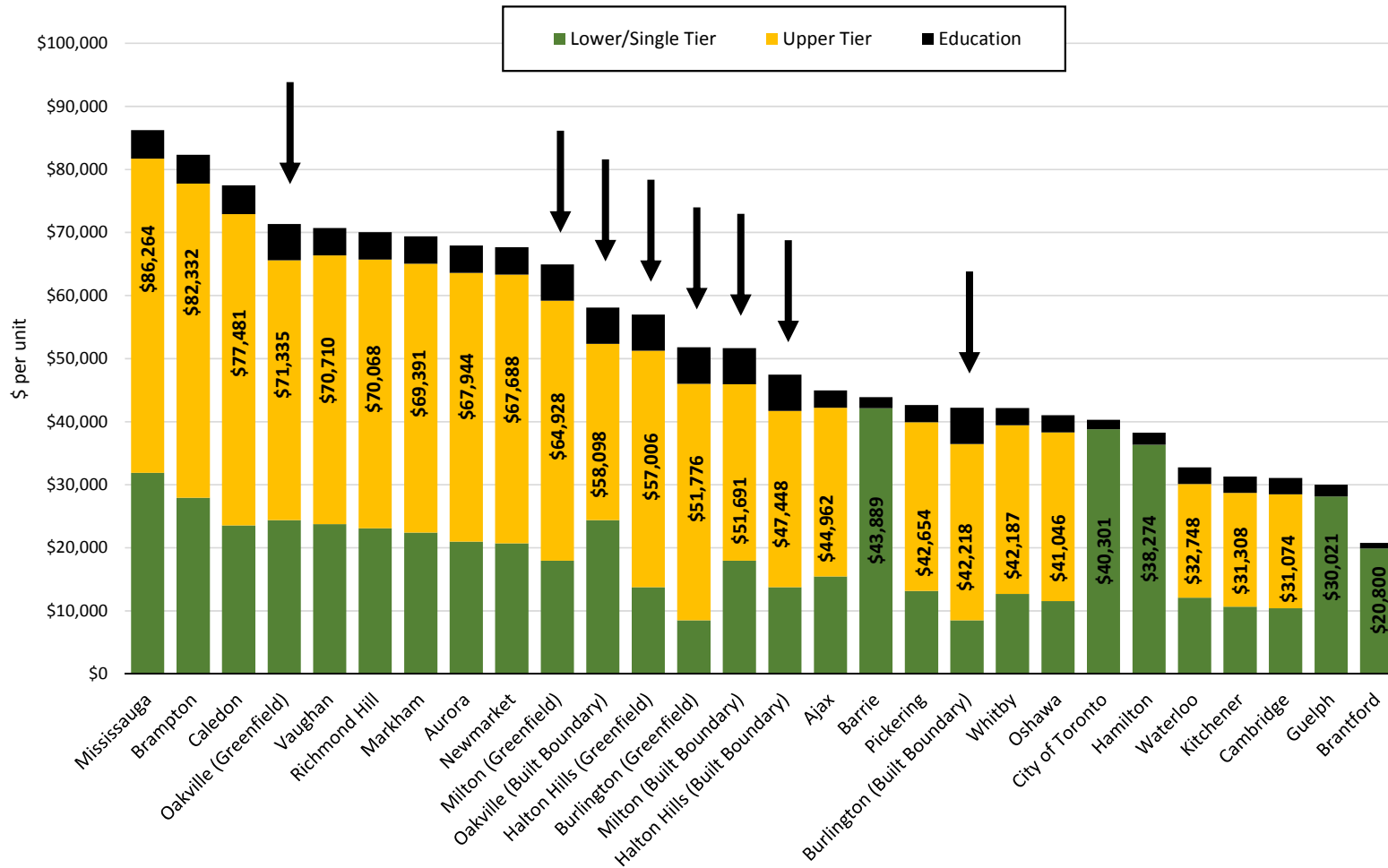
Non- Residential – Per Square Foot

	Retail		Non-Retail	
	Greenfield	Built Boundary	Greenfield	Built Boundary
Water	\$ 3.60	\$ 1.79	\$ 3.60	\$ 1.79
Wastewater	4.10	2.78	4.10	2.78
Roads	18.24	18.24	5.04	5.04
General Services	0.29	0.29	0.29	0.29
Total	\$ 26.23	\$ 23.10	\$ 13.03	\$ 9.90



Residential DC (per SDE)

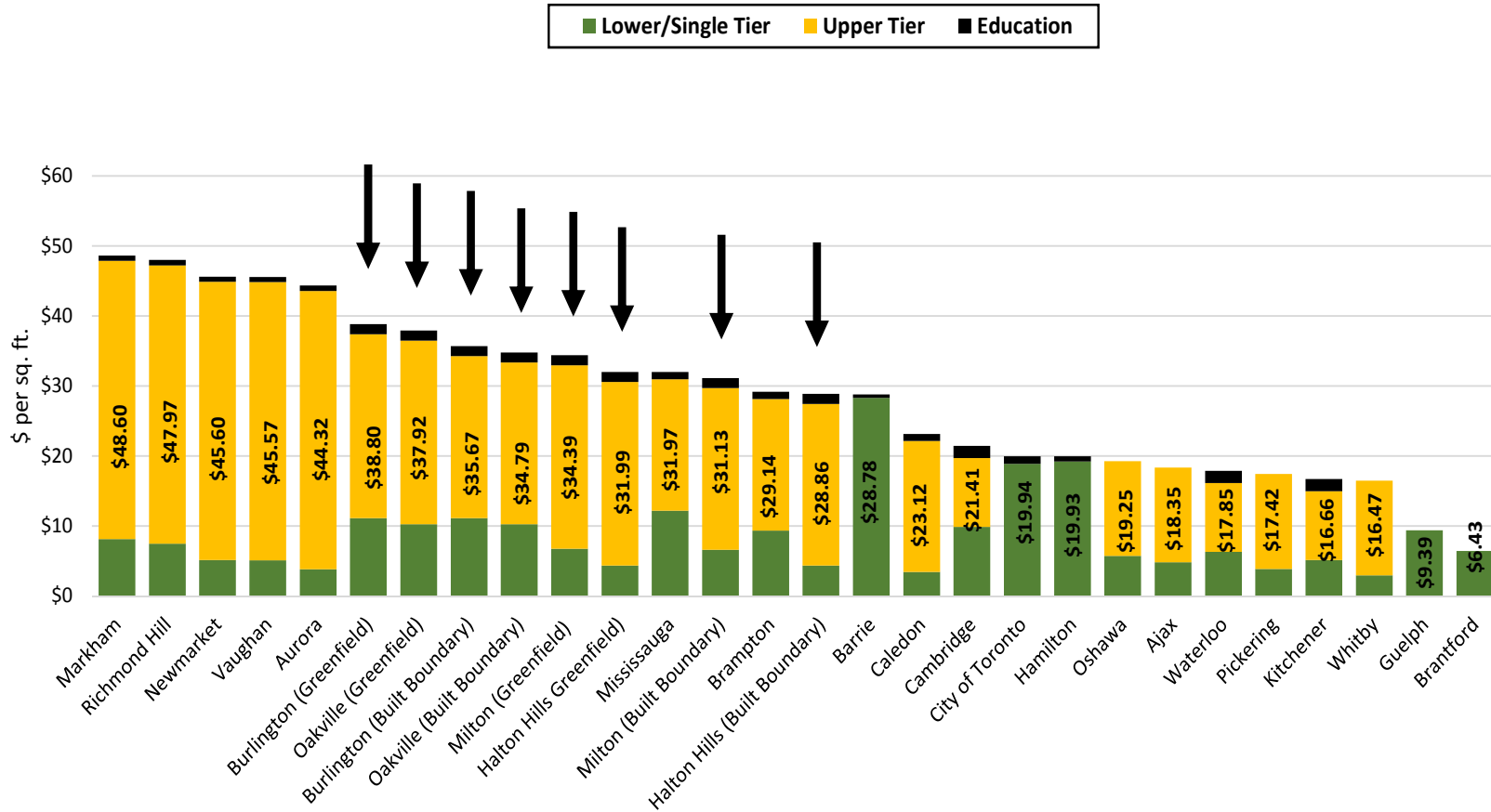
Halton's Current DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



Burlington and Halton Hills - Greenfield Non-recovery area charge used for Halton Region
 Oakville and Milton - Greenfield Recovery area charge used for Halton Region

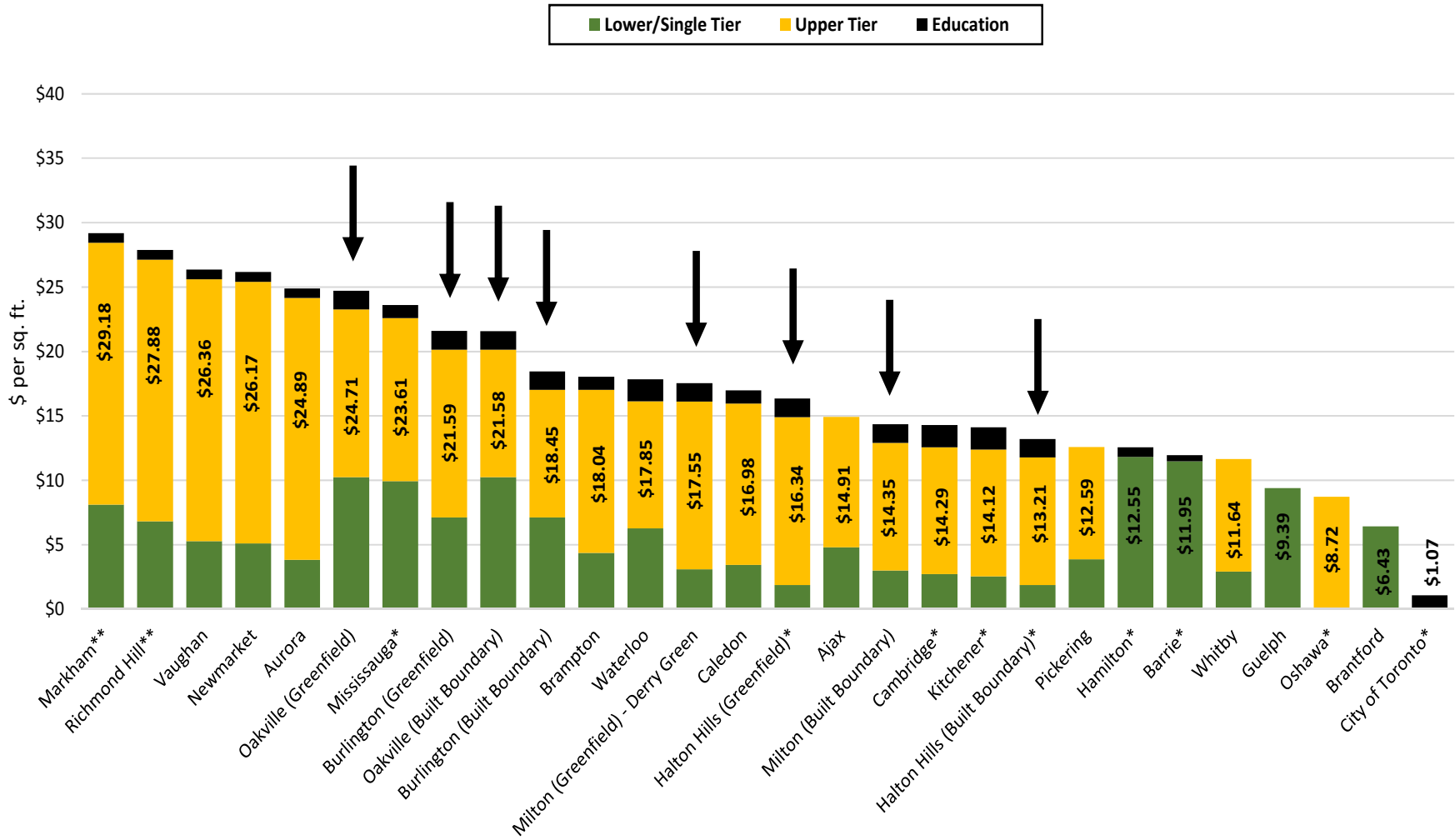
Non-Residential DC - Retail (per sq.ft.)

Halton's Current DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



Non-Residential DC - Non Retail - Industrial (per sq.ft.)

Halton's Current DC compared to GTA & Other Selected Municipalities (as of September 28, 2016)



*Municipalities differentiate their DCs for non-retail between industrial and non-industrial categories. Industrial category charge shown.

**One Municipal-wide non-retail category, however, Area-specific charges differ between industrial and non-industrial. Industrial category charge shown.

4. Growth Plan



Best Planning Estimates – ROPA 39

- The approved 2011 BPEs are the basis for the 2017-2031 forecast which was approved by Council on July 13, 2011 (LPS-54-11);
- The next Official Plan (OP) Review which is currently being undertaken will incorporate amendments to the Provincial Growth Plan;
- Once these updates to the OP are complete, the resulting growth impact will be incorporated into a future DC update.

Population Growth Between 2017 & 2031

Cumulative

Municipalities	2016	2021	2026	2031
Town of Oakville	197,702	221,826	234,122	246,399
City of Burlington	175,438	178,847	182,034	186,169
Town of Milton	124,645	161,750	195,735	228,084
Town of Halton Hills	57,922	61,672	77,003	91,885
Halton Region	555,707	624,095	688,894	752,537
Less Institutional	(7,653)	(8,619)	(9,531)	(10,436)
Net	548,054	615,476	679,363	742,101

Incremental

Municipalities	2017-2021	2022-2026	2027-2031	Total
Town of Oakville	24,124	12,296	12,277	48,697
City of Burlington	3,409	3,187	4,135	10,731
Town of Milton	37,105	33,985	32,349	103,439
Town of Halton Hills	3,750	15,331	14,882	33,963
Halton Region	68,388	64,799	63,643	196,830
Less Institutional	(966)	(912)	(905)	(2,783)
Net	67,422	63,887	62,738	194,047

Residential Unit Growth Between 2017 & 2031

Cumulative

Municipalities	2016	2021	2026	2031
Town of Oakville	71,191	81,580	88,109	93,550
City of Burlington	71,618	74,880	77,687	80,572
Town of Milton	41,963	55,711	68,375	80,293
Town of Halton Hills	20,521	22,284	28,279	34,141
Halton Region	205,293	234,455	262,450	288,556

Incremental

Municipalities	2017-2021	2022-2026	2027-2031	2017-2031
Town of Oakville	10,389	6,529	5,441	22,359
City of Burlington	3,262	2,807	2,885	8,954
Town of Milton	13,748	12,664	11,918	38,330
Town of Halton Hills	1,763	5,995	5,862	13,620
Halton Region	29,162	27,995	26,106	83,263

Long-Term Growth Forecast Region-wide (2017-2031)

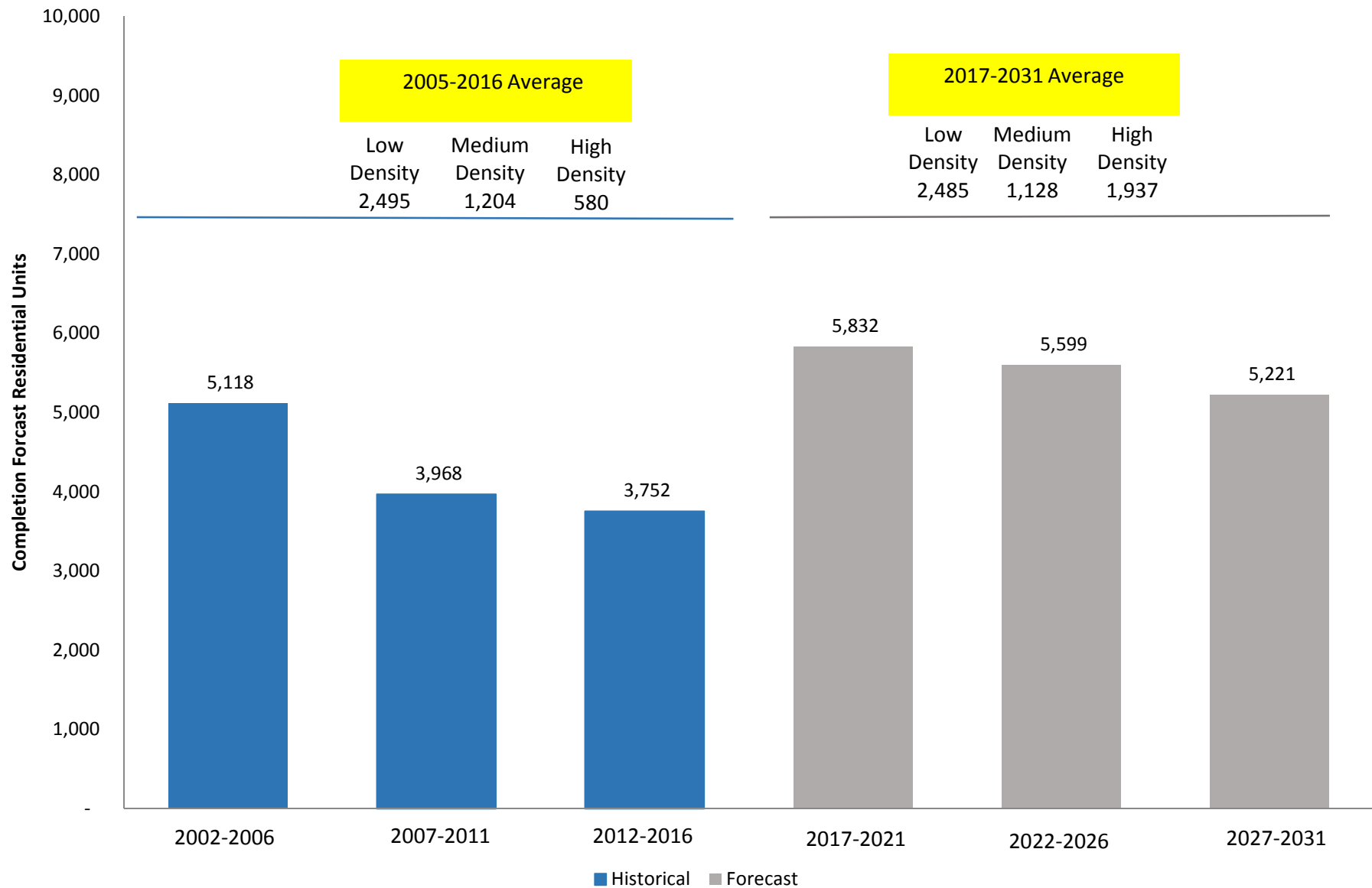
- Persons Per Unit (PPU) updated based on 2011 Statistics Canada

Residential Unit Category	Persons Per Unit	% Distribution of Estimated Units	Weighted Persons Per Unit Average
<i>Single family & semi-detached</i>	3.520	45%	1.576
<i>Multiples except apartments</i>	2.664	20%	0.542
<i>Apartments</i>	1.579	35%	0.551
Total		100%	2.669

Long-Term Growth Forecast Region-wide (2017-2031)

		Population (Net of Institutional)	
Population to 2016		548,054	
Occupants of New Housing Units, 2017 to 2031	<i>Units</i>	83,263	
	<i>multiplied by persons per unit</i>	2.669	
	<i>gross population increase</i>	222,200	222,200
Decline in Housing Unit Occupancy, 2017 to 2031	<i>Units</i>	205,293	
	<i>multiplied by ppu decline rate</i>	-0.137	
	<i>total decline in population</i>	-28,153	-28,153
Population Estimate to 2031		742,101	
Net Population Increase, From 2017 To 2031		194,047	

Halton Region Occupied Residential Dwelling Unit Forecast vs. Historical Completions



Employment Growth Between 2017 & 2031

Cumulative

Municipalities	2016	2021	2026	2031
Town of Oakville	106,485	120,796	122,578	128,359
City of Burlington	98,710	102,846	104,145	105,349
Town of Milton	62,553	81,106	96,631	114,330
Town of Halton Hills	20,744	22,936	32,356	41,962
Halton Region	288,492	327,684	355,710	390,000

Incremental

Municipalities	2017-2021	2022-2026	2027-2031	2017-2031
Town of Oakville	14,311	1,782	5,781	21,874
City of Burlington	4,136	1,299	1,204	6,639
Town of Milton	18,553	15,525	17,699	51,777
Town of Halton Hills	2,192	9,420	9,606	21,218
Halton Region	39,192	28,026	34,290	101,508

Non-Residential Growth

- Work at Home and No Fixed Place of Work employees are removed from employment forecast.
- Work at Home (WAH) – the population forecast already includes these individuals, and the resulting service impact is generated from homes (residential units).
- No Fixed Place of Work (NFPOW) – NFPOW employees do not generate gross floor area (GFA).

Non-Residential Growth

	2016	2031	Incremental Growth
Total Employment	288,493	390,000	
WAH	(25,474)	(35,429)	
NFPOW	(28,504)	(39,289)	
Net Employment	234,515	315,282	80,767

	<u>Retail</u>	<u>Office/Other</u>	<u>Industrial</u>	<u>Institutional</u>	<u>Gross</u>
Employment	19,549	10,282	33,782	12,675	80,767
Conversion (Sq.Ft. / Employee)	519	352	1,468	697	894
Total Floor Area (Sq.Ft.)	<u>10,155,205</u>	<u>3,622,937</u>	<u>49,605,016</u>	<u>8,840,289</u>	<u>72,223,448</u>
% of TFA	14%	5%	69%	12%	100%

Non-Residential Avg. Floor Space Per Employee

Commercial

Municipality	FSW
Burlington	400
Oakville	400
Milton	400
Halton Hills	400
Other Greenfield	400
Rural	1,200
Halton Region	402

Industrial

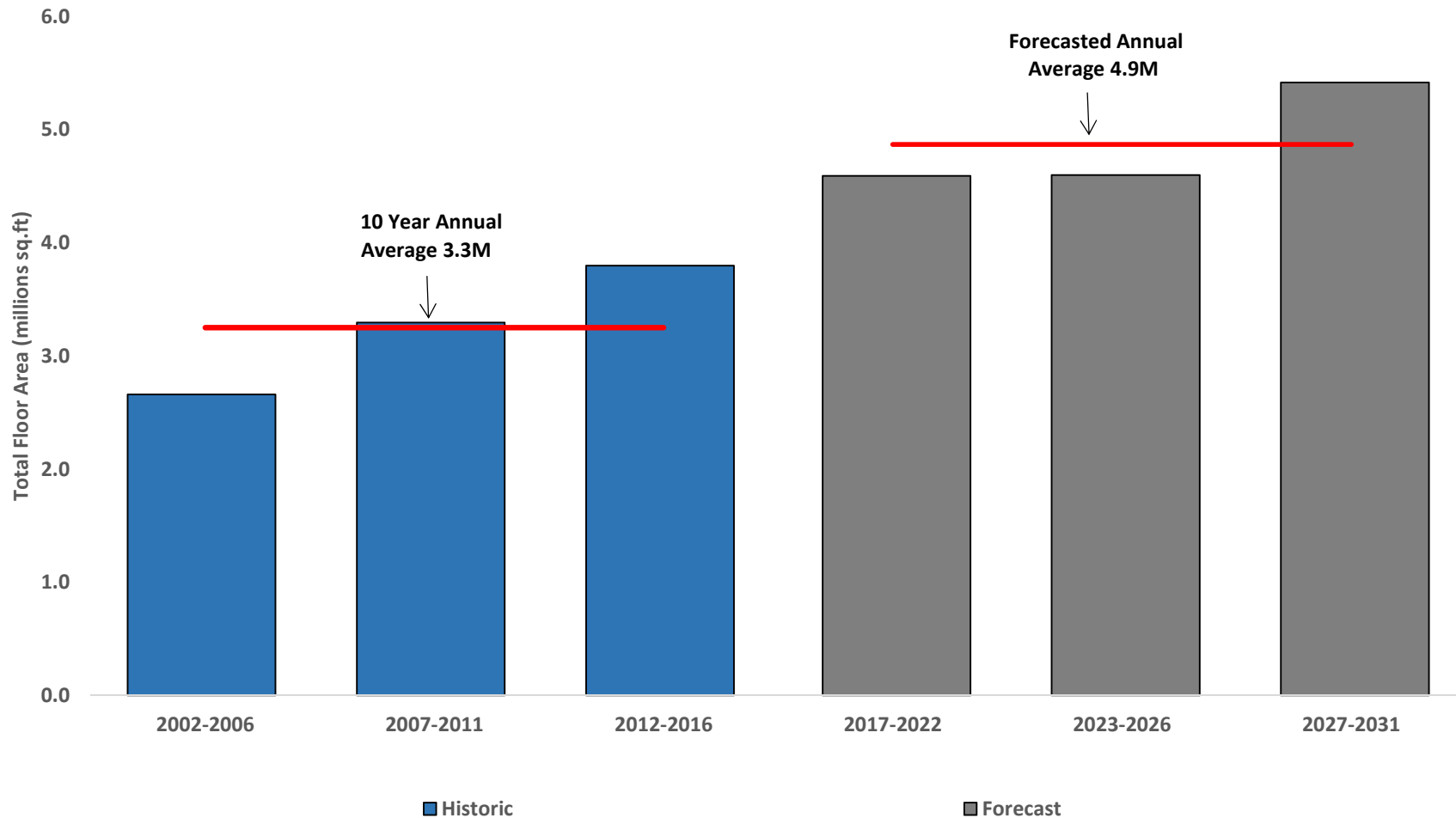
Municipality	FSW
Burlington	800
Oakville	1,050
Milton	1,750
Halton Hills	1,400
Other Greenfield	1,430
Rural	2,000
Halton Region	1,468

Institutional

Municipality	FSW
Burlington	400
Oakville	500
Milton	800
Halton Hills	500
Other Greenfield	750
Rural	1,200
Halton Region	697



Halton Region Non-Residential Development - Historical & Forecast



Source: 2006-2010 derived from Halton employment survey database, 2011-2014 derived from the Region of Halton Building Permit Activity, 2015 based on conversion of permit values(\$) into Sq.Ft. Forecast derived based on Halton Best Planning Estimates, June 2011.

DISCUSSION