



Finance Department

INTER-OFFICE MEMORANDUM
Office of the Commissioner

TO: Chair and Members of the Development Charges Advisory Committee

FROM: Mark Scinocca, Commissioner, Finance and Regional Treasurer

DATE: November 7, 2016

RE: **Supplementary Information Package following November 3, 2016 DCAC Meeting #3**

Further to the discussions at the November 3, 2016 DCAC Meeting, attached please find the following information:

1. Details on the Adjusted Growth For DC Calculation
 - a) Residential
 - b) Non-residential by Retail/Non-retail
2. Details on Total Built Boundary (BB) sq. ft. and its ability to be accommodated within the BB (i.e. land availability)
3. Details of Trip Rate
4. Milton WWTP Decommissioning Costs – further information regarding the transmission of waste to the Mid-Halton WWTP and the resulting BTE
5. Details on contingencies and additional costs over and above construction costs (i.e. 35% additional costs)
6. Residential DCs as a proportion of the cost to construct a home

A handwritten signature in black ink, appearing to read "M. Scinocca", is written over the printed name.

Mark Scinocca
Commissioner, Finance and Regional Treasurer

1. Details on the Adjusted Growth for DC Calculation

a) Residential

b) Non-residential by Retail/Non-retail

a. Residential Adjustment

As of 2016, the estimated total dwelling unit shortfall is 9,922 units when compared to the 2011 Best Planning Estimates. This shortfall is mainly related to the underperformance of units anticipated in the Greenfield Allocation Program.

Given that this is an update to the information that was presented at DCAC #3, further information related to the residential adjustments and revised DC calculation will be presented at DCAC #4.

b. Non-Residential Adjustment

Employment Forecast	Industrial	Commercial	Institutional	Work At Home	No Fixed Place of Work	Total
Halton BPE	101,282	103,667	29,566	25,474	28,504	288,493
Less Rural	(2,410)	(892)	(528)	(419)	(570)	(4,818)
Subtotal	98,873	102,775	29,037	25,055	27,934	283,675
Halton Employment Survey (Urban)	53,480	99,194	44,628	20,896	24,084	242,282
Urban Total Shortfall	(45,393)	(3,581)	15,590	N/A	N/A	(33,384)
Absorbed by Vacancy (5% Industrial Empl. Absorbtion)	3,967	-	-	-	-	3,967
Total to be added to DC Calculation	(41,426)	(3,581)	15,590			(29,417)

Employment Shortfall By Municipality

	Industrial	Commercial	Institutional	Total
Burlington	(9,989)	(5,711)	12,570	(3,130)
Oakville	(19,417)	7,636	4,666	(7,116)
Milton	(8,498)	(6,685)	(1,987)	(17,170)
Halton Hills	(3,521)	1,179	342	(2,000)
Halton Region	(41,426)	(3,581)	15,590	(29,417)

X FSW Assumptions (by area)

	Industrial	Commercial	Institutional
Burlington	800	400	400
Oakville	965	400	421
Milton	1,750	400	869
Halton Hills	1,400	400	500
Halton Region	1,123	400	349

Square Footage Shortfall By Area

	Industrial	Commercial	Institutional	Total
Burlington	(7,991,165)	(2,284,492)	5,028,064	(5,247,593)
Oakville	(18,730,137)	3,054,257	1,962,543	(13,713,337)
Milton	(14,872,188)	(2,673,913)	(1,726,143)	(19,272,244)
Halton Hills	(4,929,508)	471,762	170,939	(4,286,807)
Total	(46,522,998)	(1,432,386)	5,435,403	(42,519,981)

Square Footage Shortfall By Retail vs Non-Retail

	Retail	Non-Retail	Total
Total	491,366	(43,011,348)	(42,519,981)

2. Details on Non-Residential sq. ft. and its ability to be accommodated with the Region (i.e. land availability)

A review was undertaken to determine the Region's current employment land capacity supply for non-residential development vs. the needs anticipated in the 2017 Development Charges calculations. Based on this review, there is approximately 2,800 net hectares (ha.) of developable employment lands and it is anticipated that 2,300 ha. are required to support the growth included in the Development Charge calculations from 2017 to 2031. Further review of employment lands needs by geographic area will be undertaken as part of the Official Plan Update process starting in 2019.

3. Details of Trip Rate

Weighted Trip Generation Rates (PM Peak)

(1) Category	(2) Rate ¹	(3) Transit/ Diverted/ Pass-By Trip Reduction	(4) Net Rate (Auto) (100%-3) x (2)	(5) Category Weight ²	(6) Trip Gen. X GFA Weight (4x5)
Retail					
Retail Trade (eg. Shopping Centre)	3.71	35%	2.41	46%	1.12
Finance & Insurance (eg. Bank and Financial Office)	3.31	8%	3.05	12%	0.37
Entertainment/Recreation (eg. Cinemas, fitness, recreation)	4.41	0%	4.41	8%	0.34
Food Services (eg. Restaurant, fast food)	13.53	46%	7.26	22%	1.60
Other Services (eg. auto care/personal services)	2.54	2%	2.49	12%	0.29
Total Retail					3.72
Non-Retail					
Industrial (eg. Light, Warehouse, Manufacturing)	0.67	1%	0.66	91%	0.60
Institutional (eg. Schools, Community centres, hospitals, place of worship)	1.23	0%	1.23	2%	0.03
Office (eg. general office, medical office)	1.85	13%	1.60	6%	0.10
Accommodation (eg. hotel/motel)	0.88	0%	0.88	0%	0.00
Total Non-Retail					0.73

May not add due to rounding

¹ Derived from Institute of Transportation Engineers Trip Generation Manual

² Weighting derived from Halton Region Employment Survey

4. Milton WWTP Decommissioning Costs – further information regarding the transmission of waste to the Mid-Halton WWTP and the resulting BTE

The BTE associated with the Milton WWTP flow diversion strategy was outlined in staff response provided in the DCAC meeting #2 minutes.

From a linear wastewater collection system, a second wastewater forcemain is required from the Fulton WWPS to Santa Maria which was determined to be 100% BTE as outlined in the Table provided in the DCAC meeting #2 minutes. All other wastewater collection system requirements associated with the strategy have already been previously constructed.

5. Details on contingencies and additional costs over and above construction costs (i.e. 35% additional costs)

Base Construction Cost: is derived for each project (includes unit costing, crossings and special engineering considerations, etc.)

35% Engineering & Contingency Costs were applied to the Base Construction Cost for each project as follows:

- a) Consulting Engineering (15% applied to Base Construction Cost)
 - i) Class EA/Study: 2% (** where no EA or Study, 2% added to Design)
 - ii) Design: 7%
 - iii) Contract Admin/Inspection: 6%

- b) In-House (10% applied to Base Construction Cost)
 - i) Internal Costs: 10%

- c) Contingency (10% applied to Base Construction project cost)

- d) Other Additional Costs beyond 35%
 - i) Non-Refundable HST: 1.76% (on external costs)
 - ii) Geotech/Hydro-G, Property costs added to Base Construction cost

6. Residential DCs as a proportion of the cost to construct a home

DC as a Percentage of Average New Home Price

Summary of BILD Review

BILD Study Development Charges as a Share of Average New Home Price, Low-Rise Development, 2013

Municipality	Development Charges ¹	Other Development Costs & Profit	Average New Home Price
Town of Oakville	\$57,897	\$532,103	\$590,000
City of Brampton	\$63,029	\$426,971	\$490,000
City of Markham	\$62,077	\$537,923	\$600,000
Town of Bradford West Gwillimbury	\$36,284	\$373,716	\$410,000
Town of Ajax	\$34,933	\$425,067	\$460,000
City of Toronto	\$19,956	\$520,044	\$540,000

Municipality	Development Charges ¹	Other Development Costs & Profit	Average New Home Price
Town of Oakville	10%	90%	100%
City of Brampton	13%	87%	100%
City of Markham	10%	90%	100%
Town of Bradford West Gwillimbury	9%	91%	100%
Town of Ajax	8%	92%	100%
City of Toronto	4%	96%	100%

Source: Adapted from BILD Government Charges and Fees on New Homes in the Greater Toronto Area Revised Final Report, Altus Group Economic Consulting, July 2013 by Watson & Associates Economists Ltd.

1. Development Charges include lower-tier/single-tier, upper-tier and education, as of 2013. Markham does not include area specific bylaws.

Summary RBC Study Review

According to an RBC study from 2013 *Priced Out: Understanding the factors affecting home prices in the GTA*, "Municipalities are permitted to levy development charges on land development and redevelopment projects to help pay for the increased capital costs required to service growth. On average, development charges in the GTA comprise about 7–8% of the average home price.

Conclusion

Based on the findings noted above, Development Charges typically range between 7% and 13% of the average home price.