

# **2022 DC Background Study (W/WW, Roads and General Services)**

**Public Meeting**  
**February 16, 2022**



# Agenda

1. DC 101
2. Growth
3. Summary of Capital Costs
4. By-law Structure & DCs
5. Competitiveness
6. DC Policy Review
7. Cost of Growth

# 2022 DC Process

- 4 Development Charges Advisory Committee Meetings (DCAC) – October to November 2021
- Release of DC Background Study – December 15, 2021
- DC Consultation
  - Halton Developers Liaison Committee (HDLC) – November 26, 2021
- Public Meeting – February 16, 2022
- Final DC proposal to Council– March 23, 2022
- Passage of DC By-laws by Council – April 20, 2022
- Implementation – September 1, 2022

# 1. DC 101

# What are Development Charges (DCs)?

- Charges collected by municipalities (and EDCs in the case of school boards) to fund development-related capital costs.
- 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, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- DCs are paid by developers and builders and anyone seeking a building permit, subdivision, or by agreement.

# D.C. Eligible Services – As per Bill 197

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
10. Fire protection
11. Ambulance
12. Library
13. Long-term Care
14. Parks and Recreation
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).

Note: Classes of services will be established for Growth Studies and Facilities



# 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;

# The Process of Calculating a Development Charge Under the DCA – Simplified Steps

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 10-year historical service calculation (where applicable)
  - iv. D.C. Reserve funds (where applicable)
5. Net costs are then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.



# 2. Growth

# Best Planning Estimates – ROPA 39

- The approved 2011 BPEs are the basis for the 2022-2031 forecast which was approved by Council on July 13, 2011 (LPS-54-11);
- The next Regional Official Plan (ROP) Review which is currently being undertaken as the Integrated Growth Management Strategy (IGMS) will incorporate amendments to the Provincial Growth Plan; and
- Once these updates to the ROP are complete, the resulting growth impact will be incorporated into a future DC update.

# Residential Growth

# Population Growth Between 2022 & 2031

Per Halton BPE	Cumulative			Incremental Growth	
	2021	2026	2031	2022-2026	2022-2031
Population <sup>1</sup>	624,094	688,895	752,537	64,801	128,443
Less Institutional	8,618	9,531	10,436	914	1,818
Net Population	615,476	679,363	742,101	63,887	126,625
<b>Per Estimated Actuals</b>					
Population <sup>1</sup>	602,747	688,895	752,537	86,148	149,790
Less Institutional	8,199	9,531	10,436	1,332	2,237
Net Population	594,548	679,363	742,101	84,815	147,553
<b>Over/(Under) BPE</b>					
Population <sup>1</sup>	(21,347)	-	-	21,347	21,347
Less Institutional	(419)	-	-	419	419
Net Population	(20,928)	-	-	20,928	20,928

<sup>1</sup> Excludes net Census undercount.

# Residential Growth Adjustment

	<b>General Services</b>	<b>W/WW</b>	<b>Roads</b>
BPE Total new units (2022-2031)	54,102	54,265	54,102
Adjustments for DC Calculation:			
Convert to SDE	40,864	41,137	40,864
Add Shortfall <sup>1</sup>	16,463	14,706	16,463
Less Prepaid <sup>2</sup>	(9,711)	(14,706)	(12,081)
Less Over Allocated <sup>3</sup>	(5,119)	(5,119)	(5,119)
Institutional <sup>4</sup>	520	524	520
<b>Net SDEs</b>	<b>43,017</b>	<b>36,542</b>	<b>40,647</b>

<sup>1</sup> Represents shortfall in SDE's against BPEs

<sup>2</sup> Represents pre-paid DCs under previous Allocation Programs, including non-allocation SDE earmarked to finance W/WW and Roads Projects in the 2020 Program

<sup>3</sup> Represents oversubscription under 2020 Allocation Program

<sup>4</sup> Population related institutional (i.e. long-term care)

# Non-Residential Growth

# Employment Growth Between 2022 & 2031

		Cumulative		Incremental Growth	
	2021	2026	2031	2022-2026	2022-2031
<b>Per Halton BPE</b>					
Total Employment	327,683	355,709	390,000	28,026	62,316
<b>Per Estimated Actuals</b>					
Total Employment	281,300	309,326	390,000	28,026	108,700
<b>Over/(Under) BPE</b>					
Total Employment	(46,384)	(46,384)	-	-	46,384

# Non-Residential Growth Adjustment (sq.ft.)

	<b>General Services and Roads</b>	<b>W/WW</b>
TFA (2022-2031)	45,360,650	45,126,001
Sq.Ft. Adjustment	50,501,657	50,501,657
Institutional <sup>1</sup>	(746,564)	(746,564)
Net TFA	<b>95,115,744</b>	<b>94,881,095</b>

<sup>1</sup> Population related institutional employment



# 3. Summary of Capital Costs

# Total Cost

## Capital Infrastructure Costs (\$millions)

Services	Gross Cost	Less:				Net Growth		
		Benefit to Existing Dev't	Post Period Capacity	Subsidy, Dev Contbt'n	Other Deduc't	Total	Res	N-res
<b>W/WW (2023-2031):</b>								
Water	\$ 562.2	\$ 12.0	\$ 46.9	\$ -	\$ -	\$ 503.4	\$ 373.9	\$ 129.5
Wastewater	608.6	175.1	24.5	-	-	408.9	300.8	108.1
Sub-Total	\$ 1,170.8	\$ 187.1	\$ 71.4	\$ -	\$ -	\$ 912.3	\$ 674.6	\$ 237.6
<b>Roads (2023-2031)</b>	\$ 2,441.1	\$ 400.0	\$ 238.0	\$ -	\$ -	\$ 1,803.0	\$ 1,153.9	\$ 649.1
<b>General Service (2022-2031):</b>								
Growth Studies	\$ 16.1	\$ 6.3	\$ -	\$ -	\$ 0.8	\$ 9.0	\$ 6.5	\$ 2.5
Police*	83.6	19.5	27.5	-	-	36.6	26.3	10.3
Paramedics	32.6	11.4	8.4	-	-	12.8	11.3	1.5
Facilities	12.3	4.0	1.3	-	-	7.0	6.0	1.1
Social Housing	100.1	50.1	-	-	-	50.1	50.1	-
Waste Diversion	14.9	8.1	1.0	-	0.4	5.4	5.1	0.3
Waterfront Parks	37.6	14.9	14.8	-	-	7.9	7.5	0.4
Sub-Total	\$ 297.2	\$ 114.2	\$ 53.1	\$ -	\$ 1.2	\$ 128.7	\$ 112.7	\$ 16.0
<b>Total</b>	\$ 3,909.1	\$ 701.3	\$ 362.6	\$ -	\$ 1.2	\$ 2,844.0	\$ 1,941.3	\$ 902.7

Note: May not add due to rounding

\* Includes discounted debt payments

# 2023-2031 Cost Comparison

Water/Wastewater Costs 2023 to 2031	Per 2022 Technical Report	Per 2017 Development Charges Background Study	Change
Total Program Cost (\$millions)	\$1,171	\$620	\$551
<b>Drivers for Increase:</b>			
Revised Cost Estimate	\$148	To reflect current unit rates (including land acquisition).	
Municipal Class Environmental Assessment Study/Design	\$52	To reflect the results of Municipal Class Environmental Assessments Studies and Detailed Design.	
Scope Changes	\$128	To reflect current unit rates and upsizing to accommodate the decommissioning of the Georgetown Wastewater Treatment Plant. This category also includes the scope change associated with the Burnhamthorpe Water Tower (water program).	
Reprogramming	\$223	To reflect updated costs for projects previously identified for 2017 to 2022, which have been moved to this program.	
<b>TOTAL Change</b>	<b>\$551</b>		



# 2023-2031 Cost Comparison

Transportation Costs 2023 to 2031	Per 2022 Technical Report	Per 2017 Development Charges Background Study	Change
Total Program Cost (\$millions)	\$2,441	\$1,267	\$1,174
<b>Drivers for Increase:</b>			
Revised Cost Estimate	\$508	To reflect current unit rates (including land acquisition).	
Municipal Class Environmental Assessment Study/Design	\$7	To reflect the results of Municipal Class Environmental Assessments Studies and Detailed Design.	
Peel Region Projects (Winston Churchill Boulevard)	\$16	Updated project costs for Halton's Share of road improvements.	
Reprogramming	\$509	To reflect updated costs for projects previously identified for 2017 to 2022, which have been moved to this program.	
Non-Growth	\$134		
<b>TOTAL Change</b>	<b>\$1,174</b>		



# 4. DC By-law Structure & DC's

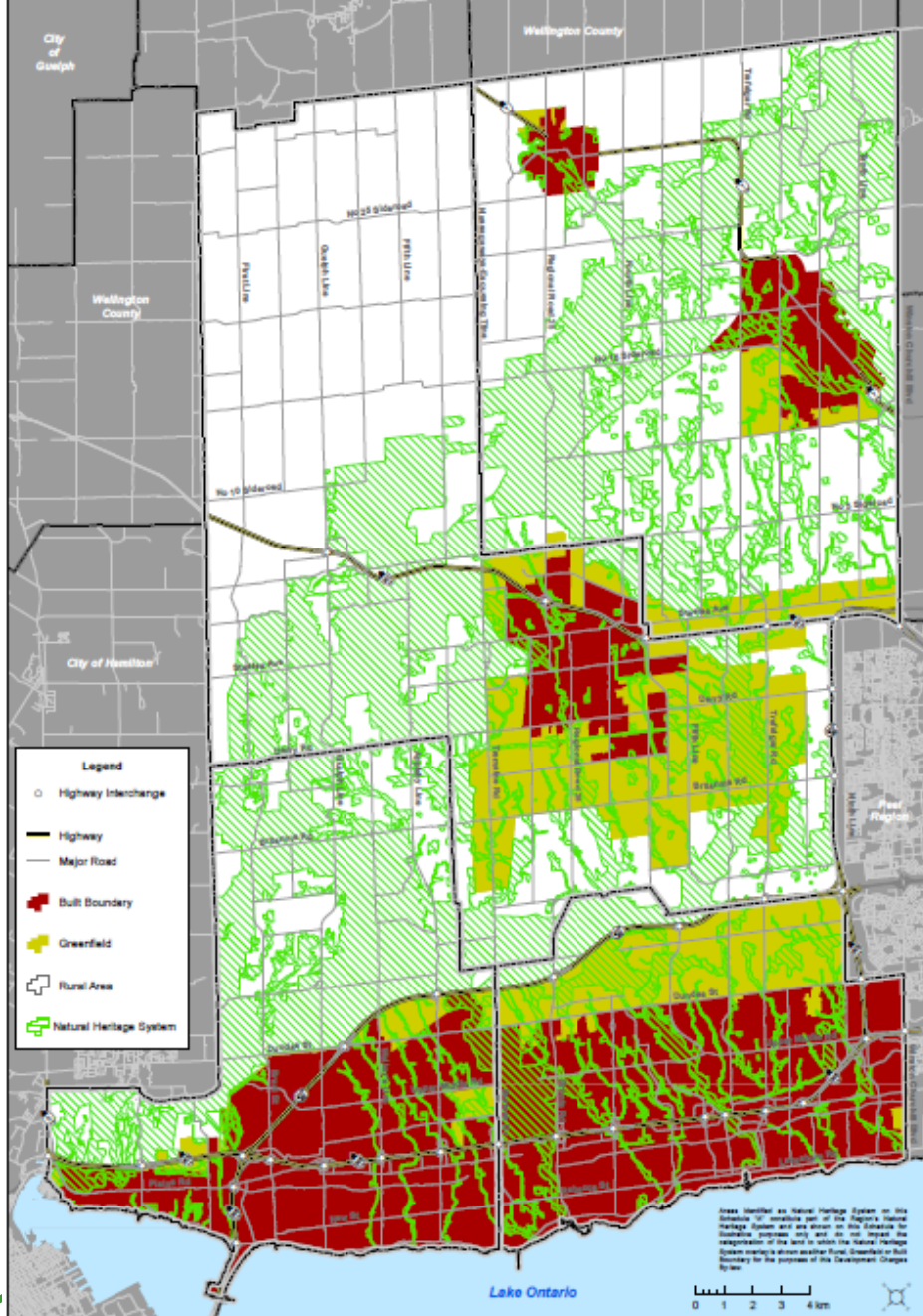
# DC By-law Structure

- As part of the 2022 DC Update, consideration was given to area specific area charges as required under the act
- The Region will be continuing with the area specific charge for water and wastewater services, which differentiates the distribution/ collection charge portion of the rate for Built Boundary and Greenfield
- Residential DC rate structure for dwelling types will remain unchanged
- Non-residential DC rate will continue to be differentiated between retail and non-retail

# DC By-law Structure

	<u>Areas Applied</u>	<u>Planning Period</u>	<u>Infrastructure Period</u>
<b>1. Water/Wastewater:</b>			
A. Capacity	Region-wide	2022-2031	2023-2031*
B. Distribution/Collection:	Area-specific	2022-2031	2023-2031*
(i) Greenfield			
(ii) Built Boundary			
<b>2. Roads</b>	Region-wide	2022-2031	2023-2031*
<b>3. Police</b>	Region-wide	2022-2031	2022-2031
<b>4. Other General Services</b>	Region-wide	2022-2031	2022-2031

\* The Capital requirements for 2022 are part of the current allocation and only the shortfall will be captured as part of the calculation





# Proposed Res. DC Rate Per SDE vs Apr. 1, 21

Service	As of April 1, 2021		Revised Calculation	
	Area Specific		Area Specific	
	Greenfield	Built-Bndry	Greenfield	Built-Bndry
Water & Wastewater	\$ 18,965	\$ 7,679	\$ 29,537	\$ 10,221
Roads	19,284	19,284	30,366	30,366
General Services	2,405	2,405	2,439	2,439
Subtotal DC Update	\$ 40,655	\$ 29,369	\$ 62,342	\$ 43,026
GO Transit <sup>1</sup>	1,280	1,280	1,280	1,280
Recovery <sup>1</sup>	3,679	N/A	3,679	N/A
<b>A) Total</b>	<b>\$ 45,614</b>	<b>\$ 30,649</b>	<b>\$ 67,301</b>	<b>\$ 44,306</b>

## Front-end Recovery Charge

Water & Wastewater <sup>1</sup>	\$ 8,325	\$ 8,325	\$ 8,325	\$ 8,325
Roads <sup>1</sup>	1,175	1,175	1,175	1,175
<b>B) Total</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>

**Total (A + B)                    \$ 55,114    \$ 40,149    \$ 76,801    \$ 53,806**

1. GO Transit, Recovery and Front-end Recovery are beyond the scope of this study. However, shown in this table for the purposes of presenting a total quantum of DCs

Note: May not add due to rounding

# Proposed Res. DC Rate Per SDE vs Apr. 1, 22

Service	Proposed April 1, 2022		Revised Calculation	
	Area Specific		Area Specific	
	Greenfield	Built-Bndry	Greenfield	Built-Bndry
Water & Wastewater	\$ 21,791	\$ 8,823	\$ 29,537	\$ 10,221
Roads	22,158	22,158	30,366	30,366
General Services	2,763	2,763	2,439	2,439
Subtotal DC Update	\$ 46,713	\$ 33,744	\$ 62,342	\$ 43,026
GO Transit <sup>1</sup>	1,344	1,344	1,344	1,344
Recovery <sup>1</sup>	3,679	N/A	3,679	N/A
<b>A) Total</b>	<b>\$ 51,736</b>	<b>\$ 35,089</b>	<b>\$ 67,365</b>	<b>\$ 44,370</b>

## Front-end Recovery Charge

Water & Wastewater <sup>1</sup>	\$ 8,325	\$ 8,325	\$ 8,325	\$ 8,325
Roads <sup>1</sup>	1,175	1,175	1,175	1,175
<b>B) Total</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>

**Total (A + B)                      \$ 61,236    \$ 44,589    \$ 76,865    \$ 53,870**

1. GO Transit, Recovery and Front-end Recovery are beyond the scope of this study. However, shown in this table for the purposes of presenting a total quantum of DCs

Note: May not add due to rounding

# Proposed Residential DC Rate Per Unit

## Greenfield DC's

Unit Type	Subject to this DC By-law Update				Other Chrges under DCA			Total
	W/WW	Roads	General Services	Sub-total	Go Transit	Front-ending Recovery	Recovery	
Single and Semi-Detached	\$29,536.55	\$30,365.68	\$ 2,439.28	\$62,341.51	\$ 1,280.33	\$ 9,500.00	\$ 3,679.00	\$76,800.84
Multiples- 3 or More Bedrooms	23,921.38	24,582.32	1,974.70	50,478.40	1,070.49	7,591.33	2,845.00	61,985.22
Multiples- Less than 3 Bedrooms	15,810.27	16,247.09	1,305.13	33,362.49	778.85	5,516.06	2,157.00	41,814.40
Apartments- 2 or More Bedrooms	14,347.76	14,741.34	1,184.19	30,273.29	736.17	4,655.19	1,977.00	37,641.65
Apartments- Less than 2 Bedrooms	10,623.01	10,914.41	876.75	22,414.17	501.46	3,586.52	1,502.00	28,004.15
Special Care/Need & Accssry	8,604.43	8,855.02	711.32	18,170.77	391.22	2,968.52	1,135.00	22,665.51

## Built-Boundary DC's

Unit Type	Subject to this DC By-law Update				Other Chrges under DCA			Total
	W/WW	Roads	General Services	Sub-total	Go Transit	Front-ending Recovery	Recovery	
Single and Semi-Detached	\$10,220.96	\$30,365.68	\$ 2,439.28	\$43,025.92	\$ 1,280.33	\$ 9,500.00	N/A	\$53,806.25
Multiples - 3 or More Bedrooms	8,286.05	24,582.32	1,974.70	34,843.07	1,070.49	7,591.33	N/A	43,504.89
Multiples - Less than 3 Bedrooms	5,476.47	16,247.09	1,305.13	23,028.69	778.85	5,516.06	N/A	29,323.60
Apartments - 2 or More Bedrooms	4,975.63	14,741.34	1,184.19	20,901.16	736.17	4,655.19	N/A	26,292.52
Apartments - Less than 2 Bedrooms	3,683.93	10,914.41	876.75	15,475.09	501.46	3,586.52	N/A	19,563.07
Special Care/Need & Accssry	2,989.41	8,855.02	711.32	12,555.75	391.22	2,968.52	N/A	15,915.49

# Proposed Non-Res DC Rate Per Sq.Ft. vs Apr. 1, 21

Services	As of April 1, 2021				Revised Calculation			
	Greenfield		Built-Bndry		Greenfield		Built-Bndry	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
Water/Wastewater	7.226	7.226	3.233	3.233	9.142	9.142	3.393	3.393
Roads	5.978	30.279	5.978	30.279	8.585	46.049	8.585	46.049
General Services	0.393	0.393	0.393	0.393	0.299	0.299	0.299	0.299
<b>Total</b>	<b>\$ 13.597</b>	<b>\$ 37.898</b>	<b>\$ 9.604</b>	<b>\$ 33.905</b>	<b>\$ 18.026</b>	<b>\$ 55.490</b>	<b>\$ 12.277</b>	<b>\$ 49.741</b>

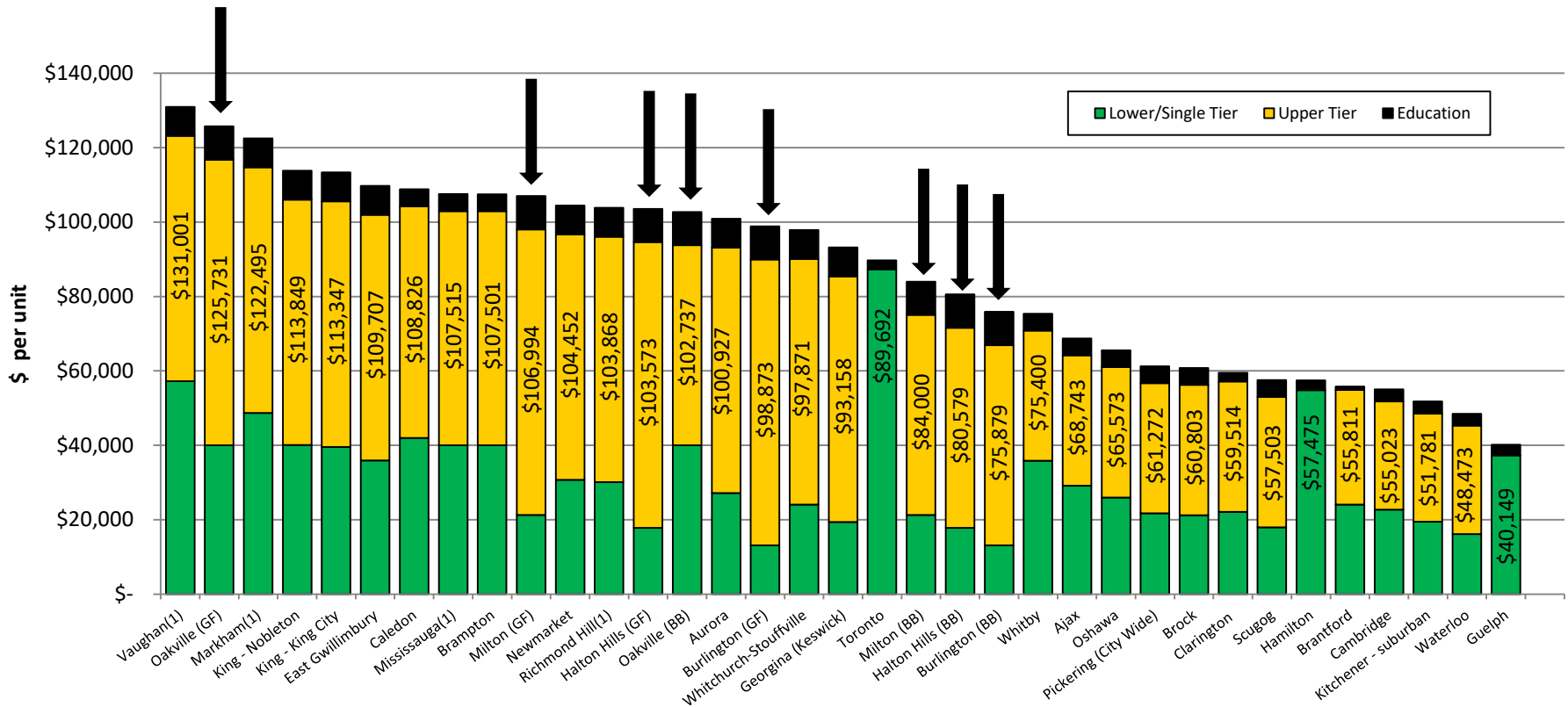
# Proposed Non-Res DC Rate Per Sq.Ft. vs Apr. 1, 22

Services	Proposed April 1, 2022				Revised Calculation			
	Greenfield		Built-Bndry		Greenfield		Built-Bndry	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
Water/Wastewater	8.301	8.301	3.712	3.712	9.142	9.142	3.393	3.393
Roads	6.869	34.790	6.869	34.790	8.585	46.049	8.585	46.049
General Services	0.451	0.451	0.451	0.451	0.299	0.299	0.299	0.299
<b>Total</b>	<b>\$ 15.621</b>	<b>\$ 43.542</b>	<b>\$ 11.032</b>	<b>\$ 38.953</b>	<b>\$ 18.026</b>	<b>\$ 55.490</b>	<b>\$ 12.277</b>	<b>\$ 49.741</b>

# 5. Competitiveness

# ii. Single Detached Dwelling DC Compare

Residential Development Charges  
Per Single Detached Dwelling for Greater Toronto Area & Select Municipalities  
as of September 1, 2021



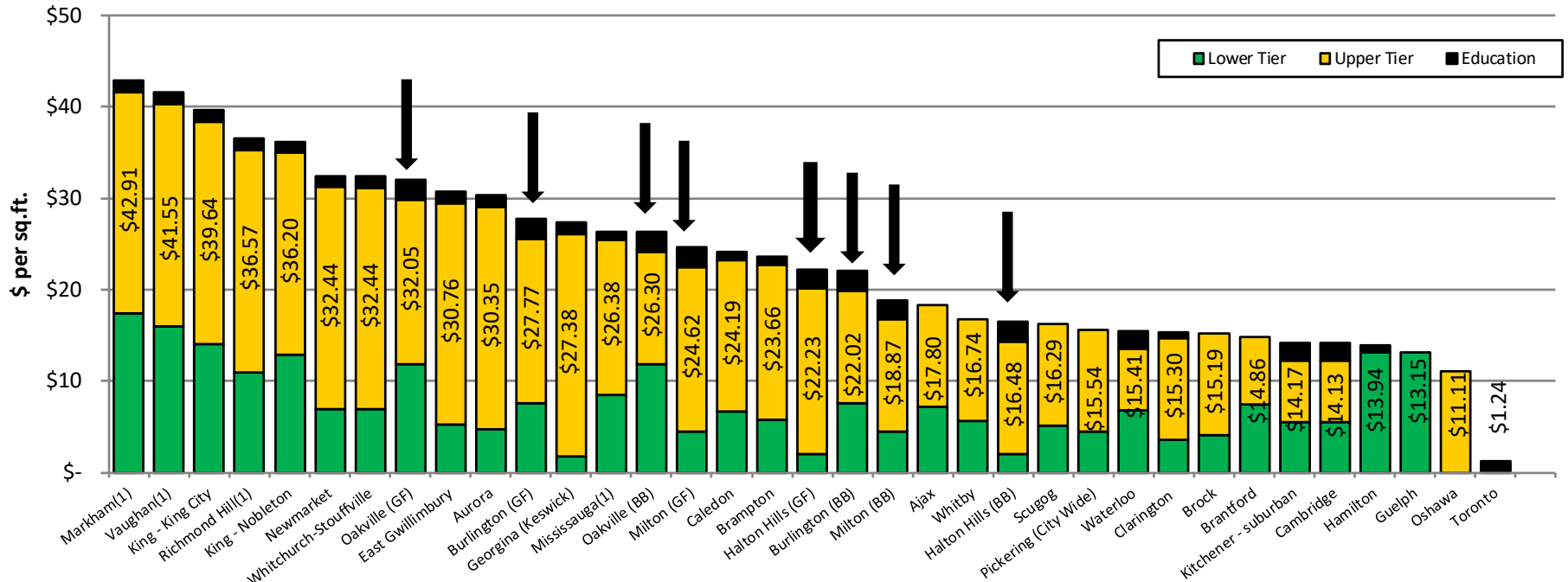
BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical single detached unit.
2. Halton DCs include GO Transit (\$1,200) and Front-end Recovery Payment (\$9,500)
2. Halton Greenfield DCs include \$3,679 per SDE for Recovery DC



# Non-Residential Non-Retail Compare

Non-Residential Development Charges  
Per GFA of Non-retail Floor Area for Greater Toronto Area & Select Municipalities  
as of September 1, 2021



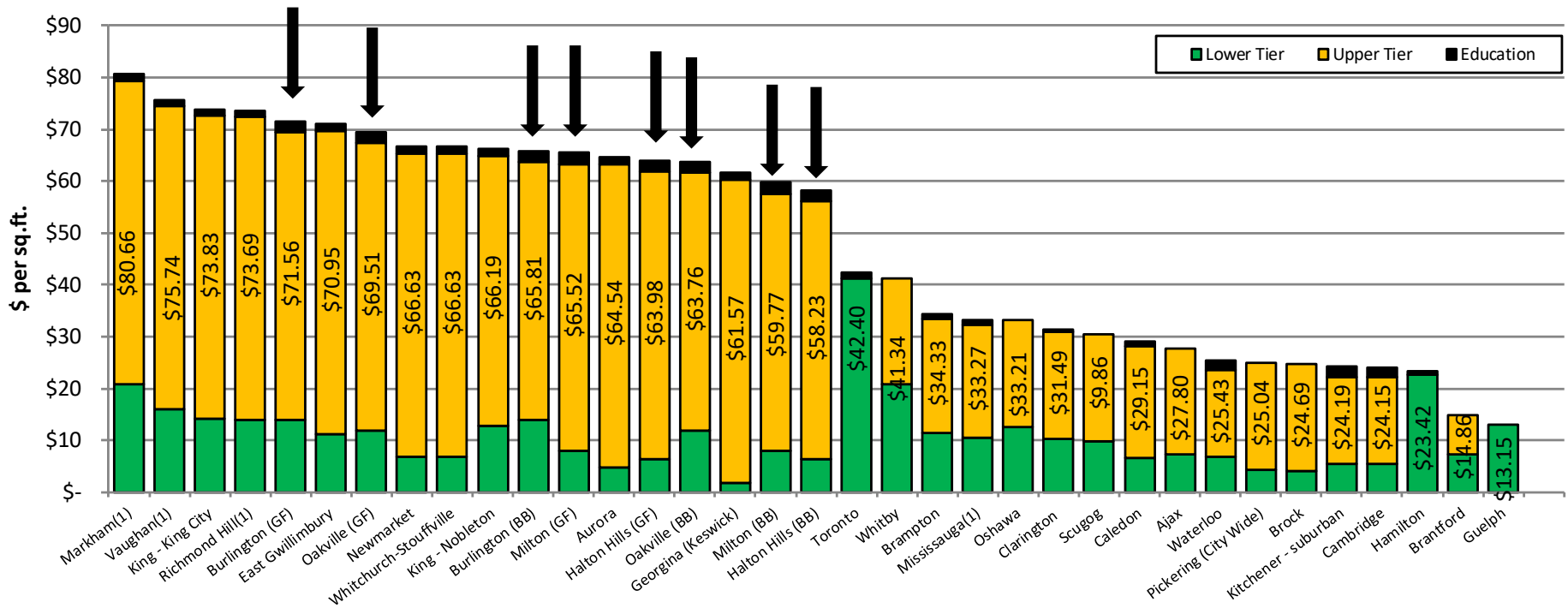
BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical charge per sq.ft. of G.F.A.



# Non-Residential Retail Compare

Non-Residential Development Charges  
Per GFA of Retail Floor Area for Greater Toronto Area & Select Municipalities  
as of September 1, 2021



BB=Built Boundary & GF=Greenfield.

1. A component of the charge has been converted from a per hectare charge to a hypothetical charge per sq.ft. of G.F.A.

# 6. DC Policy Review

# Current DC Policies and Proposed Changes

DC Policies (By-law No. 36-17)	Current Policy	Proposed Changes
<b>Intensification:</b>		
Industrial Expansion Exemption ( <i>Mandatory</i> )	Exempt 50% of Existing TFA	Included in 50% exemption, exempt up to 3,000 sq. ft. of a separate, accessory building
Commercial Expansion (Non-Retail)	Exempt first 3,000 sq.ft. in existing or accessory building	No change
Non-Residential Lot Coverage Relief	DCs payable on TFA <= 1X lot area emempt for TFA > 1X lot area	No change
Demolition Credit	Credit for 5 years	No change
Conversion Credit	Retail conversion - exempt greater of 25% of TFA or 10,000 sq. ft. (930 sq. m.);	No change
Additional dwelling units in existing residential buildings or a structure ancillary to it ( <i>Mandatory</i> )		No change
Accessory Dwelling Units	DC payable at special care unit rate	No Change
Affordable Rental Housing	Greater of 25% or 10 units at or below affordable rent, as defined (for min. 20yrs) Deferral of DCs by annual payments over 20 yrs commencing at BP No interest, Subject to allocation	No Change
<b>Bill 108 DCA changes</b>		
Additional dwelling units in new residential buildings or a structure ancillary to it ( <i>Mandatory</i> )		No change
Rental housing (that is not non-profit) ( <i>Mandatory</i> )	Payment of DCs by 6 annual installments commencing at occupancy Interest applies	No change
Non-profit housing ( <i>Mandatory</i> )	Payment of DCs by 21 annual installments commencing at occupancy No interest per Regional policy	No change
Institutional ( <i>Mandatory</i> )	Payment of DCs by 6 annual installments commencing at occupancy Interest applies	No change

# Current DC Policies and Proposed Changes

DC Policies (By-law No. 36-17)	Current Policy	Proposed Changes
<b>Economic Development:</b>		
Non-Residential Payment Deferral	Deferral of DCs by annual payments over 10 yrs commencing at BP Interest applies	No change
Non-Residential Categories	Differentiated between Retail and Non-retail	No change
Temporary Non-Residential Building	Exempt for 3 years	No change
Seasonal Structures (to be removed after a single season)	Exempt	No change
Temporary Venues (to be removed within 1 week)	Exempt	No change
<b>Other</b>		
Municipal and School Board Exemptions ( <i>Mandatory</i> )	Exempt	No change
Parking Garages	Exempt	No change
Temporary Residential Building - Garden Suite, Other	Exempt	No change
Agricultural	Exempt (except for residential & retail/commercial use)	Exempt (except for residential/retail/commercial/industrial use). Exempt first 3,000 sq.ft. of accessory TFA
Hospital	Exempt	No change
Places of Worship	Exempt	No change
Conservation Authority	Exempt (except for retail/commercial use)	No change

**Other Considerations:** treatment of seasonal mobile homes to be considered as accommodation and charged as Non-retail.

# 7. Cost of Growth

# Cost of Growth

- The DCA is an important tool for Halton to recover growth-related costs in order to provide infrastructure in a timely way to support growth and more importantly the Provincial Growth Plan.
- However, there are two funding gaps experienced by Halton in accommodating growth:
  - Significant upfront growth related infrastructure requirements.
  - Growth pays for growth.
- At the request of Regional Council further information has been provided regarding the second funding gap.

# Cost of Growth

Category	Growth Pays for Growth	D.C.A. (As amended by Bill 108, Bill 197)
Exempt Services	<ul style="list-style-type: none"> <li>No exempt services (Include All Growth Related Services)</li> </ul>	<ul style="list-style-type: none"> <li>Social Services is now an exempt service. Growth Studies can only be related to classes of service</li> <li>No change to other services</li> </ul>
Service Level Calculations	<ul style="list-style-type: none"> <li>Remove 10-year historic service level limits with a forward looking service level for all services</li> </ul>	<ul style="list-style-type: none"> <li>10-year planned level of service for prescribed services for transit</li> <li>All other services based on 10 year historical average</li> </ul>
50% Industrial Exemption	<ul style="list-style-type: none"> <li>Provide Council with ability to determine exemptions (no mandatory exemptions)</li> </ul>	<ul style="list-style-type: none"> <li>Still includes mandatory exemptions</li> </ul>

# Cost of Growth

## DCA vs. “Growth pays for Growth”

- Cost of Ineligible Services - **\$7.4 million/year**
  - Services such as waste management (excluding waste diversion), social services, acquisition of parkland, municipal administration buildings, museums and computer equipment are not covered, even though demand for these services directly relates to the level of growth.
- Cost of average service level - **\$3.9 million/year**
  - The DCA limits the DC recoverable cost based on the **average service level** provided throughout the 10 years leading up to a DC background study.
- Cost of Industrial Expansion Exemption - **\$4.2 million/year**
  - The DCA contains the 50% industrial expansion exemption that was not in the previous Act (DCA, 1989).
- **Total - \$15.5 million/year**



# Next Steps

2022 DC Update Process Next Steps	Date
1. Final DC Proposals to Council	March 23, 2022
2. Passing of DC By-law(s) by Council	April 20, 2022
3. Advertise Notice of passage of DC By-law(s)	Within 20 days of passage
4. Last day for DC By-law(s) Appeal	40 days after passage

# Discussion