

# 2022 Development Charges Update

Development Charges Advisory  
Committee

October 8, 2021



# Agenda

1. DC Policies & By-law Structure
2. Adjusted Growth for DC Calculations
  - i. Residential Growth
  - ii. Non-Residential Growth
3. General Services Calculation
  - i. Total Costs
  - ii. Rate Calculations

# 1. DC Policies & By-law Structure

# 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 use). Exempt first 3,000 sq.ft. of accessory retail/commercial TFA definition to exclude cannabis production facility
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.

# Agricultural

## Existing Issues/Challenges:

- Under the current policy in the DC by-law the Region exempts agricultural uses but not on-farm diversified uses (i.e. related commercial/retail)

## Proposed Changes:

- Modify the current commercial expansion to include on-farm diversification. This will allow on-farm diversification to be exempt from development charges for:
  - First 3,000 sq. ft.
  - As long as at least 6 months have elapsed since the last building permit
  - The owner provides written confirmation that the existing farming operation is continuing
  - Additionally, a bone fide farm operation may extend beyond multiple legal lots so long as the lots are adjoining and form part of the bona fide farm operation
- Agricultural definition will exclude “cannabis production facility”

# Industrial Expansion

## Existing Issues/Challenges:

- The current industrial expansion does not include separate buildings
- The current commercial expansion (up to 3,000 sq. ft.) does not require the expansion to be attached to the existing building, as long as it is incidental to or subordinate in purpose and exclusively devoted to the use in the existing building

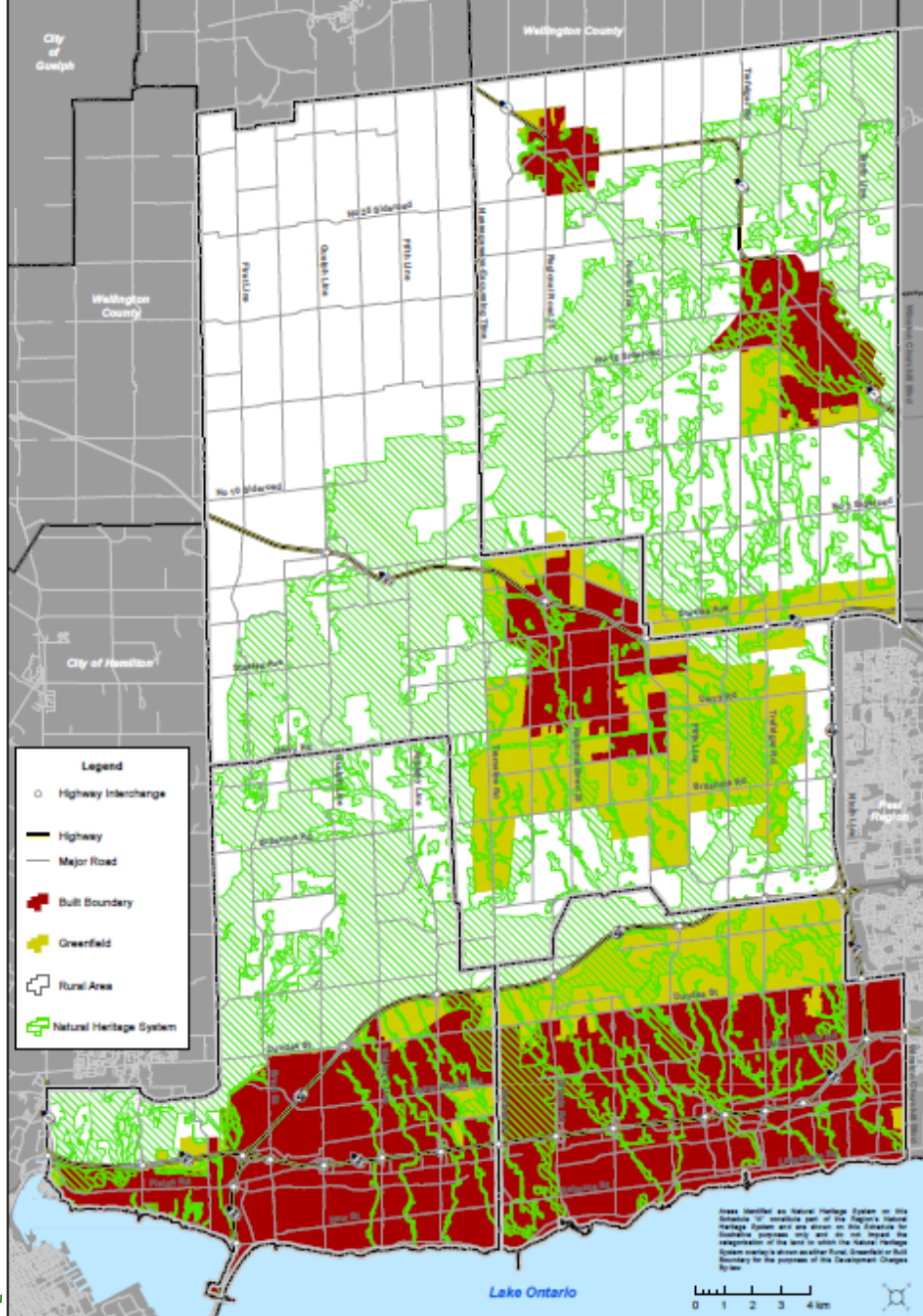
## Proposed changes:

- Amend the expansion of existing industrial building exemption to allow up to 3,000 sq. ft. to be located in a separate building. This exemption can be used at the same time as the mandatory expansion however the overall DC exemption will be capped at 50% of existing industrial TFA

# DC By-law Structure

- As part of the 2022 DC Update, consideration was given to area specific area charges
- The Region will be considering 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

## 2. Adjusted Growth for DC Calculations

# i. Adjusted Growth Residential

	<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)

## ii. Adjusted Growth Non-Residential

	<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)
<b>Net TFA</b>	<b>95,115,744</b>	<b>94,881,095</b>

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

# 3. General Services Calculation

# i. Total Capital Costs

## General Services 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
General Service (2022-2031):								
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
<b>Total</b>	<b>\$ 297.2</b>	<b>\$ 114.2</b>	<b>\$ 53.1</b>	<b>\$ -</b>	<b>\$ 1.2</b>	<b>\$ 128.7</b>	<b>\$ 112.7</b>	<b>\$ 16.0</b>

Note: May not add due to rounding

\* Includes discounted debt payments

# i. Total Costs

## Additional Costs in DC Calculations

Types	Comments
Unfunded Capital Costs	Unpaid DC share of external/internal debt carried from 2020 Allocation program and prior allocation programs
DC Credits	Remaining DC credits relating to S. 14 of the DC Act and developer up-front financing previously provided for servicing of Halton Hills 401 Corridor and other areas
Interest/Inflation	Assumed 2.0% inflation, 3.0% interest
Reserve Fund Balance	Projected 2021 year-end balances



# i. Cashflow Costs General Services (\$000's)

Services	Net Growth Costs	External Debt	Interest/ Inflation	Reserve Fund Balance	Total		
					Total	Res	Non-Residential
Growth Studies	\$ 8,980.0	\$ -	\$ 154.8	\$ 3,016.7	\$ 12,151.5	\$ 6,487.5	\$ 5,664.0
Police	7,595.6	34,662.2	(2,532.3)	4,193.1	43,918.6	25,969.6	17,949.0
Paramedic Services	12,804.0	-	226.6	1,654.1	14,684.7	12,324.5	2,360.2
Facilities	7,040.2	-	8.6	(1,465.6)	5,583.1	4,216.0	1,367.1
Social Housing	50,050.0	-	(406.5)	(7,236.8)	42,406.7	42,406.7	-
Waste Diversion	5,390.8	-	34.3	(1,010.8)	4,414.2	4,117.7	296.5
Waterfront Parks	7,905.0	-	339.7	1,887.2	10,131.9	9,407.5	724.4
<b>Total</b>	<b>\$ 99,765.5</b>	<b>\$34,662.2</b>	<b>\$ (2,174.8)</b>	<b>\$ 1,037.8</b>	<b>\$ 133,290.7</b>	<b>\$ 104,929.7</b>	<b>\$ 28,361.1</b>

## ii. DC Rate Calculations

Services	Residential DC (\$/SDE)			Non-Residential DC (\$/Sq.Ft.)		
	Total Costs (\$000's)	SDEs	DCs	Total Costs (\$000's)	Sq.Ft.	DCs
Growth Studies	\$ 6,487.5	43,017	\$ 150.82	\$ 5,664.0	95,115,744	\$ 0.060
Police	\$ 25,969.6	43,017	\$ 603.71	\$17,949.0	95,115,744	\$ 0.189
Paramedic Services	\$ 12,324.5	43,017	\$ 286.51	\$ 2,360.2	95,115,744	\$ 0.025
Facilities	\$ 4,216.0	43,017	\$ 98.01	\$ 1,367.1	95,115,744	\$ 0.014
Social Housing	\$ 42,406.7	43,017	\$ 985.82	n/a	n/a	n/a
Waste Diversion	\$ 4,117.7	43,017	\$ 95.72	\$ 296.5	95,115,744	\$ 0.003
Waterfront Parks	\$ 9,407.5	43,017	\$ 218.69	\$ 724.4	95,115,744	\$ 0.008
<b>Total</b>			<b>\$ 2,439.28</b>			<b>\$ 0.299</b>

# General Services DC Rate Compare

Services*	Proposed DC's		Current DC's		Difference	
	Residential (SDE)	Non-Residential (SQ.FT.)	Residential (SDE)	Non-Residential (SQ.FT.)	Residential (SDE)	Non-Residential (SQ.FT.)
Growth Studies	150.82	0.060	261.69	0.146	(110.87)	(0.086)
Police	603.71	0.189	619.90	0.182	(16.19)	0.007
Paramedics	286.51	0.025	169.34	0.028	117.17	(0.003)
Facilities	98.01	0.014	146.27	0.023	(48.26)	(0.009)
Social Housing	985.82	-	941.14	-	44.68	-
Waste Diversion	95.72	0.003	64.67	0.003	31.05	-
Waterfront Parks	218.69	0.008	202.05	0.011	16.64	(0.003)
<b>Total</b>	<b>\$ 2,439.28</b>	<b>\$ 0.299</b>	<b>\$ 2,405.06</b>	<b>\$ 0.393</b>	<b>\$ 34.22</b>	<b>\$ (0.094)</b>

\* Excludes GO Transit as it is outside this by-law update

# Discussion

# Questions

Please submit any questions to [DCAdvisory@halton.ca](mailto:DCAdvisory@halton.ca)