



 **Watson
& Associates**
ECONOMISTS LTD.

Township of South Stormont Development Charges Background Study

Public Meeting
June 8, 2022



Introduction

Public Meeting Purpose

- This meeting is a mandatory requirement under the *Development Charges Act (D.C.A.)*
- Prior to Council's consideration of a development charges (D.C.) by-law, a background study must be prepared and available to the public a minimum of 2 weeks prior to a public meeting and provided on the municipality's website 60 days prior to by-law passage
- This public meeting is to provide a review the D.C. proposal and to receive public input on the proposed policies and charges



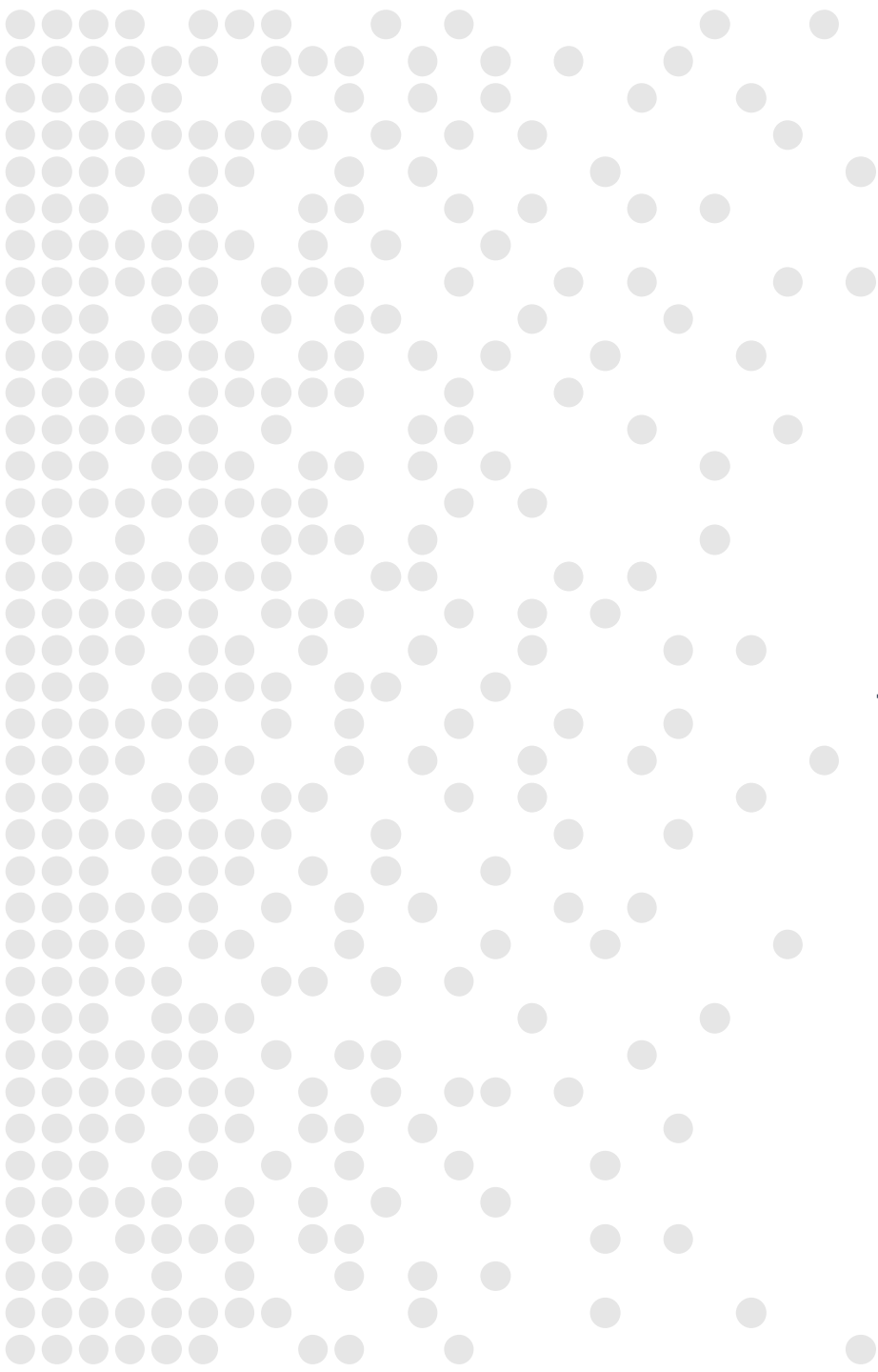
Introduction

Development Charges

- Purpose of D.C.s are 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, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the D.C.A.
- Current D.C. Study and draft by-law being undertaken at this time to allow the County to put in place a charge to continue to recover the growth-related capital costs of new development after the expiry of the current by-law

Study Process





Development Charges

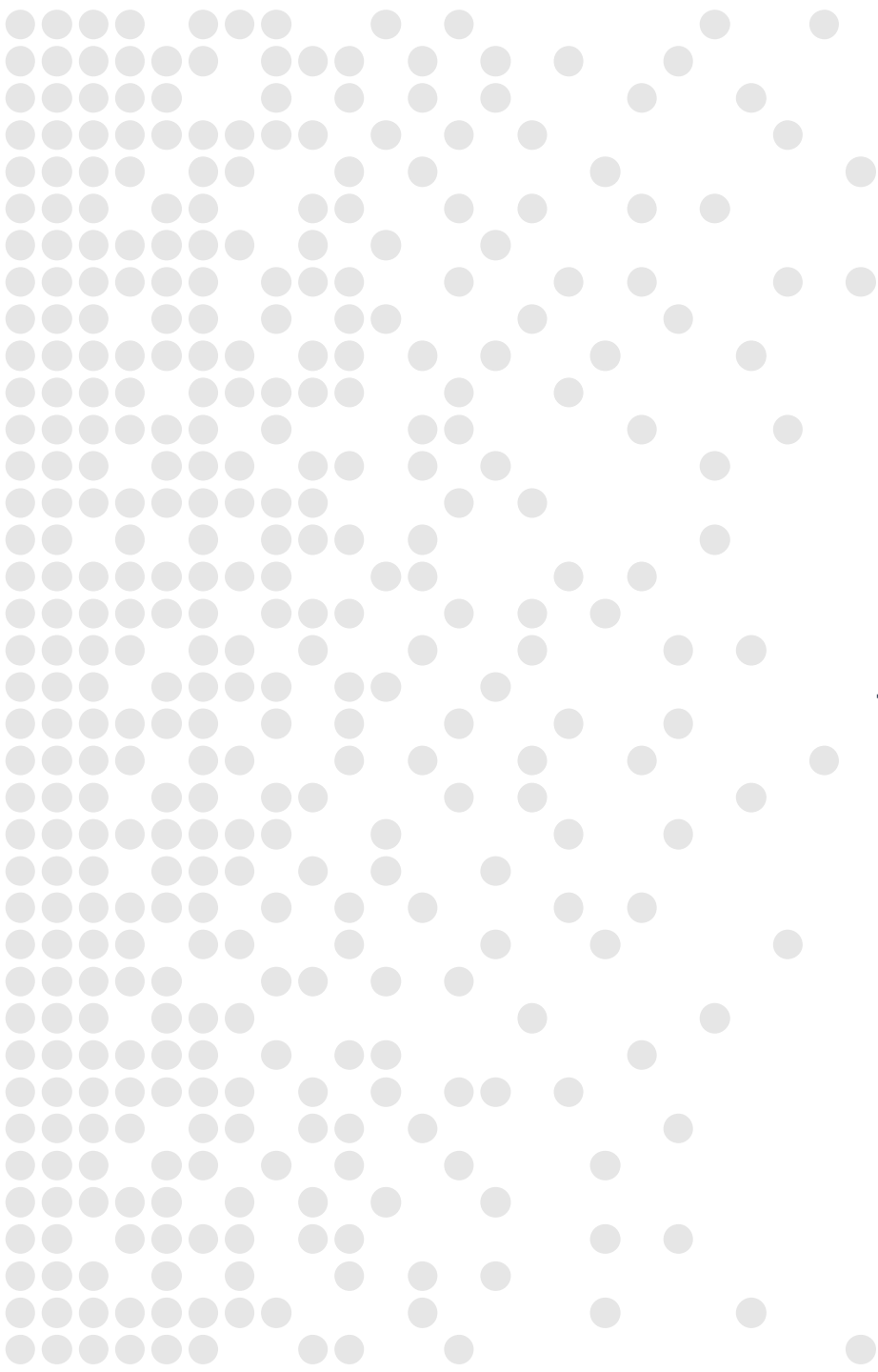
Methodology (Simplified Steps)



Development Charges Act

Methodology (Simplified Steps)

- Identify amount, type and location of growth
- Identify servicing needs to accommodate growth
 - Ensure increase in need for service does not exceed the average level of service over the prior 10-year period
- Identify capital costs to provide services to meet the needs
- Deduct:
 - Uncommitted Excess Capacity
 - Grants, subsidies and other contributions
 - Benefit to existing development
- Net costs allocated to residential and non-residential benefit
- Net costs divided by growth to provide the D.C. charge



Draft Findings

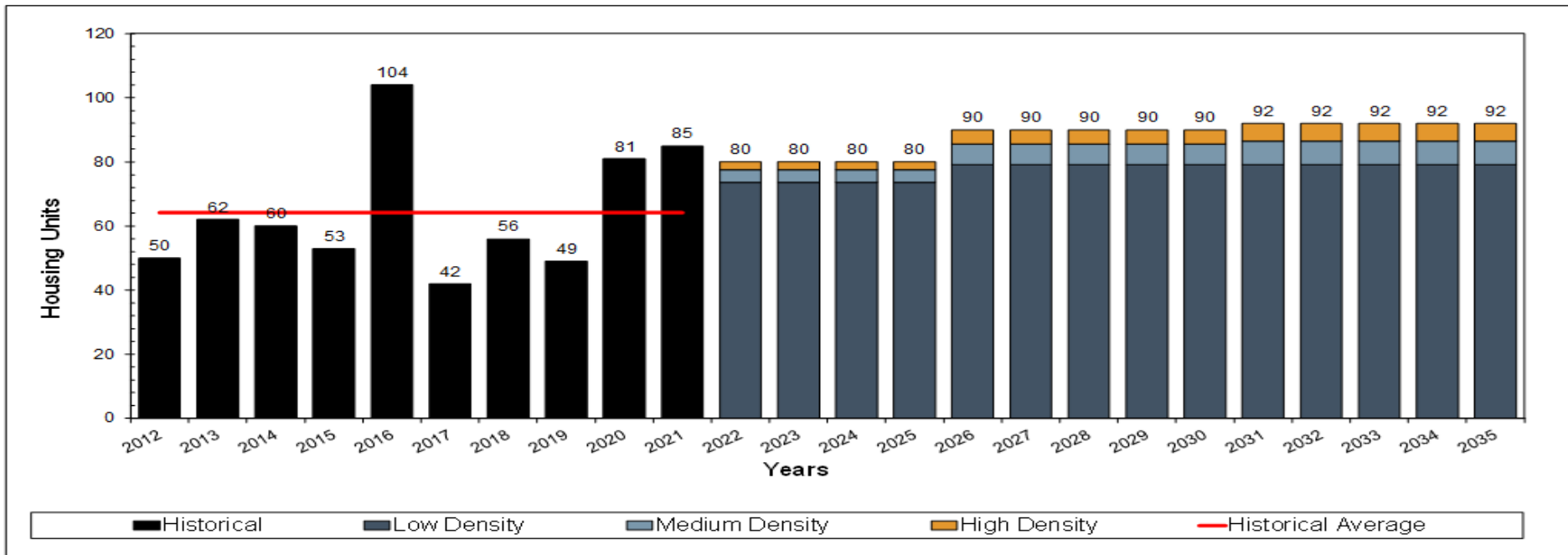
Growth Forecast

Growth Forecast 2022 - 2036



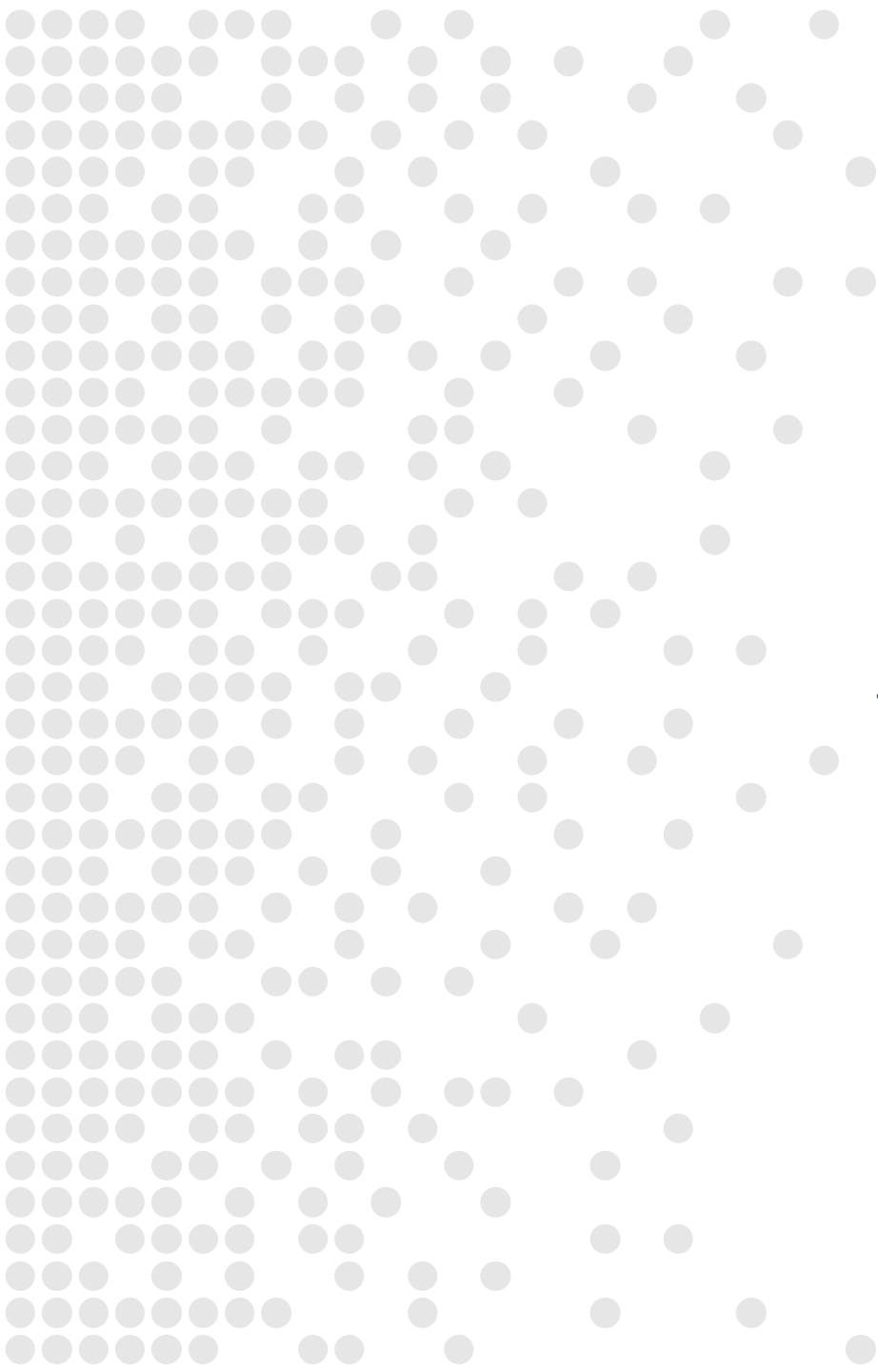
| Time Horizon | Residential | | Non-Residential | |
|-------------------------|----------------|-------------------|-------------------------|------------------|
| | Net Population | Residential Units | Employment ¹ | Sq.ft. of G.F.A. |
| Mid 2022 | 13,749 | 5,650 | 2,326 | |
| Mid 2036 | 16,381 | 6,904 | 3,890 | |
| Incremental Change | | | | |
| 14-year - Township Wide | 2,632 | 1,254 | 1,564 | 5,643,600 |

1. Excludes NFPOW and WAH



Source: Historical housing activity derived from Statistics Canada building permit data for the Township of South Stormont, 2012 to 2014 and 2021, and from Township of South Stormont staff, 2015 to 2020, by Watson & Associates Economists Ltd.

¹ Growth forecast represents calendar year.



Development Charges

Increase in Need for Service

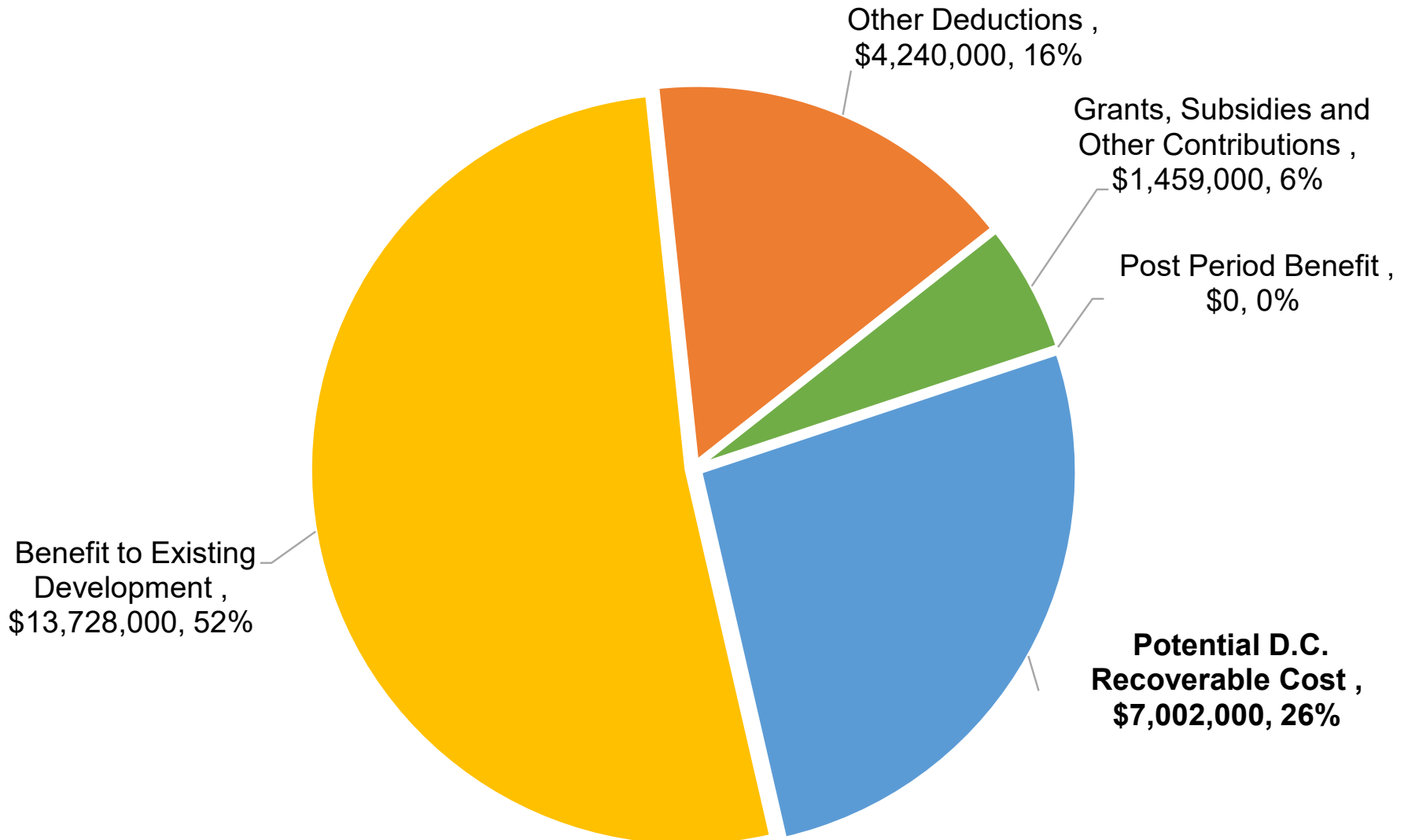


Increase in Need for Service 2022 - 2036

- Township-wide services
 - Fire Protection
 - Services Related to a Highway (incl. Transportation and Public Works)
 - Parks and Recreation
- Growth-Related Studies related to the above services included as a separate class of service
- Growth-related capital costs of water and wastewater services will continue to be recovered through connection charges imposed under the authority of the *Municipal Act*

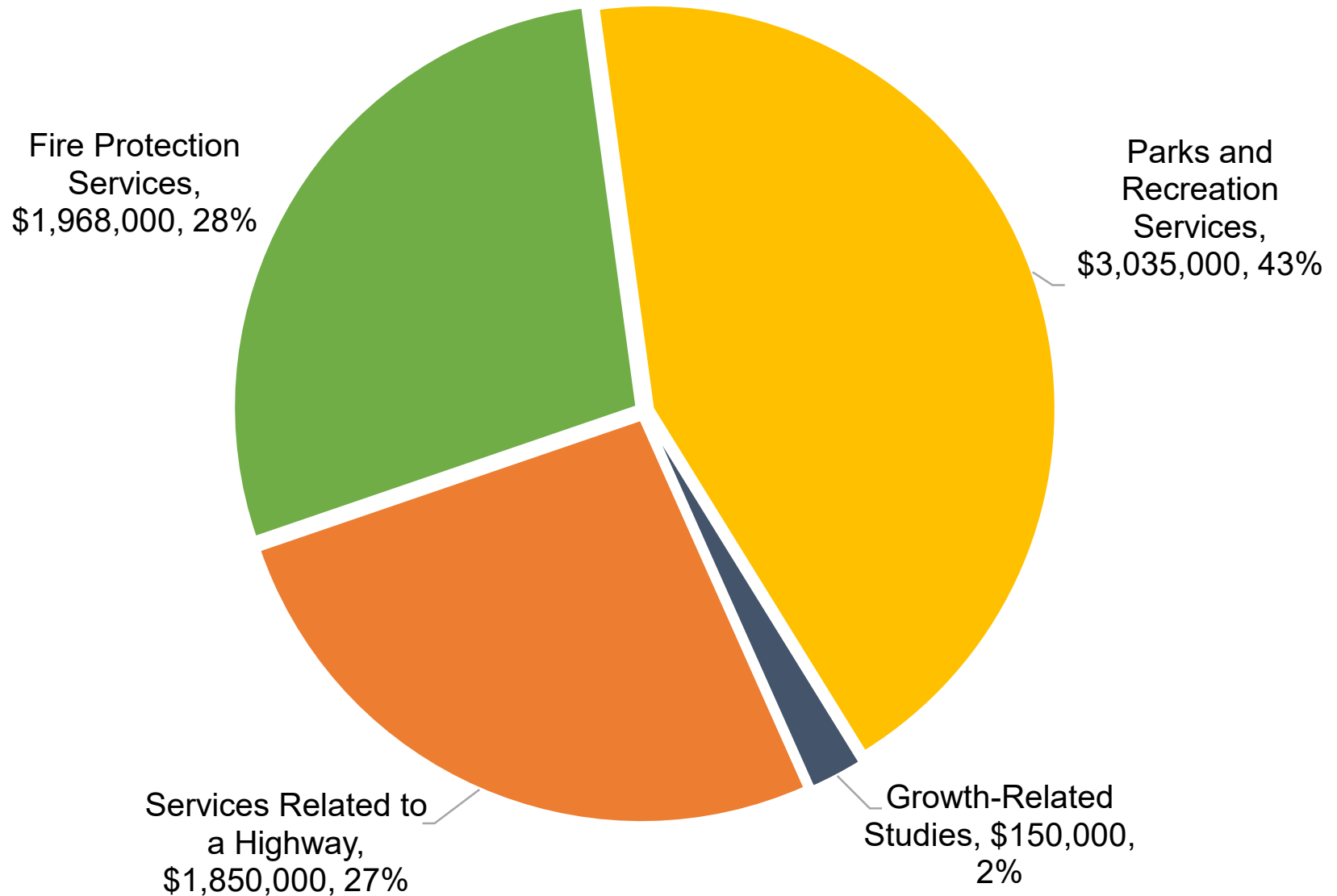
Anticipated Capital Needs

Gross Capital Costs (\$26.4 million)



D.C. Recoverable Costs

\$7.0 million



Calculated Schedule of D.C.s



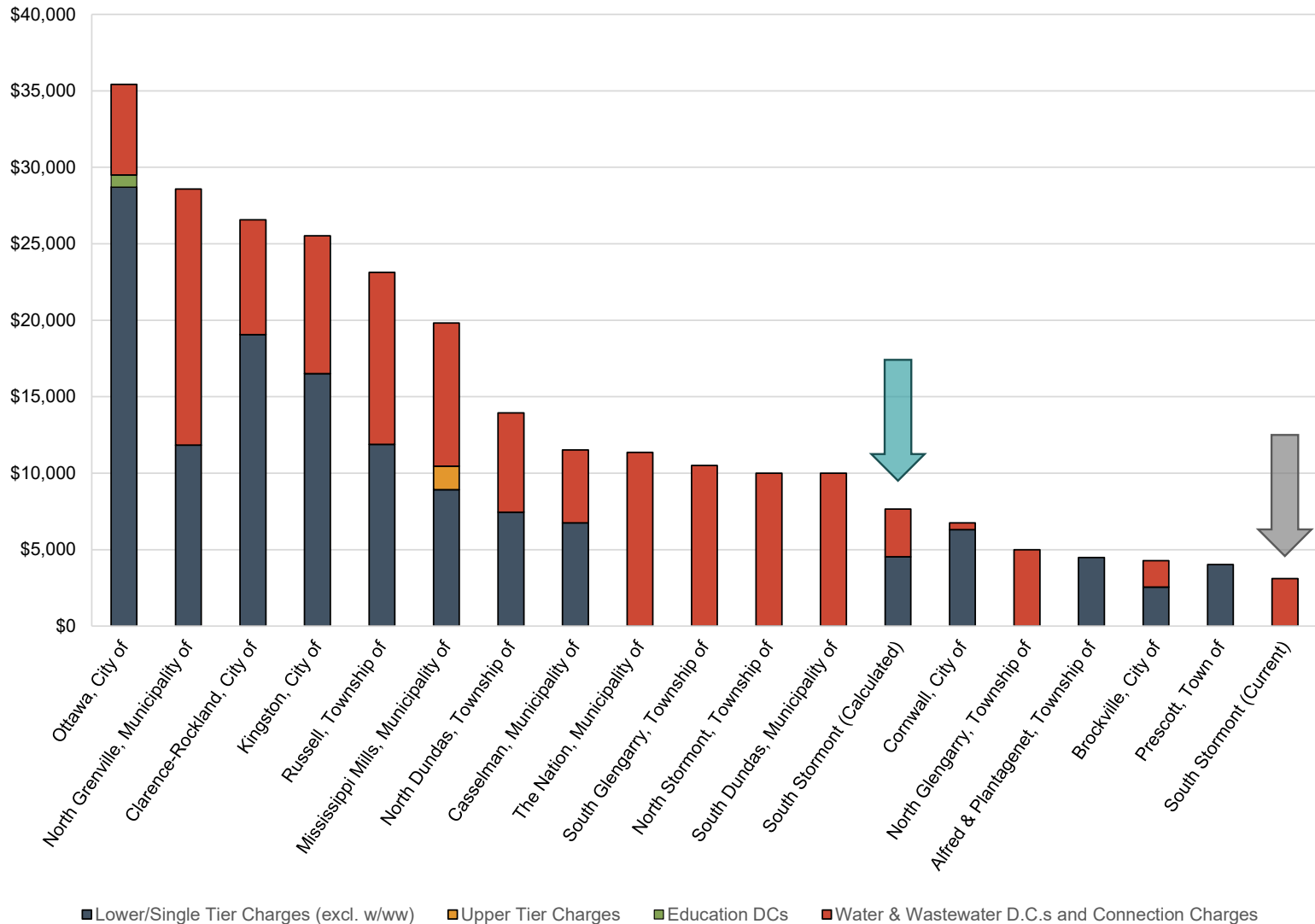
| Service/Class of Service | RESIDENTIAL | | | | | NON-RESIDENTIAL |
|--|-----------------------------------|-----------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | Single and Semi-Detached Dwelling | Other Multiples | Apartments - 2 Bedrooms + | Apartments - Bachelor and 1 Bedroom | Special Care/Special Dwelling Units | (per sq.ft. of Gross Floor Area) |
| Municipal Wide Services/Class of Service: | | | | | | |
| Services Related to a Highway | 980 | 815 | 602 | 400 | 386 | 0.12 |
| Fire Protection Services | 1,042 | 866 | 640 | 425 | 410 | 0.13 |
| Parks and Recreation Services | 2,423 | 2,014 | 1,489 | 988 | 953 | 0.03 |
| Growth-Related Studies | 98 | 81 | 60 | 39 | 38 | 0.00 |
| Total Municipal Wide Services/Class of Services | 4,543 | 3,776 | 2,791 | 1,852 | 1,787 | 0.28 |



Municipal Comparison

Per Single Detached Residential Dwelling Unit

Residential Development Charges (per Single Detached Dwelling)

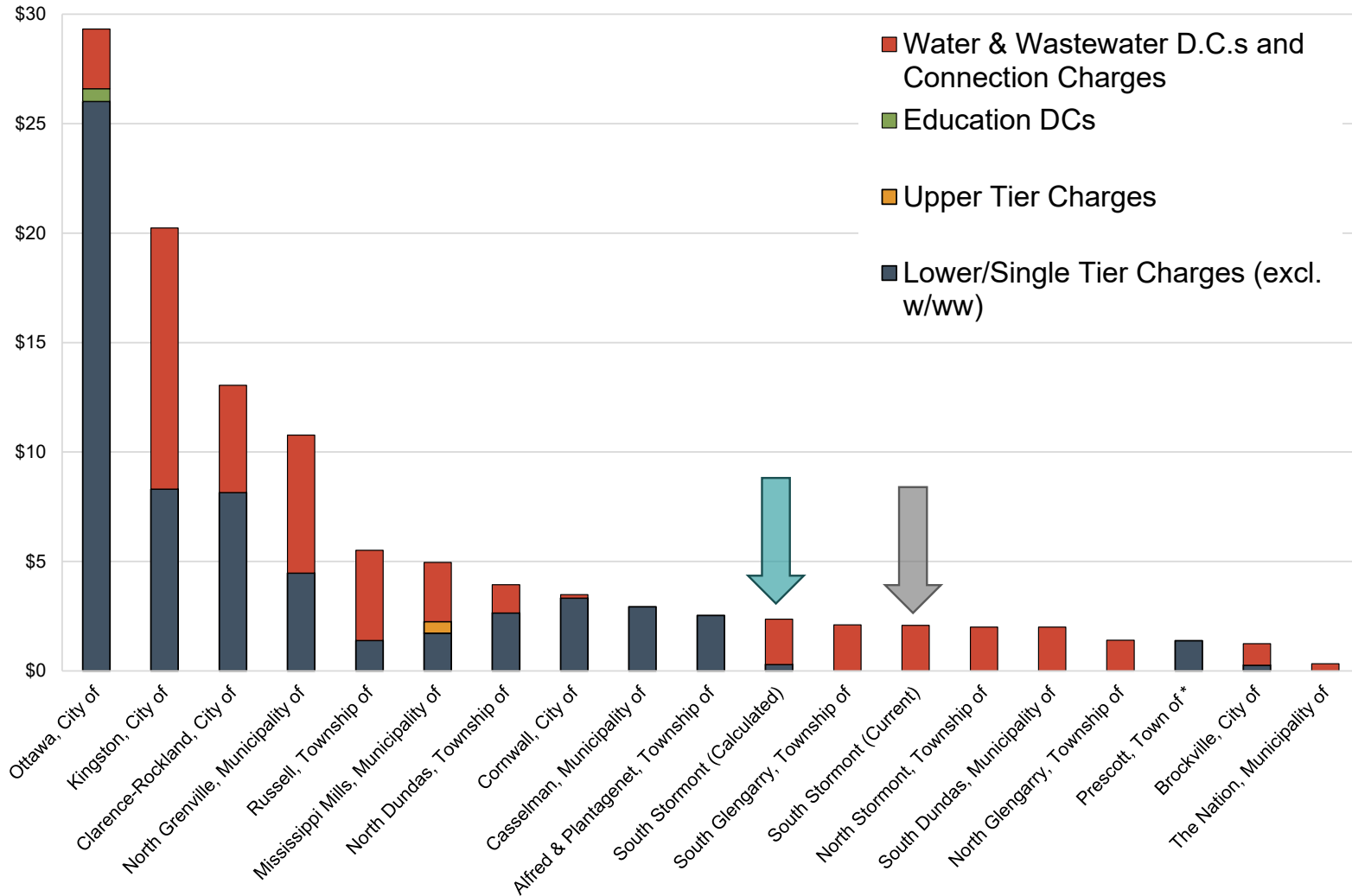




Municipal Comparison

\$ per Square Foot of Commercial Gross Floor Area

Commercial Development Charges (per sq.ft. of GFA)



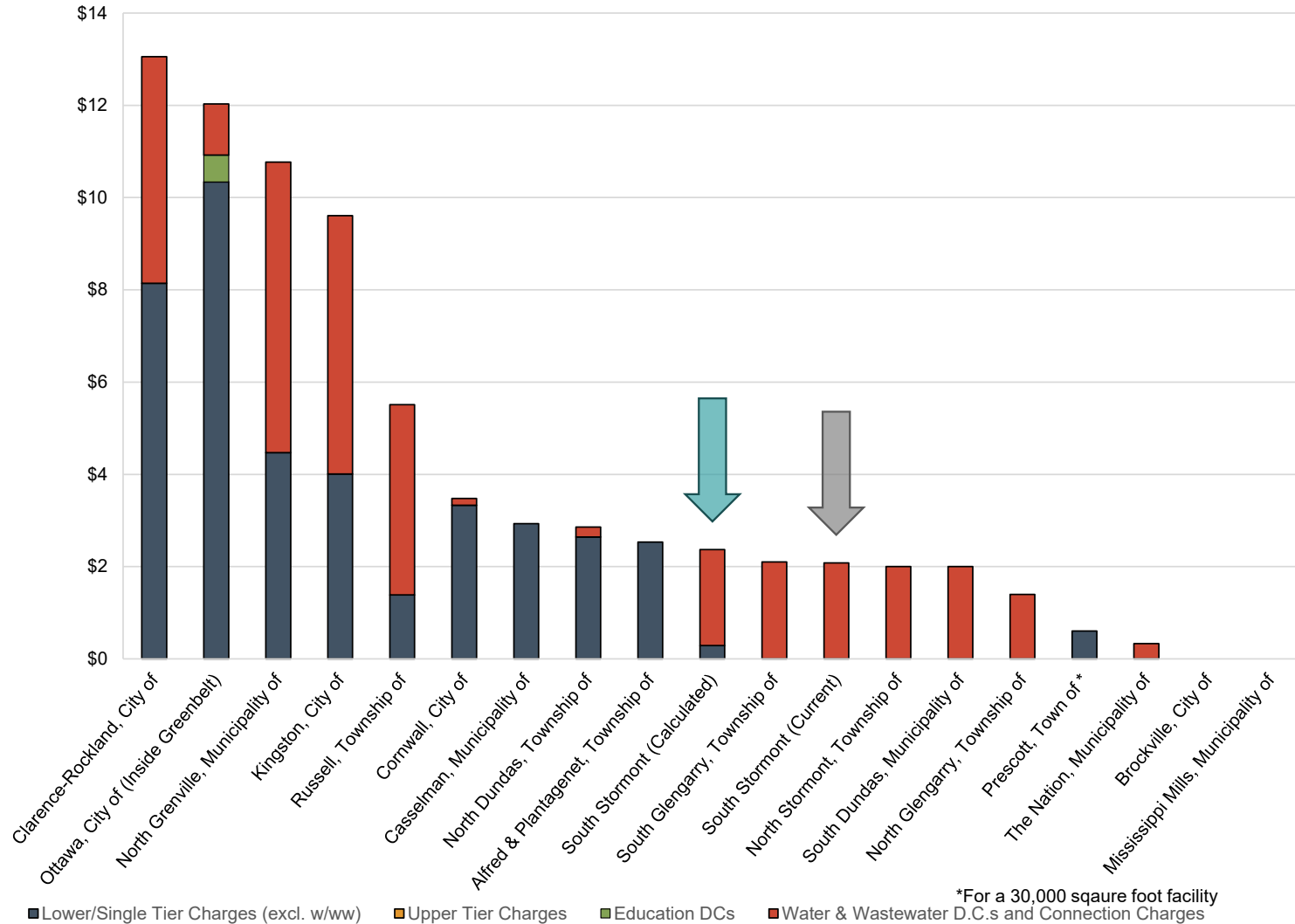
*For a 5,000 square foot facility



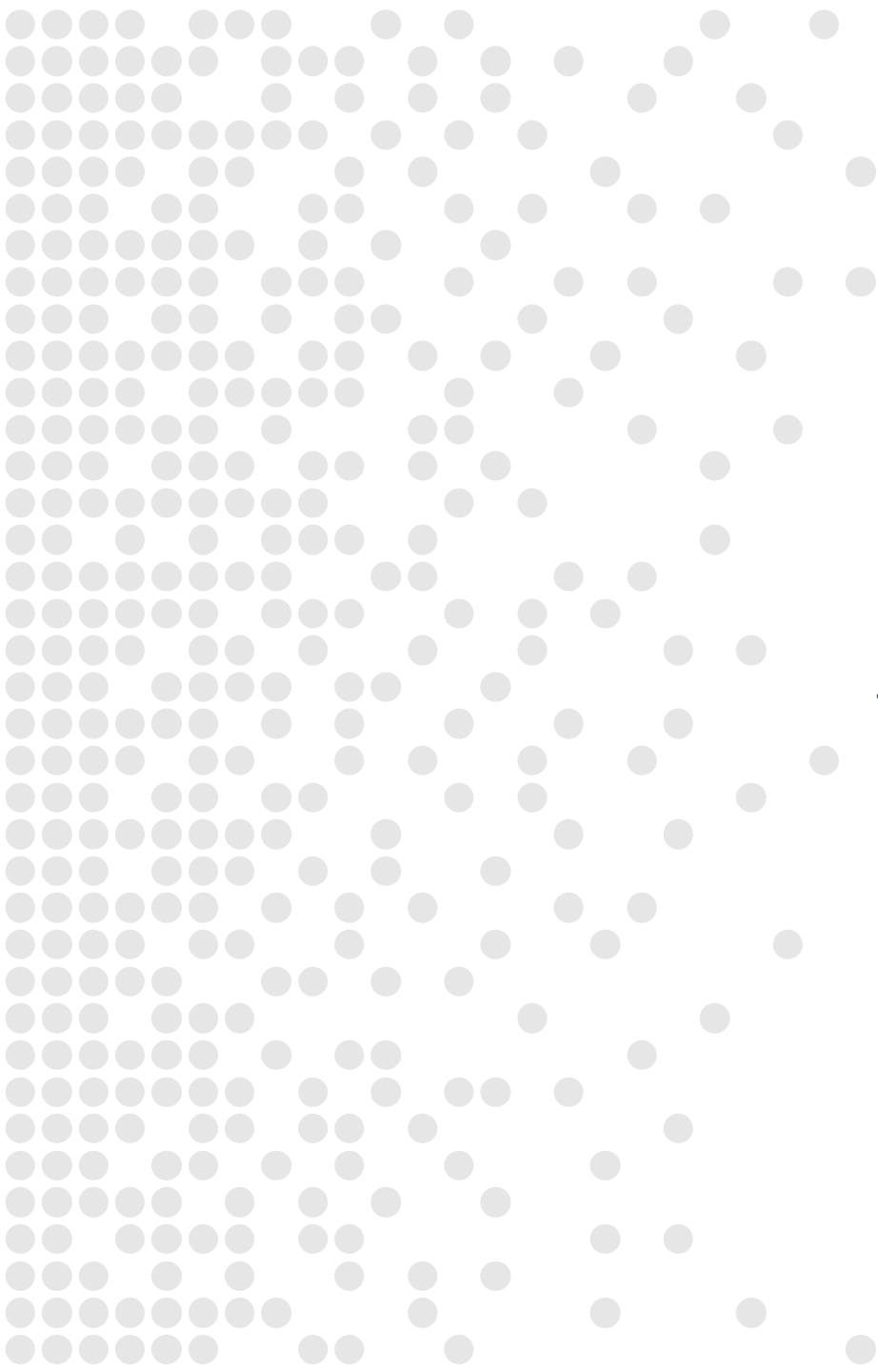
Municipal Comparison

\$ per Square Foot of Industrial Gross Floor Area

Industrial Development Charges (per sq.ft. of GFA)



*For a 30,000 square foot facility



Development Charges

D.C. By-law Policies



D.C. By-Law Policies

Timing of Collection

- D.C.s would be calculated and payable at the time of building permit issuance
 - Municipality may enter into agreement for the D.C. to be paid before or after it would otherwise be payable
- Payment in installments
 - Rental housing and institutional developments would pay D.C.s in 6 equal annual payments, commencing from the date of occupancy
 - Non-profit housing would pay D.C.s in 21 equal annual payments, commencing from the date of occupancy



D.C. By-Law Policies

Calculation of D.C.s

- D.C.s for developments proceeding through Site Plan or Zoning By-law Amendment will be determined based on the charges in effect on the day of the application
 - Charges to be frozen for a maximum period of 2 years after planning application approval
- Interest may be imposed on D.C.s determined at Site Plan or Zoning-By-law Amendment application and on installment payments
 - Proposed policy is to charge interest at the Bank of Canada Prime Lending Rate plus 2%

D.C. By-Law Policies

Statutory D.C. Exemptions



- Existing industrial building expansions (may expand by 50% with no D.C.)
- Residential intensification (within existing residential buildings or structures ancillary to existing residential buildings):
 - May add up to two apartments for a single detached home as long as size of home does not double
 - Add one additional unit in medium & high-density buildings
- The creation of a second dwelling unit in prescribed classes of new residential buildings, including structures ancillary to dwellings
- Upper/Lower Tier Governments and School Boards
- Development of lands intended for use by a university that received operating funds from the Government



D.C. Policies

Non-Statutory D.C. Exemptions

- Proposed Exemptions:
 - Bona-fide farm buildings
 - Places of worship and cemeteries;
 - Non-profit housing
 - Long-term care homes



D.C. By-Law Policies

Redevelopment Credits

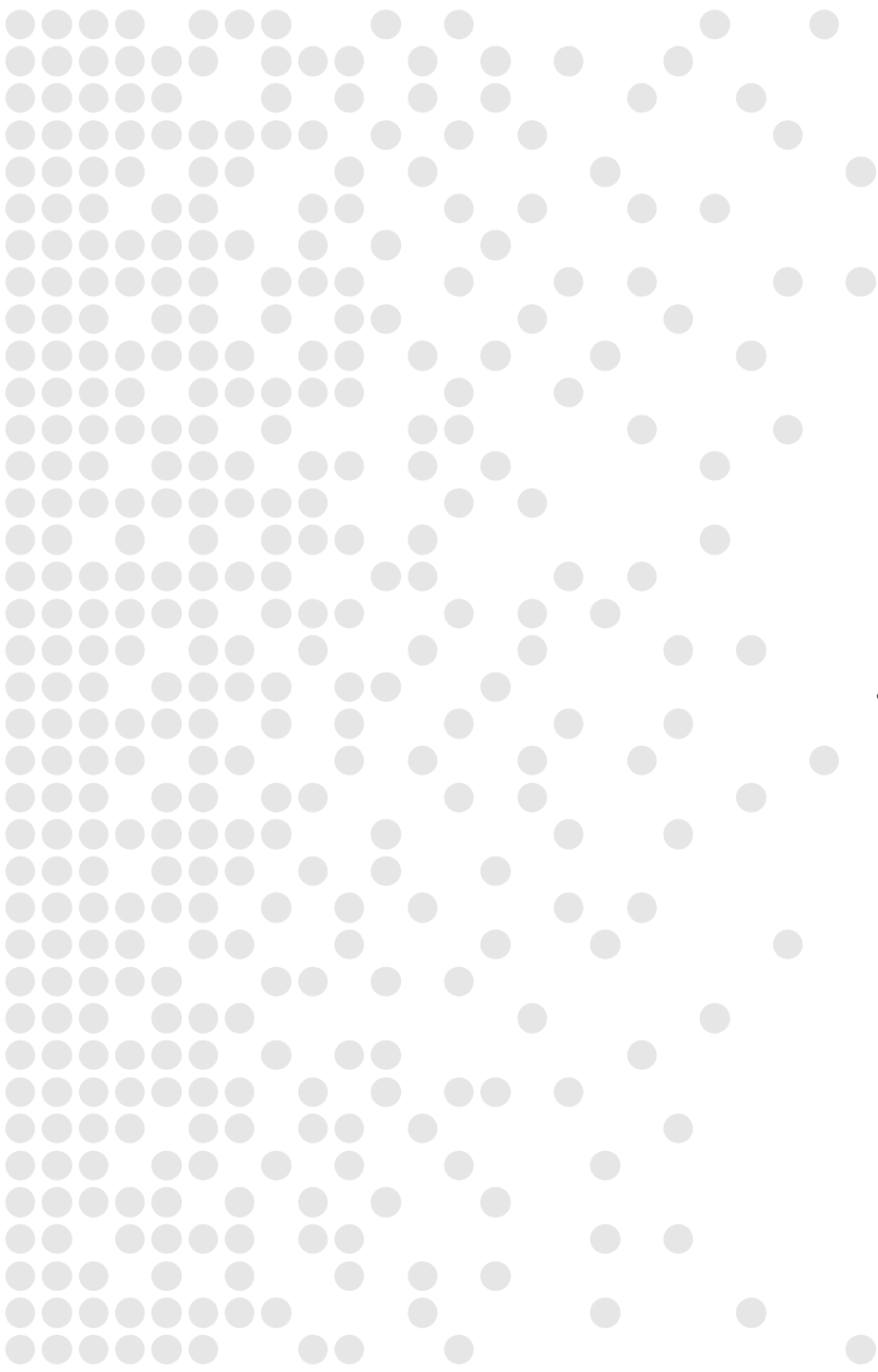
- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
- Provided where demolition/conversion occurs within 5-years of building permit issuance
- In no case shall the credit be greater than the D.C.s that would otherwise be payable



D.C. By-Law Policies

D.C. Indexing

- D.C.A. allows for adjustment of charges to reflect underlying cost increases and reduces municipal cash flow impact between statutory by-law reviews
- Proposed policy is for charges to be indexed on a mandatory basis on January 1st of each year



Next Steps

Next Steps



- Review feedback received through consultation process and issue any addendums to the study as required
- Council to consider adoption of the by-law(s) – July 13, 2022
- By-law proposed to be effective on the date of passage or as determined by Council