



Municipality of West Elgin

Development Charges Council Meeting
September 26, 2024

Agenda

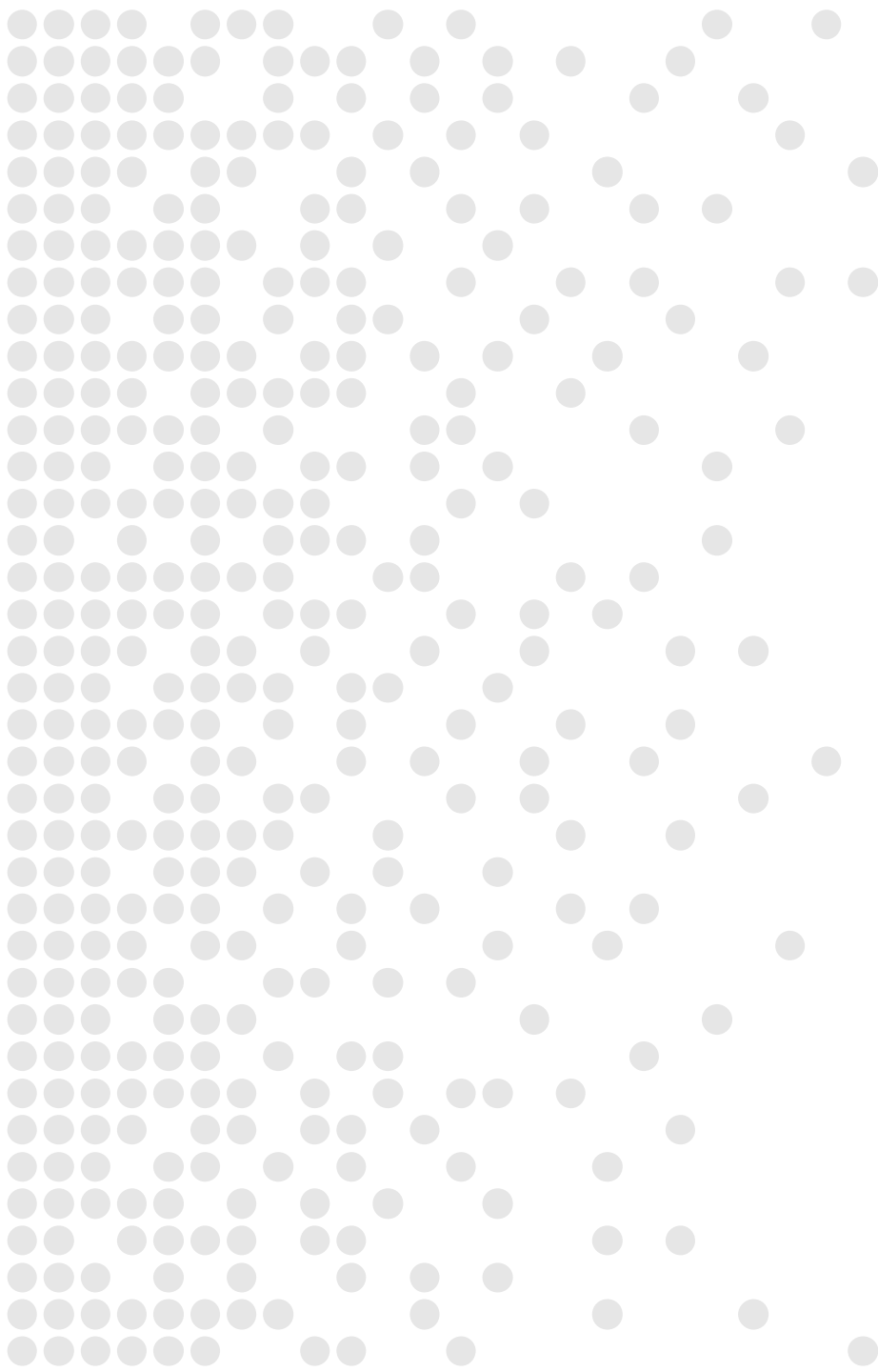


- Overview of Process – Timelines
- Development Charges Overview
- Growth Forecast Summary
- Service Standards and Capital Needs
- D.C. Rates
- Survey of Municipal D.C.s
- D.C. Implementation – Policy Matters and Council Considerations
- Next Steps and Questions

Overview of Process – Timelines



- 1** **April 2024 to September 2024**
Data collection, staff interviews, D.C. calculations and policy work
- 2** **September 26, 2024**
Council Workshop
- 3** **September 27, 2024**
Release of D.C. Background Study and By-law
- 4** **October 3, 2024**
Public Meeting advertisement placed in newspaper
- 5** **October 24, 2024**
Public Meeting
- 6** **November 28, 2024**
Council Consideration of By-law



Development Charges (D.C.) Overview

Municipality of West Elgin 2024 D.C.
Background Study & By-law

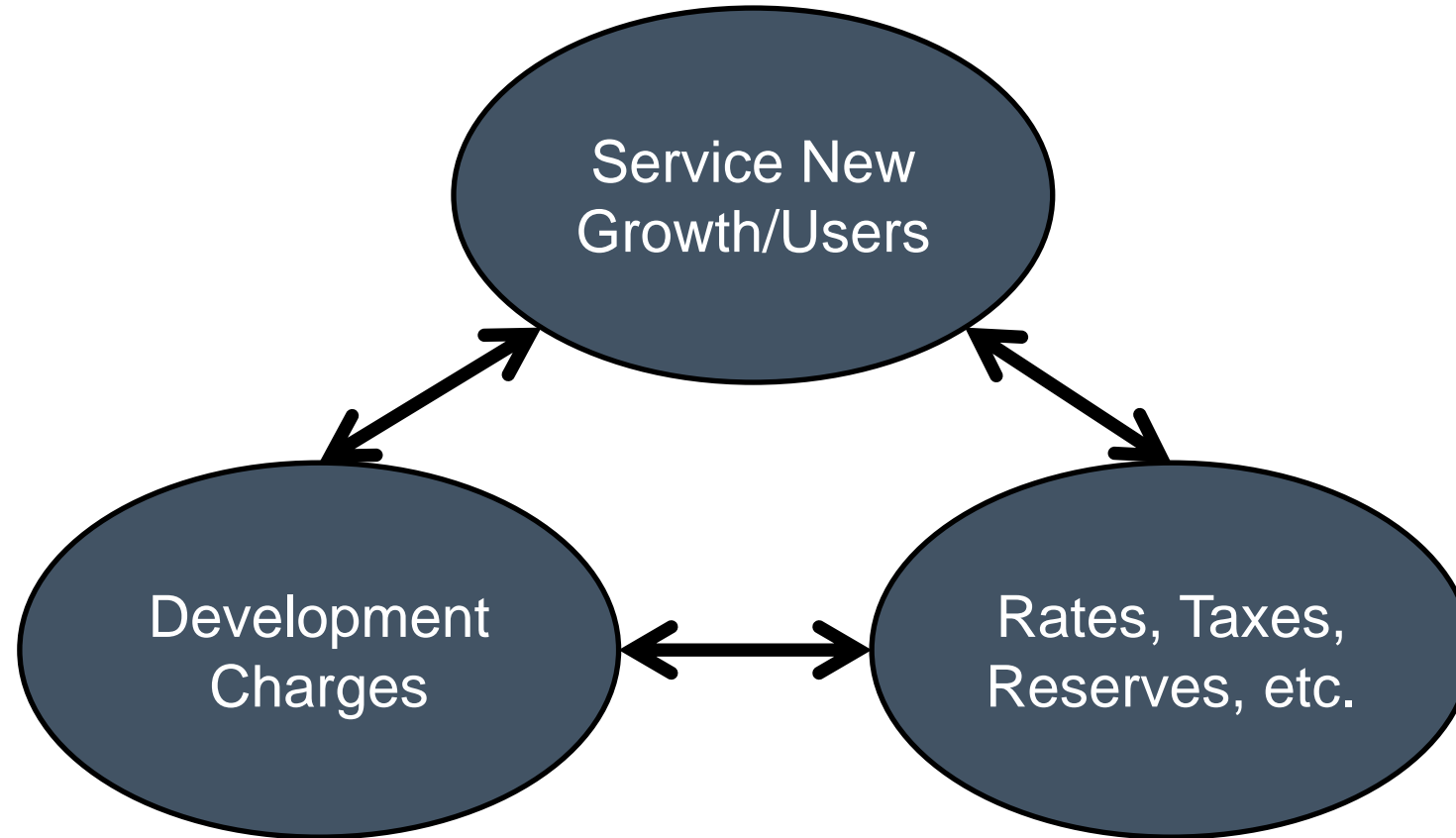
Development Charges (D.C.s)



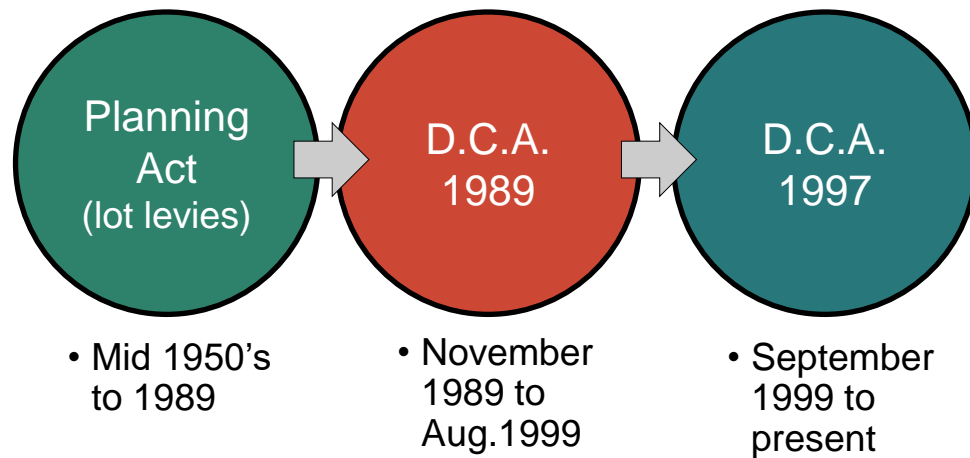
Purpose:

- 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, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- Development Charges are typically calculated and imposed at the time of issuance of a building permit

Relationship Between Needs to Service Growth vs. Funding



History of D.C.s



Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023
9. Bill 185: June 2024



D.C. Methodology

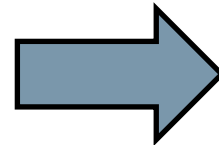
The following provides the overall methodology to calculating the charge:

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

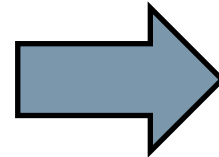
Overview of the D.C. Calculation



Cost of Infrastructure
Required to
Accommodate Growth



Residential and Non-
residential Growth



\$



Development Charge
per Unit
(for Residential Growth)

Development
Charges

Development Charge
per Sq.ft. or per Sq.m
(for Non-residential Growth)

D.C. Eligible Services



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 Services
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. Provincial Offences Act
18. Emergency Preparedness
19. Airports (Waterloo Region only)

Blue highlight denotes services included in the 2024 D.C. calculation

Growth studies are included in the D.C. as a class of service

Layout of D.C. Background Study

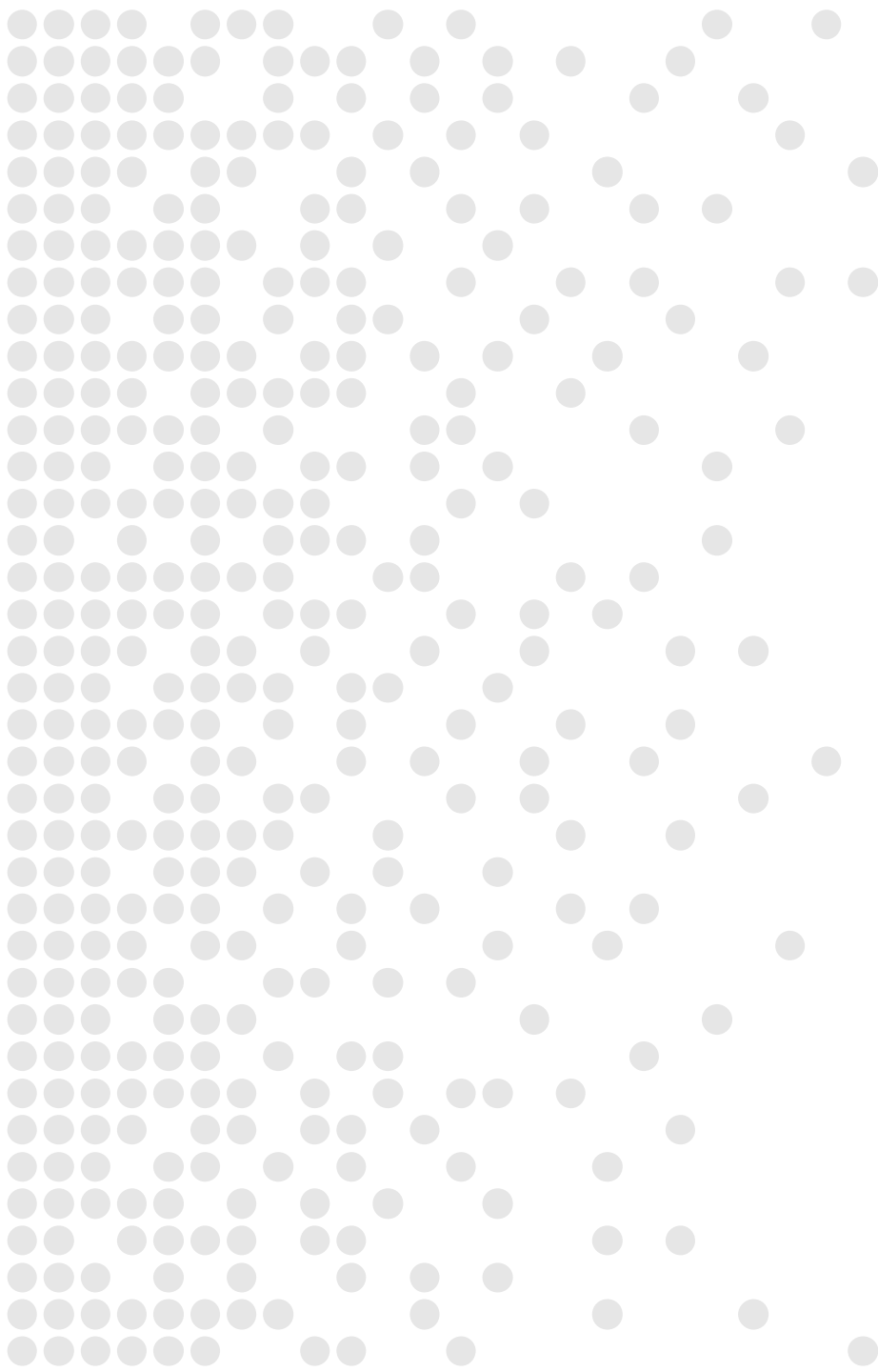


- Executive Summary
- Chapter 1: Introduction
- **Chapter 2: Anticipated Development in the Municipality of West Elgin**
- Chapter 3: The Approach to the Calculation of the Charge
- **Chapter 4: D.C.-Eligible Cost Analysis by Service**
- **Chapter 5: D.C. Calculation**
- Chapter 6: D.C. Policy Recommendation and D.C. By-law Rules
- Chapter 7: By-law Implementation
- Appendix A: Background Information on Residential and Non-Residential Growth Forecast
- Appendix B: Level of Service
- Appendix C: Long-Term Capital and Operating Cost Examination
- Appendix D: D.C. Reserve Fund Policy
- Appendix E: Local Service Policy
- Appendix F: Asset Management Plan
- Appendix G: Proposed D.C. By-law

The image shows the cover and table of contents for the 'Development Charges Background Study' report. The cover features a photograph of a house under construction, the Watson & Associates Economists Ltd. logo, the title 'Development Charges Background Study', and the subtitle 'Municipality of West Elgin'. The date 'September 27, 2024' and contact information are also present. The table of contents lists various sections and their corresponding page numbers.

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1.5.6	Revised Definition of Capital Costs.....
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Watson & Associates Economists Ltd.
info@watsonecon.ca



Growth Forecast Summary

Municipality of West Elgin 2024 D.C.
Background Study & By-law

Growth Forecast Summary



Measure	10 Year 2024 to 2033	Long-Term 2024 to 2046
(Net) Population Increase	491	1,090
Residential Unit Increase	359	789
Non-Residential Gross Floor Area Increase (sq.ft.)	540,300	1,174,700

Source: Watson & Associates Economists Ltd. Forecast 2024



Service Standards and Capital Needs

Municipality of West Elgin 2024 D.C.
Background Study & By-law

Service Standard Methodology



- Service standard measure provides a ceiling on the level of the charge that can be imposed
- The D.C.A. requires the calculation to be based on “quality” and “quantity” measures and “averaged” over the past 15 years
- This involves reviewing capital inventories in detail over past 15 years
- Note that this measure does not apply to water, wastewater, stormwater and transit (which now has a forward-looking service standard)

Service Standards



SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED

Service Category	Sub-Component	15 Year Average Service Standard					Maximum Ceiling LOS
		Cost (per capita)	Quantity (per capita)		Quality (per capita)		
Service Related to a Highway	Services Related to a Highway - Roads	\$63,217.00	0.0973	lane km of roadways	649,712	per km	68,906,530
	Services Related to a Highway - Bridges, Culverts & Structures	\$2,817.20	0.0071	Number of Bridges, Culverts & Structures	396,789	per item	3,070,748
	Services Related to a Highway - Sidewalks	\$412.07	0.0033	km of sidewalks	124,870	per km	449,156
	Services Related to a Highway - Streetlights	\$324.47	0.0932	No. of Streetlights	3,481	per signal	353,672
Public Works	Public Works - Facilities	\$804.88	3.4189	sq.ft. of building area	235	per sq.ft.	877,319
	Public Works - Vehicles & Equipment	\$1,185.70	0.0063	No. of vehicles and equipment	188,206	per vehicle	1,292,413
Fire Protection	Fire Protection Services - Facilities	\$1,209.76	2.2999	sq.ft. of building area	526	per sq.ft.	1,318,638
	Fire Protection Services - Vehicles & Equipment	\$1,102.04	0.0014	No. of vehicles	787,171	per vehicle	1,201,224
	Fire Protection Services - Small Equipment and Gear	\$214.75	0.0512	No. of equipment and gear	4,194	per item	234,078
Parks & Recreation	Parkland Development	\$472.07	0.0095	Acres of Parkland	49,692	per acre	231,786
	Parkland Amenities	\$906.91	0.0044	No. of parkland amenities	206,116	per amenity	445,293
	Parkland Trails	\$29.92	1.0590	Linear Metres of Paths and Trails	28	per linear m	14,691
	Recreation Facilities	\$8,552.71	12.6272	sq.ft. of building area	677	per sq.ft.	4,199,381
	Parks & Recreation Vehicles and Equipment	\$185.96	0.0041	No. of vehicles and equipment	45,356	per vehicle	91,306
Library Services	Library Services - Facilities	\$480.23	0.6597	sq.ft. of building area	728	per sq.ft.	235,793



Capital Costs

- Acquire land or interest in land
- Improve land
- Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
- Equipment and rolling stock
- Capital component of a lease for the above
- Circulation materials for Libraries
- Studies for above including a D.C. Background Study
- Interest on money borrowed to pay for the above

Capital Costs (cont'd)

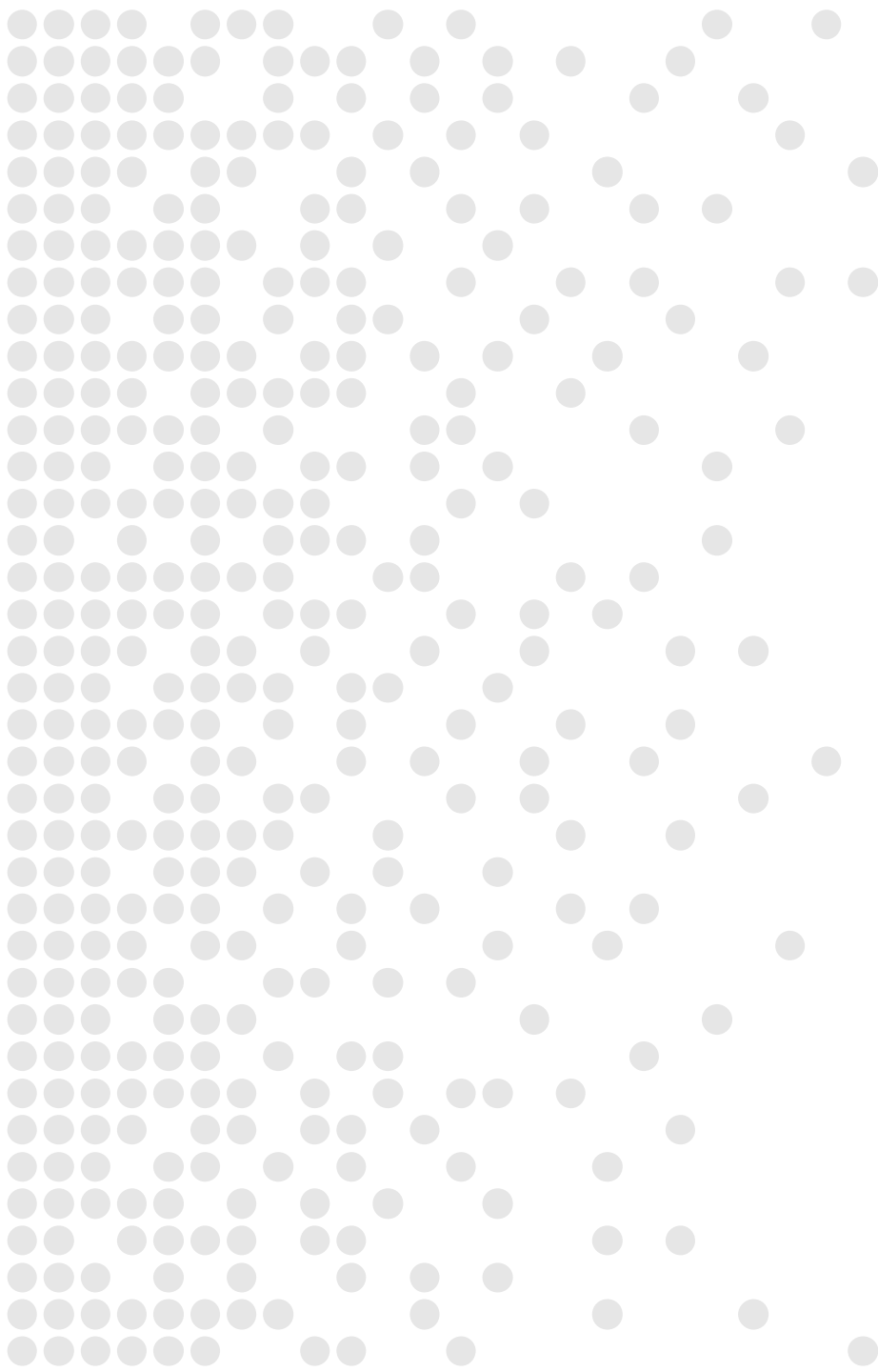


- Any planning horizon for future capital needs can be used, except for Transit (which is limited to 10 years)
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board
- Certain Capital Costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment that is not integral to the delivery of the service

Capital Needs



Increased Service Needs Attributable to Anticipated Development	Forecast Period	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
						Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
Services Related to a Highway	2024 to 2046	13,709,370	-	-	13,709,370	6,019,300	1,380,000	6,310,070	3,596,740	2,713,330
Fire Protection Services	2024 to 2046	1,211,000	-	-	1,211,000	-	-	1,211,000	690,270	520,730
Public Works	2024 to 2046	895,000	-	-	895,000	100,000	-	795,000	453,150	341,850
Parks and Recreation Services	2024 to 2033	1,505,000	-	150,000	1,355,000	180,000	250,000	925,000	878,750	46,250
Library Services	2024 to 2033	-	-	-	-	-	-	-	-	-
Growth Studies	2024 to 2033	240,000	-	5,000	235,000	45,000	-	190,000	131,100	58,900
Total		\$17,560,370	\$0	\$155,000	\$17,405,370	\$6,344,300	\$1,630,000	\$9,431,070	\$5,750,010	\$3,681,060



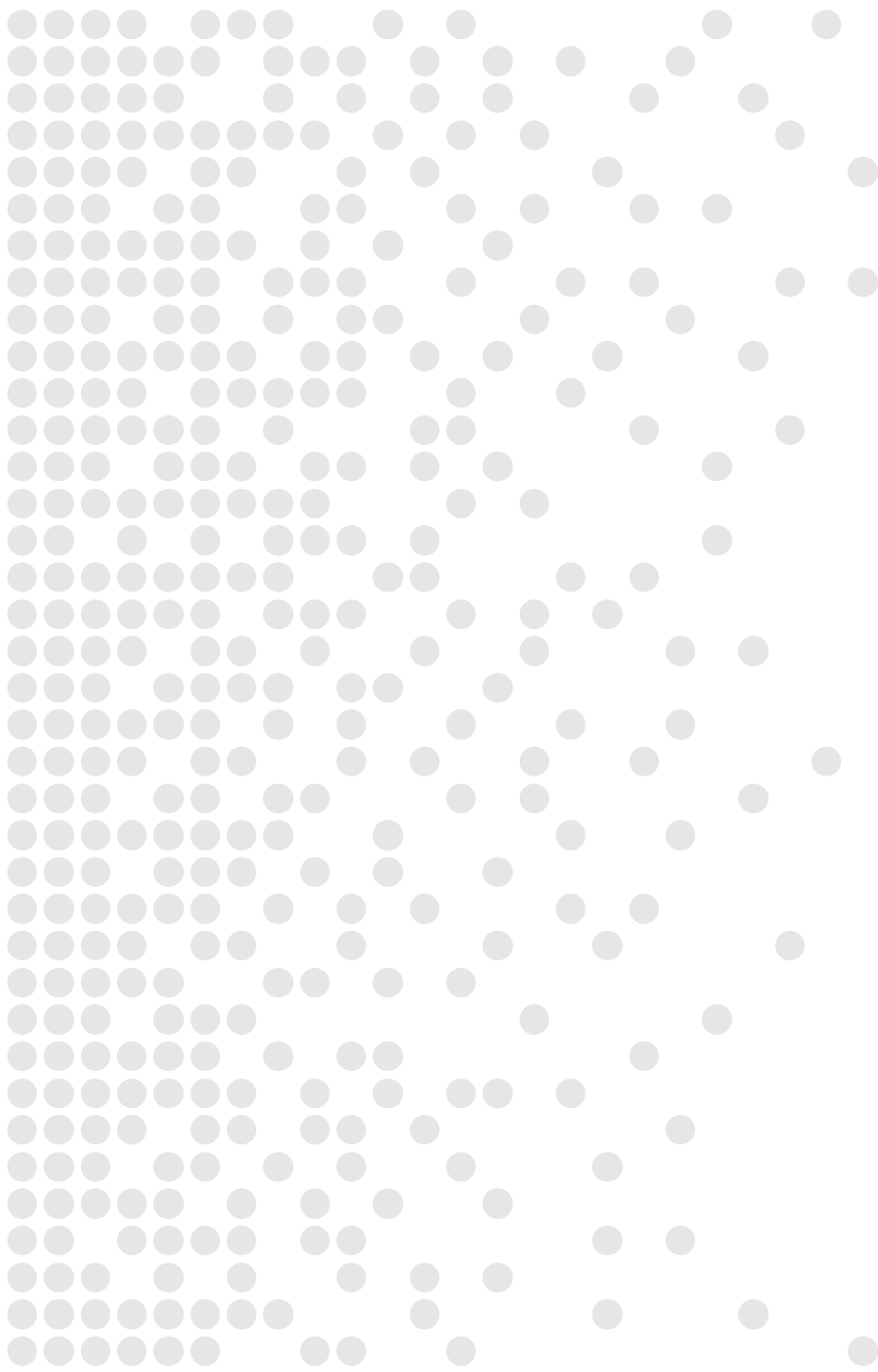
D.C. Rates

Municipality of West Elgin 2024 D.C.
Background Study & By-law

Calculated D.C. Rates



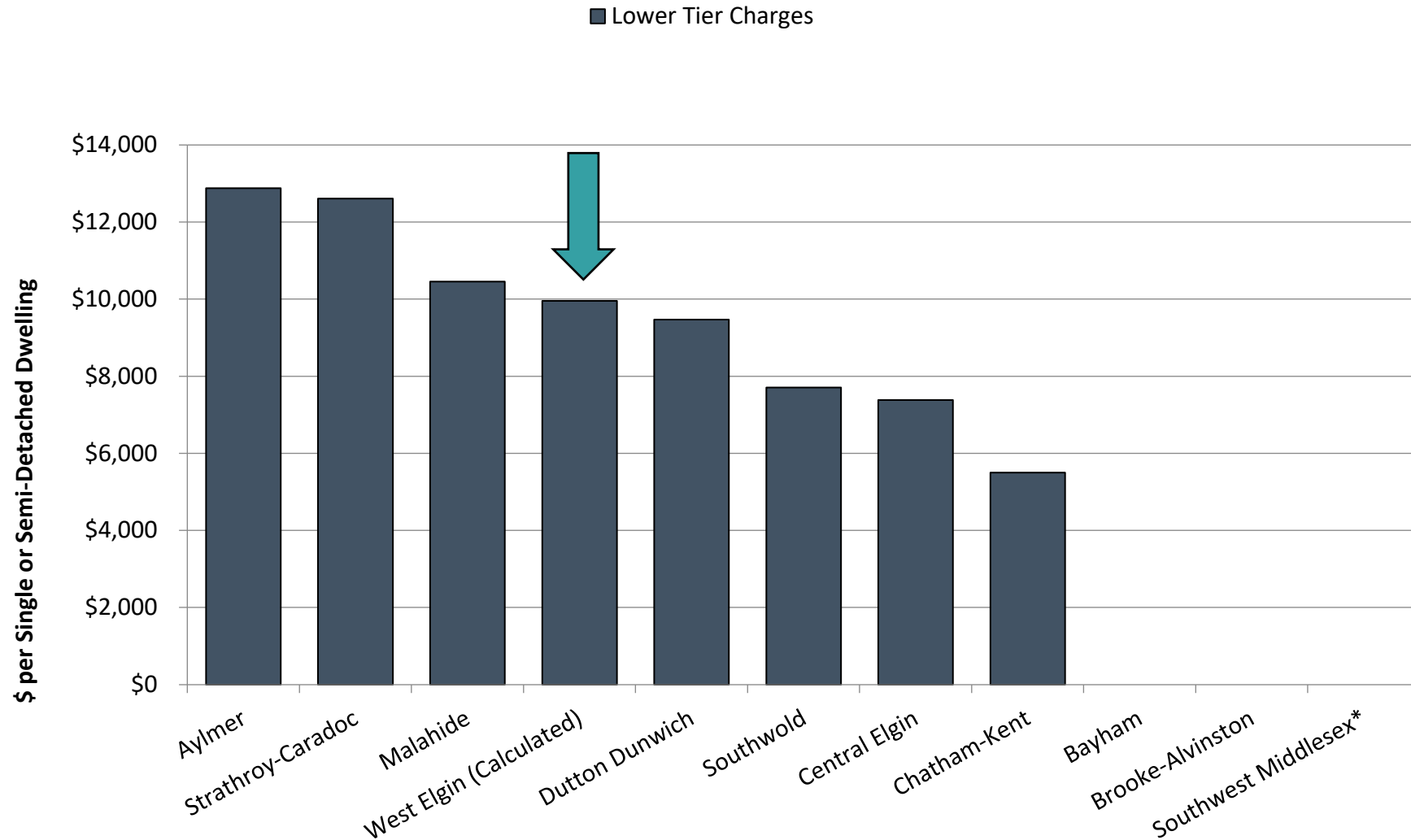
Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Municipal Wide Services/Class of Service:						
Services Related to a Highway	5,804	4,781	3,810	2,241	2,241	2.60
Fire Protection Services	989	815	649	382	382	0.44
Parks and Recreation Services	2,748	2,264	1,804	1,061	1,061	0.08
Growth Studies	410	338	269	158	158	0.11
Total Municipal Wide Services/Class of Services	9,951	8,198	6,532	3,842	3,842	3.23



Survey of Municipal D.C.s

Municipality of West Elgin 2024 D.C.
Background Study & By-law

Survey of Comparator Municipalities – Single/Semi Detached

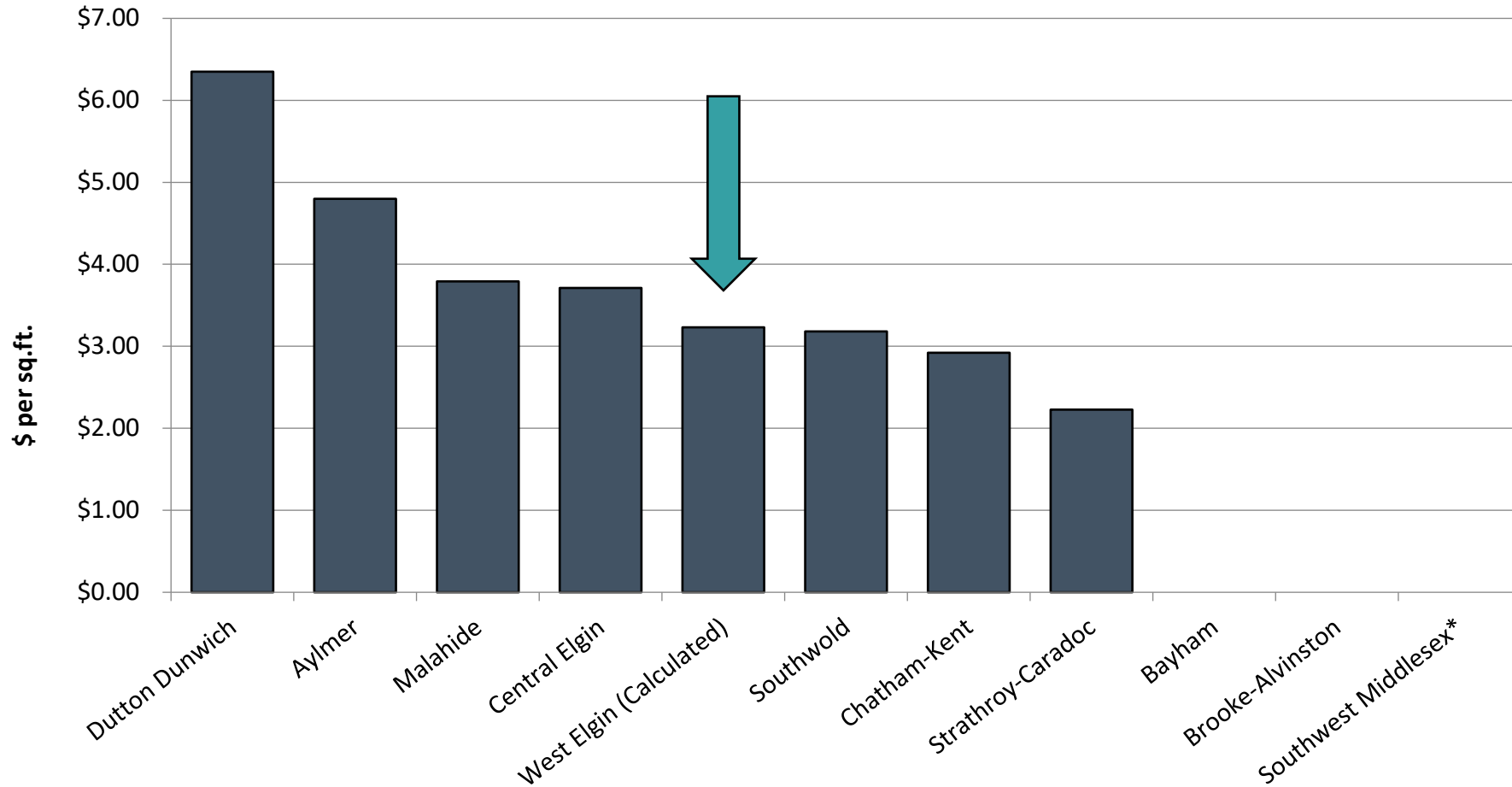


Note: All charges exclude water and wastewater D.C.s
Bayham charges D.C.s for water and wastewater only
*Currently Considering D.C.s

Survey of Comparator Municipalities – Commercial (per sq.ft.)

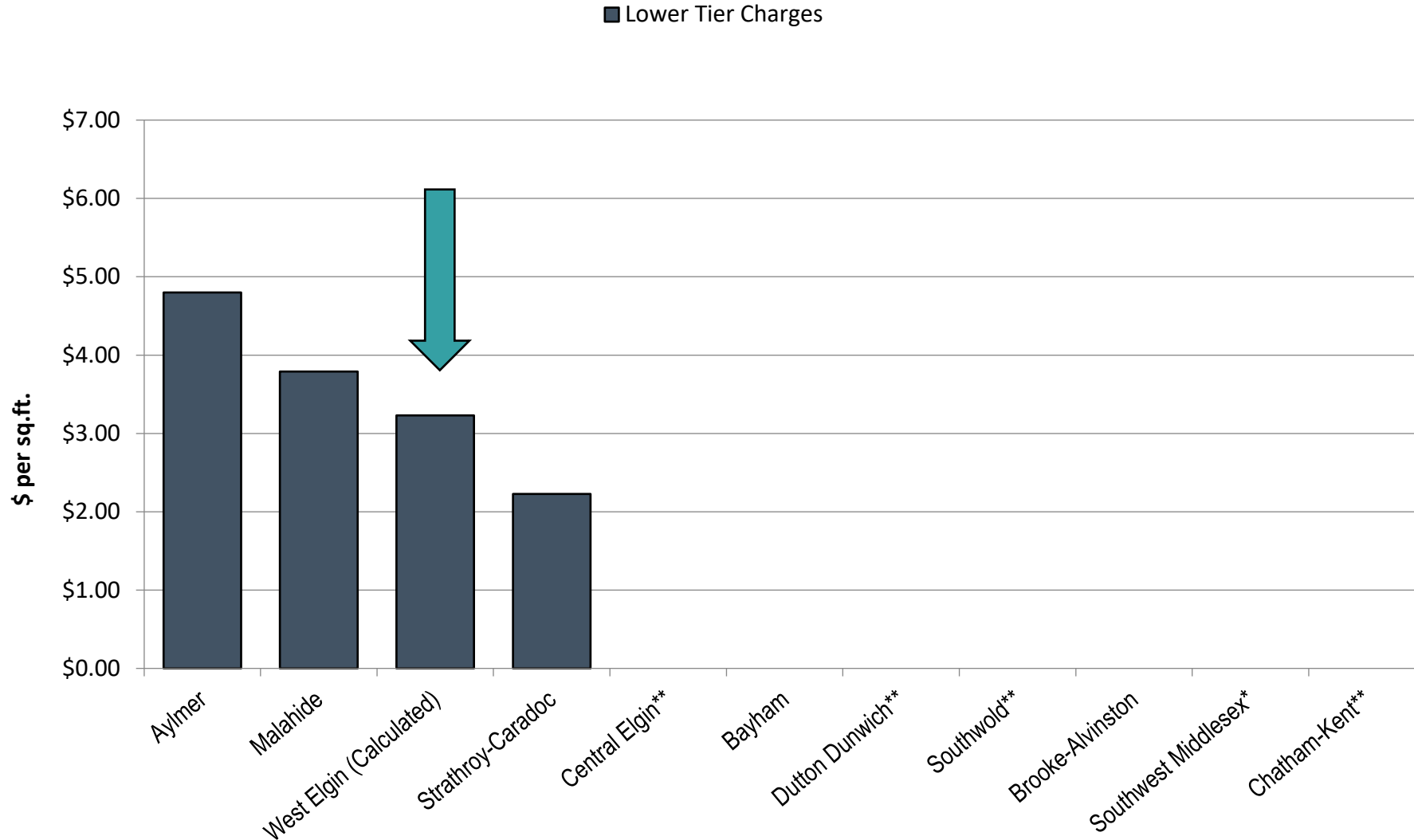


■ Lower Tier Charges



Note: All charges exclude water and wastewater D.C.s
Bayham charges D.C.s for water and wastewater only
*Currently Considering D.C.s

Survey of Comparator Municipalities – Industrial (per sq.ft.)

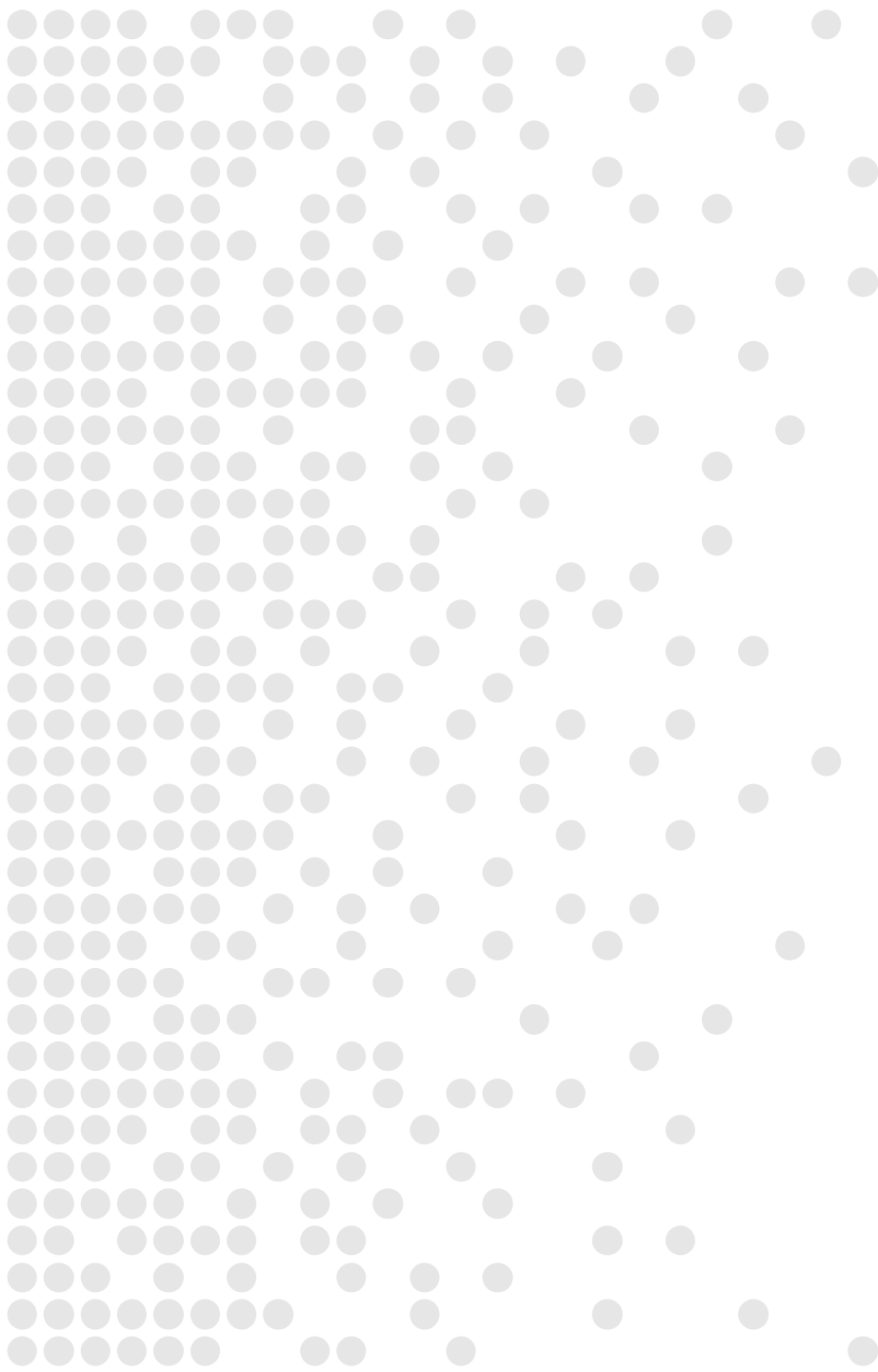


Note: All charges exclude water and wastewater D.C.s

*Currently Considering D.C.s

** Currently exempt industrial development

Bayham charges D.C.s for water and wastewater only



D.C. Implementation – Policy Matters and Council Considerations

Municipality of West Elgin 2024 D.C.
Background Study & By-law

Timing of Payment



- Typically, D.C.s for all services are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements
- **Installment Payments:** Rental housing and institutional developments will pay D.C.s in 6 equal annual payments commencing at occupancy, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%
- **Rate Freeze:** The D.C. amount for all developments occurring within eighteen (18) months of a site plan or Zoning By-law Amendment planning approval shall be determined based on the D.C. in effect on the day the applicable Site Plan or Zoning By-law Amendment application was submitted, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%

As per Bill 108



Mandatory D.C. Exemptions/ Discounts

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.)
- Development of lands intended for use by a university
- Up to 2 apartments in an existing or new detached, semi-detached, or rowhouse
- Add one additional unit or 1% of existing units in an existing rental residential building
- Affordable inclusionary zoning units
- Non-profit housing
- Discount for rental housing (based on number of bedrooms – 15% to 25%)
- Affordable rental unit
- Affordable owned unit
- **Attainable units (not yet in force)**

Discretionary D.C. Exemptions & Redevelopment Credits



- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches);
- May phase-in over time; and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

Proposed Discretionary Exemptions for Council's Consideration as part of By-law Passage:



Places of
Worship



Bona fide
farms

Note: Central Elgin, Dutton Dunwich, Southwold, and Chatham-Kent exempt industrial development.

Indexing

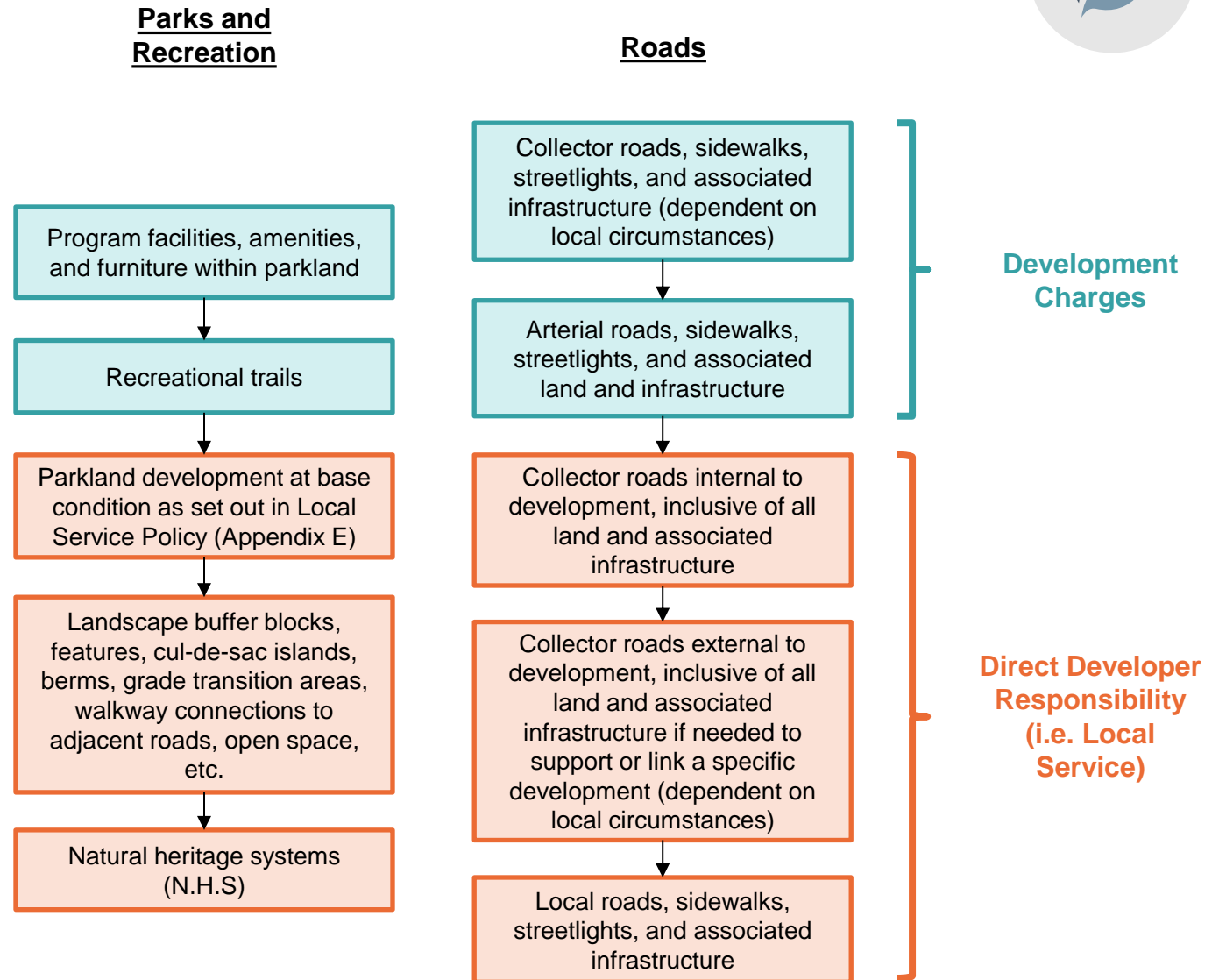


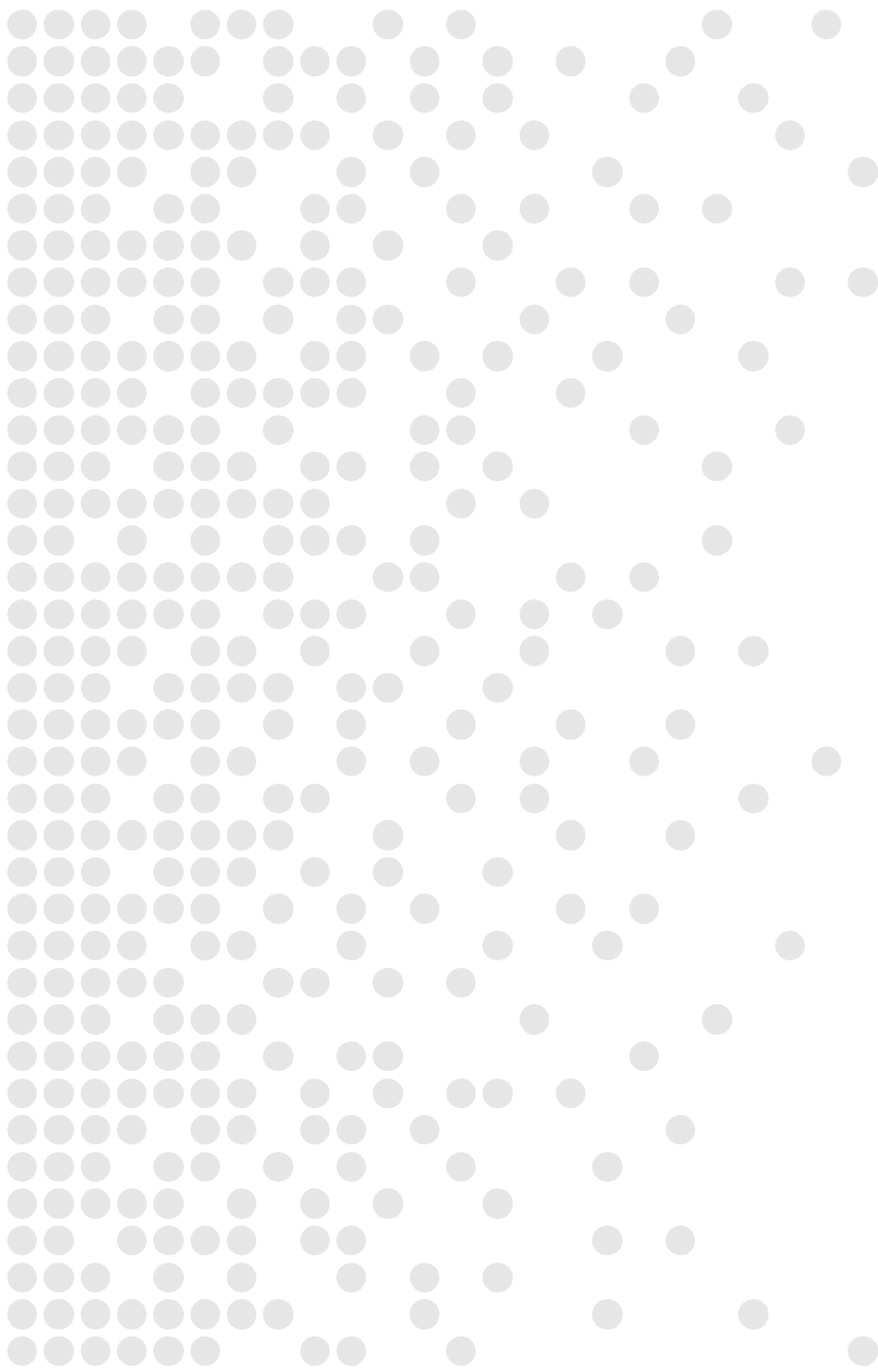
- Without amendment to the D.C. by-law, D.C.s shall be indexed on a mandatory basis every January 1st in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) for the most recent year-over-year period.

Local Service Policy



- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, collector & arterial roads,
 - Intersection improvements & traffic signals,
 - Streetlights & sidewalks,
 - Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways,
 - Noise Abatement Measures,
 - Land dedications/easements,
 - Water, Wastewater & Stormwater, and
 - Park requirements.





Next Steps and Questions

Municipality of West Elgin 2024 D.C.
Background Study & By-law



Next Steps



April 2024 to September 2024

Data collection, staff interview, D.C. calculations and policy work



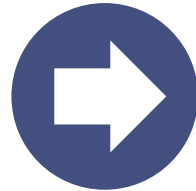
September 26, 2024

Council Workshop



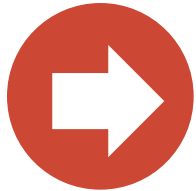
September 27, 2024

Release of D.C. Background Study and By-law



October 3, 2024

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October 24, 2024

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November 28, 2024

Council Consideration of By-law

Questions

