

Town of Midland Development Charges Study Statutory Public Meeting



Wednesday, November 6th, 2019

HEMSON
Consulting Ltd.



What Are Development Charges?

- Fees imposed on development to fund “growth-related” capital costs
- DCs pay for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth”

What Are Development Charges?

- DCs imposed by by-law
- Maximum life of a DC by-law is 5 years after the day it comes into force (may be repealed/amended earlier)
 - Town's by-law 2014-79 expires November 24, 2019
- Prior to passing a by-law Town must
 - undertake a background study
 - hold at least one public meeting
- Appeals adjudicated at LPAT (OMB)

Legislative Framework For DCs Is Changing

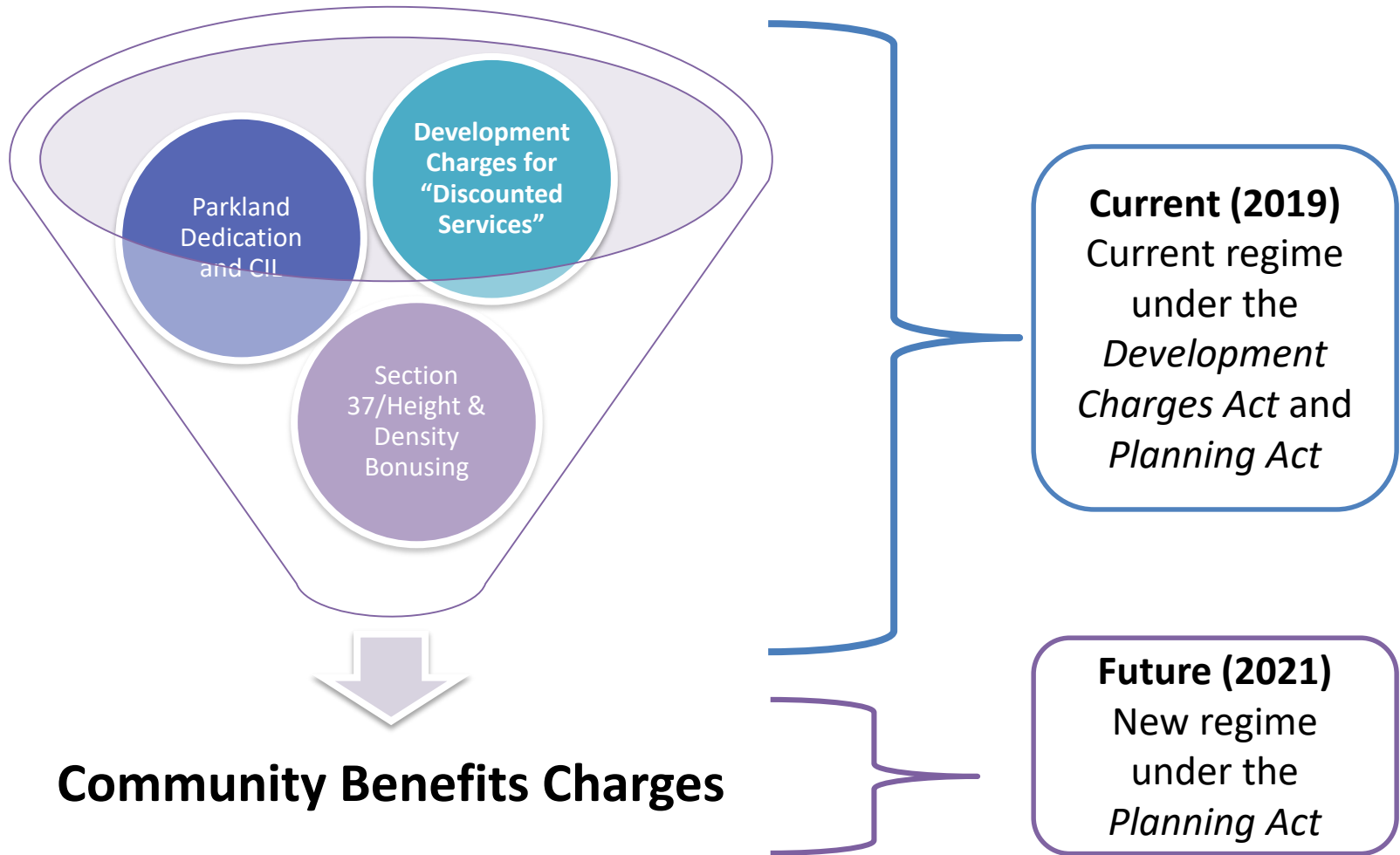
- *Development Charges Act 1997 (DCA)*
(amended 2015 by Bill 73)
 - *Ontario Regulation 82/98* (amended 2015 by O. Reg. 428/15)
- *Bill 108: More Homes, More Choice Act*
 - Royal assent June 6, 2019
 - Many key amendments won't come into force and effect until a date to be named by proclamation (unknown)
 - Draft Regulations June 21, 2019

DCs Levied on a Service Basis

- Eligible services now prescribed
- Can recover 100% of eligible costs for all services—previously only 90% for “soft” services
- Can set planning periods to recover costs, except for transit (10 year maximum)

Eligible Services
Water supply
Waste water
Services related to a highway
Storm water drainage and control
Electrical power
Fire protection
Policing
Paramedic
Transit
Waste diversion

Bill 108 Community Benefits Charge Will Replace Soft Service DCs



Community Benefits Charge Requirements

- CBCs:
 - Imposed by by-law
 - Require a “strategy” with list of growth-related projects
 - No mandatory public consultation and no right of appeal to LPAT
 - Charges based on value of development site (percentages to be prescribed by Reg.)

Prescribed Percentage Still Uncertain

- Province proposes:
 - “a **range of percentages** will be prescribed to take into account varying values of land”
 - “that **municipal revenues historically collected** from development charges for “soft services”, parkland dedication including the alternative rate, and density bonusing are maintained.”

18 Month Transition Window

- Transition
 - CBC authority comes into force 1 Jan, 2020
 - Prescribed end date for soft service DCs is 1 Jan 2021
 - Municipalities **can** pass new soft service DCs in 2019
- Regulations still being finalized

2019 DC Background Study

- Background Study released September 6th
- Provides newly calculated rates for all services in three areas
 - Town-wide (all services)
 - Area-Specific – Tiffin By The Bay (road works)
 - Area-Specific – Balm Beach Road (water and sewer)
- Draft by-law released October 2nd

DEVELOPMENT CHARGES BACKGROUND STUDY

Town of Midland



Version for Public Consultation

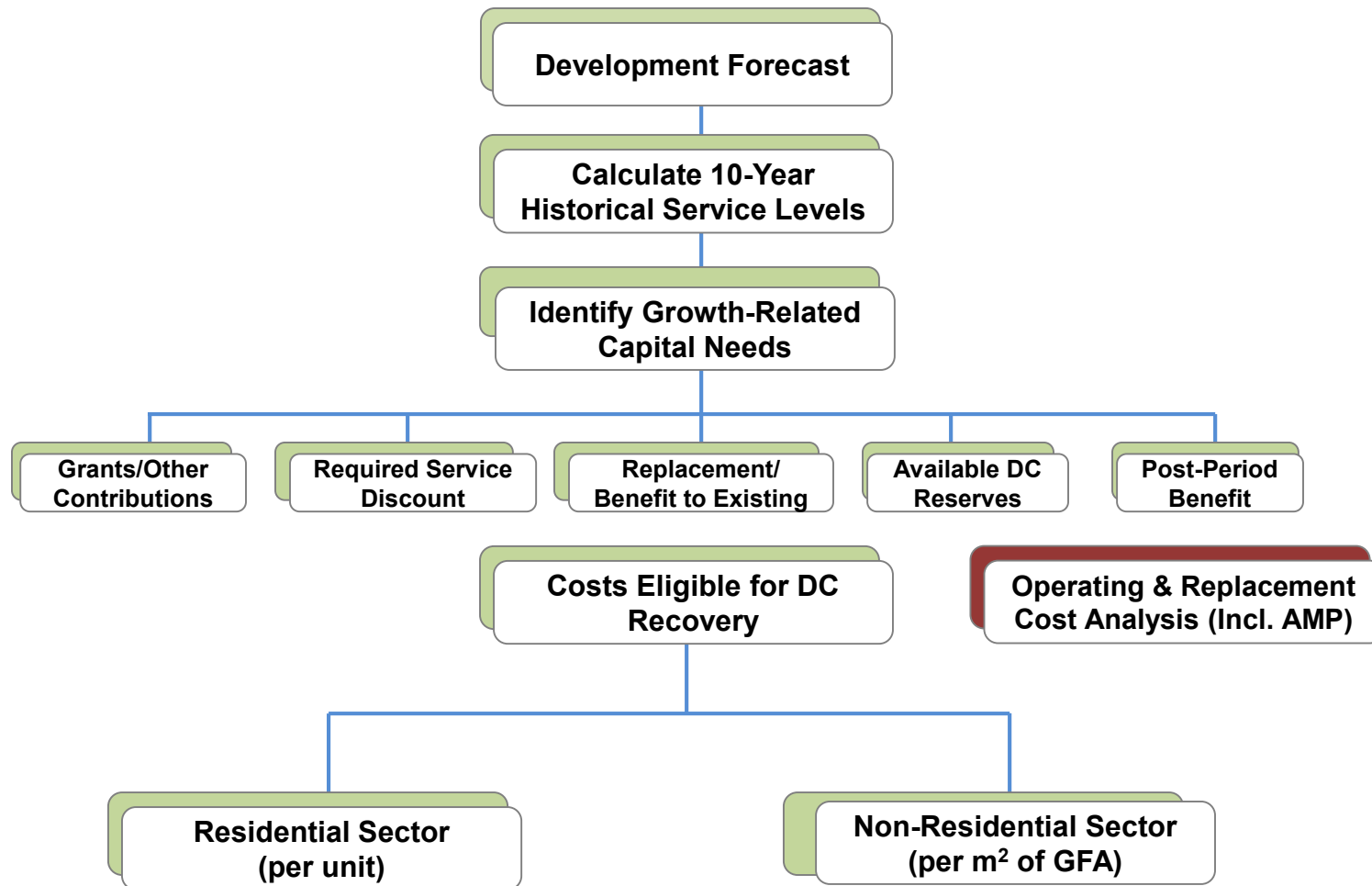
HEMSON Consulting Ltd.

September 6, 2019

Services Considered in Midland

Service	Maximum DC Cost Recovery	Planning Period	Bill 108 Implications
General Government	90%	10 years	Removed by 2021
Library Board	90%	10 years	Removed by 2021
Fire Department	100%	10 years	No change
Police Department	100%	10 years	No change
Indoor Recreation	90%	10 years	Removed by 2021
Park Development & Facilities	90%	10 years	Removed by 2021
Public Works & Fleet	100%	10 years	No change
Municipal Parking	90%	10 years	Removed by 2021
Transit Services	100%	10 years	No change
Roads & Related	100%	To 2041	No change
Sanitary Sewerage	100%	To 2041	No change
Water Services	100%	To 2041	No change

Steps to Calculating DCs



Development Forecast Anchored on Growth Plan Targets

	General Services 2019-2028			Engineered Services 2019-2041	
	At 2018	Growth 2019-2028	At 2028	Growth 2019-2041	At 2041
Residential Forecast					
Dwellings	7,781	1,709	9,489	3,919	11,699
Census Population	17,410	3,009	20,419	8,175	25,585
<i>Population in New Dwellings</i>		3,600		8,059	
Non-Residential Forecast					
Employment	11,013	2,087	13,100	5,474	16,487
New Non-Res Building Space (m ²)		131,260		344,290	

Note: Please refer to Appendix A of the 2019 DC Background Study for specific project information.

Capital Programs

- Capital programs compiled in consultation with Town staff based on capital forecast documents and ongoing master plans
- Council must express its intent to carry out the works
 - List of projects presented to Council on August 14th
- Capital costs adjusted in accordance with DC legislation

Capital Program Summary

Discounted Services

Service	Gross Cost	LESS					Total DC Eligible Cost
		Grants & Subsidies	Benefit to Existing	10% Reduction	Reserves	Post Period Benefit	
General Government	\$900,000	\$420,000	\$205,000	\$27,500	\$153,007	\$0	\$94,493
Library	\$1,396,243	\$0	\$0	\$35,058	\$365,038	\$0	\$996,147
Indoor Recreation	\$2,195,995	\$0	\$0	\$0	\$825,788	\$0	\$1,370,207
Parks	\$4,590,740	\$722,300	\$448,993	\$341,945	\$262,498	\$0	\$2,815,005
Parking	\$550,000	\$0	\$250,000	\$30,000	\$212,783	\$0	\$57,217

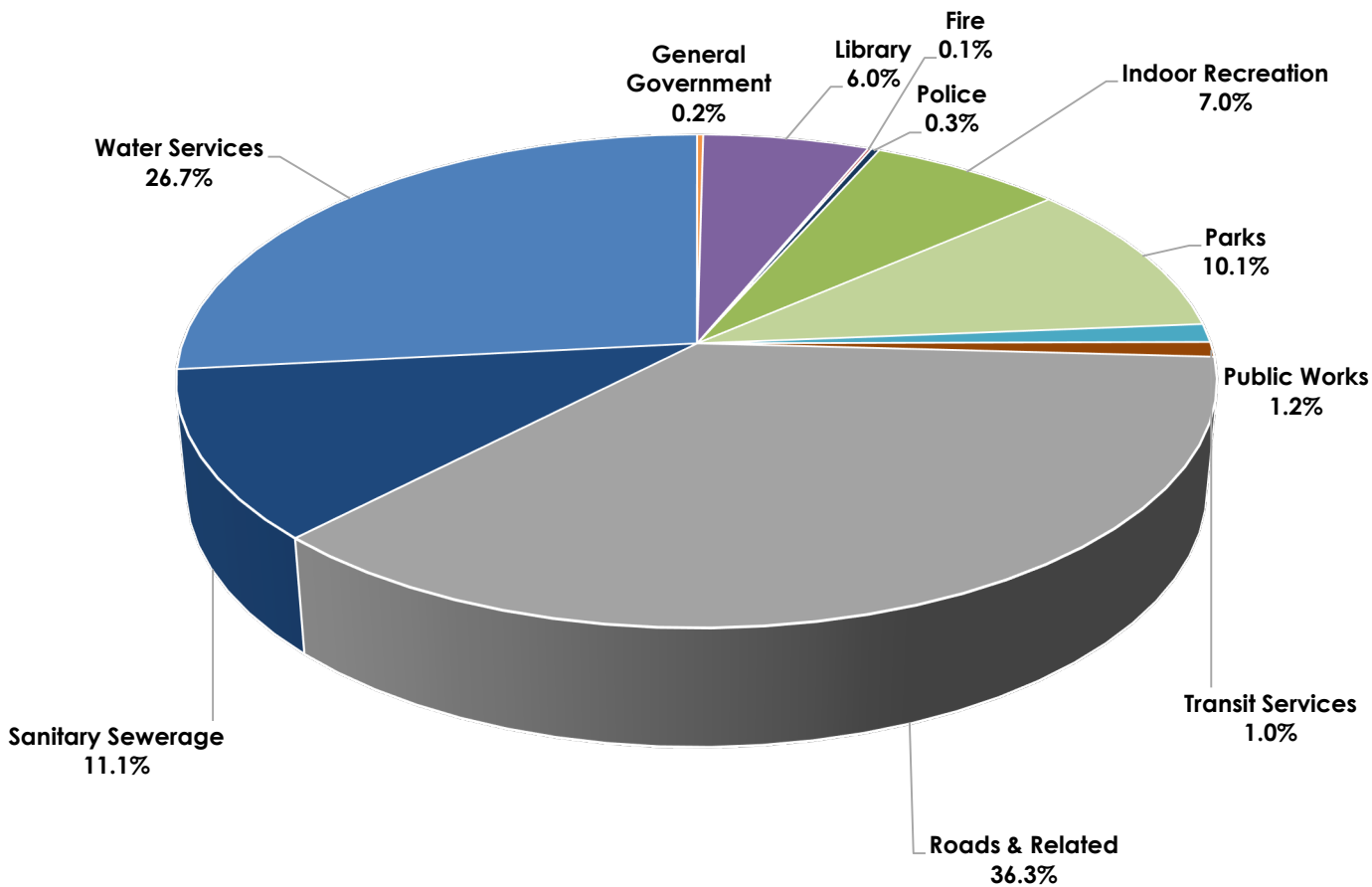
Note: Please refer to Appendix B of the 2019 DC Background Study for specific project information.

Capital Programs Non-Discounted Services

Service	Gross Cost	LESS				Total DC Eligible Cost
		Grants & Subsidies	Benefit to Existing	Reserves	Post Period Benefit	
Fire	\$57,700	\$0	\$0	\$11,033	\$0	\$46,667
Police	\$198,200	\$0	\$0	\$73,323	\$0	\$124,877
Public Works	\$3,793,632	\$0	\$2,953,975	\$694,643	\$0	\$145,014
Transit	\$470,000	\$0	\$0	\$51,515	\$0	\$418,485
Roads & Related	\$82,421,492	\$10,359,749	\$34,419,813	\$757,259	\$0	\$36,884,671
Sanitary Sewerage	\$29,563,940	\$3,205,000	\$12,633,923	\$395,542	\$2,049,900	\$11,279,575
Water Services	\$43,366,803	\$0	\$15,850,052	\$428,136	\$0	\$27,088,615

Note: Please refer to Appendices B and C of the 2019 DC Background Study for specific project information.

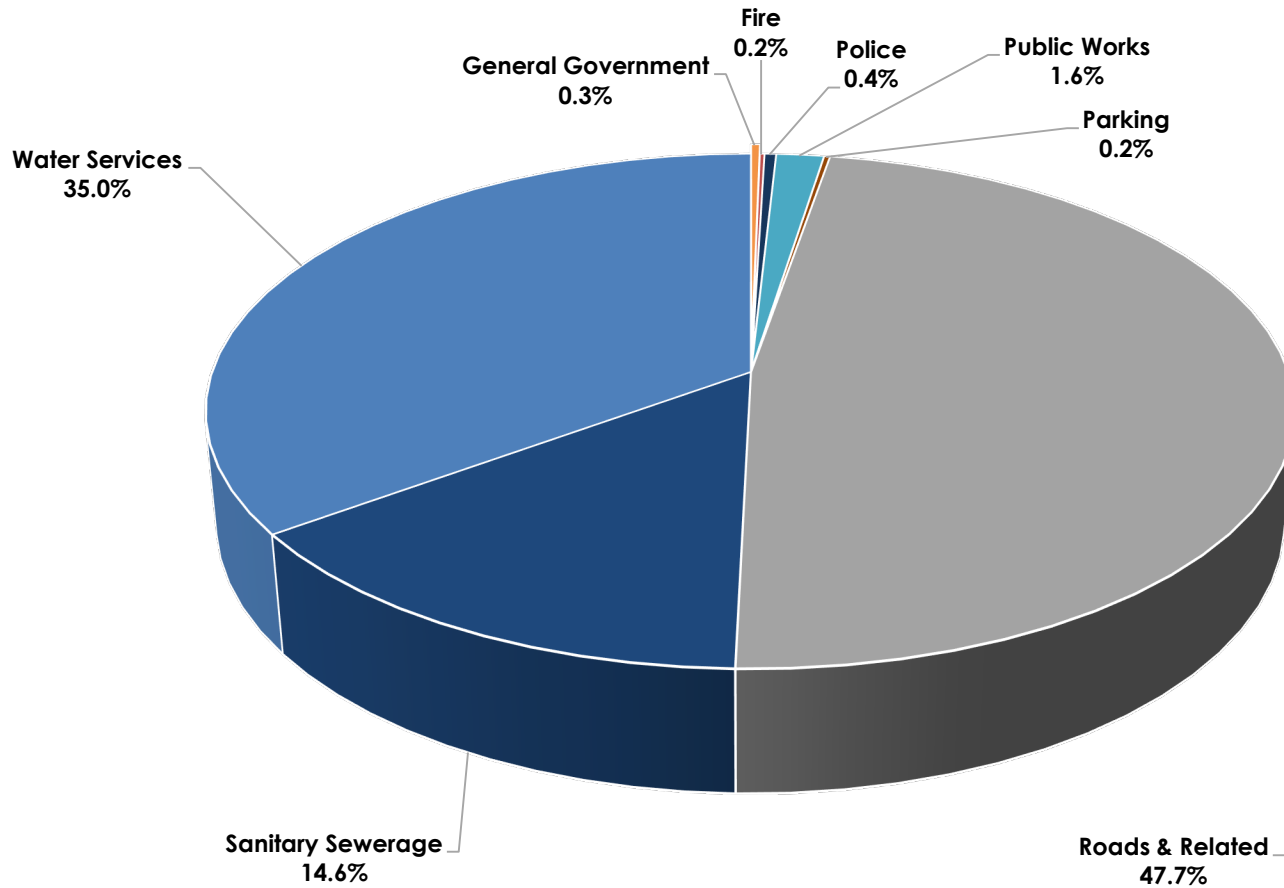
Calculated Town-wide Residential DCs



Town-Wide Residential Charges Per Unit
Low Density \$16,879
Medium Density \$15,747
High Density \$11,159

Ineligible Services % of Charge
23%

Calculated Town-wide Non-Residential DCs



**Town-Wide
Non-Residential
Charge Per
sq.m.**

\$91.05

**Ineligible Services
% of Charge**

0.5%

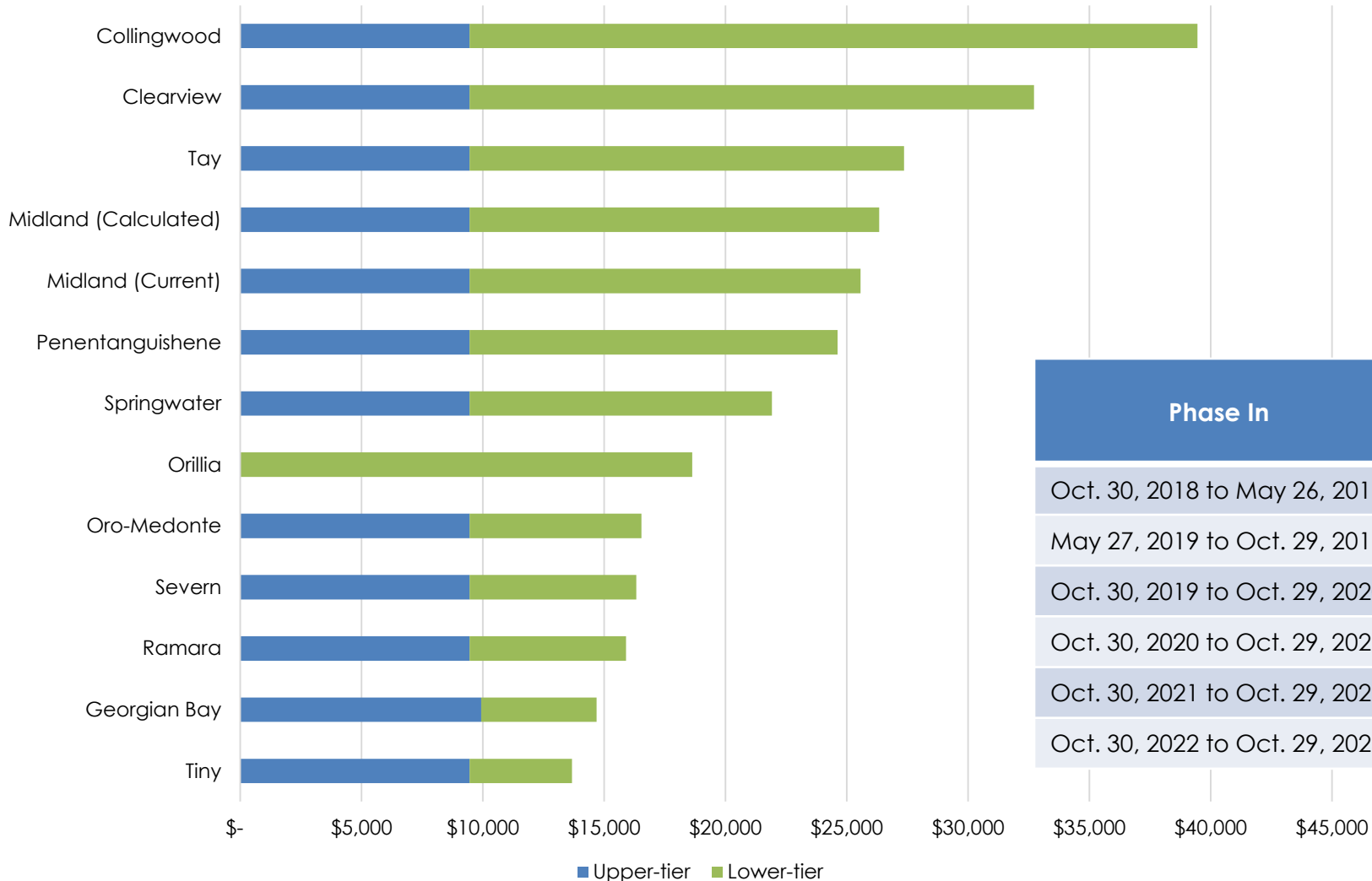
Current vs. Calculated Rates Single/Semi Detached Unit

Service	Current Charge	2019 Calculated Charge	Difference (\$)
General Government	\$395	\$37	(\$358)
Library	\$1,926	\$1,006	(\$920)
Fire	\$158	\$20	(\$138)
Police	\$106	\$50	(\$56)
Indoor Recreation	\$4,674	\$1,173	(\$3,501)
Parks	\$1,628	\$1,709	\$81
Public Works	\$958	\$203	(\$755)
Parking	\$0	\$25	\$25
Transit Services	\$86	\$164	\$78
Roads & Related	\$2,391	\$6,123	\$3,732
Sanitary Sewerage	\$1,746	\$1,872	\$126
Water Services	\$2,046	\$4,497	\$2,451
TOTAL CHARGE PER UNIT	\$16,114	\$16,879	\$765

Current vs. Calculated Rates Non-Residential (per m²)

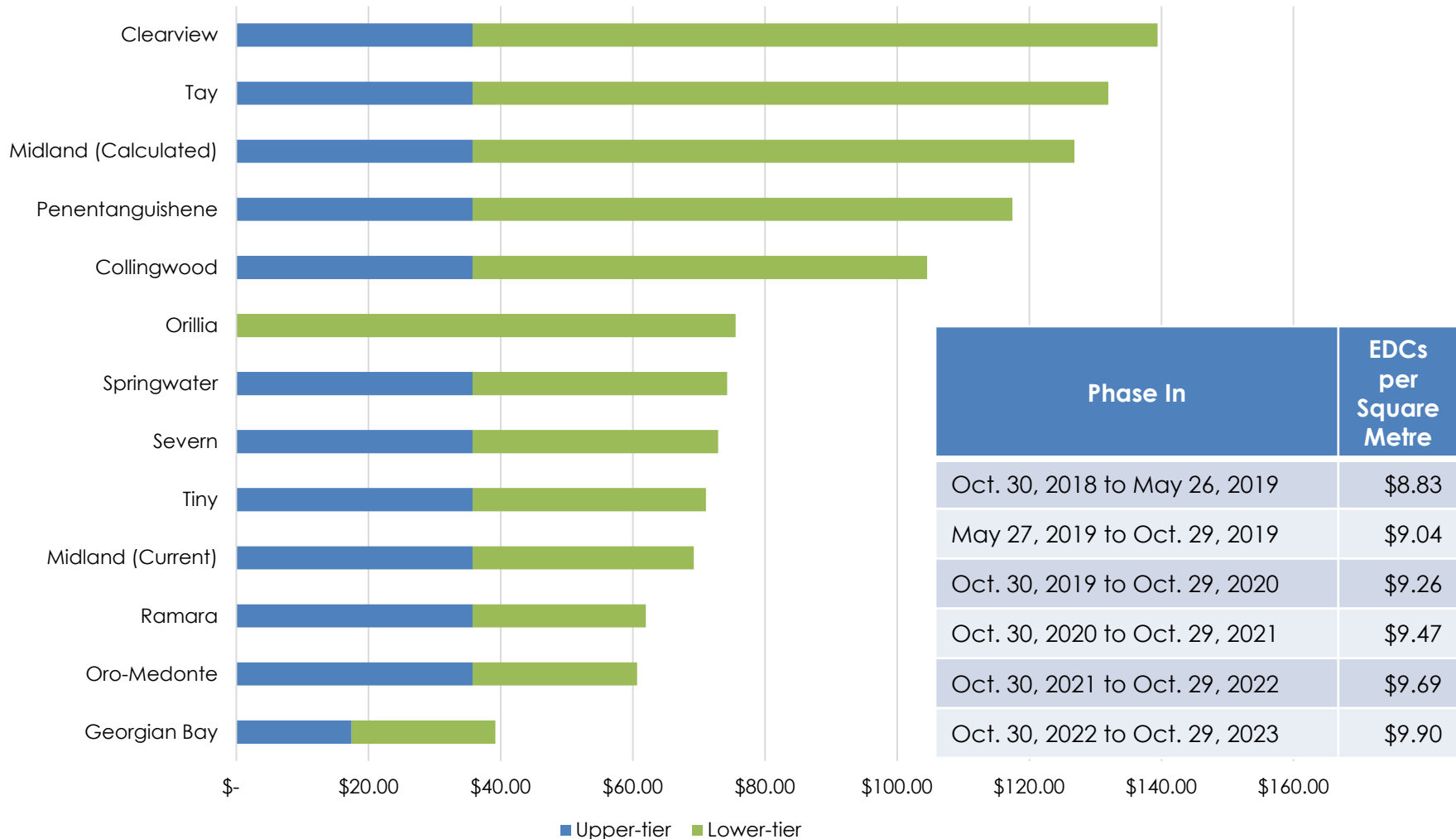
Service	Current Charge	2019 Calculated Charge	Difference (\$)
General Government	\$1.65	\$0.27	(\$1.38)
Library	\$0.00	\$0.00	\$0.00
Fire	\$0.66	\$0.15	(\$0.51)
Police	\$0.45	\$0.36	(\$0.09)
Indoor Recreation	\$0.00	\$0.00	\$0.00
Parks	\$0.00	\$0.00	\$0.00
Public Works	\$3.99	\$1.47	(\$2.52)
Parking	\$0.00	\$0.18	\$0.18
Transit Services	\$0.36	\$1.19	\$0.83
Roads & Related	\$10.19	\$42.85	\$32.66
Sanitary Sewerage	\$7.44	\$13.10	\$5.66
Water Services	\$8.72	\$31.47	\$22.75
TOTAL CHARGE PER SQUARE METRE	\$33.46	\$91.05	\$57.59

Residential Rate Comparison Singles & Semis



Phase In	EDCs per Unit
Oct. 30, 2018 to May 26, 2019	\$3,070
May 27, 2019 to Oct. 29, 2019	\$3,370
Oct. 30, 2019 to Oct. 29, 2020	\$3,670
Oct. 30, 2020 to Oct. 29, 2021	\$3,970
Oct. 30, 2021 to Oct. 29, 2022	\$4,270
Oct. 30, 2022 to Oct. 29, 2023	\$4,570

Non-Residential Rate Comparison



Current DC By-law Policies

- Statutory exemptions
 - Land owned and used by Town, District and school boards
 - Enlargement of existing residential dwelling and creation of additional dwelling per O.Reg. 82/89
 - Enlargement of existing industrial development (by 50% or less)
- Discretionary exemptions
 - Church yards, cemeteries or burial grounds
 - Public hospitals
 - Colleges and universities
 - Industrial uses
 - Lands zoned “Downtown Core” Commercial “CD-F2” under the Zoning By-law
 - Non-profit housing

Consultation Schedule

- Consultation with industry stakeholders (**October 9th**)
- Statutory public meeting (**November 6th**)
- Receive feedback and make changes if warranted
- Determine if additional public meeting is required
- By-law passage (**November 20th**)

Feedback Received To Date

1. Non-residential rate increase

2. Letter from Hanson Development Group (1 Nov)
 - a) Rate increase for Medium Density
 - b) Cashflow for soft services
 - c) Costs and cost deductions of engineering works
 - d) Additional project requirements

Non-Residential Phase-In Provided For Council Consideration

Year	Non-Residential DC	Revenue Loss
1	\$33.46	\$700,000
2	\$36.24	\$675,300
3	\$54.36	\$461,600
4	\$72.48	\$237,000
5	\$90.59	\$5,900
Total 2020-2024		\$2,078,900