

Council Information Session

Development Charges

Background Study and By-law



MUNICIPALITY OF KINCARDINE

April 7th, 2021



Agenda

- Background: DCs in Kincardine
- Legislative Update
- Development Charges Study Process
- Capital Program Overview
- Draft Calculated Development Charges Rates
- Comparison of Current vs Draft Calculated Rates
- Rate Comparison with Neighbouring Municipalities
- Timeline

Background and Study Objectives

- Council passed Development Charges (DC) By-law No. 2016-080 on July 13, 2016 that imposed rates for DC eligible services:

General Services	Engineering Services
Cemetery*	Roads & Related
Parks and Recreation	Water
Public Works & Municipal Fleet	Wastewater
Fire Services	
Waste Management	
General Government	

*Cemetery services are no longer a development charge eligible service

- By-law No. 2016-080 will expire in July 2021
- Municipality must pass a new by-law before expiry to continue collecting DCs

Changes to the Development Charges Act (DCA) in Effect as of September 17, 2020

- Changes to the DCA:
 - Legislated 10% statutory discount will no longer apply
 - Some services are no longer DC eligible
- Changes to Section 37 of the Planning Act (now Community Benefits Charges):
 - Land value based charge
 - Charged only by local municipalities
 - Imposed only with respect to buildings that are five storeys or greater with a minimum of 10 residential units
 - Used to pay for the full range of DC-eligible services, as well as for parkland and other public recreation purposes (provided that capital costs to be funded from CBCs are not also funded from DCs – no “double dipping”)
 - Prescribed CBC cap on the value of land to be developed will be 4%
- Parkland dedication provisions reintroduced

Changes to the DCA as of January 1, 2020: When are DCs Determined and Paid?

DC Base Rates Established

- Applies to development applications received after Jan 1, 2020
- The day of application for site plan control; or, if not applicable
- The day of application for rezoning; or, if neither apply
- The day of building permit issuance

DCs payable at first building permit issuance

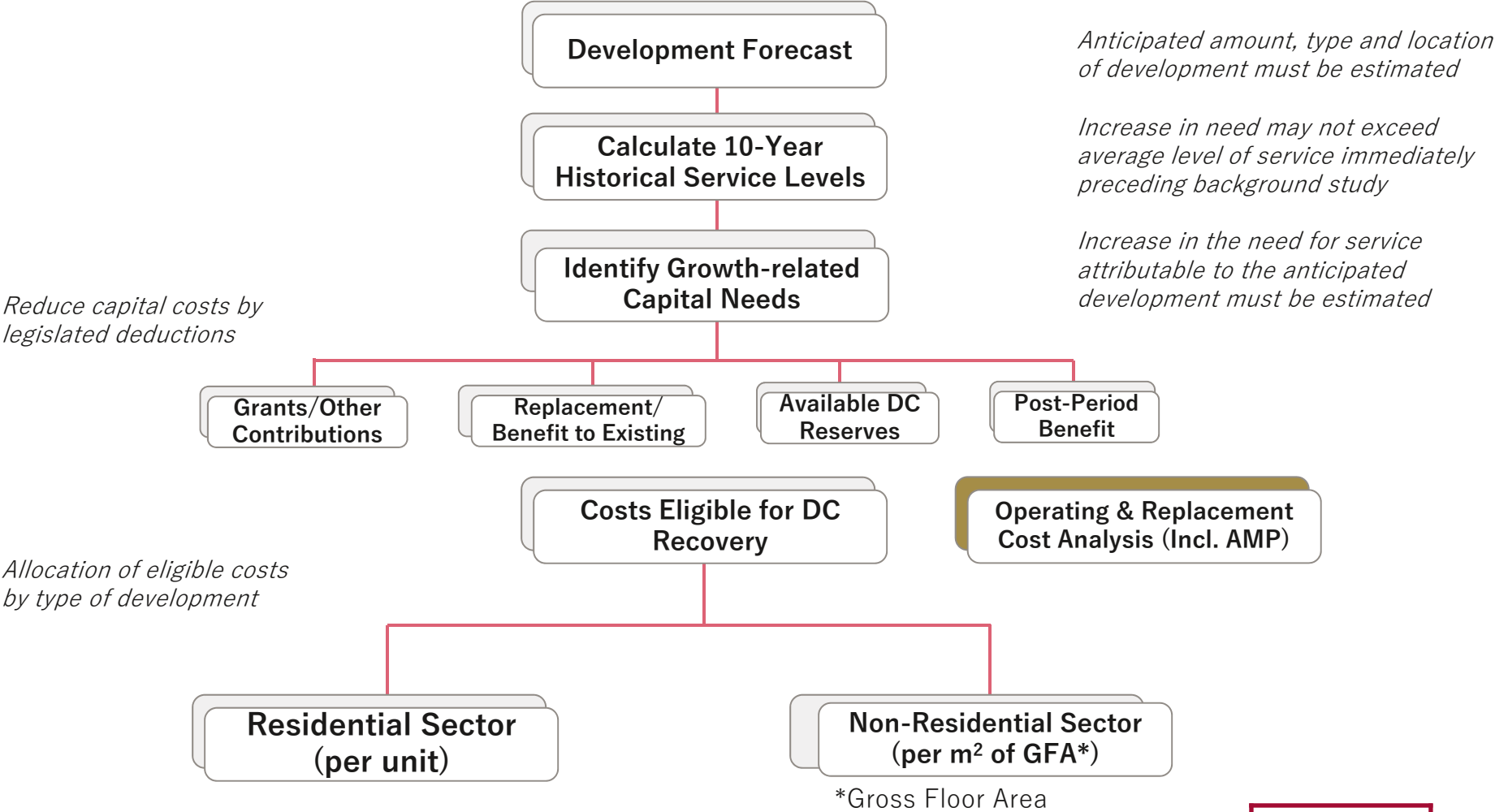
DC Payment Deferred

- Applies to prescribed types of development
- Rental housing (5 years – 6 installments)
- Institutional development* (5 years – 6 installments)
- Non-profit housing (20 years – 21 installments)

*As defined in the legislation

Initial installment paid at occupancy (permit or actual) and annually thereafter

Development Charges Study Process



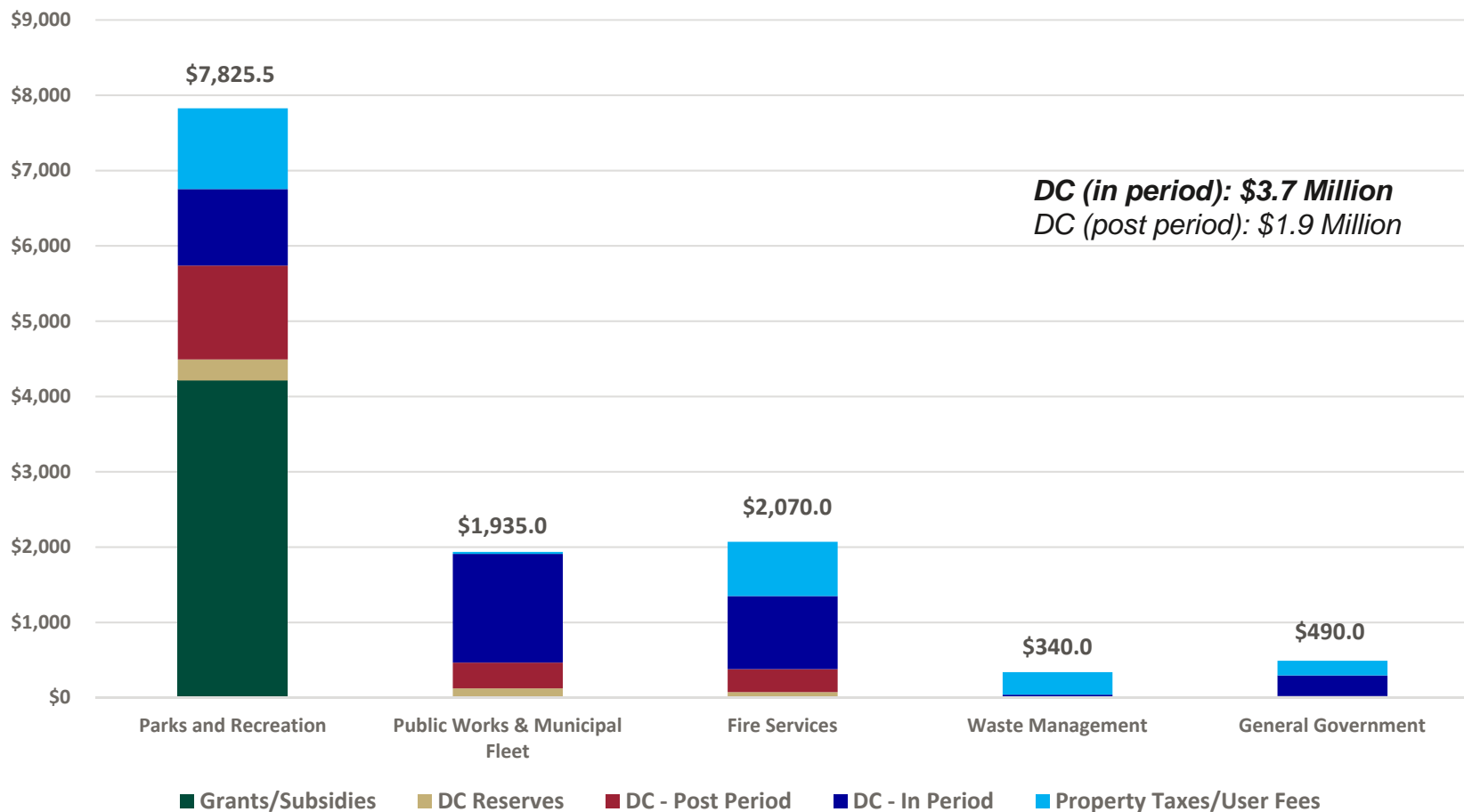
Development Forecast

- Residential forecast is consistent with the new Official Plan
 - Considerations for known development applications
 - Immediate 5-year is most important
 - Forecast has been adjusted to account for seasonal population
- Non-residential forecast achieves somewhat higher employment than the Official Plan
 - Activity rate declines slightly over the planning period
- 10-year planning horizon employed for all service areas (2021-2030)
 - Adjustments made to certain projects which are being constructed to benefit development over the long-term

Development Forecast Summary

Municipal-Wide Residential Development Forecast	2020 Estimate	General and Engineering Services Planning Period 2021-2030		Engineered Services Planning Period 2021-2031	
		Growth	Total at 2030	Growth	Total at 2031
Residential Development Forecast					
Total Private Dwelling Units	6,189	595	6,784	655	6,844
<i>Population In New Dwellings</i>		1,414		1,570	
Permanent Population					
Census	11,985	779	12,764	836	12,821
Non-Residential Development Forecast					
Employment	11,168	623	11,791	671	11,839
Non-Residential Building Space (sq.m.)		49,812		53,717	

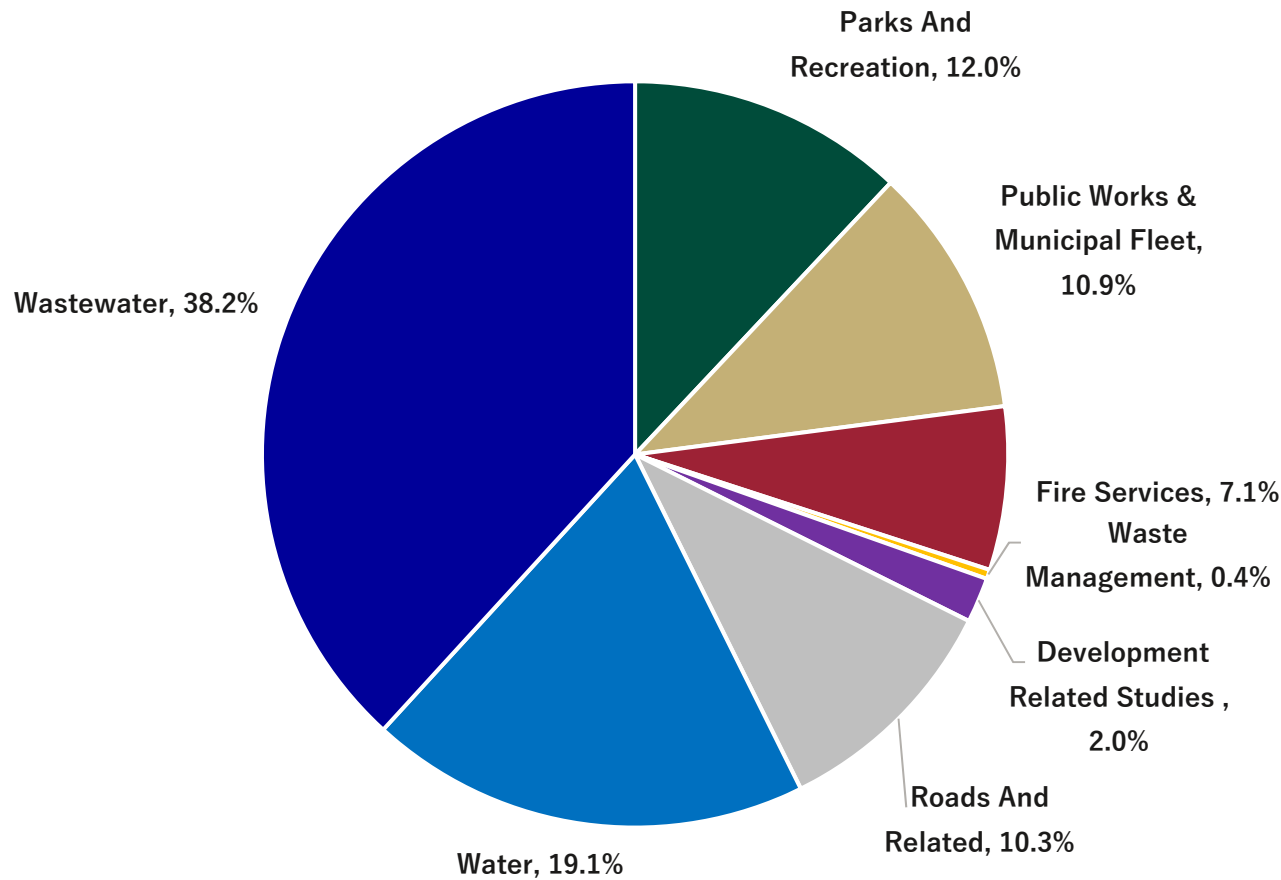
Summary of DC Capital Program: General Services Gross Program = \$12.7 Million



Summary of DC Capital Program: Engineering Gross Program = \$29.4 Million

Service	Development-Related Capital Program (2021 - 2030)								
	Net Municipal Cost (\$000)	Replacement & Benefit to Existing (\$000)	Available DC Reserves (\$000)	Post-2030 Benefit (\$000)	Total DC Eligible Costs for Recovery (\$000)	Residential Share		Non-Residential Share	
						%	(\$000)	%	(\$000)
1.0 ROADS AND RELATED	\$5,998.7	\$3,966.4	\$169.4	\$572.5	\$1,290.4	63%	\$813.0	37%	\$477.45
Unadjusted Development Charge Per Capita							\$574.94		\$9.59
Unadjusted Development Charge Per Sq.M									
2.0 WATER	\$4,759.1	\$640.9	\$0.0	\$1,571.8	\$2,546.4	63%	\$1,604.3	37%	\$942.18
Unadjusted Development Charge Per Capita							\$1,134.55		\$18.91
Unadjusted Development Charge Per Sq.M									
3.0 WASTEWATER	\$18,605.9	\$6,210.7	\$0.0	\$7,617.8	\$4,777.4	63%	\$3,009.8	37%	\$1,767.64
Unadjusted Development Charge Per Capita							\$2,128.55		\$35.49
Unadjusted Development Charge Per Sq.M									
TOTAL 10 YEAR ENGINEERED SERVICES	\$29,363.7	\$10,818.0	\$169.4	\$9,762.0	\$8,614.3		\$5,427.0		\$3,187.3
Unadjusted Development Charge Per Capita							\$3,838.04		\$63.99
Unadjusted Development Charge Per Sq.M									

Draft Calculated Maximum Allowable Residential Municipal-Wide DC Rates

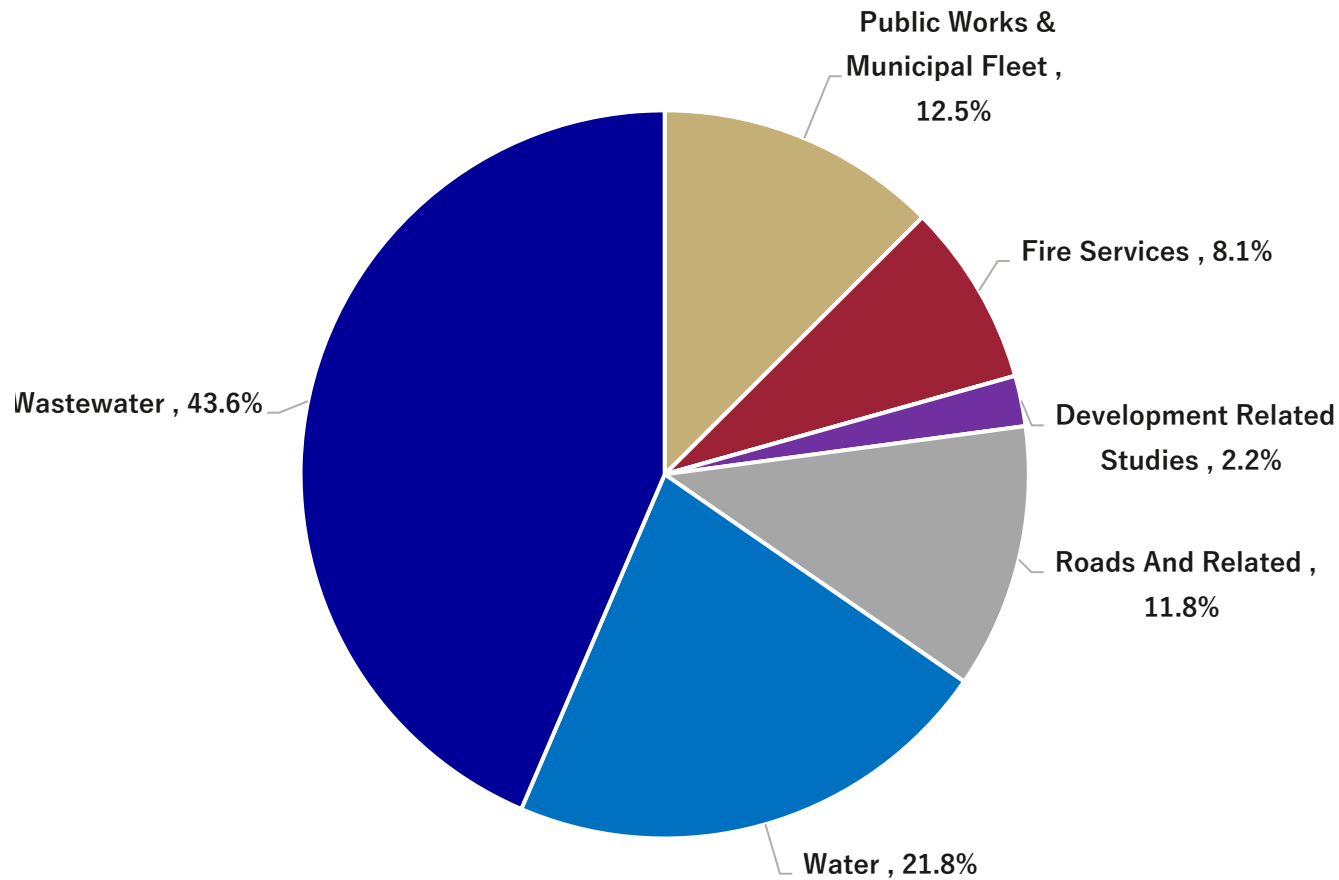


Residential Charges Per Unit	
Single & Semi Detached	\$18,570
Rows & Other Multiples	\$12,633
Apartments	\$9,475

Comparison of Residential Current vs Draft Calculated Rates

Service	Current Residential Charge / SDU	Calculated Residential Charge / SDU	Difference in Charge	
Cemetery	\$39	\$0	(\$39)	-100.0%
Parks And Recreation	\$2,264	\$2,230	(\$34)	-1.5%
Public Works & Municipal Fleet	\$950	\$2,028	\$1,078	113.4%
Fire Services	\$575	\$1,314	\$739	128.5%
Waste Management	\$69	\$76	\$7	10.9%
Development Related Studies	\$169	\$363	\$194	115.0%
Subtotal General Services	\$4,065	\$6,011	\$1,946	47.9%
Roads And Related	\$1,485	\$1,914	\$429	28.9%
Water	\$2,302	\$3,551	\$1,249	54.3%
Wastewater	\$6,068	\$7,094	\$1,026	16.9%
Subtotal Engineered Services	\$9,856	\$12,559	\$2,703	27.4%
TOTAL CHARGE PER UNIT	\$13,921	\$18,570	\$4,649	33.4%

Draft Calculated Maximum Allowable Non-Residential Municipal-Wide DC Rates



Non-Residential Charge (\$/sq.m)
\$90.59

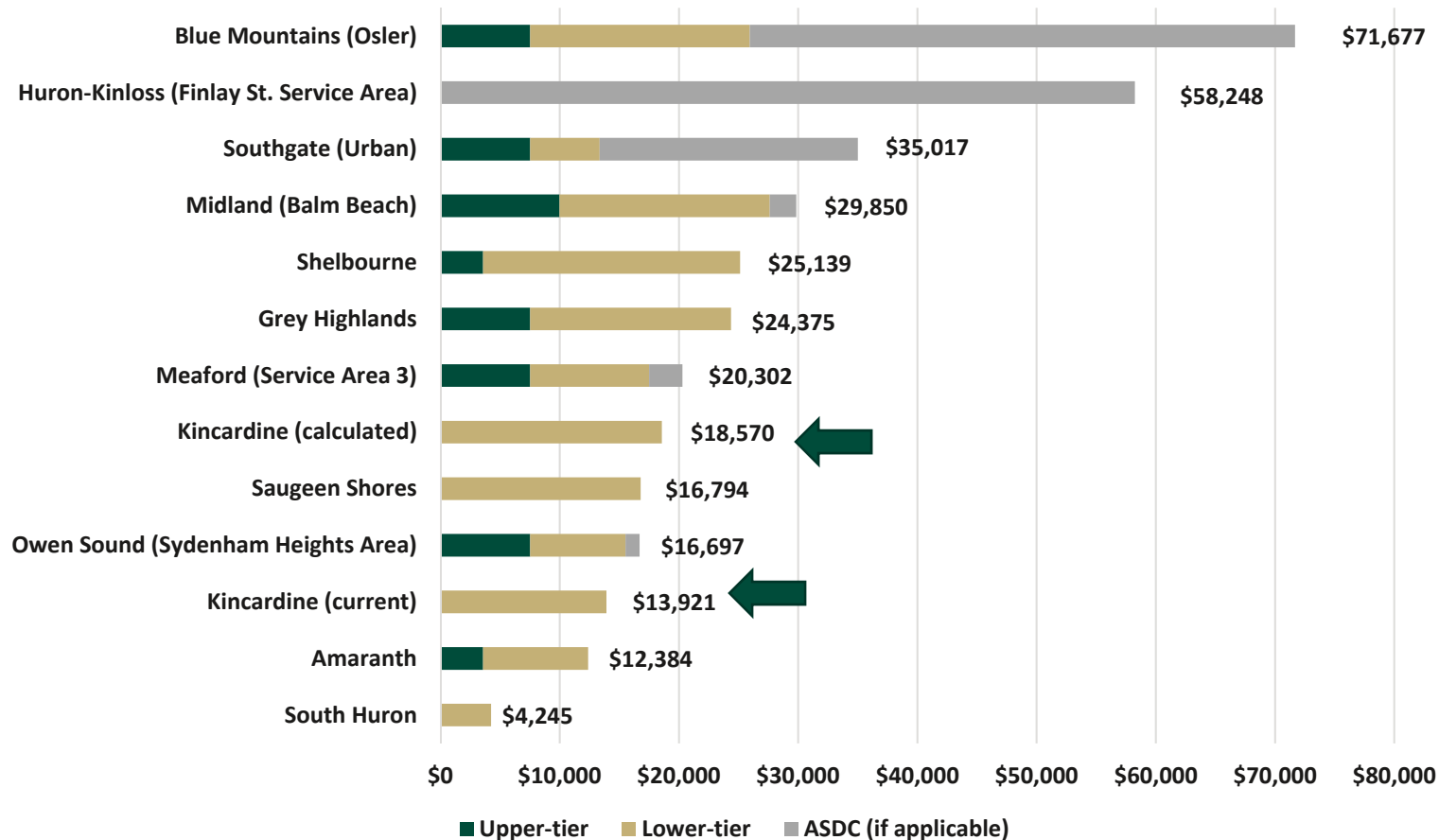
Comparison of Current vs Draft Calculated Rates (Non-Residential)

Service	Current Non-Residential Charge / Sq.M.	Calculated Residential Charge / Sq.M.	Difference in Charge	
Cemetery	\$0.00	\$0.00	\$0.00	0.0%
Parks And Recreation	\$0.00	\$0.00	\$0.00	0.0%
Public Works & Municipal Fleet	\$4.31	\$11.34	\$7.03	163.1%
Fire Services	\$2.61	\$7.36	\$4.75	181.9%
Waste Management	\$0.00	\$0.00	\$0.00	0.0%
Development Related Studies	\$0.77	\$2.03	\$1.26	163.4%
Subtotal General Services	\$7.69	\$20.73	\$13.04	0.0%
Roads And Related	\$6.65	\$10.65	\$4.00	60.1%
Water	\$10.32	\$19.76	\$9.44	91.5%
Wastewater	\$27.14	\$39.45	\$12.31	45.4%
Subtotal Engineered Services	\$44.11	\$69.86	\$25.75	58.4%
TOTAL CHARGE PER SQUARE METRE	\$51.80	\$90.59	\$38.79	74.9%

What is Contributing to the Rate Increase?

1. Enhanced “soft services” program
 - Elimination of the statutory 10% discount
 - Some offset with Airport and Cemeteries now being ineligible under the *DCA* for recovery
2. New Public Works Building and Fire Station
3. Engineering Services continues to represent the most significant share of the total calculated rate
 - Inclusion of some significant projects not identified in 2016 (Huron Terrace)
 - Recovery of previously completed projects (Connaught SPS, Standpipe, Davidson Intersection Improvements)
 - Some offset with projects recoverable over the long-term (WWTP Expansion)

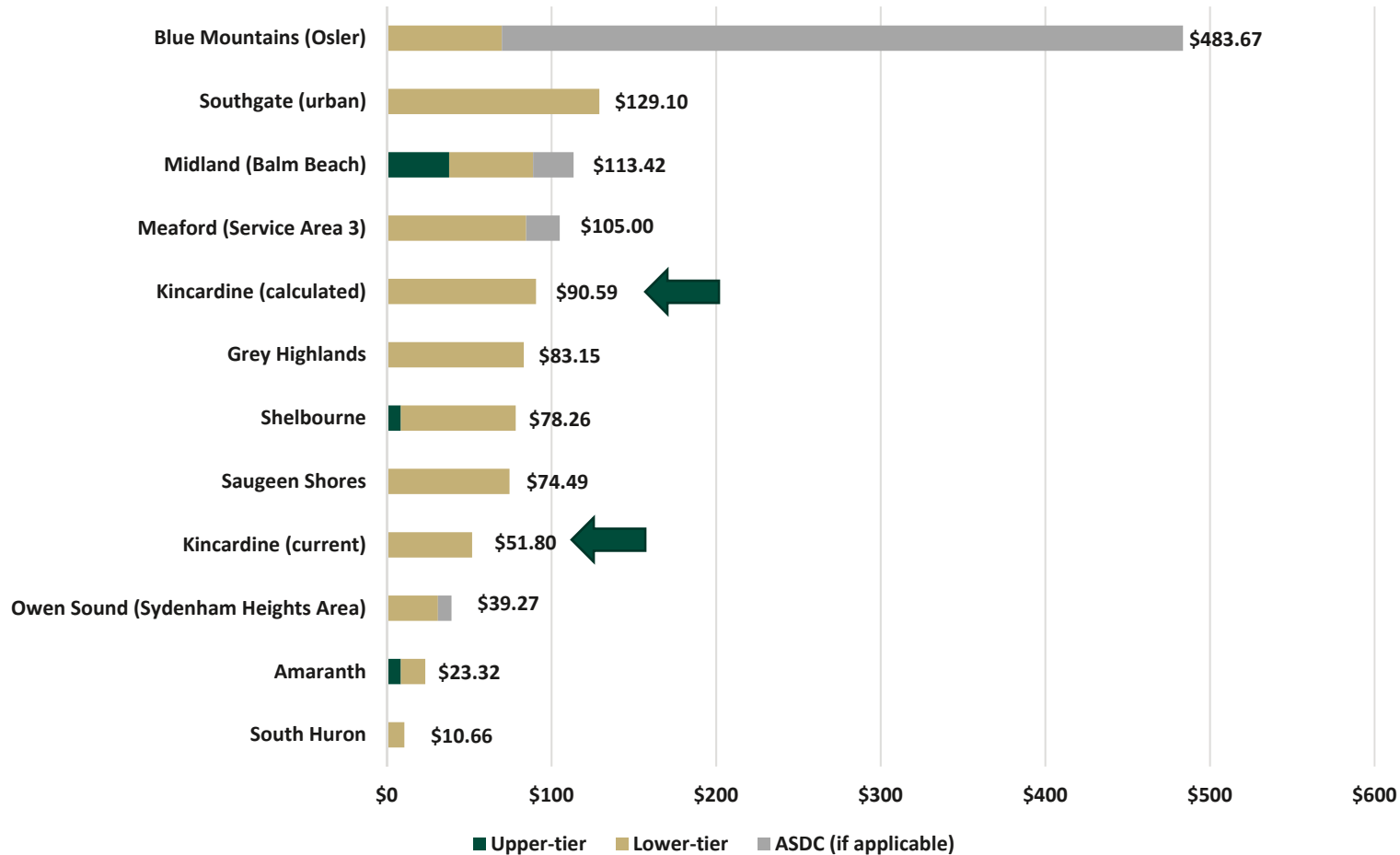
Comparison of Development Charges (Residential per Single-Detached Unit)



Note: Rates exclude school board charges.

Additional Area-Specific charges would be applicable in most other communities above but not illustrated

Comparison of Development Charges: Non-Residential (Commercial per Sq.M.)



Note: Rates exclude school board charges.

Additional Area-Specific charges would be applicable in most other communities above but not illustrated

Current DC By-law Exemptions

- Municipality's current by-law provides exemptions for:
 - Any non-residential development that is smaller than 232 square metres in gross floor area
 - Any non-residential industrial or institutional development
 - Non-residential farm buildings
 - Major office development

Implementation Options and Policy Considerations

- Council has the authority to implement:
 - the maximum allowable rate, or
 - a DC lower than the maximum allowable rate calculated.
- Development charges can also be phased-in over the life of DC by-law
- Important to consider:
 - loss of revenue to be made up from other sources – property taxes/utility rates
 - Foregone DC revenue cannot be made up by way of higher DCs
 - New legislative requirements of section 26.1 and 26.2 of the DCA

Next Steps

- Seek Council Feedback and Refine Results
- Draft DC Background Study – Released April 15th 2021
- Statutory Public Meeting (Week of May 10th 2021)
- DC By-law passed by Council (June 14th 2021)