



Committee Report

To: Warden Chris Peabody and
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: June 15, 2023

Re: County Development Charges Workshop 2

Staff Recommendation:

The County Development Charges Workshop 2 report is for information.

Background:

Watson and Associates Economists Ltd. (consultants) have prepared a presentation (attached) showing the current status of the Development Charges Study. The presentation provides an overview of the analysis and calculations to date for the proposed Development Charges.

There will be discussion as to some of the optional or discretionary items that can be included or excluded from the Development Charges (D.C.) so as to provide direction for completing the Development Charges Background Study that will form the basis of the D.C. Public Meeting and proposed D.C. charges.

The consultants presented information on development charges at the April 20, 2023 Corporate Services Committee meeting.

A stakeholder meeting will be held prior to the public meeting and is currently scheduled for July 5, 2023.

Brief Summary of D.C.s

This will primarily be presented by the consultants and the following is a very high-level summary.

Development Charges (D.C.s) are a fee charged by a municipality for the recovery of growth costs. They are authorized by a D.C. by-law that sets out the D.C. rates to charge as determined by a D.C. Background Study. The D.C. by-law has a maximum life of ten years and must be replaced by a new D.C. by-law with updated D.C. rates to charge as determined by an updated D.C. Background Study.

Growth costs are recovered to:

- build new infrastructure supporting growth,
- pay down existing debt for past growth works,
- avoid taxpayers paying for costs that serve growth.

D.C.s do not pay for operating costs or infrastructure renewal. These costs are paid for by new taxes from new homes and businesses and other new development growth, also known as assessment growth. D.C.s would be charged for: new buildings, expanded buildings and converted buildings and are split into different classifications; residential, commercial, institutional and industrial.

There is also an opportunity to make special fees or exemptions for some of the classifications or sub-classifications such as special care facilities, affordable housing or wind turbines. Certain statutory or non-statutory reductions on D.C.s would have to be paid by property taxes, however currently in the absence of D.C.s most if not all of the capital costs of growth are paid by property taxes.

General strategy and intent

If approved, these will be the first D.C.s charged by the County. The intent is to establish a reasonable amount of D.C.s for currently identified growth pressures and to provide capacity for studies that will identify and quantify other current and future growth pressures.

Sometimes municipalities identify every single item that could be collected on and include that immediately and it results in a high D.C. to be collected.

The County intends to pursue an equitable approach to implementing D.C.s and over time will update the D.C.s to be collected while taking into consideration:

- reducing future tax increases to existing taxpayers to pay for new infrastructure required because of or implemented due to new growth by collecting these costs, in part, from new development,
- the business climate including housing demand,
- the pressures on the County and residents which may be leading to imbalances that can be addressed, in part, by D.C.s, and
- a reflection of the D.C. costs in comparison to the County's neighbours,
- plus, other considerations not identified here.

Past and Future Meetings - Dates are tentative and subject to change:

April 20, 2023	9:30 a.m.	Council Workshop - D.C.s 101
June 15, 2023	9:30 a.m.	Council Workshop 2
July 5, 2023	To be determined	Stakeholder Meeting
August 3, 2023	To be determined	D.C. Public Meeting
October 5, 2023	9:30 a.m.	Consideration of by-law

Financial/Staffing/Legal/IT Considerations:

The collecting of Development Charges (D.C.s) will require additional reporting by the Finance Division at Bruce County and each of the lower tiers. Monthly reporting by each of

the lower tiers of D.C.s collected are required. Additionally, there is a requirement for annual reporting by the County of D.C.s collected and utilized along with additional schedules to be prepared in the Provincial Financial Information Reports. Each of the areas that D.C.s are collected will also need to be separately tracked in the accounting general ledger with their own set of accounts. And oftentimes these are subject to annual review by the County's auditors.

Annual reports are required to be made and posted online along with the D.C. by-law and the charges. Many municipalities will set up a separate web page for Development Charges and this has been put in place for the County. The web page is:

www.brucecounty.on.ca/development-charges

The D.C. process is highly regulated and there is an appeal period that follows the approval of the D.C. by-law. It is not uncommon for appeals to occur and there have been instances where the appeal resulted in an unfavourable ruling which required changes in the D.C.s to be collected and necessitated refunds to be issued to affected parties.

Interdepartmental Consultation:

This project has involved cross-departmental collaboration with affected departments.

Link to Strategic Goals and Elements:

None identified.

Approved for Submission:

Derrick Thomson
Chief Administrative Officer