



## Committee Report

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

**From:** Edward Henley  
Director of Corporate Services

**Date:** September 21, 2023

**Re:** Development Charges Recommendations

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### Staff Recommendation:

That staff develop a Development Charges (DCs) by-law for consideration with the recommendations outlined in this report;

Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development or new development, as applicable;

Adopt the assumptions contained in the Development Charges Background Study as an 'anticipation' with respect to capital grants, subsidies and other contributions;

Establish a class of service for fleet;

Adopt the DC approach to calculate the services on a uniform County-wide basis;

Approve the capital project listing set out in Chapter 4 of the DCs Background Study dated July 20, 2023, subject to further annual review during the capital budget process;

Approve the DCs Background Study dated July 20, 2023, (as amended (if applicable));

Consider the approach to calculation of the non-residential charges in Appendix H;

That no further public meeting is required;

Recommend for approval the D.C. By-law as set out as attached and amended; and

That staff develop a Development Charge Reserve Fund Policy.

## Background and Summary of Recommendation:

### Summary of Recommendations:

1. The DC by-law shall phase-in the residential and non-residential development charge rates, plus annual inflators, as follows:  
the remainder of 2023 shall be 0%,  
2024 shall be 80% (residential) and 50% (non-residential),  
2025 shall be 85% (residential) and 85% (non-residential)  
2026 shall be 90% (residential) and 90% (non-residential)  
2027 shall be 95% (residential) and 95% (non-residential)  
2028 shall be 100% (residential) and 100% (non-residential)
2. The County shall collect Development Charges for: Services related to a highway, Fleet, Parks and Recreation services, Long-term Care services, Child Care and Early Years programs, and Ambulance services; and
3. The DC by-law shall use a single blended rate for non-residential development; and
4. The DC by-law shall include wording to align with proposed affordable and attainable housing exemptions and reductions announced by the Province in Bill 23; and
5. The County shall collect Development Charges at Building Permit Approval; and
6. The County shall apply the Development Charges to all properties across the County, without the use of area-specific charges, as all projects have no restrictions for usage; and
7. The County shall implement eligible exemptions and/or reductions for each municipal area in order to be consistent with the local development charges by-law currently in place for those areas, and as permitted by current regulation; and
8. County staff shall investigate the implementation of Community Improvement Plans (CIPs) that could off-set costs for development and increase in assessed value; and

### Background:

The purpose of Development Charges (DCs) is 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. Development charges are typically collected prior to issuance of a building permit.

The County has engaged Watson and Associates, Economists (Consultants) to prepare a [Development Charges Background Study](#) to review the [County's growth plan](#) and calculate the County's Growth Forecast (Appendices 1 and 2) and determine what new capital or

infrastructure projects could be eligible and to calculate how much funds could be raised in DCs to assist in the payment of those projects (Appendices 3 and 4).

Some new capital or infrastructure projects involve paving new highway lanes or installing new roadway intersection improvements, while others may involve widening roads or bridges or building new or lengthening existing recreation trails. Still other projects may include the construction of new paramedic or long-term care facilities or the purchase of new equipment such as additional ambulances or roadways maintenance vehicles.

The DC background study has determined that over the study period that the County is eligible to collect up to \$203,849,599 in Development Charges however the County is not seeking to maximize the amount it can collect and instead is seeking to only collect enough to cover eligible projects and provisions for future projects that have been identified in the DC Background Study (Appendix 4). The Background Study has identified up to \$43,917,650 is eligible to be collected in DCs with \$34,513,288 coming from residential DCs and a further \$9,404,362 coming from non-residential DCs. This amount is only 22% of the amount that the County could collect from DCs.

This would result in an average DC revenue of \$3,190,155 per year (Appendices 7 and 8). The amount to be collected would be \$7,655 for Single Dwelling Unit (SDU), with reductions for other types of residential units, and \$2.94 per square foot for non-residential constructions. This is only 22% of the maximum amount of DCs that the County could seek to collect, which could be as high as \$35,532 per SDU and \$13.65 per square foot for non-residential construction.

Without the use of revenue from DCs to pay for the costs of the new growth-related capital or infrastructure, the municipality would have to rely on increasing property taxes. If these costs are paid from DCs then the new property owners will be 'buying-in' to the existing services by contributing to the cost to expand them. If these costs are paid from property taxes, then the existing property owners will be paying for the costs created by the new property owners.

## **Strategic Plan Alignment**

The collection of these costs from DCs instead of property taxes also aligns with the [County's 2023 Strategic Plan](#) as follows:

### **Goal 4 - Promote responsible growth.**

- Develop and implement a long-term financial plan that includes revenue growth and diversification strategies.
- Increase external sources of revenue and reduce reliance on property taxes.
- Reduce the county municipal capital and infrastructure deficit/gap.
- Through the budget process review current capital and operating plans to identify areas for improvement in forward thinking and evidence-based decision-making.

## **Consequences of not collecting DCs**

If the County decides not to collect DCs and still intends to maintain the existing standard of services, without deterioration due to growth, then the County would have to raise property taxes approximately 5.15% (Appendix 6). If the County decides to collect DCs, without any exemptions or discounts, then this would offset this tax increase. Any discretionary exemptions or reductions will have to be offset from taxation as the costs that are not paid from DCs due to discretionary exemptions cannot be passed onto and added to future development. Future development is only required to pay DCs to offset the costs and impacts of their own growth and cannot be expected to pay for growth costs that were not charged to prior development.

## **Revision to Development Charges Background Study**

The background study was posted to the County's website and made available at the County's Administration Centre in Walkerton on July 20, 2023. Subsequent to the release of the Background Study on July 20, 2023 it was identified that Schedule 2 in Appendix A included a labelling error in the column "Development Location", the Town of South Bruce Peninsula and the Municipality of South Bruce were reversed. This has been corrected. This correction does not impact the calculations throughout the report.

Both copies of the background study are available on the [County's DC webpage](#).

## **Consultation Process**

The County has consulted all 8 local municipal councils with presentations at their council meetings made in-person by the County Director of Corporate Services and Treasurer, local municipal staff at 3 meetings, held a stakeholder meeting, and also held an official Public Meeting wherein all interested parties could comment and ask questions.

### **List of past and upcoming meetings:**

- April 21 and June 15, 2023
  - Council Workshops
- May 8, 2023
  - Presentation to Municipality of Arran-Elderslie Council
- June 23, June 26 and June 27, 2023
  - Consultations with local municipalities
- July 5, 2023
  - Stakeholder Meeting
- July 20, 2023
  - Public release of Background Study
- August 21, 2023
  - Presentation to Town of Saugeen Shores Council
- August 22, 2023
  - Presentation to Municipality of South Bruce Council
- September 5, 2023

- Presentation to Town of South Bruce Peninsula
- September 7, 2023
  - Public Meeting
- September 6, 2023
  - Presentation to Township of Huron-Kinloss
- September 11, 2023
  - Presentation to Municipality of Northern Bruce Peninsula
- September 12, 2023
  - Presentation to Municipality of Brockton
- September 13, 2023
  - Presentation to Municipality of Kincardine
- September 21, 2023
  - Council consideration of recommendations
- October 5, 2023
  - Council consideration of by-law

The County also established a [development charges webpage](#) that has links to the DC Background Study, reports, and videos of some of the meetings held during the consultative process. Links to presentations made to local municipal councils can be found on their respective websites.

### Local Municipalities in Bruce County that Collect DCs

Effective September 9, 2023, 4 of the 8 local municipalities in the County collect DCs. Each of the municipalities have distinct DC by-laws that are unique to their municipality. The by-laws are similar in most ways due to the need to conform to the provincial legislation while there are differences in what types of development are exempted or provided discounts from DCs.

**Table 1: Local Municipalities status regarding DC collection**

Collect DCs effective 2023-09-01	Do NOT collect DCs effective 2023-09-01
Township of Huron Kinloss	Municipality of Arran-Elderslie
Municipality of Kincardine	Municipality of Brockton
Town of Saugeen Shores	Municipality of Northern Bruce Peninsula
Town of South Bruce Peninsula	Municipality of South Bruce

### Proposed Rates

The DC Background Study calculates the DCs that can be collected using the following methodology:

#### Methodology - simplified steps

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.

The DC background study has calculated that for 2023 the DCs to be collected from an eligible Single Dwelling Unit (SDU) is \$7,655 and per square foot for eligible non-residential construction is \$2.94 (Appendix 5). There are additional rates for other types of eligible residential construction. The amounts for these other types of residential construction are based on provincial regulations or rulings.

### Phase-in of rates

**Recommendation:** The DC by-law shall phase-in the residential and non-residential development charge rates, plus annual inflators, as follows:

- the remainder of 2023 shall be 0%,
- 2024 shall be 80% (residential) and 50% (non-residential),
- 2025 shall be 85% (residential) and 85% (non-residential)
- 2026 shall be 90% (residential) and 90% (non-residential)
- 2027 shall be 95% (residential) and 95% (non-residential)
- 2028 shall be 100% (residential) and 100% (non-residential)

The province's Bill 23 introduced a new requirement to phase-in the development charges over a 5-year period instead of implementing them all at once. This has a negative impact on the amount of money that can be collected from DCs and shifts the costs to the taxpayers. The phase-in is as follows:

**Table 2: Maximum Phase-In Percentages for DCs as mandated by the Province**

Year	1	2	3	4	5
Maximum Percentage	80%	85%	90%	95%	100%

The guidelines that the province provides are the maximum rates. The recommendation is to charge 0% for the remainder of 2023 in order to provide constancy for the fees for the current 2023 construction year and to provide time for staff to implement the program including; producing relevant brochures and documentation, setting-up internal administration and reporting and tracking forms, and assisting in the training of staff in the local municipality building departments.

The collection would then start effective January 1, 2024 which allows a single rate for the entire calendar year instead of changing rates in the middle of the construction season. The background study utilized 2023 costs and produced a DC rate based on 2023 calculations.

The annual inflator for 2023 shall be applied for the 2024 DC rates, as prescribed by provincial regulation.

The indexing of the DCs shall be implemented on a mandatory basis annually, commencing on January 1, 2024 and each anniversary date thereafter, 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.

**Comparison of Development Charge Rates to local Counties**

Huron County does not currently collect DCs. Grey County has collected residential DCs for many years however only approved the collection of non-residential DCs in December 2021 with a phased-in approach. Grey County’s residential SDU rate for 2023 is \$9,183 compared to Bruce County’s proposed \$7,655 which would be phased-in at 0% or \$0 for 2023 and then 80% or \$6,132 plus inflator for 2024 which is significantly lower.

Grey County’s phased-in approach for non-residential DCs is to collect \$31.28 per square meter (\$2.91 per square foot) in 2021 dollars plus annual inflators. Grey County’s rate would be phased-in over 5 years at the rate of 0% for 2021 and 2022, 25% for 2023, 50% for 2024, 75% for 2025 and 100% for 2026. This compares to the current legislation which has a maximum mandatory phase-in as noted above. The following chart shows the progression of the rates for non-residential in Grey and Bruce County using assumptions for the future inflator rates.

**Table 3: Comparison of Grey County and Bruce County non-residential DC rates**

<i>County</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>
Grey %	0%	25%	50%	75%	100%	100%	100%
Grey initial m2	\$ -	\$ 7.82	\$15.64	\$23.46	\$31.28		
<i>Grey initial sf</i>	\$ -	\$ 0.73	\$ 1.45	\$ 2.18	\$ 2.91		
<i>Grey with inflation m2</i>	\$ -	\$ 9.05	\$19.54	\$30.78	\$43.09	\$45.25	\$47.51
<i>Grey with inflation sf</i>		\$ 0.84	\$ 1.82	\$ 2.86	\$ 4.00	\$ 4.20	\$ 4.41
<i>Bruce %</i>			80%	85%	90%	95%	100%
Bruce initial phase-in		\$ 2.94	\$ 3.18	\$ 3.33	\$ 3.50	\$ 3.68	\$ 3.86
Bruce blended with inflation			\$ 2.54	\$ 2.83	\$ 3.15	\$ 3.49	\$ 3.86
Proposed Bruce phase-in		0%	50%	85%	90%	95%	100%
Estimated rate + inflation		\$ 0.00	\$ 1.59	\$ 2.83	\$ 3.15	\$ 3.49	\$ 3.86

**Development Charges (DCs) to be Collected for the Following Services**

**Recommendation:** The County shall collect Development Charges for: Services related to a highway, Fleet, Parks and Recreation services, Long-term Care services, Child Care and Early Years programs, and Ambulance services.

The County shall be collecting DCs for Services related to a highway, Fleet, Parks and Recreation services, Long-term Care services, Child Care and Early Years programs, and Ambulance services. The summarized amounts for these services are in Appendix 3.

Development Charges are not proposed to be collected for Water Services or Wastewater Services or Stormwater Services. The County does not provide these services. Local municipalities can collect DCs for these services, if eligible and if they choose to establish a Development Charges program of their own.

Note: The DC regulations require the County to spend the DCs that they collect on the eligible projects specifically stated in the DC Background Study. The DC regulations do not permit the County to collect DCs for County services and then transfer the funds to a local municipality for them to spend on local municipal services, such as water and sewer services.

**Blended or Separate Non-residential Development Charge Rates**

**Recommendation:** The DC by-law shall use a single blended rate for non-residential development.

The County has the option to have a single or blended rate for non-residential DCs or it could have a rate for industrial and a separate rate for non-industrial development, which would also include institutional. Non-residential development charges are calculated by eligible area of the new development. The proposal is to calculate charges on a per square foot (sf) basis.

**Table 4: Comparison of Single Blended and Separate non-residential DCs**

Non-Residential Development	Single Blended Rate/sf	Separate Rates/sf
Industrial	\$2.94	\$1.60
Commercial	\$2.94	\$5.33
Institutional and Other	\$2.94	\$5.33

Having two separate rates could create a potential disparity between the various types of non-residential development. It could also lead to additional concern from developers as to why certain non-residential development has higher or lower DCs.

Three of the four local municipalities in the County (Kincardine, Saugeen Shores and South Bruce Peninsula) have a single rate for non-residential DCs while the fourth (Huron-Kinloss) does not collect non-residential DCs. Grey County has a single rate for non-residential DCs.

Having a single or blended rate for non-residential development charges offers the best alignment with the local municipalities and comparators and it is easier to implement.



## Affordable and Attainable Housing Exemptions and Discounts

**Recommendation:** The DC by-law shall include wording to align with proposed affordable and attainable housing exemptions and reductions announced by the Province in Bill 23.

The province's Bill 23, More Homes Built Faster Act (2022) received Royal Assent in November 2022. This Bill proposed a number of exemptions and reductions relating to affordable and attainable homes, along with other related types of housing. Some of these are currently in effect and others are waiting for the province to publish Bulletins that provide for definitions for some terms, including "Affordable Rental Unit", "Affordable Owned Unit", and "Attainable Unit", among others.

The Province published a [News Release on August 23, 2023](#) stating:

"As part of the government's work to support the construction of a range of housing types, Steve Clark, Minister of Municipal, Affairs and Housing, announced that the province will be moving forward with a proposed definition of affordable housing for the purpose of development charge discounts and exemptions. This definition would take local incomes into account in determining which units should be eligible for development charge discounts and exemptions. This approach will reflect the ability of local households to pay for housing and recognizing the variety of housing markets across the province."

While not stated in the News Release, the timeline for these definitions to be published by the province is before the end of 2023. The County is proposing to waive DC fees for the remainder of 2023 and to not begin collection until January 1, 2024. With the province expected to define these terms before the proposed date for the County to impose DCs, staff have not proposed to develop definitions and instead shall rely on the provincial definitions.

### **Mandatory Exemptions related to Affordable/Attainable housing:**

- May add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure).
- 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 units based on bedroom size.

### **Additional DC exemptions related to Affordable/Attainable housing:**

Currently NOT in force (awaiting definitions by province)

- Affordable Rental Unit: Where rent is no more than 80% of the average market rent, as defined by a new Bulletin, published by the Ministry of Municipal Affairs and Housing.

- **Affordable Owned Unit:** Where the price of the unit is no more than 80% of the average purchase price, as defined by a new Bulletin, published by the Ministry of Municipal Affairs and Housing.
- **Attainable Unit:** Excludes affordable units and rental units, will be defined as prescribed development or class of development and sold to a person who is at “arm’s length” from the seller.
  - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years

### **Collect at Subdivision Approval or at Building Permit Approval**

**Recommendation:** The County shall collect Development Charges at Building Permit Approval.

DCs can be collected at Subdivision Approval and/or Building Permit Approval. If there is a desire to collect DCs at subdivision approval, then only DCs for water systems, wastewater systems, stormwater systems and roadways can be collected at subdivision approval. All other DCs are only permitted to be collected at building permit approval. The County would receive roadways DCs often years earlier than if it was at building permit approval however it means that the developer would pay years earlier than they could start construction and this could mean additional financing costs for them. The DCs would also have to be collected twice - a portion at subdivision approval and a portion at building permit approval. This would double the administrative burden for the local municipalities.

If DCs are collected at building permit approval then they would be paid closer to the construction start date which would reduce the financial carrying cost for developers and it would be reduced administrative burden for the local municipalities.

All 4 local municipalities that collect DCs currently collect DCs at Building Permit approval stage. Collecting DCs at building permit approval aligns with local municipalities.

### **Consideration of Area-specific Development Charges**

**Recommendation:** The County shall apply the Development Charges to all properties across the County, without the use of area-specific charges, as all projects have no restrictions for usage.

The County is collecting Development Charges for projects that have no restrictions for usage. The Development Charges Act requires a municipality to consider area-specific charges for services that are restricted to use by only development in that particular area. This consideration typically only applies to water services, wastewater services, and stormwater services wherein the mains and treatment facilities are only available to properties that currently are, or potentially can be, connected to these services.

For example, a wastewater treatment facility in one town may not be accessible to a property in another town, or even in most rural areas, unless there are plans to connect those properties to that system. In a situation such as this, the usage of area-specific charges wherein properties within the current or future service area of the system only would be eligible for the imposition of DCs.

The County does not currently own or operate nor is considering the construction of any water, wastewater or stormwater systems. The services that the County will be collecting DCs for are all available for use by residents in the County. The usage of area-specific charges, for consideration of collecting DCs, is not warranted.

### **Discretionary Exemptions and Reductions**

**Recommendation** - The County shall implement eligible exemptions and/or reductions for each municipal area in order to be consistent with the local development charges by-law currently in place for those areas, and as permitted by current regulation.

Each of the 4 local municipalities that currently have DC by-laws have different exemptions and reductions. A desire for the County DC to be consistent with each of those 4 local municipalities, rather than a single standard for the entire county, was expressed during the Public Meeting.

The exemptions and reductions at each of the local municipalities shall be added to the County DC by-law to be in effect solely for each of those particular areas, subject to the exemptions and discounts being consistent with current provincial legislation. Some of the exemptions and discounts at each of the local municipalities may have been eligible at the time that their particular DC by-law was passed and provincial legislation allows for some of the exemptions and reductions to continue despite the province having changed their legislation for any DC by-laws passed following their legislative changes.

An abbreviated list of exemptions and reductions by local municipality has been collated in this report (Appendices 9-12). The consultants shall review each of the local municipalities' DC by-laws to ensure inclusion of the exemptions and reductions and copies of the County's draft by-law shall be sent to the Chief Building Officials and Treasurers at each of the local municipalities affected, for their review and revision, subject to the County timelines noted in this report.

### **Community Improvement Plans (CIPs)**

**Recommendation:** County staff shall investigate the implementation of Community Improvement Plans (CIPs) that could off-set costs for development and increase in assessed value.

The County is reviewing options for Community Improvement Plans (CIPs) that will assist in creating incentives that will off-set costs for development and increase in assessed value. To date the focus of this work has been for industrial and commercial uses. Further

to the Association of Municipalities of Ontario (AMO) delegation in August 2023, there is also interest in considering creation of a CIP for affordable housing.

Upon review of best practice from several municipalities beyond Bruce County, many municipalities chose not to provide exemptions in development charges by-laws for industrial/commercial or affordable housing. This is largely due to the complex and costly process to update a development charges by-law. Rather, it is a best practice to utilize CIPs to consider providing rebates to DCs to targeted types of development that Council would want to incentivize.

CIPs can be updated and modified on a more regular basis than DC by-laws. As such, staff recommend the County moves forward with building a framework for incentives for targeted categories of industrial/commercial and residential development (e.g. affordable and attainable housing) into Community Improvement Plans.

### **Financial/Staffing/Legal/IT Considerations:**

#### **Financial Implications of Discretionary Exemptions and Reductions**

The DC Background Study determines the projects that are eligible for DC funding and the portion that can be attributed to growth. This amount is then calculated into DCs per unit for residential or per square foot for non-residential. Any DC amount that is exempted, reduced, or otherwise not collected, cannot be assigned to future development. This is because future development is only responsible for paying their calculated share and cannot include any share not paid or collected from prior development.

Any exempted, discounted, or otherwise uncollected DCs, excepting municipal properties, are required to be funded from the taxpayers or specifically from the property tax levy. The non-DC funded portion should be tracked in non-DC accounts to ensure separate tracking from DC revenues. When the DC Background Study is next updated then this tracking and funding of uncollected DC revenues allows for an accurate update.

#### **County-determined exemptions and discounts**

The County shall assign from its financial resources an amount equivalent to any County-determined exemptions and discounts to DCs to represent the uncollected funds from eligible growth. This is done in order to ensure funds are provided to pay for the growth costs that are not collected from eligible development.

#### **Provincially-mandated exemptions and discounts**

The County shall take the position that provincially-mandated exemptions and discounts are determined at the sole discretion of the Province and that the County should seek financial remedy from the Province to compensate for the reduced DCs. Staff shall track these uncollected amounts.

With area-specific exemptions and reductions, the County will have to prepare 5 different County DC brochures and there will be added administrative burden for having 5 different

systems and standards of development charges for the 4 local municipalities that currently collect DCs and for all other local municipalities instead of a single system and standard.

### **Staffing implications for local municipal staff and County staff**

County staff will be preparing reporting forms and reconciliation forms for the local municipalities, along with all required brochures and forms. Training will also be offered as will support to local municipalities in calculating DCs, as requested.

The assistance of local municipal staff would be required for the implementation of the County DC initiative. This is due to the provincial legislation tying the collection of the DCs to the issuance of the building permits. The extra staff time at the local level will result in tens of millions of dollars in capital and infrastructure improvements spent in the local municipalities over a 10-year period that will benefit all of their residents and not have to be paid in full from property taxes.

There was discussion of the County calculating and collecting the fees. This could be a possibility however it would significantly lengthen the time for a building permit to be issued. Once the file was draft approved by the local municipality the file would then have to be sent to the County for the County to calculate the required payment, issue a request for payment to the developer, wait for the developer to pay, return the paper file (if not sent electronically) to the local municipality and confirm payment so that the local municipality could collect their fees before the permit approval can be issued. This could add days or more to the time for a building permit to be issued. If all done locally, it could be completed at the same time as the other fees are collected.

The County consulted other DC collecting Counties that are a combination of upper and lower-tier and all of them had a single point of DC collection at the local municipality and was done without compensation due to the benefits of the improvements paid from the County DCs for each of the local municipalities.

The implementation would be easiest for the municipalities that currently collect DCs. In most residential development, if a local municipal DC is being collected then also a County DC would be collected. Similarly, the same would typically occur with non-residential DCs. The added time would be to request an additional DC from the developer at the time that the local DC is requested and then to record the collected amount on a reporting sheet that is e-mailed to the County on a monthly basis, along with a cheque for the total collected that month. The additional time could range from none in months where no DCs are collected to an hour or two in the busiest months as most of the determination for DC eligibility is already determined for the collection of the local municipal DCs.

The implementation would be more involved for the municipalities that do not currently collect DCs. County staff would provide training and ongoing assistance to the building and finance staff in order to get to the same comfort level of collecting DCs as the local municipalities that collect local municipal DCs. Several of the local municipalities that do not currently collect DCs are considering setting up their own local municipal DC and this training could benefit the municipality by increasing staff familiarity with DCs prior to their own implementation. Additionally, it could be an example to the local municipalities of the

benefits of the DCs and improve the ability for their staff implement their own local municipal DCs to improve the local municipal infrastructure and meet growth pressures, without having to rely solely on property tax increases and asking existing taxpayers to subsidize growth pressures.

County staff will have added responsibilities of producing up to 5 separate annual DC brochures, preparing monthly reporting forms, annual reports, extra schedules to be completed in the provincial FIR reporting, forms to assist with DC collection at the local level (if required), training and ongoing assistance to local municipalities, among other additional tasks. Staff do not currently anticipate that any new staff would be required to accomplish this additional work, although significant time may be required for the implementation in order to develop the templates. Staff will add these ongoing tasks while trying to find efficiencies elsewhere such as the implementation of improved accounting software.

There are no legal or IT considerations associated with this report.

### **Interdepartmental Consultation:**

The following departments were involved in the preparation and review of the DC Background Study: Office of the CAO, Transportation and Environmental Services, Human Services, Bruce County Public Library, Paramedic Services, Long Term Care and Senior Services, Planning and Development, and Corporate Services.

### **Link to Strategic Goals and Elements:**

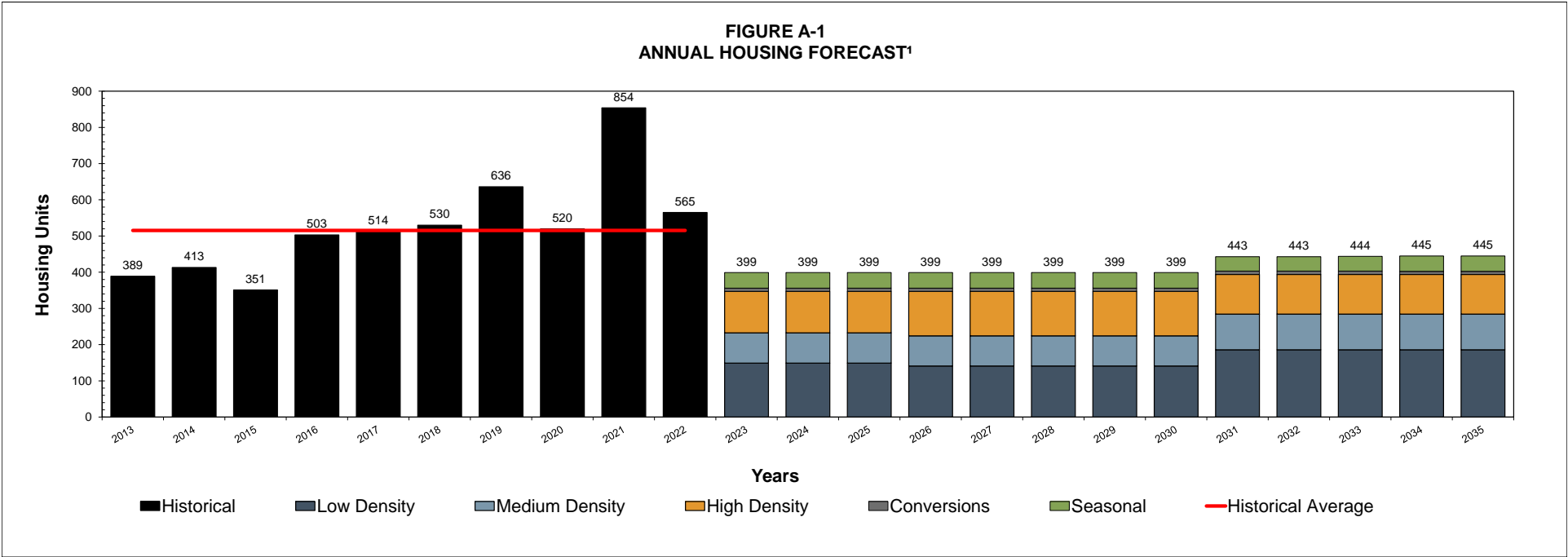
Goal 4 - Promote responsible growth.

- Develop and implement a long-term financial plan that includes revenue growth and diversification strategies.
- Increase external sources of revenue and reduce reliance on property taxes.
- Reduce the county municipal infrastructure deficit/gap.
- Through the budget process review current capital and operating plans to identify areas for improvement in forward thinking and evidence-based decision-making.

### **Approved for Submission:**

Derrick Thomson  
Chief Administrative Officer

Appendix 1 - Growth Forecast - Annual Housing Forecast



## Appendix 2 - Draft Growth Forecast Summary

Measure	10 Year	14 Year
	2023-2032	2023-2036
(Net) Population Increase	8,911	12,221
Residential Unit Increase	4,286	5,756
Non-Residential Gross Floor Area Increase (sq.ft.)	2,713,000	3,230,400

Source: Watson & Associates Economists Ltd. Forecast 2023

### Residential

Unit Type	Mix
Low Density	38%
Medium Density	21%
High Density	27%
Seasonal Units	12%
Conversions	2%

### Non-Residential G.F.A

Type	Mix
Industrial	65%
Non-industrial	35%



### Appendix 3 - Capital and Infrastructure Needs - Draft

Services	Forecast Period	Gross Capital Cost Estimate (2023\$)	Deductions*	Total D.C. Recoverable	Residential D.C. Recoverable Costs	Non-residential D.C. Recoverable Costs
Services Related to a Highway	14-Year	86,771,000	48,124,100	38,646,900	29,758,113	8,888,787
Fleet	14-Year	200,000	-	200,000	154,000	46,000
Parks and Recreation Services (Trails)	10-Year	350,000	-	350,000	332,500	17,500
Long-term Care Services	10-Year	3,500,000	-	3,500,000	3,150,000	350,000
Child Care and Early Years Programs	10-Year	200,000	-	200,000	200,000	-
Ambulance Services	10-Year	13,658,750	12,638,000	1,020,750	918,675	102,075
<b>Total</b>		<b>104,679,750</b>	<b>60,762,100</b>	<b>43,917,650</b>	<b>34,513,288</b>	<b>9,404,362</b>

Appendix 4 - Summary of Service Standard Calculations - Draft - Maximum vs Utilized

Service Category	Sub-Component	Maximum Ceiling LOS	Utilized	Remaining
Service Related to a Highway	Services Related to a Highway - Roads	148,021,607	38,646,900	150,305,647
	Services Related to a Highway - Bridges, Culverts & Structures	37,819,962		
	Services Related to a Highway - Traffic Signals & Streetlights	795,220		
	Services Related to a Highway - Facilities	2,315,757		
Fleet	Fleet	1,666,089	200,000	1,466,089
Parks & Recreation	Park Trails	278,825	350,000	4,747
	Trails Facilities	75,922		
Ambulance	Ambulance Facilities	474,333	1,020,750	57,070
	Ambulance Vehicles	386,737		
Long-term Care	Long-term Care Facilities	11,747,104	3,500,000	8,252,183
	Long-term Care Vehicles and Equipment	5,079		
Childcare and Early Years Programs	Child Care and Early Years Programs - Facilities	262,964	200,000	62,964

Service Category	Sub-Component	Maximum	Utilized	Remaining
Total		\$203,849,599	\$43,917,650	\$159,931,949
Percentage		100%	22%	88%

## Appendix 5 - Proposed Development Charges

Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Studio and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
<b>Municipal Wide Services/Class of Service:</b>						
Services Related to a Highway	6,302	4,028	3,973	2,674	2,603	2.76
Fleet	33	21	21	14	14	0.01
Parks and Recreation Services	96	61	61	41	40	0.01
Long-term Care Services	910	582	574	386	376	0.12
Child Care and Early Years Programs	58	37	37	25	24	-
Ambulance Services	266	170	168	113	110	0.04
<b>Total County Wide Services/Class of Service</b>	<b>7,665</b>	<b>4,899</b>	<b>4,834</b>	<b>3,253</b>	<b>3,167</b>	<b>2.94</b>
<b>80% of Calculated Charges</b>	<b>6,132</b>	<b>3,919</b>	<b>3,867</b>	<b>2,602</b>	<b>2,534</b>	<b>2.35</b>

Appendix 6 - Total DCs Collected Annually by Municipality (Residential and non-Residential) compared to Property Tax

Location	DCs Collected	DCs %	County Property Taxes	Taxes %
Arran-Elderslie	\$125,105	4%	\$3,539,235	6%
Brockton	\$450,529	14%	\$5,675,256	9%
Huron-Kinloss	\$266,420	8%	\$6,905,903	11%
Kincardine	\$746,828	23%	\$11,212,699	18%
Saugeen Shores	\$875,081	27%	\$14,277,547	23%
Northern Bruce Peninsula	\$377,143	12%	\$7,792,508	13%
South Bruce	\$150,680	5%	\$3,427,701	6%
South Bruce Peninsula	\$198,370	6%	\$9,353,184	15%
<b>Total</b>	<b>\$3,190,155</b>	<b>100%</b>	<b>\$62,184,033</b>	<b>100%</b>

Appendix 7 - Residential Annual Construction Average 10-year Forecast (2023-2032)

Development Location	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Studio and 1 Bedroom	Net Seasonal Units*	Total DC Amount Collected Annually
Arran-Elderslie	10.6	1.6	-	-	0.1	\$89,854
Brockton	24.2	10.6	13.9	14	-	\$350,157
Huron-Kinloss	27.4	1.2	0.4	0.4	1.9	\$233,698
Kincardine	18.7	12.6	13.35	13.35	0.3	\$315,324
Saugeen Shores	25.9	53.5	31.15	31.15	4.1	\$743,957
Northern Bruce Peninsula	17.4	-	-	-	28.8	\$354,123
South Bruce	14.7	1.9	-	-	0.1	\$122,750
South Bruce Peninsula	13.5	4.9	-	-	7.2	\$182,671
<b>Total</b>	<b>152.4</b>	<b>86.3</b>	<b>58.8</b>	<b>58.9</b>	<b>42.5</b>	<b>\$2,392,533</b>
<b>Calculated Draft D.C. Rates</b>	<b>\$7,665</b>	<b>\$4,899</b>	<b>\$4,834</b>	<b>\$3,253</b>	<b>\$7,665</b>	
<b>Total D.C. Collected</b>	<b>\$1,168,146</b>	<b>\$422,784</b>	<b>\$284,239</b>	<b>\$191,602</b>	<b>\$325,763</b>	

## Appendix 8 - Non-residential Annual Construction Average 10-year Forecast (2023-2032)

Development Location	Industrial	Commercial	Institutional	Total Amount Collected Annually
Arran-Elderslie	9,350	720	1,920	\$35,251
Brockton	17,170	10,310	6,660	\$100,372
Huron-Kinloss	7,480	2,210	1,440	\$32,722
Kincardine	126,650	14,350	5,770	\$431,504
Saugeen Shores	11,220	26,040	7,340	\$131,124
Northern Bruce Peninsula	2,890	3,290	1,650	\$23,020
South Bruce	2,380	4,860	2,260	\$27,930
South Bruce Peninsula	2,720	2,070	550	\$15,700
<b>Total</b>	<b>179,860</b>	<b>63,850</b>	<b>27,590</b>	<b>\$797,622</b>
<b>Calculated Draft D.C. Rates (Blended)</b>	<b>\$2.94</b>	<b>\$2.94</b>	<b>\$2.94</b>	
<b>Total D.C. Collected</b>	<b>\$528,788</b>	<b>\$187,719</b>	<b>\$81,115</b>	

## Appendix 9 - Huron-Kinloss DC Exemptions and Reductions

### Exemptions

- A board of education
- The Corporation of any local board thereof
- The Corporation of the County of Bruce or any local board thereof
- The Crown in Right of Ontario or the Crown in Right of Canada
- An enlargement of an existing dwelling unit
- Creates additional dwelling units as prescribed, subject to O. Reg 82/98, in the prescribed classes of existing residential buildings or prescribed structure ancillary to existing residential buildings
- Creates one additional dwelling unit in any other residential dwelling if the total gross floor area of the additional dwelling unit does not exceed the gross floor area of the smallest dwelling unit contained in the building
- Bona fide non-residential farm building
- Commercial, industrial or institutional uses

## Appendix 10 - Kincardine DC Exemptions and Reductions

### Exemptions

- A board of education;
- Any municipality or local board thereof;
- Non-residential development and zoned C1 that is smaller than 232 square metres in gross floor area;
- Residential developments located in the Municipality, provided that:
  - the development has received Federal, Provincial or County government funding or subsidies for the provision of affordable housing development or is constructed by Habitat for Humanity or any other nonprofit housing provider and that the dwelling units are being made available at values that are initially and will continue to be below current market levels in the Municipality;
- Any non-residential institutional development;
- Non-residential farm buildings;
- Current developments that have a Subdivision Agreement in place and are required to pay the current capital and reserve charge for water and wastewater;

### Rules with respect to exemptions for intensification of existing housing

- Notwithstanding Section 5 above, no development charge shall be imposed with respect to developments or portions of developments as follows:
  - (a) the enlargement of an existing residential dwelling unit;
  - (b) the creation of one or two additional residential dwelling units in an existing single detached dwelling where the total gross floor area of each additional unit does not exceed the gross floor area of the existing dwelling unit;
  - (c) the creation of one additional dwelling unit in any other existing residential building provided the gross floor area of the additional unit does not exceed the smallest existing dwelling unit already in the building.
- Notwithstanding subsection 7(1 )(b), development charges shall be calculated and collected in accordance with Schedule "B" where the total residential gross floor area of the additional one or two dwelling units is greater than the total gross floor area of the existing single detached dwelling unit.
- Notwithstanding subsection 7(1 )(c), development charges shall be calculated and collected in accordance with Schedule "B" where the additional dwelling unit has a residential gross floor area greater than,
  - (a) in the case of semi-detached house or multiple dwelling, the gross floor area of the smallest existing dwelling unit, and
  - (b) in the case of any other residential building, the residential gross floor area of the smallest existing dwelling unit.



## Appendix 11 - Saugeen Shores DC Exemptions and Reductions

### Exemptions

- a board of education;
- any municipality or local board thereof;
- a hospital under the Public Hospitals Act;
- a cemetery or place of worship;
- non-residential farm building constructed for bona fide farm uses;
- non-residential development in the Commercial Core designated lands as described in the Town of Saugeen Shores' Comprehensive Zoning By-law, as amended;
- industrial development;
- mixed-use development located in the Core Commercial designated lands as described in the Town of Saugeen Shores' Official Plan as amended, that has both a residential and retail component.
- residential development located in the Core Commercial or Office Residential designated lands as described in the Town of Saugeen Shores' Official Plan, as amended, provided that:
  - a) the development has received Federal, Provincial or County government funding or subsidies for the provision of affordable housing development or is constructed by Habitat for Humanity or any other non-profit housing provider; and
  - b) satisfactory evidence is provided to the Chief Administrative Officer (CAO), or designate, demonstrating that the residential use is intended for persons of low or modest incomes and that the dwelling units are being made available at values that are initially and will continue to be below current market levels in the Town.
- the conversion of buildings and structures, or part of buildings or structures, that have been vacant for a minimum period of 12 consecutive months, provided that:
  - a) satisfactory evidence is provided to the CAO, or designate, demonstrating that the building has been vacant and will be converted to another use; and
  - b) any gross floor area that exceeds the existing gross floor area of the building or structure being converted will not be exempt from development charges and will be charged at the applicable rate pursuant to schedule "A".

### Rules with Respect to Exemptions for Intensification of Existing Housing

- Notwithstanding Section 4 above, no development charge shall be imposed with respect to developments or portions of developments as follows:
  - a) the enlargement of an existing residential dwelling unit;
  - b) the creation of one or two additional residential dwelling units in an existing single detached dwelling or semi-detached dwelling or townhouse dwelling where the total gross floor area of the additional unit(s) does not exceed the gross floor area of the existing dwelling unit; and
  - c) the creation of one additional dwelling unit in any other existing residential building provided the gross floor area of the additional unit does not exceed the smallest existing dwelling unit already in the building.

- Notwithstanding subsection 5(1)(b), development charges shall be calculated and collected in accordance with Schedule "A", where the total residential gross floor area of the additional one or two dwelling units is greater than the total gross floor area of the existing single detached dwelling unit.
- Notwithstanding subsection 5(1)(c), development charges shall be calculated and collected in accordance with Schedule "4", where the additional dwelling unit has a residential gross floor area greater than,
  - a) in the case of semi-detached house or multiple dwelling, the gross floor area of the existing dwelling unit, and
  - b) in the case of any other residential building, the residential gross floor area of the smallest existing dwelling unit.

#### Special Provisions Related to Attainable Housing

- Notwithstanding any other provision of this By-law, the Residential Development Charges payable under this bylaw shall be subject to;
  - a) Optional allocation of up to five percent of the total charge to a reserve fund operated by the Town for the purposes of supporting housing initiatives as defined by the Town. The allocation will represent an exemption from the Development Charges and will be deposited directly into the reserve.
  - b) The remaining Development Charges collected will be equally distributed to the individual Development Charges reserves.
  - c) The Town shall limit the total annual allocation referred to in a) to \$200,000 in an effort to balance the impact on Development Charges reserves.
  - d) Purpose-built Rental Housing may defer Development Charge Payments into five equal annual payments of the applicable charge, and shall not be subject to indexing.
  - e) Purpose-built Rental Housing shall be exempt from Development Charges provided one or more of the following is met:
    - Twenty percent of all dwelling units are universally accessible in accordance with Town initiatives, or
    - Twenty percent of the dwelling units contain three or more bedrooms, or
    - Is located within 250 metres of the Commercial Core designation as shown in Schedule "A" of the Town's Official Plan, or
    - Is located within 250 metres of a future transit corridor, if applicable.

#### Rules with Respect to an "Industrial" Expansion Exemption

- Notwithstanding Section 5, if a development includes the enlargement of the gross floor area of an existing industrial building:
  - a) there shall be an exemption from the payment of development charges for one or more enlargements of an existing industrial building on its site, whether attached or separate from the existing industrial building, up to a maximum of fifty per cent of the gross floor area before the first enlargement for which an exemption from the payment of development charges was granted pursuant to the Development Charges Act or this subsection. Development charges shall be imposed in accordance with Schedule "4", with respect to the amount of floor area of an enlargement that results in the gross floor area of the industrial building being increased by greater than fifty per cent of the gross floor area of the existing industrial building; or

- b) if the gross floor area is enlarged by more than fifty percent, development charges are payable on the amount by which the enlargement exceeds fifty percent of the gross floor area before the enlargement.

## Appendix 12 - South Bruce Peninsula DC Exemptions and Reductions

### Exemptions

- the County of Bruce;
- the Town of South Bruce Peninsula or a local board thereof; or
- a Board of Education;
- Notwithstanding the provisions of this by-law, development charges shall not be imposed with respect to:
  - a) an enlargement to an existing dwelling unit;
  - b) one or two additional dwelling units in an existing single detached dwelling; or
  - c) one additional dwelling unit in any other existing residential building;
- Notwithstanding section 3.5(b), development charges shall be imposed if the total gross floor area of the additional one or two units exceeds the gross floor area of the existing dwelling unit.
- Notwithstanding section 3.5, development charges shall be imposed if the additional unit has a gross floor area greater than:
  - a) in the case of a semi-detached or row dwelling, the gross floor area of the existing dwelling unit; and
  - b) in the case of any other residential building, the gross floor area of the smallest dwelling unit contained in the residential building.

### Exemption for Industrial Development:

- Notwithstanding any other provision of this by-law, no development charge is payable with respect to an enlargement of the gross floor area of an existing industrial building where the gross floor area is enlarged by 50 percent or less.
- If the gross floor area of an existing industrial building is enlarged by greater than 50 percent, the amount of the development charge payable in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
  - a) determine the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement;
  - b) divide the amount determined under subsection 1 by the amount of the enlargement

### Other Exemptions

- 50% reduction in the development charges for industrial, institutional and office development; and
- Hospitals.