

# Memorandum

<b>To</b>	Sam Dinsmore, Director Corporate Services
<b>From</b>	Daryl Abbs, Managing Partner, Watson & Associates Economists Ltd.
<b>Date</b>	September 10, 2024
<b>Re:</b>	Development Charges Background Study Update – Amendments as per Bill 185

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## 1. Introduction

Bruce County currently imposes County-wide Development Charges (D.C.) via by-law 2023-048.

The County-wide D.C. by-law was passed on November 16, 2023 to recover capital costs associated with development and redevelopment in the County. The *Development Charges Act* (D.C.A.) (at the time of passage) included a number of discounts and exclusions imposed through recent amendments implemented in 2022.

On April 10, 2024, the Province released further proposed changes to the D.C.A. via Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*. The Bill received Royal Assent on June 6, 2024. This Bill reversed many of the key changes that were implemented through the legislative changes in 2022 (i.e. Bill 23: *More Homes Built Faster Act*). As such, the purpose of this memo is to provide for updates to the D.C. by-law to align with the D.C.A. as amended by Bill 185.

## 2. Legislative Background

The following section provides details on the revisions to the D.C.A. as a result of Bill 185.

### Revised Definition of Capital Costs

Bill 185 reversed the capital cost amendments of Bill 23 by reinstating studies as an eligible capital cost. The following paragraphs were added to subsection 5(3) of the D.C.A.:

*5. Costs to undertake studies in connection with any of the matters referred to in paragraphs 1 to 4.*



## 6. *Costs of the development charge background study required under section 10.*

The amendment allows municipalities to fund studies, consistent with by-laws passed prior to Bill 23.

### **Removal of Mandatory Phase-in**

Bill 23 required the phase-in of charges imposed in a D.C. by-law over a five-year term for any by-laws passed after January 1, 2022. Bill 185 removed this mandatory phase-in.

For site plan and zoning by-law amendment applications that were made prior to Bill 185 receiving Royal Assent, the charges payable will be the charges that were in place on the day the planning application was made (i.e., including the mandatory phase-in).

### **Process for Minor Amendments to D.C. By-laws**

Section 19 of the D.C.A. requires that a municipality must follow sections 10 through 18 of the D.C.A. (with necessary modifications) when amending D.C. by-laws. Sections 10 through 18 of the D.C.A. generally requires the following:

- Completion of a D.C. background study, including the requirement to post the background study 60 days prior to passage of the D.C. by-law;
- Passage of a D.C. by-law within one year of the completion of the D.C. background study;
- A public meeting, including notice requirements; and
- The ability to appeal the by-law to the Ontario Land Tribunal.

Bill 185 allows municipalities to undertake minor amendments to D.C. by-laws for the following purposes without adherence to the requirements noted above (with the exception of the notice requirements):

1. To repeal a provision of the D.C. by-law specifying the date the by-law expires or to amend the provision to extend the expiry date (subject to the 10-year limitations provided in the D.C.A.);
2. To impose D.C.s for studies, including the D.C. background study; and
3. To remove the provisions related to the mandatory phase-in of D.C.s.

Minor amendments related to items imposing D.C.s for studies and to remove the mandatory phase-in noted above may be undertaken only if the D.C. by-law being amended was passed after November 28, 2022, and before Bill 185 came into effect. Moreover, the amending by-law must be passed within six months of Bill 185 taking effect.



Notice requirements for these minor amending by-laws are similar to the typical notice requirements, with the exception of the requirement to identify the last day for appealing the by-law (as these provisions do not apply).

### **Reduction of D.C. Rate Freeze Timeframe**

Changes to the D.C.A. in 2020 provided for the requirement to freeze D.C.s imposed on developments subject to a site plan and/or a zoning by-law amendment application. The D.C. rate for these developments is “frozen” at the rates that were in effect at the time the site plan and/or zoning by-law amendment application was submitted (subject to applicable interest). Once the application is approved by the municipality, if the date the D.C. is payable is more than two years from the approval date, the D.C. rate freeze would no longer apply. Bill 185 reduced the two-year timeframe to 18 months. Note, this change is not subject to the minor amendment provisions introduced and must follow the full D.C. by-law amendment process.

### **Modernizing Public Notice Requirements**

The D.C.A. sets out the requirements for municipalities to give notice of public meetings and of by-law passage. These requirements are prescribed in sections 9 and 10 of O. Reg. 82/98 and include giving notice in a newspaper of sufficiently general circulation in the area to which the by-law would apply. The regulatory changes modernize the public notice requirements by allowing municipalities to provide notice on a municipal website if a local newspaper is not available. Note, this change is in effect as of July 1, 2024.

## **3. Changes to the Current D.C. By-law**

The County is undertaking a Minor Amendment process (which does not require the detailed public process) in amending the existing D.C. by-law.

### **3.1 Minor Amendments**

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The minor amendment to the existing D.C. by-law is being undertaken to add growth studies into the D.C. calculations and by-law. The calculated rates in this study may take immediate effect upon passage of the amending by-law, unless Council chooses to impose the charges at a later date. The new calculated rates and a comparison to existing rates are presented in Tables 3-4 and 3-5 below.

#### **3.1.1 Addition of Growth Studies**

The D.C.A. permits the inclusion of studies undertaken to facilitate the completion of the County’s capital works program. These studies have been included as a class of service referred to as Growth Studies, based on the eligible D.C. services to which the studies relate.



The County has identified approximately \$1.85 million of growth-related studies (in 2023 dollars). These studies include various master plans, an official plan update, a long-term financial plan, a climate change action plan, transportation studies, etc. Deductions to recognize benefit to non-D.C. eligible services have been made in the amount of \$110,000. In addition, deductions for the share of the various studies that are anticipated to benefit the existing community have been made in the amount of approximately \$478,100. As a result, the net D.C. recoverable cost for studies is \$1.26 million.

The capital costs have been allocated 75% to residential development, and 25% to non-residential development based on the incremental growth in population to employment for the 10-year forecast period (2023 to 2032, consistent with the 2023 D.C. background study and by-law).

Based on the calculations provided herein, the capital needs for Growth Studies result in a calculated D.C. of \$273 per residential single detached dwelling unit. With respect to non-residential development, the calculation results in a D.C. of \$0.12 per sq.ft of gross floor area.

The Growth Studies capital sheet is presented in Table 3-1 and the D.C. calculations are provided in Tables 3-2 and 3-3.



**Table 3-1  
Bruce County  
Growth Studies Capital Costs**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Service to Which Project Relates	Gross Capital Cost Estimate (2023\$)	Post Period Benefit	Other Deductions (to recognize benefit to non-D.C. services)	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
2023-2032										75%	25%	
1	Development Charges Study	2032	All DC Eligible Services	85,000	-	-	85,000	-		85,000	63,750	21,250
2	Long-Term Financial Plan	2027	All services	200,000	-	20,000	180,000	18,000		162,000	121,500	40,500
3	Official Plan	2029	All services	150,000	-	15,000	135,000	67,500		67,500	50,625	16,875
4	Long-Term Care Study	2027	Long-term Care	75,000	-	-	75,000	37,500		37,500	28,125	9,375
5	Long-Term Care Study Update	2032	Long-term Care	50,000	-	-	50,000	25,000		25,000	18,750	6,250
6	Childcare Service System Plan	2027	Childcare and Early Years	75,000	-	-	75,000	18,800		56,200	42,150	14,050
7	Childcare Service System Plan update	2032	Childcare and Early Years	50,000	-	-	50,000	12,500		37,500	28,125	9,375
8	Ambulance Master Plan update	2029	Ambulance	60,000	-	-	60,000	15,000		45,000	33,750	11,250
9	Library Master Plan	2026	Library	75,000	-	-	75,000	37,500		37,500	28,125	9,375
10	Library Master Plan update	2031	Library	50,000	-	-	50,000	25,000		25,000	18,750	6,250
11	Growth Management Study	2028	All services	100,000	-	10,000	90,000	-		90,000	67,500	22,500
12	Provision for Growth Studies	2027-2032	All Services	250,000	-	25,000	225,000	-		225,000	168,750	56,250
13	County Strategic Plan	2027	All services	100,000	-	10,000	90,000	45,000		45,000	33,750	11,250
14	County Strategic Plan	2031	All services	100,000	-	10,000	90,000	45,000		45,000	33,750	11,250
15	Communication Strategy	2028	All services	50,000	-	5,000	45,000	22,500		22,500	16,875	5,625
16	Climate Change Action Plan	2027	All services	100,000	-	10,000	90,000	45,000		45,000	33,750	11,250
17	Transportation Master Plan Update	2026	Services Related to a Highway	75,000	-	-	75,000	18,800		56,200	42,150	14,050
18	Transit Master Plan	2028-2032	Transit	100,000	-	-	100,000	10,000		90,000	67,500	22,500
19	Trails Strategy and Expansion	2025	Parks and Recreation	50,000	-	-	50,000	12,500		37,500	28,125	9,375
20	Solid Waste/Waste Diversion Master Plan	2025-2026	Waste Diversion	50,000	-	5,000	45,000	22,500		22,500	16,875	5,625
	<b>Total</b>			<b>1,845,000</b>	<b>-</b>	<b>110,000</b>	<b>1,735,000</b>	<b>478,100</b>	<b>-</b>	<b>1,256,900</b>	<b>942,675</b>	<b>314,225</b>



Table 3-2  
Bruce County  
Growth Studies D.C. Calculation (2023 \$)

Service/ Class of Service D.C. Calculations	Residential	Non-Residential
Growth Studies D.C. Eligible Costs	\$942,675	\$314,225
10-Year Gross Population/G.F.A. Growth (sq.ft.)	9,212	2,713,000
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$102.33</b>	<b>\$0.12</b>

Table 3-3  
Bruce County  
Growth Studies D.C. Calculation – by Residential Unit Type (2023\$)

Residential Unit Type	Persons Per Unit	D.C. per Residential Unit
Single and Semi-Detached Dwelling	2.663	\$273
Other Multiples	1.702	\$174
Apartments – 2 Bedrooms +	1.679	\$172
Apartments – Studio and 1 Bedroom	1.130	\$116
Special Care/Special Dwelling Units	1.100	\$113



Based on the changes noted above, the D.C. calculations have been revised to include growth studies. As a result, the total calculated County-wide D.C. (single/semi-detached unit) for full services has increased from \$7,665 to \$7,938 (2023 \$). In regard to the non-residential charge, the total County-wide calculated D.C. (per sq.ft.) for full-services has increased from \$2.94 to \$3.06 (2023 \$).

The summary below outlines the charges as calculated per the 2023 D.C. by-law passage, and the charges as amended.

Table 3-4  
Bruce County  
Rate Comparison – Residential (Single/Semi-Detached)

Service/Class of Service	Calculated as per By-law 2023-048	Calculated as per By-law 2023-048 with Growth Studies
<b>County Wide Services/Classes:</b>		
Services Related to a Highway	6,302	6,302
Fleet	33	33
Parks and Recreation Services	96	96
Long-term Care Services	910	910
Child Care and Early Years Programs	58	58
Ambulance Services	266	266
Growth Studies	-	273
<b>Total County Wide Services/Classes</b>	<b>7,665</b>	<b>7,938</b>



Table 3-5  
Bruce County  
Rate Comparison – Non-residential (per sq.ft.)

Service/Class of Service	Calculated as per By-law 2023-048	Calculated as per By-law 2023-048 with Growth Studies
<b>County Wide Services/Classes:</b>		
Services Related to a Highway	2.76	2.76
Fleet	0.01	0.01
Parks and Recreation Services	0.01	0.01
Long-term Care Services	0.12	0.12
Child Care and Early Years Programs	-	-
Ambulance Services	0.04	0.04
Growth Studies	-	0.12
<b>Total County Wide Services/Classes</b>	<b>2.94</b>	<b>3.06</b>

### 3.1.2 2024 Development Charge Rate Comparison

When the County passed By-law 2023-048, council included a discretionary phase-in approach to the D.C. calculations. As per section 3.14 of the By-law, the calculated development charges would be phased-in as follows (subject to annual indexing):

- a) 2023 – 0%;
- b) 2024 – 25%;
- c) 2025 – 40%;
- d) 2026 – 55%;
- e) 2027 – 65%;
- f) 2028 – 75%;
- g) 2029 – 85%;
- h) 2030 – 95%;
- i) 2031 – 100%.

The current residential development charge (in 2024\$) for full services is \$2,043 per single/semi-detached unit (based on the phase-in noted above as well as indexing). With the addition of growth-related studies (subject to phase-in and indexing), the new charge will be \$2,115 per single/semi-detached unit.

With respect to non-residential charge, the current development charge (in 2024\$) for full services is \$0.78 per sq.ft. (based on the phase-in noted above as well as indexing). With the addition of the growth-related studies (subject to phase-in and indexing), the new charge will be \$0.81 per sq.ft.





### **3.1.3 Minor Amendments to the D.C. By-law**

The By-law 2023-048 will be amended as follows:

- Add growth studies as a class of service; and
- Revise Schedules A and B to include growth studies.

The draft amending by-law are included in Appendix A to this memo.

## **4. Recommendations**

It is recommended that Council:

“Approve the capital project listing set out in Section 3.1.1 of the Development Charges Background Study Update – Amendments as per Bill 185 memo dated September 10, 2024, subject to further annual review during the capital budget process”;

“Approve the memo dated September 10, 2024 Re: Development Charges Background Study Update – Amendments as per Bill 185”; and

“Approve the amending D.C. by-law as set out in Appendix A”.