



Subject: Development Charges Background Study

Department: Corporate Services

Division: Finance

Report #: CPS-2024-060

Meeting Date: 2024-10-07

Recommendations

That report CPS-2024-060, Development Charges Background Study, be received; and

That Council pass a by-law to establish development charges for Town wide and area specific services.

Overview

As presented at the September 16th Public Meeting, the 2024 Draft Development Charge Study, including the Draft By-law and the Addendum to the 2024 Development Charges Background Study, must be approved and passed by Council. The by-law, if approved on October 7th, 2024, will be effective October 8th, 2024.

Background

Municipalities in Ontario depend on revenue collected from Development Charges (DCs) to finance capital projects that are needed to support a growing community. The purpose of Development Charges is that such projects are not paid for by the existing community. Hence, “growth will pay for growth” is often used to capture the principle of Development Charges.

The Province regulates the establishment of DC rates through the Development Charges Act, 1997 (DCA), as amended. As required under the legislation, all municipalities conduct a DC Background Study to assess infrastructure and anticipate levels of service needed for the future.

The Draft Development Charges Background Study was posted publicly August 8, 2024. On September 12, 2024 an Addendum to the 2024 Development Charges Background Study was issued. Council held a public meeting on September 16, 2024 to discuss the draft Development Charge Background Study as prepared by Watson & Associates Economists Ltd. The background study was prepared in support of the

proposed new Development Charges by-law which will repeal the current by-law 2019-043.

Analysis/Current Situation

Over the last few months, Town staff have met with Watson & Associates Economists Ltd. to review all anticipated growth related capital projects and current levels of service. The capital costs included in the Development Charge Study are those that are in addition to the cost of assets that would normally be constructed as part of a subdivision. Watson & Associates Economists also met with Planning staff and used information to determine a 10 Year and Buildout Growth Forecast (Table 1). Using this information, the 2024 Development Charges Background Study was drafted and determined the proposed Draft by-law for Council's passage.

Measure	10 Year Mid-2024 to Mid-2033	Buildout Mid-2024 to Buildout
(Net) Population Increase	2,508	5,093
Residential Unit Increase	1,246	2,590
Non-Residential Employment Increase	421	772
Non-Residential Gross Floor Area Increase (sq.ft.)	360,700	686,300

Table 1: Growth Forecast - Town-wide Population, Housing and Employment

Under the current bylaw 2019-043, the Town charges a new single detached residential development \$29,947. As provided in the Addendum report, this development charge rate would increase to \$49,533. For non-residential properties, the Town currently charges a development charge rate of \$10.58 per square foot, and this rate would increase to \$16.56 as per the Addendum report.

The Town also imposes Area-Specific Development Charges that are on a net developable area basis and is consistent with the previous DC Background studies in 2009, 2014 and 2019.

Comparison to other municipalities

In comparison to similar and/or neighbouring municipalities, the Town's residential rate for a single detached dwelling under its current by-law ranks 15th which is in line with East Garafraxa whereas in the proposed by-law, the Town's rate ranks 4th which is below Caledon, Erin and Grand Valley and in line with Shelburne. Since every municipality faces its own challenges and local service requirements, it can be difficult to draw a complete comparison between municipalities. For example, Caledon is anticipating extensive greenfield growth and intensification/redevelopment growth, and

consequently, their development charges are significantly higher than the proposed DCs rates for the Town.

The proposed Development Charge by-law will ensure that recovery of growth-related infrastructure is recovered from the development community to the extent possible as provided under the Development Charges Act. As such, updated rates in the study will provide the Town with the maximum revenue available in order to facilitate community growth while mitigating financial impacts of growth on existing tax and rate payers.

Long-term Care Homes

In the 2019 Development Charges by-law, Council approved a 20% discount on all types of Long-term Care developments.

The proposed by-law includes a partial exemption for Special Care/Special Dwelling units of 5% on the bachelor/one-bedroom apartment rate. This rate would be applicable to all long-term care unit developments, both public and private. Long-term care facilities licensed under the *Fixing Long-Term Care Act, 2021* are considered public developments and are statutorily required to have a partial exemption of 20% on of the Special care/Special Dwelling Units rate.

On September 16, 2024 Council requested staff to bring back information on the impact of applying the partial exemption of 20% to all long-term care unit developments, extending the provision to privately held developments. The background study contemplated growth of 36 units for long term care over the next 10 years. If all units were in private developments and were provided with the partial exemption of 20% of the bachelor/one-bedroom apartment rate, \$118,400 in development charges would not be collected.

Corporate Implications

Should Council pass the Development Charges By-law, DCs would increase 65% for Residential units (single and semi-detached dwellings) and a 57% increase for Non-Residential DCs. The Housing Growth Forecast estimates the residential unit increase of 1,246 over a 10-year period. The increase in DCs would equate to additional funds towards growth related projects of \$24,404,156 in 2024 dollars over a 10-year period if all units were single detached dwellings. Non-residential Gross Floor Area increase over a 10-year period is estimated at 360,700 square feet. With the proposed increase in DCs, this equates to \$2,156,986 in 2024 dollars over a 10-year period.

The passage of this by-law helps to ensure that current residents of the Town are not negatively affected by growth and that growth pays for growth.

Conclusion

Council's approval of the Development Charges By-law is one chapter of the financial strategy completed, that will ensure that the Town of Orangeville is on its way to being financially sustainable and flexible.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: SUSTAINABILITY – Secure the financial viability of the municipality

Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Creating and integrating sustainability principles into Town policies, processes and practices

Notice Provisions

The Development Charges Background Study and Draft By-law was posted to the Town's website on August 8, 2024. Three weeks prior to the Public Meeting held on September 16th, Notice of the Public meeting was posted on the Town's website and in the Orangeville Citizen on August 22nd and August 29th.

Respectfully submitted,

Antonietta Minichillo, MES
General Manager, Corporate Services

Reviewed by:

Cheryl Braan, CPA, CMA
CFO/Treasurer, Corporate Services

Prepared by:

Rebecca Medeiros, CPA, CA
Acting Deputy Treasurer, Corporate Services

- Attachment(s):**
1. Development Charges Background Study
 2. Addendum to the 2024 Development Charges Background Study