



Town of Essex

2024 Development Charges Public Meeting
August 12, 2024

Format for Public Meeting



- Opening Remarks
- Public Meeting Purpose
- Study Process and Timelines
- Development Charges Overview
- Presentation of the Proposed Charges and Policies
- Presentations by the Public
- Questions from Council
- Conclude Public Meeting

Public Meeting Purpose



- The public meeting is to provide for a review of the D.C. background study and to receive public input on the proposed policies and charges
- The meeting is a mandatory requirement under the Development Charges Act (D.C.A.)
- Prior to Council's consideration of a by-law, a background study must be prepared and available to the public a minimum 60 days prior to the D.C. by-law passage

Overview of Process – Timelines



1

June 2023 to May 2024

Data collection, staff review, D.C. calculations and policy work

2

July 26, 2024

Release of D.C. Background Study and By-law

3

August 12, 2024

Public Meeting of Council

4

October 7, 2024

Council Consideration of By-law



Development Charges Overview

Town of Essex 2024 Development Charges
Background Study & By-law

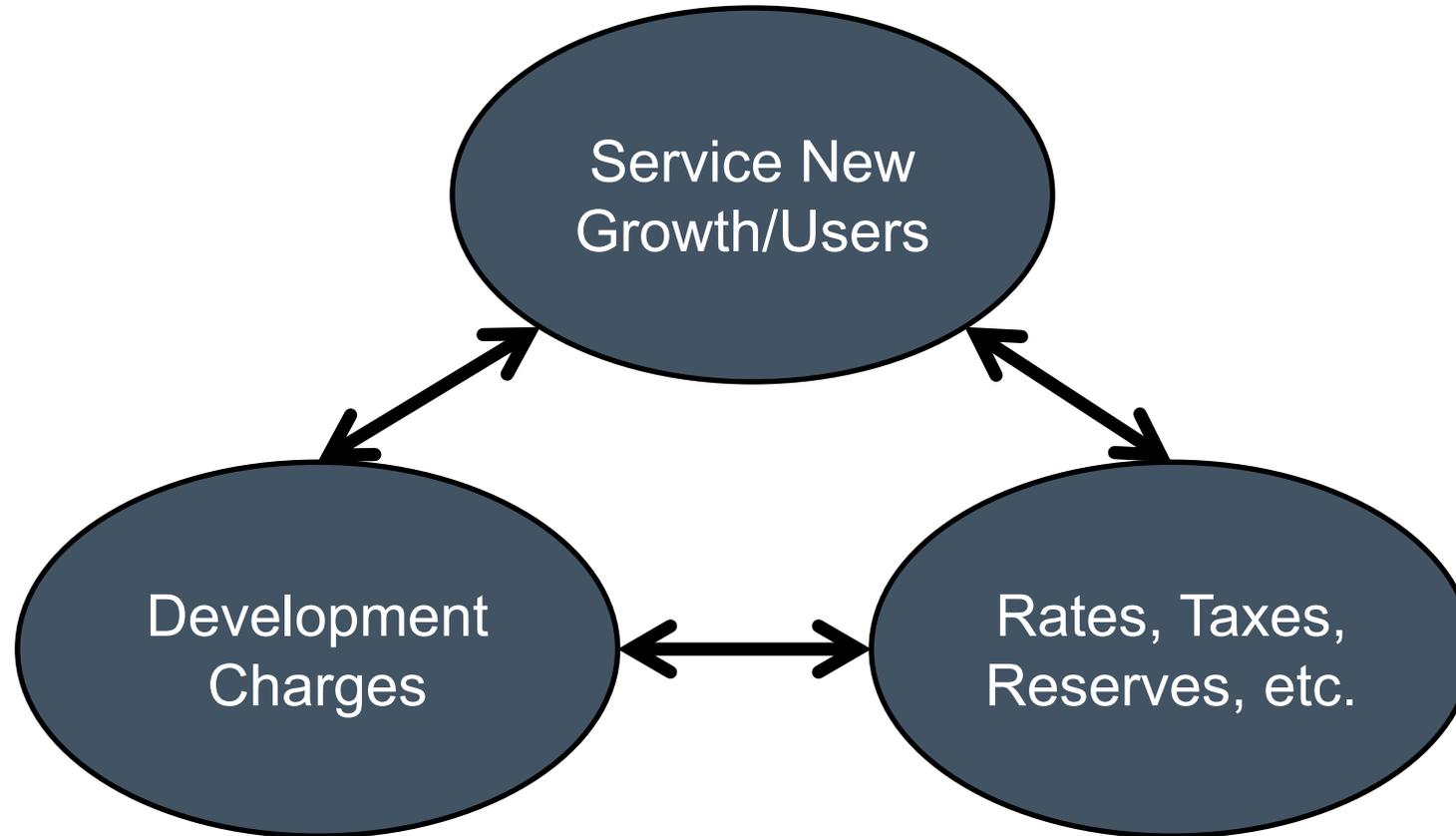
Development Charges (D.C.s)



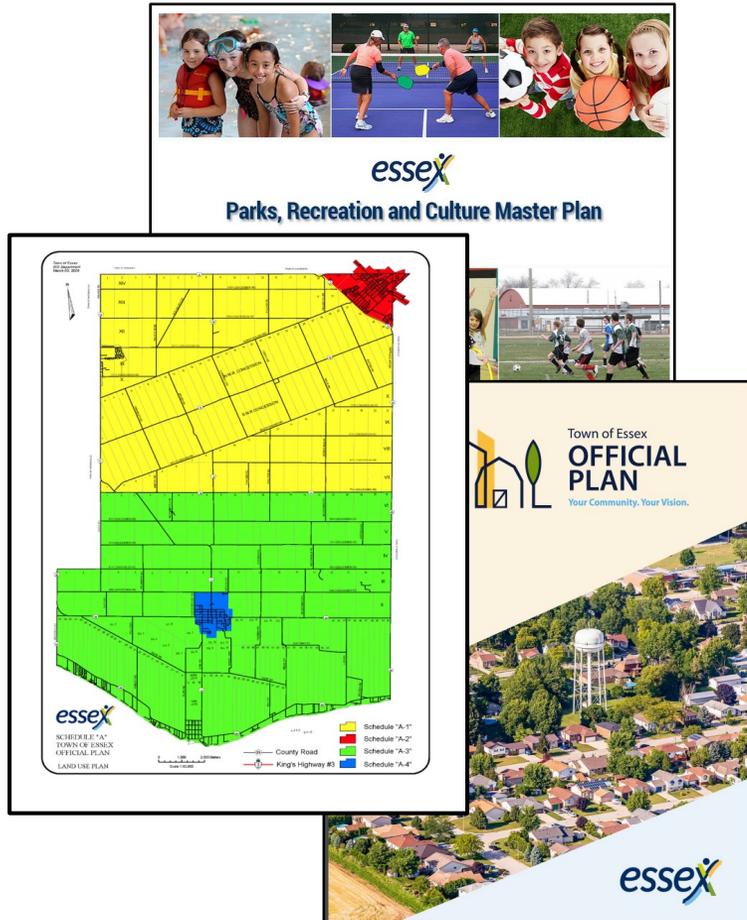
Purpose:

- 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 (D.C.A.)
- Development Charges are typically calculated and imposed at the time of issuance of a building permit

Relationship Between Needs to Service Growth vs. Funding



Municipal Financial Planning Framework



Official Plan

Growth and Development



Master Plans

Capital Needs to Support Growth



Development Charges

Funding for Capital Needs to Support Growth



D.C. Methodology

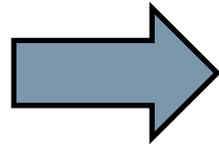
The following provides the overall methodology to calculating the charge:

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.

Overview of the D.C. Calculation



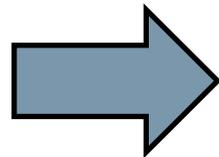
Cost of Infrastructure
Required to
Accommodate Growth



\$

Development Charge
per Unit
(for Residential Growth)

Residential and Non-
residential Growth



Development
Charges

Development Charge
per Sq.ft. or per Sq.m
(for Non-residential Growth)

D.C. Eligible Services

1. **Water**
2. **Wastewater**
3. Storm water drainage
4. **Services related to a highway**
5. Electrical power services.
6. Toronto-York subway extension.
7. Transit
8. Waste diversion
9. **Policing Services**
10. **Fire protection**
11. Ambulance
12. Library
13. Long-term Care
14. **Parks and Recreation**
15. Public Health services
16. Childcare and early years services
17. **Provincial Offences Act**
18. Emergency Preparedness
19. Airports (Waterloo Region only)



Blue highlights denote services included in the 2024 D.C.

Growth studies are included in the D.C. as a class of service

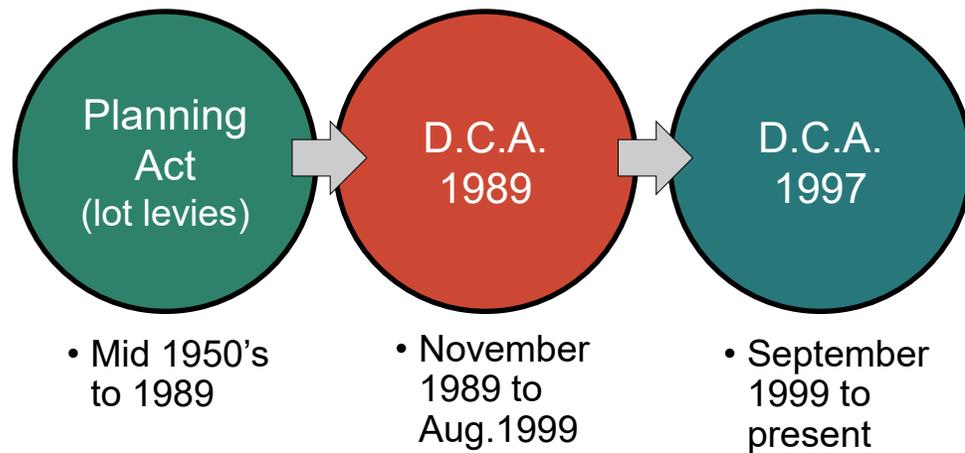
Water service capital costs are currently collected via the *Municipal Act*



D.C. Legislation

Town of Essex 2024 Development Charges
Background Study & By-law

History of D.C.s



Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023
9. Bill 185: June 2024

Recent Changes to D.C. Legislation



Bills 108 & 138: *More Homes, More Choice Act, 2019 and Plan to Build Ontario Together Act, 2019*

- Instalment payments (for rental housing and institutional developments)
- D.C. freeze for Site Plan and Zoning By-law Applications
 - Once a complete application is received; D.C. rate is frozen. Once the municipality approves application, developer has two years to pull a building permit to maintain frozen rate

Bill 197: *COVID-19 Economic Recovery Act, 2020*

- Removal of 10% mandatory deduction
- List of eligible services
- C.B.C legislation (*Planning Act*)

Bill 213: *Better for People, Smarter for Business Act, 2020*

- Exemptions for universities

Bill 109: *More Homes for Everyone Act, 2022*

- Rules for Annual Treasurer's Statement

Recent Changes to D.C. Legislation – Cont'd



Bill 23: *More Homes, Built Faster Act, 2022*

- Additional D.C. exemptions:
 - Inclusionary zoning units
 - Non-profit housing
 - Additional residential units
 - Affordable owned/rental units
 - Attainable units (currently not in force)
- Rental housing discount (based on number of bedrooms – 15%-25%)
- Removal of housing as an eligible D.C. service
- Capital cost amendments (**restrictions to remove studies** and potentially land)
- **Mandatory phase-in of D.C. (maximum charge of 80%, 85%, 90%, 95%, 100% for first five years of the by-law)**
- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years

Note: The Province passed Bill 185 on June 6, 2024, which removed these requirements (see next slide)

Recent Changes to D.C. Legislation – Cont'd



Bill 134: *Affordable Homes and Good Jobs Act, 2023*

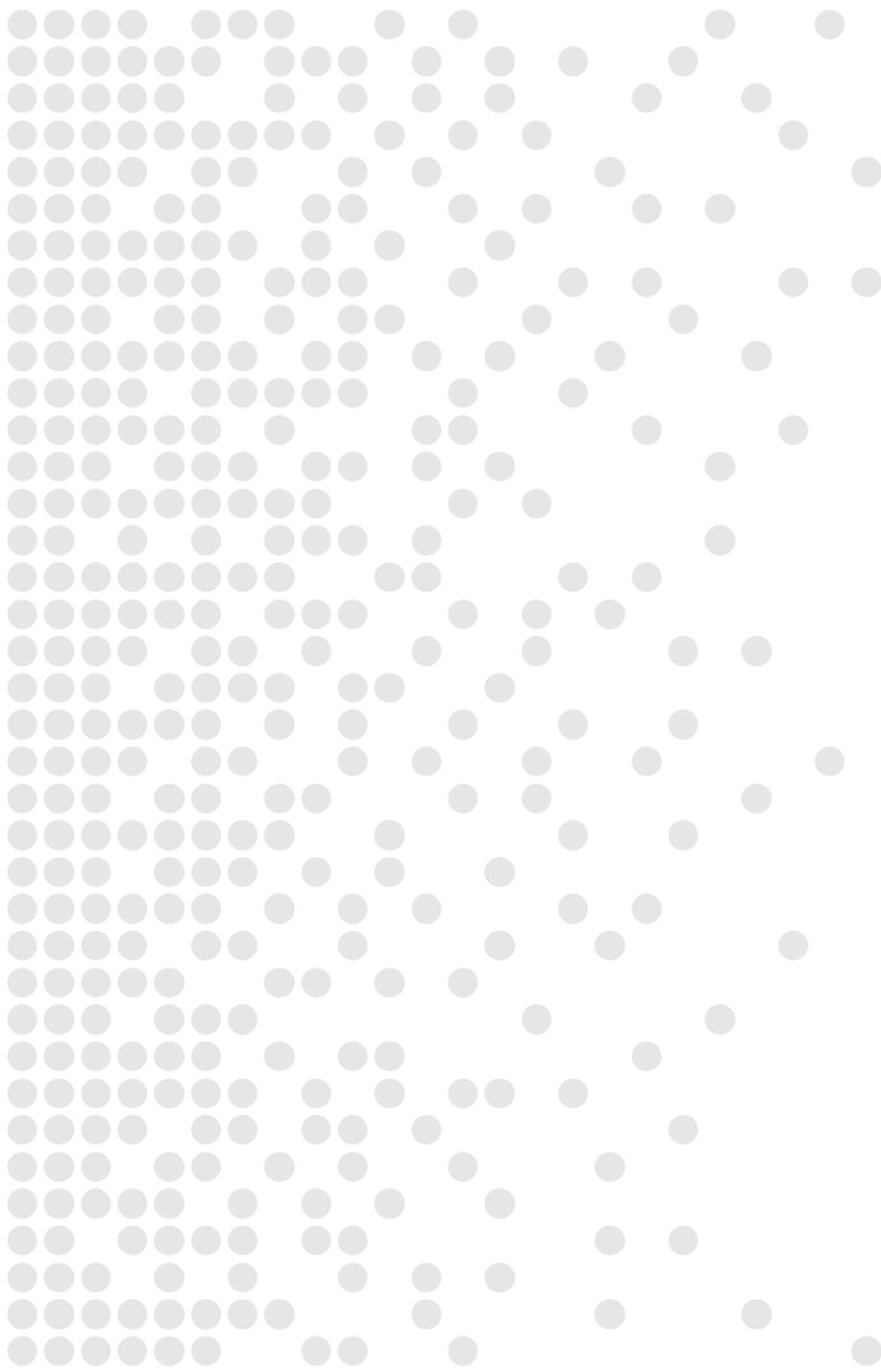
- Revised definition for affordable unit:

Affordable Rental Unit: rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in Bulletin*

Affordable Owned Unit: cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in Bulletin*

Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*

- Removal of mandatory phase-in of charges
- Re-inclusion of studies as an eligible capital cost (included in calculated rates)
- D.C. rate freeze for zoning by-law amendment applications: reduction from two years to 18 months
- Process for minor amendments to D.C. by-laws
- Modernizing public notice requirements



D.C. Policies

Town of Essex 2024 Development Charges Background Study & By-law



Mandatory D.C. Exemptions/ Discounts

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.)
- Development of lands intended for use by a university
- Up to 2 apartments in an existing or new detached, semi-detached, or rowhouse
- 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 housing (based on number of bedrooms – 15% to 25%)
- Affordable rental unit
- Affordable owned unit
- **Attainable units (not yet in force)**

Discretionary D.C. Exemptions & Redevelopment Credits



- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches);
- May phase-in over time; and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

Town's Discretionary Exemptions for Council's Consideration:



Places of
Worship



Bona fide
farms



Hospitals

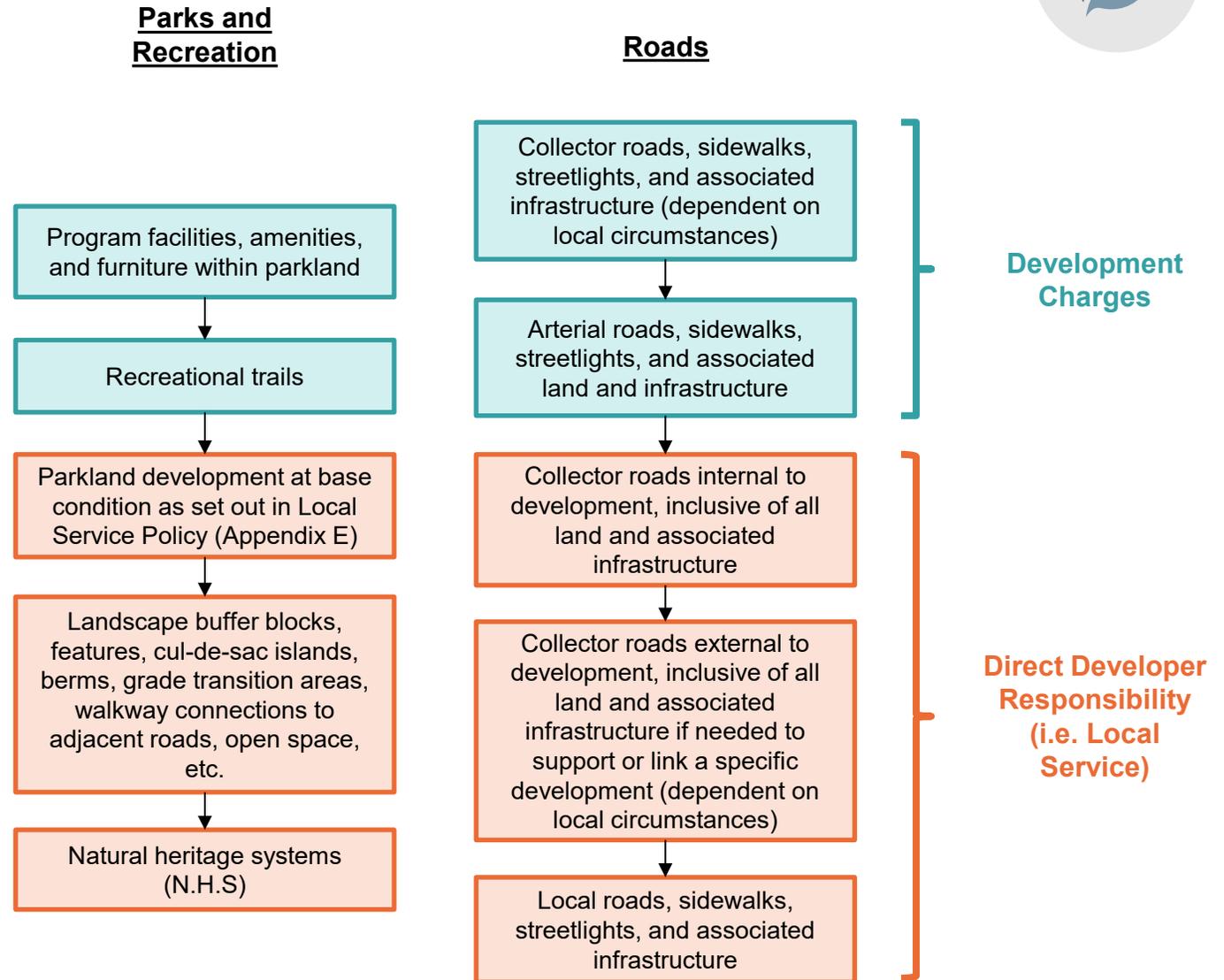


Cemetery or
burial grounds

Local Service Policy



- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, collector & arterial roads,
 - Intersection improvements & traffic signals,
 - Streetlights & sidewalks,
 - Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways,
 - Noise Abatement Measures,
 - Land dedications/easements,
 - Water, Wastewater & Stormwater, and
 - Park requirements.



Other Matters

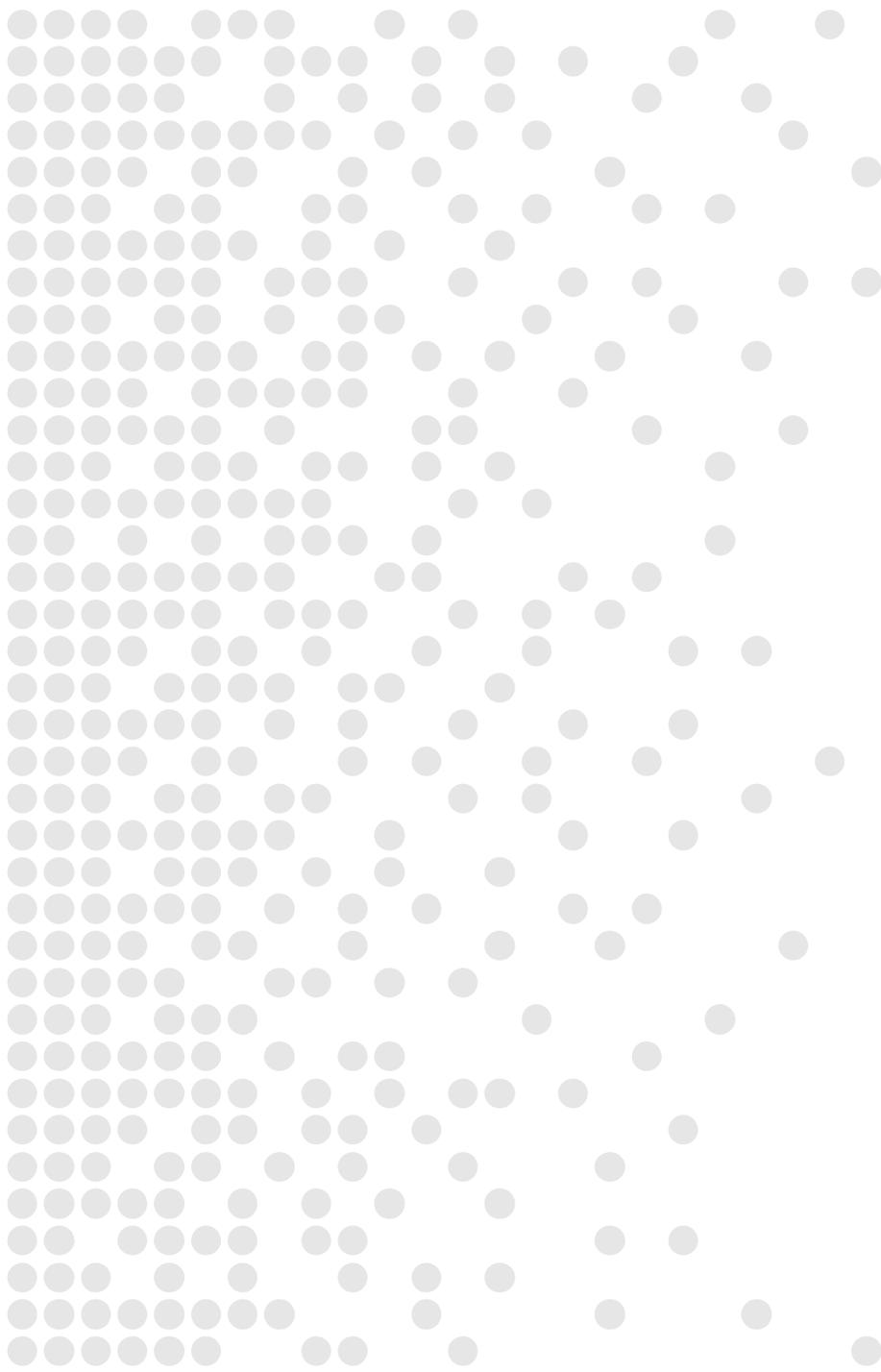


- **Cross Subsidization** - the act clarifies that a cost recovery shortfall from one type of development may not be made up through higher charges on other development. However, it also clarifies that the charge for any particular development does not have to be limited to the cost increase attributable to that development
- **Background Study** - It is mandatory that a D.C. Background Study be prepared and be available to the public (along with a draft D.C. by-law) at least two weeks prior to the public meeting and 60 days prior to by-law passage
- **Indexing:** Without amendment to the D.C. by-law, D.C.s shall be indexed on a mandatory basis every January 1st 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.

Other Matters (Cont'd)



- **Timing of Payment:** Typically, D.C.s for all services are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements
 - **Instalment Payments:** Rental housing and institutional developments pay D.C.s in 6 equal annual payments commencing at occupancy, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%
 - **Rate Freeze:** The D.C. amount for all developments occurring within **18 months** of a site plan or Zoning By-law Amendment planning approval shall be determined based on the D.C. in effect on the day the applicable Site Plan or Zoning By-law Amendment application was submitted, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%



Calculated D.C. Rates

Town of Essex 2024 Development Charges
Background Study & By-law

Growth Forecast Summary



For all services except wastewater:



Measure	10 Year 2024 to 2033
(Net) Population Increase	2,591
Residential Unit Increase	960
Non-Residential Gross Floor Area Increase (sq.ft.)	8,598,800

Wastewater Services:



Measure	Ward 1 2024 to Urban Buildout	Ward 2 2024 to Urban Buildout	Ward 3 2024 to Urban Buildout	Ward 4 2024 to Urban Buildout	Industrial Service Area 2024 to Urban Buildout
(Net) Population Increase	4,137	866	4,660	328	-
Residential Unit Increase	1,876	361	1,513	170	-
Non-Residential Gross Floor Area Increase (sq.ft.)	858,100	1,168,800	5,636,000	394,700	823,800

Current D.C. Rates



Service	Residential					Non-Residential		
	Single & Semi Detached	Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	Special Care/Special Dwelling Units	Wind Turbines and Telecommunication Towers	Solar Farms (per. Sq.ft.)	per sq.ft.
Services Related to a Highway	2,255	1,366	1,138	949	805	2,255	1.06	1.06
Fire Protection Services	1,422	861	718	599	507	1,422	0.66	0.66
Policing Services	620	376	312	261	221	620	0.28	0.28
Parks and Recreation Services	6,859	4,154	3,460	1,985	1,683	-	-	0.25
Library Services	327	198	166	138	116	-	-	0.01
Administration Services	278	168	65	55	46	131	0.06	0.07
Total Municipal Wide Services	11,761	7,123	5,859	3,987	3,378	4,428	2.06	2.33
Area Specific Charges - Wastewater								
Ward 1 - Essex Service Area	4,869	2,948	2,455	1,736	2.26	-	-	2.95
Ward 2 - McGregor Service Area	1,267	767	639	452	-	-	-	-
Ward 3 - Colchester South Service Area	3,003	1,819	1,515	1,017	1.27	-	-	1.71
Ward 4 - Harrow Service Area	3,609	2,187	1,820	1,287	1.57	-	-	2.08

Note: Water capital charges are excluded from the above table.

Calculated D.C. Rates

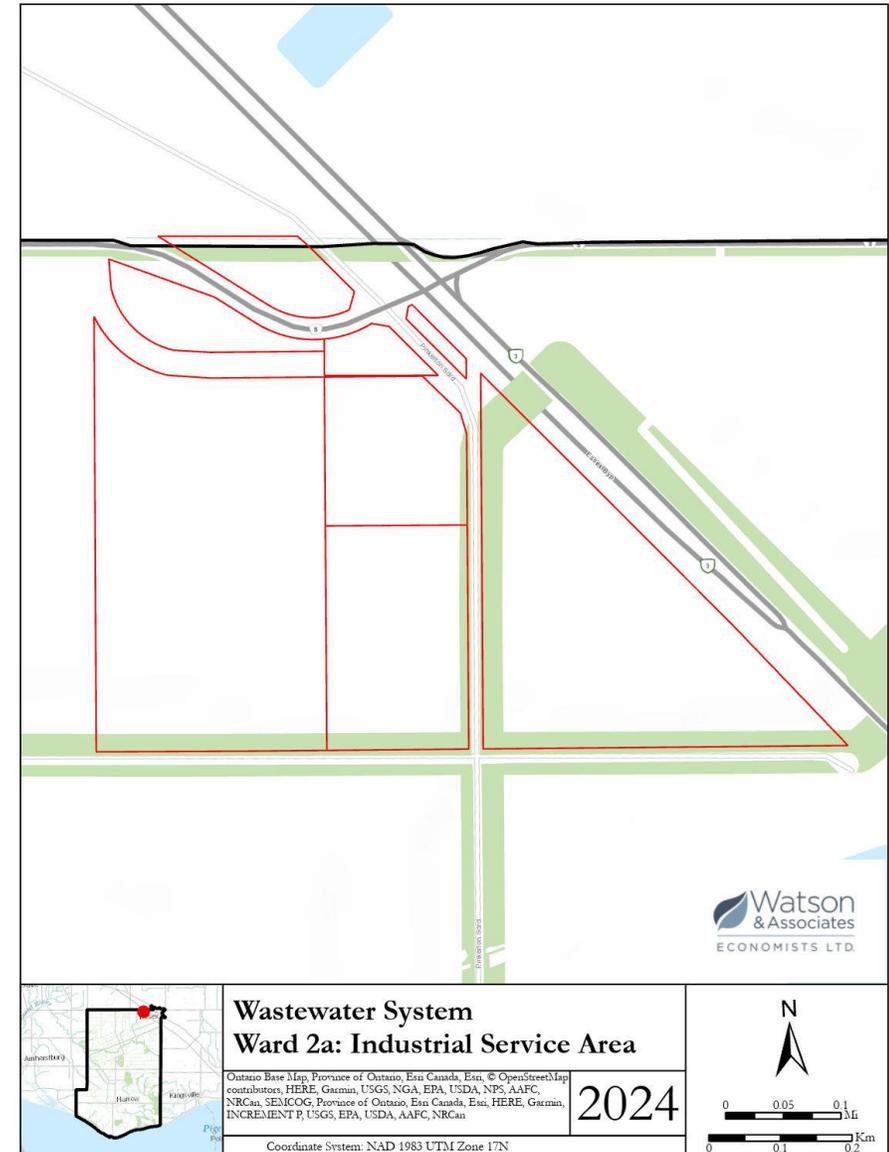


Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
Town-wide Services/Class of Service:						
Services Related to a Highway	7,696	5,074	4,690	3,238	2,636	0.37
Fire Protection Services	2,526	1,665	1,540	1,063	865	0.12
Parks and Recreation Services	7,194	4,743	4,385	3,027	2,464	0.03
Library Services	617	407	376	260	211	0.01
Provincial Offences Act including By-Law Enforcement	89	59	54	37	30	0.01
Policing Services	1,350	890	823	568	462	0.07
Growth Studies	499	329	304	210	171	0.01
Total Town-wide Services/Class of Services	19,971	13,167	12,172	8,403	6,839	0.62
Area Specific Charges - Wastewater						
Ward 1 - Essex Service Area	1,136	749	692	478	389	0.48
Ward 2 - McGregor Service Area	15,144	9,984	9,230	6,372	5,188	1.37
Ward 3 - Colchester South Service Area	7,137	4,705	4,350	3,003	2,445	0.71
Ward 4 - Harrow Service Area	5,207	3,433	3,173	2,191	1,784	2.20

Note: Wastewater development charges for the industrial service area lands and water capital charges are excluded from the above table.

Industrial Service Area

- Water and Wastewater capital needs are required to service the industrial area immediately West of Ward 1 boundary
- Total capital costs are as follows:
 - Water: \$780,500
 - Wastewater: \$2.04M
- These costs will be recovered through a combination of DCs and Capital Charges under the *Municipal Act*



Industrial Service Area – Calculated Charges



Land Parcel	Parcel Size (ha)	Wastewater DC	Wastewater Capital Charge	Water Capital Charge	Total Amounts Payable
0 County Road 8 (N)	1.79	\$69,645		\$32,827	\$102,472
0 County Road 8 (S)	17.16	\$666,136		\$313,982	\$980,118
14028 Pinkerton Sideroad	3.94		\$216,717	\$72,144	\$288,861
14016 Pinkerton Sideroad	6.22		\$342,151	\$113,901	\$456,052
14978 14 th Concession	13.53	\$743,908		\$247,645	\$991,553
Total	42.65	\$1,479,690	\$558,868	\$780,499	\$2,819,057

Municipal Act – Part XII Capital Charges

- Currently the Town does not have a Water service DC, however, the Town imposes a capital charge for water connections through the *Municipal Act*.
- Through a review of options, it is recommended that the Town continue this approach for all new and existing development that will connect to the Town's water system.
- For wastewater services, a *Municipal Act* by-law has been included in the draft report to establish a connection charge for existing properties that will connect to the system.
- Note, a *Municipal Act* charge for the Amherstburg water system has not been identified at this time.

New Development/ Redevelopment

Water

Part XII

Wastewater

DC

Existing Property Connecting to System

Water

Part XII

Wastewater

Part XII



Rate Comparison – Residential – Single Detached (per unit)

Service/Class of Service	Current	Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	2,255	6,060
Public Works	-	1,636
Fire Protection Services	1,422	2,526
Police Services	620	1,350
Parks and Recreation Services	6,859	7,194
Library Services	327	617
Provincial Offences Act including By-Law Enforcement	-	89
Administration Services	278	499
Total Municipal Wide Services/Classes	11,761	19,971
Area Specific Services- Wastewater:		
Ward 1 - Essex Service Area	4,869	1,136
Ward 2 - McGregor Service Area	1,267	15,144
Ward 3 - Colchester South Service Area	3,003	7,137
Ward 4 - Harrow Service Area	3,609	5,207

Note: Water capital charges are excluded from the above table.



Rate Comparison – Non-Residential (per sq.ft.)

Service/Class of Service	Current	Calculated
Municipal Wide Services/Classes:		
Services Related to a Highway	1.06	0.29
Public Works	-	0.08
Fire Protection Services	0.66	0.12
Police Services	0.28	0.07
Parks and Recreation Services	0.25	0.03
Library Services	0.01	0.01
Provincial Offences Act including By-Law Enforcement	-	0.01
Administration Services	0.07	0.01
Total Municipal Wide Services/Classes	2.33	0.62
Area Specific Services:		
Ward 1 - Essex Service Area	2.95	0.48
Ward 2 - McGregor Service Area	-	1.37
Ward 3 - Colchester South Service Area	1.71	0.71
Ward 4 - Harrow Service Area	2.08	2.20

Note: Wastewater development charges for the industrial service area lands and water capital charges are excluded from the above table.

Survey of Comparator Municipalities – Single/Semi Detached



■ Lower Tier Charges

■ Education DC's

Tecumseh

- Passed new by-law: July 2024

Amherstburg

- Anticipated completion of D.C. study : End of 2024

Lakeshore

- Planning to update D.C.: Targeting 2025

LaSalle

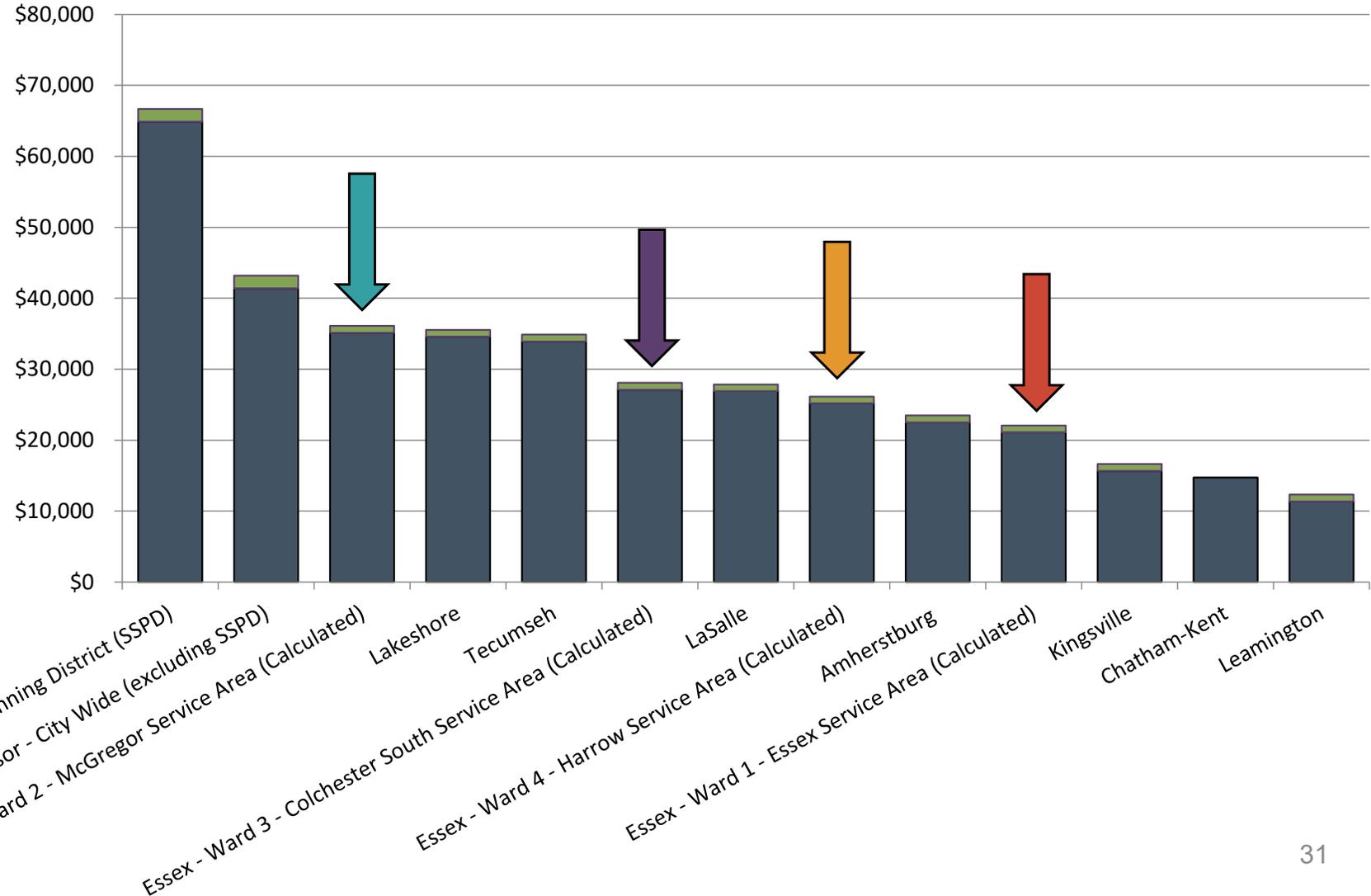
- D.C. completed: 2020
- Next anticipated update: 2025

Kingsville

- D.C. completed: 2022

Leamington

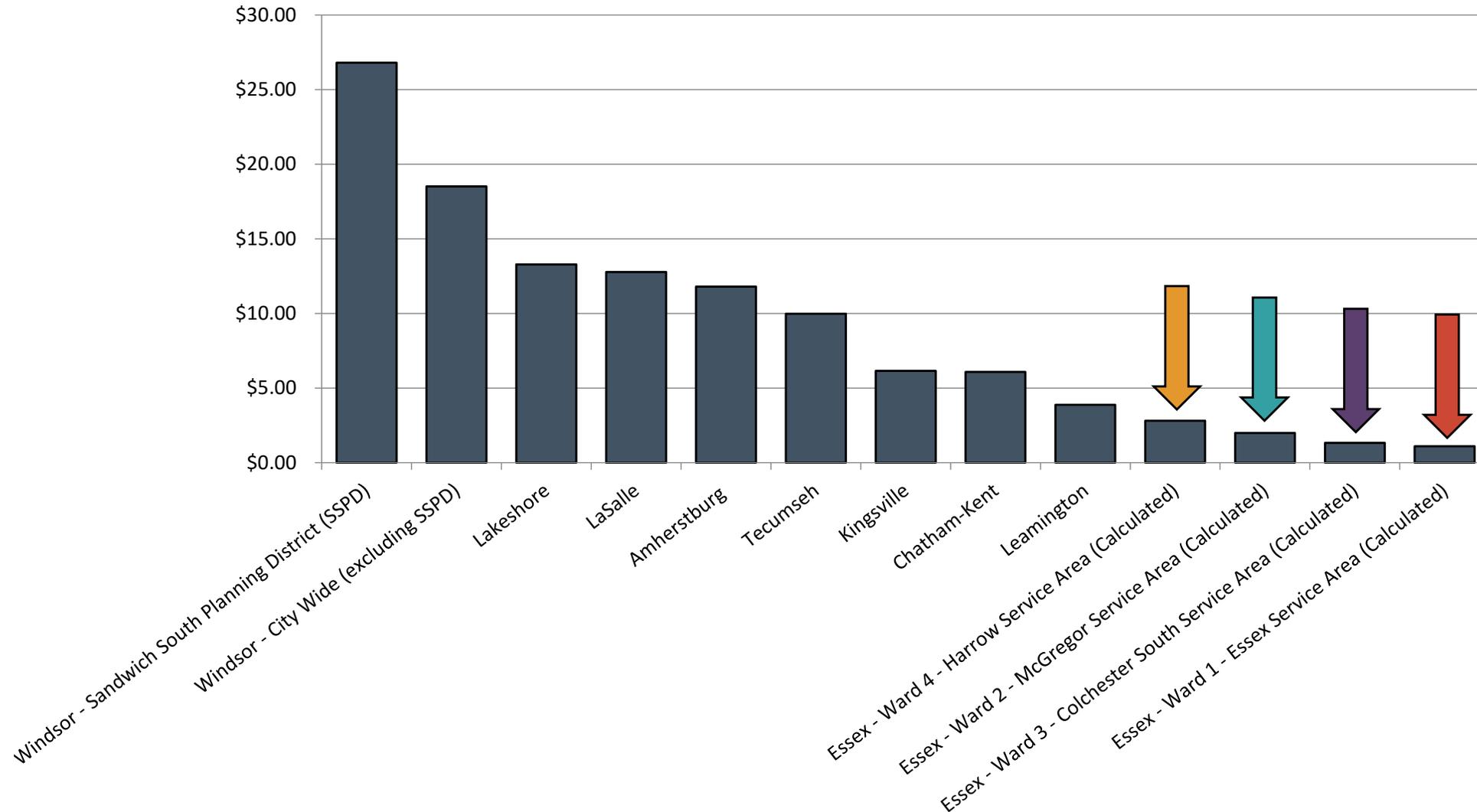
- D.C. completed: 2022



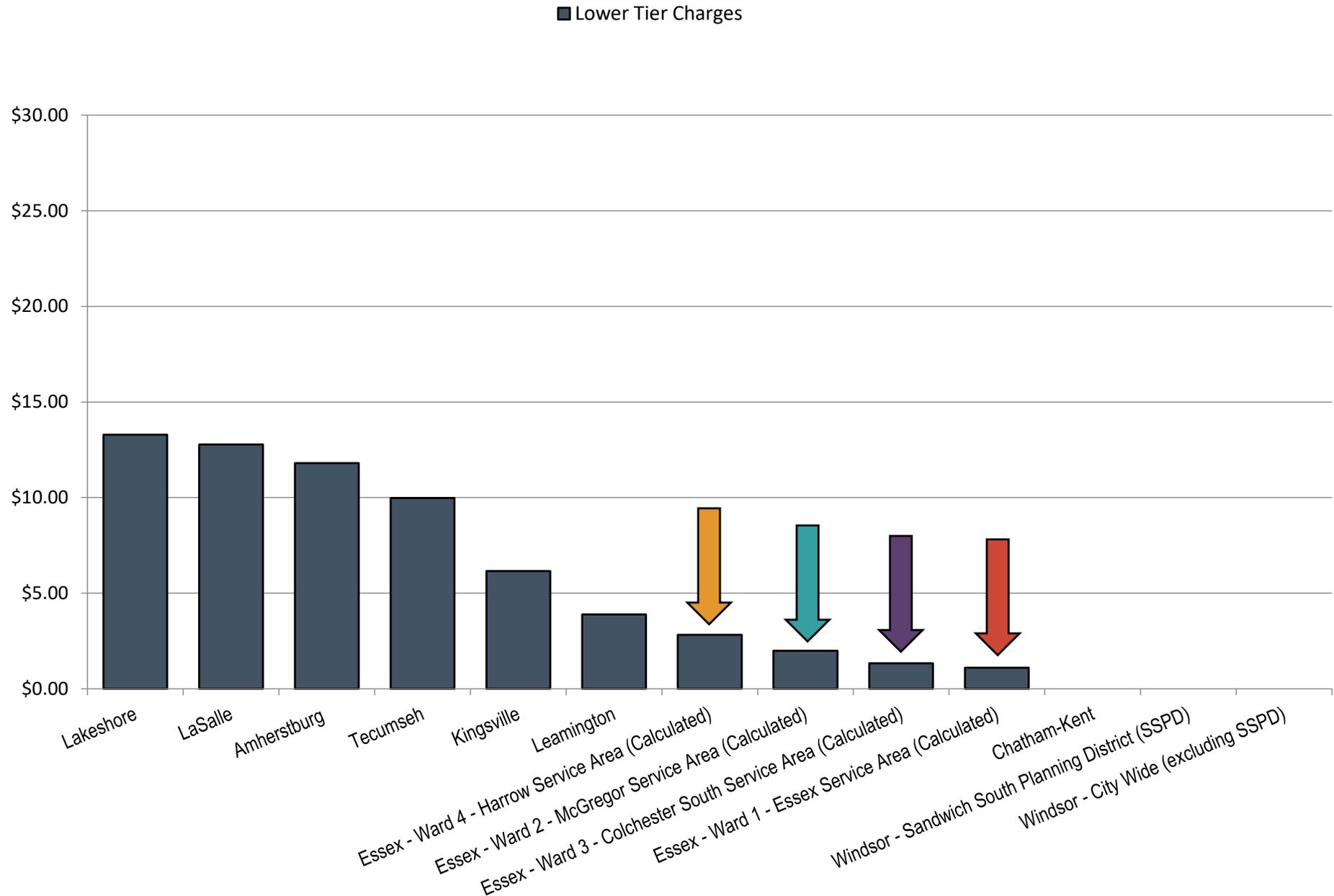
Survey of Comparator Municipalities – Commercial (per sq.ft.)



■ Lower Tier Charges



Survey of Comparator Municipalities – Industrial (per sq.ft.)



Next Steps



June 2023 to May 2024

Data collection, staff review, D.C. calculations and policy work



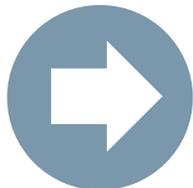
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Questions

