

**TOWNSHIP OF UXBRIDGE
2008 DEVELOPMENT CHARGES
POLICY UPDATE**

**INITIAL BACKGROUND
PRESENTATION FOR COUNCIL
MONDAY, JULY 21, 2008
10 AM**



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 Planning for growth

1. UXBRIDGE DEVELOPMENT CHARGES AND COMPARISONS

The Official Township of Uxbridge website – Township Services – Planning Fees

PLANNING FEES

Development Charges:

The information below summarizes the Development Charge Policy of the Township of Uxbridge. This information is intended only as a guide. Applicants should review the approved by-law and consult with the Township of determine the charges that may apply to specific development proposals.

Residential (as of July 1, 2008)					
	Charge Per Unit Type				
	Std & Semi \$/unit	Other Multiples ie. Townhouses \$/unit	Apts. \$/unit	Special Care/ Special Needs \$/unit	
General Government	\$89	\$81	\$55	\$30	
Library Services	\$790	\$719	\$478	\$264	
Fire & Rescue	\$849	\$773	\$515	\$283	
Animal Control	\$21	\$20	\$14	\$8	
Recreation	\$3,291	\$2,991	\$1,994	\$1,096	
Public Works	\$207	\$188	\$125	\$69	
Municipal Fleet	\$172	\$155	\$103	\$57	
Municipal-Wide Engineering Infrastructure	\$5,396	\$4,882	\$3,253	\$1,788	
Total Municipal Charge	\$10,785	\$9,809	\$6,537	\$3,595	
(1) Based on Persons Per Unit Of:	3.3	3.0	2.0	1.1	

Non Residential			
Charges Per Square Metre of New Gross Floor Area			
		All non-residential uses except for Industrial	Industrial
		\$sq.m. of GFA	\$sq.m. of GFA
General Government		\$0.53	\$0.18
Library Services		\$0.00	\$0.00
Fire & Rescue		\$3.81	\$1.27
Animal Control		\$0.00	\$0.00
Recreation		\$0.00	\$0.00
Public Works		\$1.30	\$0.44
Municipal Fleet		\$1.11	\$0.37
Municipal-Wide Engineering Infrastructure		\$37.90	\$12.63
Total Municipal Charge		\$44.65	\$14.89

TOWNSHIP OF UXBRIDGE BY-LAW POLICIES

1. Geographic Coverage - Township-wide. (s.3)

2. 2004 Schedule of Charges
 - a) Residential (Schedule "B")
 - singles & semis (\$8,054/u);
 - apartments and granny flats (\$7,323/u);
 - other multiples, i.e. townhouses (\$4,881/u);
 - excluding industrial (\$33.68/s.m.);
 - b) Non-Residential (Schedule "C")
 - Industrial (Schedule "D")
 - c) \$33.68/s.m. when fully phased in.

3. Payment Timing - First building permit issuance. (s.s.17(2))

4. Phase-in
 - a) By-law effective June 28, 2004 (s.31);
 - b) If complete building permit application is received prior to June 30, 2004 and permit is issued prior to 30 days following by-law passage, payment is under By-law 99-128 (s.s.17(4));
 - c) For industrial, nil as of by-law passage, \$11.22/s.m. as of January 1, 2006; \$22.45/s.m. as of January 1, 2007 and \$33.68/s.m. as of January 1, 2008 (s.s.17(5)). (Subsequently amended to defer the timing of the first 1/3 (Jan. 1/07) increase to Oct. 1/07. The timing of the second 1/3 increase has been deferred until Jan. 1/09.)

5. Exemptions
 - a) Statutory re 1-2 unit intensification, industrial expansions and municipal and school board property (s.19 & s.s.20(1)(b));

- b) new or enlarged industrial developments, no DC is payable on the amount exceeding 930 m² of GFA (subject to the statutory industrial expansion calculation). (s.s.20(1)(a)) The separate exemption for the first 930 m² was deleted in 2007.
- c) public hospitals;
- d) university buildings;
- e) place of worship or cemetery;
- f) farm buildings and agricultural uses, other than residential or commercial uses;
- g) non-res. accessory uses smaller than 10 m²;
- h) residential development owned by the Region or a local board or a Regional Corporation is not exempt;
- i) temporary buildings or structures (subject to conditions). (s.22, 23 & 24)

6. Redevelopment Credits

For demolitions or conversions, where building permit issued or subdivision agreement entered into within 5 years, a credit is provided in the amount of the notional DC payable on the development eliminated. (s.25)

7. Prior Capital Contributions

- a) For one year following by-law passage, no additional residential development charge for the same land;
- b) Following one year from by-law passage, the amount previously paid (as indexed) will be applied as a credit toward the DC payable hereunder. (s.26)

8. Occupancy Assumptions

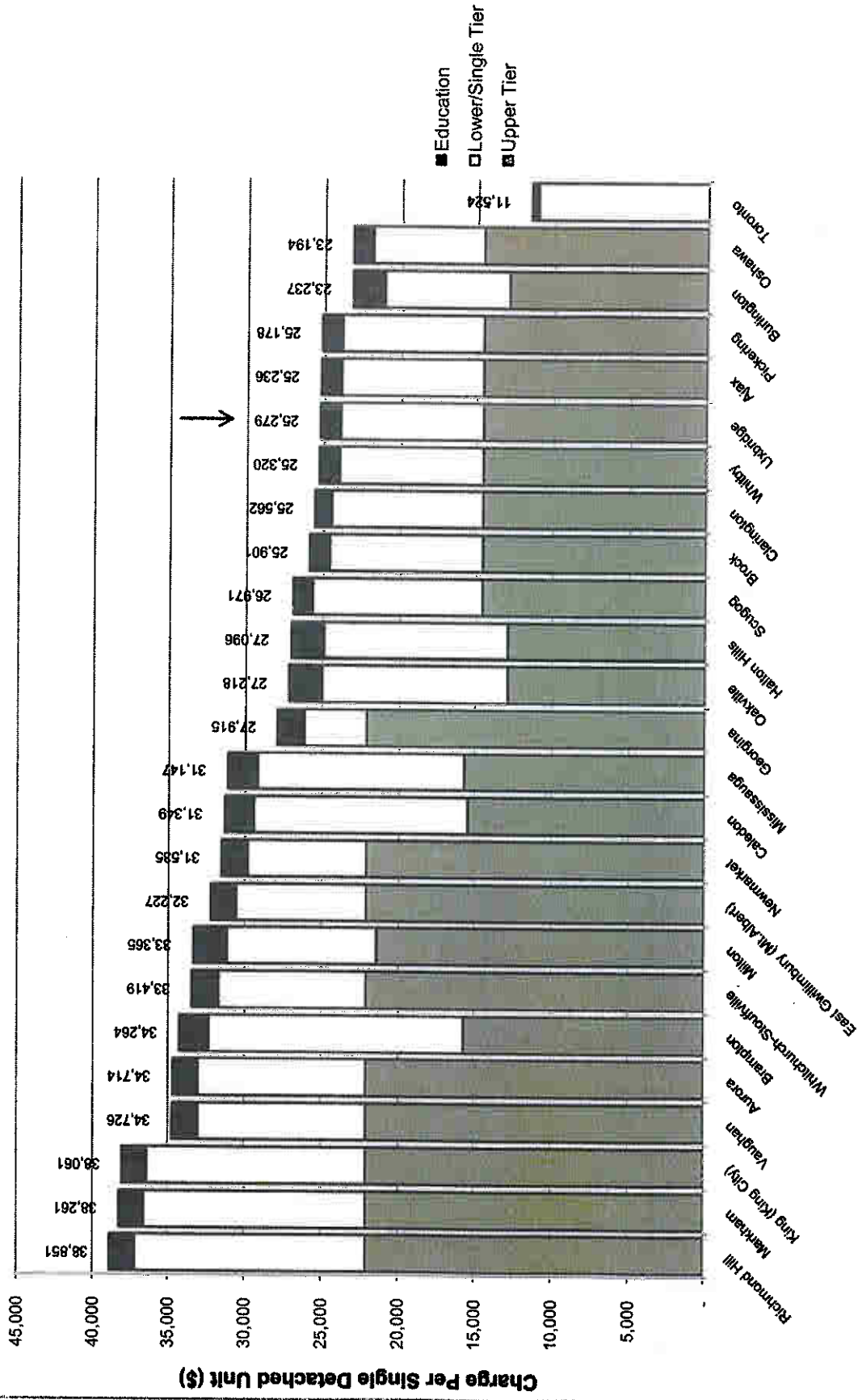
Singles & Semis	3.3
Townhouses	3.0
Apartments	2.0 (Schedule "B")

9. Indexing

The DC schedule shall be indexed annually as of July 1 each year, commencing July 1, 2005, based on the one year change in the legislated index. (s.16)

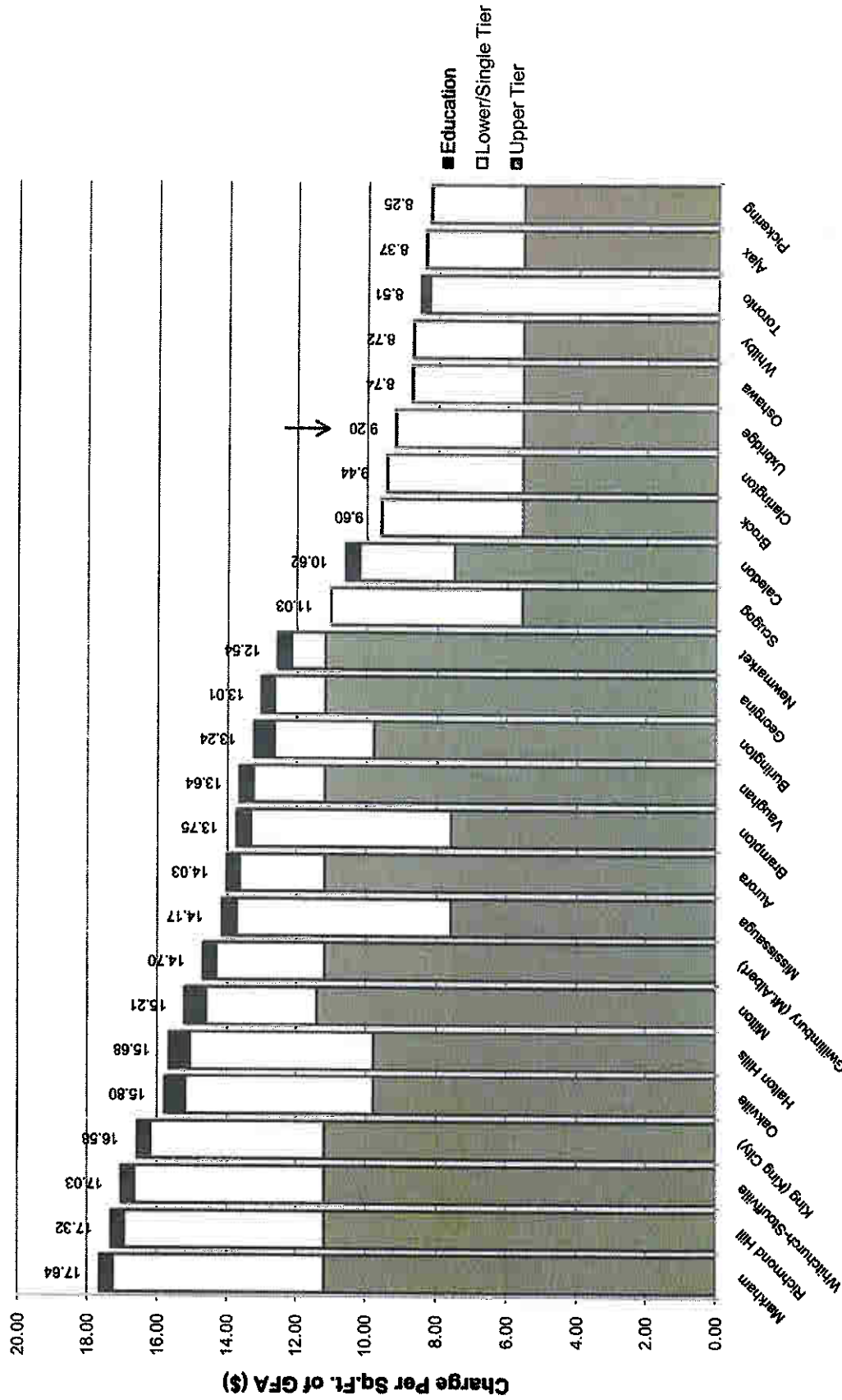
**GTA DEVELOPMENT CHARGE QUANTUM COMPARISONS
AS OF JANUARY 31, 2008**

Figure 1-Uniform¹ Residential Development Charges Per Fully Serviced Detached Unit For Greater Toronto Area Municipalities (As of January 31, 2008)



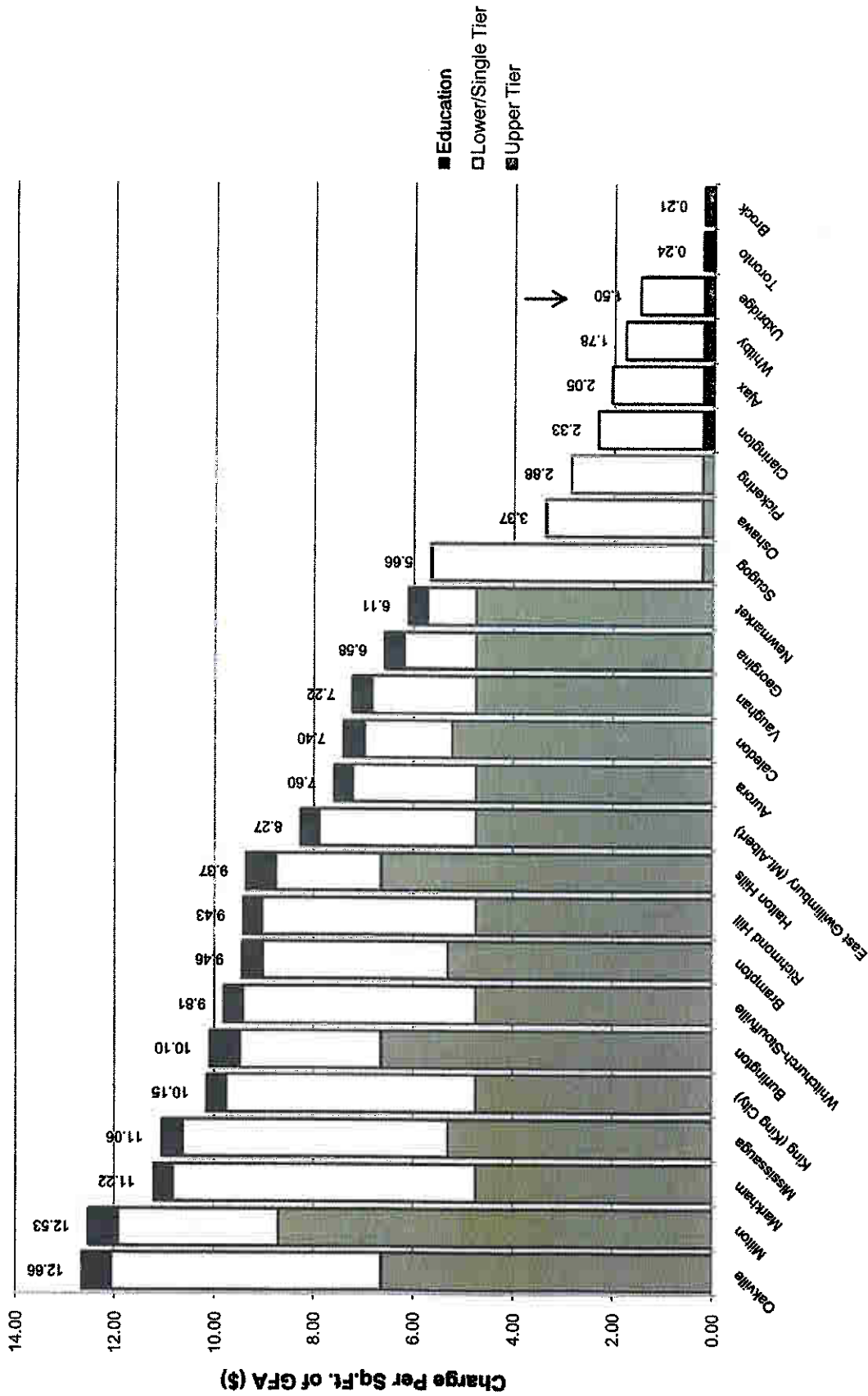
Note: ¹ Represent approximate uniform charges for a fully serviced development. Area specific charges have been included for Richmond Hill, Markham, & Vaughan as the municipal wide charge does not incorporate all water and sewer charges.
² Where increases are to be phased in post January 31, 2008 they have not been shown.

Figure 2-Uniform¹ Commercial/Retail Development Charges Per Fully Serviced Square Foot of GFA For Greater Toronto Area Municipalities (As of January 31, 2008)



Note: ¹ Represent approximate uniform charges for a fully serviced development. Area specific charges have been included for Richmond Hill, Markham, & Vaughan as the municipal wide charge does not incorporate all water and sewer charges.
² Where increases are to be phased in post January 31, 2008 they have not been shown.

Figure 3-Uniform ¹ Industrial Development Charges Per Fully Serviced Square Foot of GFA For Greater Toronto Area Municipalities (As of January 31, 2008)



Note: ¹ Represent approximate uniform charges for a fully serviced development. Area specific charges have been included for Richmond Hill, Markham, & Vaughan as the municipal wide charge does not incorporate all water and sewer charges.
² Where increases are to be phased in post January 31, 2008 they have not been shown.

**DEVELOPMENT CHARGES IN THE GREATER TORONTO AREA
SUBSEQUENT UPDATES
JULY 10, 2008**

1. HALTON REGION

New by-law 62-08 passed May 28, 2008, comes into force on August 18, 2008.

	Single Detached Unit	Increase from Jan.1/08	Retail \$/sq.ft.	Increase from Jan.1/08	Non-Retail \$/sq.ft. ¹	Increase from Jan.1/08
HUSP	\$28,865	\$7,415	\$14.79	\$3.39	\$11.50	\$2.78
Non-HUSP	\$23,765	\$10,870	\$11.23	\$1.46	\$7.94	\$1.31

¹ Non-Retail Roads portion is to be phased in. From August 18th, 2008 to March 31, 2009 the Roads charge is to be 44.8% of the Retail Roads charge.

2. DURHAM REGION

New by-law 44-2008 passed June 18, 2008, comes into force on July 1, 2008.

	Single Detached Unit	Increase from Jan.1/08	Commercial \$/sq.ft.	Increase from Jan.1/08	Industrial \$/sq.ft. ¹	Increase from Jan.1/08
July 1, 2008	\$18,486	\$3,915	\$8.77	\$3.19	\$2.30	\$2.09
July 1, 2009			\$13.04	(plus indexing)	\$3.33	(plus indexing)
July 1, 2010			\$17.31	(plus indexing)	\$4.35	(plus indexing)

¹ The industrial charge between July 1, 2008 and December 31, 2008 is \$0.23/sq.ft. \$2.30/sq.ft. is to be charged between January 1, 2009 and July 1, 2009.

² Institutional development charges are \$2.61/sq.ft. starting July 1, 2008, \$3.79/sq.ft. July 1, 2009, and \$4.97/sq.ft. July 1, 2010. (plus indexing)

3. TOWN OF WHITBY

New by-law passed July 7, 2008, comes into force August 1, 2008.

	Single Detached Unit	Increase from Jan.1/08	Commercial \$/sq.ft.	Increase from Jan.1/08	Industrial \$/sq.ft. ¹	Increase from Jan.1/08
	\$10,208	\$754	\$3.62	\$0.48	\$1.81	\$0.24

¹ Industrial charge is 50% of the full non-residential charge (\$3.62/sq.ft.) from August 1, 2008 to December 31, 2008.

4. TOWN OF AJAX

Proposed Development Charges as per June 18, 2008 background study.

	Single Detached Unit	Increase from Jan.1/08	Commercial \$/sq.ft.	Increase from Jan.1/08	Industrial \$/sq.ft.	Increase from Jan.1/08
	\$11,631	\$2,261	\$3.36	\$0.57	\$3.36	\$1.52

5. MUNICIPALITY OF CLARINGTON

Proposed amended Development Charges as per May 2008 background study.

	Single Detached Unit	Increase from Jan.1/08	Commercial \$/sq.ft.	Increase from Jan.1/08	Industrial \$/sq.ft.	Increase from Jan.1/08
	\$15,102	\$5,141	\$5.87	\$2.01	\$3.28	\$1.16

6. TOWN OF MARKHAM

New by-law 2008-124 passed and comes into force on June 24, 2008.

	Single Detached Unit	Increase from Jan.1/08	Commercial \$/sq.ft. ¹	Increase from Jan.1/08	Industrial \$/sq.ft. ¹	Increase from Jan.1/08
Hard Services	\$8,042	\$4,790	\$5.22	\$2.71	\$5.22	\$2.71

¹ Charge per sq.ft. has been converted from a per hectare charge of \$168,515.

2. OVERVIEW OF DEVELOPMENT CHARGES ACT REQUIREMENTS

2. OVERVIEW OF DEVELOPMENT CHARGES ACT REQUIREMENTS

2.1 Introduction

1. Development charges are payments made by new development in Uxbridge (and other municipalities) normally as part of the building permit approval and/or the subdivision/severance agreement process. These payments are made by all such new development, unless specifically exempt by the *Development Charges Act* or the Township's by-law.
2. These payments are made for the initial capital requirements of providing services to new development anticipated over the next decade or beyond. All Township-funded services are eligible for DC funding, except those specifically excluded via the *Development Charges Act*.
3. "Capital" is defined in the DCA to include the municipal cost to acquire, lease, construct or improve land or facilities, including rolling stock (7+ year life), furniture and equipment (other than computer equipment), library materials, as well as related study and financing costs.
4. In calculating the charge, it is necessary to:
 - establish a new development forecast for population and housing, and for employees and floor area;
 - determine and cost the additional services such new development will require and ensure that the program has Council approval;
 - make the cost deductions required by the Act with respect to service level, benefit to existing development, excess capacity, grants and contributions, the statutory 10%, etc.;
 - calculate development charges by type of use and document this in a Background Study and by-law;
 - take the study and proposed by-law through a public process, seeking Council approval thereof.

2.2 Development Charge Prerequisites

As per the *Development Charges Act, 1997*, the Township can impose development charges for:

1. A Township service and funding responsibility other than:
 - cultural or entertainment facilities such as museums, theatres and art galleries;
 - tourism facilities, including convention centres;
 - parkland acquisition;
 - hospital provision;
 - waste management services;
 - Municipal/local board general administration headquarters.
2. A service which will experience an increase in capital needs at least partially attributable to residential and/or non-residential growth in Uxbridge 2009-2018 or beyond, for selected services.
3. A service for which Township Council has or will (as part of the DC process) approve(d) a capital forecast which includes capital capacity expansion projects as per para. 2.
4. Such capital capacity expansion projects are not fully funded by grants, subsidies or developer contributions.
5. Such capital projects involve the acquisition, lease, construction or improvement of land, buildings, including furniture and equipment, studies and borrowing costs (as well as library materials).
6. Such capital projects do not include computer equipment and rolling stock with an estimated useful life of less than 7 years.
7. Such capital costs don't relate to a time beyond the end of the planning period selected for that service (10 year limit for "soft services").
8. Such capital costs don't serve to increase the future (per capita/employee) level of service beyond the average attained in Uxbridge over the 1999-2008 period.

3. DC RESERVE FUND REQUIREMENTS

3.1 Legislation re DC Reserve Funds

1. Pursuant to section 6 of By-law No. 2004-111 and s.33 of the DCA, the Township maintains a separate DC reserve fund for each service category covered by its DC by-law, i.e.
 - Library
 - Fire and Rescue
 - Recreation
 - Public Works
 - Municipal Fleet
 - Animal Control
 - General Government
 - Municipal-wide Engineering Infrastructure

 2. All collections for each particular service are held in the applicable DC reserve fund and may be spent only for the capital costs forming part of the DC calculation in the Background Study (s.34 & 35 DCA).

 3. The Municipal Treasurer must, each year, by the date directed by Council, provide a financial statement for the preceding year re DC by-laws/reserve funds covering:
 - Opening and closing balance of the reserve funds and of the transactions relating thereto and other prescribed information down to the level of projects funded.
- A copy must be provided annually to the Minister within 60 days (s.43 DCA).

4. A municipality is entitled to modify the timing of projects as part of the annual capital budget approval, based on changes in servicing needs, funding availability and overall priorities. Thus, the composition of the works can be expected to shift somewhat over time. These shifts are recorded in the annual Treasurer's statement and in each new background study (see also 3rd para. p.12 of Township Background Study).
5. There is no requirement that DCs be reserved directly proportionate to the DC-recoverable cost for each individual project, i.e. the charge may be calculated to fund various portions of 10 projects over a 10-year period. If at the end of Year 3, the municipality has collected only sufficient money to fund one project and does so, then DC collections over the remaining 7 years of the funding period are intended to fund the other 9 projects.

3.2 How Does the Township Deal with Increased Project Costs Over DC Study Estimates?

- a) The 2004 project costs are expected to escalate annually, generally consistent with annual changes in the Statcan Index.
- b) The actual cost for virtually every project will inevitably be different than the DC study estimates. s.s.5(1) of the DCA is clear that the needs and the costs thereof, are "estimates." They can therefore be expected to vary somewhat.
- c) The change in cost can basically occur for three reasons, or an combination thereof:
 - i. A change in the scope of work;
 - ii. An inaccurate estimate
 - iii. Unanticipated inflation or (construction) market conditions.
- d) In most cases, DCs would be used to fund the percentage of actual costs for the project (whether the costs are higher or lower than estimated) as per the Background Study; however, where there has been a significant change in the project scope, it may be necessary to rework the DC-recoverable cost logic (e.g. the balance between replacement and expansion may require a different DC share).

3.3 What Financial Impact Does a Cancellation of Plans to Construct a DC-Related Project Have?

That either permits other projects to proceed earlier or leaves additional monies in the DC reserve fund balance as of the next DC calculation. In the case of the Engineered Services charge, such balance would serve to reduce the future DC funding requirement.

3.4 How Do We Account for Differences Between Actual and Estimated Population Forecasts?

- a) Population variances could impact on:
- DC collections;
 - Servicing needs;
 - DC calculations.
- b) If the problem is growth under-performance, that could possibly require a DC update, which may or may not significantly alter the DC quantum.
- c) If the problem is growth over-performance, then the DC reserve fund balances will be healthier and will enable projects to be funded sooner.

Any residual funds would serve to modify the calculation of the next DC.

3.5 If New Projects are Introduced, What Needs to be Done to Apply DCs Collected to Those New Projects?

- a) A strict reading of s.35 of the Act may suggest that there is no ability to substitute projects with respect to reserve fund draws. We don't favour that interpretation for the following reasons:
- The calculation of the DC referenced in s.35 refers to estimates of service needs and costs which implies some variability;
 - It is unreasonable and impractical to expect a municipality to go through the public process to modify its background study and by-law every time it seeks to make a necessary project substitution;

- General municipal practice accepts the reasonableness of making limited project substitutions to reflect changing needs and priorities, assuming that the charge does not fundamentally alter the DC servicing plan or unreasonably delay implementation of other DC-approved projects. Discretion should be exercised in this regard, in order to ensure that DC funds are generally applied to the projects envisaged in the Background Study.

DEVELOPMENT CHARGE CALCULATION BACKGROUND

1. 2004 Roads Calculation (to be updated)

per single detached unit

\$7,144,000 ÷ 5,722 gross population increase 2004-2021

= \$1,248.55 (approx.) per capita (adjusted to \$1,256)

\$1,256 X 3.3 PPU = \$4,145/SDU

per s.m. of non-res. GFA

\$3,062,000 ÷ 105,200 s.m. GFA increase 2004-2021

= \$29.11/s.m. (adjusted to \$29.28/s.m.)

2. Recreation Level of Service Calculation

- Illustration of service level calculation follows.

3. The Growth Forecast

- The Township is expected to be largely "built-out" in five years, after adding approx. 600-700 units (to be confirmed).

4. Industrial Development Incentives

- The Township has phased in, partially exempted and deferred application of an industrial DC. This would appear to be an area requiring further input, research and discussion.

APPENDIX C
TABLE 1

TOWNSHIP OF UXBRIDGE
PROVISIONAL CAPITAL BUDGET PROGRAM
TOWNSHIP-WIDE ENGINEERING WORKS - 2004 TO ULTIMATE

Ultimate Year Growth in Population in New Units
Ultimate Growth in Square Meters

5,722
105,200

	Growth-Related Capital Forecast											
	Total (Net of Grants/ Subsidies) (\$000)	Prior Growth (\$000)	Benefit to Existing & Replacement Share (\$000)	Net Cost After Prior Growth & Replacement (\$000)	Pre-Built Service (Calculated Oversizing) (\$000)	Total Growth- Related Net Capital Costs (\$000)	Service Discount Required		Total Growth- Related Net Capital Costs After Discount		Non-Residential Share	
							%	\$000	%	\$000		%
Roads												
From: 0.2 km S. of Kirton Cr 0.2 km N. of Kirton Cr Mill Street Brookdale Wagg Road Regional Road #21 7th Conc. Road Toronto Street	\$250.81 \$693.44 \$1,775.22 \$841.00 \$841.00 \$93.50 \$1,997.37	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	\$76.13 \$76.13 \$82.37 \$164.74 \$164.74 \$0.00 \$0.00	\$174.68 \$817.31 \$1,692.85 \$676.26 \$676.26 \$93.50 \$1,997.37	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	\$174.68 \$817.31 \$1,692.85 \$676.26 \$676.26 \$93.50 \$1,997.37	0% 0% 0% 0% 0% 0% 0%	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	\$174.68 \$817.31 \$1,692.85 \$676.26 \$676.26 \$93.50 \$1,997.37	70% 70% 70% 70% 70% 70% 70%	30% 30% 30% 30% 30% 30% 30%	\$52.0 \$185.0 \$508.0 \$203.0 \$203.0 \$28.0 \$899.0
Rural Roads Projects	\$378.45	\$0.00	\$59.31	\$319.14	\$0.00	\$319.14	0%	\$0.00	\$319.14	70%	30%	\$95.0
Ball Road	\$983.05	\$0.00	\$108.50	\$874.55	\$0.00	\$874.55	0%	\$0.00	\$874.55	70%	30%	\$247.0
Centre Road	\$420.50	\$0.00	\$0.00	\$420.50	\$0.00	\$420.50	0%	\$0.00	\$420.50	70%	30%	\$84.0
3rd Conc. Road	\$1,555.85	\$0.00	\$0.00	\$1,555.85	\$0.00	\$1,555.85	0%	\$0.00	\$1,555.85	70%	30%	\$457.0
Sub-Total Roads	\$9,730.18	\$0.00	\$789.23	\$8,940.95	\$0.00	\$8,940.95	0%	\$0.00	\$8,940.95	70%	30%	\$2,682.00
Sidewalks												
Main Street North	\$52.25	\$0.00	\$0.00	\$52.25	\$0.00	\$52.25	0%	\$0.00	\$52.25	70%	30%	\$16.0
Toronto Street South	\$151.99	\$0.00	\$0.00	\$151.99	\$0.00	\$151.99	0%	\$0.00	\$151.99	70%	30%	\$46.0
Main Street South	\$38.00	\$0.00	\$0.00	\$38.00	\$0.00	\$38.00	0%	\$0.00	\$38.00	70%	30%	\$11.0
Sub-Total Sidewalks	\$242.23	\$0.00	\$0.00	\$242.23	\$0.00	\$242.23	0%	\$0.00	\$242.23	70%	30%	\$73.00
Bridges and Culverts												
Lot 9, Conc. II/III, Uxbridge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$0.00	\$0.00	70%	30%	\$0.00
Sub-Total Bridges and Culverts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$0.00	\$0.00	70%	30%	\$0.00
Stormwater Management Project												
Uxbridge Brook Watershed Plan	\$1,024.56	\$0.00	\$0.00	\$1,024.56	\$0.00	\$1,024.56	0%	\$0.00	\$1,024.56	70%	30%	\$307.0
Sub-Total Stormwater Management Project	\$1,024.56	\$0.00	\$0.00	\$1,024.56	\$0.00	\$1,024.56	0%	\$0.00	\$1,024.56	70%	30%	\$307.00
TOTAL - TOWNSHIP-WIDE ENGINEERING	\$10,996.98	\$0.00	\$789.23	\$10,207.75	\$0.00	\$10,207.75	0%	\$0.00	\$10,207.75	70%	30%	\$3,052.00
Unadjusted Development Charge Per Capita (\$)												\$29.11
Unadjusted Development Charge Per Sq. M. (\$)												\$1,248.55

Township of Uxbridge
Service Standard Calculation Sheet

Recreation Facilities

Service:

Contact:

Unit Measure:

Quantity Measure

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2004 Total Value (\$/sq. ft.)
Buildings											
Uxbridge Arena - Brock Street	69,694	69,694	69,694	69,694	69,694						\$ 100
Uxpool - Parkside Drive	14,785	14,785	14,785	14,785	14,785						\$ 175
Uxbridge Seniors Centre - Mantetta Street	8,292	8,292	8,292	8,292	8,292						\$ 110
Goodwood CC - Highway 47	6,052	6,052	6,052	6,052	6,052						\$ 100
Zephyr Hall - 310 Zephyr Sideroad	4,968	4,968	4,968	4,968	4,968						\$ 110
Sandford Hall - Sandford Road	6,500	6,500	6,500	6,500	6,500						\$ 150
Siloam Hall - #8 and Concession 2	2,814	2,814	2,814	2,814	2,814						\$ 100
Music Hall - Main Street	8,187	8,187	8,187	8,187	8,187						\$ 75
Lawn Bowling Club House - Broad Street	1,710	1,710	1,710	1,710	1,710						\$ 175
Lions Club, Goodwood	2,120	2,120	2,120	2,120	2,120						\$ 150
Goodwood Hall Upgrades-\$					45,000						
Building sq.ft.	125,122	125,122	125,122	125,122	125,122						
Building \$	14,755,950	14,755,950	14,755,950	14,755,950	14,800,950						
Land \$	2,134,000	2,134,000	2,134,000	2,134,000	2,134,000						
Equipment \$	489,000	489,000	489,000	489,000	489,000						
Total	17,378,950	17,378,950	17,378,950	17,378,950	17,423,950						

Population	16,947	17,180	17,377	17,567	17,914	18,477	18,761	19,169	19,704	20,192
Per Capita Standard	\$ 1,025.49	\$ 1,011.58	\$ 1,000.11	\$ 989.30	\$ 972.64	\$ -	\$ -	\$ -	\$ -	\$ -

	1999-2008
Quantity Standard (sq. ft. per capita)	n/a
Quality Standard (\$ per sq. ft.)	n/a
Service Level	-

DC Amount (before deductions)	10 Year
Forecast Population Growth (2009-2018)	3,245
\$ per Capita	-
Eligible Amount	-

**PROPOSED TIMETABLE
FOR THE TOWNSHIP OF UXBRIDGE 2008/2009 DEVELOPMENT CHARGE BY-LAW UPDATE
PROCESS**

STEP	COMPLETION DATE
1. Start-up Meeting with Township Officials	June 24, 2008
2. Council Briefing	July 21
3. Growth Forecasts, Level of Service Documentation and Capital Forecast Review	July/September
4. Finalize Capital Forecast and Consider DCA Deductions	October/November
5. Policy Options	September – November
6. Complete and Review Draft Background Study	November/December
7. Council Briefing	January, 2009
8. Development Industry Input	January
9. Finalize Background Study	Late February
10. Give Meeting Notice and Release Study/By-law	February
11. Public Meeting of Council	March
12. Finalize By-law	April
13. Council By-law Passage	April/May
14. Implementation Matters	May/June, 2009

APPENDIX A

OVERVIEW OF *DEVELOPMENT CHARGES ACT*
CALCULATION REQUIREMENTS

APPENDIX A - OVERVIEW OF *DEVELOPMENT CHARGES* ACT CALCULATION REQUIREMENTS

The following tabular text sets out the method that must be used to determine development charges. The underlining has been added to the quotations for clarification/emphasis and is not part of the statute or regulation quoted on the left side of the page. The DC calculation process is also summarized schematically in Figure A-1 which follows.

SUMMARY OF STATUTORY DEVELOPMENT CHARGE CALCULATION REQUIREMENTS

s.s.5(1) of the DCA (and associated Regulations) Para- graph	Commentary
1. "The anticipated amount, type and location of development, <u>for which development charges can be imposed</u> , must be estimated."	Virtually all municipalities forecast <u>all</u> development (including DC-ineligible) in the first instance. That development is used as the denominator in the DC calculation with the <u>full</u> eligible cost of servicing all such development used as the numerator. That way, growth-related servicing costs are equitably spread over <u>all</u> benefiting development, the municipality does not recover DCs from exempt development and this would ensure that the requirements of s.s.5(6)3 have been met. That is, capital costs have not been offloaded from one type of development to another.
2. "The increase in the need for service <u>attributable to the anticipated development</u> must be estimated for each service to which the development charge by-law would relate."	<p>This step involves estimating the additional service requirement, individually for water, wastewater, roads, etc., that is needed by the development increment in paragraph 1.</p> <p>The anticipated development in para. 1 must correspond to the service attribution in para. 2.</p> <p>This involves removing statutorily ineligible development (i.e. municipalities, schools, specified industrial expansions, specified residential intensification and other statutorily exempt public uses) and the servicing cost thereof. However, this would be very difficult to accomplish, because numerous unspecified geographic locations are involved for such development, which makes the servicing cost difficult to identify.</p>

s.s.5(1) of the DCA (and associated Regulations)	Commentary
	As a result, the total cost/total development approach outlined above is used and has the same effect on the DC quantum.
<p>3. "The estimate under paragraph 2 may include an increase in need only if the council of the municipality <u>has indicated that it intends to ensure that such an increase in need will be met.</u>"¹</p> <p>O.Reg. 82/98 s.3. "For the purposes of paragraph 3 of subsection 5(1) of the Act, the council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met <u>if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council</u> and the plan, forecast or similar expression of the intention of the council has been approved by the council."</p>	The capital forecast underpinning the DC calculation must be formally approved by Council in one of the ways indicated in the Regulation.
<p>4. "The estimate under paragraph 2 must not include an increase that would result in <u>the level of service exceeding the average level of that service provided in the municipality</u> over the 10-year period immediately preceding the preparation of the background study required under section 10.¹ The estimate also must not include an increase in the need for service that relates to a time after the 10-year period immediately following the preparation of the background study unless the service is set out in subsection (5)."</p>	<p>This provision creates a "service level cap" equal to the cost of providing service to the "anticipated development," consistent with the 10-year historical average level of service.</p> <p>In accordance with s.s.5(1)4, services such as parks and recreation, etc., are restricted to a maximum 10-year planning horizon.</p> <p>s.s.5(5) lists water, wastewater, storm water, road, police and fire services. They are not subject to a 10 year planning period cap.</p> <p>Services other than those excluded in s.s.2(4), may be defined by the municipality and, in some cases, grouped into "service categories" for purposes of reserve funds and credits (as per s.7).</p>

¹ The Act notes that the provisions may be further governed by regulations.

s.s.5(1) of the DCA (and associated Regulations)	Commentary
<p>O.Reg. 82/98 s.4(1) "For the purposes of paragraph 4 of subsection 5(1) of the Act, both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service."</p> <p>s.s.4(1.1) provides that in determining the quality of a service, the replacement cost, exclusive of any allowance for depreciation, shall be the amount used.</p> <p>s.s.4(2) addresses the service level in an excluded geographic area where a service is not provided.</p> <p>s.s.4(4) limits the service level in part of a municipality to the level otherwise applicable to the full municipality.</p> <p>s.s.4(3) modifies the service level cap where a higher level is required by another Act.</p> <p>O.Reg. 206/04 amended s.4 of O.Reg. 82/98 by adding the following subsection:</p> <p>"(1.1) In determining the <u>quality</u> of a service under subsection (1), the <u>replacement cost</u> of municipal capital works, exclusive of any allowance for depreciation, shall be the amount used. (underlining added)</p>	<p>Two "level of service" considerations must be taken into account in satisfying compliance re the 10-year historical average level of service cap. These considerations involve "quantity" (e.g. floor space/capita) and "quality" (e.g. cost per s.m. of floor space).</p> <p>} potentially affects area-specific charges</p> <p>} affects water and wastewater requirements in particular</p> <p>The Reg. clarifies that the quality level of service measure is to be based on the undepreciated replacement cost of municipal capital works.</p>
<p>5. "The increase in the need for service attributable to the anticipated development must be <u>reduced</u> by the part of that increase that can be met <u>using the municipality's excess capacity, other than</u> excess capacity that the council of the municipality has indicated an intention would be paid for by new development."²</p> <p>O.Reg. 82/98 s.5. "For the purposes of paragraph 5 of subsection 5(1)</p>	<p>"Uncommitted excess capacity" is available capacity that obviates (part of) the need for new projects. It is different than "Post Period Capacity," which is <u>not</u> needed by development during the planning period and is provided for the use of subsequent, i.e. post-2018 development, which can be required to fund it through future DCs.</p>

² The Act notes that the provisions may be further governed by regulations.

s.s.5(1) of the DCA (and associated Regulations)	Commentary
<p>of the Act, excess capacity is uncommitted excess capacity unless, either before or at the time the excess capacity was created, the <u>council</u> of the municipality <u>expressed a clear intention that the excess capacity would be paid for by development charges or other similar charges.</u>"</p>	<p>The Reg. explains the circumstances under which (part of) the cost of "committed excess capacity," (i.e. infrastructure in the ground from prior DC by-laws or otherwise), can be recovered via future DC's.</p>
<p>6. "The increase in the need for service must be reduced by the extent to which an increase in service to meet the increased need would <u>benefit existing development.</u>"¹</p> <p>Note: no regulatory clarification has been provided.</p>	<p>Existing development benefits from:</p> <ul style="list-style-type: none"> • the repair or unexpanded replacement of existing assets; • an increase in average service level or existing operational efficiency; • the elimination of a chronic servicing problem not created by growth; • providing services where none previously existed (e.g. water service).
<p>7. "The <u>capital costs</u> necessary to provide the increased services must be estimated. The capital costs <u>must be reduced by the reductions set out in subsection (2).</u> What is included as a capital cost is set out in subsection (3)."¹</p> <p>O.Reg. 82/98 s. 6 indicates that: Unless the person making the grant, subsidy, etc., was specific as to how it is to be applied, the contribution is to be shared between growth and non-growth project components in proportion to the way in which the costs were allocated in s.s.5(1)6.</p> <p>s.s.5(3) defines capital costs to include:</p> <ul style="list-style-type: none"> • the acquisition or lease of (an interest in) land; • construction, improvement, acquisition or lease (capital component only) costs for buildings/structures/facilities; • 7+ year useful life rolling stock; • FFE, other than computer equipment; • library materials; • studies re above; • DC Background Studies; and • interest on related borrowings. 	<p>s.s.5(2) refers to capital grants, subsidies and other contributions made to a municipality <u>or that Council anticipates will be made in respect of the capital costs.</u></p> <p>These costs exclude "local services" related to a plan of subdivision or a consent approval, to be installed or paid for by the owner (s.s.2(5)).</p> <p>Includes debt payments related to previously constructed growth-related works.</p>

s.s.5(1) of the DCA (and associated Regulations)	Commentary
<p>8. "The capital cost must be reduced by 10 per cent. This paragraph does not apply to services set out in subsection (5)."</p>	<p>For example, the 10% reduction <u>does</u> apply to:</p> <ul style="list-style-type: none"> • Parks and Recreation; • Libraries. <p>The purpose of this reduction is undefined, beyond the Province's expressed wish in 1997 to moderate development charge quantum. The exclusion of various services under s.s.2(4) serves a similar purpose. (i.e. Cultural/entertainment facilities, including museums, theatres and art galleries; tourism facilities, including convention centres; parkland acquisition; public hospitals, waste management services; and general administration headquarters for municipalities/local boards).</p>
<p>9. "Rules <u>must be</u> developed to determine if a development charge is payable in any particular case and to determine the amount of the charge, subject to the limitations set out in subsection (6)."</p> <p>s.s.5(6):</p> <p>"The rules developed under paragraph 9 of subsection (1) to determine if a development charge is payable in any particular case and to determine <u>the amount of the charge are subject to the following restrictions:</u></p> <ol style="list-style-type: none"> 1. The rules must be such that the total of the development charges that would be imposed upon the anticipated development is less than or equal to the capital costs determined under paragraphs 2 to 8 of subsection (1) <u>for all the services to which the development charge by-law relates.</u> 2. If the rules expressly identify a type of development they must not 	<p>These are mandatory DC by-law inclusions as to how the charge is to be applied to development types and circumstances.</p> <p>These are three over-riding tests to be met by the DC by-law.</p> <p>A municipality cannot collect more than the calculated cost for each service (if the amount of development and resultant revenue outpaces the forecast, then address via a reserve fund deduction in the DC calculation in the next round or other appropriate means).</p> <p>A municipality cannot offload the cost of servicing one</p>

s.s.5(1) of the DCA (and associated Regulations)	Commentary
<p><u>provide for the type of development to pay development charges that exceed the capital costs, determined under paragraphs 2 to 8 of subsection (1), that arise from the increase in the need for services attributable to the type of development.</u></p> <p>However, it is <u>not necessary that the amount of the development charge</u> for a particular development <u>be limited to the increase in capital costs, if any, that are attributable to that particular development.</u></p> <p>3. If the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, <u>the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development.</u>"</p>	<p>type of development onto another type. e.g. Industrial servicing costs cannot be transferred to residential development and single detached unit servicing costs cannot be transferred to apartments.</p> <p>It is not necessary that the <u>average</u> municipal-wide per unit servicing costs funded by the DC reflect the needs of any <u>particular</u> development project.</p> <p>Provides further clarification on the inability of the by-law to offload cost recovery from one type of development to another, in this case from exempt or discounted development to non-exempt development.</p>
<p>10. "The rules <u>may provide</u> for full or partial exemptions for types of development and for the phasing in of development charges. The rules <u>may also provide</u> for the indexing of development charges based on the prescribed index."</p>	<p>Optional by-law inclusions such as authority to set rules on discretionary exemptions, phasing in of DCs and indexing of DCs.</p>

FIGURE A-1
THE PROCESS OF CALCULATING A DEVELOPMENT CHARGE UNDER THE DCA, 1997

