

# HALDIMAND COUNTY

## Report FIN-06-2020 Development Charges – 2020 Rate Adjustment

For Consideration by Committee of the Whole on April 21, 2020



### OBJECTIVE:

To obtain approval for the 2020 Development Charges rate adjustment, as per By-law 2042/19 which authorizes Development Charges on growth-related lands within Haldimand County.

### RECOMMENDATIONS:

1. THAT Report FIN-06-2020 Development Charges – 2020 Rate Adjustment be received;
2. THAT a by-law be presented for enactment, effective May 14, 2020, to reflect the Development Charges as per report FIN-06-2020, and amend Schedule “B-1”, “B-2”, “C-1” and Schedule “C-2” of the Corporation of Haldimand County By-law No. 2042/19 accordingly;
3. AND THAT Schedules “B-1” and “B-2” and “C-1” and “C-2” be presented as Schedule “B” and Schedule “C” respectively.

**Prepared by:** Charmaine Corlis, Treasurer

**Respectfully submitted:** Mark Merritt, CPA, CA, General Manager of Financial & Data Services

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

Haldimand County's Development Charges By-law prescribes an annual indexing of Development Charges rates, for both residential and non-residential development, based on the percentage change year over year, as recorded in the Statistics Canada Quarterly, Non-residential Building Construction Price Index in the Toronto area. This annual indexing shall be applied on the anniversary of the date the by-law came into effect, which was May 14, 2019. Using the prescribed index, the increase to be applied to all rates in 2020 is 2.9% or a \$579 increase on a single residential home in the urban area. The resulting increased Development Charge rates will apply to all applicable building permits issued on and after May 14, 2020, as follows:

**RESIDENTIAL DEVELOPMENT CHARGES BY SERVICE AND UNIT TYPE**

Service	Residential				
	Singles/Semi - Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units
Municipal-wide Services	\$12,311	\$9,183	\$5,910	\$10,330	\$4,680
Stormwater Drainage and Control Services	\$125	\$93	\$60	\$105	\$47
Wastewater Services	\$6,102	\$4,551	\$2,930	\$5,120	\$2,319
Water Services	\$2,023	\$1,509	\$971	\$1,698	\$769
<b>Grand Total Urban Area</b>	<b>\$20,560</b>	<b>\$15,335</b>	<b>\$9,871</b>	<b>\$17,253</b>	<b>\$7,815</b>

**NON-RESIDENTIAL DEVELOPMENT CHARGES BY SERVICE AND PER SQUARE FOOT/SQUARE METRE OF GFA**

Service	Charge (per sq. ft)	Charge (per sq. m)
Municipal-wide Services	\$2.00	\$21.72
Stormwater Drainage and Control	\$0.05	\$0.56
Wastewater Services	\$2.34	\$25.14
Water Services	\$0.78	\$8.42
<b>Total Charges Per Sq. Foot/Sq. Metre</b>	<b>\$5.17</b>	<b>\$55.84</b>

**BACKGROUND:**

On May 13, 2019, Council passed By-law No. 2042/19 to authorize Development Charges on lands within Haldimand County, with revised rates effective May 14, 2019, subsequently amended by the Local Planning Appeal Tribunal (LPAT) decision dated March 6, 2020. Paragraph 12 and 16 of the By-law provide for an annual revision to the amount of the Development Charges, as follows:

12. *As authorized in paragraph 10 for Section 5(1) of the Act, the development charges provided for in this by-law shall be adjusted annually by the percentage change during the preceding year, as recorded in the Statistics Canada Quarterly, Non-Residential Building Construction Price Index in the Toronto area.*
- a) *The initial adjustment shall be one year from the date of passage of this by-law, and*
  - b) *thereafter, adjustment shall be made each year on the anniversary date of the passage of this by-law.*

and

16. *This by-law shall come into force and effect on the day following the date of passing and enactment.* As such, the annual indexing is required on the day following the date of passage of the Development Charges By-law which is May 13, 2020. It should be emphasized that the annual adjustment is mandatory, not optional. Annual indexing is required in all of the years that the By-law remains in force (maximum of five years from date of passage).

**ANALYSIS:**

The By-law provides that the *Statistics Canada Quarterly, Non-Residential Building Construction Price Index* in the Toronto area, be used to calculate the revised Development Charges. The related Statistics Canada indices are provided in the table below:

Table 1  
Statistics Canada Construction Price Index  
Table 18-10-0135-02

<b>Non-Residential Buildings</b>		
<b>Year</b>	<b>Quarter IV</b>	<b>% Change (year over year)</b>
2018	106.6	
2019	109.7	2.9%

The index to be utilized for annually amending the County's rates is specifically outlined in section 12 of the by-law. As the wording in the by-law specifically requires that the charges shall be indexed annually, we are required to adjust the rates by the year over year change as outlined above. Historical increases for the years 2015 to 2018 varied from 1.8% to 2.9%. The current by-law (No. 2042/19) was passed on May 13, 2019 and first quarter statistics are not released until after the required time to index the County's current by-law. As a result, indexing of the current by-law utilizes the fourth quarter statistics (ending December of the prior year). The resulting increase of 2.9% will be applied to Haldimand County's current Development Charges. All residential and non-residential rates have been adjusted accordingly and rounded to the nearest cent, as reflected in Attachments #1 and #2 respectively.

Upon passage of the applicable by-law, the Development Charges should be adjusted as listed in the attached schedules, effective May 14, 2020. The Schedules section of By-law 2042/19 will also need to be amended to identify the new schedules approved in this report. These new rates will affect all applicable building permits issued on and after that date. The required Development Charges Brochure will also be amended to reflect the change in rates.

The current by-law and charges must be reviewed within five (5) years of initial passage. The current by-law (No. 2042/19) was passed on May 13, 2019.

## **FINANCIAL/LEGAL IMPLICATIONS:**

Based on Paragraph 12 of By-law No. 2042/19, the annual indexing of Development Charges rates based on the prescribed index, for both residential and non-residential, is mandatory, not optional.

Revenue received from Development Charges is restricted to the financing of capital expenditures resulting from anticipated growth in Haldimand County (as outlined in the County's most recent Development Charges Background Study). This revenue source is important to ensure that, as the community grows, the municipality is able to continue an appropriate level of services without burdening existing property owners with tax or rate increases caused by development. On an annual basis, staff monitors the timing of the receipt of these charges in relation to the planned capital works to ensure the current rates meet the anticipated needs. A summary of the development charges reserve fund balances is presented with the annual capital budget (rate and tax supported) and forecasts. As well, a separate report is being prepared for consideration at an upcoming Council in Committee meeting to provide the unaudited 2019 financial transactions for each development charges reserve fund, as required by Provincial legislation.

## **STAKEHOLDER IMPACTS:**

All staff involved in administering Development Charges will be notified of the updated rates in time to provide notice to affected developers. The increased Development Charges will apply to all building permits issued on or after May 14, 2020.

## **REPORT IMPACTS:**

Agreement: No

By-law: Yes

Budget Amendment: No

Policy: No

## **ATTACHMENTS:**

1. Schedule B - Residential Development Charges by Service and Unit Type
2. Schedule C - Non-Residential Development Charges by Service Per Square Foot and Per Square Metre of G.F.A.
3. Draft By-law to amend By-law No. 2042/19 Schedule "B-1", Schedule "B-2", Schedule "C-1" and Schedule "C-2" now presented as Schedule "B" and Schedule "C" respectively.