
HALDIMAND COUNTY

Report FIN-05-2022 Development Charges – 2022 Rate Adjustment For Consideration by Council in Committee on April 19, 2022



OBJECTIVE:

To obtain approval for the 2022 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-05-2022 Development Charges – 2022 Rate Adjustment be received;
2. AND THAT a by-law be presented for enactment, effective May 14, 2022, to reflect the Development Charges as outlined in Report FIN-05-2022.

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Reviewed by: Heather Love, Supervisor, Budgets & Financial Planning

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 2022 is 14.9% or a \$3,140 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, 2022, 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	\$14,499	\$10,816	\$6,959	\$12,164	\$5,512
Stormwater Drainage and Control Services	\$147	\$109	\$70	\$124	\$56
Wastewater Services	\$7,187	\$5,360	\$3,451	\$6,031	\$2,732
Water Services	\$2,383	\$1,776	\$1,144	\$1,999	\$905
Grand Total Urban Area	\$24,216	\$18,061	\$11,624	\$20,318	\$9,205

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	\$2.36	\$25.58
Stormwater Drainage and Control	\$0.06	\$0.65
Wastewater Services	\$2.77	\$29.62
Water Services	\$0.92	\$9.92
Total Charges Per Sq. Foot/Sq. Metre	\$6.11	\$65.77

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 anniversary of the date of passage of the Development Charges By-law which is May 13, 2022, with an effective date of the day following the passage of the by-law, which is May 14, 2022. 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

Non-Residential Buildings		
Year	Quarter IV	% Change (year over year)
2018	106.6	
2019	109.7	2.9%
2020	112.4	2.5%
2021	129.2	14.9%

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 2019 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 14.9% will be applied to Haldimand County's current Development Charges. All residential and non-residential rates have been adjusted accordingly and rounded, as necessary, to the nearest dollar/cent, as reflected in Attachments #1 and #2 respectively. The Non-Residential Building Construction Price Index, in the Toronto area, is the index prescribed by the Development Charges Act to be used to annually adjust the rates. This index measures, on a quarterly basis, the changes in prices during that time that contractors charge to construct a range/mix of new commercial, institutional, industrial and residential buildings. The contractor's price reflects the value of all materials, labour, equipment, overhead and profit to construct the respective buildings. It excludes value added taxes and any costs associated with land.

Upon passage of the applicable by-law, the Development Charges should be adjusted as listed in the attached schedules, effective May 14, 2022. 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. The Capital Forecast approved by Council includes funds to update the existing by-law prior to the five year expiry date. In addition, there are funds allocated in 2021 Capital Budget to update the existing Development Charges by-law to accommodate legislative changes made in late 2020.

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 2021 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, 2022.

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.