



 Watson  
& Associates  
ECONOMISTS LTD.

# 2024 Development Charges Background Study

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Town of Tecumseh  
May 28, 2024

# Agenda



- Overview of Process – Timelines
- Development Charges Overview
- Outline of D.C. Background Study
- Calculated D.C. Rates
- Survey of Municipal D.C.s
- Next Steps
- Questions

# Overview of Process –Timelines



- 1** **January to April 2024**  
Data collection, staff review, D.C. calculations and policy work
- 2** **April 23, 2024**  
Council Workshop
- 3** **May 23, 2024**  
Release of Final Background Study
- 4** **May 28, 2024**  
Regular Council Meeting to Present Background Study
- 5** **July 9, 2024**  
Mandatory Public Meeting
- 6** **July 23, 2024**  
Council Consideration of By-law

# Development Charges (D.C.)



## 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.)
- D.C.s are typically paid to the municipality prior to receiving a building permit
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

# Methodology for Calculating a D.C.



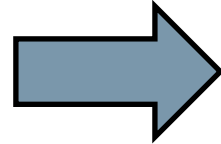
The following provides the overall methodology to calculating the charge:

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.

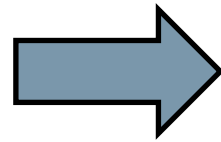
# Overview of the D.C. Calculation



Cost of Infrastructure  
Required to  
Accommodate  
Growth



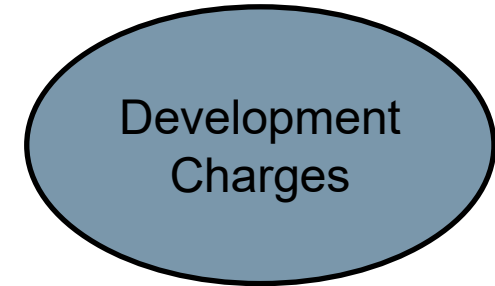
Residential and Non-  
residential Growth



\$



Development Charge  
per Unit  
(for Residential Growth)



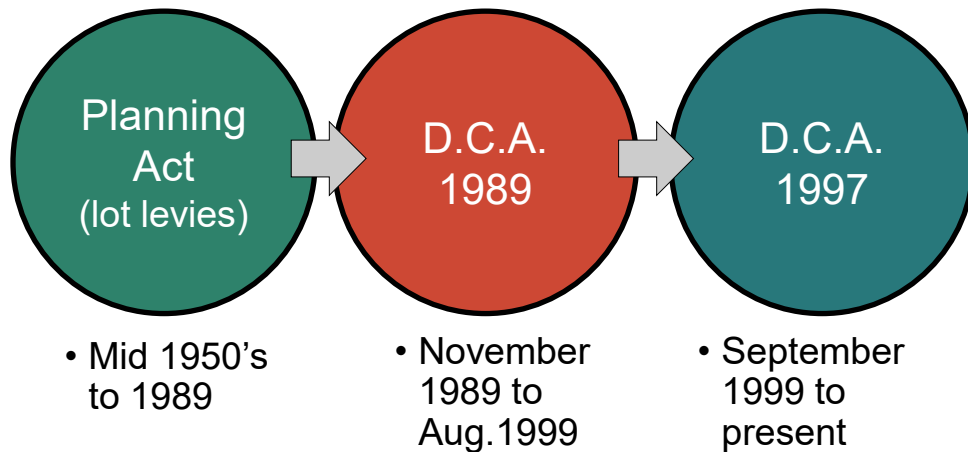
Development Charge  
per Sq.ft.  
(for Non-residential  
Growth)

# 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**
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).

# 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: April 2024 (not proclaimed)*



# Outline of the D.C. Background Study



- **Executive Summary:** Summary of the calculations and calculated rates
- **Chapter 1:** Introduction
- **Chapter 2:** Current Town of Tecumseh Policy
- **Chapter 3:** Anticipated Development in the Town of Tecumseh
- **Chapter 4:** The Approach to the Calculation of the Charge
- **Chapter 5:** D.C.-Eligible Cost Analysis by Service
- **Chapter 6:** D.C. Calculation
- **Chapter 7:** D.C. Policy Recommendations and D.C. By-law Rules
- **Chapter 8:** By-law Implementation
- **Appendix A:** Background Information on Residential and Non-residential Growth Forecast
- **Appendix B:** Level of Service Analysis
- **Appendix C:** Long-term Capital and Operating Cost Examination
- **Appendix D:** D.C. Reserve Fund Policy
- **Appendix E:** Local Service Policy
- **Appendix F:** Asset Management Plan
- **Appendix G:** Proposed D.C. By-law



# 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)
<b>Municipal Wide Services/Class of Service:</b>						
Services Related to a Highway	9,155	6,543	6,083	4,281	3,400	3.32
Public Works (Facilities and Fleet)	489	349	325	229	182	0.18
Fire Protection Services	1,599	1,143	1,062	748	594	0.58
Policing Services	282	202	187	132	105	0.10
Parks and Recreation Services	6,703	4,791	4,454	3,134	2,489	0.33
Growth Studies	1,090	779	724	510	405	0.40
Library Services	-	-	-	-	-	0.00
Water Services	2,038	1,457	1,354	953	757	0.80
<b>Total Municipal Wide Services/Class of Services</b>	<b>21,356</b>	<b>15,264</b>	<b>14,189</b>	<b>9,987</b>	<b>7,932</b>	<b>5.71</b>
<b>Urban Services</b>						
Wastewater Services	12,560	8,977	8,345	5,873	4,664	4.91
<b>Total Urban Services</b>	<b>12,560</b>	<b>8,977</b>	<b>8,345</b>	<b>5,873</b>	<b>4,664</b>	<b>4.91</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>21,356</b>	<b>15,264</b>	<b>14,189</b>	<b>9,987</b>	<b>7,932</b>	<b>5.71</b>
<b>GRAND TOTAL URBAN AREA</b>	<b>33,916</b>	<b>24,241</b>	<b>22,534</b>	<b>15,860</b>	<b>12,596</b>	<b>10.62</b>

# Rate Comparison – Residential (Single Detached) Comparison



Service/Class of Service	Current	Calculated
<b>Municipal Wide Services/Classes:</b>		
Services Related to a Highway	7,269	9,155
Public Works	632	489
Fire Protection Services	642	1,599
Policing Services	189	282
Parks and Recreation Services	6,479	6,703
Library Services	222	-
Growth Studies	2,245	1,090
Water Services	2,099	2,038
<b>Total Municipal Wide Services/Classes</b>	<b>19,777</b>	<b>21,356</b>
<b>Area Specific Services:</b>		
Wastewater Services	6,389	12,560
<b>Total Area Specific Services</b>	<b>6,389</b>	<b>12,560</b>
<b>Grand Total - Urban Area</b>	<b>26,166</b>	<b>33,916</b>

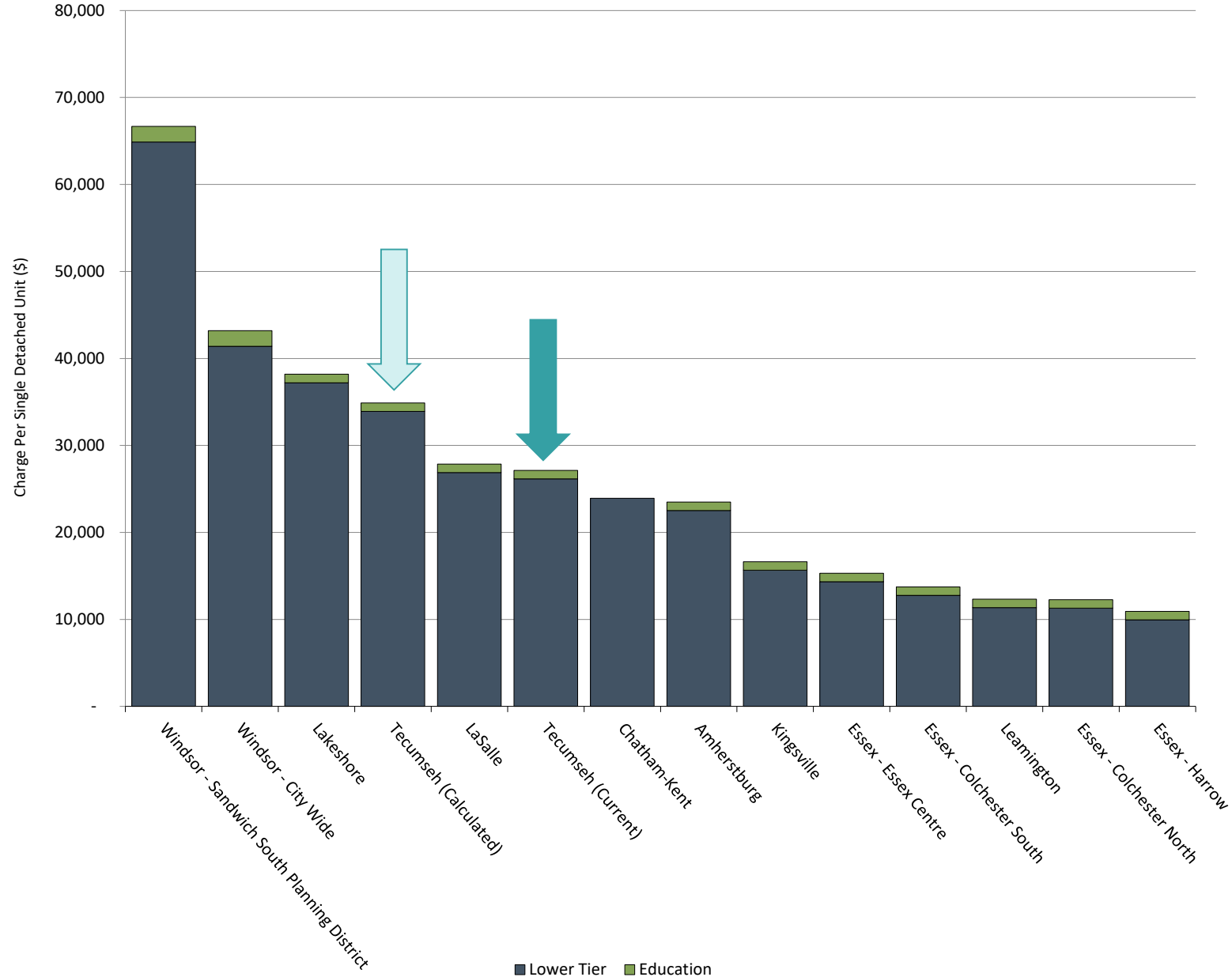
# Rate Comparison – Non-Residential (per sq.ft.)

## Comparison

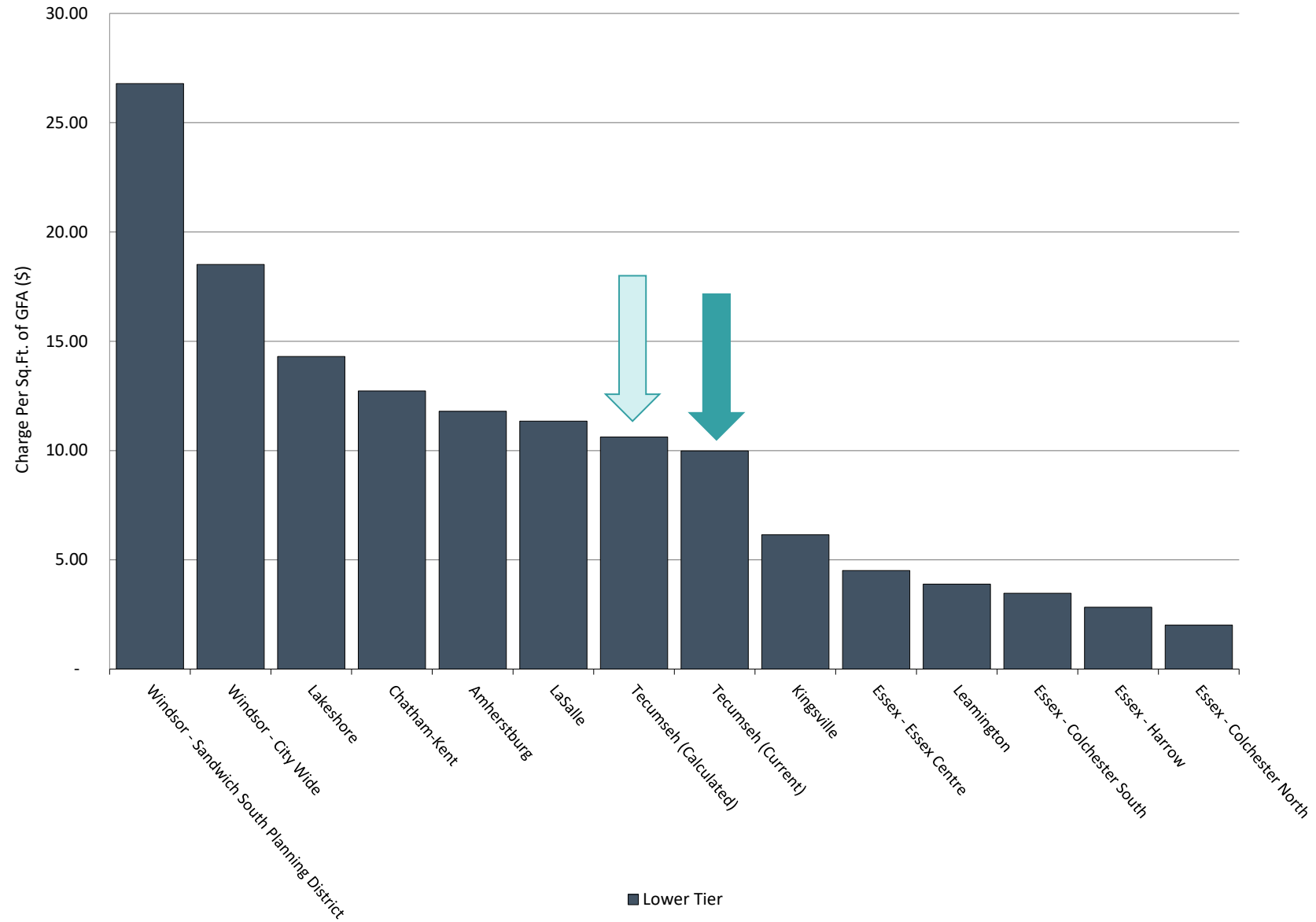


Service/Class of Service	Current	Calculated
<b>Municipal Wide Services/Classes:</b>		
Services Related to a Highway	3.68	3.32
Public Works	0.22	0.18
Fire Protection Services	0.31	0.58
Policing Services	0.10	0.10
Parks and Recreation Services	0.46	0.33
Library Services	0.01	-
Growth Studies	1.41	0.40
Water Services	0.98	0.80
<b>Total Municipal Wide Services/Classes</b>	<b>7.17</b>	<b>5.71</b>
<b>Area Specific Services:</b>		
Wastewater Services	2.81	4.91
<b>Total Area Specific Services</b>	<b>2.81</b>	<b>4.91</b>
<b>Grand Total - Urban Area</b>	<b>9.98</b>	<b>10.62</b>

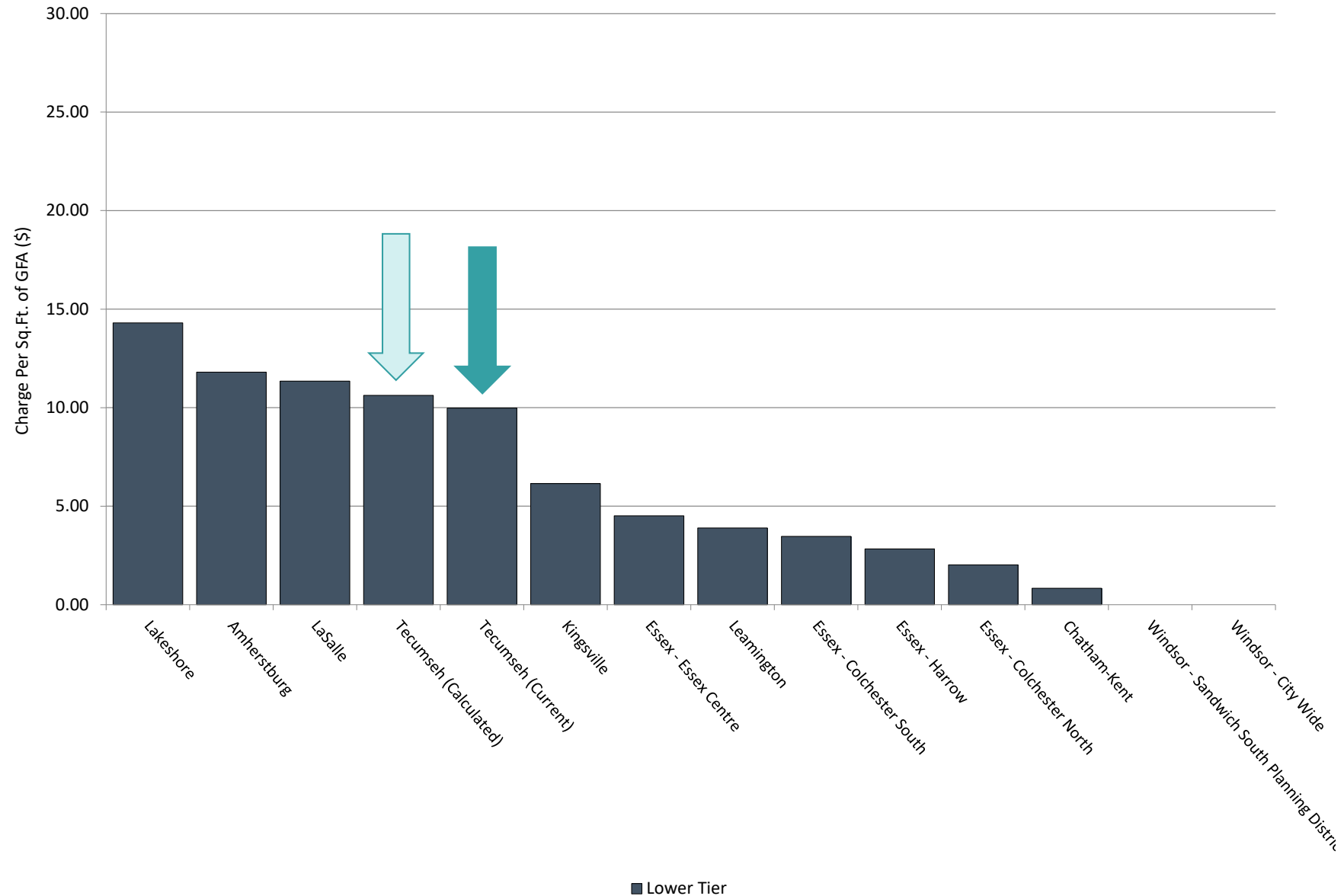
# Survey of Comparator Municipalities – Single/Semi-Detached



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



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



# Next Steps



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# Questions

