



The Corporation of the Town of Tecumseh

Development Services

To: Mayor and Members of Council

From: Brian Hillman, Director Development Services

Date to Council: May 28, 2024

Report Number: DS-2024-16

Subject: 2024 Draft Development Charges Background Study and
Development Charges By-law
Scheduling of a Public Meeting
OUR FILE: D26 2024

Recommendations

It is recommended:

That Report DS-2024-16, entitled “2024 Draft Development Charges Background Study and Development Charges By-law: Scheduling of a Public Meeting”, **be received**;

And that that the scheduling of a public meeting, to be held on Tuesday, July 9, 2024 at 6:00 p.m., in accordance with the *Development Charges Act, 1997*, to offer the public the opportunity to comment on the draft 2024 Development Charges Background Study and associated Development Charges By-law, **be authorized**.

And further that Administration **be directed** to prepare a further Administrative Report summarizing the comments received through the public consultation process and providing a final recommendation on the draft 2024 Development Charges Background Study and associated Development Charges By-law for consideration at a future meeting of Council.

Executive Summary

This Report summarizes the process and anticipated timelines being undertaken by the Town and its consultants, Watson & Associates Economists Ltd., to develop a new 2024 Development Charges Background Study (“2024 DC Background Study”) and associated Development Charges By-law for residential and non-residential development in the urban and rural areas of the municipality. It also requests authorization to schedule a public meeting in accordance with the *Development Charges Act, 1997* (“the Act”) as, a public meeting is required to be held prior to the adoption of a new Development Charges By-law.

Background

Development Charges

The purpose of Development Charges (“DCs”) is to pay for growth-related capital costs that will be incurred by the Town because of new development. DCs are to be established by by-law in accordance with the Act. The Act requires the preparation of a background study that identifies anticipated future growth Town-wide and describes the services/infrastructure projects for which the Town will incur growth-related capital costs.

The Town imposes DCs to recover capital costs arising from the increase in need for services related to growth. The capital costs are in addition to what costs would normally be constructed (by the developer) as part of a new subdivision (i.e. internal roads, sewers, watermains, sidewalks, streetlights, etc.). The DC By-law currently includes a charge for the following services:

1. Municipal Wide

- Fire Protection
- Police
- Services Related to a Highway
- Administration Studies (Engineering Related)
- Library
- Parks and Recreation
- Growth Studies

➤ Water

2. Urban Wide:

- Wastewater Services

DCs are currently collected upon the issuance of a building permit for a new residential dwelling, a new commercial, industrial or institutional building or an addition to an existing commercial, industrial or institutional building. The money collected is then placed into municipal DC reserve fund accounts to be used in the future toward the provision of municipal services required because of the development that paid the DCs and for the projects identified in the DC Background Study.

Current Development Charges By-law

The Town passed By-law 2019-63 (“current DC By-law”) in August of 2019 for the purpose of establishing and collecting a DC in accordance with the provisions of the Act. A Background Study, as prepared by Watson & Associates Economists Ltd. (“Watson & Associates”) with input from Administration, was adopted by Council and it identified the maximum amount that could be charged within the by-law for residential and non-residential development. In 2022, the current DC By-law was amended to bring it into conformity with changes that had been made to the Act.

The current DC By-law will expire in accordance with the Act on August 31, 2024. In accordance with the Act, a new 2024 DC Background Study and associated DC By-law needs to be approved by Council prior to the expiration of the current DC By-law to continue the collection of DCs.

Comments

2024 DC Timelines

The Town once again retained the services of Watson & Associates to prepare a new 2024 DC Background Study and DC By-law for Council’s consideration. Although the project was co-managed by Development Services and Financial Services, Senior Administration from all Town Departments have been involved in this process. The timeline established for the preparation, review and approval of the 2024 DC Background Study and DC By-law is summarized in the chart below.

Schedule of Study Milestone	Dates
1. Data collection, staff review, engineering work, D.C. calculations and policy work	December 2023 to April 2024
2. Special Council Meeting - Education Session	April 23, 2024
3. Public release of final D.C. Background study and proposed by-law	May 23, 2024
4. Public meeting advertisement placed in newspaper(s)	No later than June 18, 2024
5. Public meeting of Council	July 9, 2024
6. Council considers adoption of background study and passage of by-law	July 23, 2024
7. Newspaper notice given of by-law passage	By 20 days after passage
8. Last day for by-law appeal	40 days after passage
9. Town makes pamphlet available (where by-law not appealed)	By 60 days after in force date

After the April 2023 Special Council Meeting, a draft 2024 DC Background Study and DC By-law (see Attachment 1) have been finalized and made available for public review on the Town’s website since May 23, 2024.

2024 DC Background Study Summary

The 2024 DC Background Study includes a/an:

- i) overview of the legislative requirements of the Act;
- ii) review of present DC policies of the Town;
- iii) summary of the residential and non-residential growth forecasts for the Town;
- iv) approach to calculating the DC;
- v) review of historical service standards and identification of future capital requirements to service growth and related deductions and allocations;

- vi) calculation of the DC;
- vii) DC policy recommendations and rules; and
- viii) DC By-law implementation

In addition, the DC Background Study provides an update on a number of changes to the Act that have occurred since the passage of the Town’s 2019 DC By-law and 2022 DC Update. The changes were introduced through five bills passed in the Ontario legislature: Bill 108, Bill 138, Bill 197, Bill 213 and Bill 23.

2024 DC Rate Summary

Through the completion of the 2024 DC Background Study, new DC rates for residential and non-residential development have been calculated and are available for review and comment. The chart below summarizes the proposed new 2024 DC rates that would take effect on September 1, 2024. In addition, the current Urban Area DC rate is provided for comparison purposes.

Development Type	Proposed 2024 Town-Wide DC (Urban and Rural)	Proposed 2024 Additional Charge Urban Area DC	Proposed 2024 Total Urban Area DC	Current Total Urban Area DC
Single-Unit & Semi-Detached Dwellings	\$21,356	\$12,560	\$33,916	\$26,166
Other Multiples (Townhouse Dwellings)	\$15,264	\$8,977	\$24,241	\$16,680
Apartments 2 + Bedrooms	\$14,189	\$8,345	\$22,534	\$14,590
Apartments Bachelor / 1 Bedroom	\$9,987	\$5,873	\$15,860	\$11,274
Special Care / Special Dwelling Units	\$7,932	\$4,664	\$12,596	\$9,421

Development Type	Proposed 2024 Town-Wide DC (Urban and Rural)	Proposed 2024 Additional Charge Urban Area DC	Proposed 2024 Total Urban Area DC	Current Total Urban Area DC
Non-Residential (Commercial, Industrial, Institutional)	\$5.71 / sq. foot.	\$4.91 / sq. foot	\$10.62 / sq. foot	\$9.98 / sq. foot

As required by recent changes to the Act (from Bill 23 mentioned above), the proposed new 2024 DC rate will be phased-in over a five-year period as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.

However, it should be noted that this phase-in requirement is currently being proposed to be removed for all DC By-laws that are passed after Bill 185 receives Royal Assent. At the moment, it is unknown if Bill 185 will receive Royal Assent prior to the Town’s adoption of the new DC By-law. Should the Town DC By-law pass after Royal Assent, the above-noted mandatory phase-in provisions will not be included.

Mr. Daryl Abbs, Managing Partner with Watson & Associates, will be attending the May 28, 2024, Regular Council meeting as a delegation and will provide a brief overview of the draft 2024 DC Background Study and DC By-law.

Public Consultation

To meet the requirements of the Act and the timelines mentioned above, it is recommended that a public meeting be scheduled in accordance with the provisions of the Act to seek stakeholder and public comments on the draft 2024 DC Background Study and DC By-law. The public meeting will be attended by Town Administration and staff from Watson & Associates.

Following the public meeting, an Administrative Report summarizing the comments received through the public consultation process and providing a final recommendation

on the draft 2024 DC Background Study and DC By-law will be brought forward for consideration at a future meeting of Council.

Consultations

Community & Recreation Services
Community Safety
Financial Services
Public Works & Engineering Services

Financial Implications

DCs continue to be an important component of the Town's long-term plan for sustainable growth and development. If DC rates are set at lower than the recommended calculated rates, this will result in the general tax base having to compensate for the revenue shortfall.

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

Communications

Not applicable

Website Social Media News Release Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Enrico DeCecco, BA (Hons), MCIP, RPP
Senior Planner

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Development Services

Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Development Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1.	Draft 2024 Development Charges Background Study and By-law