



Town of Aurora

Development Charges Council Workshop

October 3, 2023

Agenda



- Introductions
- Study Timelines
- Legislative Changes: Bill 23
- Development Charges Overview
- Exemptions, Current Rates, and Assumptions for the 2024 D.C. Study
- Next Steps
- Questions



Timeline



June 2023 - Ongoing

Review of background data, modelling, meetings with staff



September 14, 2023

Stakeholder Meeting #1 – Overview of the D.C. Study Process



October 3, 2023

Council Workshop



Winter 2023

Stakeholder Meeting #2

- Draft Service Standard Calculations and Capital Program
- Draft Rates



Early 2024

Release Background Study



Early 2024

Public Meeting



Minimum of 60 Days After the Release of the Report

Consideration of the D.C. 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.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

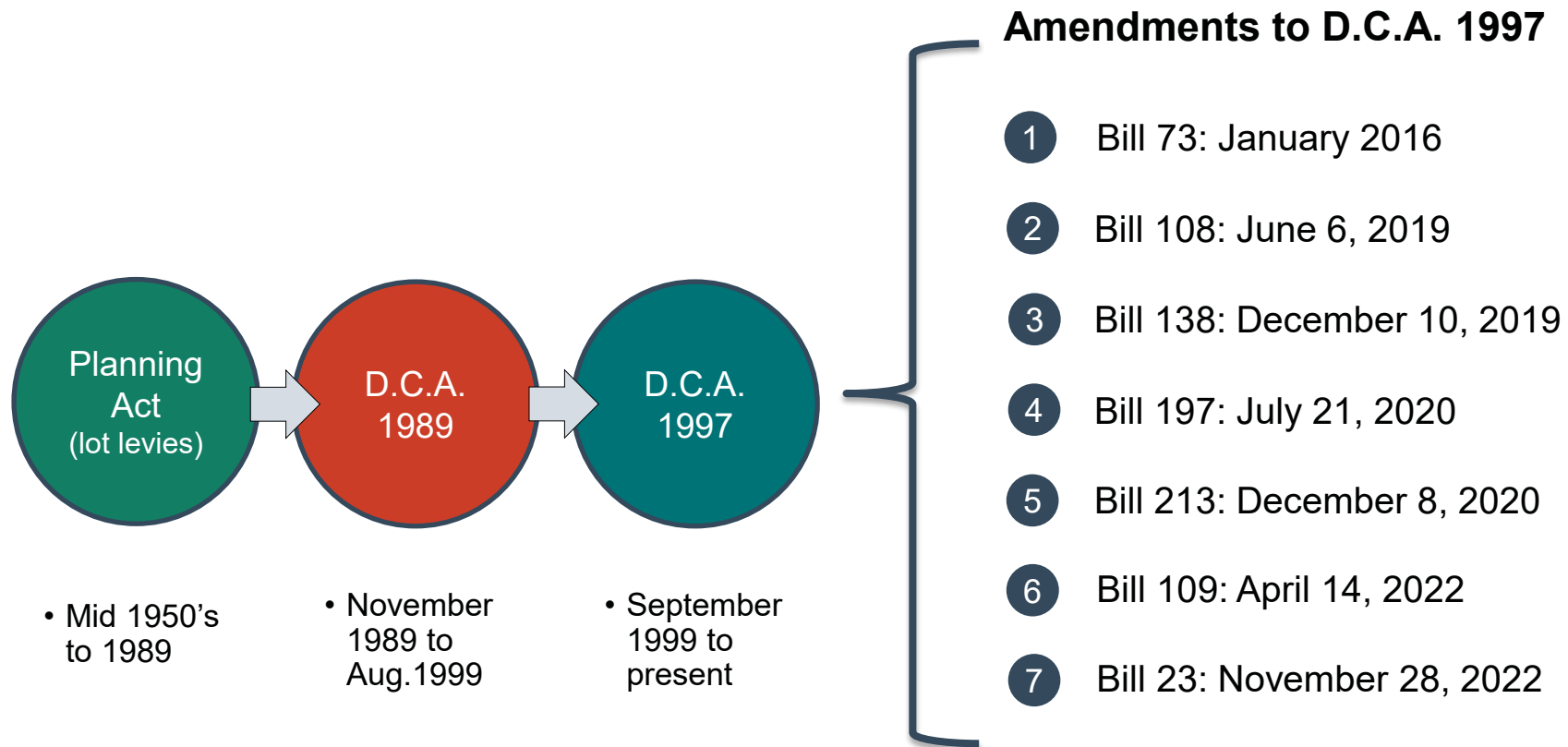


Legislative Changes to the D.C.A.

Town of Aurora



History of D.C.'s





Recap on the D.C. Legislation Changes

Many of the changes to the D.C.A. were implemented as part of the Town's D.C. Update Study in 2021. These changes were provided through the following Bills:

- Bill 108: More Homes, More Choice Act, 2019
 - Provided timing of payment provisions (for Rental Housing, Institutional development, and non-profit housing), D.C. rate freeze for site plan and zoning by-law amendments, and allows for interest to be applied
- Bill 138: Plan to Build Ontario Together Act, 2019
 - Removed instalment payments for commercial and industrial
- Bill 197: COVID-19 Economic Recovery Act, 2020
 - Provides a list of D.C. eligible services, classes of services, and removal of the 10% mandatory deduction and 10-year planning horizon
- Bill 213: Better for People, Smart for Business Act, 2020
 - Mandatory exemption for universities

Since the completion of the D.C. Update Study in 2021, further legislative changes have been made to the D.C.A. through Bill 109, More Homes for Everyone Act, 2022 (additional reporting requirements) and Bill 23, More Homes Built Faster Act, 2022 (discussed further on the next slides).



Changes to the D.C.A.

Bill 23

- The Province passed Bill 23: More Homes Built Faster Act, 2022 on November 28, 2022
- This Bill amends a number of pieces of legislation, including the *Development Charges Act* (D.C.A.), and the *Planning Act*
 - These changes impact development charges (D.C.s), community benefits charges (C.B.C.s), and parkland dedication
- The changes provided through Bill 23 would impact the Town's ability to collect revenues to fund growth-related capital expenditures



Changes to the D.C.A.

Bill 23

Additional D.C. Exemptions:

- **Affordable Rental Unit:** Where rent is no more than 80% of the average market rent, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **Affordable Owned Unit:** Where the price of the unit is no more than 80% of the average purchase price, **as defined by a new Bulletin**, published by the Ministry of Municipal Affairs and Housing.
- **Attainable Unit:** Excludes affordable units and rental units, **will be defined as prescribed development or class of development** and sold to a person who is at “arm’s length” from the seller.
 - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years.

Currently
NOT in
force

- **Inclusionary Zoning Units:** Affordable housing units required under inclusionary zoning by-laws.
- **Non-Profit Housing:** Non-profit housing units are exempt from D.C. installment. Outstanding installment payments due after this section comes into force will also be exempt from payment of D.C.s.
- **Additional Residential Unit Exemptions** (units in existing rental buildings, 2nd and 3rd units in existing and new singles, semis, and rowhouses)

Currently in
force



Changes to the D.C.A.

Bill 23

D.C. Discounts:

- Rental Housing Discount (based on number of bedrooms – 15%-25%)

D.C. Revenue Reduction:

- Removal of Housing as an Eligible D.C. Service
- Capital Cost Amendments (restrictions to remove studies and land)
- Mandatory Phase-In of D.C. (Maximum charge of 80%, 85%, 90%, 95%, 100% for first 5 Years of the by-law) - These rules apply to a D.C. by-law passed on or after January 1, 2022
- Historical Levels of Service from 10 years to 15 years



Changes to the D.C.A.

Bill 23

D.C. Administration:

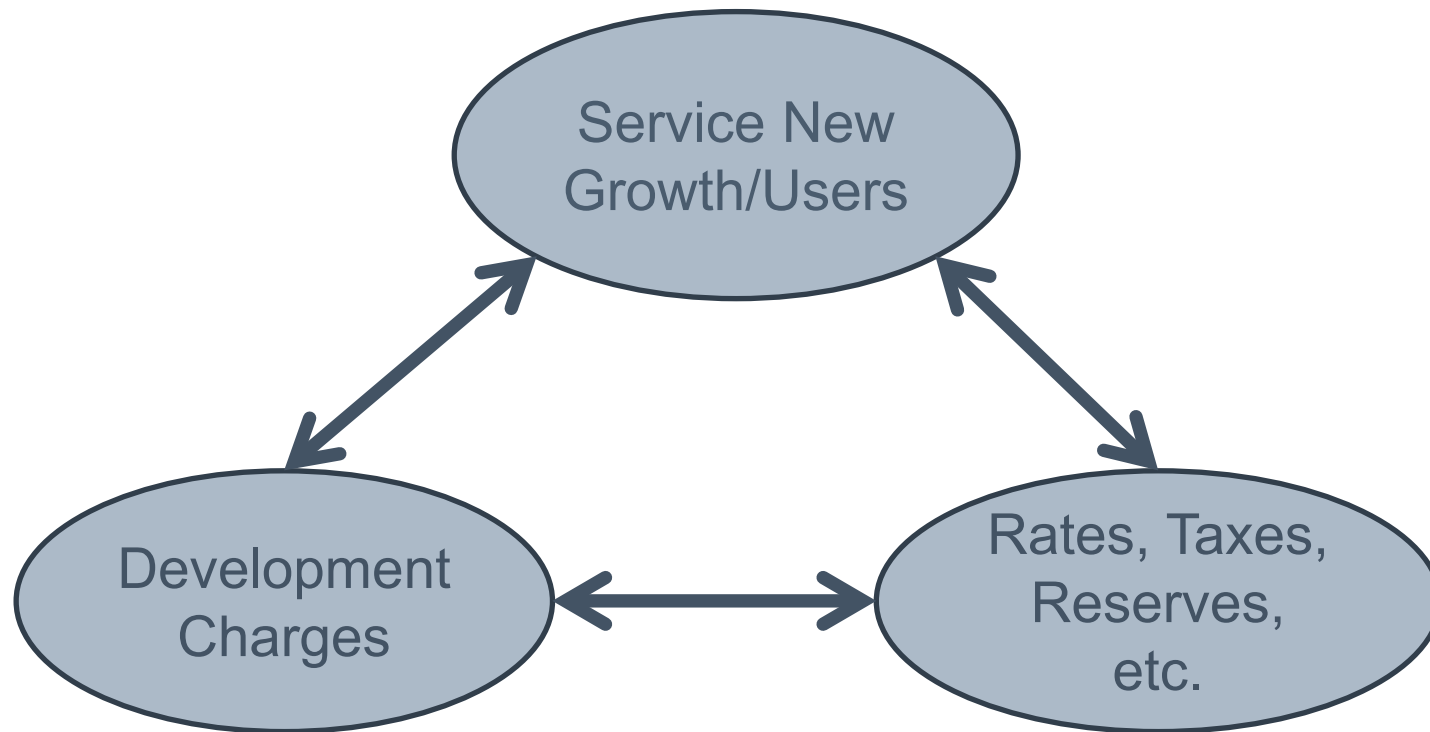
- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years



Development Charges Overview

Town of Aurora

Relationship Between Needs to Service Growth vs. Funding





Methodology

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.

***Amended as per Bill 23**



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 Services
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. Housing services~~
18. Provincial Offences Act
19. Emergency Preparedness
20. Airports (Waterloo Region only)

These D.C. eligible services are the Town's current services.

***Amended as per Bill 23**



Service Standards

- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- D.C.A., 1997, as amended, provides that the ceiling is based on the “average of the past **15 years**”
- The D.C.A. requires a detailed review of service levels and requires consideration of both “quality” and “quantity” measures
- This involves reviewing capital inventories in detail over past **15 years**
- Note that this measure does not apply to water, wastewater, storm water and transit (which now has a forward-looking service standard)

***Amended as per Bill 23**

Example Service Standard Worksheet



Town of Aurora Service Standard Calculation Sheet

Class of Service: Public Works - Facilities
Unit Measure: sq.ft. of building area

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2019 Bld'g Value (\$/sq.ft.)	2024 Bld'g Value (\$/sq.ft.)	Value/sq.ft. with land, site works, etc.
Building A	11,000	11,000	11,000	11,000	11,000	11,000	11,000	-	-	-	-	-	-	-	-	\$344	\$555	\$724
Building B	4,462	4,462	4,462	4,462	4,462	4,462	4,462	-	-	-	-	-	-	-	-	\$344	\$555	\$724
Public Works Depot	6,400	6,400	6,400	6,400	6,400	6,400	6,400	-	-	-	-	-	-	-	-	\$344	\$555	\$724
Salt/Sand Dome	1,923	1,923	1,923	1,923	1,923	1,923	1,923	-	-	-	-	-	-	-	-	\$189	\$305	\$449
Waterworks Storage Shed	96	96	96	96	96	96	96	-	-	-	-	-	-	-	-	\$189	\$305	\$449
Joint Operations Centre - 66,000 sq.ft. (PW Share 59%)	-	-	-	-	-	-	-	38,940	38,940	38,940	38,940	38,940	38,940	38,940	38,940	\$349	\$563	\$814
Total	23,881	23,881	23,881	23,881	23,881	23,881	23,881	38,940	38,940	38,940	38,940	38,940	38,940	38,940	38,940			

Population	51,337	52,710	53,203	52,938	52,868	52,383	52,976	55,444	59,111	60,031	60,521	61,358	62,057	62,829	63,277
Per Capita Standard	0.4652	0.4531	0.4489	0.4511	0.4517	0.4559	0.4508	0.7023	0.6588	0.6487	0.6434	0.6346	0.6275	0.6198	0.6154

15 Year Average	2009 to 2023
Quantity Standard	0.5551
Quality Standard	\$771
Service Standard	\$428

D.C. Amount (before deductions)	2031
Forecast Population	13,163
\$ per Capita	\$428
Eligible Amount	\$5,632,448

Example Service Standard Worksheet



Town of Aurora Service Standard Calculation Sheet

Service: Public Works - Facilities
Unit Measure: Value of facilities (\$)

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building A	7,964,000	7,964,000	7,964,000	7,964,000	7,964,000	7,964,000	7,964,000	-	-	-	-	-	-	-	-
Building B	3,230,488	3,230,488	3,230,488	3,230,488	3,230,488	3,230,488	3,230,488	-	-	-	-	-	-	-	-
Public Works Depot (Scanlon)	4,633,600	4,633,600	4,633,600	4,633,600	4,633,600	4,633,600	4,633,600	-	-	-	-	-	-	-	-
Salt/Sand Dome	863,427	863,427	863,427	863,427	863,427	863,427	863,427	-	-	-	-	-	-	-	-
Waterworks Storage Shed	43,104	43,104	43,104	43,104	43,104	43,104	43,104	-	-	-	-	-	-	-	-
Joint Operations Centre - 66,000 sq.ft.	-	-	-	-	-	-	-	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160
Total	16,734,619	16,734,619	16,734,619	16,734,619	16,734,619	16,734,619	16,734,619	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160	31,697,160
Population	51,337	52,710	53,203	52,938	52,868	52,383	52,976	55,444	59,111	60,031	60,521	61,358	62,057	62,829	63,277
Per Capita Standard	325.98	317.48	314.54	316.12	316.54	319.47	315.89	571.70	536.23	528.01	523.74	516.59	510.77	504.50	500.93
15 Year Average	2009 to 2023														
Service Standard \$ per Capita	\$428														



Capital Costs

- Capital Cost definition has been broadened to include:
 - **Acquire land or interest in land**
 - Improve land
 - Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
 - Equipment and rolling stock
 - Capital component of a lease for the above
 - Circulation materials for Libraries
 - Interest on money borrowed to pay for the above
- Any planning horizon for future capital needs can be used, except for Transit (which is limited to 10 years)
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

***Amended as per Bill 23 (see next slide)**



Limitations on Capital

- Certain Capital Costs may not be included:
 - Parkland Acquisition
 - Vehicle & Equipment with avg. life of <7 yrs
 - Computer Equipment that is not integral to the delivery of the service
 - Studies
 - Possible removal of land acquisition for services (yet to be defined by the regulations)

***Amended as per Bill 23**

Example Capital Worksheet



Infrastructure Costs Included in the Development Charges Calculation

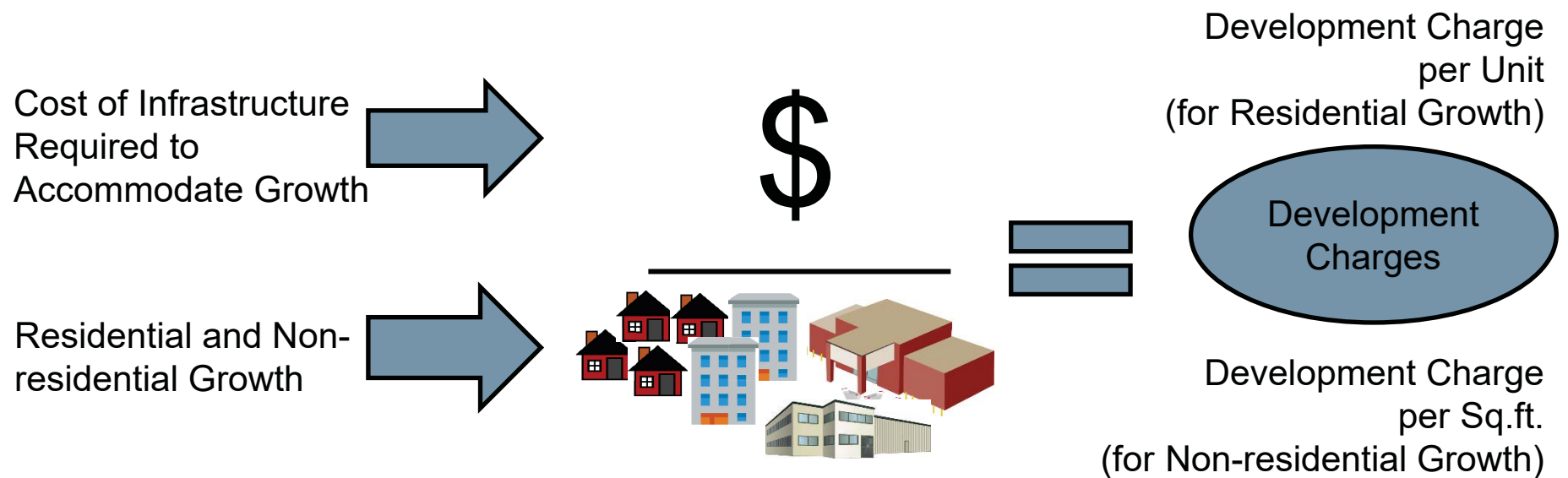
Town of Aurora
Class of Public Works

Prj. No	Increased Service Needs Attributable to Anticipated Development 2024 to 2043	Useful Life (years)	Timing (year)	Gross Capital Cost Estimate (2019\$)	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
									Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 68%	Non-Residential Share 32%
1	10 yr Debenture at 3.7% (Discounted Interest)		2018-2022	574,018	574,018	-		574,018	-		574,018	390,332	183,686
2	JOC Additional Work	28	2018-2019	1,456,800	2,350,000	-		2,350,000	-		2,350,000	1,598,000	752,000
3	JOC debt 10 year (principal)		2018-2028	3,245,000	3,245,000	-		3,245,000	-		3,245,000	2,206,600	1,038,400
4	JOC debt 10 year (discounted interest)		2018-2028	229,668	229,668	-		229,668	-		229,668	156,174	73,494
5	Water truck	10	2022	81,100	131,000	-		131,000	13,100		117,900	80,172	37,728
6	Provision for additional vehicles & equipment	10	2020-2023	600,000	968,000	-		968,000	-		968,000	658,240	309,760
7	New Snow Blower Attachments	10	2019	135,000	218,000	-		218,000	-		218,000	148,240	69,760
8	Electric Utility Vehicle	10	2020	80,000	129,000	-		129,000	-		129,000	87,720	41,280
9	By Law Vehicle	10	2019	60,000	97,000	-		97,000	-		97,000	65,960	31,040
10	By Law Vehicle	10	2028	50,000	81,000	-		81,000	-		81,000	55,080	25,920
11	Trackless s/w plow	10	2019	175,000	282,000	-		282,000	-		282,000	191,760	90,240
12	3/4 Ton Truck	10	2023	50,000	81,000	-		81,000	-		81,000	55,080	25,920
13	2 Ton Truck	10	2027	70,000	113,000	-		113,000	-		113,000	76,840	36,160
14	Plows - Contract	10	2019-2031	1,800,000	2,904,000	1,335,800		1,568,200	-		1,568,200	1,066,376	501,824
15	Sidewalk plows - Contract	10	2019-2031	360,000	581,000	261,500		319,500	-		319,500	217,260	102,240
	Total			8,966,586	11,983,686	1,597,300	-	10,386,386	13,100	-	10,373,286	7,053,835	3,319,452

Service Standard	12,135,600
Amount Utilized	10,373,286
Available	1,762,314



Summary of the D.C. Calculation





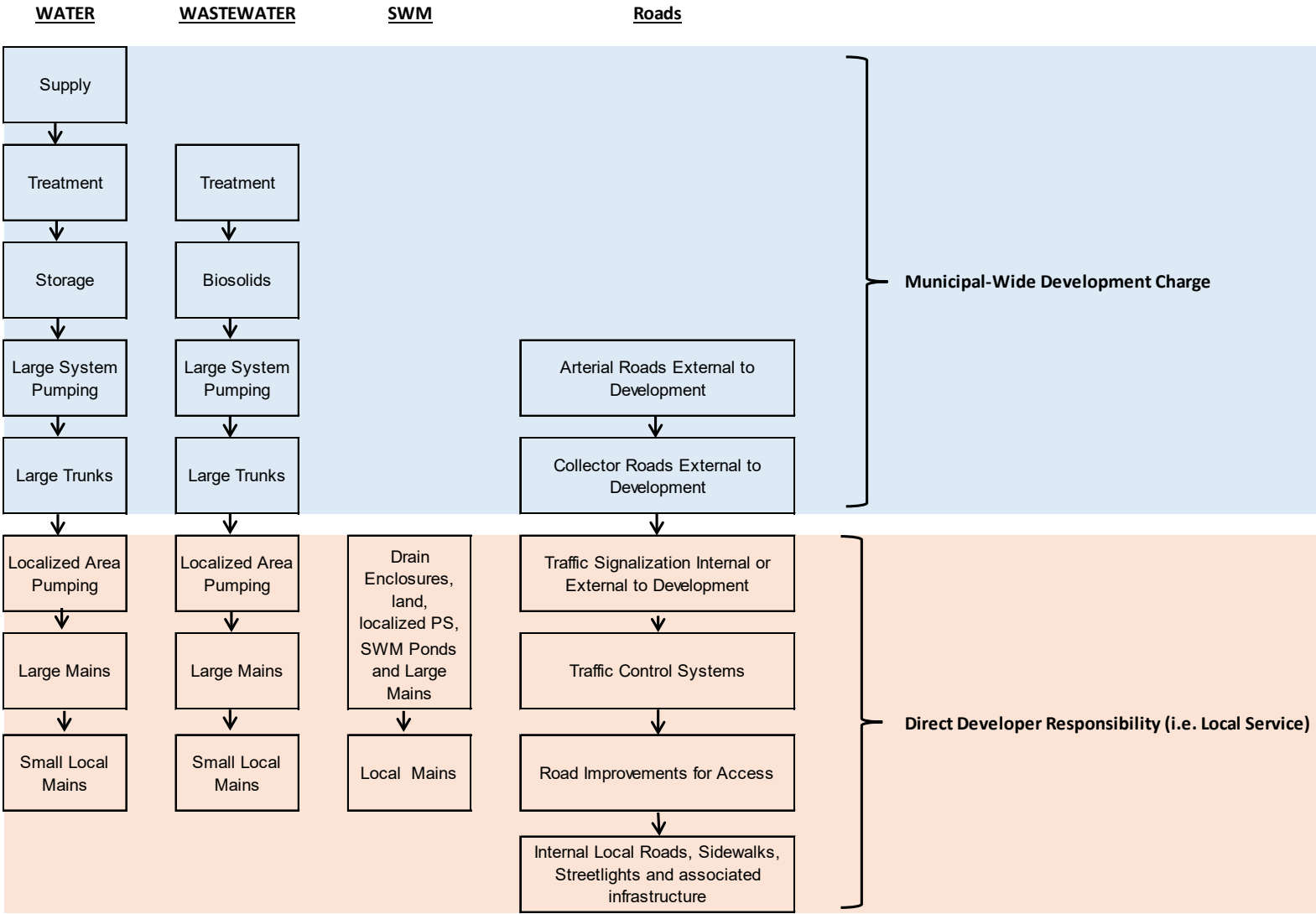
Local Service Policies

- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
 - Local, rural, collector & arterial roads,
 - Intersection improvements & traffic signals,
 - Streetlights & sidewalks,
 - Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways,
 - Noise Abatement Measures,
 - Land dedications/easements,
 - Water, Wastewater & Stormwater, and
 - Park requirements.
- May need to revise the policy from previous study based on discussions with staff.



Local Service Policy

Allocations of Services Included in Capital Charges





D.C. Exemptions, Current Rates, and Assumptions for the 2024 D.C. Study

Town of Aurora



Exemptions

Mandatory Exemptions

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.);
- May add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure);
- Add one additional unit or 1% of existing units in an existing rental residential building;
- Development of lands intended for use by a university that receives operating funds from the Government (as per Bill 213);
- Affordable and Attainable units (*to be in force at a later date*);
- Affordable inclusionary zoning units;
- Non-profit Rental Housing; and
- Discount for Rental units based on bedroom size.

Discretionary Exemptions

- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches);
- May phase-in over time (*note mandatory phase-in from Bill 23*); and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law).

Current Discretionary Exemptions



- Private schools;
- Cemetery or burial grounds;
- Places of worship;
- Agricultural uses; and
- Public hospitals.

Current D.C. Rates

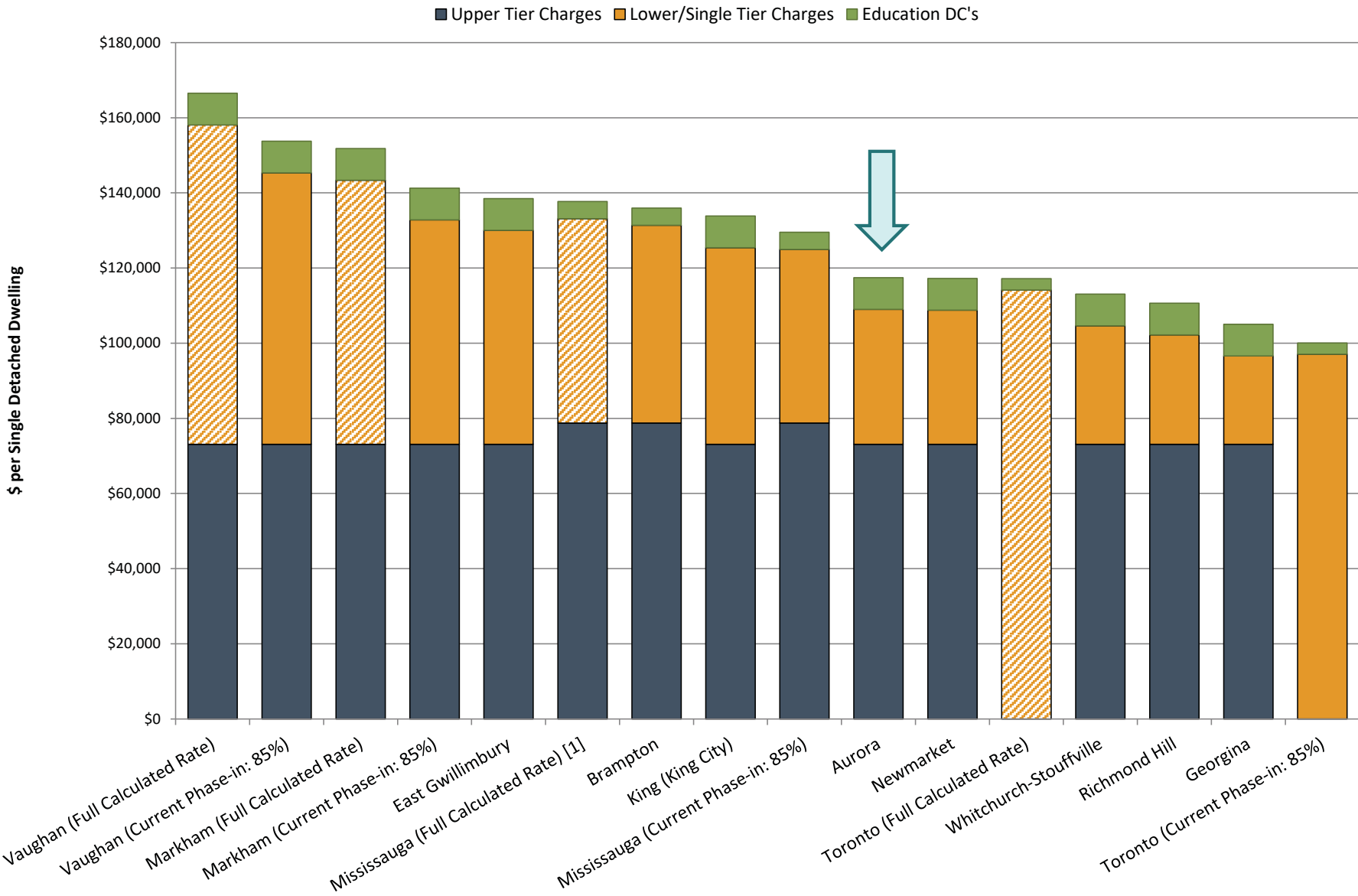
Effective July 1, 2023



Service	Residential					Non-Residential
	Single & Semi Detached	Multiples	Apartments 700 sq.ft. and Over	Apartments Under 700 sq.ft.	Special Care/Special Dwelling Units	per sq.m
General Services						
Fire Protection Services	1,272	947	769	526	393	6.00
Parks and Recreation Services	20,974	15,593	12,667	8,683	6,462	10.00
Library Services	2,179	1,620	1,316	901	671	1.00
Growth Studies	1,108	825	670	458	341	5.00
Total General Services	25,533	18,985	15,422	10,568	7,867	22.00
Engineering Services						
Services Related to a Highway	8,769	6,519	5,298	3,632	2,702	39.00
Wastewater Services	1,048	781	633	436	322	5.00
Water Services	538	401	325	222	166	2.00
Total Engineering Services	10,355	7,701	6,256	4,290	3,190	46.00
Total Services	35,888	26,686	21,678	14,858	11,057	68.00

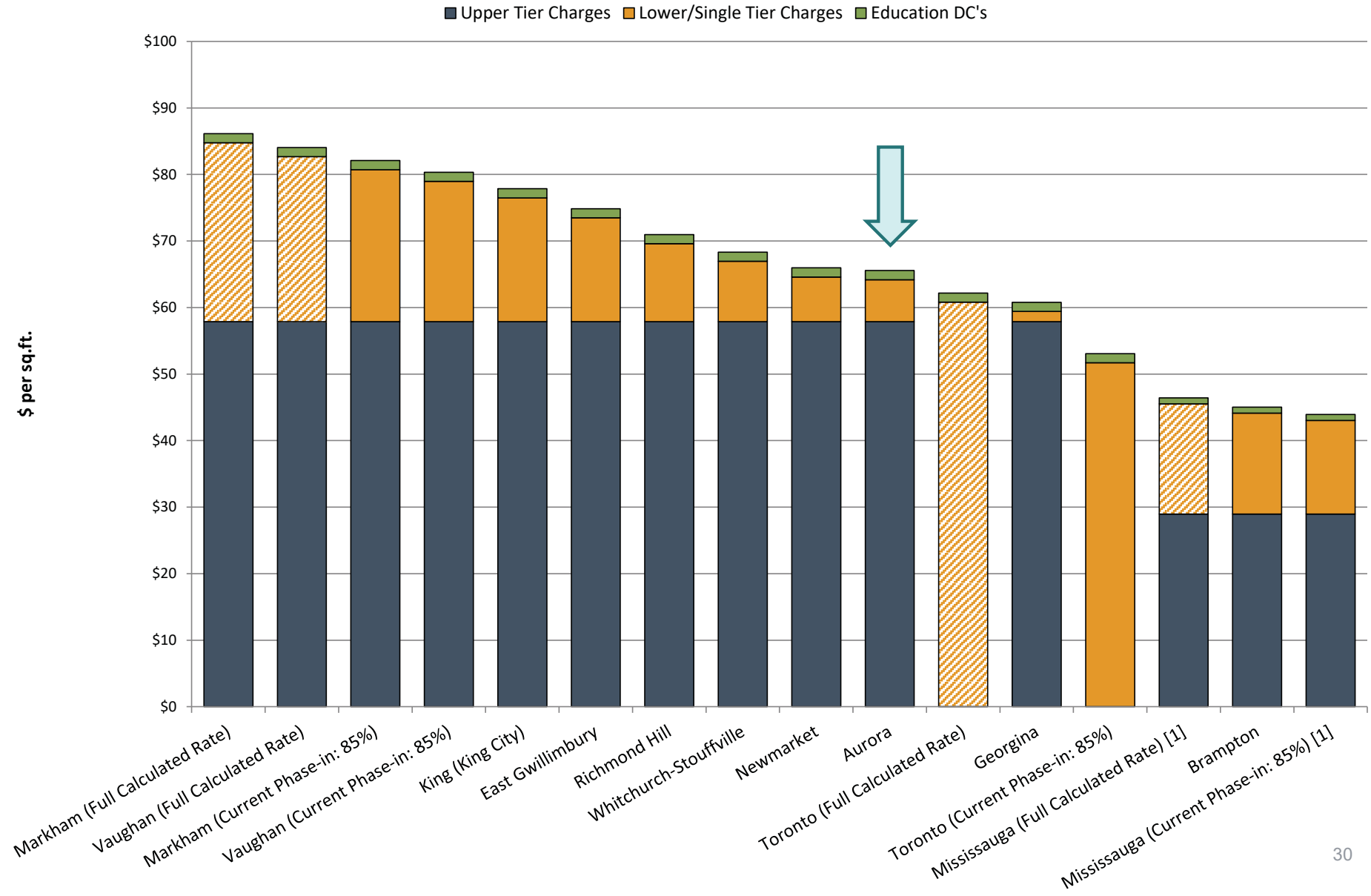


Residential D.C. Rates



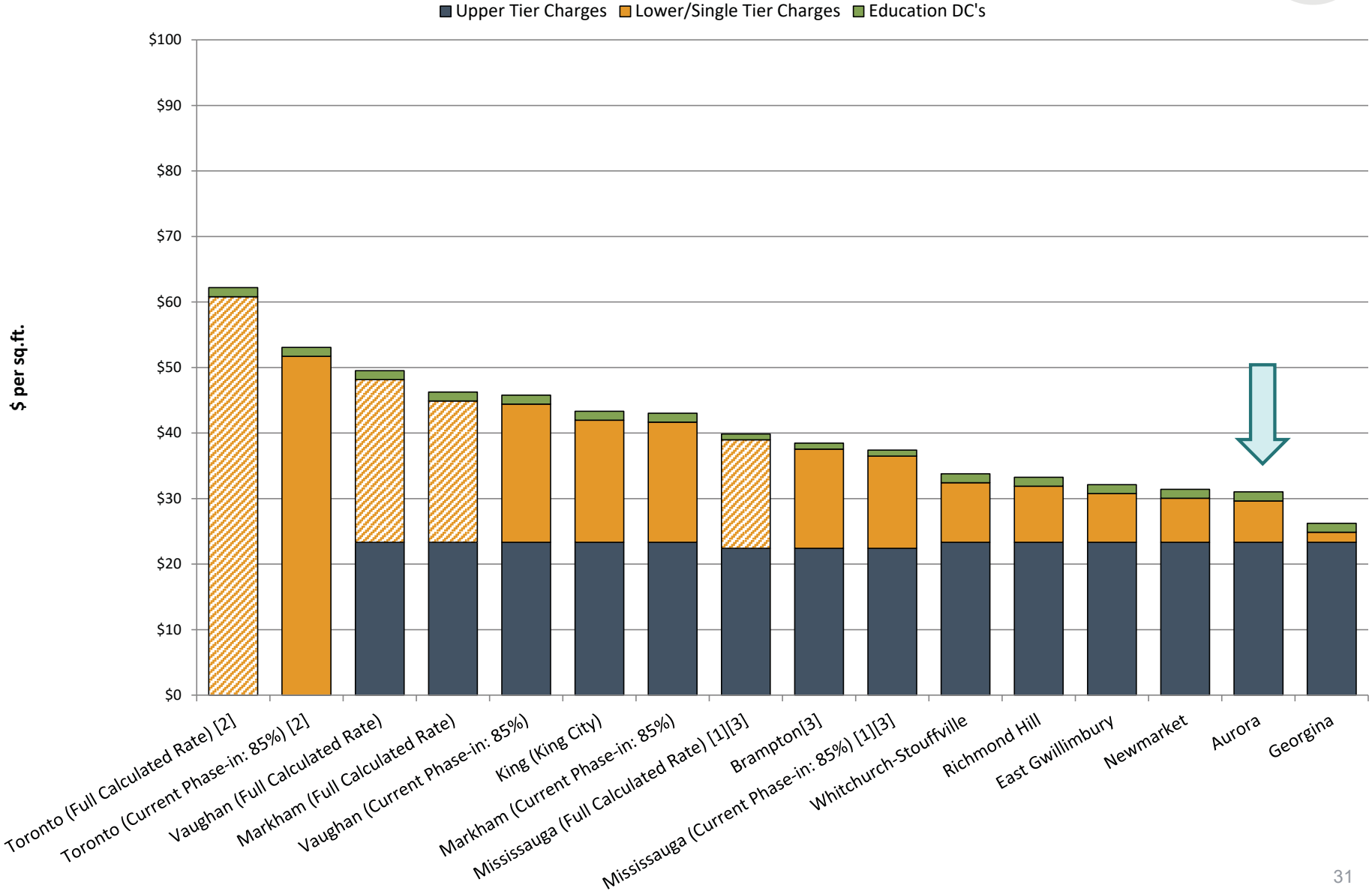


Non-Residential Retail D.C. Rates





Non-Residential Non-Retail D.C. Rates



Assumptions for the 2024 D.C. Study



- The 2024 D.C. Study could be considered an interim process due to the following:
 - The capital program within the Town's budget reflects a 10-year forecast, which is consistent with the analysis undertaken during the 2019 D.C. study
 - The Town is currently undertaking a review of their growth forecast, which was recently presented to Council
 - The proposed growth forecast will provide the basis for Master Plans that are expected to be updated over the next few years
- Upon completion of the Master Plans, the Town will update the D.C. study to reflect a longer-term forecast



Next Steps

Town of Aurora



Next Steps



June 2023 - Ongoing

Review of background data, modelling, meetings with staff



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Winter 2023

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Questions