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## Report 2021-126

**Report Title:** Development Charges Background Study Update

**Committee Name:** Finance and Audit Committee

**Committee Meeting Date:** August 3, 2021

**Prepared by:** Glenn Dees, Director of Finance/Treasurer

**Approved by:** Jennifer Moore, CAO

**Council Meeting Date:** August 25, 2021

**Strategic Plan Priorities:** Leadership in Change

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### Recommendation

"**That** the Finance and Audit Committee, having considered Report 2021-126 'Development Charges Background Study Update', note that County Council adopted By-law 2020-36 effective October 1, 2020 imposing County-wide Development Charges, and that Development Charges Act under Bill 197, the COVID-19 Economic Recovery Act, 2020 eliminates the 10% discount previously applicable to Development Charges on some municipal services; and

**Further That** the Committee recommend that County Council enact a by-law to amend Development Charges By-law 2020-36 for the County of Northumberland at the August 25, 2021 County Council Meeting."

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### Purpose

At the February 17, 2021 meeting of County Council, Council authorized staff to begin the process of amending the current Development Charges (D.C.) Background Study and associated By-law to reflect any applicable changes under the D.C. Act. Further, the update includes proposed revisions for identified capital needs. To this end, a new D.C. Background Study and by-law to amend Development Charges By-law 2020-36 has been drafted for Council's consideration.

## **Background**

Council formally authorized staff to commence processes for the undertaking of a County-wide D.C. Background Study in 2019. Further, this was formally identified within the Council approved County Strategic Plan (2019-2023) as a specific objective. Identified as such under the Sustainable Growth Priority to 'evaluate a County-wide Development Charge' and ensure 'growth pays for growth'. With this direction, staff undertook an extensive process to implement the first County-wide D.C. in 2020.

The County adopted By-law 2018-23 on June 20, 2018, which had provided for area-specific D.C.s to be imposed on development specifically in the Cobourg East Community Area for roads and related services only. This area-specific By-law was repealed on October 1, 2020 when the County-wide D.C. By-law 2020-36 came into effect.

Subsequent to completion of several statutory requirements leading up to the adoption of the County-wide D.C., Bill 197, the COVID-19 Economic Recovery Act, 2020 received Royal Assent. Changes to the D.C. Act as a result of this now allow municipalities to recover discounted D.C.'s for certain services that previously had in place a statutory 10% reduction.

## **Consultations**

Staff contracted the services of Watson and Associates Ltd. to assist in completing its first County-wide D.C. background study and by-law and, as such, they had compiled recent data relevant to the County-wide study. Updating the background study, by-law and associated processes were merely an extension of these recent activities.

The development community was notified by a letter from the Treasurer of the proposed update and formal notification was provided in local media as well as on the County website. Further, consultations with stakeholders, as legislated in the D.C. Act, were facilitated for via a statutory public meeting held virtually on July 6, 2021. The draft amending D.C. Background Study and associated by-law were posted on the County website on June 22, 2021 for public review as communicated in the public meeting notice. At the public meeting, there was one member of the public who provided input relaying their concern of an update taking place shortly after the implementation of the first County-wide D.C. with intent to formally write to Council in advance of Council's consideration of the amending by-law.

## **Legislative Authority/Risk Considerations**

The Development Charges Act, 1997 as amended.

## **Discussion/Options**

D.C.'s are one-time fees levied by municipalities on new residential and non-residential lands to help pay for a portion of the growth-related capital infrastructure. The purpose of D.C.'s is to ensure that new development pays its proportionate share of the capital costs required to service the associated new development. It is common practice for municipalities in Ontario to utilize D.C.'s, thereby, ensuring that the capital cost of providing services to new development is borne by the development receiving the benefit. Subsequent to the drafting of the D.C.

Background Study, the associated D.C. By-law 2020-36 and the statutory public meeting, the Province passed Bill 197, the COVID-19 Economic Recovery Act, 2020. The Act aims to stimulate the economy, build strong communities, and provide greater financial flexibility to municipalities. This Act includes changes to various pieces of legislation and makes additional changes to those originally proposed in Bill 108 – More Homes, More Choice Act, 2019. Specific to the County, changes to the D.C. Act now eliminates the 10% statutory discount on some of the County services within the current D.C. Background Study and by-law. This is inclusive of certain ‘soft services’ that were proposed to be ineligible for D.C.’s under Bill 108 transitioning to a Community Benefit Charge under the Planning Act as well as other services that were to remain within the D.C. Act also discounted by 10%.

## **Financial Impact**

The D.C. amending by-law, if executed, would facilitate the removal of the 10% discounted rate on various County services as calculated in the current D.C.’s. This will allow the County to recover 100% of eligible service costs, reducing the need for financing previously identified growth-related items in the current D.C. Background Study from non D.C. sources. This will increase financial capacity for meeting identified needs particularly as it relates to the County infrastructure deficit. Cost estimates for the Golden Plough Lodge Redevelopment and the Elgin Park Redevelopment have been revised based on more current financial information inclusive of project costing and additional sources of financing to be received in the form of funding from upper levels of government. The development of the lands purchased at 473 Ontario Street, Cobourg for rental housing has been estimated for and included within the study recognizing the intent to expand the County owned rental housing stock under the County Affordable Housing Strategy with internal planning and pre-construction activities now currently underway for this site.

As is highlighted in the attached presentation that was facilitated at the public meeting and within the attached D.C. Background Study the proposed D.C. for a single and semi-detached dwelling will increase from \$2,931 to \$3,218 and \$2,994 to \$3,289 for Port Hope Rural Ward II and the area outside of Port Hope Rural Ward II, respectively. The proposed D.C. charge for non-residential would increase modestly from \$1.41 a square foot to \$1.43 and \$1.45 to \$1.47 for Port Hope Rural Ward II and the area outside of Port Hope Rural Ward II, respectively. The charts below highlight the proposed charges by property type and the increase that would be realized to single residential properties by class of County services:

### Proposed Charges by Property Type

Service/Class	Single and Semi-Detached Dwelling (Residential)	Apartments – 2 Bedrooms + (Residential)	Apartments – Bachelor and 1 Bedroom (Residential)	Other Multiples (Residential)	Special Care/Special Dwellings (Residential)	Non-Residential – Per Sq.ft. of Gross Floor Area
Roads and Related (Municipal Wide)	2,100	1,394	1,061	1,640	892	1.16
Growth-Related Studies (Municipal Wide)	45	30	23	35	19	0.03
Homes for Aged (Municipal Wide)	309	205	156	241	131	0.17
Provincial Offencese Act (Municipal Wide)	-	-	-	-	-	-
Paramedic Services (Municipal Wide)	95	63	48	74	40	0.05
Community Housing (Municipal Wide)	632	419	319	494	269	-
Waste Diversion Services - Facilities (Municipal Wide)	37	25	19	29	16	0.02
<b>Total Municipal Wide Services</b>	<b>3,218</b>	<b>2,136</b>	<b>1,626</b>	<b>2,513</b>	<b>1,367</b>	<b>1.43</b>
Waste Diversion Services (Curbside) - Area Specific	70	46	35	55	30	0.04
Growth-Related Studies – Area Specific	1	1	1	1	-	-
<b>Total Area Specific (Excluding Port Hope Rural Ward II)</b>	<b>71</b>	<b>47</b>	<b>36</b>	<b>56</b>	<b>30</b>	<b>0.04</b>
<b>Grand Total – Port Hope Rural Ward</b>	<b>3,218</b>	<b>2,136</b>	<b>1,626</b>	<b>2,513</b>	<b>1,367</b>	<b>1.43</b>
<b>Grand Total – Outside of Port Hope Rural Ward II</b>	<b>3,289</b>	<b>2,183</b>	<b>1,662</b>	<b>2,569</b>	<b>1,397</b>	<b>1.47</b>

### Residential (Single Detached) Comparison

Service/Class	Current	Calculated	Change (\$)	Change (%)
Roads and Related (Municipal Wide)	2,100	2,100	-	n/a
Growth-Related Studies (Municipal Wide)	42	45	3	7.1%
Homes for Aged (Municipal Wide)	273	309	36	13.2%
Provincial Offence Act (Municipal Wide)	-	-	-	n/a
Paramedic Services (Municipal Wide)	86	95	9	10.5%
Community Housing (Municipal Wide)	396	632	236	59.6%
Waste Diversion Services - Facilities (Municipal Wide)	34	37	3	8.8%
<b>Total Municipal Wide Services</b>	<b>2,931</b>	<b>3,218</b>	<b>287</b>	<b>9.8%</b>
Waste Diversion Services (Curbside) - Area Specific	63	70	7	11.1%
Growth-Related Studies – Area Specific	-	1	1	n/a
<b>Total Area Specific (Excluding Port Hope Rural Ward II)</b>	<b>63</b>	<b>71</b>	<b>8</b>	<b>12.7%</b>
<b>Grand Total – Port Hope Rural Ward</b>	<b>2,931</b>	<b>3,218</b>	<b>287</b>	<b>9.8%</b>
<b>Grand Total – Outside of Port Hope Rural Ward II</b>	<b>2,994</b>	<b>3,289</b>	<b>295</b>	<b>9.9%</b>

Overall, the proposed amendment will increase the estimated D.C. revenue from \$16,554,511 to \$17,810,413 over the 10-year forecast period resulting in additional financing for identified growth related pressures in the amount of \$1,255,902 as detailed below:

Service/Class	2020 D.C. Study	By-law Amendment	Change (\$)	Change (%)
Roads and Related	12,414,352	12,414,352	-	n/a
Paramedic Services	444,164	493,515	49,352	11%
Homes for Aged	1,416,430	1,603,168	186,739	13%
Community Housing	1,561,672	2,489,589	927,917	59%
Waste Diversion Services – Facilities	174,205	193,561	19,356	11%
Waste Diversion Services – Curbside Collection	326,479	362,755	36,275	11%
Growth-Related Studies	217,210	253,473	36,263	17%
<b>Total</b>	<b>16,554,511</b>	<b>17,810,413</b>	<b>1,255,902</b>	<b>8%</b>

## **Member Municipality Impacts**

Member municipalities will continue to collect County D.C.'s and remit to the County in accordance with revised charges as applicable under a new D.C. By-law.

## **Conclusion/Outcomes**

That the Finance and Audit Committee recommends that County Council enacts a by-law to amend Development Charges By-law 2020-36 for the County of Northumberland

## **Attachments**

1. By-law 2021-XX a By-law to Amend Development Charges By-law 2020-36 for the County of Northumberland
2. Schedule A to By-Law 2021-XX
3. By-Law 2020-36 a By-law for the Imposition of a County-Wide Development Charge on the County of Northumberland
4. Northumberland County 2021 D.C. Update Study
5. D.C. Public Meeting Presentation