



City of Cornwall Development Charges Background Study

Draft Findings – Council Presentation

January 23, 2023



Introduction

Meeting Purpose

- The City has retained Watson & Associates Economists Ltd. to prepare a development charges (D.C.) background study and draft City-wide D.C. by-law
- The new by-law needs to be in place prior to the expiry of the City's current by-law on April 9, 2023
- This meeting is to review the draft findings and proposed by-law policies with Council prior to finalizing the background study and presenting the findings to the development industry



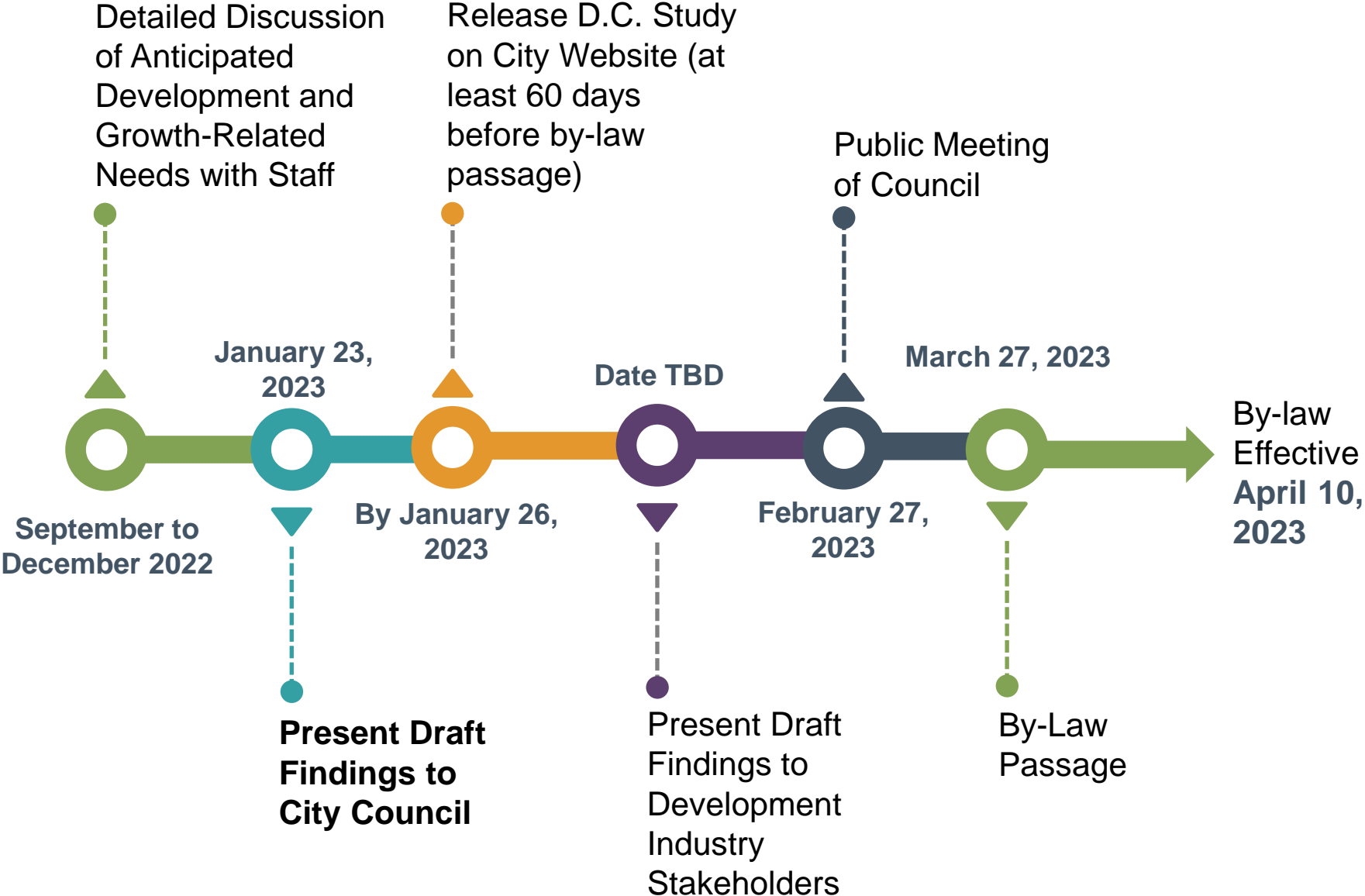
Introduction

Development Charges

- Purpose of D.C.s are to recover the capital costs associated with residential and non-residential development within the municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, watermains, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the *Development Charges Act (D.C.A.)*
- D.C.A. has been recently amended through Bill 23 (*The More Homes Built Faster Act*). These amendments are identified throughout the presentation



Study Process





Development Charges Act
Calculation Methodology

Illustration

Simplified D.C.A. Methodology/Calculation



Identify Amount, Type, and Location of Residential and Non-Residential Growth

- Eligible D.C. Services
- Increase in Need for Service must not exceed average historical level of service over prior 15-year period
- Expression of Council that needs will be met

Increase in Need for Service to Accommodate Growth

Identify Capital Costs to Provide Service

- Deduct:
1. Uncommitted excess capacity
 2. Grants, subsidies and contributions
 3. Benefit to existing development

D.C. Recoverable Cost of Infrastructure to Accommodate Growth

\$



D.C. per Residential Unit

Development Charges

D.C. per sq.ft. of Non-Residential Development



=



Development Charges

Growth Forecast

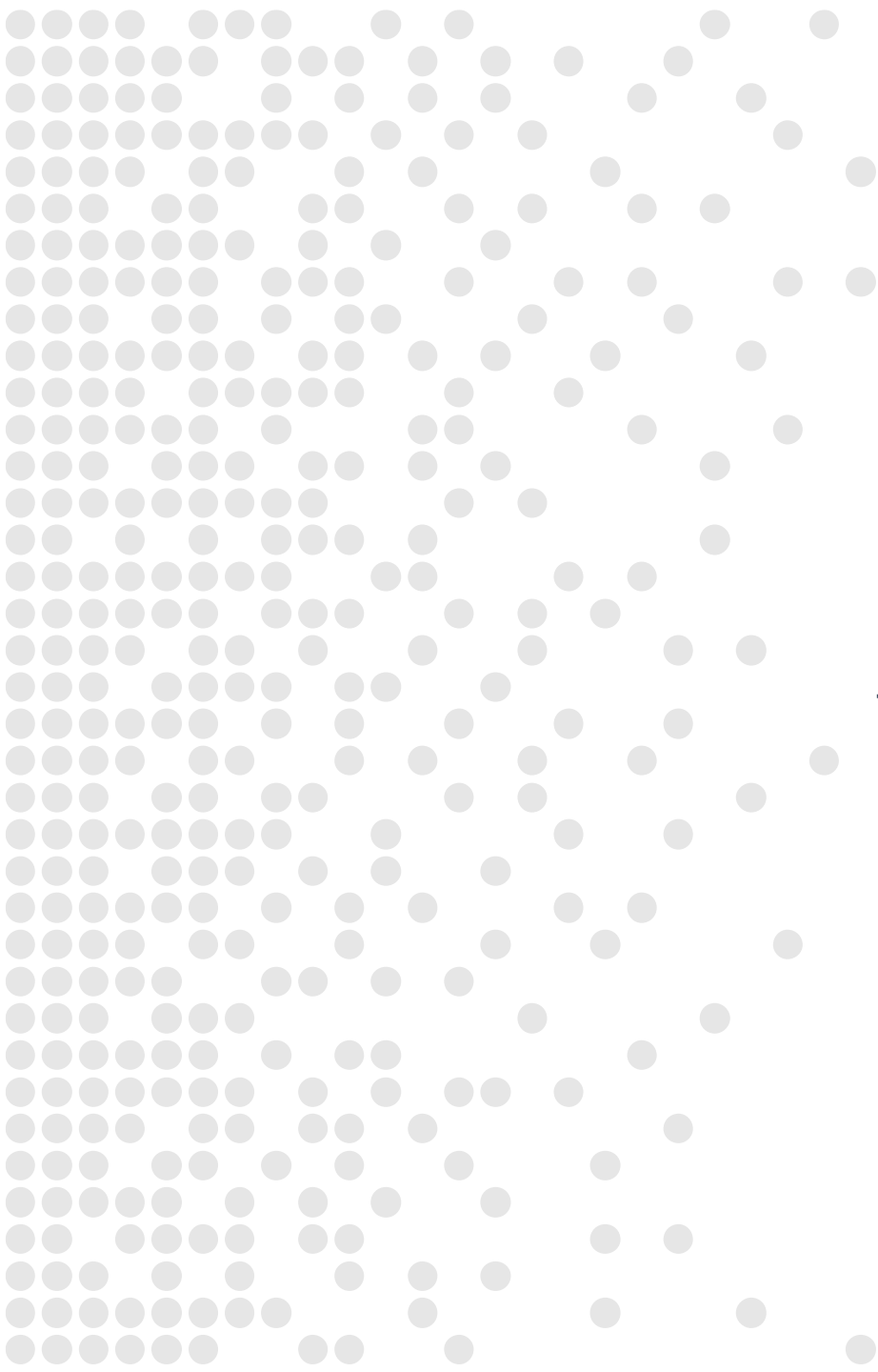


Growth Forecast

2023-2036

- D.C. growth forecast based on ongoing comprehensive review for the City
- Forecast prepared to 2036 (Current Official Plan horizon)

Time Horizon	Residential		Non-Residential	
	Net Population	Residential Units	Employment	Sq. Ft. of G.F.A.
Mid 2023	48,664	23,110	20,943	
Mid 2036	53,540	25,512	24,532	
Incremental Change				
13 Year	4,876	2,402	3,589	4,668,300



Development Charges

Increase in Need for Service

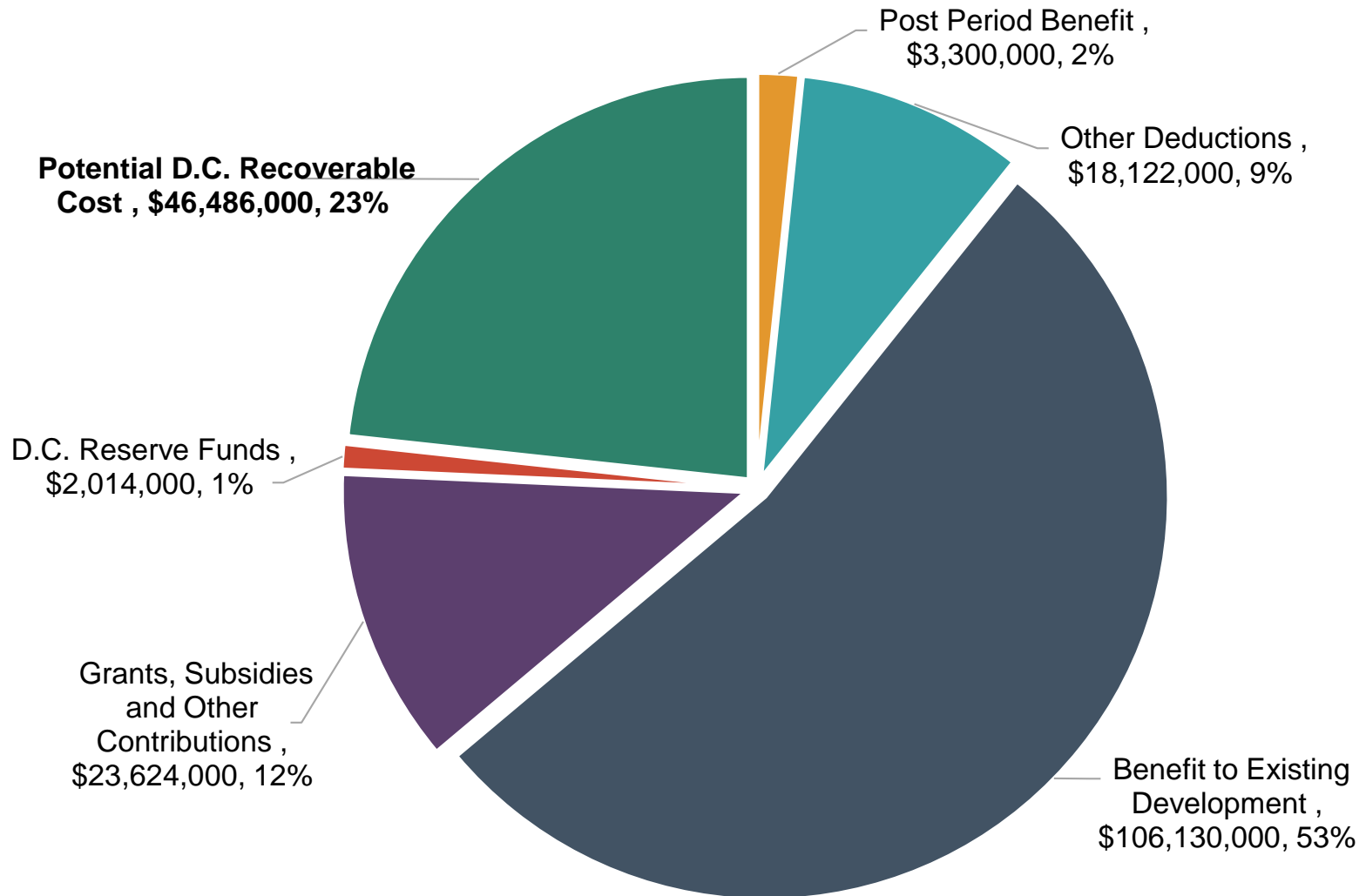


Increase in Need for Service

- 10-Year (2023-2032)
 - Transit Services
- 13-Year (2023-2036)
 - Services Related to a Highway
 - Fire Protection Services
 - Parks and Recreation Services
 - Library Services
 - Ambulance Services
 - Waste Diversion Services
- 13-Year (2023-2036) Urban Services
 - Water Services
 - Wastewater Services

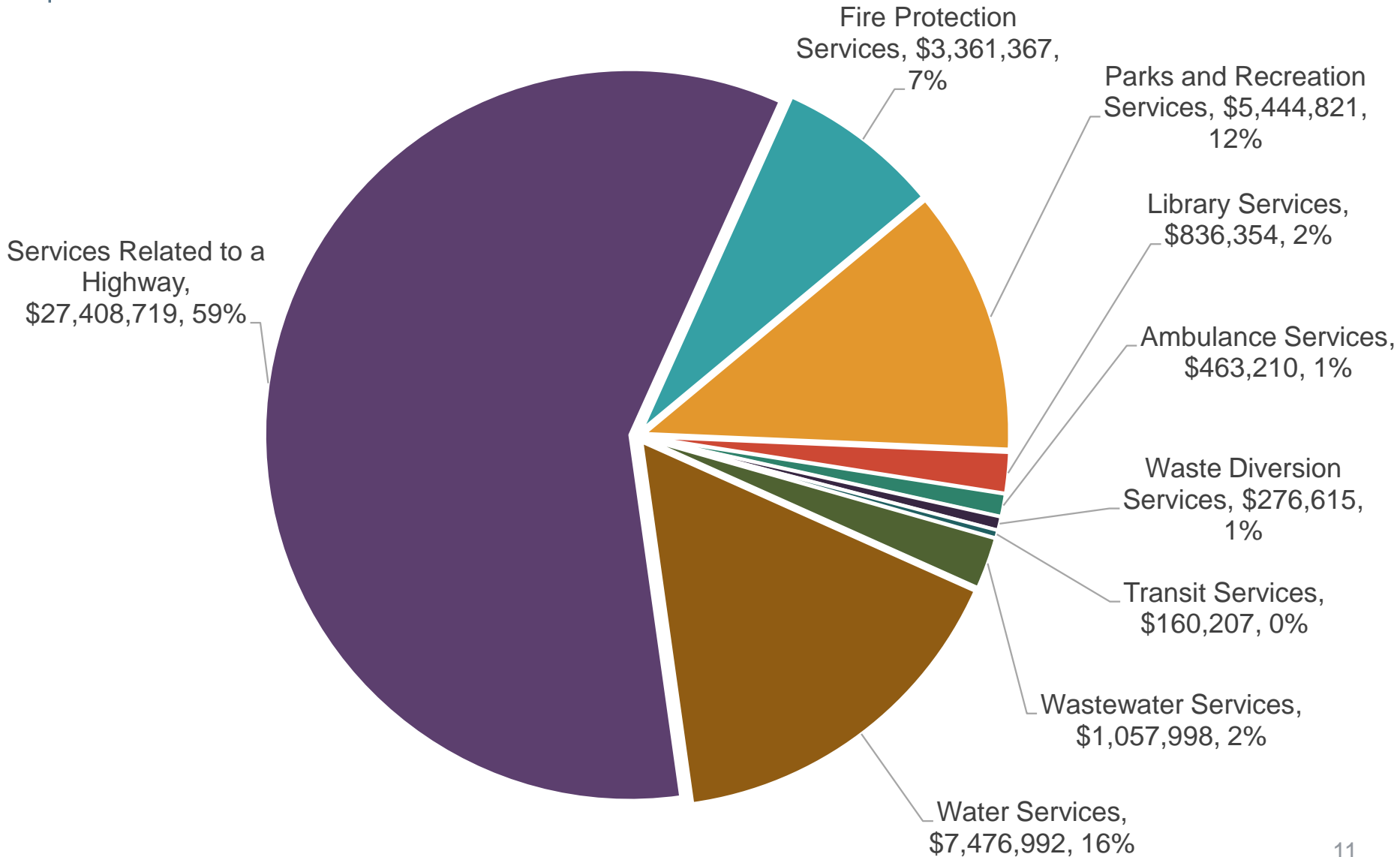
Anticipated Capital Needs

Gross Capital Costs (\$199.7 million)



D.C. Recoverable Costs

\$46.5 Million





Increase in Need for Service

Major Projects by Service Area

- Fire Protection
 - New station replacing Station 1 (\$3.4 million D.C. recoverable costs)
- Services Related to a Highway
 - Road upgrades, widenings, and extensions (\$23 million D.C. recoverable costs)
 - e.g. Marleau/Ninth St., Nick Kaneb Extension, and Ninth St. Extension)
- Transit Services
 - New vehicles and addition to maintenance garage (\$160,000 D.C. recoverable costs)
- Ambulance Services
 - Additional ambulances, paramedic equipment and facility space (\$463,000 D.C. recoverable costs)



Increase in Need for Service

Major Changes between Study Periods

- Parks and Recreation
 - Artificial Turf Field (\$1.5 million D.C. recoverable costs)
 - Waterfront Plan Implementation (\$1.4 million D.C. recoverable costs)
 - Parkland Development (\$1.4 million D.C. recoverable costs)
- Wastewater Services
 - Combined sewer separation (\$1.1 million D.C. recoverable costs)
- Water Services
 - Future growth-related watermains (\$5.7 million D.C. recoverable costs)



Development Charges

D.C. Calculation

Calculated Schedule of D.C.s & Comparison



Service/Class of Service	RESIDENTIAL					Non-Residential (per sq.ft. of Gross Floor Area)
	Single and Semi- Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	
Municipal Wide Services						
Services Related to a Highway	7,803	5,257	3,976	7,412	3,559	2.47
Fire Protection Services	594	400	303	564	271	0.46
Parks and Recreation Services	2,539	1,711	1,294	2,412	1,158	0.06
Library Services	390	263	199	370	178	0.01
Ambulance Services	132	89	67	125	60	0.04
Waste Diversion Services	129	87	66	123	59	0.00
Transit Services	59	40	30	56	27	0.02
Total Municipal Wide Services	11,646	7,847	5,935	11,062	5,312	3.06
Urban Services						
Wastewater Services	283	191	144	269	129	0.10
Water Services	2,002	1,349	1,020	1,902	913	0.74
Total Urban Services	2,285	1,540	1,164	2,171	1,042	0.84
GRAND TOTAL RURAL AREA	11,646	7,847	5,935	11,062	5,312	3.06
GRAND TOTAL URBAN AREA	13,931	9,387	7,099	13,233	6,354	3.90

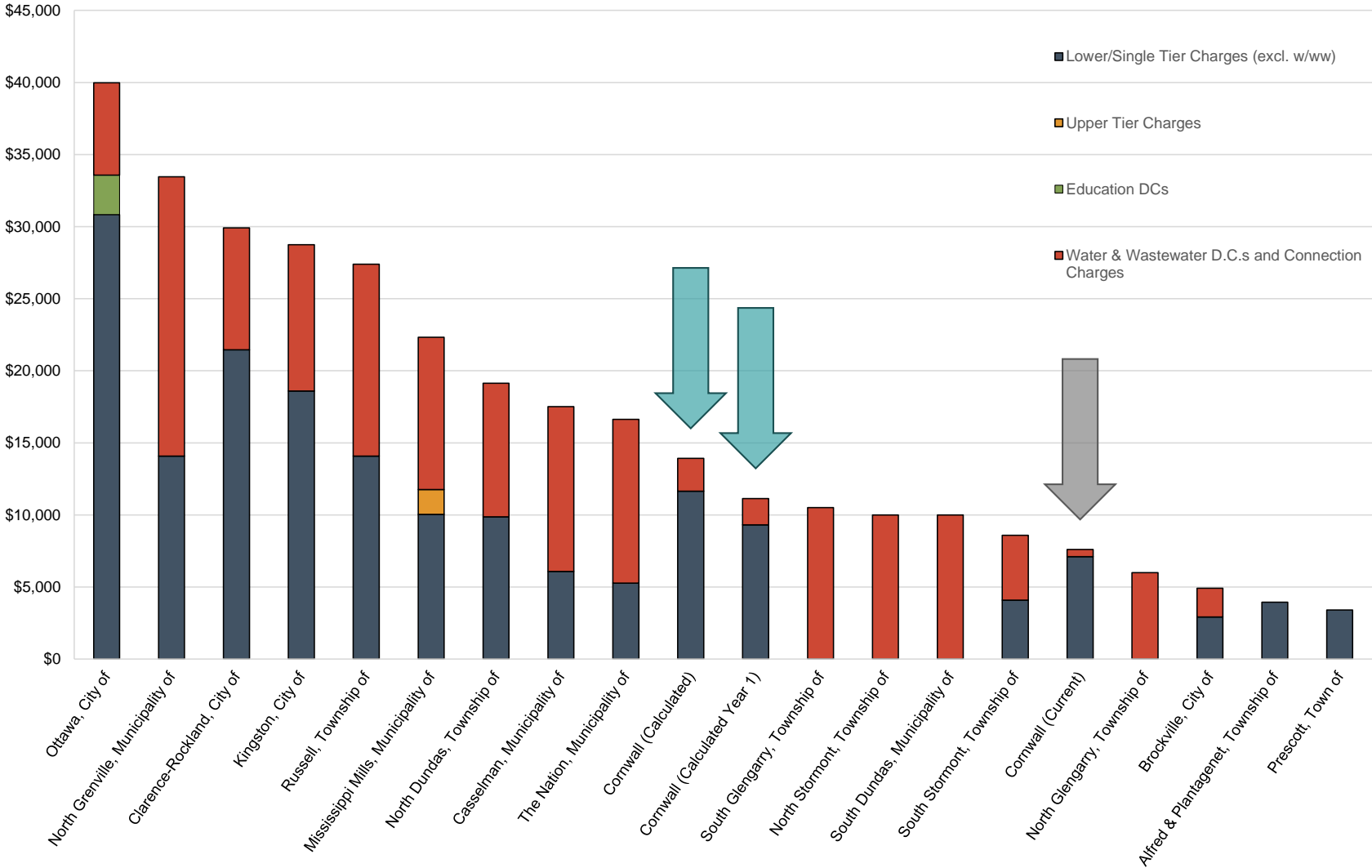
1	Current D.C. - Urban Area	7,608	5,431	2,936	7,224	2,936	3.95
2	Calculated Charge	13,931	9,387	7,099	13,233	6,354	3.90
3	% Change - Urban	83%	73%	142%	83%	116%	-1%
4	Urban Area - Year 1 (20% Reduction)	11,145	7,510	5,679	10,586	5,083	3.12
5	% Change - Urban	46%	38%	93%	47%	73%	-21%

Municipal Comparison

Per Single Detached Residential Dwelling Unit



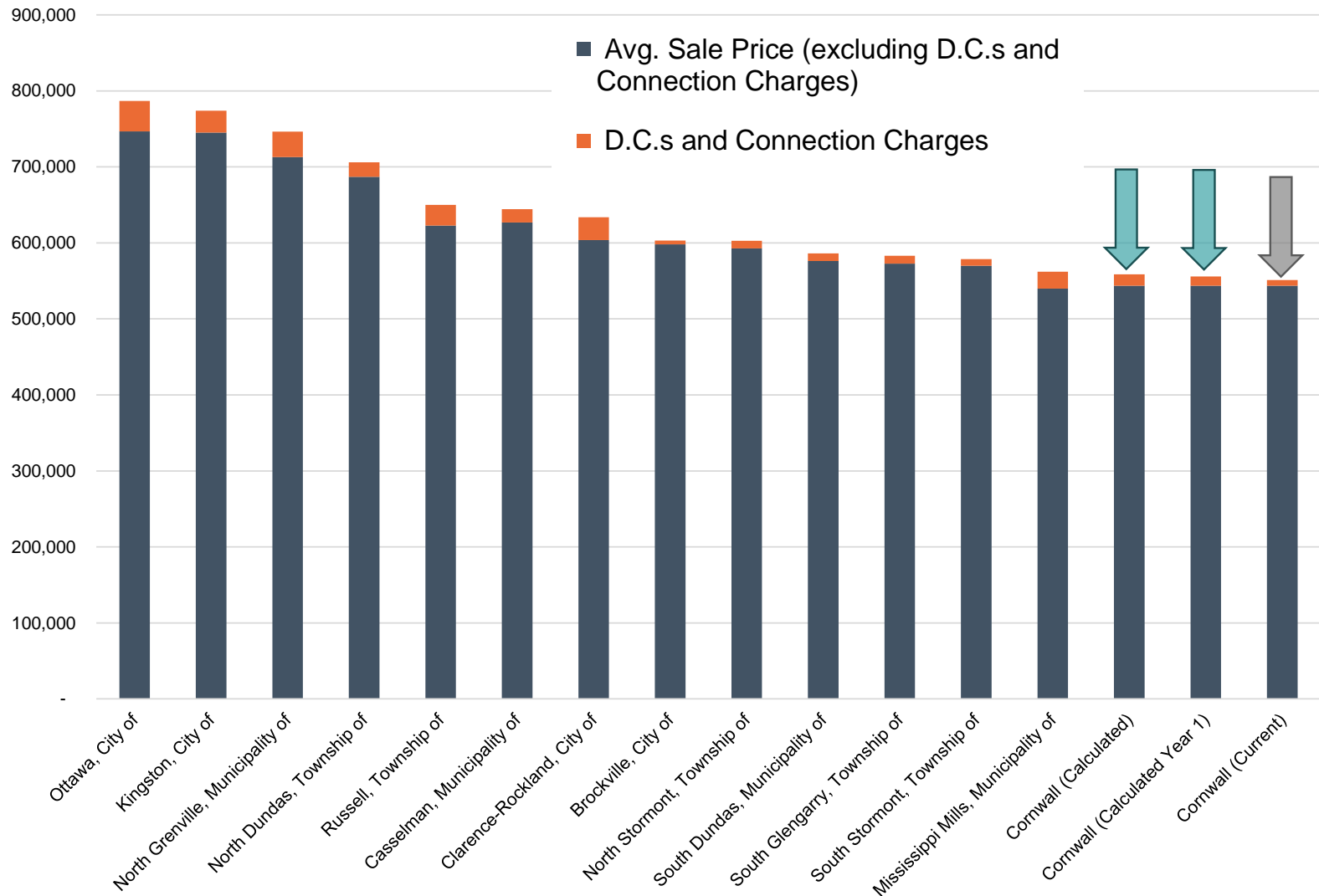
Residential Development Charges (per Single Detached Dwelling)





Comparison of D.C.s and Average Sale Price of New Homes

Average New Single Detached Dwelling Sale Price (2022)

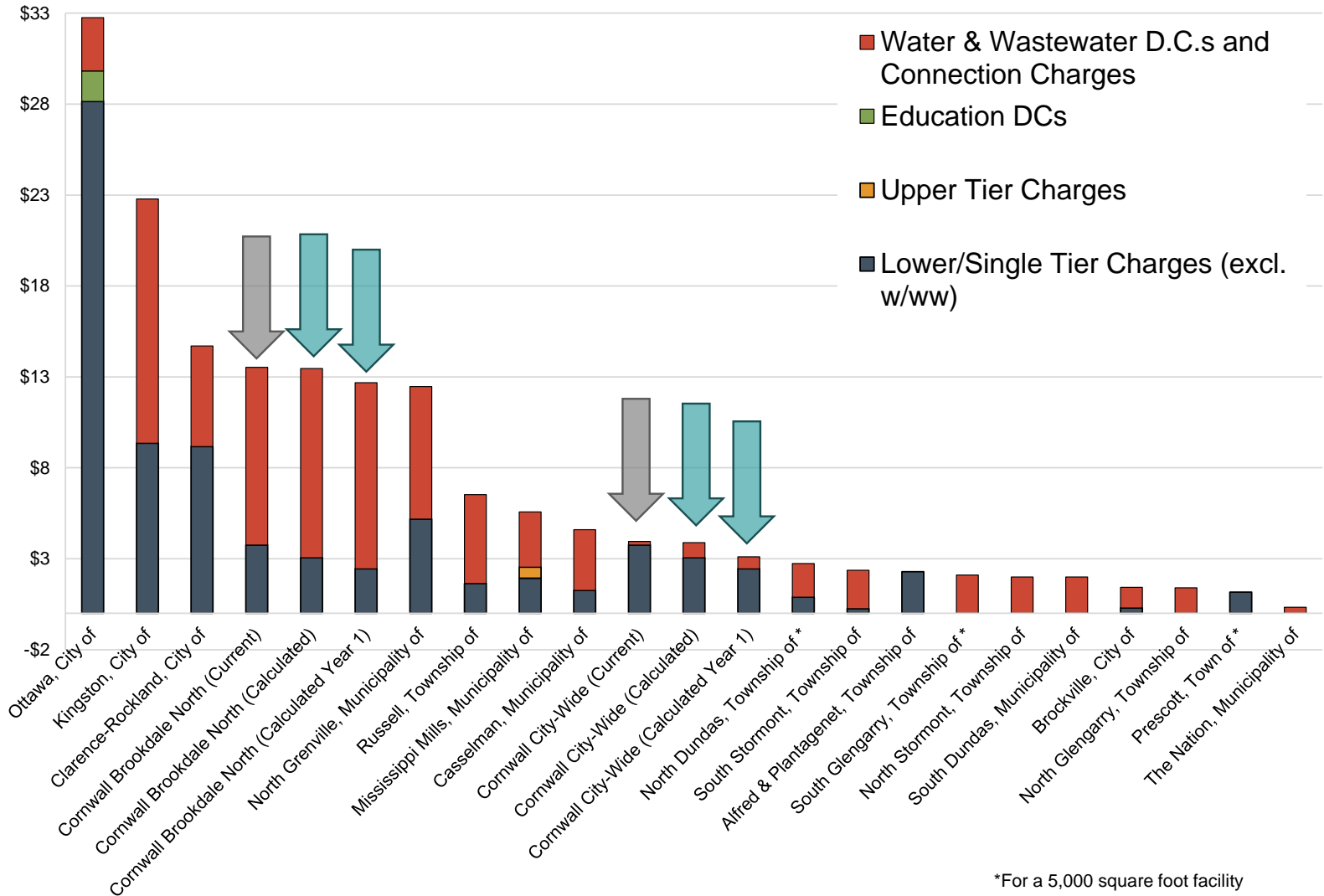




Municipal Comparison

\$ per Square Foot of Commercial Gross Floor Area

Commercial Development Charges (per sq.ft. of GFA)



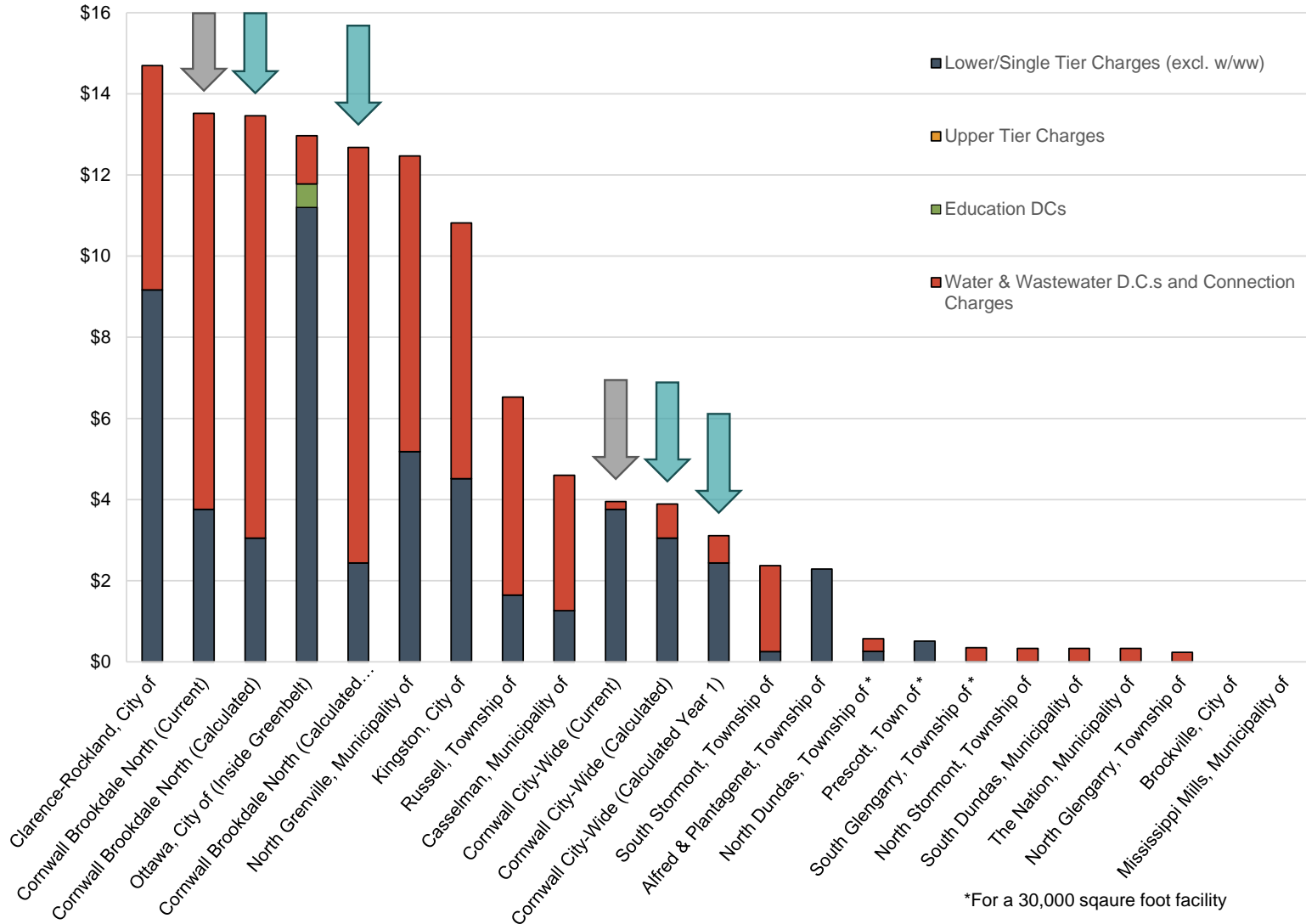
*For a 5,000 square foot facility



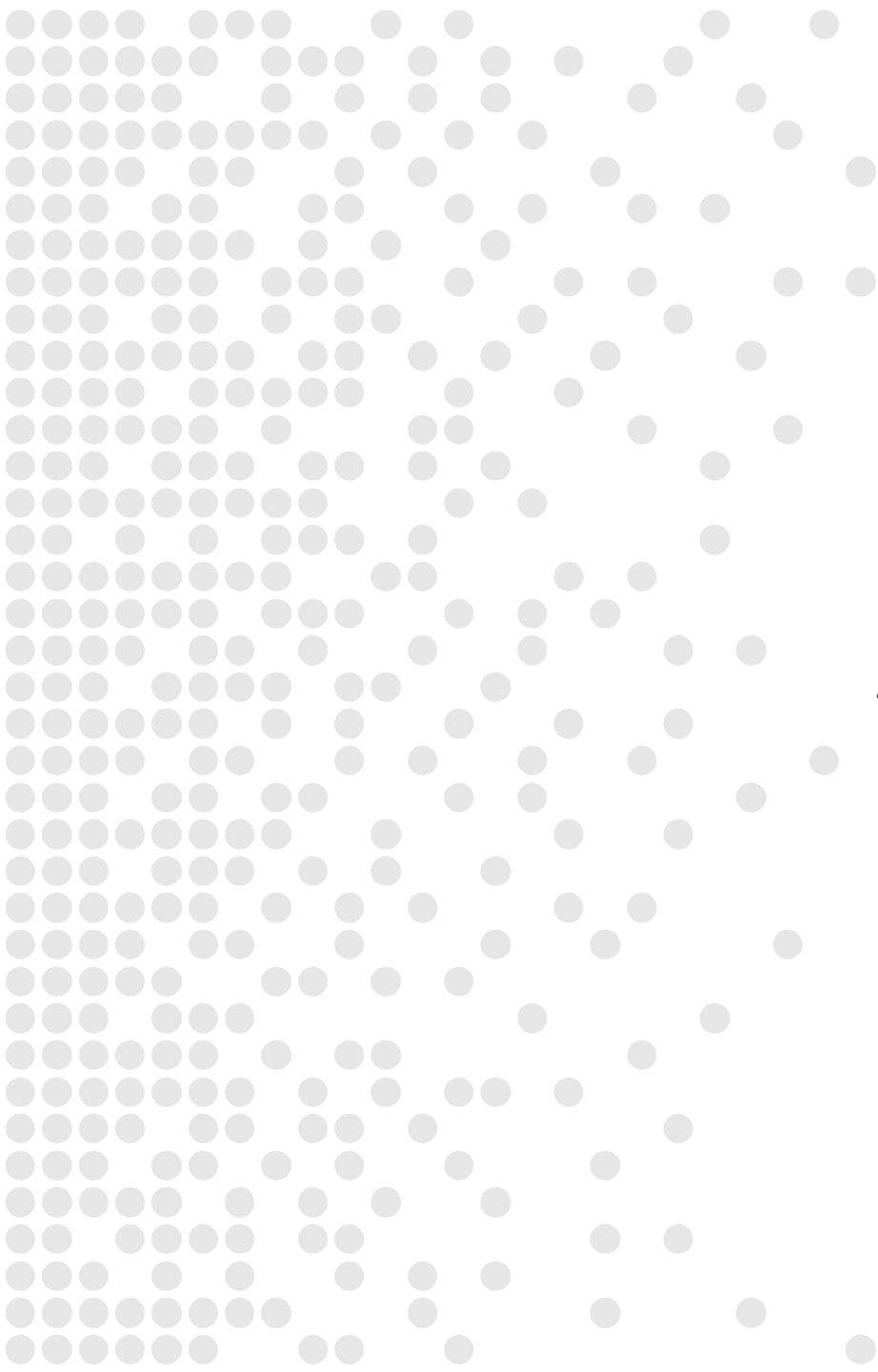
Municipal Comparison

\$ per Square Foot of Industrial Gross Floor Area

Industrial Development Charges (per sq.ft. of GFA)



*For a 30,000 square foot facility



Development Charges

D.C. By-law Policies



D.C. By-Law Policies

Timing of Collection

- D.C.s can be calculated and payable at the time of building permit issuance or at subdivision registration for hard services
 - Municipality may enter into agreement for the D.C. to be paid before or after it would otherwise be payable
 - Current policy is for D.C.s to be paid at building permit issuance
- D.C.s for developments proceeding through Site Plan or Zoning By-law Amendment will be determined based on the charges in effect on the day of the application
 - Charges to be frozen for a maximum period of 2 years after planning application approval



D.C. By-Law Policies

Timing of Collection

- Payment in installments
 - Rental housing and institutional developments would pay D.C.s in 6 equal annual payments, commencing from the date of occupancy
- Interest to be imposed on D.C.s determined at Site Plan or Zoning-By-law Amendment application and on installment payments
 - Maximum interest rate for installments and D.C. freeze the average prime rate plus 1%



D.C. By-Law Policies

D.C. Exemptions

- The Act provides for some mandatory exemptions but also allows municipalities the ability to provide it's own exemptions
- Exemptions set out certain classes of development that will not be required to pay D.C.s. These exemptions may be determined by:
 - Use (e.g. places of worship, farm buildings)
 - Geographic area
 - Development type
 - Service exemption
- The Act is specific in identifying that the revenue forgone may not be made up by increasing the D.C.s for other classes of development
 - In effect, it is a loss of revenue to the Municipality which will have to be funded via taxes, rates, reserves or other financial resources



D.C. By-Law Policies

Statutory D.C. Exemptions

- Upper/Lower Tier Governments and School Boards
- Development of lands intended for use by a university that received operating funds from the Government
- Existing industrial building expansions (may expand by 50% with no D.C.)
- Additional residential units in existing and new residential buildings (*revised through Bill 23*):
 - May add up to two apartments for a single detached, semi-detached or row house (only one unit can be in an ancillary structure)
 - One additional unit or 1% of the units in an existing rental residential building with four or more residential units



D.C. By-Law Policies

Statutory D.C. Exemptions

- Non-profit housing (*Added through Bill 23*)
- Inclusionary zoning affordable housing units (*Added through Bill 23*)
- Additional exemptions for affordable and attainable units to be exempt upon proclamation by the Lieutenant Governor units (*Added through Bill 23*)



D.C. By-Law Policies

Statutory D.C. Reductions

- Discount for rental housing development:
 - >2 bedrooms - 25% discount
 - 2 bedrooms - 20% discount
 - <2 bedrooms - 15% discount
- Mandatory reduction of D.C. (Maximum charge of 80%, 85%, 90%, 95%, 100% for first 5 Years of the by-law)



D.C. Policies

Non-Statutory D.C. Exemptions

- Current non-statutory exemptions include:
 - Bona fide farm uses
 - Places of worship
 - Hospitals
 - College or University Buildings (*exemption is now statutory*)
 - Manufacturing Uses (*Proposed to be removed*)
 - Infill development within a priority area of the Heart of the City Community Improvement Policy Area (as set out in scheduled C)



D.C. By-Law Policies

Redevelopment Credits

- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
- Redevelopment must occur within 5 years of demolition
- The redevelopment of buildings that are listed on the City's vacant building registry will not receive redevelopment credits



D.C. By-Law Policies

D.C. Indexing

- D.C.A. allows for adjustment of charges to reflect underlying cost increases and reduces municipal cash flow impact between statutory by-law reviews
- Indexing can be:
 - Mandatory – implemented annually commencing from the date the by-law comes into force, in accordance the Statistics Canada Non-residential Building Construction Price Index for Ottawa-Gatineau or for Toronto, as appropriate; or
 - Discretionary – index presented to Council annually for direction
- Mandatory indexing to occur each year on the anniversary date of the by-law coming into effect



Next Steps



Study Process/Next Steps



Questions?