



# Municipality of Port Hope Development Charges Background Study

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Council Information Session  
May 7, 2024

# Introduction and Purpose



- Watson & Associates Economists Ltd (Watson) and CIMA have been retained by the Municipality of Port Hope to undertake the 2024 Development Charges (D.C.) Background Study
- Purpose of today's presentation is to review the D.C. methodology, legislative changes, and preliminary findings

# Agenda



1. Overview of Development Charges
2. D.C. By-law Policies
3. Next Steps



# 1. Overview of Development Charges

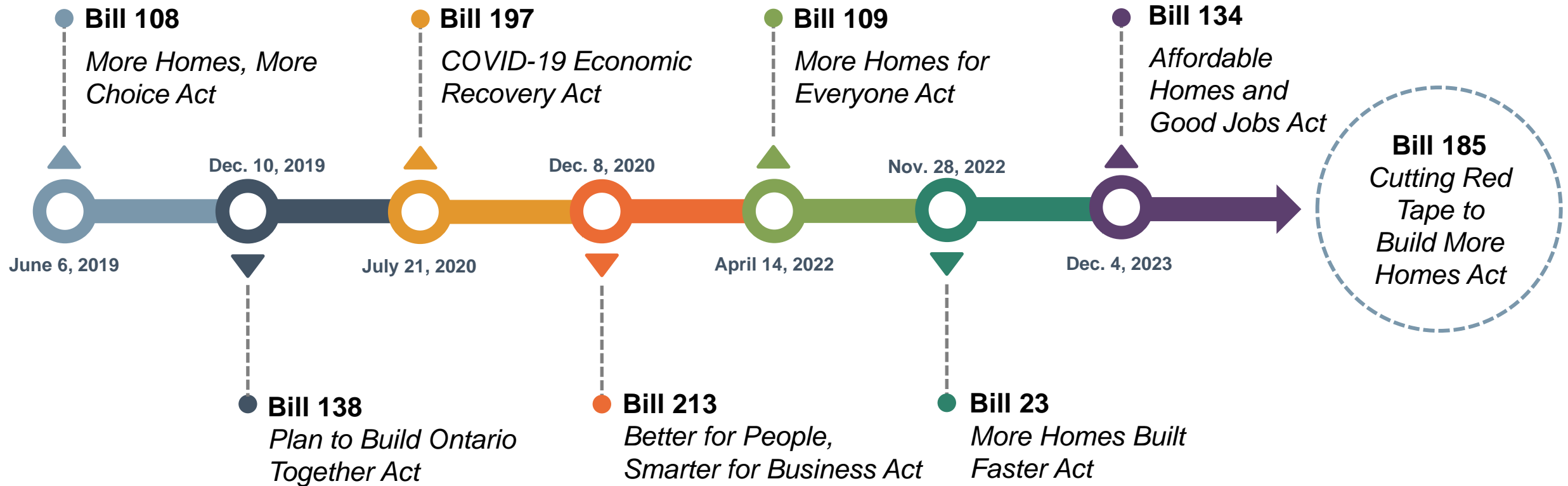
# Overview of Development Charges



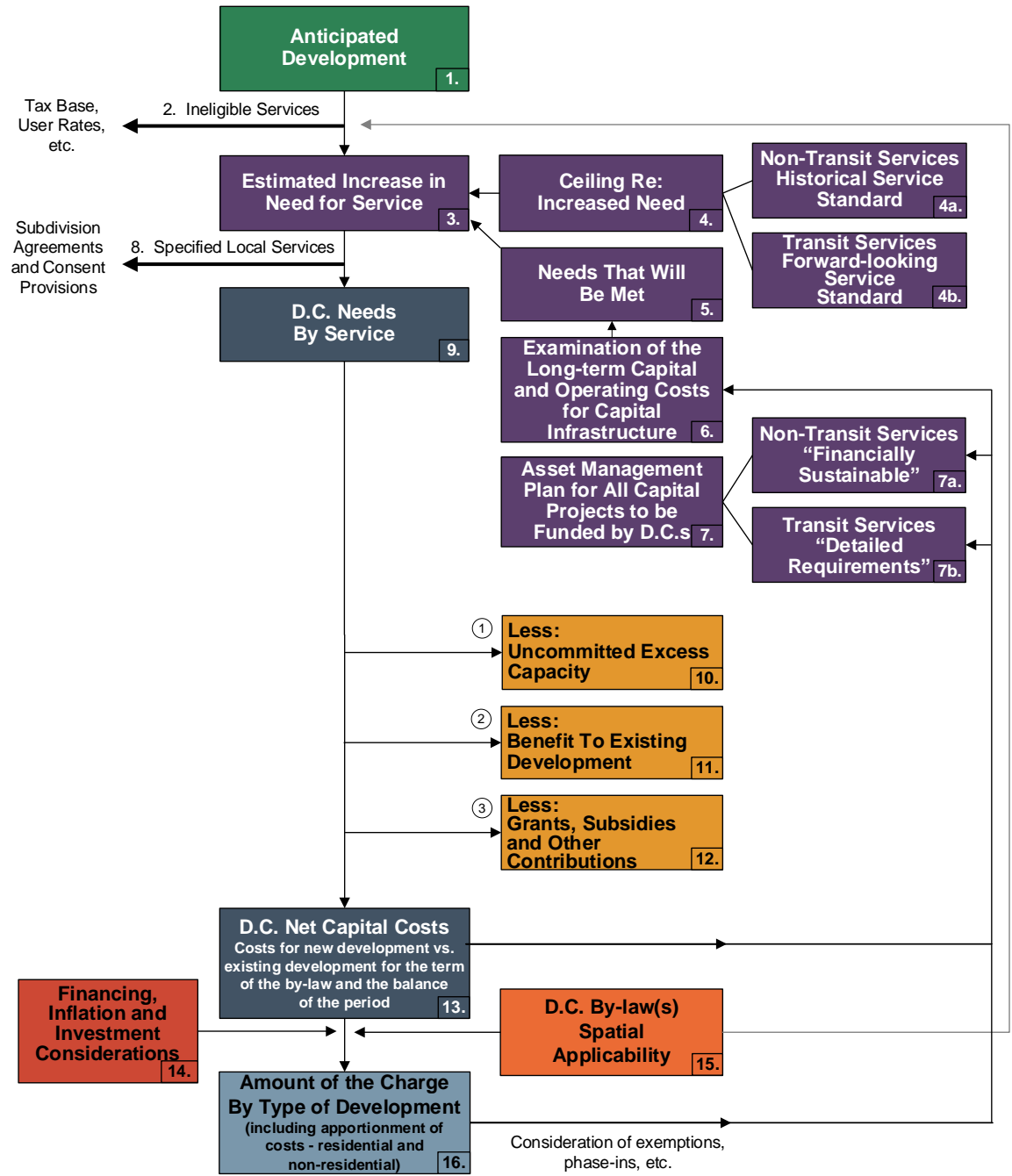
- Purpose of development charges (D.C.s) is to recover the capital costs associated with residential and non-residential growth within the municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (e.g., internal roads, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the *Development Charges Act* (D.C.A.), as amended
- The Municipality currently imposes development charges under By-law 63/2019

# Development Charges Act

## Legislative Changes Since 2019



The Process of Calculating a Development Charge under the Act that must be followed





# Current Schedule of Development Charges



Service	Residential					Non-Residential	
	Single & Semi Detached	Other Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	Special Care/Special Dwelling Units	All Other (per sq.ft. of G.F.A.)	Industrial (per sq.ft. of G.F.A.)
<b>Municipal-wide Services</b>							
Roads and Related	\$ 8,484	\$ 6,829	\$ 5,876	\$ 4,318	\$ 3,698	\$ 3.88	\$ -
Fire Protection Services	\$ 716	\$ 577	\$ 497	\$ 364	\$ 311	\$ 0.19	\$ -
Parks and Recreation Services	\$ 1,767	\$ 1,422	\$ 1,223	\$ 899	\$ 771	\$ 0.14	\$ -
Library Services	\$ 345	\$ 277	\$ 238	\$ 176	\$ 149	\$ 0.02	\$ -
Growth-related Studies	\$ 226	\$ 181	\$ 157	\$ 116	\$ 98	\$ 0.10	\$ -
<b>Total Municipal-wide Services</b>	<b>\$ 11,538</b>	<b>\$ 9,286</b>	<b>\$ 7,991</b>	<b>\$ 5,873</b>	<b>\$ 5,027</b>	<b>\$ 4.33</b>	<b>\$ -</b>
<b>Area Specific Services (Urban Area)</b>							
Police Services (PHPS)	\$ 514	\$ 413	\$ 356	\$ 261	\$ 224	\$ 0.19	\$ -
<b>Total Area Specific Services (Urban Area)</b>	<b>\$ 514</b>	<b>\$ 413</b>	<b>\$ 356</b>	<b>\$ 261</b>	<b>\$ 224</b>	<b>\$ 0.19</b>	<b>\$ -</b>
<b>Urban Services</b>							
Wastewater Treatment Plants	\$ 7,041	\$ 5,668	\$ 4,879	\$ 3,583	\$ 3,070	\$ 7.20	\$ 7.20
Wastewater	\$ 5,163	\$ 4,156	\$ 3,576	\$ 2,629	\$ 2,252	\$ 0.84	\$ 0.84
Water Treatment Plants	\$ 1,732	\$ 1,396	\$ 1,201	\$ 881	\$ 756	\$ 1.77	\$ 1.77
Water	\$ 1,780	\$ 1,434	\$ 1,233	\$ 908	\$ 779	\$ 1.82	\$ 1.82
<b>Total Urban Services</b>	<b>\$ 15,716</b>	<b>\$ 12,654</b>	<b>\$ 10,889</b>	<b>\$ 8,001</b>	<b>\$ 6,857</b>	<b>\$ 11.63</b>	<b>\$ 11.63</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>\$ 11,538</b>	<b>\$ 9,286</b>	<b>\$ 7,991</b>	<b>\$ 5,873</b>	<b>\$ 5,027</b>	<b>\$ 4.33</b>	<b>\$ -</b>
<b>GRAND TOTAL URBAN AREA</b>	<b>\$ 27,768</b>	<b>\$ 22,353</b>	<b>\$ 19,236</b>	<b>\$ 14,135</b>	<b>\$ 12,108</b>	<b>\$ 16.15</b>	<b>\$ 11.63</b>

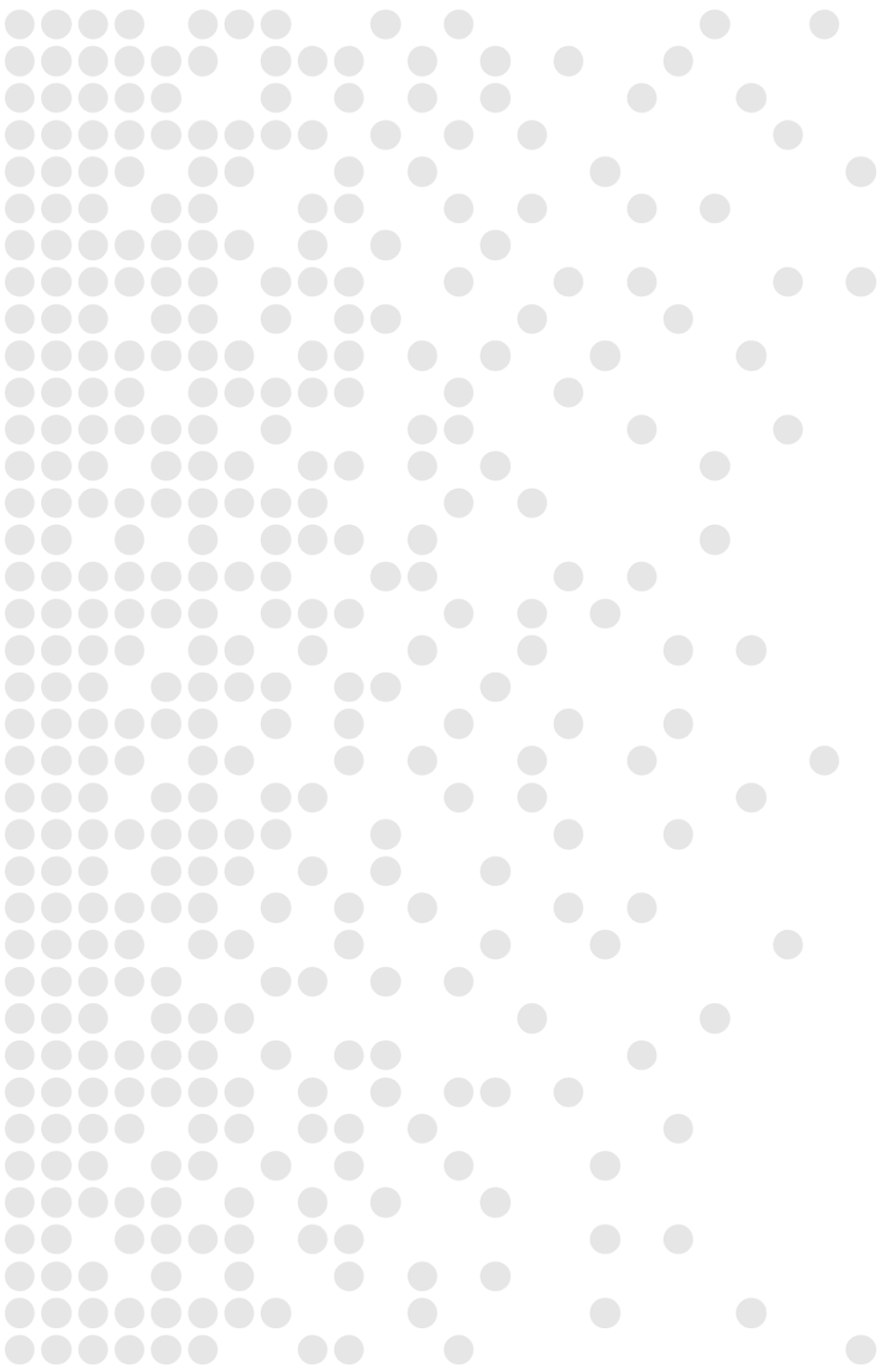


# Growth Forecast Projections



Time Horizon	Residential		Non-residential	
	Net Population <sup>A</sup>	Dwelling Units <sup>A</sup>	Employment <sup>B</sup>	G.F.A. <sup>C</sup> (sq.ft.)
Mid 2024	17,548	7,551	5,690	
Mid 2034	20,933	9,223	6,424	
Buildout	22,254	9,823	6,977	
Mid 2024 – Mid 2034	3,385	1,672	734	756,000
Mid 2024 – Buildout	4,706	2,272	1,287	1,405,800
Mid 2024 – Buildout (Serviced)	4,209	2,092	1,151	1,233,800

**A** Includes Institutional Population/Dwellings  
**B** Excludes Work at Home and No Fixed Place of Work  
**C** Gross Floor Area



# 2. D.C. By-law Policies



## D.C. Eligible Services

- Water\*
- Wastewater\*
- Stormwater
- Services related to a highway
- Electrical power
- Toronto-York subway extension
- Transit
- Waste Diversion
- Policing\*
- Fire
- Ambulance
- Library
- Long-term Care
- Parks and Recreation
- Public Health
- Childcare and Early Years
- Provincial Offences Act
- Emergency preparedness
- Airports (only for the Region of Waterloo)

# D.C. Eligible Capital Costs



- Capital Costs 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
  - May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board
- Capital Costs may not include:
  - Parkland acquisition
  - Vehicle & Equipment with an average life less than 7 years
  - Computer equipment that is not integral to the delivery of the service
  - Studies
  - Possible removal of land acquisition for services (may be defined by regulations in the future)

# Current D.C. Policies

## Exemptions, Discounts, and Instalment Payments



Mandatory (Statutory)	Discretionary (Non-Statutory)
<p><u>Existing</u></p> <ul style="list-style-type: none"> <li>• Industrial Building Expansion (one time up to 50%)</li> <li>• Residential Intensification</li> <li>• Municipalities, County, and School Boards</li> <li>• Additional Residential Units (in or ancillary to existing and new dwellings)</li> </ul> <p><u>New (under Refinements to D.C.A.)</u></p> <ul style="list-style-type: none"> <li>• Additional Residential Units (2, can be in ancillary dwelling unit)</li> <li>• Affordable and Attainable Units (once proclaimed)</li> <li>• Affordable Inclusionary Zoning Units</li> <li>• Non-Profit Housing</li> <li>• Universities receiving ongoing funding from Province</li> <li>• Phase-in D.C.s over 5 years starting at 80%</li> <li>• Rental Housing Discount (based on number of bedrooms: 15% to 25%)</li> <li>• Rate Freeze at Site Plan/Rezoning Application for 2 years after approval</li> <li>• Instalment Payments for Rental and Institutional Developments</li> </ul>	<ul style="list-style-type: none"> <li>• Lands, buildings or structures used or to be used for a place of worship or for the purposes of a churchyard or cemetery exempt from taxation under the Assessment Act.</li> <li>• The construction of a non-residential farm building or structure constructed for a bona fide farm operation</li> <li>• Buildings used as hospitals as governed by the Public Hospitals Act</li> <li>• For industrial uses, only the water and wastewater portion of the development charge is applicable</li> </ul>

# Current D.C. 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)
- The Municipality's current D.C. by-law provides for redevelopment and conversion credits against D.C.s (4-year time limit)
- The credit cannot exceed the D.C.s that would otherwise be payable

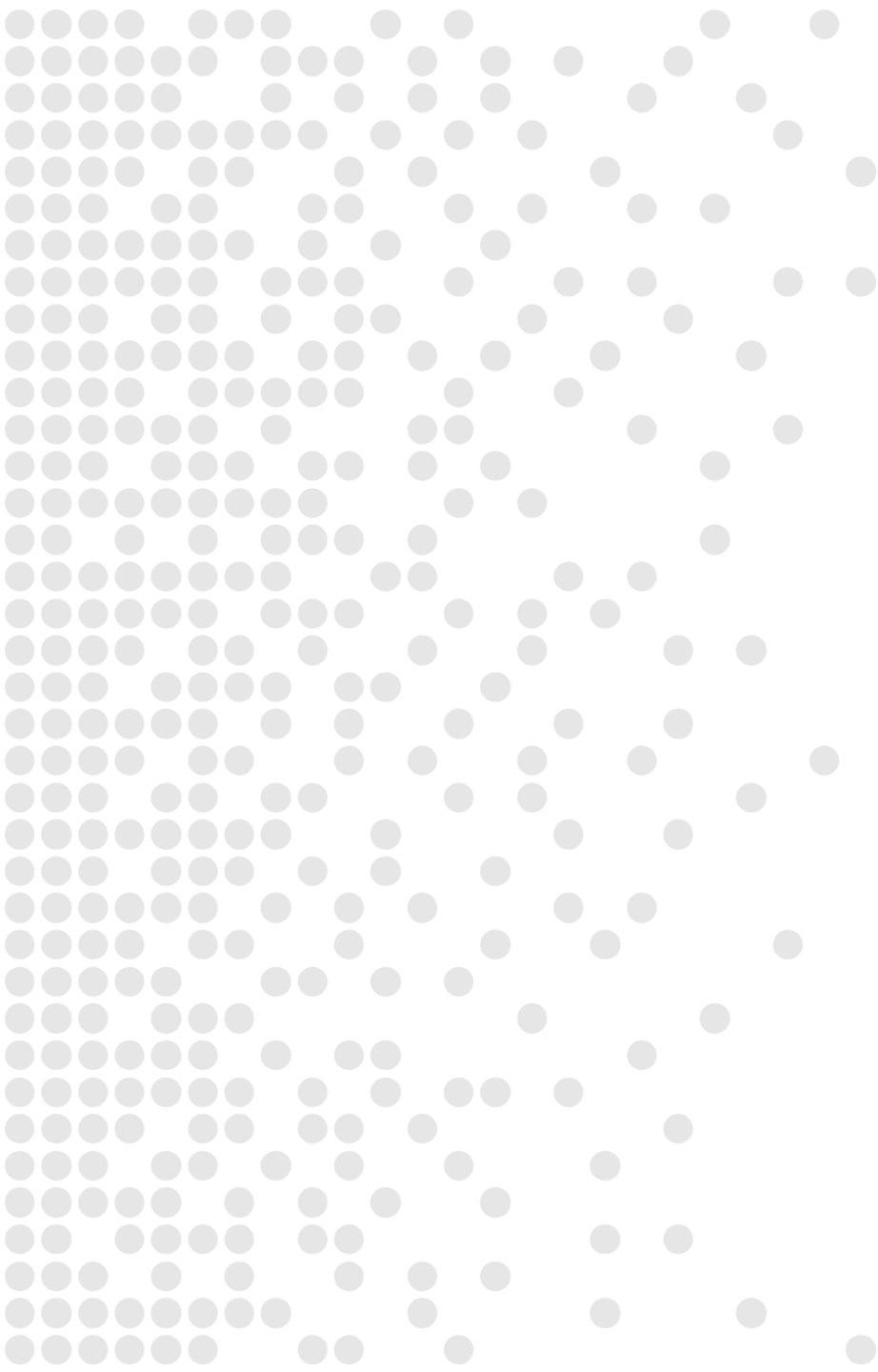
# Current D.C. Policies

## Indexing



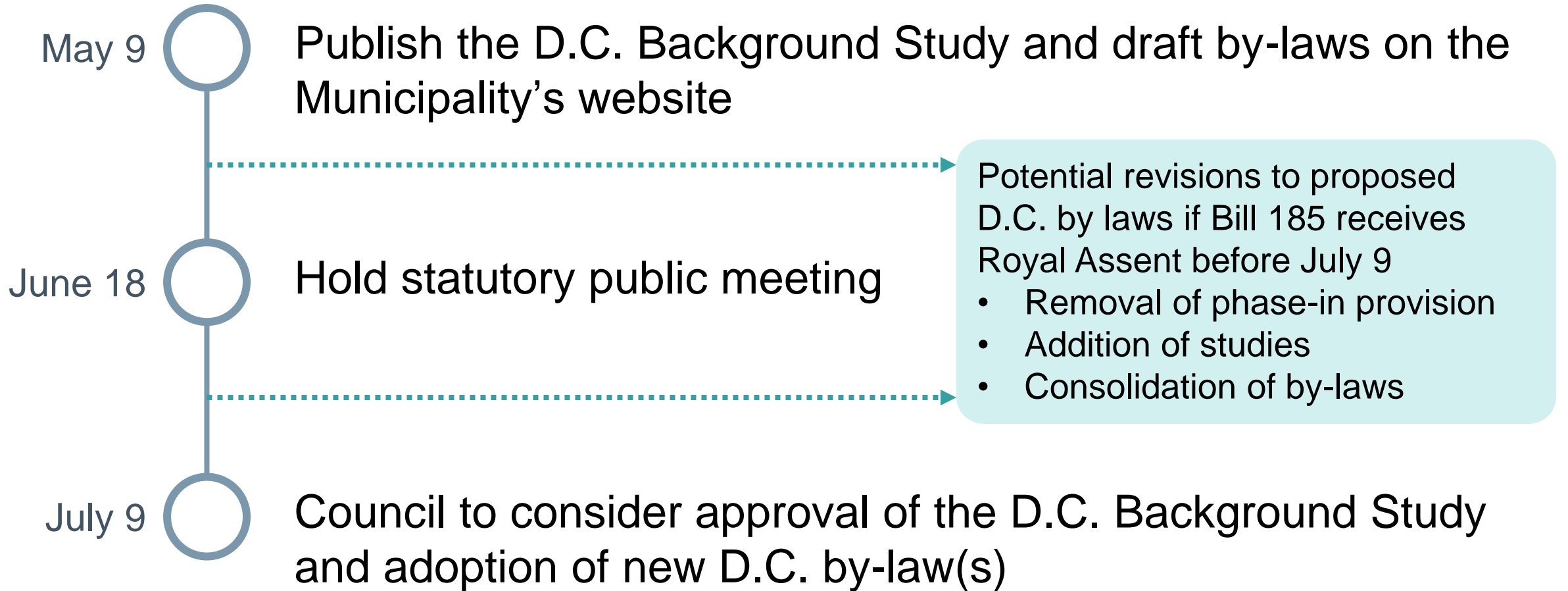
- The Municipality's current D.C. by-law provides for mandatory annual indexing of charges annually on January 1<sup>st</sup>





## 3. Next Steps

# Next Steps





# Discussion