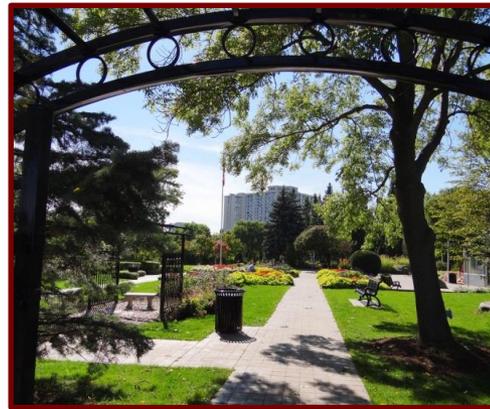


# City of Brampton 2019 Development Charges Study Industry Stakeholder Consultation



**Thursday, February 7<sup>th</sup>, 2019**

**HEMSON**  
Consulting Ltd.

 **BRAMPTON**  
Flower City  
brampton.ca

# Introductions

- City of Brampton staff
  - Janet Lee, Manager, Development Finance
  - Martin Finnegan, Sr. Manager, Revenue Services
  - David Sutton, Treasurer
- Hemson Consulting:
  - Craig Binning, Partner
  - Andrew Mirabella, Consultant

# Today we will discuss...

- Overview of the *Development Charges Act*
- Development Charges Study Process
- Preliminary Development Forecast
- Historical Inventories and Service Levels
- 2019 DC Policy Review
- Next Steps

# What Are Development Charges?

- Fees imposed on development to fund “growth-related” capital costs
- DCs pay for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth” so that financial burden is not borne by existing tax payers

# Background

- City Council passed DC By-laws (7 in total) in June 2014 that imposed DC rates for eligible City services
  - On August 2<sup>nd</sup> 2019, the 2014 DC By-laws will expire
- In order for the City to continue to collect DCs, a new DC Background Study must be completed and the City must hold at least one public meeting

# Overview of the *DCA*

- Service exclusions:
  - Cultural and entertainment facilities, including museums, theatres and art galleries
  - Tourism facilities including convention centres
  - Parkland acquisition
  - Hospitals
  - Headquarters for general administration of municipalities and local boards

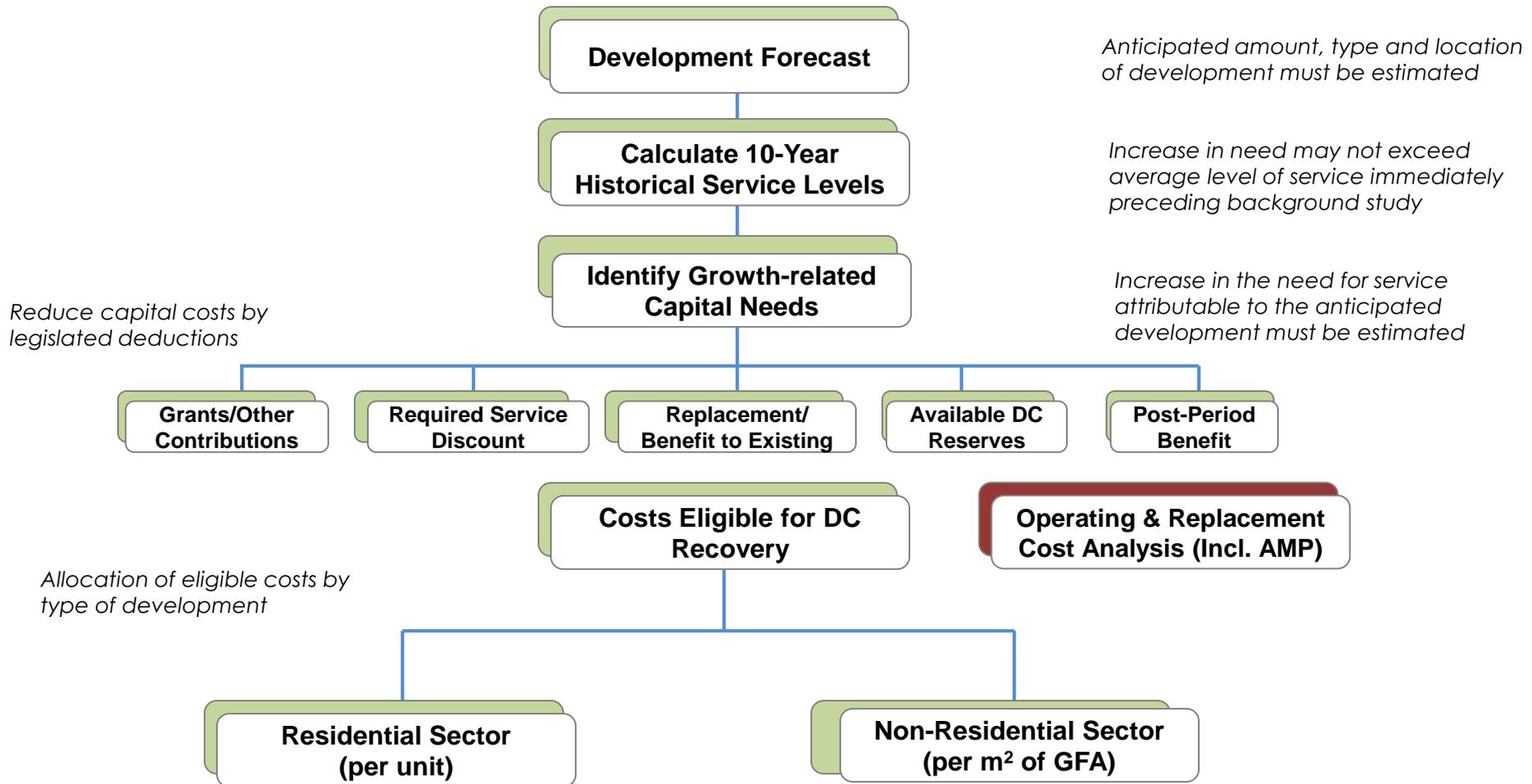
# Overview of the *DCA*

- Eligible capital costs:
  - Costs to acquire and improve land
  - Building and structure costs
  - Rolling stock with a useful life of 7 years or more
  - Furniture and equipment, excluding computer equipment
  - Development-related studies
  - Engineering fees, contingencies
  - Past expenditures that still need to be funded through future DCs (i.e. debentures)
  - Interest and financing costs

# Changes to the DCA as of January 1, 2016

- Transit services are no longer subject to a 10% reduction and based on a “*planned*” level of service
- Asset Management Plan (AMP) must demonstrate that assets are “*financially sustainable*” over their full lifecycle
- Longer consultation period – DC Background Study must be made available 60 days prior to the passage of a DC By-law
- Additional reporting requirements
- DCs payable at first building permit (for multiple building permits)
- DC Background Studies must consider Area Specific DCs

# Overview of Study Process



# Key Steps in Calculating DCs

## DEVELOPMENT FORECAST

- Forecast amount, type and location of development
- Establish areas to which DCs apply
- Establish planning periods
- Types of development
  - Residential: population and dwelling units
  - Non-residential: non-residential floor space and employment

# Development Forecast

## Key Assumptions

- Population and employment forecasts based on Schedule 3 of the *Growth Plan*
  - Consistent with the Region's ongoing Municipal Comprehensive Review and adopted by City Council
  - Forecast considers growth in Uptown, Downtown and in the vicinity of potential Town centres
- Planning Horizons
  - General Services: 2019 – 2028
  - Engineered Services: 2019 – 2041

# Residential Growth Forecast

Residential Type	General Services 2019-2028			Engineered Services 2019-2041	
	At 2018	Growth 2019-2028	At 2028	Growth 2019-2041	At 2041
Total Occupied Dwellings	174,981	39,530 (100%)	214,511	75,929 (100%)	250,910
- Singles/Semi		23,312 (59%)		38,294 (50%)	
- Rows		10,069 (25%)		19,480 (26%)	
- Apartments		6,149 (16%)		18,155 (24%)	
Census Population					
- Census Population <sup>(1)</sup>	620,067	129,388	749,455	241,583	861,650
- Total Population in New Private Dwellings <sup>(2)</sup>		144,563		261,282	

1. Census population excludes an undercoverage of 3.3%

2. Population in New Dwellings were calculated based on the following average persons per unit (PPU) assumptions:

- Singles & Semis 4.33
- Rows 3.21
- Apartments 1.94

# Non-Residential Growth Forecast

Non-Residential Type	General Services 2019-2028			Engineered Services 2019-2041	
	At 2018	Growth 2019-2028	At 2028	Growth 2019-2041	At 2041
Place of Work Employment <sup>(1)</sup>	188,398	56,665	245,063	120,692	309,090
Non-Residential GFA (sq.m.) <sup>(2)</sup>		4,832,564		9,315,431	
- Industrial / Office (sq.m)		3,971,850		7,429,249	
- Non-Industrial and non-office (sq.m)		860,714		1,886,182	

Note 1: Excludes Work at Home

Note 2: The following FSW assumptions have been used to forecast non-residential GFA:

- Commercial 40 m<sup>2</sup>
- Institutional 65 m<sup>2</sup>
- Employment Land 135 m<sup>2</sup>
- Major Office 23 m<sup>2</sup>

# Historical Inventory Analysis

## **GENERAL SERVICE LEVEL METHODOLOGY**

- 10-year historical average service level period (2009 – 2018)
- Inventory data was developed with City staff
- Quantity and quality of service considered
  - Quantity: Number of Items
  - Quality: Replacement cost of assets
- Suncorp Valuations was retained to establish replacement costs for all DC eligible facilities

# What is Included in the Inventories?

- Historical inventories reflect:
  - Demolition of old buildings
  - Construction of new buildings
  - Updated information for assets (e.g. - building gross floor area) to reflect best available information
  - Historical inventory was reconciled with various data sources (e.g. – GIS inventory systems)

# Summary of Historical Inventory Analysis

<b>Service</b>	<b>Service Level Methodology</b>	<b>Maximum Cost Recovery</b>	<b>Planning Horizon</b>	<b>2019 Draft Calculated Funding Envelope</b>
General Government	Net Population + Employment	90%	10 years	\$8.8 million
Library Services	Net Population	90%	10 years	\$23.5 million
Fire Services	Net Population + Employment	100%	10 years	\$36.6 million
Recreation	Net Population	90%	10 years	\$353.5 million
Public Works	Net Population + Employment	100%	10 years	\$45.6 million
Parking	Net Population + Employment	90%	10 years	\$19.0 million
Transit	Planned Level of Service	100%	10 years	N/A
Roads & Related	Net Population + Employment	100%	23 years (to 2041)	Forthcoming

# 2019 DC Study Timeline

Month Week of	February				March				April					May				June			
	4	11	18	25	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24
BILD - Initial Meeting	BILD																				
BILD - Continue Consultation																					
Hemson & COB - Review Inputs																					
BILD - Discuss Draft DC Rates										BILD											
BILD - Continue Consultation																					
Release DC Study to Public											DC										
Council - Public Meeting																C					
Council - DC By-law Passage																					C

## Tentative Dates

- Week of April 1 – Second formal stakeholder meeting
- Week of April 15 – Release DC Background Study
- Week of May 20 – Statutory Public Meeting
- Week of June 17 – Passage of DC By-law(s)

# DC Policies - Exemptions

- Statutory
  - City, Region, School Board owned development
  - Creation of additional residential units (subject to the rules of the *DCA* and associated regulation)
  - 50% industrial expansion
- Non-Statutory
  - No change from 2014 DC By-law
  - Hospitals, Colleges and universities, Places of Worship, Temporary sales offices
  - Any relief from DCs will be at Council's discretion

# Proposed Policy Change – Speculative Non-Res. Buildings

Issue	For shell building permits, the end user is not known at permit issuance. In some cases, end users would be of a retail/commercial nature.
Proposed Policy	Secure a <b>Letter of Credit</b> on speculative buildings for difference between two non-res. rates, at the <b>discretion</b> of the Treasurer if end use is unknown.



# Proposed Policy Change – Sunset Clause of Demo. Credits

Issue	The demolition of a building could have occurred at any point in the past and would still receive a DC credit at the current rates.
Proposed Policy	<b>10 year</b> sunset clause on non-residential demolitions. <b>5 year</b> sunset clause on residential demolitions.

# Proposed Policy Change – Back to Back Townhouses

Issue	Back to back townhouses are charged the Large Apartment rate. Current data indicates the size and number of bedrooms of back to back towns are consistent with “regular” townhouses.
Proposed Policy	Back to back townhouses to be charged the Rows DC rate.



# Proposed Policy Change – Hotel DC Rate

Issue	In 2012, Council extended a discount to “full service” hotels. There has been no significant uptake since discount has been provided.
Proposed Policy	Remove hotel discount from 2019 DC By-law.

# Proposed Policy Change – Roads Local Share

Issue	<p>On new 4 lane roads delivered by Developers, historical cost sharing has been 50%/50%.</p> <p>The actual developer share is closer to 65%.</p>
Proposed Policy	<p>Change developer share to 65% and the DC share to the actual marginal cost of 35%.</p>

# Rate Structure Comparison

Category	2014 DC Study	2019 DC Study	Comments
Residential	<ul style="list-style-type: none"> <li>• Singles &amp; Semis</li> <li>• Rows &amp; Other Multiples</li> <li>• Apartments (&gt; 750 sq.ft.)</li> <li>• Apartments (≤ 750 sq.ft.)</li> </ul>	<ul style="list-style-type: none"> <li>• Singles &amp; Semis</li> <li>• Rows &amp; Other Multiples</li> <li>• Apartments (&gt; 750 sq.ft.)</li> <li>• Apartments (≤ 750 sq.ft.)</li> </ul>	<ul style="list-style-type: none"> <li>• No changes are proposed from the 2014 Study</li> </ul>
Non-Residential	<ul style="list-style-type: none"> <li>• Industrial/Office</li> <li>• Non-Industrial/Non-Office</li> <li>• Hotel (discounted rate)</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial/Office</li> <li>• Non-Industrial/Non-Office</li> </ul>	<ul style="list-style-type: none"> <li>• Remove hotel discount from 2019 DC by-law</li> </ul>

# Next Steps

- Circulate draft capital asset inventories and development forecast to industry for review
- Capital programs: working with city staff to finalize list of projects
- Calculation of Draft DC Rates
- Continue consultation with industry through to by-law passage

# Questions?

**Thank you for your participation!**

Questions and/or feedback can be directed to:

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