



Report to Council

Department: Corporate Services

Division: Corporate Services

Date: October 7, 2024

Prepared by: Kate Giurissevich, CPA/CA, Director, Corporate Services/Treasurer

Report Number: Corporate Services-2024-07

Subject: Adoption of 2024 Development Charge By-Law and 2024 Part XII Charges

Number of Pages: 34 (including attachments)

Recommendation(s)

That Corporate Services Report-2024-07 entitled "Adoption of 2024 Development Charge By-Law" prepared by Kate Giurissevich, CPA/CA, Director, Corporate Services/Treasurer dated October 7, 2024 be received; and

That By-Law 2384 being a By-Law for the Imposition of Development Charges in the Town of Essex be read a first, a second, and a third time and finally passed on October 7, 2024; and

That By-Law 2385 being a By-Law to impose water and wastewater charges to recover capital cost of installing water and wastewater services necessary to service new users to the system be read a first, a second, and a third time and finally passed on October 7, 2024.

Purpose

Council must approve a by-law of the municipality.

Background and Discussion

The purpose of Development Charges is 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, watermain, sidewalks, streetlights, etc.) Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.) Development Charges are typically calculated and imposed at the time of issuance of a building permit. **The Town's existing By-Law** was set to expire August 27, 2024 but a minor amendment to extend this expiry to December 31, 2024 was approved by Council on June 11, 2024.

From June 2023 through to May of 2024 several members of administration worked closely with the retained Consultant, Watson and Associates, to develop the Background Study which must be completed to support a new development charges by-law. The objectives of the Study are to determine if development charges are sufficient to recover capital costs incurred by the Town to service areas of residential and non-residential growth. Servicing needs and the potential for special surcharges for areas unique in the Town are also addressed.

On July 26, 2024 the D.C. Background Study and Draft by-law was publicly released following a media notice. On August 12th, 2024 a statutory public meeting pursuant to the requirements of the *Development Charges Act* was held. Several delegates were in attendance including residents and members from the Development community. Their questions were either answered directly at the meeting, or they were contacted with the link to a document listing all questions and answers received.

(Found here: <https://www.essex.ca/en/build/resources/2024-Development-Charge-Study-Public-Questions.pdf>)

The new proposed charges are detailed below and would come into effect on October 8th, 2024 at 12:01am.

SCHEDULE "B-1" TO BY-LAW NO. 2384
Applicable Development Charges

| Service/Class of Service | RESIDENTIAL | | | | |
|--|---------------------------------------|-----------------|------------------------------|---|---|
| | Single and Semi- Detached Dwelling | Other Multiples | Apartments - 2 Bedrooms + | Apartments - Bachelor and 1 Bedroom | Special Care / Special Dwelling Units |
| Town-wide Services/Class of Service: | | | | | |
| Services Related to a Highway | 7,696 | 5,074 | 4,690 | 3,238 | 2,636 |
| Fire Protection Services | 2,526 | 1,665 | 1,540 | 1,063 | 865 |
| Parks and Recreation Services | 7,194 | 4,743 | 4,385 | 3,027 | 2,464 |
| Library Services | 617 | 407 | 376 | 260 | 211 |
| Provincial Offences Act including By-Law Enforcement | 89 | 59 | 54 | 37 | 30 |
| Policing Services | 1,350 | 890 | 823 | 568 | 462 |
| Growth Studies | 499 | 329 | 304 | 210 | 171 |
| Total Town-wide Services/Class of Services | 19,971 | 13,167 | 12,172 | 8,403 | 6,839 |
| Area Specific Charges - Wastewater | | | | | |
| Ward 1 - Essex Service Area | 1,136 | 749 | 692 | 478 | 389 |
| Ward 2 - McGregor Service Area | 15,144 | 9,984 | 9,230 | 6,372 | 5,188 |
| Ward 3 - Colchester South Service Area | 7,137 | 4,705 | 4,350 | 3,003 | 2,445 |
| Ward 4 - Harrow Service Area | 5,207 | 3,433 | 3,173 | 2,191 | 1,784 |

SCHEDULE "B-1" TO BY-LAW NO. 2384
Applicable Development Charges

| Service/Class of Service | NON-RESIDENTIAL | | |
|--|---|------------------------------|--------------------------------------|
| | Wind turbines and telecommunications towers | Solar farms (per sq. ft.) | (per sq. ft. of Gross Floor Area) |
| Town-wide Services/Class of Service: | | | |
| Services Related to a Highway | 7,696 | 0.37 | 0.37 |
| Fire Protection Services | 2,526 | 0.12 | 0.12 |
| Parks and Recreation Services | - | - | 0.03 |
| Library Services | - | - | 0.01 |
| Provincial Offences Act including By-Law Enforcement | - | - | 0.01 |
| Policing Services | - | - | 0.07 |
| Growth Studies | - | - | 0.01 |
| Total Town-wide Services/Class of Services | 10,222 | 0.49 | 0.62 |
| Area Specific Charges - Wastewater | | | |
| Ward 1 - Essex Service Area | - | - | 0.48 |
| Ward 2 - McGregor Service Area | - | - | 1.37 |
| Ward 3 - Colchester South Service Area | - | - | 0.71 |
| Ward 4 - Harrow Service Area | - | - | 2.20 |

NEW in this study: Industrial Service Area

Water and Wastewater capital needs are required to service the industrial area immediately West of Ward 1 boundary benefitting a specific group of properties.

Total capital costs for Water are estimated at \$780,500 and Wastewater at \$2.04M.

Given the capital needs also benefit existing owners as well as future growth, these costs will be recovered through a combination of DCs and Capital Charges under the *Municipal Act*

The charges below noting DC are referenced in “SCHEDULE “B-2” to By-Law 2384 (Development Charges) and those noted as “Capital Charge” form Schedule “B-2” and “B-3” to By-law No. 2385 (Part XII)

| Land Parcel | Parcel Size (ha) | Wastewater DC | Wastewater Capital Charge | Water Capital Charge | Total Amounts Payable |
|-----------------------------------|------------------|--------------------|---------------------------|----------------------|-----------------------|
| 0 County Road 8 (N) | 1.79 | \$69,645 | | \$32,827 | \$102,472 |
| 0 County Road 8 (S) | 17.16 | \$666,136 | | \$313,982 | \$980,118 |
| 14028 Pinkerton Sideroad | 3.94 | | \$216,717 | \$72,144 | \$288,861 |
| 14016 Pinkerton Sideroad | 6.22 | | \$342,151 | \$113,901 | \$456,052 |
| 14978 14 th Concession | 13.53 | \$743,908 | | \$247,645 | \$991,553 |
| Total | 42.65 | \$1,479,690 | \$558,868 | \$780,499 | \$2,819,057 |

Currently the Town does not have a Water service DC, however, the Town imposes a capital charge for water connections through the *Municipal Act*. Through a review of options, it is recommended that the Town continue this approach for all new and existing development **that will connect to the Town’s water system**. For wastewater services, Schedule B-1 of By-law 2385 has been included to establish a connection charge for existing properties that will connect to the system and displayed below:

Schedule “B-1” to By-law No. 2385 Development Charges

| Service/Class of Service | RESIDENTIAL | | | | | NON-RESIDENTIAL |
|--|-----------------------------------|-----------------|---------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | Single and Semi-Detached Dwelling | Other Multiples | Apartments - 2 Bedrooms + | Apartments - Bachelor and 1 Bedroom | Special Care/Special Dwelling Units | (per sq.ft. of Gross Floor Area) |
| Ward 1 - Essex Service Area | 1,136 | 749 | 692 | 478 | 389 | 0.48 |
| Ward 2 - McGregor Service Area | 15,144 | 9,984 | 9,230 | 6,372 | 5,188 | 1.37 |
| Ward 3 - Colchester South Service Area | 7,137 | 4,705 | 4,350 | 3,003 | 2,445 | 0.71 |
| Ward 4 - Harrow Service Area | 5,207 | 3,433 | 3,173 | 2,191 | 1,784 | 2.20 |

Note, a Part XII charge for the Amherstburg water system has not been identified at this time. Once the Town of Amherstburg completes their study, by-law 2385 will be amended and updated accordingly should it be required.

Exemptions

The following discretionary exemptions have been removed from the proposed by-Law:

- the development of apartment rental housing from the municipal-wide charges only,
- Industrial development and industrial expansion of more than 50% of the existing gross floor area
- New commercial development, and
- the phased in residential for Ward 4.

The following discretionary exemptions remain:

- Places of worship;
- Cemetery or burial grounds;
- Public hospitals; and
- Non-residential farm buildings constructed for bona fide farm uses

It is important to note that there are now many statutorily required exemptions which have been included in By-Law 2384 as noted below:

- industrial building additions of up to and including 50% of the existing G.F.A. (defined in O. Reg. 82/98, section 1) of the building; for industrial building additions that exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s (subsection 4 (3) of the D.C.A.);
- buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education (section 3);
- 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;
- a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario;
- affordable units;
- attainable units (to be in force at a later date);
- affordable inclusionary zoning units;
- non-profit housing; and
- discount for rental housing units based on bedroom size (i.e., three or more bedrooms – 25% reduction, two bedrooms – 20% reduction, and all others – 15% reduction).

Financial Impact

There is no known 2024 Financial Impact because of adopting the study. However, should a development proceed outside of any application freeze, that would have been previously considered a discretionary waiver under the previous By-Law 1850 as amended, this would no longer require a need to be funded through taxation, ultimately resulting in potential savings to the Town.

Consultations

Lori Chadwick, Director, Development Services

Ann Marie Unis, Manager, Finance and Business Services.

Link to Strategic Priorities

- ☒ Embrace asset management best practices to build, maintain, and continuously improve our municipally owned infrastructure.
- ☒ **Leverage our Town's competitive advantages to promote jobs and economic** investment.
- ☐ Take care of our natural environment and strengthen the sense of belonging to everyone **who makes Essex "home"**.
- ☐ Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees.
- ☐ Build corporate-level and community-level climate resilience through community engagement and partnership and corporate objectives.

Report Approval Details

| | |
|----------------------|--|
| Document Title: | Adoption of 2024 Development Charge By-Law - Corporate Services-2024-07.docx |
| Attachments: | - 2024 Part XII By-law 2385.docx - DC By-law 2384 (2024).docx |
| Final Approval Date: | Oct 1, 2024 |

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Doug Sweet, Chief Administrative Officer was completed by delegate Jake Morassut, Director, Community Services

Doug Sweet, Chief Administrative Officer - Oct 1, 2024 - 12:00 PM