

Statutory Public Meeting

# 2024 Development Charges Study



CITY OF PETERBOROUGH  
October 7, 2024

Photo Source: City of Peterborough Website



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## Today's Agenda

- This is a public meeting held under s. 12 of *Development Charges Act*
  
- Meeting requirements have been met
  - Release of DC Background Study (September 6, 2024)
  - Notice of meeting (September 17, 2024)
  - Release of draft DC By-law (September 23, 2024)

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## What Are Development Charges?

- Paid by development to fund “growth-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
  - City-wide
  - Area-specific
  - Education
- Principle is “growth pays for growth”



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## Development Charges Act (DCA) Requirements

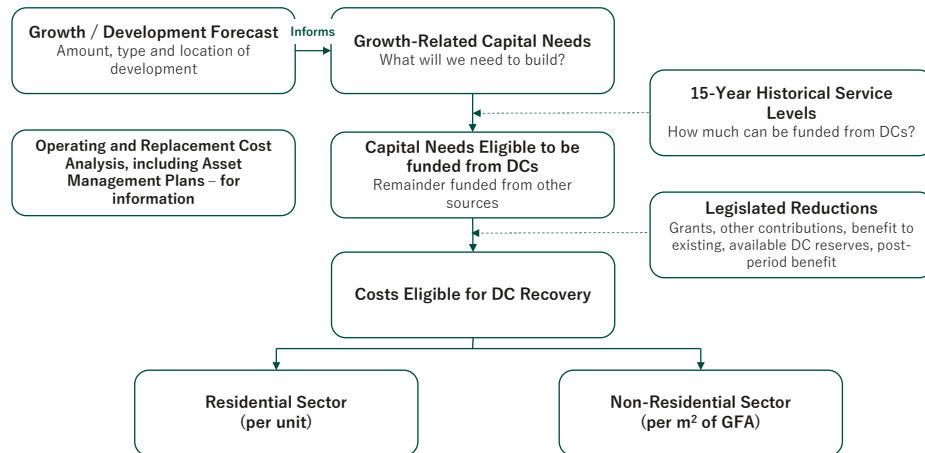
- DCs imposed by by-law
- Maximum life of DC by-law is 10 years after day it comes into force
  - City By-laws expire January 1, 2025
- Prior to passing a DC by-law City must
  - undertake a background study
  - hold at least one public meeting
- Appeals adjudicated at OLT

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## Development Charges Study Process



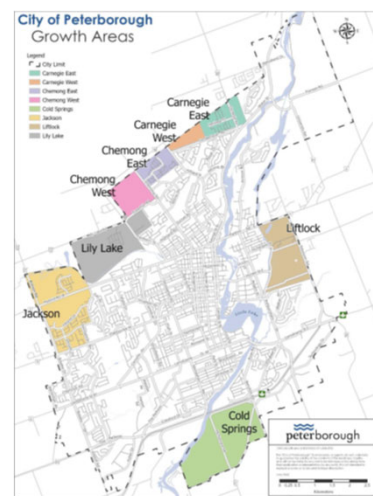
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## Background Study Must “Consider” Area Rating

- Study shall include:
  - “consideration of the use of more than one development charge by-law to reflect different needs for services in different areas;” (s. 10 (2)c.1)
- Peterborough already has sophisticated area-specific DC framework for water and wastewater services
- This by-law addresses City-wide needs



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## Development Forecast Summary

| City-wide Development Forecast                 | 2024 Estimate | 10-Year Planning Period<br>2025 - 2034 |               | Longer-Term Planning Period<br>2025 - 2051 |               |
|--|---------------|--|---------------|--|---------------|
|  |               | Growth                                 | Total at 2034 | Growth                                     | Total at 2051 |
| <b>Residential</b>                             |               |  |               |  |               |
| Occupied Dwellings                             | 37,061        | 5,270                                  | 42,331        | 17,639                                     | 54,700        |
| Population                                     |               |  |               |  |               |
| Census   | 92,653        | 8,522                                  | 101,174       | 29,285                                     | 121,938       |
| <i>Population in New Dwellings</i>             |               | <i>11,208</i>                          |               | <i>37,515</i>                              |               |
| <b>Non-Residential</b>                         |               |  |               |  |               |
| Place of Work Employment*                      | 45,400        | 2,913                                  | 48,313        | 9,595                                      | 54,995        |
| Non-Residential Building Space (Square Metres) |               | 278,650                                |               | 928,800                                    |               |

\* Excludes Work at Home Employment but includes No Fixed Place of Work

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## What is Included in Growth-Related Capital Program?

- Future capital costs must be identified and Council must express intent to undertake works
- Tie-in with capital forecast and master plans
- Any project that benefits new development and/or expands the municipality's servicing capacity
- "Development-related" debt or negative DC reserve fund balances

### When Intention to Meet Increased Need is Shown

3. For the purposes of paragraph 3 of subsection 5 (1) of the Act, the council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council. O. Reg. 82/98, s. 3.

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## Growth-Related Capital Program Summary – General Services

| Service                         | Net Municipal Cost (\$000) | Replacement & Benefit to Existing (\$000) | Available DC Reserves (\$000) | Post-2034 Benefit (\$000) | Total DC Eligible Costs for Recovery (\$000) |
|---------------------------------|----------------------------|---|-------------------------------|---------------------------|--|
| Development-Related Studies     | \$4,055.6                  | \$950.0                                   | \$0.0                         | \$0.0                     | \$3,105.6                                    |
| Library Services                | \$21,725.0                 | \$7,098.7                                 | \$0.0                         | \$10,000.0                | \$4,626.3                                    |
| Fire Services                   | \$61,810.8                 | \$6,879.8                                 | \$862.8                       | \$47,541.6                | \$6,526.7                                    |
| Police Services                 | \$82,209.5                 | \$33,340.0                                | \$222.7                       | \$45,559.1                | \$3,087.7                                    |
| Emergency Medical Services      | \$1,107.0                  | \$0.0                                     | \$0.0                         | \$0.0                     | \$1,107.0                                    |
| Recreation                      | \$129,500.0                | \$24,315.0                                | \$5,155.7                     | \$64,523.4                | \$35,505.9                                   |
| Parks                           | \$31,655.2                 | \$10,125.5                                | \$1,727.0                     | \$7,015.6                 | \$12,787.2                                   |
| Transit Services                | \$31,694.3                 | \$10,056.6                                | \$1,878.9                     | \$0.0                     | \$19,758.8                                   |
| Waste Management                | \$10,176.8                 | \$0.0                                     | \$139.8                       | \$8,730.0                 | \$1,307.0                                    |
| Long-Term Care                  | \$52,907.8                 | \$41,126.0                                | \$0.0                         | \$9,164.6                 | \$2,617.2                                    |
| <b>Total – General Services</b> | <b>\$426,842.1</b>         | <b>\$133,891.6</b>                        | <b>\$9,986.9</b>              | <b>\$192,534.2</b>        | <b>\$90,429.3</b>                            |

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## Growth-Related Capital Program Summary – Engineered Services

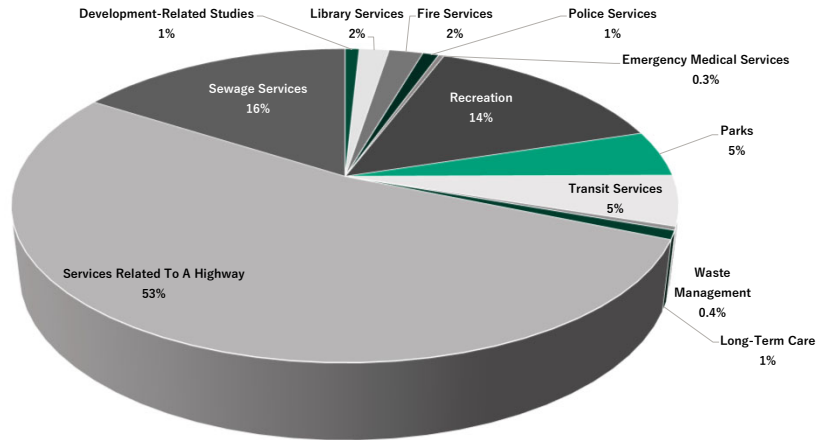
| Service                            | Net Municipal Cost (\$000) | Replacement & Benefit to Existing (\$000) | Available DC Reserves (\$000) | Post-2034 Benefit (\$000) | Total DC Eligible Costs for Recovery (\$000) |
|------------------------------------|----------------------------|---|-------------------------------|---------------------------|--|
| Services Related to a Highway      | \$1,617,301.4              | \$813,517.7                               | \$16,133.3                    | \$109,301.9               | \$678,348.6                                  |
| Sewage Services                    | \$386,307.2                | \$115,741.7                               | \$0.0                         | \$0.0                     | \$270,565.6                                  |
| <b>Total – Engineered Services</b> | <b>\$2,003,608.6</b>       | <b>\$929,259.3</b>                        | <b>\$16,133.3</b>             | <b>\$109,301.9</b>        | <b>\$948,914.2</b>                           |

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## Calculated Residential DC Rates



### Calculated Residential Rates (Per Unit)

**Residential A  
Singles & Semis**  
\$70,953

**Residential B  
Other Multiples**  
\$51,350

**Residential C  
Apartments**  
\$44,012

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## Calculated Residential Development Charges

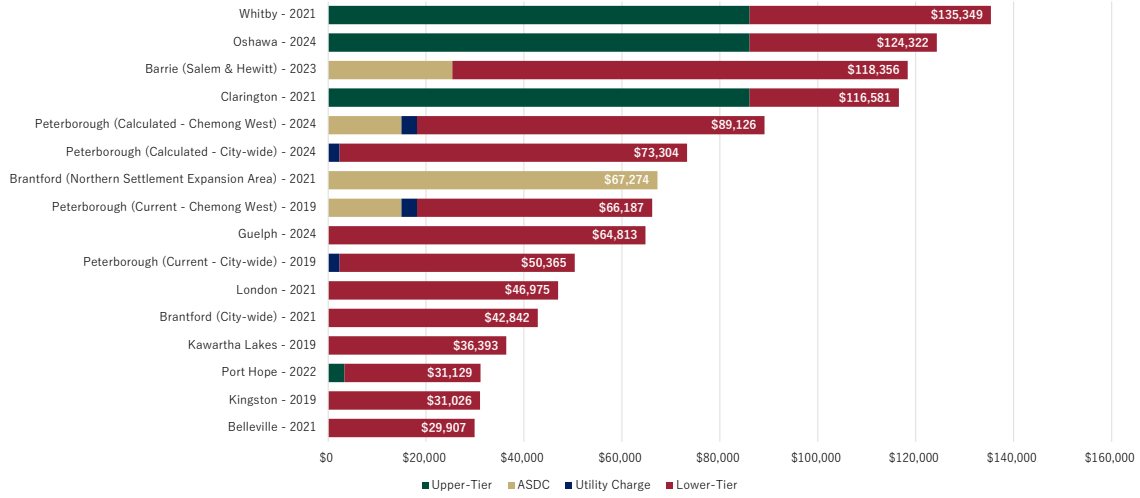
| Service                               | Residential A                      | Residential A                        | Difference in Charge |            |
|---------------------------------------|------------------------------------|--------------------------------------|----------------------|------------|
|                                       | Singles & Semis<br>Current Charge* | Singles & Semis<br>Calculated Charge |                      |            |
| Development-Related Studies           | \$315                              | \$579                                | \$264                | 84%        |
| Library Services                      | \$1,353                            | \$1,224                              | (\$129)              | -10%       |
| Fire Services                         | \$994                              | \$1,397                              | \$403                | 41%        |
| Police Services                       | \$552                              | \$661                                | \$109                | 20%        |
| Emergency Medical Services            | \$0                                | \$230                                | \$230                | N/A        |
| Recreation                            | \$9,677                            | \$10,195                             | \$518                | 5%         |
| Parks                                 | \$3,648                            | \$3,369                              | (\$279)              | -8%        |
| Transit Services                      | \$2,767                            | \$3,658                              | \$891                | 32%        |
| Waste Management                      | \$184                              | \$271                                | \$87                 | 47%        |
| Long-Term Care                        | \$0                                | \$655                                | \$655                | N/A        |
| <b>Subtotal - General Services</b>    | <b>\$19,490</b>                    | <b>\$22,239</b>                      | <b>\$2,749</b>       | <b>14%</b> |
| Services Related To A Highway         | \$27,076                           | \$37,410                             | \$10,334             | 38%        |
| Sewage Services                       | \$1,448                            | \$11,304                             | \$9,856              | 681%       |
| <b>Subtotal - Engineered Services</b> | <b>\$28,524</b>                    | <b>\$48,714</b>                      | <b>\$20,190</b>      | <b>71%</b> |
| <b>TOTAL CHARGE PER UNIT</b>          | <b>\$48,014</b>                    | <b>\$70,953</b>                      | <b>\$22,939</b>      | <b>48%</b> |

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# Residential Rate Comparison Residential A – Singles & Semis

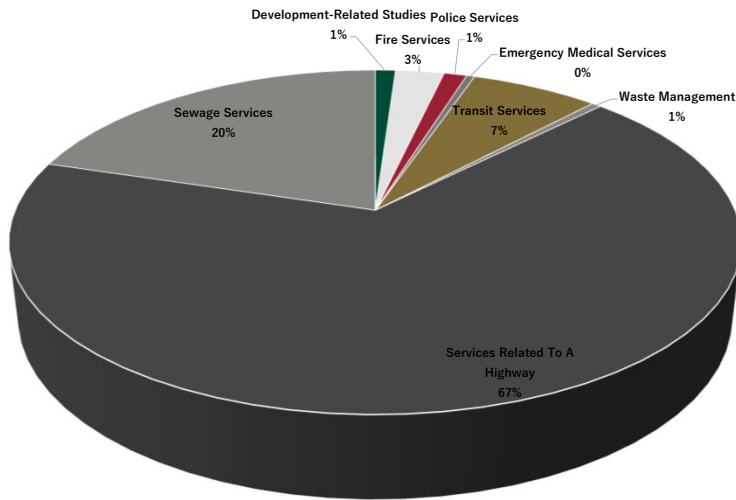


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# Calculated Non-Residential DC Rates



Calculated Non-Residential Rate (Per m<sup>2</sup>)

\$268.61

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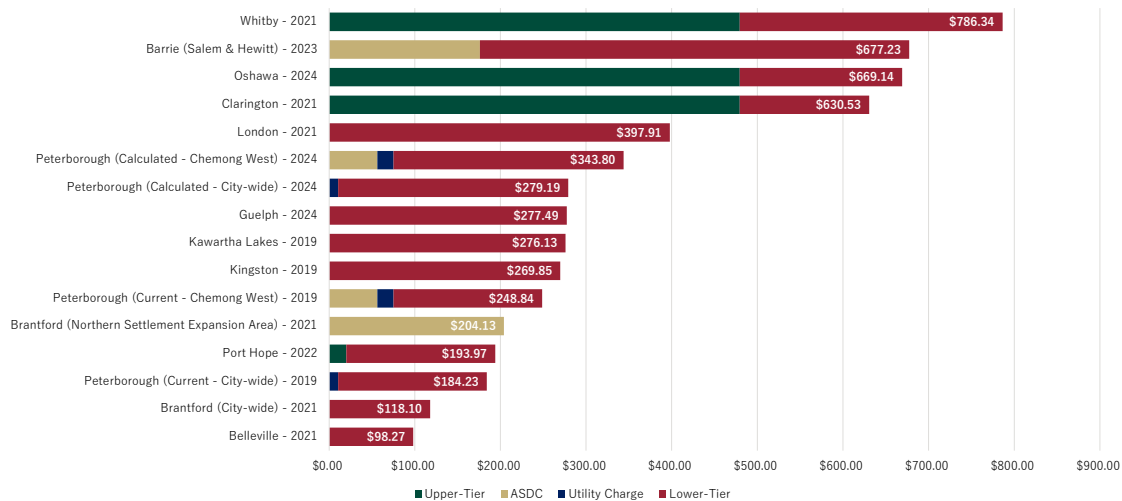
## Calculated Non-Residential Development Charges

| Service                               | Current Non-Residential   | Calculated Non-Residential | Difference in Charge |            |
|---------------------------------------|---------------------------|----------------------------|----------------------|------------|
|                                       | Charge per m <sup>2</sup> | Charge per m <sup>2</sup>  |                      |            |
| Development-Related Studies           | \$2.13                    | \$2.86                     | \$0.73               | 34%        |
| Library Services                      | \$0.00                    | \$0.00                     | \$0.00               | N/A        |
| Fire Services                         | \$4.53                    | \$6.87                     | \$2.34               | 52%        |
| Police Services                       | \$2.51                    | \$3.25                     | \$0.74               | 29%        |
| Emergency Medical Services            | \$0.00                    | \$1.13                     | \$1.13               | N/A        |
| Recreation                            | \$0.00                    | \$0.00                     | \$0.00               | N/A        |
| Parks                                 | \$0.00                    | \$0.00                     | \$0.00               | N/A        |
| Transit Services                      | \$12.63                   | \$18.14                    | \$5.51               | 44%        |
| Waste Management                      | \$1.00                    | \$1.33                     | \$0.33               | 33%        |
| Long-Term Care                        | \$0.00                    | \$0.00                     | \$0.00               | N/A        |
| <b>Subtotal - General Services</b>    | <b>\$22.80</b>            | <b>\$33.58</b>             | <b>\$10.78</b>       | <b>47%</b> |
| Services Related To A Highway         | \$142.99                  | \$180.57                   | \$37.58              | 26%        |
| Sewage Services                       | \$7.86                    | \$54.46                    | \$46.60              | 593%       |
| <b>Subtotal - Engineered Services</b> | <b>\$150.85</b>           | <b>\$235.03</b>            | <b>\$84.18</b>       | <b>56%</b> |
| <b>TOTAL CHARGE PER SQUARE METRE</b>  | <b>\$173.65</b>           | <b>\$268.61</b>            | <b>\$94.96</b>       | <b>55%</b> |



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## Non-Residential Rate Comparison: Commercial



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## Draft DC By-law



Exemptions

Statutory

Non-statutory



Indexing



Updated to align with recent legislative changes (including definitions)

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## Draft DC By-law

### Key Policies Under Review

1. DC exemptions in City's Central Area
2. District Home Builders Association & City deferred DC policy
3. Options for imposing new rates

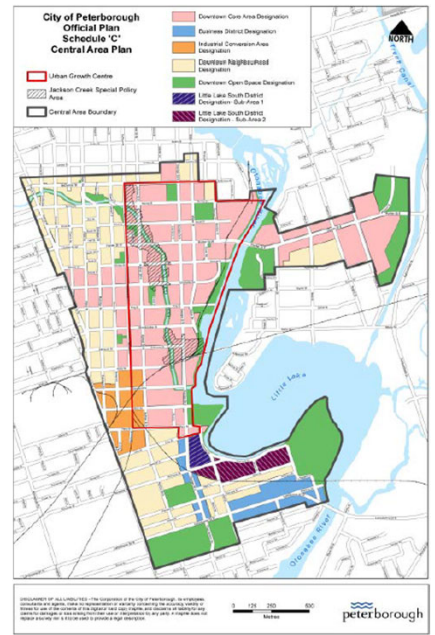
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# 1. DC Exemptions in Central Area

- Introduced in 2009, and focused on apartments and associated commercial uses in mixed use developments
- Financial impact potentially significant
  - \$1.8 million in foregone DC revenue per year (\$46.0 million to 2051) under current DC rates
  - Additional revenue loss from commercial redevelopment of Commercial Core and Waterfront Area and in mixed use development



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# Conclusions on Central Area Exemptions

1. **Official Plan Alignment**
  - promotes wider range of redevelopment in Central Area than covered by current exemption
  - authorizes DC exemptions through a CIP
2. **DC Act Alignment** – overlaps with current exemptions, especially for affordable and purpose-built rental housing
3. **Municipal Practices** – downtown exemptions are not uncommon, but no “one size fits all”. Terms vary based on local priorities and levels of financial commitment
4. **Financial Impact** – Amount of growth forecast for Central Area now much higher—City would forego significant DC revenue under current exemption
5. **Fairness**
  - City committed to significant public investments in Central Area and has removed height limits in Downtown Core Area. No obvious policy basis for providing a “blanket” DC exemption
  - Ultimately, cost of exemption paid for by taxpayers

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## 2. Deferred DC Payment Policy

### Existing Deferral Policy

- From 1999 to 2004, City authorized agreements to allow DC payments for low density housing (Residential A) to be deferred from time of building permit issuance until first unit of address has passed an occupancy inspection
  
- Purpose
  - Allowed developers to pay DCs when more units are sold
  - Advertised Peterborough as “business friendly”
  
- 2005 agreement struck with PDHBA expanded scope of deferrals to all units
  - DCs to be imposed are those in effect at time of occupancy inspection
  
- City’s Building department has received feedback on the unexpected cost burden on homeowners as a result, and for this reason City staff are recommending ending the agreement

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## Deferred DC Payment Policy – Conclusions

1. Revenue loss is minor given short time between permit issuance and first unit occupancy for most new construction
  
2. Difficult to assess benefits to City other than “business friendly” optics
  
3. Some administrative cost to City in tracking deferred DCs, but process is now well-established
  
4. Agreement provides for periodic review, but no such review has been undertaken since 2005
  
5. Agreements to alter timing of payment with specific developers are not uncommon—however
  - we are not aware of similar “City-wide” agreements
  - typically these agreements have expiry dates

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## Next Steps

| Item  | Date/Comments                  |
|---|--------------------------------|
| Prepare Draft Development Forecast                      | Spring 2024 – Completed        |
| Compile Historical Service Levels and Interview Staff   | Spring 2024 – Completed        |
| Conduct Policy and Best Practices Review                | Spring 2024 – Completed        |
| Prepare DC Capital Forecast                             | Spring 2024 – Completed        |
| Preliminary DC Rate Calculation                         | Summer 2024 – Completed        |
| Finalize DC Rates and Present Results to Staff          | September 2024 – Completed     |
| Prepare Cost of Growth Analysis and DC Background Study | September 2024 – Completed     |
| Policy Discussions with Steering Committee and Public   | September 18, 2024 – Completed |
| Public Meeting of Council                               | October 7, 2024                |
| DC By-law Consideration and Passage by Council          | November 2024                  |

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