

EXECUTIVE SUMMARY

The following summarizes the findings of the study.

(i) STUDY CONSISTENT WITH LEGISLATION

- This study calculates development charges for the Municipality of Clarington to comply with the provisions of the *Development Charges Act, 1997* and its related regulation (*Ontario Regulation 82/98*).

(ii) ALL SERVICES WITH GROWTH-RELATED COSTS INCLUDED IN THE ANALYSIS

- The following municipal services have been included in the development charge analysis:
 - Public Library
 - Emergency Services
 - Indoor Recreation
 - Engineering Services - Park Development & Facilities
 - Operations - Buildings & Municipal Fleet
 - Parking
 - Transit
 - General Government
 - Engineering Services - Roads & Related

(iii) A MUNICIPAL-WIDE APPROACH IS USED TO CALCULATE DEVELOPMENT CHARGES

- A municipal-wide average cost approach is used to calculate development charges for all the services listed above. This approach results in uniform charges throughout the Municipality.

(iv) **DEVELOPMENT CHARGE CALCULATIONS ARE BASED ON CLARINGTON MAINTAINING CURRENT RATES OF GROWTH**

- The capital infrastructure plans for general services are based on the ten year planning period of 2005 to 2014.
- The plan for the engineering services of roads and related infrastructure is based on the longer planning period of 2005 to build-out of land currently designated for development under the Region of Durham Official Plan.
- The following is a summary of the forecast residential and non-residential growth in the Municipality:

Growth Forecast

	Existing	2005-2014		2005-2031	
	As At Mid-Year 2004	Forecast Change	As at Mid-Year 2014	Forecast Change	As at Mid-Year 2031
Population in Existing Units	74,822	(7,418)	67,404	(21,037)	53,785
Housing Units	25,558	9,341	34,899	28,620	54,178
Forecast Population in New Units		29,238	29,238	89,582	89,582
Total Population	74,822	21,820	96,642	68,545	143,367

	Existing	2005-2014		2005-2031	
	As At Mid-Year 2004	Forecast Change	As at Mid-Year 2014	Forecast Change	As at Mid-Year 2031
Non-Residential Building Space (sq.m)					
Total Population Related Employment		89,500		271,000	
Major Office Employment (over 20,000 sq. ft.)		3,200		14,000	
Employment Lands Employment		307,300		615,000	
Total		400,000		900,000	
Employment	19,663	8,072	27,735	19,758	39,421

(v) **CALCULATED MUNICIPAL-WIDE DEVELOPMENT CHARGES ARE AN INCREASE OVER CURRENT CHARGES**

- The proposed residential charges are recommended to vary by unit type, reflecting the different occupancy levels expected in various unit types and the associated differences in demand that would be placed on municipal services.
- The following is a summary of the calculated municipal-wide residential development charge rates:

Calculated Residential Charges

	Unadjusted Charge Per Capita	Calculated Charge After Cashflow Per Capita	Charge By Unit Type (1)			
			Singles & Semis	Rows & Other Multiples	Large Apartments	Small Apartments
PUBLIC LIBRARY	\$126	\$139	\$452	\$396	\$306	\$195
EMERGENCY SERVICES	\$137	\$130	\$423	\$371	\$286	\$182
INDOOR RECREATION	\$722	\$777	\$2,525	\$2,214	\$1,709	\$1,088
ENGINEERING - PARK DEVELOPMENT AND FACILITIES	\$294	\$304	\$988	\$866	\$669	\$426
OPERATIONS	\$160	\$154	\$501	\$439	\$339	\$216
PARKING	\$8	\$8	\$26	\$23	\$18	\$11
TRANSIT	\$5	\$6	\$20	\$17	\$13	\$8
GENERAL GOVERNMENT	\$93	\$93	\$302	\$265	\$205	\$130
SUB-TOTAL GENERAL SERVICES	\$1,546	\$1,611	\$5,236	\$4,591	\$3,544	\$2,255
MUNICIPALITY-WIDE ENGINEERING SERVICES	\$815	\$967	\$3,142	\$2,755	\$2,127	\$1,353
SUB-TOTAL ENGINEERING SERVICES	\$815	\$967	\$3,142	\$2,755	\$2,127	\$1,353
TOTAL RESIDENTIAL CHARGE PER UNIT	\$2,361	\$2,578	\$8,377	\$7,346	\$5,671	\$3,609

(1) Based on Persons Per Unit Of:

3.25

2.85

2.20

1.40

- The calculated non-residential charges are presented as a differentiated charge between industrial land uses and commercial/institutional land uses for Council's consideration.
- The proposed development charges are higher than the Municipality's current (2005) charges which is a reflection of increased service levels, a more highly refined general services capital program, changes in anticipated growth, financing costs and increases in construction costs.

- The following is a summary of the calculated municipal-wide non-residential development charge rates:

Calculated Non-Residential Charges

Service	Commercial and Institutional		Industrial	
	Unadjusted Charge Per Sq.M	After Cashflow Per Sq.M	Unadjusted Charge Per Sq.M	After Cashflow Per Sq.M
PUBLIC LIBRARY	\$0.00	\$0.00	\$0.00	\$0.00
EMERGENCY SERVICES	\$1.85	\$1.73	\$1.85	\$1.73
INDOOR RECREATION	\$0.00	\$0.00	\$0.00	\$0.00
ENGINEERING - PARK DEVELOPMENT AND FACILITIES	\$0.00	\$0.00	\$0.00	\$0.00
OPERATIONS	\$2.17	\$2.05	\$2.17	\$2.05
PARKING	\$0.10	\$0.11	\$0.10	\$0.11
TRANSIT	\$0.07	\$0.08	\$0.07	\$0.08
GENERAL GOVERNMENT	\$1.26	\$1.23	\$1.26	\$1.23
SUB-TOTAL GENERAL SERVICES	\$5.45	\$5.20	\$5.45	\$5.20
MUNICIPALITY-WIDE ENGINEERING SERVICES	\$25.06	\$29.74	\$13.10	\$14.04
SUB-TOTAL ENGINEERING SERVICES	\$25.06	\$29.74	\$13.10	\$14.04
TOTAL NON-RESIDENTIAL CHARGE PER SQ.M	\$30.51	\$34.94	\$18.55	\$19.24

- The proposed rates compare with the current rates as follows:

Comparison of Proposed and Current Rates

Service	Calculated Charge (\$/unit)	Existing Charge (\$/unit)	Difference In Charge	
			\$	%
Residential				
Charge Per Single Detached Unit	\$8,377	\$8,025	\$352.43	4%
Non-Residential				
Charge Per Square Metre of Gross Floor Area:				
Commercial and Institutional	\$34.94	\$19.91	\$15.03	75%
Industrial	\$19.24	\$19.91	-\$0.67	-3%

(vi) A PORTION OF GROWTH-RELATED COSTS REQUIRE FUNDING FROM NON-DEVELOPMENT CHARGE SOURCES

- The *Development Charges Act, 1997 (DCA)* requires that the growth-related net capital costs for general services be reduced by ten per cent when calculating the applicable development charge for these services. The ten per cent share of growth-related net capital costs not included in the development charge calculation must be funded from non-development charge sources.
- In total, about \$2.9 million is identified to provide for the required ten per cent reduction.
- Non-development charge funding for replacement portions of the capital forecast and for portions of growth-related projects that benefit existing development will total an additional \$12.6 million. The largest components of these monies are \$7.8 million for the non-growth share of the roads program (ten year share only) and a further \$1.8 million and \$1.3 million for emergency services and library services respectively. A large portion of capital costs would have to be funded from the sale of existing assets, fund raising, property taxes, utility rates, user fees and other non-development charge revenue sources.
- It is also estimated that net annual property tax support operating costs will increase by approximately \$6.2 million by the year 2014 as the facilities and infrastructure listed in the capital forecast are operated and maintained. These costs should be funded from the increase in property assessment generated by new development.

(vii) NO SIGNIFICANT CHANGES ARE RECOMMENDED WITH REGARD TO COLLECTION OR BY-LAW ADMINISTRATION

- It is anticipated that most of the administrative requirements of the *DCA* will match those currently employed by the Municipality with regard to development charge collection practices.
- As required under the *DCA*, the Municipality should codify any rules regarding application of the by-laws and exemptions within the development charges by-laws proposed for adoption.
- It is recommended that the Municipality develop reporting policies consistent with the requirements of the *DCA*.

- It is recommended that the by-laws permit the payment of a development charge in cash or through services-in-lieu agreements. The Municipality is not obligated to enter into services-in-lieu agreements.
- It is recommended that limited exemptions, other than those required in the *Development Charges Act, 1997*, be formally adopted in the by-laws. In this regard Council may wish to give consideration to the following:

Non-Statutory Exemptions

- Council should give consideration to continuing with the practice of exempting places of worship, public hospitals and farm buildings.
- It is recommended that Council adopt the growth-related capital forecast included in this background study, subject to annual review through the Municipality's normal capital budget process.
- Council is being asked to consider adopting policies to provide incentives for:
 - the redevelopment of brownfield sites
 - the intensification of existing housing
 - the conversion from non-residential to residential land use where services are provided
 - the conversion of existing floor space in historic downtowns to mixed use
 - the development of research laboratories
 - energy efficient and environmentally sustainable building activity as well as compliance with the Kyoto Protocol
 - the relocation and retention of heritage homes
 - the development of medical professional offices

(viii) LOCAL SERVICE DEFINITIONS

- The background study provides definition of "local service", under the *Development Charges Act (DCA)*, for a number of services provided by the Municipality of Clarington.
- The reason for establishing these definitions is to determine the eligible capital costs for inclusion in the development charge calculation for the Municipality. The functions or services deemed to be local in nature are not to be included in the determination of the development charge rates.

- The provision of local services is considered to be a direct developer responsibility under s.59 of the *DCA* and will (or may) be recovered under other agreement(s) with the land owner or developer.