



Development Charges Policy Framework

Town of Shediac

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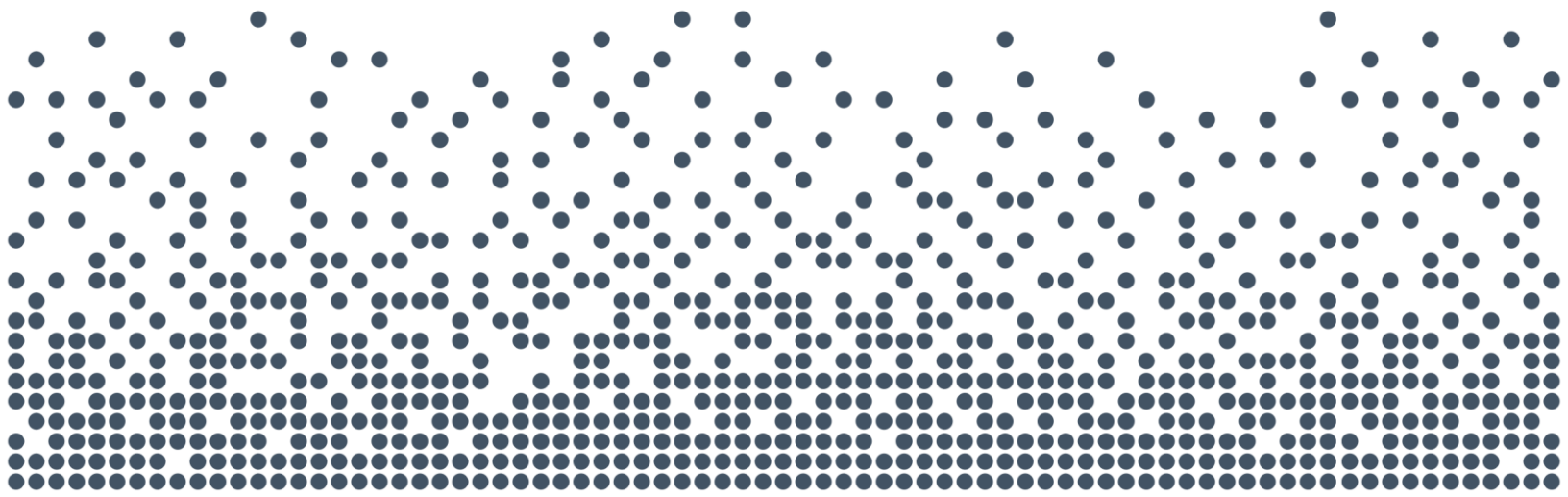
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Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

Many municipalities across Canada seek to recover the cost of growth-related infrastructure by imposing capital charges. These charges are referred to as development charges, development cost charges, off-site levies, or impact fees; but all seek to recover the capital costs related to providing infrastructure for growth. The province of New Brunswick adopted the new *Community Planning Act, 2017* (put into effect on January 1, 2018), which provides municipalities the authority to implement development charges. The legislative authority for municipalities to implement development charges is prescribed under Division G, Development Charge By-laws.

The intent of development charges is to provide additional revenue sources to fund capital, which in turn continues to expand development opportunities.

The Town of Shediac (Town) currently recovers infrastructure costs from developing landowners through cost sharing agreements. Capital costs directly related to a specific development (e.g. internal roads, watermains, sewers, etc.), are considered to be the direct responsibility of the developer to fund and construct. This is a requirement prior to the execution of a subdivision agreement as per the Town's By-law No. 14-37: By-law Relating to the Subdivision of Lands in the Town of Shediac. Further, based on subsection 2.03 of the by-law, if the infrastructure required for development on land proposed for subdivision has already been constructed and paid for by the Town or other developer, the landowner must pay to the Town or other developer, a contribution in the amount equal to the share of costs required for their development.

This Principles Framework is based on consultations with Town staff and administration, local stakeholders, and members of the public. This principles document provides the framework to implement development charges on new development, creating the need for new or expanded facilities and infrastructure, in the Town of Shediac.

This document is designed to set out sufficient background on the legislation (Section 2), Shediac's proposed principles regarding the collection of capital costs related to growth (Chapter 3), the approach to the calculation of the charge (Chapter 4) and the post-adoption implementation requirements (Chapter 5), which are critical to the successful application of the new principles.



1.2 Summary of the Process

The Town retained Watson & Associates Economists Ltd. (Watson) to assist in preparing a development charge framework.

This framework document sets out the overall guiding principles for Town staff and administration to follow in preparing development charge by-laws (and future amendments) under the *Community Planning Act, 2017*.

This framework is intended to be a living document that is updated as needed, particularly when amendments are made to the development charges by-law.

1.3 Capital Funding Sources

Development charges are one of many revenue sources a municipality can use to fund capital works. The following table provides a number of the more common sources of internal and external funding along with impacts on the operating budget and who is affected by this financing method:



Table 1-1
Town of Shediac
Capital Funding Sources

Financing Sources	Operating Budget Impact	Who is Affected
<i><u>Internal Sources:</u></i>		
Operating Budget Transfers	“In year” provision within the operating budget	Current year taxpayers
Reserves – General	Past contributions from operating budget	Past taxpayers, ratepayers
Reserves – Development Charges	No impact on operating budget	Developers, Builders and Developing Landowners
Reserves - Parkland	No impact on operating budget	Developers, Builders and Developing Landowners
<i><u>External Sources:</u></i>		
Grants	No impact on operating budget	Provincial/Federal
Public/Private Partnership (3P)	Usually has direct impact on future operating budgets, similar to debt	Future tax and rate payers
Fundraising	No impact on operating budget	Community Groups/ Residents
Provincial Legislation	Any direct non-recoverable costs to be paid by operating budget	Generally, impacts the benefiting landowner
Debt Financing	Future operating budgets to pay debt charges	Future tax and rate payers



Chapter 2

Legislative Framework



2. Legislative Framework

2.1 Introduction

On January 1, 2018, the old *Community Planning Act, 1973* was repealed and replaced with the new *Community Planning Act, 2017*. Under the old Act, municipalities were empowered to collect capital charges under “Payment for Service” (Section 45). This was the primary mechanism for the cost recovery of public services including “... streets, curbing, sidewalks, culverts, drainage ditches, water and sewer lines and others as may be required by the By-law for that class of subdivision” (paragraph 42(3)(i)). This section is enabled through the Town’s Subdivision of Lands By-law No. 14-37 allowing development levies on the future subdivision of serviced lands as seen below:

2.02 Pursuant to Section 42(3(i) of the Community Planning Act, a person proposing to subdivide land shall provide within the subdivision, or contribute to the cost thereof, such facilities as streets, curbing, sidewalks, culverts, drainage ditches, water and sewer lines, and others as may be required by the municipality.

2.03 When the land to be subdivided utilizes infrastructure paid for by the municipality or a person other than the current or previous owner or tenant of such land, the person proposing to subdivide shall contribute to the cost of such facilities and infrastructure.

The transition to the new Act removed the previous cost recovery provisions under Section 45 of the old Act. Transitional provisions are included under Section 150 of the new Act (“Payments under Section 45 of the former Act”), as follows:

Payments under Section 45 of former Act

150 Despite any inconsistency with a provision of this Act, if payments are still due or owing under the provision of Section 45 of the former Act immediately before the coming into force of this Section with respect to an amount equal to the initial cost of the facilities, or equal to the share of the cost required to be paid by a person, Section 45 of the former Act is continued as if that Act was not repealed.



Moving forward, the primary cost recovery mechanism under the new Act is the development charge by-law, which is enabled under Division G. Subsection 91(2) of the new Act outlines where costs may be recovered through a development charge by-law.

2.2 Discussion on Applicable Legislation

The following details the current legislation that is in place for New Brunswick municipalities to implement charges for the collection of growth-related capital funding.

Community Planning Act, 2017 – Division G – Development Charge By-laws

This section of the *Community Planning Act, 2017* provides a municipality the authority to enact a development charge by-law which may provide for the imposition and payment of a development charge in respect of land that is to be developed or subdivided and authorize an agreement to be entered into in respect of the payment of a charge.

As per subsection 91(2) of the *Community Planning Act, 2017*, development charges may be used only for capital costs (in whole or in part) with respect to the following:

- (a) New or expanded facilities for the supply and distribution of water,
- (b) New or expanded facilities for the collection, treatment, and disposal of sewage,
- (c) New or expanded facilities for the provision of storm water management,
- (d) New or expanded roads, sidewalks and trails required for or impacted by a subdivision or development,
- (e) New or expanded streets,
- (f) New traffic signs and signals and new or expanded transit facilities,
- (g) Land required for or in connection with any facilities described in paragraphs (a) to (f); or
- (h) For any other purpose referred to in the regulations.



It is required that any development charges collected must be paid into a special account and the money in that account is to be expended by the Council for the specific purposes identified above. No development charge by-law is valid unless:

- Its content is certified as complying with the provisions of the *Community Planning Act, 2017* and the regulations under the Act, by the planning director at the regional service commission (or another qualified planner engaged by the commission and reporting to the director). If the Town establishes its own planning services in the future, this responsibility would shift to the Town's planning director, or to a planner engaged by Council and reporting directly to that director.
- The proper notice of the public by-law is provided (section 111 of the *Community Planning Act, 2017*); and
- The certified copy of the by-law that bears the approval of the Minister is filed in the land registration office (paragraph 112 (1)(b) of the *Community Planning Act, 2017*).

2.3 Servicing Requirements

To understand how the above legislation can be applied, a discussion with respect to the responsibility for infrastructure is provided herein. Further details regarding the Town's Principles Framework are provided in Chapter 3.

Section F of the *Community Planning Act, 2017* outlines the creation and application of subdivision by-laws. Paragraph 75 (1)(d) provides that as a condition of approval of a subdivision plan that, if entry is gained to the subdivision by means of an existing street or other access, the developer shall:

- Make provision to bring the existing access to the same standard as required for streets within the subdivision; or*
- Contribute to the cost of work referred to in subparagraph (i) to the extent required for streets within the subdivision under paragraph (i), provided the amount contributed per linear metre for the access does not exceed the cost to the person per linear metre for streets within the subdivision or, if the plan does not provide for the laying out of streets to be publicly*



owned, the average cost per linear metre for subdivision streets within the local government constructed during the preceding 12 months.

As per subparagraphs 75(1)(f)(i) and (g), a subdivision by-law may also set aside land for public purposes in an amount not exceeding 10% of the area of the subdivision; or provide cash in lieu of setting aside land, not exceeding 8% of the market value of land in the subdivision, exclusive of lands for public streets.

The Town's Subdivision of Lands by-law sets out requirements that land in the amount of 10% of the area of the subdivision, exclusive of public streets, or cash in lieu in the amount of 8% of the market value of the land at the time of subdivision approval must be provided as a condition of approval.

Further, as per paragraph 75(1)(i), a subdivision by-law may require a person proposing to subdivide land to provide within the subdivision or contribute to the cost of the subdivision to the extent required by the by-law, facilities, including streets, curbing, sidewalks, culverts, drainage ditches, water and sewer lines and others that the by-law for that class of subdivision requires. Section 2.02 of the Town's Subdivision of Lands by-law provides for this requirement for approval of a subdivision.

These items, which are the responsibility of the developing landowner to construct, would not be included in the development charge calculation and by-law. All remaining infrastructure items over-and-above these may be included in a development charge by-law.



Chapter 3

Town of Shediac Development Charge Principles Framework



3. Town of Shediac Development Charges Principles Framework

3.1 Overview

This chapter provides for the Principles Framework that the Town will utilize in the preparation of a draft development charge by-law (and future amendments). As noted in Chapter 2, a developer will be required to construct various infrastructure components as required under the subdivision by-law. Any infrastructure over-and-above what a developing landowner is responsible for may be provided in a development charge by-law. The Town proposes to allocate the infrastructure costs into the following categories:

Local Developing Landowner Responsibility	<ul style="list-style-type: none">Developing landowner is required to fund and construct infrastructure related to a specific development
Development Charge	<ul style="list-style-type: none">Utilized when infrastructure benefits a broader area of developmentThese charges would be based on the development land areas that benefit from the infrastructure.

Note: Town-wide development charges are not contemplated at this time, however the framework can be amended in the future to accommodate these charges.

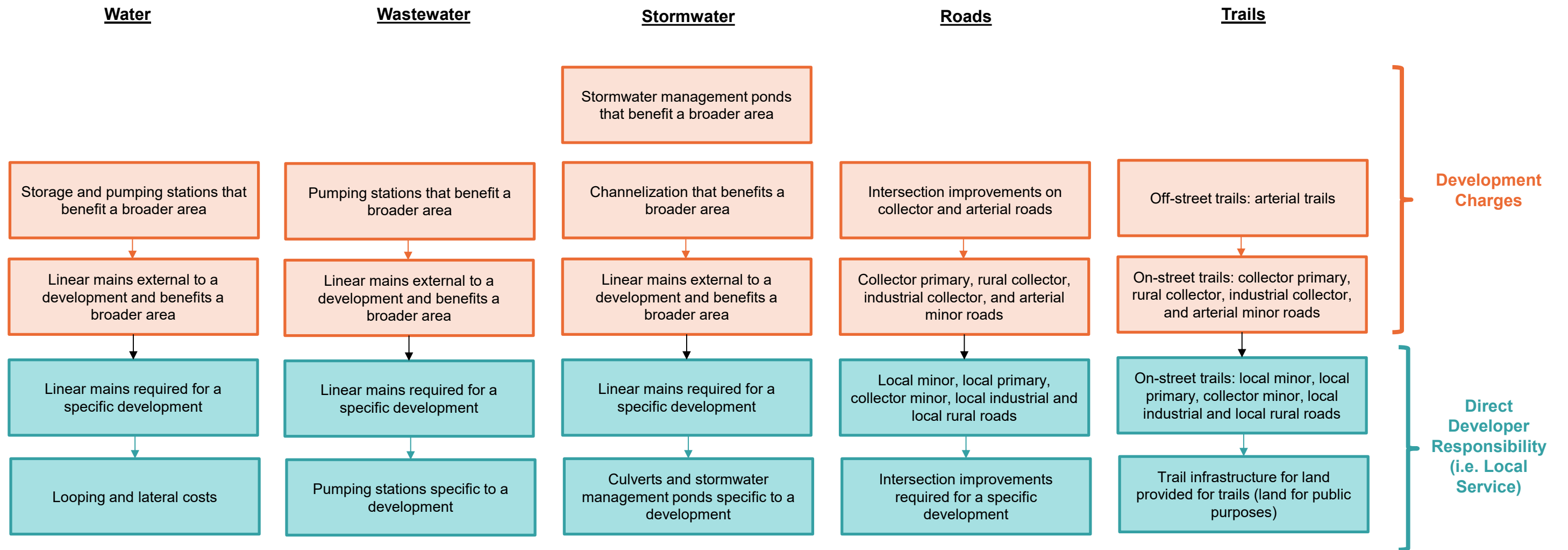
Subsection 3.2 provides a table that delineates the cost recovery mechanisms based on the eligible infrastructure type. This table will be used to guide the Town in calculating development charges.

3.2 Hierarchy of Cost Recovery

The following table provides a hierarchy of the cost recovery methods to be utilized for each service. This table is provided diagrammatically in Figure 3-1.



Figure 3-1
Town of Shediac
Hierarchy of Cost Recovery Methods by Service





Service Category	Capital Assets	Basis for Recovery
Local Developing Landowner Responsibility*		
Water	<p>Linear mains 200 mm and less: If required for specific development (within and external to the development) developer responsibility. Note: minimum pipe size could be higher if specifically required for an individual development.</p> <p>Looping Costs: Developer responsibility</p> <p>Laterals: Connecting laterals, developer responsibility</p>	Developer Responsibility to Construct/Provide
Wastewater	<p>Linear mains 300 mm and less: If required for specific development (within and external to the development) developer responsibility. Note: minimum pipe size could be higher if specifically required for an individual development.</p> <p>Pumping Stations: If required for specific development, developer responsibility</p>	
Stormwater	<p>Storm sewers 600 mm and less: If required for specific development (within and external to the development) developer responsibility. Note: minimum pipe size could be higher if specifically required for an individual development.</p> <p>Culverts: If required for specific development; developer responsibility</p> <p>Drainage Ditches/Stormwater Management Ponds: If required for specific development; developer responsibility</p>	
Roads	<p>Roads Internal to Development - Residential: (Classifications as per Town of Shediac's Transportation Master Plan) Local Minor, Local Primary, Collector Minor, Local Rural; developer responsibility</p> <p>Roads Internal to Development - Industrial: (Classifications as per Town of Shediac's Transportation Master Plan) Local Industrial; developer responsibility</p> <p>Intersection Improvements: if required for specific development; developer responsibility</p>	
Trails	<p>On-Street Trail Infrastructure: (Classifications as per Town of Shediac's Transportation Master Plan) trails on Local Minor, Local Primary, Collector Minor, Local Rural; developer responsibility</p> <p>Land for Trails: developer required to provide land for public purposes and may be required to gravel and level the land in accordance with the Town's standards.</p> <p>Trail Infrastructure: where the developer provides Land for Public Purposes which is intended for use as a multipurpose trail (must have a minimum width of 8 meters); direct developer responsibility</p>	

*Section 2.02 of By-law No. 14-37: By-law Relating to the Subdivision of Lands in the Town of Shediac states that in a subdivision, "a person proposing to subdivide land shall provide within the subdivision, or contribute to the cost thereof, such facilities as streets, curbing, sidewalks, culverts, drainage ditches, water and sewer lines, and others as may be required by the municipality".



Service Category	Capital Assets	Basis for Recovery
Development Charge (DC)		
Water	Linear mains external to the plan area which benefit a broader area of development and mains above 200 mm: Include in DC Storage and pumping stations external to the plan which benefit a broader area of development: Include in DC	Development Charge calculated based on weighted land areas (except stormwater ponds)
Wastewater	Linear mains external to the plan area which benefit a broader area of development and mains above 300 mm: Include in DC Pumping Stations external to the plan area which benefit a broader area of development: Include in DC	
Stormwater	Linear mains external to the plan area which benefit a broader area of development and mains above 600 mm: Include in DC Channelization external to the plan area which benefit a broader area of development: Include in DC Stormwater Management Ponds external to the plan area which benefit a broader area of development: Include in DC based on flow (i.e. land area) multiplied by the runoff coefficient.	
Roads	Roads external to development or oversized roads internal to a development: (Classifications as Town of Shediac's Transportation Master Plan) Collector Primary, Rural Collector, Industrial Collector, Arterial Minor; include in DC Traffic Signalization, Streetlights, and Intersection Improvements on Collector and Arterial Roads: Include in DC	
Trails	On-Street Trail Infrastructure: (Classifications as per Town of Shediac's Transportation Master Plan) trails on Collector Primary, Rural Collector, Industrial Collector, Arterial Minor; include in DC Off-Street Trail Infrastructure: All arterial trails to be included in the DC.	



3.3 Other Principles

3.3.1 Application of Charges

- **Local Services** – Capital costs that are deemed local services are the responsibility of the developer to construct.
- **Development Charges** – Capital costs that are deemed development charge eligible are to be calculated based on a per unit approach for residential development and on a per square foot basis for non-residential development, weighted by average property density based on Town zoning. The benefitting properties may be further weighted based on a suitable metric for each respective service:

Roads

- Based on average trip generation for each land use category

Water

- Based on allocation of flows

Wastewater

- Based on allocation of flows

Stormwater

- Stormwater mains to be based on allocation of flows
- Stormwater management ponds to be based on runoff coefficient of land use weighted by area

Trails

- On-street infrastructure based on weighting for roads
- Off-street infrastructure to be determined through further review



3.3.2 Indexing

- Indexing shall be based on Statistics Canada Non-residential Building Construction Price Index (Moncton Series).
- Indexing will occur on an annual basis. Amendment to the by-law is not required for indexing to take effect.

3.3.3 Imposition and Timing of Development Charges

The Development Charge By-law will set out the conditions for the imposition and timing of collecting DCs. Where there is conflict between this Principles Framework and the By-law, the latter shall prevail.

Development charges shall be imposed and collected from an applicant prior to the issuance of a building permit or the approval of a subdivision plan, whichever occurs first.

Council may consider entering into a development charge agreement providing for delayed payment of the development charge. Where such agreement is not in place, the Town shall collect DCs at the issuance of the development/building permit.

3.3.1 Reduction for Redevelopment of Land

Where, as a result of the redevelopment of land, a building or structure existing on the same land in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same land, in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced by the following amounts:

- A. in the case of a residential building or structure, or in the case of a mixed-use building or structure, the residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charge by the number, according to type, of dwelling units that have been or will be demolished or converted to another principal use; and
- B. in the case of a non-residential building or structure or, in the case of mixed-use building or structure, the non-residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable



development charges, by the gross floor area that has been or will be demolished or converted to another principal use;

provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

3.3.2 Establishment of Reserve Funds

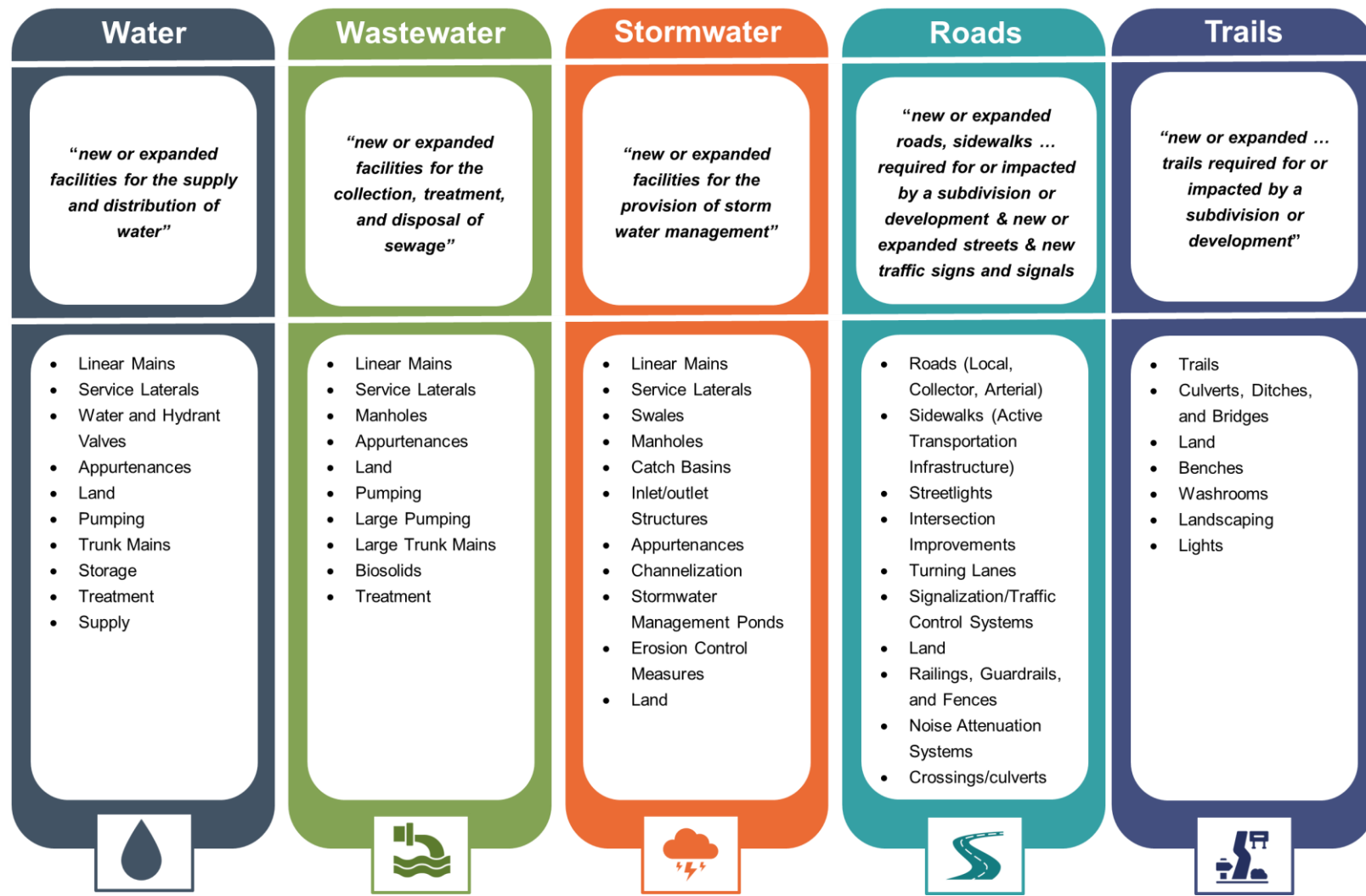
Establish reserve funds for each of the services identified in the by-law (e.g. water, wastewater, stormwater, roads, and trails)

3.4 Definitions of Potential Eligible Capital Costs by Service

Since Division G of the *Community Planning Act, 2017* does not define capital costs, but is limited to the categories of recovery under subsection 91(2), the following figure qualifies the infrastructure and facilities that make up each category and are thus intended to be recoverable capital costs under the by-law.



Figure 3-2
Town of Shediac
Eligible Capital Costs by Service





Chapter 4

The Approach to the Calculation of the Charge



4. The Approach to the Calculation of the Charge

4.1 Introduction

This chapter addresses the methodology to be utilized in calculating a development charge in the Town of Shediac. The methodology reflects similar methodologies utilized in other municipalities, subject to legislative requirements. The steps are illustrated schematically in Figure 4-1 and follow the principles outlined in Chapter 3.

4.2 Services Potentially Involved

Division G of the *Community Planning Act, 2017* provides a municipality with the authority to enact a development charge by-law which may provide for the imposition and payment of a charge, to be known as a “development charge”, in respect of land that is to be developed or subdivided; and authorize an agreement to be entered into in respect of the payment of a charge. A development charge may be used to collect the capital costs related to water, wastewater, stormwater, transportation and trails infrastructure (as defined in Chapter 3).

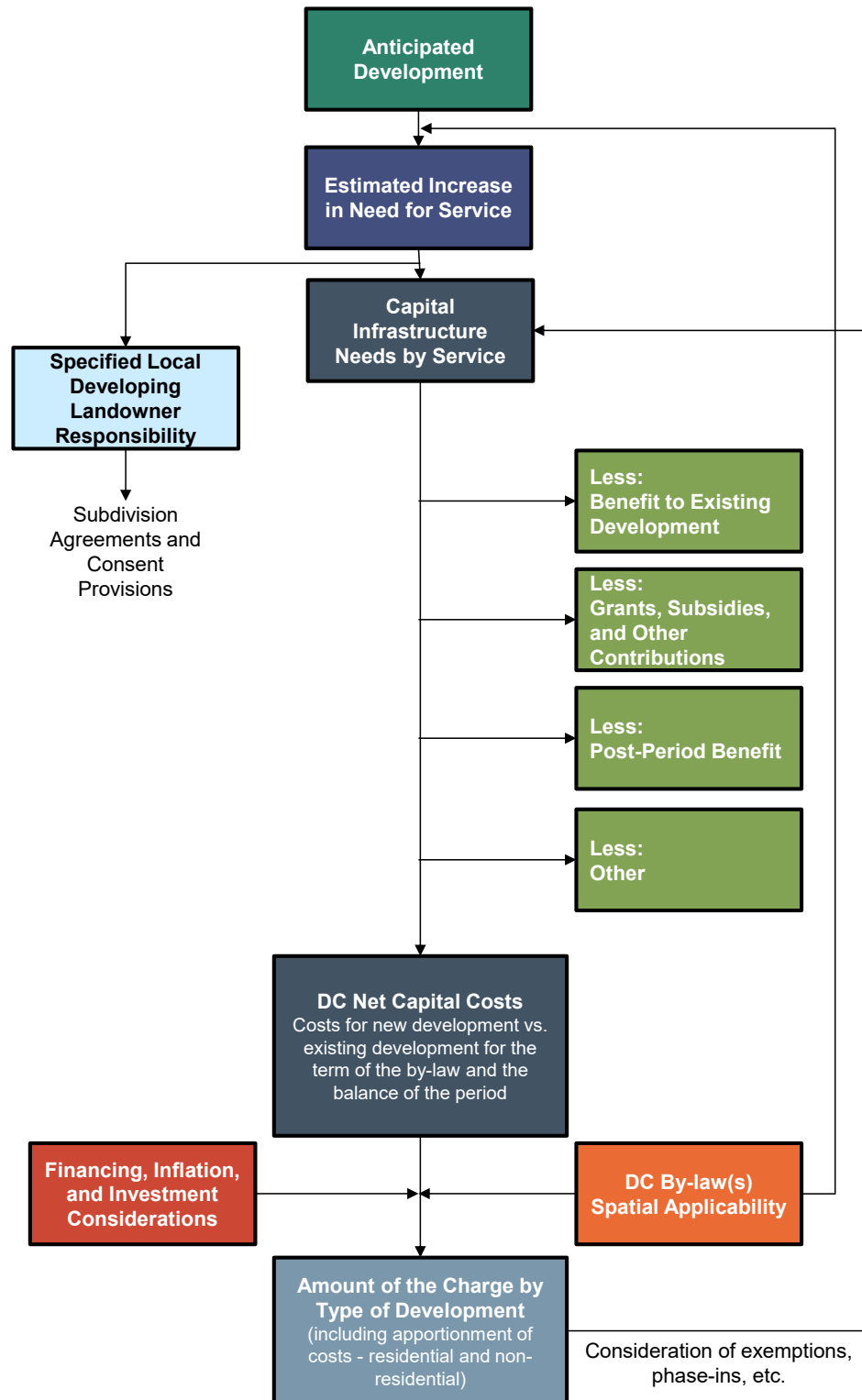
A development charge by-law, and amendments thereto, enacted by the Council of the Town of Shediac may include costs for some or all of the services identified above.

4.3 Increase in the Need for Service

The development charge calculation commences with an estimate of “the increase in the need for service attributable to the anticipated development,” for each service to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. The maximum amount that can be imposed and collected as a development charge shall be no more than the capital cost of the land, facilities or other infrastructure required for development, as determined by the Town. While the need could conceivably be expressed generally in terms of units of capacity, the Town may provide the calculations using a Development Charge approach. Council will consider the increase in need in the context of the recommendations for approval provided in each respective study.



Figure 4-1
Town of Shediac
The Process of Calculating a Development Charge





4.4 Local Service Hierarchy

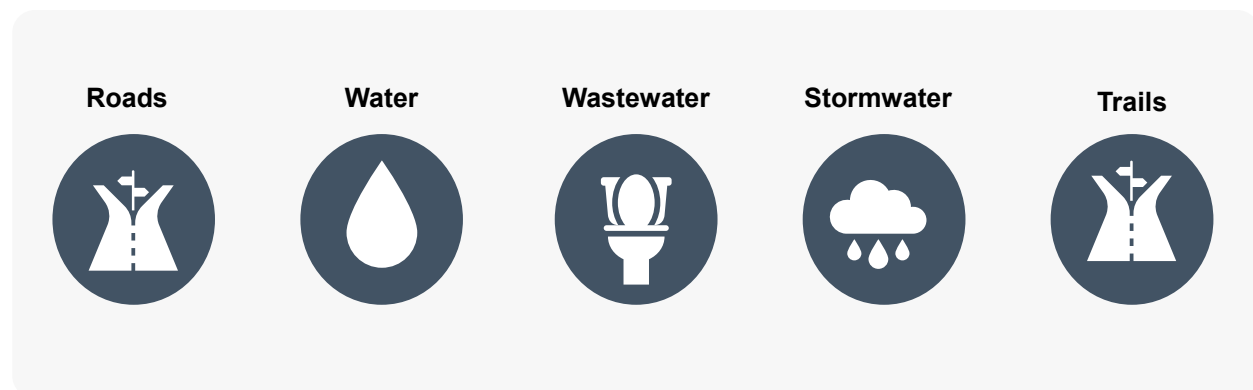
Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As provided for in section 75 of the *Community Planning Act, 2017*, they will be required as a condition of development agreements through the subdivision by-law. These costs are summarized and provided diagrammatically in Chapter 3.

4.5 Capital Forecast

For each charge area of the by-law, the capital costs necessary to provide the increased services shall be estimated. The total gross capital costs are then adjusted to ensure that the costs included in the development charge are reflective of the net growth-related costs necessary to facilitate the anticipated growth in the Town. These adjustments are outlined below.

These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs that may be included are defined in Chapter 3. These costs are for the following services:



In order for an increase in need for service to be included in the development charge calculation, it is recommended that Town Council indicate that it intends to ensure that such an increase in need will be met by including the appropriate works within its annual capital budget process. Timing of works should be staged based upon communication



with the development community and prioritization of servicing to meet the anticipated demands.

4.6 Reserve Funds

Section 91(4) of the *Community Planning Act* states that:

“All money received by the council under this section is to be paid into a special account, and the money in that account is to be expended by the council for the specific purpose described in paragraphs (2)(a) to (g) for which it is collected and for no other purpose.”

There is generally no explicit requirement to net the outstanding reserve fund balance as part of making the development charge calculation. If the Town should decide to implement broader Development Charges, it is recommended that the existing reserve fund balances (of the broader Development Charges) be used to net-down the capital costs identified, respective of each service. This can be done as categorizing the reserve fund balance as a benefit to existing development (as those developments that have paid into the reserve funds would then be considered existing development).

Annual reporting requirements have not been provided through legislation at this time; however, best practice warrants that an annual report should be provided to the public which discloses all of the development charges and payments.

It is recommended that the annual report provides the following details:

- Opening balance;
- Closing balance;
- Description of each service;
- Transactions for the year (e.g. collections, draws) including the capital cost of each asset to be funded from the development charge reserve fund;
- For projects financed by development charges, the amount spent on the project from the development charge reserve fund; and
- Amount and source of money used by the municipality to repay municipal obligations to the development charge reserve fund.



A sample reserve fund reporting template is provided in Appendix B for Development Charges.

4.7 Deductions

The development charge potentially requires that the following deductions be made to the increase in the need for service. These relate to:

- Benefit to existing development;
- Anticipated grants, subsidies and other contributions; and
- Benefit to growth outside of the forecast period (Post-period Benefit).

4.7.1 Reduction for Benefit to Existing Development

This step involves a further reduction in the need, by the extent to which an increase in service would benefit existing development. Sanitary and water trunks, and drainage infrastructure are highly localized to growth areas and can be more readily allocated in this regard.

Where existing development has an adequate service level that will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing facilities simply replicates what existing residents are receiving, they receive very limited or no benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

4.7.2 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies and other contributions (including direct developer contributions required due to the local service principles) made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new versus existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes. Where grants are not specific, the application of the grant towards funding growth-related projects is at the discretion of the Town.



4.7.3 Reduction for Post-period Benefit

As the forecast period of the study reviews capital needs for growth over a set period, a deduction must be made for capital works that are oversized to accommodate some growth outside of the forecast period. The capital works required to service the benefiting areas shall be reviewed for each benefitting area. If a project is required to service a benefitting area, the share of the costs related to the assumed growth to occur after the forecast period is the Post-period Benefit share and is deducted from the net development charge calculations.



Chapter 5

By-law Implementation



5. By-law Implementation




5.1 Public Consultation Process

5.1.1 Introduction

This chapter addresses the formal consultation process. The purpose of which is to seek the cooperation and participation of those involved, in order to produce the most suitable principles. Section 5.2 addresses the anticipated impact of development charges on development from a generic viewpoint. The following process is provided based on best practices of stakeholder and community engagement. In addition to the legislative requirements of notice of by-law consideration and public hearing (section 111 of the *Community Planning Act, 2017*, further outlined below), the Town is expected to establish the development charge in a fair and equitable manner and consult in good faith with stakeholders.

5.1.2 Formal Consultation

Prior to passing a development charge by-law under the *Community Planning Act, 2017* the Town shall undertake the following:

 Consultation	<ul style="list-style-type: none">• Consult with stakeholders prior to making a final determination on defining and addressing existing and future infrastructure and facility requirements• Consult on the calculation of the levy with stakeholders in the benefiting area where the levy will apply
 Public Hearing	<ul style="list-style-type: none">• Present the development charge by-law and supporting documentation at a public hearing
 Answer Questions	<ul style="list-style-type: none">• During any consultation with the public and stakeholders, the Town shall respond to questions in a timely manner

5.1.3 Other Consultation Activity

There are three (3) broad groupings of the public who are generally the most concerned with Town development charge principles:



1. The first grouping is the residential development community, consisting of land developers and builders who are typically responsible for generating the majority of the development charge revenues. Others, such as realtors, are directly impacted by development charge principles. They are, therefore, potentially interested in aspects of the charge; particularly the quantum by unit type, projects to be funded by the development charge and the timing of collection, and Town principles with respect to development agreements, development charge credits, and front-ending requirements.
2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public principles.
3. The third grouping is the industrial/commercial/institutional development sector, consisting of land developers and major owners or organizations with significant construction plans, such as (but not limited to) hotels, entertainment complexes, shopping centres, offices, industrial buildings and institutions. Also involved are organizations such as industry associations, the local chamber of commerce, the board of trade and economic development agencies, who are all potentially interested in Town development charge principles. Their primary concern is frequently with the quantum of the charge, gross floor area exclusions such as basements, mechanical or indoor parking areas, or exemptions and phase-in or capping provisions in order to moderate the impact.

5.1.4 Notice of By-law Consideration

Section 111 of the *Community Planning Act, 2017* states that a Council shall, by resolution, fix a time and place for the consideration of objections to the proposed by-law and give notice by one or more of the following means:

1. Publishing the notice on two separate occasions in a newspaper published or having general circulation in the local government of its intention of considering the making of the by-law, the first of the notices to be published not less than 21 days and not more than 30 days before the day fixed to consider the by-law, and the second of the notices to be published not less than four days and not more than 11 days before that day; or



2. Posting the notice on the local government's website of its intention of considering the making of the by-law, to be published not less than 21 days before the day of by-law consideration.

A notice of by-law consideration:

1. Shall set forth a description of the area affected by the by-law;
2. Shall state a place where and the hours during which the by-law may be inspected and the time and place set by the council for the consideration of written objections to the by-law;
3. Shall indicate the person to whom written objections will be sent, and
4. May, in the case of an amendment or repeal, briefly state an explication or the reasons for the amendment or repeal.

Additionally, Council shall make suitable provision for inspection of the by-law by the public at the time and place set out in the notice; and before making the by-law, hear and consider written objections to it.

A person who wishes to speak for or against written objections is entitled to be heard at the time and place fixed for consideration of the objections.

If, after the notice is given, the council substantially amends the proposed by-law, the provisions of Section 111 of the *Community Planning Act, 2017* apply with the necessary modifications to the amendment.

The council is not required to vote on the by-law on the day fixed for by-law consideration, but the by-law shall not become valid unless, within six months after the day that the notice was given or published:

1. The by-law is made; and
2. The by-law is submitted for the approval of the Minister.



5.2 Anticipated Impact of the Levy on Development

The establishment of sound development charge principles often requires the achievement of an acceptable balance between two competing realities. The first is that high non-residential development charges can, to some degree, represent a barrier to increased economic activity and sustained industrial/commercial growth, particularly for capital intensive uses. Also, in many cases, increased residential development charges can ultimately be expected to be recovered through higher housing prices and can impact project feasibility in some cases (e.g. rental apartments).

On the other hand, development charges or other Town capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment and wealth generation.

5.3 Implementation Requirements

5.3.1 Introduction

Once the Town has calculated the charge, prepared the background study, carried out the public process and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential complaints, credits, front-ending agreements, deferred payment agreements, subdivision agreement conditions and finally the collection of revenues and funding of projects.

The sections which follow overview the requirements in each case.

5.3.2 Notice of By-law Passage

Once a development charge By-law is given second and third readings, it is formally adopted by Council. In accordance with section 112 of the *Community Planning Act, 2017*, the Minister of Local Government must approve the By-law following adoption. The By-law is put into effect on the day in which it is registered in the Land Registry Office unless a later effective date is specified within the by-law. In accordance with paragraph 112(1)(c), the Town must publish notices in locally circulated newspapers



and/or the Town's website, which must include information with respect to the filing of the document and the decision of the Minister. The same process must be followed for an amendment to a Development Charge By-law.

5.3.3 Development Charge Agreement

Under sections 92 and 94 of the *Community Planning Act, 2017*, Council may enter into development charge agreements that may include instalment payments, services or extended services in lieu of payment of all or part of the charges, security to ensure charges are paid when due, or any other matter necessary or desirable to affect the agreement. The development charge by-law may prescribe the circumstances and general terms for such agreements.

Development charge agreements must be filed in the Land Registry Office to take effect and once registered, are binding on the land that is subdivided or developed, each individual lot in a subdivision or development to the extent specified in the agreement, and all subsequent owner of the land in respect of which the agreement is made until discharged by the Town.

5.3.3.1 Front-Ending Agreements

The Town and one or more landowners may enter into a front-ending agreement which provides for the costs of a project which will benefit an area in the Town to which a development charge by-law applies. Such an agreement can provide for the costs to be borne by one or more parties to the agreement who are, in turn, reimbursed in future by persons who develop land defined in the agreement.

5.3.3.2 Deferred Payment Agreement

The Town and one or more landowners may enter into a deferred payment agreement with applicants to delay the collection of development charges to a later collection milestone (e.g. 50% at development/building permit stage). Under these agreements, a portion of the development charge would be paid at building permit stage, and the remaining amount can be paid at a later date or annually (with indexing).



5.4 Review of Existing By-law

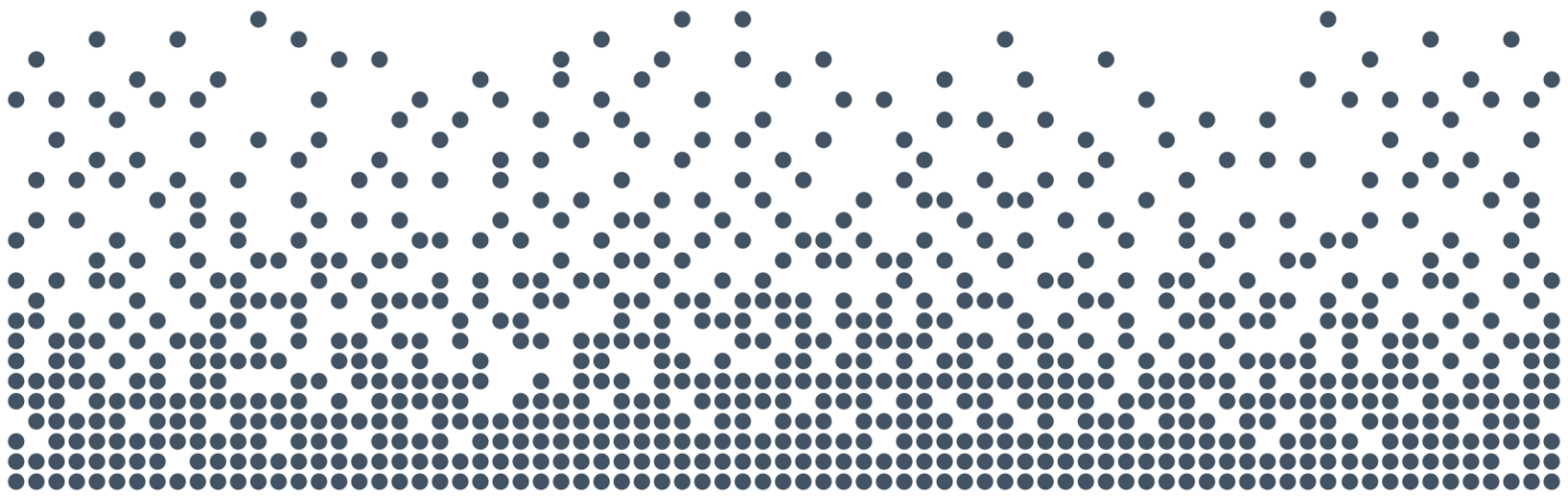
The D.C. by-law will be reviewed at least every five (5) years. If staff determine that an amendment to the by-law is required, then a full D.C. by-law update process will be initiated.

5.5 Policy for Overcollection/Under Collection of Development Charge Revenues

Given that development charges are calculated based on best estimates known at the time of the background study, there may be instances where development charge revenues are lower or higher than anticipated.

In the case of an overcollection of D.C. revenues, the additional funds would be placed into a reserve fund for future growth-related projects for the same service. These funds could also be utilized to fund the growth-related, region-wide benefit of other works.

If there is an under collection of D.C. revenues, the Town is responsible for funding the deficit.



Appendices



Appendix A

Draft Calculation Template



Appendix A: Draft Calculation Template

Capital Costs Included in the D.C. Calculation

Development Area:

Service	Increased Service Needs Attributable to Anticipated Development	Gross Capital Cost Estimate	Less:		Net Growth-Related Costs	Less:			Potential D.C. Recoverable Costs	Residential Allocation	Non-Residential Allocation
			Benefit to Existing Development/Town Share	Other Deductions		Post Period Benefit/Oversizing Costs	Grants, Subsidies and Other Contributions Attributable to New Development	Region-Wide Growth-Related Benefit			
Roads	Sample Project #1										
Water	Sample Project #2										
Stormwater	Sample Project #3										
Total											



Capital Costs Included in the D.C. Calculation

Development Area:

Service	D.C.-Eligible Cost	
	Residential	Non-Residential
1. <u>Roads</u>	\$	\$
	-	-
2. <u>Water</u>		
	-	-
3. <u>Wastewater</u>		
	-	-
TOTAL		
D.C.-Eligible Capital Cost		
Population/GFA Growth (sq.ft.)		
Cost Per Capita/Non-Residential GFA (sq.ft.)		
<u>By Residential Unit Type</u>	<u>Persons per Unit</u>	
Single and Semi-Detached Dwelling		
Townhouse		
Apartment		



Appendix B

Annual Reserve Funding Template



Appendix B: Annual Reserve Funding Template

Annual Treasurer's Statement of Development Charge Reserve Funds

Description	Services to which the Development Charge Relates					Total
	Roads	Water	Wastewater	Stormwater	Trails	
Opening Balance, January 1, _____						0
<u>Plus:</u>						
Development Charge Collections						0
Accrued Interest						0
Repayment of Monies Borrowed from Fund and Associated Interest ¹						0
Sub-Total	0	0	0	0	0	0
<u>Less:</u>						
Amount Transferred to Capital (or Other) Funds ²						0
Amounts Refunded						0
Amounts Loaned to Other D.C. Service Category for Interim Financing						0
Credits ³						0
Sub-Total	0	0	0	0	0	0
Closing Balance, December 31, _____	0	0	0	0	0	0

¹ Source of funds used to repay the D.C. reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details



Attachment 1: Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions

Development Area:

Capital Fund Transactions	Gross Capital Cost	D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
Water											
Capital Cost A											
Capital Cost B											
Capital Cost C											
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater											
Capital Cost D											
Capital Cost E											
Capital Cost F											
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roads											
Capital Cost G											
Capital Cost H											
Capital Cost I											
Sub-Total - Roads	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stormwater											
Capital Cost G											
Capital Cost H											
Capital Cost I											
Sub-Total - Stormwater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trails											
Capital Cost G											
Capital Cost H											
Capital Cost I											
Sub-Total - Trails	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Attachment 2: Statement of Credit Holder Transactions

Development Area:

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year _____	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year _____
Credit Holder A					
Credit Holder B					
Credit Holder C					
Credit Holder D					
Credit Holder E					
Credit Holder F					