

# DEVELOPMENT CHARGES BACKGROUND STUDY

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Township of Norwich

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## EXECUTIVE SUMMARY

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### (i) BACKGROUND

- The *Development Charges Act, 1997 (DCA)*, and its associated regulation (*O. Reg. 82/98*), allow municipalities in Ontario to recover growth-related capital costs from new development.
- The Township of Norwich is growing and is also an attractive location for a wide variety of non-residential development. The anticipated growth in Norwich will increase the demand on municipal services.
- The Township wishes to continue implementing development charges to fund capital projects related to growth throughout Norwich so that development continues to be serviced in a fiscally responsible manner.

### (ii) INTRODUCTION

- The *DCA* and *O. Reg. 82/98* require that a development charge background study be prepared in which development charges are determined with reference to:
  - A forecast of the amount, type and location of housing units, population and non-residential development anticipated in the Township;
  - The average capital service levels provided in the Township over the ten year period immediately preceding the preparation of the background study;
  - A review of future capital projects, including an analysis of gross expenditures, funding sources, and net expenditures incurred or to be incurred by the Township to provide for the expected development, including the determination of the growth and non-growth-related components of the capital projects; and
- An examination of the long term capital and operating costs for the capital infrastructure required for each service to which the development charges by-laws would relate.

- This report identifies the growth-related net capital costs which are attributable to development that is forecast to occur in the Township. These costs are apportioned to types of development (residential; non-residential) in a manner that reflects the increase in the need for each service attributable to each type of development. This report therefore presents development charges for each type of development.

**(iii) GROWTH FORECAST**

- The Township of Norwich is growing. Meeting the servicing demands of this growth will require the Township to expand the capacity of municipal infrastructure.
- The following is a summary of the projected growth for the Township:

	Existing	2009-2018		2009-2031	
	As At Mid-Year 2008	Forecast Change	As at 2018	Forecast Change	As at 2031
Population in Existing Units	11,081	(545)	10,536	900	11,981
Housing Units	3,613	576	4,189	1,047	4,660
Forecast Population in New Units		1,901		3,455	
<b>Total Population</b>	<b>11,081</b>	<b>1,356</b>	<b>12,437</b>	<b>4,355</b>	<b>15,436</b>

	Existing	2009-2018		2009-2031	
	As At Mid-Year 2008	Forecast Change	As at 2018	Forecast Change	As at 2031
Non-Residential Building Space (sq.m)		94,100		148,800	
Employment	4,276	989	5,265	1,624	5,900

**(iv) ALL ELIGIBLE SERVICES ARE INCLUDED IN THE ANALYSIS**

- The following Township services have been included in the development charge analysis:
  - General Government
  - Fire Protection
  - Parks and Recreation
  - Public Works and Fleet
  - Roads

- The Township has existing infrastructure for the provision of these services. The historic service levels for each of the services are shown in Section IV.

(v) **THE TOWNSHIP HAS AN EXTENSIVE GROWTH-RELATED CAPITAL PROGRAM FOR THE PROVISION OF ELIGIBLE SERVICES**

- The study used a Township-wide approach for calculating development charges for all services which the Township provides.
- The capital infrastructure plans for Township-wide services are based on the ten year planning period of 2009 to 2018 for all services.
- The Township's growth-related capital program for all services amounts to \$9.56 million and provides for a wide range of infrastructure expansions.
- Of the \$9.56 million growth-related capital program, approximately \$4.54 million has been identified as eligible for recovery through development charges.
- The following is a summary of the growth-related capital program for all services:

Service	Gross Cost	DC Recoverable
	(\$000)	(\$000)
1. GENERAL GOVERNMENT	\$115.0	\$98.89
2. FIRE DEPARTMENT	\$1,100.0	\$631.40
3. PARKS & RECREATION	\$1,585.0	\$576.72
4. PUBLIC WORKS	\$210.0	\$189.00
5. ROADS & RELATED	\$6,553.0	\$3,043.64
<b>TOTAL - 10-YEAR TOWNSHIP-WIDE SERVICES</b>	<b>\$9,563.0</b>	<b>\$4,539.7</b>

- Details on the capital programs for each of the Township services are provided in Appendix B.

## (vi) DEVELOPMENT CHARGE RATES CALCULATED WITH REFERENCE TO THE DCA

- Development charge rates have been established under the parameters and limitations of the DCA. This study provides the rationale and basis for the calculated rates.
- Based on the Township's growth forecast, historic service levels, and growth-related capital programs, the following Township-wide residential development charge rates have been calculated:

Service	Adjusted Charge Per Capita	Charge by Unit Type			
		Single & Semi-Detached	Rows & Other Multiples	Apartments	
				2 Bedrooms or Larger	Bachelor or 1 Bedroom
General Government	\$39.85	\$132	\$92	\$64	\$48
Fire Department	\$266.55	\$880	\$613	\$426	\$320
Parks & Recreation	\$316.20	\$1,043	\$727	\$506	\$379
Public Works	\$77.45	\$256	\$178	\$124	\$93
<b>Total General Services Charge</b>	<b>\$700.05</b>	<b>\$2,310</b>	<b>\$1,610</b>	<b>\$1,120</b>	<b>\$840</b>
Roads & Related	\$716.15	\$2,363	\$1,647	\$1,146	\$859
<b>Total Township-Wide Residential Charge</b>	<b>\$1,416.20</b>	<b>\$4,673</b>	<b>\$3,257</b>	<b>\$2,266</b>	<b>\$1,699</b>

Based on a population per unit of

3.30

2.30

1.60

1.20

- The proposed Township-wide residential charges are recommended to vary by unit type, reflecting the difference occupancy patterns expected in various unit types and the associated differences in demand that would be placed on municipal services.

- The following Township-wide non-residential development charges have been calculated:

Service	Adjusted Charge Per Sq. M.
General Government	\$0.35
Fire Department	\$2.33
Parks & Recreation	\$0.00
Public Works	\$0.68
<b>Total General Services Charge</b>	<b>\$3.36</b>
Roads & Related	\$6.23
<b>Total Township-Wide Non-Residential Charge</b>	<b>\$9.59</b>

- Overall, the proposed development charges are higher than the Township's current (2009) charges which is a reflection of increased service levels, the recovery of two new services (parks and recreation and public works) and a comprehensive roads capital program.

**(vii) A PORTION OF GROWTH-RELATED COSTS REQUIRE FUNDING FROM NON-DEVELOPMENT CHARGES SOURCES**

- The DCA requires that 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 the growth-related net capital costs not included in the development charge calculation must be funded from non-development charge sources.
- In total, \$96,000 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 \$1.40 million. A large portion of these capital costs will have to be funded from the fundraising, property taxes, utility rates, user fees and other non-development charge revenue sources.

- It is also estimated that net annual property tax supported operating costs will increase by approximately \$172,400 by the year 2018 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.