



Development Charges Update Study

Municipality of Casselman

For Public Circulation and Comment

June24, 2022

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
D.C.A.	<i>Development Charges Act, 1997</i>
G.F.A.	Gross floor area
Municipality	Municipality of Casselman
Sq.ft.	Square feet
Sq.m	Square metres



1. Introduction

1.1 Background

The Council of the Municipality of Casselman (Municipality) adopted a Development Charges (D.C.) Background Study and By-law on June 29, 2021 (2021 D.C. Background Study), in accordance with the provisions of the *Development Charges Act, 1997* (D.C.A.). By-law 2021-057, the Municipality’s D.C. By-law, came into effect in July 1, 2021.

The background study provides supporting documentation for the Municipality’s D.C. By-law which imposes charges on new residential and non-residential development to recover the capital costs anticipated to meet the increase in need for service of growth. The resultant 2021 D.C. by municipal service and development type are summarized below in Table 1-1.

Table 1-1
Municipality of Casselman Schedule of Development Charges (2021\$)

Service/Class of Service	Residential Single and Semi-Detached Dwelling	Residential Other Multiples	Residential Apartment – 2 Bedrooms+	Residential Apartments – Bachelor and 1 Bedroom	Non-Residential (per sq.ft. of Gross Floor Area)
Road and Related Service	\$2,161	\$1,557	\$1,300	\$978	\$0.88
Fire Protection Services	810	584	487	366	0.33
Parks and Recreation Services	3,347	2,411	2,013	1,514	0.14
Library Services	363	261	218	164	0.02
Growth-Related Studies	79	57	48	36	0.03
Total Municipal Wide Services/ Class of Services	\$6,760	\$4,870	\$4,066	\$3,058	\$1.40

As per the D.C. By-law, the charges are indexed annually without amendment on the anniversary date of by-law adoption, i.e. July 1st. Table 1-2 summarizes the Municipality’s D.C. rates after indexing effective July 1, 2022.



Table 1-2
Municipality of Casselman Schedule of Indexed Development Charges (2022\$)

Service/Class of Service	Residential Single and Semi-Detached Dwelling	Residential Other Multiples	Residential Apartment – 2 Bedrooms+	Residential Apartments – Bachelor and 1 Bedroom	Non-Residential (per sq.ft. of Gross Floor Area)
Road and Related Service	\$2,533	\$1,825	\$1,524	\$1,147	\$1.03
Fire Protection Services	950	685	571	429	0.39
Parks and Recreation Services	3,924	2,827	2,360	1,775	0.16
Library Services	426	306	256	192	0.02
Growth-Related Studies	93	67	56	42	0.04
Total Municipal Wide Services/ Class of Services	\$7,925	\$5,709	\$4,767	\$3,585	\$1.64

1.2 Existing Policies (Rules)

The following subsections explain the rules governing the calculation, payment, and collect of D.C. as provided in By-law 2021-057, in accordance with the D.C.A.

1.2.1 Payment in any Particular Case

In accordance with the D.C.A., subsection 2 (2), a D.C. shall be calculated, payable, and collected where the development requires one or more of the following:

- a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- b) the approval of a minor variance under section 45 of the *Planning Act*;
- c) a conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
- d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
- e) a consent under section 53 of the *Planning Act*;



- f) the approval of a description under section 50 of the *Condominium Act, R.S.O. 1990, Chap. C.26, as amended*, or any successor thereof; or
- g) the issuing of a building permit under the *Building Code Act* in relation to a building.

1.2.2 Determination of the Amount of the Charge

The D.C. calculation for residential development is generated on a per capita basis and applied based upon the average occupancy of different forms of housing types. These housing types include single and semi-detached dwellings, other multiples, apartments with two-bedrooms or more, and bachelors and one-bedroom apartments.

The non-residential D.C. is calculated on a uniform basis and applied based on the gross floor area (G.F.A.) of the building for all development types, i.e., commercial, institutional, and industrial development.

1.2.3 Application to Land Redevelopment

If a development involves the demolition and replacement of a building or structure on the same site, or a conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- 1) The number of dwelling units demolished or converted multiplied by the applicable residential D.C. in place at the time the D.C. is payable; and/or
- 2) The G.F.A. of the building demolished or converted multiplied by the current non-residential D.C. in place at the time the D.C. is payable.

The demolition credit is allowed only if the demolition permit related to the site was issued less than five years prior to the issuance of the building permit. The credit can, in no case, exceed the amount of D.C.s that would otherwise be payable.

1.2.4 Exemptions (full or partial)

The D.C. by-law applies to all lands within the Municipality, except for the following lands which are exempt:

- a) Statutory exemptions



- i. The enlargement of an existing dwelling unit;
- ii. The creation of one or two additional dwelling units in an existing single-detached dwelling, or structure ancillary to a single-detached dwelling, provided that the total G.F.A. of the additional one or two units does not exceed the G.F.A. of the existing dwelling unit;
- iii. The creation of one additional dwelling units in an existing semi-detached or row dwelling, or structure ancillary to a semi-detached or row dwelling, provided the total G.F.A. of the additional one unit does not exceed the G.F.A. of the existing dwelling unit;
- iv. The creation of the greater of one additional dwelling unit or 1% of the existing dwelling units in the building in an existing rental residential building, or structure ancillary to an existing rental residential building;
- v. The creation of one additional dwelling unit in any other type of existing residential building, or structure ancillary to any other type of existing residential building, provided that the total G.F.A. of the additional unit does not exceed the G.F.A. of the smallest dwelling unit already contained in the residential building;
- vi. The creation of a second residential dwelling unit within or ancillary to a new residential building as prescribed in subsection 2 (3.1) of O. Reg. 82/98; and
- vii. The enlargement of an existing industrial building, if the G.F.A. is enlarged by 50% or less.

b) Non-statutory exemptions

- i. The development on a non-residential farm building used for bona fide farm uses;
- ii. A cemetery and burial ground exempt from taxation under section 3 of the *Assessment Act*; and
- iii. Development creating or adding an accessory uses or structure not exceeding 10 square metres (sq.m) of non-residential G.F.A.



1.2.5 Indexing

The by-law provides for the annual indexing of the D.C. on the anniversary date (i.e. July 1st) of the by-law, without amendment.

1.2.6 By-law Duration

The by-law will expire on July 1, 2026, five years after the effective date.

1.2.7 Date Charge Payable

D.C.s are due and payable in full to the Municipality on the date a building permit is issued for any land, building, or structures affected by the applicable D.C.s.

Notwithstanding the above, the D.C.A. requires installment payments for rental housing, institutional and non-profit housing developments:

- D.C.s for rental housing and institutional developments are due and payable in 6 installments. The first installment must be paid on the date of occupancy. Each subsequent installment, including interest, must be paid on the anniversary date each year thereafter.
- D.C.s for non-profit housing developments are due and payable in 21 installments commencing with the first installment payable on the date of occupancy, and each subsequent installment, including interest, payable on the anniversary date each year thereafter.

For rental housing, institutional, and non-profit housing developments, interest will be determined at the bank of Canada prime lending rate plus 2% on the date of building permit issuance. Notwithstanding the foregoing, the interest rate shall not be less than 0%.

In addition to these payment provisions, Council may enter into agreements to provide for all or any part of the D.C.s to be paid before or after it would otherwise be payable. This is in accordance with section 27 of the D.C.A. In the situation where the D.C.s charged by the Municipality remains unpaid after the due date, in the absence of an agreement to address the amount unpaid, the amount unpaid will be added to the tax roll and collected as taxes, as taxes as prescribed by in section 32 of the D.C.A.



1.3 Basis for D.C. By-law Update

This D.C. Update Study provides an amendment to the Municipality's D.C. By-law, i.e. By-law 2021-057. The purpose of this D.C. Update Study is to amend the existing by-law and provide an additional non-statutory exemption for large industrial development within the Municipality. The by-law is also being amended for other statutory requirements related to D.C.s. Further, the by-law is being amended to include a new road improvement project that was identified by the Municipality to address the increase in need for development after the adoption 2021-057 By-law. These amendments are provided in greater detail in the subsequent chapter of this Study.



2. Rationale for the Proposed Amendments

2.1 Non-Statutory Exemption Amendments

The statutory and non-statutory exemptions for the Municipality's D.C.s are listed in Section 6 of By-law 2021-057 and summarized in subsection 1.2.4 herein. The non-statutory exemptions include:

- the development of a non-residential farm building;
- a cemetery and burial ground exemption from taxation; and
- development creating or adding an accessory use or structure not exceeding 10 sq.m of non-residential G.F.A.

To encourage economic development, the Municipality is proposing to amend By-law 2021-057 to include an additional non-statutory exemption for large industrial development. For this purpose, a large industrial development is defined as follows:

“Large industrial development” means any industrial development of equal to or greater than 350,000 square feet (sq.ft.) of G.F.A. of building area

In discussion with Municipal staff, such an exemption would encourage large industrial developments to locate within the Municipality. These developments are anticipated to provide additional employment opportunities within the Municipality, as well as increased assessment growth. These developments deemed to be by the Municipality both fiscally and economically beneficially to its constituents. However, it should be noted that D.C. exemptions are required to be funded from a non-D.C. source. Based on current estimates, it is anticipated that the cost of this exemption would total approximately \$500,000 in forgone D.C. revenue.

2.2 Statutory Exemption Amendments

The *Better for People, Smarter for Business Act*, amended the *Ministry of Training, Colleges and Universities Act* to provide an exemption from the payment of D.C.s for universities.



Specifically, the Act states:

“Land vested in or leased to a university that receives regular and ongoing operating funds from the government for the purposes of post-secondary education is exempt from development charges imposed under the *Development Charges Act, 1997* if the development in respect of which development charges would otherwise be payable is intended to be occupied and used by the university.”

In accordance with this legislative change an additional statutory exemption has been provided in the amending by-law to By-Law 2021-057.

2.3 Revised D.C. Eligible Capital Costs

2.3.1 New Road Improvements

This D.C. Update Study serves to include the addition of a new road improvement project within the Municipality to address, in part, the increase in need for service of new development. Specifically, the new Laurier Rd. improvement project will include widening of the existing road and sidewalk and oversizing of storm sewers. The widening of Laurier Rd. will also provide space for a new bicycle lane and pedestrian path facilitating alternative transportation modes.

The anticipated capital cost of this project is estimated to be approximately \$2.30 million in 2022 values. Reflecting the amendment to the 2021 D.C. Background Study, this capital cost estimated has been deflated to the D.C. base year resulting in a capital cost estimate of \$1.96 million for the purposes of this amendment. The potential D.C. recoverable cost for this project is estimated to be \$1.12 million after making deductions for benefit to existing development. The D.C. recoverable cost for the project have been apportioned 66% to residential development and 34% to non-residential development consistent with the 2021 D.C. Background Study.

Table 2-1 summarizes each revised D.C. capital program for Roads and Related Services, including the Laurier Rd. Improvements. In total, the D.C. recoverable capital costs of \$3.54 million are within the Municipality’s average historic level of service cap of \$7.40 million. As such, no further deductions are required.



Table 2-1
Infrastructure Costs Covered in the D.C. Calculation – Roads and Related Services

Prj .No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2021\$)	Post Period Benefit	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
						Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
	2021-2031								66%	34%
1	Intersection - Aurele St. & Route 700 (Municipality's Share)		300,000	-	300,000	55,700		244,300	161,238	83,062
2	Principale Street/St. Isidore Road Upgrade & Intersection Improvement (Municipality's Share)	2021-2022	300,000	-	300,000	199,800		100,200	66,132	34,068
3	Road Upgrades to Principale St., Aurele Rd., & Route 700 E		1,417,000	-	1,417,000	263,200		1,153,800	761,508	392,292
4	Pick-up with Plow		150,000	-	150,000	-		150,000	99,000	51,000
5	Backhoe		180,000	-	180,000	-		180,000	118,800	61,200
6	New Snowplow Truck		200,000	-	200,000	-		200,000	132,000	68,000
7	Public Works Garage Expansion (New Bay)		350,000	-	350,000	-		350,000	231,000	119,000
8	New Truck		70,000	-	70,000	-		70,000	46,200	23,800
9	Roads Master Plan		100,000	-	100,000	25,000		75,000	49,500	25,500
10	Traffic Study (Village of Casselman)		50,000	-	50,000	25,000		25,000	16,500	8,500
11	Industrial Park (south of 417)		456,000	-	456,000	-		456,000	300,960	155,040
12	Laurier Rd. Improvements		1,962,378	-	1,962,378	839,600		1,122,778	741,033	381,744
	Reserve Fund Adjustment		-	-	-	-		(584,726)	(385,919)	(198,807)
	Total		5,535,378	-	5,535,378	1,408,300	-	3,542,352	2,337,952	1,204,400

The D.C.A. further requires that the D.C. Background Study include the operating and capital expenditure impacts for the needs in the D.C. Background Study. Table C-1 of the 2021 D.C. Background Study estimated that the total annual operating expenditure impact at full emplacement of all D.C. capital assets would total \$1.45 million. The addition of the Laurier Rd. Improvements would increase this estimate to \$1.68 million.

Similarly, the D.C.A. requires that a D.C. Background Study include an asset management plan. This is summarized in Table 8-1 of the 2021 D.C. Background Study. The study concluded that total annualized lifecycle expenditures of D.C. program would be \$1.66 million. Moreover, that by incremental tax and non-tax revenue of development over the forecast period would equate to \$3.28 million. As such, the D.C. capital plan was deemed to be financially sustainable. The addition of the Laurier Rd. Improvements would increase the annual lifecycle costs to \$1.91 million, with well within the incremental revenue estimated from new development. As such, the amended D.C. capital plan remains financially sustainable.

2.4 Other Amendments to By-law 2021-057

Section 4 of By-law 2021-57 provides rules for the application of D.C.s within the Municipality. Subsection 4 (1), paragraph (f), provides for the imposition of D.C.s on the



approval of a condominium application. Specifically, this subsection of the By-law refers to Section 50 of the *Condominium Act*. This statutory reference in the D.C.A. has been updated to reference Section 9 of the *Condominium Act*. As such, the amending by-law to By-law 2021-57 will include the following updated statutory reference:

“the approval of a description under section 9 of the Condominium Act, 1998.”

Other than the amendments to By-law 2021-057 provided in Sections 2.1 through 2.4 herein there are no further changes to the D.C.s charged or rules of the by-law.

2.5 Revised D.C. Calculation and Schedule of Charges

The calculation of the amended D.C. is detailed in Table 2-2 for the services included in the 2021 D.C. Background Study over the forecast period to 2031. Table 2-3 summarizes the revised D.C. rates for inclusion in By-law 2021-057 (in 2021\$) accounting for the impacts with the Laurier Rd. Improvements. Table 2-4 provides the amended schedule of charges presented in Table 2-3 applying the July 1, 2022 indexing. This represents the rates that would be in effect for new development occurring after the adoption of the amending by-law (anticipated for September 2022).

Tables 2-5 and 2-6 compare the amended and current D.C.s (in 2022\$). Table 2-5 compares the D.C.s for single and semi-detached residential dwelling units. For these dwelling unit types, the charge has increased by \$1,175 or approximately 14.8%. Table 2-6 compares the D.C.s for non-residential development. The charges for this type of development increase by \$0.49 per sq.ft. of G.F.A. or approximately 29.9%.



Table 2-2
Municipality of Casselman – Amended D.C. Calculation – 2021-2031 Services (2021\$)

SERVICE/CLASS	2021\$ D.C.-Eligible Cost		2021\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
1. Road and Related Services	\$ 2,337,952	\$ 1,204,400	\$ 3,196	\$ 1.32
2. Fire Protection Services	598,427	308,280	818	0.34
3. Parks and Recreation Services	2,473,718	130,196	3,381	0.14
4. Library Services	268,555	14,134	367	0.02
TOTAL	\$5,678,651	\$1,657,010	\$7,762	\$1.82
Growth-Related Studies	\$58,189	\$29,976		
D.C.-Eligible Capital Cost	\$5,736,840	\$1,686,986		
10-Year Gross Population/GFA Growth (sq.ft.)	2,096	937,900		
Cost Per Capita/Non-Residential GFA (sq.ft.)	\$2,737.04	\$1.81		
By Residential Unit Type	P.P.U.			
Single and Semi-Detached Dwelling	2.836	\$7,762		
Other Multiples	2.043	\$5,592		
Apartments - 2 Bedrooms +	1.706	\$4,669		
Apartments - Bachelor and 1 Bedroom	1.283	\$3,512		

Table 2-3
Municipality of Casselman – Amended Schedule of D.C.s (2021\$)

Service/Class of Service	Residential Single and Semi-Detached Dwelling	Residential Other Multiples	Residential Apartment – 2 Bedrooms+	Residential Apartments – Bachelor and 1 Bedroom	Non-Residential (per sq.ft. of Gross Floor Area)
Road and Related Service	\$3,164	\$2,279	\$1,903	\$1,431	\$1.29
Fire Protection Services	810	584	487	366	0.33
Parks and Recreation Services	3,347	2,411	2,013	1,514	0.14
Library Services	363	261	218	164	0.02
Growth-Related Studies	78	56	47	35	0.04
Total Municipal Wide Services/ Class of Services	\$7,762	\$5,591	\$4,668	\$3,510	\$1.82



Table 2-4
Municipality of Casselman – Amended Schedule of D.C.s (Indexed 2022\$)

Service/Class of Service	Residential Single and Semi-Detached Dwelling	Residential Other Multiples	Residential Apartment – 2 Bedrooms+	Residential Apartments – Bachelor and 1 Bedroom	Non-Residential (per sq.ft. of Gross Floor Area)
Road and Related Service	\$3,709	\$2,672	\$2,231	\$1,678	\$1.51
Fire Protection Services	950	685	571	429	0.39
Parks and Recreation Services	3,924	2,827	2,360	1,775	0.16
Library Services	426	306	256	192	0.02
Growth-Related Studies	91	66	55	41	0.05
Total Municipal Wide Services/ Class of Services	\$9,100	\$6,555	\$5,473	\$4,115	\$2.13

Table 2-5
Municipality of Casselman – Comparison of Current and Amended D.C.s (2022\$)
Residential Single and Semi-Detached Dwelling Units

Service/Class	Current (\$/dwelling unit)	Calculated (\$/dwelling unit)
Road and Related Services	\$2,533	\$3,709
Fire Protection Services	950	950
Parks and Recreation Services	3,924	3,924
Library Services	426	426
Growth Related Studies	93	91
Total Municipal Wide Services/Classes	\$7,925	\$9,100



Table 2-6
Municipality of Casselman – Comparison of Current and Amended D.C.s (2022\$)
Non-Residential per Sq. Ft. of G.F.A.

Service/Class	Current (\$/sq. ft. of G.F.A.)	Calculated (\$/sq.ft. of G.F.A.)
Road and Related Services	1.03	1.51
Fire Protection Services	0.39	0.39
Parks and Recreation Services	0.16	0.16
Library Services	0.02	0.02
Growth Related Studies	0.04	0.05
Total Municipal Wide Services/Classes	1.64	2.13



3. Process for Adoption of the Amending Development Charges By-law

The changes herein form the amended D.C. background study and rationale for the proposed amending by-law being presented to Council. If Council is satisfied with the proposed amendment to By-law 2021-057, and subject to any public submissions made at the public meeting regarding this matter, it is recommended that this D.C. Update Study and the amending by-law be approved and adopted by Council. The process for adopting the proposed amendment is provided as follows:

- Post the D.C. Update Study and amending by-law to the Municipality's website at least 60 days prior to the passage of the amending by-law (July 14, 2022);
- Provide notice of public meeting on the proposed amendment and amending by-law 20 clear-days prior to the public meeting;
- Provide copies of the D.C. Update Study and amending by-law to the public two weeks prior to the public meeting;
- Undertake the statutory public meeting and allow anyone in attendance to make representations on the matter (August 23, 2022); and
- Provided the 60-day period from posting the D.C. Update Study and amendment by-law has been observed, Council may pass the amending D.C. by-law (September 13, 2022).



Appendix A

Draft Amending Development Charges By-law



Municipality of Casselman

By-Law 2022-__

Being a by-law to amend Development Charges By-law 2021-057

WHEREAS subsection 2 (1) of the *Development Charges Act, 1997 S.O. 1997, c.27*, (hereinafter called the Act) enables the Council of a municipality to pass by-laws of the imposition of the development charges against land located in the municipality for increased capital costs required because of the increased need for services arising from development in the area to which the by-law applies;

AND WHEREAS the Council of the Municipality of Casselman, at its meeting of September 13, 2022, approved a report entitled Municipality of Casselman Development Charges Update Study;

AND WHEREAS, the Council has given Notice in accordance with section 12 of the *Development Charges Act, 1997* of its development charges proposal and held a public meeting on August 23, 2022;

AND WHEREAS the Council has heard all persons who applied to be heard in objection to, or in support of, the development charges proposal; at such public meeting and provided a subsequent period for written communications to be made;

AND WHEREAS the Council, in adopting the Municipality of Casselman Development Charges Update on September 13, 2022, directed that the development charges be imposed on land under development or redevelopment within the geographical limits of the Municipality as hereinafter provided.

Now, therefore, the Council of the Municipality of Casselman enacts the follows:

1. By-law 2021-057 is hereby amended as follows:

a. The following definitions are added to section 1 of the By-law:

“A large industrial development” means any industrial development that is equal to or greater than 350,000 sq.ft. of Gross Floor Area.”

b. The following replaces subsection 4 (1), paragraph (f), of the by-law:



“The approval of a description under section 9 of the *Condominium Act, 1998*.”

- c. The following exemption is added to subsection 6 (4), paragraph (d) of the by-law:

A large industrial development.

- d. The following exemption is added to subsection 6 (4), paragraph (e) of the by-law:

“Land vested in or leased to a university that receives regular and ongoing operating funds from the government for the purposes of post-secondary education”.

- e. Schedule “B” herein replaces Schedule “B” within the by-law.

2. This by-law shall come into force on September 14, 2022.

By-law passed this 13th day of September 2022.

Mayor

Clerk



SCHEDULE "B"
SCHEDULE OF DEVELOPMENT CHARGES
(To Development Charges By-law 2021-057, as amended)

Service/Class of Service	Residential Single and Semi-Detached Dwelling	Residential Other Multiples	Residential Apartment – 2 Bedrooms+	Residential Apartments – Bachelor and 1 Bedroom	Non-Residential (per sq.ft. of Gross Floor Area)
Road and Related Service	\$3,164	\$2,279	\$1,903	\$1,431	\$1.29
Fire Protection Services	810	584	487	366	0.33
Parks and Recreation Services	3,347	2,411	2,013	1,514	0.14
Library Services	363	261	218	164	0.02
Growth-Related Studies	78	56	47	35	0.04
Total Municipal Wide Services/ Class of Services	\$7,762	\$5,591	\$4,668	\$3,510	\$1.82