



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: March 22, 2021

Report No: CORS-015-21

Subject: Indexing of the Town's Development Charges

Recommendation: THAT the indexing of the Town's development charges be received for information.

AND THAT the Building Construction Price Index not be applied on April 1, 2021 to Cash Flow Assistance/Deficit per Unit (Cash Flow Assistance) Letters of Credit imposed under the Town's Financial Agreements.

EXECUTIVE SUMMARY

- The Town's Development Charge By-laws allow for the indexing of development charges annually on April 1st without requiring an amendment to the By-law.
- Indexing at a rate of 2.5% is applicable to residential and non-residential development charge rates in 2021.
- Clauses within various financial agreements also provide for indexing in accordance with the Development Charges By-law. Staff recommend that indexing not be applied to the cash flow assistance letters of credit as sufficient funds are expected to be available from the existing letters of credit held by the Town relative to projected needs.
- As the current Development Charges By-law expires on June 28, 2021 for all services except for parking, the indexed development charge rates included in this report will be imposed until the new Development Charge By-law is enacted.

REPORT

Background

In 2016, Council passed By-law No. 053-2016 and amending By-law No. 100-2016 (collectively the "Development Charges By-law"), being a by-law of the Corporation of the Town of Milton for the imposition of development charges. The Development Charges By-law includes a provision to adjust the development charge rates on April 1st of each year. The indexing is based on the Statistics Canada Quarterly, Building Construction Price



Background

Indexes ("BCPI") related to non-residential building construction (Table 18-10-0135-02) as prescribed by O. Reg. 82/98, as amended for the Toronto, Ontario metropolitan area.

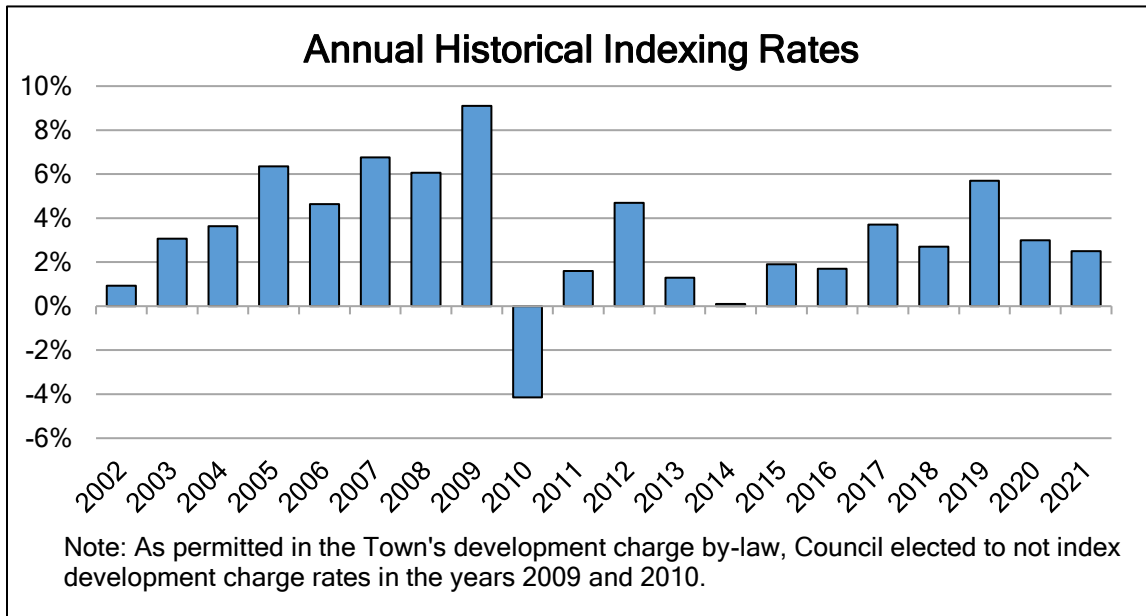
Discussion

The BCPI is a quarterly series that measures change over time in the prices that contractors charge to construct a range of new commercial, industrial and institutional buildings. The contractors' prices reflect the value of all materials, labour, equipment, overhead and profit to construct a new building and excludes value added taxes and any costs for land, land assembly, building design, land development and real estate fees.

The indexing factor is derived by calculating the percentage change between the fourth quarter 2020 and fourth quarter 2019. For the period of January 1 to December 31, 2020, the percentage change in BCPI for non-residential construction in the Toronto area is an increase of 2.5%.

The increases in non-residential construction costs were largely driven by supply chain interruptions, the slowdowns in shipments of construction materials, lumber shortages and the resulting increases in demand for materials.

To put the 2.5% increase in context relative to historical changes in the BCPI, the following graph summarizes historical movement in the index.



The following tables summarize the changes in the Town's residential and non-residential development charge rates. In accordance with the timing of the development charge



Discussion

payments as outlined in the Town's Development Charges By-law, the indexed rates will be imposed on any unissued building permit, unregistered plan of subdivision or site plan not granted site plan approval as at close of business on March 31, 2021; for all applications not subject to the new legislative requirements enacted through Bill 108: *More Homes, More Choice Act, 2019*.

Residential Town of Milton Development Charges*

Rates by Dwelling Type	Current Rate	Indexed Rate	Increase
Single/Semi-Detached	\$ 21,302	\$ 21,835	\$ 533
Multiples	\$ 15,251	\$ 15,631	\$ 380
Apartments (2 or more bedrooms)	\$ 11,435	\$ 11,722	\$ 287
Apartments (1 bedroom or less)	\$ 7,685	\$ 7,878	\$ 193
Special Care/Special Needs	\$ 6,660	\$ 6,828	\$ 168

Non-Residential Town of Milton Development Charges*

Non-Residential Rates by Use	Current Rate	Indexed Rate	Increase
Retail per square metre	\$ 85.13	\$ 87.27	\$ 2.14
Retail per square foot	\$ 7.91	\$ 8.11	\$ 0.20
Non-Retail per square metre	\$ 38.92	\$ 39.89	\$ 0.97
Non-Retail per square foot	\$ 3.61	\$ 3.70	\$ 0.09

* all rates noted above exclude the area specific charges for Sherwood, Boyne and Derry Green. Please refer to attachment for the full details of the indexed rates.

The Town has also entered into financial agreements with residential developers. Clauses within those agreements outline the collection of the capital provision payment, the over contribution payment, the parkland capital provision payment and the cash flow assistance letters of credit from the developers. These financial contributions are indexed in accordance with the indexing provisions of the Development Charges By-law.

As previously reported through CORS-064-20 Roads Cash Flow Assistance Update, the cash flow forecast from the 2021 Budget projects excess funds are available in existing letters of credit held by the Town to address projected needs. Furthermore, the report supported the discontinuance of any future cash flow assistance collections, pending the execution of amending agreements. At this time, amending agreements have not yet been executed and as such, and in alignment with clause 44 of the Development Charges By-law, staff are recommending that the cash flow assistance letters of credit not be indexed in 2021.



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Discussion

The Town's current Development Charge By-law expires on June 28, 2021, for all services except for parking. An update to the Development Charge By-law and underlying background study is currently underway and it is anticipated the new Development Charge By-law will be presented for Council approval in May. The development charge rates included in this report for all services except for parking will remain in force until the earlier of the approval of a new Development Charge By-law or June 28, 2021. Under the Bill 108 legislation, the Town's parking development charge can continue to be collected until September 18, 2022.

Financial Impact

It is important for the Town to increase development charges to capture the increased cost of construction in order to ensure appropriate funding in the capital budget and forecast. The 2021 capital budget and forecast includes funding from development charges of \$404 million, including development charge debt and post period development charges, and developer recoveries of \$40 million to support an overall investment of \$921 million in infrastructure and related studies.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact:	Cathie Boyle Development Administrator	Phone: 905-878-7252 Ext. 2402
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Attachments

Schedule A - Town of Milton Development Charges Rate Sheet - April 1, 2021

CAO Approval
Andrew M. Siltala
Chief Administrative Officer

**TOWN OF MILTON
DEVELOPMENT CHARGES
EFFECTIVE APRIL 1, 2021**

Residential Rates	Single and Semi Detached	Multiples	Apartments 2 or more bedrooms	Apartments Bachelor and 1 Bedroom	Special Care/ Special Need Dwellings
Town Services - Services Related to a Highway	\$ 7,296.00	\$ 5,222.00	\$ 3,917.00	\$ 2,632.00	\$ 2,280.00
Town Services - Other Town-wide	\$ 14,539.00	\$ 10,409.00	\$ 7,805.00	\$ 5,246.00	\$ 4,548.00
Stormwater Management - Sherwood Survey	\$ 243.00	\$ 173.00	\$ 131.00	\$ 89.00	\$ 76.00
Stormwater Management - Boyne Survey	\$ 89.00	\$ 63.00	\$ 46.00	\$ 32.00	\$ 28.00
Stormwater Management - Derry Green	\$ -	\$ -	\$ -	\$ -	\$ -
Total - Municipal Wide Services	\$ 21,835.00	\$ 15,631.00	\$ 11,722.00	\$ 7,878.00	\$ 6,828.00
Total - Sherwood Survey	\$ 22,078.00	\$ 15,804.00	\$ 11,853.00	\$ 7,967.00	\$ 6,904.00
Total - Boyne Survey	\$ 21,924.00	\$ 15,694.00	\$ 11,768.00	\$ 7,910.00	\$ 6,856.00
Total - Derry Green Business Park	\$ 21,835.00	\$ 15,631.00	\$ 11,722.00	\$ 7,878.00	\$ 6,828.00

Non-Residential Rates	Retail uses per square metre of development	Non-Retail uses per square metre of development	Retail uses per square foot of development	Non-Retail uses per square foot of development
Town-wide Services	\$ 87.27	\$ 39.89	\$ 8.11	\$ 3.70
Stormwater Management - Sherwood Survey	\$ 2.17	\$ 1.39	\$ 0.20	\$ 0.13
Stormwater Management - Boyne Survey	\$ 1.16	\$ 0.65	\$ 0.11	\$ 0.06
Stormwater Management - Derry Green	\$ 2.04	\$ 0.90	\$ 0.19	\$ 0.08
Total - Municipal Wide Services	\$ 87.27	\$ 39.89	\$ 8.11	\$ 3.70
Total - Sherwood Survey	\$ 89.44	\$ 41.28	\$ 8.31	\$ 3.83
Total - Boyne Survey	\$ 88.43	\$ 40.54	\$ 8.22	\$ 3.76
Total - Derry Green Business Park	\$ 89.31	\$ 40.79	\$ 8.30	\$ 3.78