



The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer / Treasurer
Date:	March 21, 2022
Report No:	CORS-015-22
Subject:	Indexing of the Town's Development Charges
Recommendation:	THAT the indexing of the Town's development charges be received for information.

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.
- Annual indexing of development charges ensures the proceeds from development charges maintain pace with the infrastructure construction costs required to support growth in the Town.
- Indexing at a rate of 14.9% is applicable to residential and non-residential development charge rates in 2022.
- Clauses within various financial agreements also provide for indexing in accordance with the Development Charges By-law as described further in this report.

REPORT

Background

An update to the Development Charges By-law and underlying background study was presented to Council last year and Council passed By-law No. 044-2021 and By-law No. 045-2021 (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 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. The indexing provisions of the legislation and the Town's DC By-laws are intended to ensure proceeds from development charges retain

Background

the same purchasing power to support capital investment throughout the term of the DC By-law.

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.

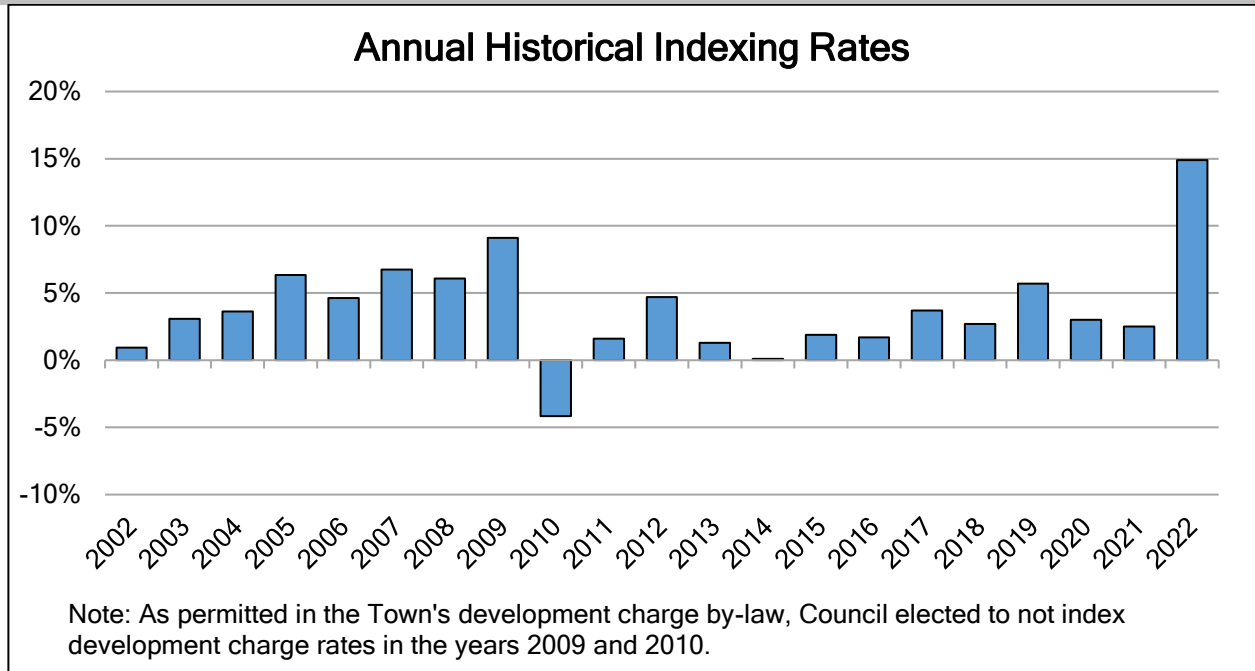
The indexing factor is derived by calculating the percentage change between the fourth quarter 2021 and fourth quarter 2020. For the period of January 1 to December 31, 2021, the percentage change in BCPI for non-residential construction in the Toronto area is an increase of 14.9%.

Year over year non-residential construction cost increases reached a record high for the Toronto index in the fourth quarter. The cost increase is largely driven by higher prices for metal fabrication products and concrete elements (including steel reinforcement) along with rising labour costs resulting from skilled labour shortages. Supply chain issues throughout 2021 as a result of the pandemic continue to cause price increases in building materials.

To put the 14.9% increase in context relative to historical changes in the BCPI, the following graph summarizes historical movement in the index. As illustrated in the graph, this year's increase is the most sizable change experienced over the last 20 years. A municipal scan across the Region of Halton and other GTA municipalities suggests municipalities are generally proceeding with indexing in accordance with the legislation and their respective By-laws.



Discussion



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 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, 2022; for all applications not subject to the DC rate freeze legislative requirements enacted through Bill 108: *More Homes, More Choice Act, 2019*.

Residential Town of Milton Development Charges*

Rates by Dwelling Type	Indexed Rate	Current Rate	Increase
Single/Semi-Detached	\$ 24,397	\$ 21,233	\$ 3,164
Multiples	\$ 18,334	\$ 15,956	\$ 2,378
Apartments (2 or more bedrooms)	\$ 11,290	\$ 9,826	\$ 1,464
Apartments (1 bedroom or less)	\$ 8,309	\$ 7,231	\$ 1,078
Special Care/Special Needs	\$ 7,065	\$ 6,149	\$ 916



Discussion

Non-Residential Town of Milton Development Charges*

Non-Residential Rates by Use	Indexed Rate	Current Rate	Increase
Retail per square metre	\$ 97.48	\$ 84.84	\$ 12.64
Retail per square foot	\$ 9.06	\$ 7.88	\$ 1.18
Non-Retail per square metre	\$ 54.95	\$ 47.83	\$ 7.12
Non-Retail per square foot	\$ 5.11	\$ 4.44	\$ 0.67

* all rates noted above exclude the area specific charges for stormwater monitoring in the various secondary plan areas. 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 overcontribution 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 and confirmed through the 2022 Budget process, the existing letters of credit held by the Town are sufficient to address the projected cash flow needs. The report supported the release of 50% of the cash flow assistance letters of credit along with the discontinuance of any future cash flow assistance collections, pending the execution of amending agreements. Draft amending agreements were circulated in December 2020 and the Town has accommodated continued discussions with the landowner groups since that time; however, amending agreements have not yet been executed. Based on the recommendations in CORS-064-20 and consistent with the Town's practice since 2018, the cash flow assistance letters of credit will not be indexed in 2022.

The development charge rates included in this report for all services except parking will remain in force until March 31, 2023. Under the Bill 108 legislation, By-law No. 044-2021, specific to parking, will expire on September 18, 2022 at which time parking services are no longer an eligible development charge service.



Financial Impact

As noted previously, indexing of development charges is important for the Town to ensure development charge revenues are sufficient to cover the increased cost of construction projects in the capital budget and forecast. The 2022 capital budget and forecast includes funding from development charges of \$668.3 million, including development charge debt and post period development charges, and developer recoveries of \$34.0 million to support an overall investment of \$1.2 billion in infrastructure and related studies.

Staff will monitor the impact of construction price increases as projects are tendered throughout 2022 and will update the capital budget and forecast through the 2023 Budget to reflect rising construction costs.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Maryam Aftab Phone:905-878-7252
Development Administrator Ext. 2402

Attachments

Schedule A - Town of Milton Development Charges Rate Sheet - April 1, 2022

CAO Approval
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

**TOWN OF MILTON
DEVELOPMENT CHARGES
EFFECTIVE APRIL 1, 2022**

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	\$ 7,450	\$ 5,603	\$ 3,438	\$ 2,535	\$ 2,154
Town Services - Other Town-wide	\$ 16,947	\$ 12,731	\$ 7,852	\$ 5,774	\$ 4,911
Stormwater Management - Sherwood Survey	\$ 193	\$ 145	\$ 90	\$ 65	\$ 56
Stormwater Management - Boyne Survey	\$ 69	\$ 52	\$ 32	\$ 23	\$ 20
Stormwater Management - Derry Green	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater Management - Trafalgar	\$ 168	\$ 126	\$ 77	\$ 57	\$ 48
Stormwater Management- Agerton	\$ 113	\$ 85	\$ 52	\$ 38	\$ 32
Stormwater Management- Britannia	\$ 100	\$ 75	\$ 46	\$ 34	\$ 29
Stormwater Management- MEV	\$ 298	\$ 224	\$ 138	\$ 101	\$ 86
Stormwater Management- MEV Supplemental Lands	\$ -	\$ -	\$ -	\$ -	\$ -
Total - Municipal Wide Services	\$ 24,397	\$ 18,334	\$ 11,290	\$ 8,309	\$ 7,065
Total - Sherwood Survey	\$ 24,590	\$ 18,479	\$ 11,380	\$ 8,374	\$ 7,121
Total - Boyne Survey	\$ 24,466	\$ 18,386	\$ 11,322	\$ 8,332	\$ 7,085
Total - Derry Green Business Park	\$ 24,397	\$ 18,334	\$ 11,290	\$ 8,309	\$ 7,065
Total - Trafalgar	\$ 24,565	\$ 18,460	\$ 11,367	\$ 8,366	\$ 7,113
Total - Agerton	\$ 24,510	\$ 18,419	\$ 11,342	\$ 8,347	\$ 7,097
Total - Britannia	\$ 24,497	\$ 18,409	\$ 11,336	\$ 8,343	\$ 7,094
Total - MEV	\$ 24,695	\$ 18,558	\$ 11,428	\$ 8,410	\$ 7,151
Total - MEV Supplemental Lands	\$ 24,397	\$ 18,334	\$ 11,290	\$ 8,309	\$ 7,065

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	\$ 97.48	\$ 54.95	\$ 9.06	\$ 5.11
Stormwater Management - Sherwood Survey	\$ 5.32	\$ 3.09	\$ 0.49	\$ 0.29
Stormwater Management - Boyne Survey	\$ 1.11	\$ 0.75	\$ 0.10	\$ 0.07
Stormwater Management - Derry Green	\$ 2.10	\$ 0.86	\$ 0.20	\$ 0.08
Stormwater Management - Trafalgar	\$ 2.47	\$ 1.48	\$ 0.23	\$ 0.14
Stormwater Management- Agerton	\$ 2.10	\$ 1.48	\$ 0.20	\$ 0.14
Stormwater Management- Britannia	\$ 1.48	\$ 0.86	\$ 0.14	\$ 0.08
Stormwater Management- MEV	\$ 4.83	\$ 3.09	\$ 0.45	\$ 0.29
Stormwater Management- MEV Supplemental Lands	\$ 4.57	\$ 3.09	\$ 0.42	\$ 0.29
Total - Municipal Wide Services	\$ 97.48	\$ 54.95	\$ 9.06	\$ 5.11
Total - Sherwood Survey	\$ 102.80	\$ 58.04	\$ 9.55	\$ 5.40
Total - Boyne Survey	\$ 98.59	\$ 55.70	\$ 9.16	\$ 5.18
Total - Derry Green Business Park	\$ 99.58	\$ 55.81	\$ 9.26	\$ 5.19
Total - Trafalgar	\$ 99.95	\$ 56.43	\$ 9.29	\$ 5.25
Total - Agerton	\$ 99.58	\$ 56.43	\$ 9.26	\$ 5.25
Total - Britannia	\$ 98.96	\$ 55.81	\$ 9.20	\$ 5.19
Total - MEV	\$ 102.31	\$ 58.04	\$ 9.51	\$ 5.40
Total - MEV Supplemental Lands	\$ 102.05	\$ 58.04	\$ 9.48	\$ 5.40