



# The Corporation of the Town of Milton

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Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: March 27, 2023

Report No: CORS-009-23

Subject: Indexing of the Town's Development Charge

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

## EXECUTIVE SUMMARY

- The Town's Development Charge By-law allows for the indexing of development charges annually on April 1<sup>st</sup> 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 14.6% is applicable to residential and non-residential development charge rates in 2023.
- 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

In 2021, Council passed Development Charge By-law No. 045-2021 for the imposition of development charges on residential and non-residential development in Milton. The Development Charge By-law includes a provision to adjust the development charge rates on April 1<sup>st</sup> 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 the same purchasing power to support capital investment throughout the term of the DC By-law.

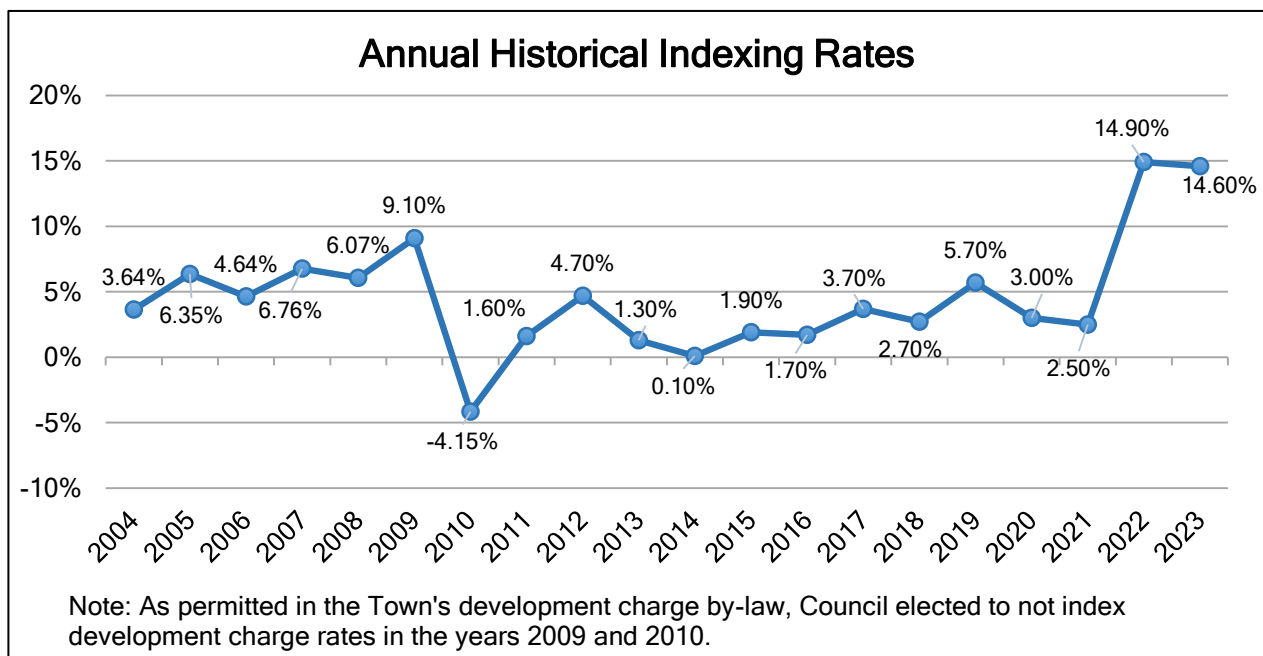
## Discussion

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 2022 and fourth quarter 2021. For the period of January 1 to December 31, 2022, the percentage change in BCPI for non-residential construction in the Toronto area is an increase of 14.6%.

Non-residential construction cost growth was driven by cost increases in steel framing, concrete and metal fabrications alongside rises in fuel prices. Supply chain disruptions, availability of materials, and labour shortages continue to impact the construction industry, further driving cost increases. Year over year non-residential construction cost growth moderated in the fourth quarter from previous highs.

To put the 14.6% increase in context relative to historical changes in the BCPI, the following graph summarizes historical movement in the index. As illustrated in the graph, construction cost increases experienced a 20-year high in 2021. A municipal scan across the Region of Halton municipalities confirms the other municipalities are proceeding with similar 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, 2023; 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\*

Table with 4 columns: Rates by Dwelling Type, Indexed Rate, Current Rate, Increase. Rows include Single/Semi-Detached, Multiples, Apartments (2 or more bedrooms), Apartments (1 bedroom or less), and Special Care/Special Needs.

Non-Residential Town of Milton Development Charges\*

Table with 4 columns: Non-Residential Rates by Use, Indexed Rate, Current Rate, Increase. Rows include Retail per square metre, Retail per square foot, Non-Retail per square metre, and Non-Retail per square foot.

\* all rates noted above exclude the area specific charges for stormwater monitoring in the various secondary plan areas. Refer to Schedule A 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, and the parkland capital provision payment from the developers. These financial contributions are indexed in accordance with the indexing provisions of the Development Charges By-law.

The Cash Flow Assistance Amending Agreement (Amending Agreement) was executed during 2022 with an effective date of March 31st, 2022. As per the terms of the Amending Agreement, the cash flow assistance letters of credit were reduced by 50% and will no longer be indexed. Staff continue to monitor the Town’s Roads Development Charges



### Discussion

cash flow position and anticipate a draw on the cash flow assistance letters of credit within 2023.

An internal review of the Town's indexed letters of credit for local stormwater monitoring programs was undertaken and it has been determined that the indexing provision is no longer required by the Town. As such, no further indexing will be applied to currently held stormwater monitoring letters of credit and the indexing provisions will be removed from the Town's letter of credit template.

The development charge rates included in this report for all services will remain in force until March 31, 2024.

### 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 2023 Capital Budget and Forecast includes funding from development charges of \$650.3 million, including development charge debt and post period development charges, and developer recoveries of \$28.3 million to support the overall investment of \$1.3 billion in infrastructure and related studies.

Staff will continue to monitor the impact of construction price increases as projects are tendered throughout 2023 and will update the capital budget and forecast through the 2024 Budget to reflect the growth in construction costs.

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer

For questions, please contact: Melanie Wallhouse, Manager, Phone: Ext. 2314  
Development Finance and  
Financial Consulting

### Attachments

Schedule A: Town of Milton Development Charges Rate Sheet - April 1, 2023

Approved by CAO  
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 Charge Rates  
Effective April 01, 2023**

<b>Residential Rates</b>	<b>Single and Semi Detached</b>	<b>Multiple 3 or more Bedrooms</b>	<b>Multiple Less than 3 Bedrooms</b>	<b>Apartments 2 or more Bedrooms</b>	<b>Apartments Bachelor and 1 Bedroom</b>	<b>Special Care/ Special Need Dwelling</b>
<b>Town of Milton</b>						
Services Related to a Highway	\$ 8,538	\$ 6,421	\$ 6,421	\$ 3,940	\$ 2,905	\$ 2,468
Other Town-wide Services	18,962	14,260	14,260	8,751	6,451	5,484
Stormwater Management - Sherwood *	221	166	166	103	74	64
Stormwater Management - Boyne *	79	60	60	37	26	23
Stormwater Management - Derry Green *	-	-	-	-	-	-
Stormwater Management - Trafalgar *	193	144	144	88	65	55
Stormwater Management - Agerton *	129	97	97	60	44	37
Stormwater Management - Britannia *	115	86	86	53	39	33
Stormwater Management - MEV *	342	257	257	158	116	99
Stormwater Management - MEV Supplemental Lands *	-	-	-	-	-	-
<b>Total Town - Municipal Wide Services</b>	<b>27,500</b>	<b>20,681</b>	<b>20,681</b>	<b>12,691</b>	<b>9,356</b>	<b>7,952</b>
<b>Total Town - Sherwood</b>	<b>27,721</b>	<b>20,847</b>	<b>20,847</b>	<b>12,794</b>	<b>9,430</b>	<b>8,016</b>
<b>Total Town - Boyne</b>	<b>27,579</b>	<b>20,741</b>	<b>20,741</b>	<b>12,728</b>	<b>9,382</b>	<b>7,975</b>
<b>Total Town - Derry Green</b>	<b>27,500</b>	<b>20,681</b>	<b>20,681</b>	<b>12,691</b>	<b>9,356</b>	<b>7,952</b>
<b>Total Town - Trafalgar</b>	<b>27,693</b>	<b>20,825</b>	<b>20,825</b>	<b>12,779</b>	<b>9,421</b>	<b>8,007</b>
<b>Total Town - Agerton</b>	<b>27,629</b>	<b>20,778</b>	<b>20,778</b>	<b>12,751</b>	<b>9,400</b>	<b>7,989</b>
<b>Total Town - Britannia</b>	<b>27,615</b>	<b>20,767</b>	<b>20,767</b>	<b>12,744</b>	<b>9,395</b>	<b>7,985</b>
<b>Total Town - MEV</b>	<b>27,842</b>	<b>20,938</b>	<b>20,938</b>	<b>12,849</b>	<b>9,472</b>	<b>8,051</b>
<b>Total Town - MEV Supplemental Lands</b>	<b>27,500</b>	<b>20,681</b>	<b>20,681</b>	<b>12,691</b>	<b>9,356</b>	<b>7,952</b>

<b>Non-Residential Rates</b>	<b>Retail uses per square metre of development</b>	<b>Non-Retail uses per square metre of development</b>	<b>Retail uses per square foot of development</b>	<b>Non-Retail uses per square foot of development</b>
<b>Town of Milton</b>				
Town-wide Services	\$ 108.86	\$ 61.65	\$ 10.11	\$ 5.72
Stormwater Management - Sherwood *	6.10	3.54	0.57	0.33
Stormwater Management - Boyne *	1.27	0.86	0.12	0.08
Stormwater Management - Derry Green *	2.41	0.99	0.22	0.09
Stormwater Management - Trafalgar *	2.83	1.70	0.26	0.16
Stormwater Management - Agerton *	2.41	1.70	0.22	0.16
Stormwater Management - Britannia *	1.70	0.99	0.16	0.09
Stormwater Management - MEV *	5.54	3.54	0.51	0.33
Stormwater Management - MEV Supplemental Lands *	5.24	3.54	0.49	0.33
<b>Total Town - Municipal Wide Services (T.F.A.)</b>	<b>108.86</b>	<b>61.65</b>	<b>10.11</b>	<b>5.72</b>
<b>Total Town - Sherwood (T.F.A.)</b>	<b>114.96</b>	<b>65.19</b>	<b>10.68</b>	<b>6.05</b>
<b>Total Town - Boyne (T.F.A.)</b>	<b>110.13</b>	<b>62.51</b>	<b>10.23</b>	<b>5.80</b>
<b>Total Town - Derry Green (T.F.A.)</b>	<b>111.27</b>	<b>62.64</b>	<b>10.33</b>	<b>5.81</b>
<b>Total Town - Trafalgar (T.F.A.)</b>	<b>111.69</b>	<b>63.35</b>	<b>10.37</b>	<b>5.88</b>
<b>Total Town - Agerton (T.F.A.)</b>	<b>111.27</b>	<b>63.35</b>	<b>10.33</b>	<b>5.88</b>
<b>Total Town - Britannia (T.F.A.)</b>	<b>110.56</b>	<b>62.64</b>	<b>10.27</b>	<b>5.81</b>
<b>Total Town - MEV (T.F.A.)</b>	<b>114.40</b>	<b>65.19</b>	<b>10.62</b>	<b>6.05</b>
<b>Total Town - MEV Supplemental Lands (T.F.A.)</b>	<b>114.10</b>	<b>65.19</b>	<b>10.60</b>	<b>6.05</b>