



# The Corporation of the Town of Milton

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CORS-015-19

Report To: Council

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From: Glen Cowan, Chief Financial Officer/Treasurer

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Date: March 25, 2019

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Report No: CORS-015-19

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Subject: Indexing of the Town's Development Charges By-law

**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, 2019 to Cash Flow Assistance/Deficit per Unit (Cash Flow Assistance) Letters of Credit imposed under the Town's Financial Agreements.**

## EXECUTIVE SUMMARY

The purpose of this report is to inform Council of the indexing adjustment that will be applied to the development charges on April 1, 2019. The Town's Development Charges By-law allows for the indexing of development charges annually on April 1<sup>st</sup> without requiring an amendment to the By-law. The indexing is applicable to residential and non-residential development charge rates. Clauses within various financial agreements also provide for indexing in accordance with the Development Charges By-law. Staff recommend indexing not be applied to the cash flow assistance letters of credit in 2019 as sufficient funds are available in existing letters of credit held by the Town to address projected needs.

## 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 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 Corporation of the Town of Milton

## 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 Statistics Canada Quarterly, BCPI for non-residential construction increased by 5.7% in the Toronto area in 2018. The base year for BCPI was also updated in 2018 to reflect a 2017 base year (2017 = 100) and the figure for Q4 2017 has been changed accordingly. The indexing percentage is derived by calculating the percentage change between the fourth quarter of 2017 and the fourth quarter of 2018 and represents the cost increase for the period January 1, 2018 to December 31, 2018.

Increases in non-residential construction costs were largely driven by the ongoing rise of steel and metal pricing, which were affected by tariffs imposed in June 2018 and the rise in prices for metal fabrication and concrete products.

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 29, 2019.

### Residential Town of Milton Development Charges\*

<u>Type of Dwelling</u>	<u>Current Rate</u>	<u>Indexed Rate</u>	<u>Increase</u>
Single/Semi-Detached	\$ 19,566	\$ 20,682	\$ 1,116
Multiples	\$ 14,009	\$ 14,807	\$ 798
Apartments (2 or more bedrooms)	\$ 10,504	\$ 11,103	\$ 599
Apartments (1 bedroom or less)	\$ 7,058	\$ 7,460	\$ 402
Special Care/Special Needs	\$ 6,116	\$ 6,465	\$ 349



# The Corporation of the Town of Milton

## Non-Residential Town of Milton Development Charges\*

	<u>Current Rate</u>	<u>Indexed Rate</u>	<u>Increase</u>
Retail	per square metre \$ 78.20	\$ 82.65	\$ 4.45
	per square foot \$ 7.27	\$ 7.68	\$ 0.41
Non-Retail	per square metre \$ 35.76	\$ 37.79	\$ 2.03
	per square foot \$ 3.32	\$ 3.51	\$ 0.19

*\* 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 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.

Staff have reviewed the projected usage of the cash flow assistance funding within the 2019 Capital Budget and Forecast and have determined that sufficient funds are available in existing letters of credit held by the Town to address projected needs. 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 2019. Staff will continue to monitor cash flow assistance letters of credit held in relation to projected needs to ensure the Town’s financial interests are protected, in accordance with the financial agreements.

### 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 2019 capital budget and forecast includes funding from development charges of \$304 million and developer recoveries of \$34 million to support an overall investment of \$793 million in infrastructure and related studies.

Respectfully submitted,

Troy McHarg  
Interim Commissioner, Corporate Services



# The Corporation of the Town of Milton

CORS-015-19

For questions, please  
contact:

Cathie Boyle 905-878-7252, ext. 2402

## Attachments

Schedule A – Town of Milton Development Charges Rate Sheet – April 1, 2019

CAO Approval  
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF  
Chief Administrative Officer

**TOWN OF MILTON  
DEVELOPMENT CHARGES  
EFFECTIVE APRIL 1, 2019**

**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	\$ 6,911.00	\$ 4,947.00	\$ 3,710.00	\$ 2,493.00	\$ 2,159.00
Town Services - Other Town-wide	\$ 13,771.00	\$ 9,860.00	\$ 7,393.00	\$ 4,967.00	\$ 4,306.00
Stormwater Management - Sherwood Survey	\$ 230.00	\$ 164.00	\$ 124.00	\$ 84.00	\$ 72.00
Stormwater Management - Boyne Survey	\$ 84.00	\$ 59.00	\$ 44.00	\$ 30.00	\$ 26.00
Stormwater Management - Derry Green	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total - Municipal Wide Services</b>	<b>\$ 20,682.00</b>	<b>\$ 14,807.00</b>	<b>\$ 11,103.00</b>	<b>\$ 7,460.00</b>	<b>\$ 6,465.00</b>
<b>Total - Sherwood Survey</b>	<b>\$ 20,912.00</b>	<b>\$ 14,971.00</b>	<b>\$ 11,227.00</b>	<b>\$ 7,544.00</b>	<b>\$ 6,537.00</b>
<b>Total - Boyne Survey</b>	<b>\$ 20,766.00</b>	<b>\$ 14,866.00</b>	<b>\$ 11,147.00</b>	<b>\$ 7,490.00</b>	<b>\$ 6,491.00</b>
<b>Total - Derry Green Business Park</b>	<b>\$ 20,682.00</b>	<b>\$ 14,807.00</b>	<b>\$ 11,103.00</b>	<b>\$ 7,460.00</b>	<b>\$ 6,465.00</b>

**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	\$ 82.65	\$ 37.79	\$ 7.68	\$ 3.51
Stormwater Management - Sherwood Survey	\$ 2.06	\$ 1.32	\$ 0.19	\$ 0.12
Stormwater Management - Boyne Survey	\$ 1.10	\$ 0.61	\$ 0.10	\$ 0.06
Stormwater Management - Derry Green	\$ 1.93	\$ 0.85	\$ 0.18	\$ 0.08
<b>Total - Municipal Wide Services</b>	<b>\$ 82.65</b>	<b>\$ 37.79</b>	<b>\$ 7.68</b>	<b>\$ 3.51</b>
<b>Total - Sherwood Survey</b>	<b>\$ 84.71</b>	<b>\$ 39.11</b>	<b>\$ 7.87</b>	<b>\$ 3.63</b>
<b>Total - Boyne Survey</b>	<b>\$ 83.75</b>	<b>\$ 38.40</b>	<b>\$ 7.78</b>	<b>\$ 3.57</b>
<b>Total - Derry Green Business Park</b>	<b>\$ 84.58</b>	<b>\$ 38.64</b>	<b>\$ 7.86</b>	<b>\$ 3.59</b>