



Water and Wastewater Development Charges Background Study

Municipality of Chatham-Kent Public Utilities
Commission

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List of Acronyms and Abbreviations

A.M.P.	Asset management plan
C.B.C.	Community Benefits Charge
C.K. P.U.C.	Chatham-Kent Public Utilities Commission
D.C.	Development charge
D.C.A.	Development Charges Act, 1997, as amended
F.I.R.	Financial Information Return
G.F.A.	Gross floor area
LPAT	Local Planning Appeal Tribunal
MCEA	Municipal Class Environmental Assessment
M.C.R.	Municipal Comprehensive Review
N.F.P.O.W.	No fixed place of work
O.L.T.	Ontario Land Tribunal
O.M.B.	Ontario Municipal Board
O.P.A.	Official Plan Amendment
O. Reg.	Ontario Regulation
P.O.A.	Provincial Offences Act
P.P.U.	Persons per unit
S.D.E.	Single detached equivalent
S.D.U.	Single detached unit
S.W.M.	Stormwater management
sq.ft.	square foot
sq.m	square metre



Executive Summary



Executive Summary

1. The report provided herein represents the Water and Wastewater Development Charges (D.C.) Background Study for the Municipality of Chatham-Kent (via the Public Utilities Commission) required by the *Development Charges Act, 1997*, as amended (D.C.A.). This report has been prepared in accordance with the methodology required under the D.C.A. The contents include the following:
 - Chapter 1 – Overview of the legislative requirements of the Act;
 - Chapter 2 – Review of present D.C. policies of the Municipality;
 - Chapter 3 – Summary of the residential and non-residential growth forecasts for the Municipality;
 - Chapter 4 – Approach to calculating the D.C.;
 - Chapter 5 – Identification of future capital requirements to service growth and related deductions and allocations;
 - Chapter 6 – Calculation of the D.C.s;
 - Chapter 7 – D.C. policy recommendations and rules; and
 - Chapter 8 – By-law implementation.
2. D.C.s provide for the recovery of growth-related capital expenditures from new development. The D.C.A. is the statutory basis to recover these charges. The methodology is detailed in Chapter 4.
3. Subsequent to passage of the Municipality's 2019 Water and Wastewater D.C. By-law, the D.C.A. has been amended by several Acts. The requirements from these Acts will be incorporated as part of this D.C. study. The following provides a summary list of those Acts (details of each Act are provided in Chapter 1 of this report):
 - Bill 108: *More Homes, More Choice Act, 2019*
 - Bill 138: *Plan to Build Ontario Together Act, 2019*
 - Bill 197: *COVID-19 Economic Recovery Act, 2020*
 - Bill 213: *Better for People, Smarter for Business Act, 2020*

In addition to the above, the Province introduced another set of revisions to the D.C.A. through Bill 23: *More Homes Built Faster Act, 2022*. Bill 23 was first introduced on October 25, 2022, and received Royal Assent on November 28,



2022. It is noted that, as of the time of writing, the Province has announced (on December 13, 2023) potential changes to the phase-in requirements and the removal of studies as eligible capital costs. The details of these changes will be forthcoming in early 2024 and Watson will monitor and advise as to the nature of these changes. A summary of the changes provided from Bill 23 are outlined below (further details are provided in Chapter 1 of this report):

- Additional Residential Unit Exemption: Allowance of a third unit as-of-right;
- Removal of Housing as an Eligible D.C. Service;
- New Statutory Exemptions for Affordable Units, Attainable Units, and Affordable Inclusionary Zoning Units;

Note: Bill 134: *Affordable Homes and Good Jobs Act, 2023* was released on September 28, 2023 which proposes a new definition of “affordable” under the D.C.A. and receive Royal Assent on December 4, 2023:

- Owned unit (lesser of): cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in a new Bulletin.
- Rental unit (lesser of): rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in a new Bulletin.

The exemptions for Affordable Units and Attainable Unit exemptions are not currently in force. These exemptions will be in force upon proclamation and through the release of the Provincial bulletin. Should the Province release further information before the D.C. by-law is passed, the Municipality can amend the D.C. study accordingly.

- New Statutory Exemption: Non-Profit Housing;
- Historical Level of Service extended to previous 15-year period instead of the previous 10-year period;
- Capital Cost definition revised to remove studies and prescribe services for which land or an interest in land will be restricted (nothing prescribed to date);
- Mandatory Phase-in of a D.C. passed after January 1, 2022, as follows:
 - Year 1 – 80% of the maximum charge;
 - Year 2 – 85% of the maximum charge;
 - Year 3 – 90% of the maximum charge;
 - Year 4 – 95% of the maximum charge; and



- Year 5 to expiry – 100% of the maximum charge.
 - D.C. By-law expiry will be a maximum of 10 years after the date the by-law comes into force;
 - D.C. for Rental Housing developments to receive a discount as follows:
 - Three or more bedrooms – 25% reduction;
 - Two bedrooms – 20% reduction; and
 - All other bedroom quantities – 15% reduction.
 - Maximum Interest Rate for Installments and Determination of Charge for Eligible Site Plan and Zoning By-law Amendment Applications to be set at the average prime rate plus 1%; and
 - Requirement to Allocate Funds Received – municipalities are required to spend or allocate at least 60% of their reserve fund at the beginning of the year for water, wastewater, and services related to a highway.
4. The growth forecast (Chapter 3) for the D.C. study outlines the anticipated population, housing, and non-residential floor area to 2051 based on the available volume capacity of the Municipality's Water and Wastewater Infrastructure.



Table ES-1
Summary of Growth Forecast

Measure	Growth Forecast to 2051
(Net) Population Increase	15,653
Residential Unit Increase	8,240
Non-Residential Gross Floor Area Increase (sq.ft.) - Industrial, Commercial, and Institutional	4,108,000
Non-Residential Gross Floor Area Increase (sq.ft.) - Greenhouses	27,287,747

Source: Watson & Associates Economists Ltd. Forecast 2024

5. The Municipality of Chatham-Kent's By-law 18-2019 came into effect on March 25, 2019 under the D.C.A. on The by-law imposes water and wastewater D.C.s on residential and non-residential uses. The by-law will expire on March 25, 2024. The Municipality is undertaking a D.C. public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for March 4, 2024.
6. The Municipality's D.C.s currently in effect are \$6,711 for single detached dwelling units for water and wastewater services. Non-residential charges are \$4.69 per square foot for commercial, \$3.51 per square foot for institutional, and \$0.36 per square foot for greenhouses. The charge for industrial development is \$2.35 per square foot but is currently exempt.
7. This report has undertaken a recalculation of the charge based on future identified needs (presented in Schedule ES-1 for residential and non-residential). The corresponding single detached unit charge is \$11,515. The non-residential charges are \$16.86 per square foot for commercial, \$12.04 per square foot for institutional, \$12.74 per square foot for greenhouses, and \$4.44 per square foot for Industrial. These rates are submitted to Council for its consideration.
 - Note: the calculations identified in this report provide for the maximum D.C. recovery from each type of residential and non-residential development based on the capital program and growth forecast. Through discussions



with C.K. P.U.C. staff, a further review of the D.C. rates will be undertaken in advance of the public meeting to determine the recommendations that will be provided to Council for their consideration. It is anticipated that the findings of this review, and associated recommendations, will be presented to Council on February 26, 2024.

8. The D.C.A. requires a summary be provided of the gross capital costs and the net costs to be recovered over the life of the by-law. A summary of these costs is provided below:

Table ES-2
Summary of Expenditures Anticipated Over the Life of the By-law

Summary of Expenditures Anticipated Over the Life of the By-law	Expenditure Amount
Total gross expenditures planned over the next ten years	\$590,493,000
Less: Benefit to existing development	\$200,098,700
Less: Post planning period benefit	\$1,128,200
Less: Ineligible re: Level of Service	\$0
Less: Grants, subsidies and other contributions	\$0
Net costs to be recovered from development charges	\$389,266,100

This suggests that for the non-D.C. cost over the ten-year D.C. by-law (benefit to existing development, and grants, subsidies and other contributions), \$200.1 million (or an annual amount of \$20.01 million) will need to be contributed from taxes and rates, or other sources. With respect to the post period benefit amount of \$1.13 million, it will be included in subsequent D.C. study updates to reflect the portion of capital that benefits growth in the post period D.C. forecasts.

Based on the above table, the Municipality plans to spend \$590.49 million over the life of the by-law, of which \$389.27 million (66%) is recoverable from D.C.s. Of this net amount, \$60.52 million is recoverable from residential development and \$328.75 million from non-residential development. It is noted also that any exemptions or reductions in the charges would reduce this recovery further.



9. Considerations by Council – The background study represents the service needs arising from residential and non-residential growth over the forecast periods.

The following services are calculated based on the water and wastewater treatment plant capacities to service the Municipality's population and employment forecast to 2051:

- Wastewater Services; and
- Water Services.

Council will consider the findings and recommendations provided in the report and, in conjunction with public input, approve such policies and rates it deems appropriate. These directions will refine the draft D.C. by-law which is appended in Appendix E. These decisions may include:

- adopting the charges and policies recommended herein;
- considering additional exemptions to the by-law; and
- considering reductions in the charge by class of development (obtained by removing certain services on which the charge is based and/or by a general reduction in the charge).



**Table ES-3
Schedule of Development Charges**

Service/Class of Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	5.40	3.86	1.42	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	11.46	8.19	3.02	8.68
Total Urban Services	11,515	7,392	7,483	4,525	4,404	4,404	16.86	12.04	4.44	12.74



Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

This background study has been prepared pursuant to the requirements of the D.C.A., as amended, (D.C.A.) (section 10) and, accordingly, recommends new D.C.s and policies for the Chatham-Kent Public Utilities Commission (C.K. P.U.C.) and the Municipality of Chatham-Kent.

The C.K. P.U.C. retained Watson & Associates Economists Ltd. (Watson), to undertake the D.C. study process for water and wastewater in 2023. The information presented herein is based on the Municipality's 2023 Water and Wastewater Master Plan by AECOM Canada Ltd. (AECOM). Watson worked with staff from the C.K. P.U.C. and AECOM in preparing the D.C. analysis and policy recommendations. The report recommendations and policies will be submitted to the C.K. P.U.C. for review. Subsequent to the C.K. P.U.C.'s review, the findings will be presented to the Municipality of Chatham-Kent's Council for their consideration and passage of the D.C. by-law.

This D.C. background study, containing the proposed D.C. by-law, will be distributed to members of the public in order to provide interested parties with sufficient background information on the legislation, the study's recommendations, and an outline of the basis for these recommendations.

This report has been prepared, in the first instance, to meet the statutory requirements applicable to the Municipality's D.C. background study, as summarized in Chapter 4. It also addresses the requirement for "rules" (contained in Chapter 7) and the proposed by-law to be made available as part of the approval process (included as Appendix E).

In addition, the report is designed to set out sufficient background on the legislation (Chapter 4), Chatham-Kent's current D.C. policies (Chapter 2) and the policies underlying the proposed by-law, to make the exercise understandable to those who are involved.

Finally, it addresses post-adoption implementation requirements (Chapter 8) which are critical to the successful application of the new policy.



The chapters in the report are supported by Appendices containing the data required to explain and substantiate the calculation of the charge. A full discussion of the statutory requirements for the preparation of a background study and calculation of a D.C. is provided herein.

1.2 Summary of the Process

The public meeting required under section 12 of the D.C.A. is scheduled for March 4, 2024. Its purpose is to present the study to the public and to solicit public input. The public meeting will answer any questions regarding the study's purpose, methodology, and the proposed modifications to the Municipality's water and wastewater D.C.s.

In accordance with the legislation, the background study and proposed D.C. by-law will be available for public review on January 18, 2024.

The process to be followed in finalizing the report and recommendations includes:

- consideration of responses received prior to, at, or immediately following the public meeting; and
- finalization of the report and Council consideration of the by-law subsequent to the public meeting.

Figure 1-1 outlines the proposed schedule to be followed with respect to the D.C. by-law adoption process.

Figure 1-1
Schedule of Key D.C. Process Dates for the Municipality of Chatham-Kent

Schedule of Study Milestone	Dates
1. Data collection, staff review, engineering work, D.C. calculations and policy work	October 2023 to January 2024
2. Public release of final D.C. Background study and proposed by-law	January 18, 2024
3. Public meeting advertisement placed in newspaper(s)	At least 21 days prior to the public meeting
4. Council Meeting to Present the Study	February 26, 2024
5. Public meeting of Council	March 4, 2024
6. Council considers adoption of background study and passage of by-law	March 18, 2024
7. Newspaper notice given of by-law passage	By 20 days after passage



Schedule of Study Milestone	Dates
8. Last day for by-law appeal	40 days after passage
9. Municipality makes pamphlet available (where by-law not appealed)	By 60 days after in force date

1.3 Changes to the D.C.A.: *Bill 108, 138, 197, and 213*

1.3.1 *Bill 108: More Homes, More Choice Act – An Act to Amend Various Statutes with Respect to Housing, Other Development, and Various Matters*

On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A. The Bill was introduced as part of the Province's "More Homes, More Choice: Ontario's Housing Supply Action Plan." The Bill received Royal Assent on June 6, 2019.

While having received Royal Assent, many of the amendments to the D.C.A. would not come into effect until they are proclaimed by the Lieutenant Governor (many of these changes were revised through Bill 197). At the time of writing, the following provisions have been proclaimed:

- Effective January 1, 2020, rental housing and institutional developments will pay D.C.s in six equal annual payments commencing at occupancy. Interest may be charged on the instalments, and any unpaid amounts may be added to the property and collected as taxes. As per Bill 23, non-profit housing developments are now exempt from paying D.C.s, however, prior to Bill 23, and as a result of Bill 108, non-profit housing developments paid D.C.s in 21 equal annual payments. Effective January 1, 2020, the D.C. amount for all developments occurring within 2 years of a Site Plan or Zoning By-law Amendment planning approval (for application submitted after this section is proclaimed), shall be determined based on the D.C. in effect on the day of Site Plan or Zoning By-law Amendment application. If the development is not proceeding via these planning approvals, then the amount is determined as of the date of issuance of a building permit.

On February 28, 2020, the Province released updated draft regulations related to the D.C.A. and the Planning Act. A summary of the changes that were to take effect upon proclamation by the Lieutenant Governor is provided below:



Changes to Eligible Services – Prior to Bill 108, the D.C.A. provided a list of ineligible services whereby municipalities could include growth related costs for any service that was not listed. With Bill 108, the changes to the D.C.A. would now specifically list the services that are eligible for inclusion in the by-law. Further, the initial list of eligible services under Bill 108 was limited to "hard services", with the "soft services" being removed from the D.C.A. These services would be considered as part of a new community benefits charge (discussed below) imposed under the Planning Act. As noted in the next section this list of services has been amended through Bill 197.

Mandatory 10% deduction - The amending legislation would have removed the mandatory 10% deduction for all services that remain eligible under the D.C.A.

Remaining Services to be Included in a New Community Benefits Charge (C.B.C.) Under the Planning Act - It was proposed that a municipality may, by by-law, impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. The C.B.C. was proposed to include formerly eligible D.C. services that are not included in the above listing, in addition to parkland dedication and bonus zoning contributions.

1.3.2 Bill 138: Plan to Build Ontario Together Act, 2019

On November 6, 2019, the Province released Bill 138 which provided further amendments to the D.C.A. and Planning Act. This Bill received Royal Assent on December 10, 2019, and was proclaimed which resulted in sections related to the D.C.A. (schedule 10) becoming effective on January 1, 2020. The amendments to the D.C.A. included removal of instalment payments for commercial and industrial developments that were originally included in Bill 108.

1.3.3 Bill 197: COVID-19 Economic Recovery Act, 2020

In response to the global pandemic that began affecting Ontario in early 2020, the Province released Bill 197 which provided amendments to a number of Acts, including the D.C.A. and Planning Act. This Bill also revised some of the proposed changes identified in Bill 108. Bill 197 was tabled on July 8, 2020, received Royal Assent on July 21, 2020, and was proclaimed on September 18, 2020. The following provides a summary of the changes:



1.3.3.1 D.C. Related Changes

List of D.C. Eligible Services

- As noted above, under Bill 108 some services were to be included under the D.C.A. and some would be included under the C.B.C. authority. Bill 197, however, revised this proposed change and has included all services (with some exceptions) under the D.C.A. These services are as follows:
 - Water supply services, including distribution and treatment services;
 - Wastewater services, including sewers and treatment services.
 - Storm water drainage and control services.
 - Services related to a highway.
 - Electrical power services.
 - Toronto-York subway extension.
 - Transit services.
 - Waste diversion services.
 - Policing services.
 - Fire protection services.
 - Ambulance services.
 - Library services.
 - Long-term Care services.
 - Parks and Recreation services, but not the acquisition of land for parks.
 - Public Health services.
 - Childcare and early years services.
 - Housing services (no longer eligible as per Bill 23).
 - Provincial Offences Act services.
 - Services related to emergency preparedness.
 - Services related to airports, but only in the Regional Municipality of Waterloo.
 - Additional services as prescribed.

Classes of Services – D.C.

Pre-Bill 108/197 legislation (i.e., D.C.A., 1997) allowed for categories of services to be grouped together into a minimum of two categories (90% and 100% services).



The Act (as amended) repeals and replaces the above with the four following subsections:

- A D.C. by-law may provide for any eligible service or capital cost related to any eligible service to be included in a class, set out in the by-law.
- A class may be composed of any number or combination of services and may include parts or portions of the eligible services or parts or portions of the capital costs in respect of those services.
- A D.C. by-law may provide for a class consisting of studies in respect of any eligible service whose capital costs are described in paragraphs 5 and 6 of s. 5 of the D.C.A.
- A class of service set out in the D.C. by-law is deemed to be a single service with respect to reserve funds, use of monies, and credits.

Note: An initial consideration of “class” appears to mean any group of services.

Mandatory 10% Deduction

As well, the removal of the 10% deduction for soft services under Bill 108 has been maintained.

As a result of the passage of Bill 197, and subsequent proclamation on September 18, 2020, this report has provided the D.C. calculations without the 10% mandatory deduction.

1.3.3.2 C.B.C. Related Changes

C.B.C. Eligibility

The C.B.C. is limited to lower-tier and single-tier municipalities; upper-tier municipalities will not be allowed to impose this charge.

1.3.3.3 Combined D.C. and C.B.C. Impacts

D.C. vs. C.B.C. Capital Cost

- A C.B.C. may be imposed with respect to the services listed in s. 2 (4) of the D.C.A. (eligible services), “provided that the capital costs that are intended to be



funded by the community benefits charge are not capital costs that are intended to be funded under a development charge by-law.”

1.3.4 Bill 213: Better for People, Smarter for Business Act, 2020

On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government. As a result, this mandatory exemption will be included in the D.C. by-law.

1.4 Changes to the D.C.A. - Bill 23: More Homes Built Faster Act, 2022

On November 28, 2022, Bill 23 received Royal Assent. This Bill amends a number of pieces of legislation including the Planning Act and the D.C.A. It is noted that, as of the time of writing, the Province has announced (on December 13, 2023) potential changes to the phase-in requirements and the removal of studies as eligible capital costs. The details of these changes will be forthcoming in early 2024 and Watson will monitor and advise as to the nature of these changes. The following provides a summary of the changes to the D.C.A.:

1.4.1 Additional Residential Unit Exemption

The rules for these exemptions are now provided in the D.C.A., rather than the regulations and are summarized as follows:

- Exemption for residential units in existing rental residential buildings – For rental residential buildings with four or more residential units, the creation of the greater of one unit or 1% of the existing residential units will be exempt from a D.C.
- Exemption for additional residential units in existing and new residential buildings
 - The following developments will be exempt from a D.C.:
 - A second unit in a detached, semi-detached, or rowhouse if all buildings and ancillary structures cumulatively contain no more than one residential unit;



- A third unit in a detached, semi-detached, or rowhouse if no buildings or ancillary structures contain any residential units; and
- One residential unit in a building or structure ancillary to a detached, semi-detached, or rowhouse on a parcel of urban land, if the detached, semi-detached, or rowhouse contains no more than two residential units and no other buildings or ancillary structures contain any residential units.

1.4.2 Removal of Housing as an Eligible D.C. Service

Housing services are removed as an eligible service. Municipalities with by-laws that include a charge for housing services can no longer collect for this service.

1.4.3 New Statutory Exemption for Non-Profit Housing

Non-profit housing units are exempt from D.C.s and D.C. instalment payments due after November 28, 2022.

1.4.4 New Statutory Exemptions for Affordable Units, Attainable Units, and Affordable Inclusionary Zoning Units

Affordable units, attainable units, and inclusionary zoning units (affordable) are exempt from the payment of D.C.s, as follows:

- Affordable Rental Units: Where rent is no more than 80% of the average market rent as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Affordable Owned Units: Where the price of the unit is no more than 80% of the average purchase price as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Attainable Units: Excludes affordable units and rental units; will be defined as prescribed development or class of development and sold to a person who is at “arm’s length” from the seller.
 - Note: for affordable and attainable units, the municipality shall enter into an agreement that ensures the unit remains affordable or attainable for 25 years.



Further to the above, Bill 134: *Affordable Homes and Good Jobs Act, 2023* was released on September 28, 2023 which proposes a new definition of “affordable” under the D.C.A. and receive Royal Assent on December 4, 2023:

- Owned unit (lesser of): cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in a new Bulletin
- Rental unit (lesser of): rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in a new Bulletin

Note: the above exemptions are not currently in force. These exemptions will be in force upon proclamation and revisions to the regulations. The bulletin has yet to be published as at the time of writing this report.

- Inclusionary Zoning Units: Affordable housing units required under inclusionary zoning by-laws are exempt from a D.C.

1.4.5 Historical Level of Service Extended to Previous 15-Year Period

Prior to Bill 23, the increase in need for service was limited by the average historical level of service calculated over the 10-year period preceding the preparation of the D.C. background study. This average is now extended to the historical 15-year period.

1.4.6 Revised Definition of Capital Costs

The definition of capital costs has been revised to remove studies. Further, the regulations to the Act may prescribe services for which land or an interest in land will be restricted. As at the time of writing, no services have been prescribed.

1.4.7 Mandatory Phase-in of a D.C.

For all D.C. by-laws passed after January 1, 2022, the charge must be phased-in annually over the first five years the by-law is in force, as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.



1.4.8 D.C. By-law Expiry

A D.C. by-law now expires 10 years after the day it comes into force (unless the by-law provides for an earlier expiry date). This extends the by-law's life from five (5) years, prior to Bill 23.

1.4.9 Installment Payments

Non-profit housing development has been removed from the instalment payment section of the Act (section 26.1), as these units are now exempt from the payment of a D.C.

1.4.10 Rental Housing Discount

The D.C. payable for rental housing development will be reduced based on the number of bedrooms in each unit as follows:

- Three or more bedrooms – 25% reduction;
- Two bedrooms – 20% reduction; and
- All other bedroom quantities – 15% reduction.

1.4.11 Maximum Interest Rate for Instalments and Determination of Charge for Eligible Site Plan and Zoning By-law Amendment Applications

No maximum interest rate was previously prescribed. As per Bill 23, the maximum interest rate is set at the average prime rate plus 1%. This maximum interest rate provision would apply to all instalment payments and eligible site plan and zoning by-law amendment applications occurring after November 28, 2022.

1.4.12 Requirement to Allocate Funds Received

Annually, beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year for water, wastewater, and services related to a highway. Other services may be prescribed by the regulation.



Chapter 2

Current Municipality of Chatham-Kent Water and Wastewater D.C. Policies



2. Current Municipality of Chatham-Kent Water and Wastewater D.C. Policies

2.1 Schedule of Charges

The Municipality of Chatham-Kent’s water and wastewater D.C. by-law 18-2019 came into effect on March 25, 2019 under the D.C.A. The by-law imposes water and wastewater D.C.s for residential and non-residential uses. The table below provides the rates currently in effect, as of January 1, 2024.

Table 2-1
Municipality of Chatham-Kent
Current Water and Wastewater D.C. Rates
January 1, 2024

Service	Residential						Non-Residential (per sq.ft. of gross floor area)			
	Single & Semi Detached	Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	2,999	2,421	2,379	1,230	1,078	1,078	2.10	1.56	1.04	0.15
Water Services	3,712	2,996	2,944	1,522	1,335	1,335	2.59	1.95	1.31	0.21
Total	6,711	5,417	5,323	2,752	2,413	2,413	4.69	3.51	2.35	0.36

2.2 Timing of D.C. Calculation and Payment

Development charges shall be calculated and payable in full in money or by provision of services as may be agreed upon, or by credit granted under the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies.

2.3 Indexing

Rates shall be adjusted, without amendment to the By-law, annually on January 1, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02).¹

¹ O. Reg. 82/98 referenced “The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007” as the index source. Since implementation, Statistics Canada has modified this index twice and the above-noted index is the most



2.4 Redevelopment Allowance

The provisions in by-law 18-2019 provide for the following redevelopment allowance:

- 1) Despite any other provisions of the By-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within 60 months prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same land in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced by the following amounts:
 - a. in the case of a residential building or structure or, in the case of a mixed-use building or structure, the residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charge by the number, according to type, of dwelling units that have been or will be demolished or converted to another principal use; and
 - b. in the case of a non-residential building or structure or, in the case of a mixed-use building or structure, the non-residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charges by the gross floor area that has been or will be demolished or converted to another principal use;

provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

2.5 Exemptions

The following non-statutory exemptions are provided under By-law 2018-93, as amended:

- the issuance of a building permit in accordance with section 2 (3) of the Act;
- a place of worship;

current. The draft by-law provided herein refers to O. Reg. 82/98 to ensure traceability should this index continue to be modified over time.



- a college or university and student accommodation related directly to the college and/or university; and
- industrial development.



Chapter 3

Anticipated Development in the Municipality of Chatham- Kent



3. Anticipated Development in the Municipality of Chatham-Kent

3.1 Background

Watson was retained by the Municipality of Chatham-Kent to prepare a Municipal Comprehensive Review (M.C.R.) in accordance with the requirements of the Provincial Policy Statement (P.P.S.), 2020. The M.C.R. examines future population and employment growth potential and corresponding urban land needs over a long-term planning horizon. As part of this study, consideration was also given to the Municipality's long-term urban land needs within the context of the proposed Provincial Planning Statement (P.P.S.), April 2023.

In addition to the M.C.R., the Municipality undertook an assessment of their water and wastewater needs to 2051. The findings of this assessment are documented in the 2023 Water and Wastewater Master Plan prepared by AECOM. The master plan outlines the forecasted volumes and capital works required to service the population and employment over the 2051 planning horizon. Furthermore, the master plan also identified required volume capacities related to greenhouses.

The D.C. calculations presented herein utilize the findings of both the M.C.R. and the Water and Wastewater Master Plan. Details of the growth and volume forecast are documented in the M.C.R. and master plan.

3.2 Growth Forecast

The following figures provide for a summary of the Residential and Non-Residential growth forecast anticipated to be serviced with water and wastewater:



Figure 3-1
Residential Growth Forecast

Residential Growth Forecast	Growth Forecast to 2051
Gross Population Increase	18,913
Net Population Increase	15,653
Residential Unit Increase	
Singles	4,812
Multiples	1,247
Apartments	1,873
Total Residential Unit Increase	7,933

Note: the above population figures include the Census undercount

Figure 3-2
Non-Residential Growth Forecast

Non-Residential Growth Forecast	Growth Forecast to 2051 Employment	Growth Forecast to 2051 Sq.ft.
Commercial	1,520	760,000
Institutional	1,200	840,000
Industrial	1,320	2,508,000
Greenhouses	1,720	34,400,000



Chapter 4

The Approach to the Calculation of the Charge



4. The Approach to the Calculation of the Charge

4.1 Introduction

This chapter addresses the requirements of subsection 5 (1) of the D.C.A. with respect to the establishment of the need for service which underpins the D.C. calculation. These requirements are illustrated schematically in Figure 4-1.

4.2 Services Potentially Involved

Table 4-1 lists the full range of municipal services that are provided within the Municipality.

A number of these services are not included in the list of eligible services provided in subsection 2 (4) of the D.C.A. as being ineligible for inclusion in D.C.s. These are shown as “ineligible” on Table 4-1. Two ineligible costs defined in subsection 5 (3) of the D.C.A. are “computer equipment” and “rolling stock with an estimated useful life of (less than) seven years.” In addition, local roads are covered separately under subdivision agreements and related means (as are other local services). Services that are potentially eligible for inclusion in the Municipality’s D.C. are indicated with a “Yes.”

4.3 Increase in the Need for Service

The D.C. calculation commences with an estimate of “the increase in the need for service attributable to the anticipated development,” for each service to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could conceivably be expressed generally in terms of units of capacity, subsection 5 (1) 3, which requires that Municipal Council indicate that it intends to ensure that such an increase in need will be met, suggests that a project-specific expression of need would be most appropriate.



Figure 4-1
The Process of Calculating a Development Charge under the Act that Must be Followed

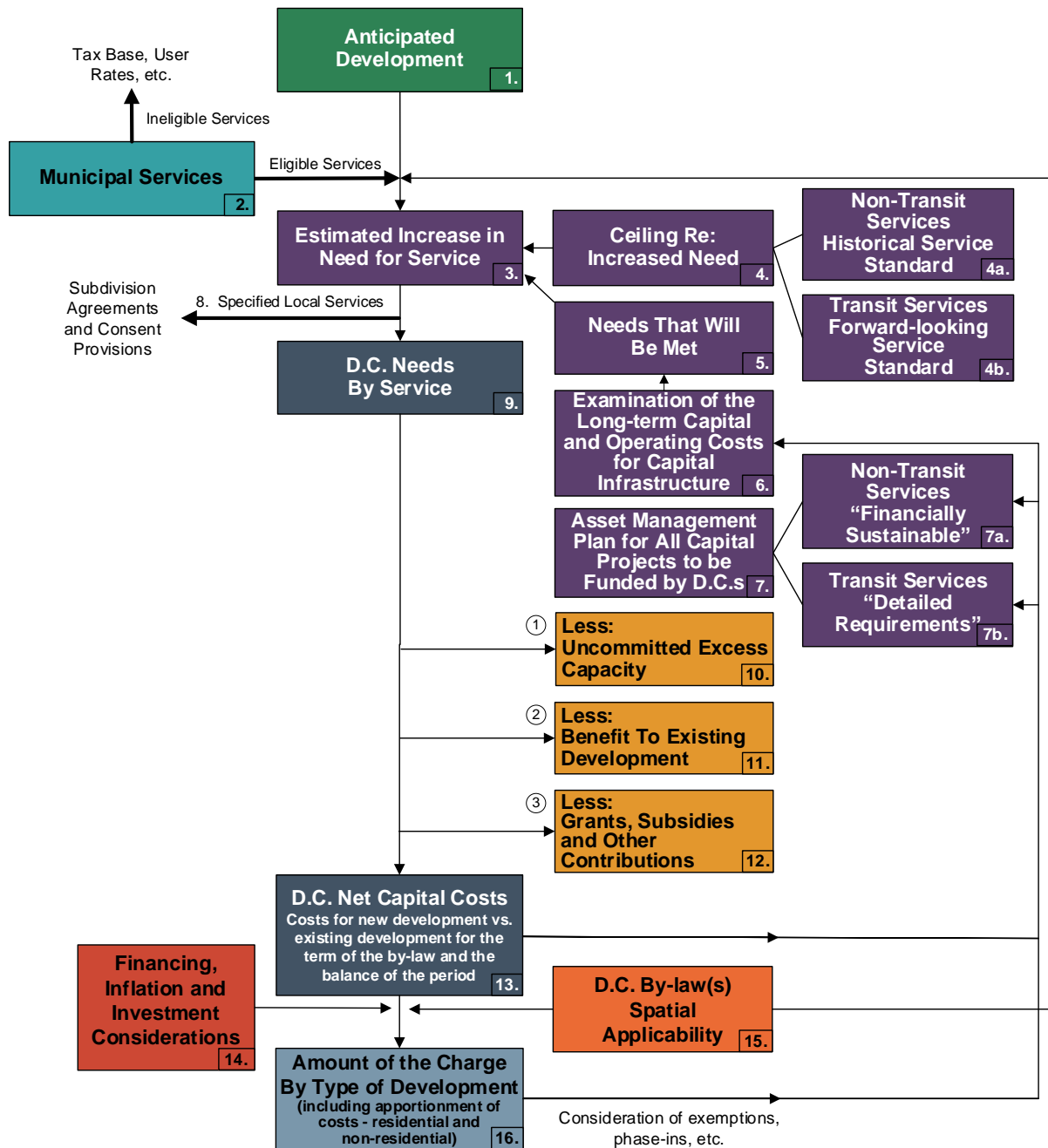




Table 4-1
Categories of Municipal Services to be Addressed as Part of the Calculation

Eligibility for Inclusion in the D.C. Calculation	Description
Yes	Municipality provides the service – service has been included in the D.C. calculation.
No	Municipality provides the service – service has not been included in the D.C. calculation.
n/a	Municipality does not provide the service.
Ineligible	Service is ineligible for inclusion in the D.C. calculation.

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
1. Services Related to a Highway	No	1.1 Arterial roads	100
	No	1.2 Collector roads	100
	No	1.3 Bridges, culverts and roundabouts	100
	Ineligible	1.4 Local municipal roads	0
	No	1.5 Traffic signals	100
	No	1.6 Sidewalks and streetlights	100
	No	1.7 Active transportation	100
2. Other Transportation Services	n/a	2.1 Transit vehicles ¹ & facilities	100
	n/a	2.2 Other transit infrastructure	100
	Ineligible	2.3 Municipal parking spaces - indoor	0
	Ineligible	2.4 Municipal parking spaces - outdoor	0
	No	2.5 Works yards	100
	No	2.6 Rolling stock ¹	100
	n/a	2.7 Ferries	100
	n/a	2.8 Airport	100
3. Stormwater Drainage and Control Services	No	3.1 Main channels and drainage trunks	100
	No	3.2 Channel connections	100
	No	3.3 Retention/detention ponds	100

¹ with 7+ year lifetime



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
4. Fire Protection Services	No	4.1 Fire stations	100
	No	4.2 Fire pumpers, aerials and rescue vehicles ¹	100
	No	4.3 Small equipment and gear	100
5. Park Services (i.e., Parks and Open Space)	Ineligible	5.1 Acquisition of land for parks, woodlots and E.S.A.s	0
	No	5.2 Development of area municipal parks	100
	No	5.3 Development of district parks	100
	No	5.4 Development of municipal-wide parks	100
	No	5.5 Development of special purpose parks	100
	No	5.6 Parks rolling stock ¹ and yards	100
6. Recreation Services	No	6.1 Arenas, indoor pools, fitness facilities, community centres, etc. (including land)	100
	No	6.2 Recreation vehicles and equipment ¹	100
7. Library Services	No	7.1 Public library space (incl. furniture and equipment)	100
	No	7.2 Library vehicles ¹	100
	No	7.3 Library materials	100
8. Emergency Preparedness Services	No	8.1 Facility space (incl. furniture and equipment)	100
	No	8.2 Vehicles ¹	100
	No	8.3 Equipment	100
9. Electrical Power Services	Ineligible	9.1 Electrical substations	0
	Ineligible	9.2 Electrical distribution system	0
	Ineligible	9.3 Electrical system rolling stock	0

¹ with 7+ year lifetime



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
10. Provision of Cultural, Entertainment and Tourism Facilities and Convention Centres	Ineligible	10.1 Cultural space (e.g., art galleries, museums and theatres)	0
	Ineligible	10.2 Tourism facilities and convention centres	0
11. Wastewater Services	Yes	11.1 Treatment plants	100
	Yes	11.2 Sewage trunks	100
	n/a	11.3 Local systems	0
	No	11.4 Vehicles and equipment ¹	100
12. Water Supply Services	Yes	12.1 Treatment plants	100
	Yes	12.2 Distribution systems	100
	n/a	12.3 Local systems	0
	No	12.4 Vehicles and equipment ¹	100
13. Waste Management Services	Ineligible	13.1 Landfill collection, transfer vehicles and equipment	0
	Ineligible	13.2 Landfills and other disposal facilities	0
	No	13.3 Waste diversion facilities	100
	No	13.4 Waste diversion vehicles and equipment ¹	100
14. Policing Services	No	14.1 Policing detachments	100
	No	14.2 Policing rolling stock ¹	100
	No	14.3 Small equipment and gear	100
15. Homes for the Aged	n/a	15.1 Homes for the aged space	100
	n/a	15.2 Vehicles ¹	100
16. Child Care	No	16.1 Child-care space	100
	No	16.2 Vehicles ¹	100
17. Health	No	17.1 Health department space	100
	No	17.2 Health department vehicles ¹	100
18. Social Housing	Ineligible	18.1 Social housing space	0
19. Provincial Offences Act (P.O.A.)	No	19.1 P.O.A. space	100
20. Social Services	Ineligible	20.1 Social service space	0

¹ with 7+ year lifetime



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
21. Ambulance	No No	21.1 Ambulance station space 21.2 Vehicles ¹	100 100
22. Hospital Provision	Ineligible	22.1 Hospital capital contributions	0
23. Provision of Headquarters for the General Administration of Municipalities and Area Municipal Boards	Ineligible Ineligible Ineligible	23.1 Office space 23.2 Office furniture 23.3 Computer equipment	0 0 0
24. Other Services	Ineligible	24.1 Studies in connection with acquiring buildings, rolling stock, materials and equipment, and improving land and facilities, including the D.C. background study cost	0
	Yes	24.2 Interest on money borrowed to pay for growth-related capital	0-100

¹ with a 7+ year lifetime

4.4 Local Service Policy

Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As such, they will be required as a condition of subdivision agreements or consent conditions. The Municipality's detailed Local Service Policy is provided in Appendix C.

4.5 Capital Forecast

Paragraph 7 of subsection 5 (1) of the D.C.A. requires that "the capital costs necessary to provide the increased services must be estimated." The Act goes on to require two



potential cost reductions and the regulation sets out the way in which such costs are to be presented. These requirements are outlined below.

These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs include:

- a) costs to acquire land or an interest therein (including a leasehold interest);
- b) costs to improve land;
- c) costs to acquire, lease, construct or improve buildings and structures;
- d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes; and
- e) interest on money borrowed to pay for the above-referenced costs;

In order for an increase in need for service to be included in the D.C. calculation, Municipal Council must indicate “that it intends to ensure that such an increase in need will be met” (subsection 5 (1) 3). This can be done if the increase in service forms part of a Council-approved Official Plan, capital forecast, or similar expression of the intention of Council (O. Reg. 82/98 section 3). The capital program contained herein reflects the Municipality’s approved and proposed capital budgets and master servicing/needs studies.

4.6 Treatment of Credits

Section 8, paragraph 5, of O. Reg. 82/98 indicates that a D.C. background study must set out “the estimated value of credits that are being carried forward relating to the service.” Subsection 17, paragraph 4, of the same regulation indicates that “the value of the credit cannot be recovered from future D.C.s,” if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future



D.C.s. As a result, this provision should be made in the calculation, in order to avoid a funding shortfall with respect to future service needs.

4.7 Classes of Services

Section 7 of the D.C.A. states that a D.C. by-law may provide for any D.C. eligible service or the capital costs with respect to those services. Further, a class may be composed of any number or combination of services and may include parts or portions of each D.C. eligible service.

These provisions allow for services to be grouped together to create a class for the purposes of the D.C. by-law and D.C. reserve funds. The D.C. calculations and by-law provided herein do not include a class of service.

4.8 Existing Reserve Funds

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 7 of subsection 5 (1).”

There is no explicit requirement under the D.C.A. calculation method set out in subsection 5 (1) to net the outstanding reserve fund balance as part of making the D.C. calculation; however, section 35 does restrict the way in which the funds are used in the future.

For services that are subject to a per capita based, service level “cap,” the reserve fund balance should be applied against the development-related costs for which the charge was imposed once the project is constructed (i.e., the needs of recent growth). This cost component is distinct from the development-related costs for the future forecast periods, which underlie the D.C. calculation herein.

The alternative would involve the Municipality spending all reserve fund monies prior to renewing each by-law, which would not be a sound basis for capital budgeting. Thus, the Municipality will use these reserve funds for the Municipality’s cost share of applicable development-related projects, which are required but have not yet been undertaken, as a way of directing the funds to the benefit of the development that



contributed them (rather than to future development, which will generate the need for additional facilities directly proportionate to future growth).

The Municipality's D.C. Reserve Fund balances for water and wastewater are currently zero. Any revenues from D.C.s are immediately utilized towards the Municipality's D.C. capital program.

4.9 Deductions

The D.C.A. potentially requires that four deductions be made to the increase in the need for service. These relate to:

- the level of service ceiling;
- uncommitted excess capacity;
- benefit to existing development; and
- anticipated grants, subsidies, and other contributions.

The requirements behind each of these reductions are addressed below.

4.9.1 Reduction Required by Level of Service Ceiling

This is designed to ensure that the increase in need included in section 4.3 does “not include an increase that would result in the level of service [for the additional development increment] exceeding the average level of the service provided in the municipality over the 15-year period immediately preceding the preparation of the background study” (D.C.A., subsection 5 (1) 4). O. Reg. 82/98 (section 4) goes further to indicate that “both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.”

In many cases, this can be done by establishing a quantity measure in terms of units as floor area, land area, or road length per capita and a quality measure, in terms of the average cost of providing such units based on replacement costs, engineering standards, or recognized performance measurement systems, depending on circumstances. When the quantity and quality factors are multiplied together, they produce a measure of the level of service which meets the requirements of the Act, i.e., cost per unit.



With respect to transit services, the changes to the Act introduced in 2015 have provided for an alternative method for calculating the service standard ceiling. Transit services must now utilize a forward-looking service standard analysis, described later in this section.

4.9.2 Reduction for Uncommitted Excess Capacity

Paragraph 5 of subsection 5 (1) requires a deduction from the increase in the need for service attributable to the anticipated development that can be met using the Municipality's "excess capacity," other than excess capacity which is "committed."

"Excess capacity" is undefined, but in this case must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of uncommitted excess capacity from the future increase in the need for service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g., if a road widening to accommodate increased traffic is not required because sufficient excess capacity is already available, then widening would not be included as an increase in need, in the first instance.

4.9.3 Reduction for Benefit to Existing Development

Section 5 (1) 6 of the D.C.A. provides that, "The increase in the need for service must be reduced by the extent to which an increase in service to meet the increased need would benefit existing development." The general guidelines used to consider benefit to existing development included:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- an increase in average service level of quantity or quality (compare water as an example);
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (generally considered for water or wastewater services).

This step involves a further reduction in the need, by the extent to which such an increase in service would benefit existing development. The level of service cap in section 4.9.1 is related but is not the identical requirement. Sanitary, storm, and water



trunks are highly localized to growth areas and can be more readily allocated in this regard than other services such as services related to a highway, which do not have a fixed service area.

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing library facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. Alternatively, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a Municipal-wide system basis. For example, facilities of the same type may provide different services (i.e., leisure pool vs. competitive pool), different programs (i.e., hockey vs. figure skating), and different time availability for the same service (i.e., leisure skating available on Wednesdays in one arena and Thursdays in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

4.9.4 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies, and other contributions (including direct developer contributions required due to the local service policy) made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes (O. Reg. 82/98, section 6).



4.10 Municipal-wide vs. Area Rating

This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the amended D.C.A., it is now mandatory to “consider” area rating of services (providing charges for specific areas and services), however, it is not mandatory to implement area rating. Further discussion is provided in section 7.4.4 of this report.

4.11 Allocation of Development

This step involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.

4.12 Asset Management

The legislation now requires that a D.C. background study must include an asset management plan (A.M.P.) (subsection 10 (2) c. 2). The A.M.P. must deal with all assets that are proposed to be funded, in whole or in part, by D.C.s. The current regulations provide very extensive and specific requirements for the A.M.P. related to transit services (as noted in the subsequent subsection); however, they are silent with respect to how the A.M.P. is to be provided for all other services. As part of any A.M.P., the examination should be consistent with the municipality’s existing assumptions, approaches, and policies on the asset management planning. This examination has been included in Appendix D.

4.13 Transit

The D.C.A. provides for the following matters for Transit:

- The Background Study requires the following in regard to transit costs (as per subsection 8 (2) of the Regulations):



- The calculations that were used to prepare the estimate for the planned level of service for the transit services, as mentioned in subsection 5.2 (3) of the Act.
 - i. An identification of the portion of the total estimated capital cost relating to the transit services that would benefit,
 - ii. the anticipated development over the 10-year period immediately following the preparation of the background study, or
 - iii. the anticipated development after the 10-year period immediately following the preparation of the background study.
- An identification of the anticipated excess capacity that would exist at the end of the 10-year period immediately following the preparation of the background study.
- An assessment of ridership forecasts for all modes of transit services proposed to be funded by the development charge over the 10-year period immediately following the preparation of the background study, categorized by development types, and whether the forecasted ridership will be from existing or planned development.
- An assessment of the ridership capacity for all modes of transit services proposed to be funded by the development charge over the 10-year period immediately following the preparation of the background study.
- A forward-looking service standard (as per 6.1(2) of the Regulations):
 - The service is a discrete service.
 - No portion of the service that is intended to benefit anticipated development after the 10-year period immediately following the preparation of the background study may be included in the estimate.
 - No portion of the service that is anticipated to exist as excess capacity at the end of the 10-year period immediately following the preparation of the background study may be included in the estimate.
- A detailed asset management strategy and reporting requirements (subsection 6.1 (3) of the Regulation) that includes lifecycle costs, action plans that will enable the assets to be sustainable, summary of how to achieve the proposed level of service, discussion on procurement measures and risk.

As this D.C. study only examines water and wastewater, the above calculations for transit are not required.



4.14 Mandatory Phase-in of a D.C.

As described in Chapter 1, all D.C. by-laws passed after January 1, 2022, the charge must be phased-in relative to the maximum charge that could be imposed under the by-law. The phase-in for the first 5-years that the by-law is in force, is as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.

As noted in section 1.4, as of the time of writing, the Province has announced (on December 13, 2023) potential changes to the phase-in requirements. The details of these changes will be forthcoming in early 2024 and Watson will monitor and advise as to the nature of these changes.



Chapter 5

D.C.-Eligible Cost Analysis by Service



5. D.C.-Eligible Cost Analysis by Service

5.1 Introduction

This chapter outlines the basis for calculating eligible costs for the D.C.s to be applied on a uniform basis. In each case, the required calculation process set out in subsection 5 (1) paragraphs 2 to 7 in the D.C.A. and described in Chapter 4, was followed in determining D.C. eligible costs.

The nature of the capital projects and timing identified in the Chapter reflects Council's current intention. Over time, however, Municipal projects and Council priorities change; accordingly, Council's intentions may alter, and different capital projects (and timing) may be necessary to meet the need for services required by new growth.

5.2 Water and Wastewater Capital Costs for the D.C. Calculations

As noted earlier, the Municipality's 2023 Water and Wastewater Master Plan Study was undertaken by AECOM Canada Ltd. The master plan was carried out in the context of a Municipal Class Environmental Assessment (MCEA) and developed strategies for water and wastewater servicing to accommodate existing service areas and future growth. The analysis of the master plan identified infrastructure needs for the Municipality over a 2051 planning horizon.

The capital program identified in the Water and Wastewater Master Plan form the basis for the D.C. project listing presented in this chapter. Further details regarding the capital programs are documented in the master plan.

5.2.1 Water Services

The Municipality's water capital program is based on the Master Plan recommendations provided by AECOM and is summarized in Table 5-1. The capital listing includes items such as water treatment plants, storage, booster stations, pumping stations, and transmission mains. The gross capital cost of these works is \$545,779,900. Of this amount, a number of deductions were made based on an assessment of each capital project that was conducted with both C.K. P.U.C. and AECOM staff. This included a review of the benefit to the existing community, as well as examining the remaining



capacity at the water treatment plants beyond 2051 which would be deemed a post period benefit. These deduction amounts are provided below:

- Benefit to existing development: \$171,682,400
- Post period deduction: \$1,116,000

Therefore, the net growth-related capital cost of \$372,969,300 is being included in the D.C. calculations.

5.2.2 Wastewater Services

Similar to water, the Municipality's wastewater capital program is based on the Master Plan recommendations and is summarized in Table 5-2. The capital listing includes capacity upgrades for items such as sanitary pumping stations, water pollution control plants, wastewater mains, and forcemains. The gross capital cost of these works is \$436,364,600. Of this amount, a deduction in the amount of \$392,661,000 was made as a large component of the required infrastructure would benefit the existing community. Therefore, the net growth-related capital cost of \$43,706,600 is being included in the D.C. calculations



**Table 5-1
Infrastructure Cost Included in the Development Charges Calculation
Water Services**

Proj. No.	Water System	Increased Service Needs Attributable to Anticipated Development 2024 to 2051	Timing (year)	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Costs
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	
1	Chatham	Raw Water Pumping Station	2032	3,628,400	-		3,628,400	1,814,200		1,814,200
2	Chatham	Transmission Main	2032	38,973,000	-		38,973,000	7,794,600		31,178,400
3	Chatham	Storage	2025	19,788,000	-		19,788,000	-		19,788,000
4	Chatham	WTP	2027	210,834,000	-		210,834,000	-		210,834,000
5	Chatham	Pumping Station	2027	3,153,300	-		3,153,300	-		3,153,300
6	Chatham	Condition Assessment	2024	1,530,000	-		1,530,000	1,530,000		-
7	Chatham /Bothwell	Watermain	2028	7,344,000	-		7,344,000	-		7,344,000
8	Chatham /Bothwell	Watermain	2030	1,173,000	-		1,173,000	-		1,173,000
9	Chatham /Bothwell	Booster Pump Station	2030	306,000	-		306,000	-		306,000
10	Chatham /Bothwell	Watermain	2032	9,914,400	-		9,914,400	-		9,914,400
11	Chatham /Bothwell	Standpipe	2027	5,100,000	-		5,100,000	3,825,000		1,275,000
12	Ridgetown / Highgate	Transmission Main	2028	24,914,100	-		24,914,100	22,422,700		2,491,400
13	Ridgetown / Highgate	Retrofit WTP to Pumping Station	2028	5,171,400	-		5,171,400	4,654,300		517,100
14	Ridgetown / Highgate	Elevated Tank	2027	2,040,000	-		2,040,000	1,836,000		204,000
15	Wallaceburg	New Water Treatment Plant	2025	58,669,400	308,000		58,361,400	38,135,100		20,226,300
16	Wallaceburg	Storage	2025	53,131,800	278,900		52,852,900	34,535,700		18,317,200



Table 5-1 (Continued)
Infrastructure Cost Included in the Development Charges Calculation
Water Services

Proj. No.	Water System	Increased Service Needs Attributable to Anticipated Development 2024 to 2051	Timing (year)	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Costs
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	
17	Wallaceburg	Intake and Pump Station	2025	13,531,300	71,000		13,460,300	8,795,300		4,665,000
18	Wallaceburg	Transmission Main	2025	30,228,700	294,700		29,934,000	10,580,000		19,354,000
19	Wallaceburg	Transmission Main	2029	33,456,000	175,600		33,280,400	21,746,400		11,534,000
20	South Chatham-Kent	Transmission Main	2027	7,885,200	-		7,885,200	3,942,600		3,942,600
21	South Chatham-Kent	Looping	2027	7,358,300	-		7,358,300	3,679,200		3,679,100
22	South Chatham-Kent	Pumping Station	2027	1,135,300	-		1,135,300	567,700		567,600
23	Wheatley / Tilbury	Booster Pump Station	2030	2,458,500	-		2,458,500	1,966,800		491,700
24	Wheatley / Tilbury	Booster Pump Station	2027	1,990,300	-		1,990,300	1,791,300		199,000
25	Wheatley / Tilbury	Decommissioning	2032	2,065,500	-		2,065,500	2,065,500		-
		Total		545,779,900	1,128,200	-	544,651,700	171,682,400	-	372,969,300



Table 5-2
Infrastructure Cost Included in the Development Charges Calculation
Wastewater Services

Proj. No.	Wastewater System	Increased Service Needs Attributable to Anticipated Development 2024 to 2051	Timing (year)	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	
1	Chatham	Water Pollution Control Plant - Phase 1	2026	19,793,200	-		19,793,200	15,834,600		3,958,600
2	Chatham	Water Pollution Control Plant - Phase 2	2028	4,570,900	-		4,570,900	3,656,700		914,200
3	Chatham	Water Pollution Control Plant - Phase 3	2037	78,418,000	-		78,418,000	62,734,400		15,683,600
4	Wallaceburg	Water Pollution Control Plant	2038	49,818,500	-		49,818,500	39,854,800		9,963,700
5	Chatham Collection System	Short Term Additional Pumping Capacity	2024	306,000	-		306,000	306,000		-
6	Chatham Collection System	Twin Forcemain to Water Pollution Control Plant	2027	5,100,000	-		5,100,000	-		5,100,000
7	Chatham Collection System	Long Term Complete Station Upgrade	2032	8,364,000	-		8,364,000	4,182,000		4,182,000
8	Chatham Collection System	Pumping Upgrades, increasing firm capacity to 800L/s	2027	1,734,000	-		1,734,000	520,200		1,213,800
9	Chatham Collection System	Twin 750mm Forcemain Section	2032	918,000	-		918,000	275,400		642,600
10	Wallaceburg	Upsizing Pumps to 185 L/s Firm Capacity	2032	510,000	-		510,000	408,000		102,000
11	Wallaceburg	Twin 250mm Forcemain	2035	1,020,000	-		1,020,000	816,000		204,000
12	Wallaceburg	Upsizing Pumps to 140 L/s Firm Capacity	2032	510,000	-		510,000	408,000		102,000
13	Wallaceburg	Upsizing Pumps to 240 L/s	2032	408,000	-		408,000	326,400		81,600
14	Wallaceburg	Twin 350mm Forcemain	2035	3,060,000	-		3,060,000	2,448,000		612,000
15	Ridgetown	Erie Street / Tecumseh Street 600mm (Figure 10-8)	2032	1,632,000	-		1,632,000	1,632,000		-
16	Ridgetown	West Street 300mm (Figure 10-8)	2033	459,000	-		459,000	459,000		-
17	Blenheim	Marlborough Street / Industrial Avenue 525mm (Figure 10-9)	2034	4,080,000	-		4,080,000	4,080,000		-
18	Wallaceburg	Elgin Street 450mm (Figure 10-10)	2035	1,428,000	-		1,428,000	1,428,000		-
19	Dresden	Brown Street / Main Street / Tecumseh Street 600mm (Figure 10-11)	2036	4,080,000	-		4,080,000	4,080,000		-



Table 5-2 (Continued)
Infrastructure Cost Included in the Development Charges Calculation
Wastewater Services

Proj. No.	Wastewater System	Increased Service Needs Attributable to Anticipated Development 2024 to 2051	Timing (year)	Gross Capital Cost Estimate (2024\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	
20	Dresden	Lorne Avenue / Holden Street / Fuller Street 600mm (Figure 10-11)	2037	3,060,000	-		3,060,000	3,060,000		-
21	Tilbury	Pearl Street / Queen Street N / Centre Street E / Dufferin Street N 750mm (Figure 10-12)	2038	3,672,000	-		3,672,000	3,672,000		-
22	Tilbury	Lyon Avenue 900mm (Figure 10-12)	2039	4,080,000	-		4,080,000	4,080,000		-
23	Wheatley	SPS – 602 Pumping Upgrade	2032	408,000	-		408,000	408,000		-
24	Mitchell's Bay	Decommissioning of Mitchell's Bay Lagoon, Pumping and Forcemain to Chatham Water Pollution Control Plant	2035	9,435,000	-		9,435,000	8,491,500		943,500
25	Chatham	Optimizing capacity of the combined sewer trunks / interceptors	2024-2051	76,500,000	-		76,500,000	76,500,000		-
26	Chatham	Continuing Sewer Separation Program for Chatham Targeting largest Downstream Sewers Feeding the Trunk / Interceptor	2024-2051	153,000,000	-		153,000,000	153,000,000		-
		Total		436,364,600	-	-	436,364,600	392,661,000	-	43,703,600



Chapter 6

D.C. Calculation



6. D.C. Calculation

6.1 Allocation of D.C. Eligible Costs

The 2023 Water and Wastewater Master Plan outlined the required infrastructure to service the 2051 population and employment forecast for the Municipality of Chatham-Kent. As part of this assessment, the master plan also identified the volumes associated with residential, commercial, institutional, industrial, and greenhouse developments to determine the estimated capacity requirements for the recommended infrastructure. Given that the sizing of the infrastructure is directly linked to the volume requirements of the various types of development, the costs of the water and wastewater capital programs have been allocated based on the proportionate share of the residential and non-residential volumes.

Tables 6-1 and 6-2 provide the forecasted volumes by development type, as well as the associated percentages that illustrate the development's proportionate share of the future volumes for water and wastewater, respectively.

Table 6-1
Summary of New Water Volumes

New Water Volumes by Customer Type	Total New Flows (litres per day)	Percentage Share of Volumes
Residential	4,708,275	14%
Non-Residential (Industrial, Commercial, Institutional)	2,117,444	6%
Non-Residential (Greenhouses)*	27,287,747	80%

*Greenhouse volumes are based on 987 acres of development at 0.32 l/s/acre

Table 6-2
Summary of New Wastewater Volumes

New Wastewater Volumes by Customer Type	Total New Flows (litres per day)	Percentage Share of Volumes
Residential*	4,708,275	55%
Non-Residential (Industrial, Commercial, Institutional)*	2,117,444	25%
Non-Residential (Greenhouses)**	1,658,880	20%

*Assumed to be similar to water volumes

**Greenhouse volumes are based on 60 acres of development at 0.32 l/s/acre assumed to utilize wastewater

Based on the percentages noted above, the net D.C. amounts of \$372,969,300 for water and \$43,703,600 for wastewater have been allocated by the various development types and are summarized in Tables 6-3 and 6-4.



Table 6-3
Allocation of the Net D.C. Costs for Water

Distribution of Growth-Related Water Costs	Percentage Share of Volumes	\$ (Rounded)
Residential	14%	51,476,500
Non-Residential (Industrial, Commercial, Institutional)	6%	23,150,400
Non-Residential (Greenhouses)	80%	298,342,400
Total Growth-Related Water Cost	100%	\$ 372,969,300

Table 6-4
Allocation of the Net D.C. Costs for Wastewater

Distribution of Growth-Related Wastewater Costs	Percentage Share of Volumes	\$ (Rounded)
Residential	55%	24,252,000
Non-Residential (Industrial, Commercial, Institutional)	25%	10,906,800
Non-Residential (Greenhouses)	20%	8,544,800
Total Growth-Related Wastewater Cost	100%	\$ 43,703,600

6.2 Residential and Non-Residential Calculations

The calculation for residential development is generated on a per capita basis and is based upon five forms of housing types (singles and semi-detached, multiples, apartments 2+ bedrooms, apartments bachelor and 1 bedroom, special care/special dwelling units, and bunk houses). The non-residential D.C. has been calculated on a per sq.ft. of G.F.A. basis for all types of non-residential development (industrial, commercial, institutional, and greenhouses).

For the residential calculations, the total cost is divided by the “gross” (new resident) population to determine the per capita amount. The cost per capita is then multiplied by the average occupancy of the new units to calculate the charge. These are summarized in Tables 6-5 and 6-6.

With respect to non-residential development, the total costs have been allocated to commercial, industrial, institutional, and greenhouse developments based on the relative share of employment (for the forecast period) anticipated for each category. These costs have then been divided by the anticipated square footage associated with commercial, industrial, and institutional developments, as well as greenhouse developments, over the planning period to calculate a cost per sq.ft. of gross floor area. These are summarized in Tables 6-7 to 6-10.

Table 6-11 provides for the total water and wastewater D.C.s by development type.



**Table 6-5
Residential Per Capita Amounts**

Residential Calculations	Water	Wastewater
Residential Costs	\$ 51,476,500	\$ 24,252,000
2051 Gross Population Forecast	18,913	18,913
D.C. per Capita	\$ 2,722	\$ 1,282

**Table 6-6
Residential Development Charges by Unit Type**

Residential Unit Types	Persons Per Unit	Water D.C. Per Residential Unit (Calculated)	Wastewater D.C. Per Residential Unit (Calculated)
Single and Semi-Detached Dwelling	2.876	\$ 7,828	\$ 3,688
Multiples	1.846	\$ 5,024	\$ 2,367
Apartments - 2 Bedrooms +	1.869	\$ 5,087	\$ 2,397
Apartments - Bachelor and 1 Bedroom	1.130	\$ 3,076	\$ 1,449
Special Care/Special Dwelling Units	1.100	\$ 2,994	\$ 1,411
Bunk Houses	1.100	\$ 2,994	\$ 1,411

**Table 6-7
Non-Residential D.C. Cost Allocations for Water**

Non-Residential Calculations	Employment Forecast	Percentage Share of Employment	Non-Residential Water Costs	Allocation of Non-Residential Water (Rounded)
2051 Non-Residential Forecast				
Industrial	1,320	33%	\$ 23,150,400	\$ 7,564,000
Commercial	1,520	38%		\$ 8,710,100
Institutional	1,200	30%		\$ 6,876,400
Sub-total	4,040	100%		
Greenhouses	1,720	100%	\$ 298,342,400	\$ 298,342,400
Total	5,760		\$ 321,492,800	\$ 321,492,900

**Table 6-8
Non-Residential D.C. Cost Allocations for Wastewater**

Non-Residential Calculations	Employment Forecast	Percentage Share of Employment	Non-Residential Wastewater Costs	Allocation of Non-Residential Wastewater Costs (Rounded)
2051 Non-Residential Forecast				
Industrial	1,320	33%	\$ 10,906,800	\$ 3,563,600
Commercial	1,520	38%		\$ 4,103,500
Institutional	1,200	30%		\$ 3,239,600
Sub-total	4,040	100%		
Greenhouses	105	100%	\$ 8,544,800	\$ 8,544,800
Total	4,145		\$ 19,451,600	\$ 19,451,500



**Table 6-9
Non-Residential Water Development Charges by Development Type**

Non-Residential Types	Allocation of Non-Residential Water Costs	Gross Floor Area Forecast	Water D.C. Per Non-Residential Sq.ft.
Industrial	\$ 7,564,000	2,508,000	\$ 3.02
Commercial	\$ 8,710,100	760,000	\$ 11.46
Institutional	\$ 6,876,400	840,000	\$ 8.19
Greenhouses	\$ 298,342,400	34,400,000	\$ 8.67
Total	\$ 321,492,900	38,508,000	

**Table 6-10
Non-Residential Wastewater Development Charges by Development Type**

Non-Residential Types	Allocation of Non-Residential Wastewater Costs	Gross Floor Area Forecast	Wastewater D.C. Per Non-Residential Sq.ft.
Industrial	\$ 3,563,600	2,508,000	\$ 1.42
Commercial	\$ 4,103,500	760,000	\$ 5.40
Institutional	\$ 3,239,600	840,000	\$ 3.86
Greenhouses	\$ 8,544,800	2,100,000	\$ 4.07
Total	\$ 19,451,500	6,208,000	

6.3 Further Review of the Calculations

The calculations identified in the prior sections provide for the maximum D.C. recovery from each type of residential and non-residential development, based on the D.C.-eligible capital program and growth forecast. Through discussions with C.K. P.U.C. staff, a further review of the D.C. rates will be undertaken in advance of the public meeting to determine the recommendations that will be provided to Council for their consideration. It is anticipated that the findings of this review, and associated recommendations, will be presented to Council on February 26, 2024.



**Table 6-11
Summary of Development Charges**

Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	5.40	3.86	1.42	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	11.46	8.19	3.02	8.67
Total	11,515	7,392	7,483	4,525	4,404	4,404	16.86	12.04	4.44	12.74



Chapter 7

D.C. Policy Recommendations and D.C. By-law Rules



7. D.C. Policy Recommendations and D.C. By-law Rules

7.1 Introduction

Subsection 5 (1) 9 states that rules must be developed:

“to determine if a development charge is payable in any particular case and to determine the amount of the charge, subject to the limitations set out in subsection (6).”

Paragraph 10 of the section goes on to state that the rules may provide for exemptions, phasing in and/or indexing of D.C.s.

Subsection 5 (6) establishes the following restrictions on the rules:

- the total of all D.C.s that would be imposed on anticipated development must not exceed the capital costs determined under subsection 5 (1) 2-7 for all services involved;
- if the rules expressly identify a type of development, they must not provide for it to pay D.C.s that exceed the capital costs that arise from the increase in the need for service for that type of development; however, this requirement does not relate to any particular development; and
- if the rules provide for a type of development to have a lower D.C. than is allowed, the rules for determining D.C.s may not provide for any resulting shortfall to be made up via other development.

With respect to “the rules,” section 6 states that a D.C. by-law must expressly address the matters referred to above re subsection 5 (1) paragraphs 9 and 10, as well as how the rules apply to the redevelopment of land.

The rules provided are based on the Municipality’s existing policies; with some modifications and consideration for the changes to the D.C.A. resulting from Bills 108, 197, 213 and 23.



7.2 D.C. By-law Structure

It is recommended that:

- D.C.s for water and wastewater services be imposed on the urban service areas of the Municipality; and
- one Municipal D.C. by-law be used for water and wastewater services.

7.3 D.C. By-law Rules

The following subsections set out the recommended rules governing the calculation, payment and collection of D.C.s in accordance with section 6 of the D.C.A.

It is recommended that the following sections provide the basis for the D.C.s.:

7.3.1 Payment in any Particular Case

In accordance with the D.C.A., subsection 2 (2), a D.C. 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 9 of the Condominium Act, 1998; or
- (g) the issuing of a permit under the Building Code Act, 1992 in relation to a building or structure.”



7.3.2 Determination of the Amount of the Charge

The following conventions be adopted:

- 1) Costs allocated to residential uses will be assigned to different types of residential units based on the average occupancy for each housing type constructed during the previous decade. Costs allocated to non-residential uses will be assigned based on the number of square feet of G.F.A. constructed for eligible uses (i.e., industrial, commercial, institutional, and greenhouses).
- 2) Costs allocated to residential uses are based on a cost per capita basis.
- 3) Costs allocated to non-residential uses are based on employment.

7.3.3 Application to Redevelopment of Land (Demolition and Conversion)

If a development involves the demolition and replacement of a building or structure on the same site (within 60 months prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in part), or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- 1) the number of dwelling units demolished/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/converted multiplied by the current non-residential D.C. in place at the time the D.C. is payable;

provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

7.3.4 Exemptions (full or partial)

a) Statutory exemptions:

- industrial building additions of up to and including 50% of the existing G.F.A. (defined in O. Reg. 82/98, section 1) of the building; for industrial building additions that exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s (subsection 4 (3) of the D.C.A.);



- buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education (section 3);
- may add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure);
- add one additional unit or 1% of existing units in an existing rental residential building;
- a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario;
- affordable units, attainable units, and affordable inclusionary zoning units (to be in force at a later date);
- non-profit housing; and
- discount for rental housing units based on bedroom size (i.e., three or more bedrooms – 25% reduction, two bedrooms – 20% reduction, and all others – 15% reduction).

b) Non-statutory exemptions for Council consideration:

- the issuance of a building permit in accordance with section 2 (3) of the Act;
- a place of worship;
- a college or university and student accommodation related directly to the college and/or university; and
- industrial development subject.

7.3.5 Phasing in

As required by Bill 23, the calculated D.C. will be phased-in over a five-year period as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.

As noted in earlier sections, as of the time of writing, the Province has announced (on December 13, 2023) potential changes to the phase-in requirements. The details of



these changes will be forthcoming in early 2024 and Watson will monitor and advise as to the nature of these changes.

In addition to the mandatory phase-in requirements, a phase-in table will be included with the D.C. by-law to provide Council with the ability to increase or decrease the D.C.s for residential, commercial, institutional, industrial, and greenhouse development, continuing the practice from the previous D.C. study.

7.3.6 Timing of Collection

A D.C. that is applicable under Section 5 of the D.C.A. shall be calculated and payable;

- Where a permit is required under the Building Code Act in relation to a building or structure, the owner shall pay the D.C. prior to issuance of the first building permit prior to the commencement of development or redevelopment as the case may be; and
- Despite above, Council, from time to time, and at any time, may enter into agreements providing for all or any part of a D.C. to be paid before or after it would otherwise be payable.

7.3.7 The Applicable Areas

The charges developed herein shall be applied as follows:

- Water and Wastewater charges will be imposed on the urban service areas of the Municipality.

7.3.8 Indexing

Indexing of the D.C.s shall be implemented on a mandatory basis annually commencing on the first anniversary date of this by-law and each anniversary date thereafter, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02)¹ for the most recent year-over-year period.

¹ O. Reg. 82/98 referenced “The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007” as the index source. Since implementation, Statistics Canada has modified this index twice and the above-noted index is the most



7.4 Other D.C. By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

The Municipality's D.C. collections are currently reserved in two separate reserve funds: Water Services and Wastewater Services. Appendix B outlines the reserve fund policies that the Municipality is required to follow as per the D.C.A.

7.4.2 By-law In-force Date

A by-law under the D.C.A. comes into force on the day after which the by-law is passed by Council.

7.4.3 Minimum Interest Rate Paid on Refunds and Charged for Inter-Reserve Fund Borrowing

The minimum interest rate is the Bank of Canada rate on the day the by-law comes into force updated on the first business day of every January, April, July and October (as per section 11 of O. Reg. 82/98).

7.4.4 Area Rating

The D.C.A. required that Council must consider the use of area specific charges:

1. Section 2 (9) of the D.C.A. now requires a municipality to implement area-specific D.C.s for either specific services which are prescribed and/or for specific municipalities which are to be regulated (note that at this time, no municipalities or services are prescribed by the regulations).
2. Section 10 (2) c.1 of the D.C.A. requires that “the development charges background study shall include consideration of the use of more than one development charge by-law to reflect different needs for services in different areas.”

current. The draft by-law provided herein refers to O. Reg. 82/98 to ensure traceability should this index continue to be modified over time.



In regard to the first item, there are no services or specific municipalities identified in the regulations which must be area rated. The second item requires Council to consider the use of area rating.

Currently, the Municipality's water and wastewater D.C. by-law is imposed in the urban areas that are designated to receive water and wastewater servicing. There have been several reasons why these allocations are made:

1. All Municipal services, with the exception of water, wastewater and stormwater require that the average 15-year service standard be calculated. This average service standard multiplied by growth in the Municipality, establishes an upper ceiling on the amount of funds that can be collected from all developing landowners. Section 4 (4) of O. Reg. 82/98 provides that "if a development charge by-law applies to a part of the municipality, the level of service and average level of service cannot exceed that which would be determined if the by-law applied to the whole municipality." Put in layman terms, the average service standard multiplied by the growth within the specific area would establish an area-specific ceiling which would significantly reduce the total revenue recoverable for the Municipality hence potentially resulting in D.C. revenue shortfalls and impacts on property taxes.
2. Expanding on item 1, attempting to impose an area charge potentially causes equity issues in transitioning from a Municipal-wide approach to an area-specific approach. For example, if all services were now built (and funded) within Area A (which is 75% built out) and this was funded with some revenues from Areas B and C, moving to an area-rating approach would see Area A contribute no funds to the costs of services in Areas B and C. The D.C.s would be lower in Area A (as all services are now funded) and higher in Areas B and C. As well, funding shortfalls may then potentially encourage the municipality to provide less services to Areas B and C due to reduced revenue.
3. Many services provided (roads, parks and recreation facilities, etc.) are not restricted to one specific area and are often used by all residents. For example, arenas located in different parts of the Municipality will be used by residents from all areas depending on the programming of the facility (i.e., a public skate is available each night, but at a different arena; hence usage of any one facility at any given time is based on programming availability).



For the reasons noted above, it is recommended that Council continue the D.C. approach to calculate the charges on an urban area basis for water and wastewater.

7.5 Other Recommendations

It is recommended that Council:

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development or new development, as applicable;”

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies and other contributions;”

“Continue the D.C. approach to calculate the charges on an urban-area basis for water and wastewater services;”

“Approve the capital project listing set out in Chapter 5 of the D.C.s Background Study dated January 18, 2024, subject to further annual review during the capital budget process;”

“Approve the D.C.s Background Study dated January 18, 2024;”

“Determine that no further public meeting is required;” and

“Approve the D.C. By-law as set out in Appendix E.”



Chapter 8

By-law Implementation



8. By-law Implementation

8.1 Public Consultation Process

8.1.1 Introduction

This chapter addresses the mandatory, formal public consultation process (section 8.1.2), as well as the optional, informal consultation process (section 8.1.3). The latter is designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Section 8.2 addresses the anticipated impact of the D.C. on development from a generic viewpoint.

8.1.2 Public Meeting of Council

Section 12 of the D.C.A. indicates that before passing a D.C. by-law, Council must hold at least one public meeting, giving at least 20 clear days' notice thereof, in accordance with the Regulation. Council must also ensure that the proposed by-law and background report are made available to the public at least two weeks prior to the (first) meeting.

Any person who attends such a meeting may make representations related to the proposed by-law.

If a proposed by-law is changed following such a meeting, Council must determine whether a further meeting (under this section) is necessary (i.e., if the proposed by-law which is proposed for adoption has been changed in any respect, Council should formally consider whether an additional public meeting is required, incorporating this determination as part of the final by-law or associated resolution. It is noted that Council's decision, once made, is final and not subject to review by a Court or the Ontario Land Tribunal (OLT) (formerly the Local Planning Appeal Tribunal (LPAT)).

8.1.3 Other Consultation Activity

There are three broad groupings of the public who are generally the most concerned with municipal D.C. policy:

1. The first grouping is the residential development community, consisting of land developers and builders, who are typically responsible for generating the majority



of the D.C. revenues. Others, such as realtors, are directly impacted by D.C. policy. They are, therefore, potentially interested in all aspects of the charge, particularly the quantum by unit type, projects to be funded by the D.C. and the timing thereof, and municipal policy with respect to development agreements, D.C. credits and front-ending requirements.

2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public policy.
3. The third grouping is the industrial/commercial/institutional development sector, consisting of land developers and major owners or organizations with significant construction plans, such as hotels, entertainment complexes, shopping centres, offices, industrial buildings, and institutions. Also involved are organizations such as Industry Associations, the Chamber of Commerce, the Board of Trade, and the Economic Development Agencies, who are all potentially interested in municipal D.C. policy. Their primary concern is frequently with the quantum of the charge, G.F.A. exclusions such as basements, mechanical or indoor parking areas, or exemptions and phase-in or capping provisions in order to moderate the impact.

8.2 Anticipated Impact of the Charge on Development

The establishment of sound D.C. policy often requires the achievement of an acceptable balance between two competing realities. The first is that high non-residential D.C.s can, to some degree, represent a barrier to increased economic activity and sustained industrial/commercial growth, particularly for capital intensive uses. Also, in many cases, increased residential D.C.s can ultimately be expected to be recovered via housing prices and can impact project feasibility in some cases (e.g., rental apartments).

On the other hand, D.C.s or other municipal capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment, and wealth generation.



8.3 Implementation Requirements

8.3.1 Introduction

Once the Municipality has calculated the charge, prepared the complete background study, carried out the public process and passed a new by-law, the emphasis shifts to implementation matters. These include notices, potential appeals and complaints, credits, front-ending agreements, subdivision agreement conditions and finally the collection of revenues and funding of projects.

The sections that follow present an overview of the requirements in each case.

8.3.2 Notice of Passage

In accordance with section 13 of the D.C.A., when a D.C. by-law is passed, the Municipal Clerk shall give written notice of the passing and of the last day for appealing the by-law (the day that is 40 days after the day it was passed). Such notice must be given no later than 20 days after the day the by-law is passed (i.e., as of the day of newspaper publication or the mailing of the notice).

Section 10 of O. Reg. 82/98 further defines the notice requirements which are summarized as follows:

- notice may be given by publication in a newspaper which is (in the Clerk's opinion) of sufficient circulation to give the public reasonable notice, or by personal service, fax, or mail to every owner of land in the area to which the by-law relates;
- subsection 10 (4) lists the persons/organizations who must be given notice; and
- subsection 10 (5) lists the eight items that the notice must cover.

8.3.3 By-law Pamphlet

In addition to the "notice" information, the Municipality must prepare a "pamphlet" explaining each D.C. by-law in force, setting out:

- a description of the general purpose of the D.C.s;



- the “rules” for determining if a charge is payable in a particular case and for determining the amount of the charge;
- the services to which the D.C.s relate; and
- a description of the general purpose of the Treasurer’s statement and where it may be received by the public.

Where a by-law is not appealed to the OLT, the pamphlet must be readied within 60 days after the by-law comes into force. Later dates apply to appealed by-laws.

The Municipality must give one copy of the most recent pamphlet without charge, to any person who requests one.

8.3.4 Appeals

Sections 13 to 19 of the D.C.A. set out the requirements relative to making and processing a D.C. by-law appeal and OLT hearing in response to an appeal. Any person or organization may appeal a D.C. by-law to the OLT by filing a notice of appeal with the Municipal Clerk, setting out the objection to the by-law and the reasons supporting the objection. This must be done by the last day for appealing the by-law, which is 40 days after the by-law is passed.

The Municipality is conducting a public consultation process in order to address the issues that come forward as part of that process, thereby avoiding or reducing the need for an appeal to be made.

8.3.5 Complaints

A person required to pay a D.C., or his agent, may complain to the Municipal Council imposing the charge that:

- the amount of the charge was incorrectly determined;
- the reduction to be used against the D.C. was incorrectly determined; or
- there was an error in the application of the D.C.



Sections 20 to 25 of the D.C.A. set out the requirements that exist, including the fact that a complaint may not be made later than 90 days after a D.C. (or any part of it) is payable. A complainant may appeal the decision of Municipal Council to the OLT.

8.3.6 Credits

Sections 38 to 41 of the D.C.A. set out a number of credit requirements, which apply where a municipality agrees to allow a person to perform work in the future that relates to a service in the D.C. by-law.

These credits would be used to reduce the amount of D.C.s to be paid. The value of the credit is limited to the reasonable cost of the work which does not exceed the average level of service. The credit applies only to the service to which the work relates unless the municipality agrees to expand the credit to other services for which a D.C. is payable.

8.3.7 Front-Ending Agreements

The Municipality and one or more landowners may enter into a front-ending agreement that provides for the costs of a project that will benefit an area in the Municipality to which the D.C. by-law applies. Such an agreement can provide for the costs to be borne by one or more parties to the agreement who are, in turn, reimbursed in future by persons who develop land defined in the agreement.

Part III of the D.C.A. (sections 44 to 58) addresses front-ending agreements and removes some of the obstacles to their use which were contained in the *Development Charges Act*, 1989. Accordingly, the Municipality assesses whether this mechanism is appropriate for its use, as part of funding projects prior to Municipal funds being available.

8.3.8 Severance and Subdivision Agreement Conditions

Section 59 of the D.C.A. prevents a municipality from imposing directly or indirectly, a charge related to development or a requirement to construct a service related to development, by way of a condition or agreement under section 51 or section 53 of the *Planning Act*, except for:



- “local services, related to a plan of subdivision or within the area to which the plan relates, to be installed or paid for by the owner as a condition of approval under section 51 of the *Planning Act*,” and
- “local services to be installed or paid for by the owner as a condition of approval under section 53 of the *Planning Act*.”

It is also noted that subsection 59 (4) of the D.C.A. requires that the municipal approval authority for a draft plan of subdivision under subsection 51 (31) of the *Planning Act*, use its power to impose conditions to ensure that the first purchaser of newly subdivided land is informed of all the D.C.s related to the development, at the time the land is transferred.

In this regard, if the municipality in question is a commenting agency, in order to comply with subsection 59 (4) of the D.C.A. it would need to provide to the approval authority information regarding the applicable municipal D.C.s related to the site.

If the Municipality is an approval authority for the purposes of section 51 of the *Planning Act*, it would be responsible to ensure that it collects information from all entities that can impose a D.C.

The most effective way to ensure that purchasers are aware of this condition would be to require it as a provision in a registered subdivision agreement, so that any purchaser of the property would be aware of the charges at the time the title was searched prior to closing a transaction conveying the lands.



Appendices



Appendix A

Long-Term Capital and Operating Cost Examination



Appendix A: Long-Term Capital and Operating Cost Examination

Municipality of Chatham-Kent

Annual Capital and Operating Cost Impact

As a requirement of the *Development Charges Act, 1997*, as amended, under subsection 10 (2) (c), an analysis must be undertaken to assess the long-term capital and operating cost impacts for the capital infrastructure projects identified within the development charge. As part of this analysis, it was deemed necessary to isolate the incremental operating expenditures directly associated with these capital projects, factor in cost savings attributable to economies of scale or cost sharing where applicable and prorate the cost on a per unit basis (i.e., sq.ft. of building space, per vehicle, etc.). This was undertaken through a review of the Municipality's approved 2022 Financial Information Return (F.I.R.).

In addition to the operational impacts, over time the initial capital projects will require replacement. This replacement of capital is often referred to as lifecycle cost. By definition, lifecycle costs are all the costs which are incurred during the life of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The method selected for lifecycle costing is the sinking fund method which provides that money will be contributed annually and invested, so that those funds will grow over time to equal the amount required for future replacement. The following factors were utilized to calculate the annual replacement cost of the capital projects (annual contribution = factor X capital asset cost) and are based on an annual growth rate of 2% (net of inflation) over the average useful life of the asset:



Table A-1
Municipality of Chatham-Kent
Lifecycle Cost Factors and Average Useful Lives

Asset	Lifecycle Cost Factors	
	Average Useful Life	Factor
Water and Wastewater Facilities	40	0.016555748
Water and Wastewater Linear Assets	80	0.005160705

Table A-2 depicts the annual operating impact resulting from the proposed gross capital projects at the time they are all in place. It is important to note that, while program expenditures will increase with growth in population, the costs associated with the new infrastructure (i.e., facilities) would be delayed until the time these works are in place.

Table A-2
Municipality of Chatham-Kent
Operating and Capital Expenditure Impacts for Future Capital Expenditures

SERVICE/CLASS OF SERVICE	GROSS COST LESS BENEFIT TO EXISTING	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Wastewater Services				
1.1 Treatment plants & Sewers	43,703,600	1,488,393	4,291,195	5,779,588
2. Water Services				
2.1 Treatment, storage and distribution systems	374,097,500	12,637,540	5,549,636	18,187,176
Total	417,801,100	14,125,933	9,840,831	23,966,764



Appendix B

D.C. Reserve Fund Policy



Appendix B: D.C. Reserve Fund Policy

B.1 Legislative Requirements

The *Development Charges Act, 1997*, as amended (D.C.A.) requires development charge (D.C.) collections (and associated interest) to be placed in separate reserve funds. Sections 33 through 36 of the D.C.A. provide the following regarding reserve fund establishment and use:

- A municipality shall establish a reserve fund for each service to which the D.C. by-law relates; subsection 7 (1), however, allows services to be grouped into categories of services for reserve fund (and credit) purposes and for classes of services to be established.
- The municipality shall pay each D.C. it collects into a reserve fund or funds to which the charge relates.
- The money in a reserve fund shall be spent only for the “capital costs” determined through the legislated calculation process (as per subsection 5 (1) 2 to 8).
- Money may be borrowed from the fund but must be paid back with interest (O. Reg. 82/98, subsection 11 (1) defines this as Bank of Canada rate either on the day the by-law comes into force or, if specified in the by-law, the first business day of each quarter).
- D.C. reserve funds may not be consolidated with other municipal reserve funds for investment purposes and may only be used as an interim financing source for capital undertakings for which D.C.s may be spent (section 37).

Annually, the Treasurer of the municipality is required to provide Council with a financial statement related to the D.C. by-law(s) and reserve funds. This statement must be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing.

Subsection 43 (2) and O. Reg. 82/98 prescribe the information that must be included in the Treasurer’s statement, as follows:

- opening balance;
- closing balance;



- description of each service and/or service category for which the reserve fund was established (including a list of services within a service category);
- transactions for the year (e.g. collections, draws) including each asset's capital costs to be funded from the D.C. reserve fund and the manner for funding the capital costs not funded under the D.C. by-law (i.e. non-D.C. recoverable cost share and post-period D.C. recoverable cost share);
- for projects financed by D.C.s, the amount spent on the project from the D.C. reserve fund and the amount and source of any other monies spent on the project;
- amounts borrowed, purpose of the borrowing, and interest accrued during previous year;
- amount and source of money used by the municipality to repay municipal obligations to the D.C. reserve fund;
- list of credits by service or service category (outstanding at the beginning of the year, given in the year, and outstanding at the end of the year by the holder);
- for credits granted under section 14 of the previous D.C.A., a schedule identifying the value of credits recognized by the municipality, the service to which it applies and the source of funding used to finance the credit; and
- a statement as to compliance with subsection 59 (1) of the D.C.A., whereby the municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the D.C.A. or another Act.

Recent changes arising from Bill 109 (More Homes for Everyone Act, 2022) provide that the Council shall make the statement available to the public by posting the statement on the website or, if there is no such website, in the municipal office. In addition, Bill 109 introduced the following requirements which shall be included in the treasurer's statement.

- For each service for which a development charge is collected during the year
 - whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law, and
 - if the answer to subparagraph i is no, the amount the municipality now expects to incur and a statement as to why this amount is expected;



- For any service for which a development charge was collected during the year but in respect of which no money from a reserve fund was spent during the year, a statement as to why there was no spending during the year.

Additionally, as per subsection 35(3) of the D.C.A.:

35(3) If a service is prescribed for the purposes of this subsection, beginning in the first calendar year that commences after the service is prescribed and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the prescribed service at the beginning of the year.

The services currently prescribed are water, wastewater, and services related to a highway. Therefore, as of 2023, a municipality shall spend or allocate at least 60 percent of the monies in the reserve fund at the beginning of the year. There are generally two (2) ways in which a municipality may approach this requirement:

- a) Include a schedule as part of the annual treasurer's statement; or
- b) Incorporate the information into the annual budgeting process.

Based upon the above, Figure 1 and Attachments 1 and 2, set out the format for which annual reporting to Council should be provided. Attachment 3 provides for the schedule for allocating reserve fund balances to projects.

B.2 D.C. Reserve Fund Application

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 7 of subsection 5(1).”

This provision clearly establishes that reserve funds collected for a specific service are only to be used for that service, or to be used as a source of interim financing of capital undertakings for which a D.C. may be spent.



Figure B-1
Sample Annual Treasurer's Statement of Development Charge Reserve Funds

Description	Service		Total
	Water Services	Wastewater Services	
Opening Balance, January 1, _____			0
<u>Plus:</u>			
Development Charge Collections			0
Accrued Interest			0
Repayment of Monies Borrowed from Fund and Associated Interest ¹			0
Sub-Total	0	0	0
<u>Less:</u>			
Amount Transferred to Capital (or Other) Funds ²			0
Amounts Refunded			0
Amounts Loaned to Other D.C. Service Category for Interim Financing			0
Credits ³			0
Sub-Total	0	0	0
Closing Balance, December 31, _____	0	0	0

¹ Source of funds used to repay the D.C. reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act*, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service



Figure B-2a
Attachment 1
Sample Annual Treasurer's Statement of Development Charge Reserve Funds
Amount Transferred to Capital (or Other) Funds – Capital Fund Transactions

Capital Fund Transactions	Gross Capital Cost	D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
Water Services											
Capital Cost A											
Capital Cost B											
Capital Cost C											
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater Services											
Capital Cost D											
Capital Cost E											
Capital Cost F											
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Figure B-2b
Attachment 1
Sample Annual Treasurer's Statement of Development Charge Reserve Funds
Amount Transferred to Capital (or Other) Funds – Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
<u>Water Services</u>									
Capital Cost J									
Capital Cost K									
Capital Cost L									
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
<u>Wastewater Services</u>									
Capital Cost M									
Capital Cost N									
Capital Cost O									
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0		\$0	\$0	



Figure B-3
Attachment 2
Sample Annual Treasurer's Statement of Development Charge Reserve Funds
Statement of Credit Holder Transactions

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year _____	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year _____
Credit Holder A					
Credit Holder B					
Credit Holder C					
Credit Holder D					
Credit Holder E					
Credit Holder F					



Figure B-4
Attachment 3
Sample Annual Treasurer's Statement of Development Charge Reserve Funds
Statement of Reserve Fund Balance Allocations

Service:	Water
Balance in Reserve Fund at Beginning of Year:	
60% of Balance to be Allocated (at a minimum):	

Projects to Which Funds Will be Allocated

Project Description	Project Number	Total Growth-related Capital Cost Remaining to be Funded	Share of Growth-related Cost Allocated to Date	Share of Growth-related Cost Allocated - Current Year
Total		\$0	\$0	\$0

Service:	Wastewater
Balance in Reserve Fund at Beginning of Year:	
60% of Balance to be Allocated (at a minimum):	

Projects to Which Funds Will be Allocated

Project Description	Project Number	Total Growth-related Capital Cost Remaining to be Funded	Share of Growth-related Cost Allocated to Date	Share of Growth-related Cost Allocated - Current Year
Total		\$0	\$0	\$0



Appendix C

Local Service Policy



Appendix C: Local Service Policy

This Appendix sets out the Municipality's General Policy Guidelines on Development Charges (D.C.) and local service funding for Services Related to a Highway, Parkland Development, Water, Wastewater, and Stormwater Management Works. The guidelines outline, in general terms, the size and nature of engineered infrastructure that is considered as a local service, to be emplaced separately by landowners, pursuant to a development agreement.

The following policy guidelines are general principles by which staff will be guided in considering development applications. Each application will be considered, however, in the context of these policy guidelines and subsection 59 (2) of the *Development Charges Act, 1997*, S.O. 1997, c. 27 (D.C.A.), on its own merits having regard to, among other factors, the nature, type and location of the development and any existing and proposed development in the surrounding area, as well as the location and type of services required and their relationship to the proposed development and to existing and proposed development in the area.

A. SERVICES RELATED TO A HIGHWAY

A highway and services related to a highway are intended for the transportation of people and goods via many different modes including, but not limited to passenger automobiles, commercial vehicles, transit vehicles, bicycles and pedestrians. The highway shall consist of all land and associated infrastructure built to support (or service) this movement of people and goods regardless of the mode of transportation employed, thereby achieving a complete street. A complete street is the concept whereby a highway is planned, designed, operated and maintained to enable pedestrians, cyclists, public transit users and motorists to safely and comfortably be moved, thereby allowing for the efficient movement of persons and goods.

The associated infrastructure to achieve this concept shall include, but is not limited to: road pavement structure and curbs; grade separation/bridge structures (for any vehicles, railways and/or pedestrians); grading, drainage and retaining wall features; culvert structures; storm water drainage systems; traffic control systems and pedestrian crossover systems; active transportation facilities (e.g. sidewalks, multi-use trails, cycle facilities, bike lanes etc.); transit lanes, stops and amenities; roadway illumination systems; boulevard and median surfaces (e.g. sod & topsoil, paving, etc.); street trees



including support systems and landscaping/streetscaping; parking lanes and driveway entrances; noise attenuation systems; railings and safety barriers.

For the purpose of interpreting this guideline the following meanings will be used.

Local roads – The primary function of these roads is to provide direct access to adjacent lands and provide for on-street parking. Through vehicular movements are discouraged by the design and traffic control measures. Right-of-way widths are generally 20 metres.

Collector roads - These roads are intended to serve both through and land-access functions in relatively equal proportions. Collector roads are subdivided into urban and rural categories. Right-of-way widths generally range from 22 metres to 24 metres.

Arterial roads – These roads primarily provide service for through-traffic movement. Although some land-access service may be accommodated off arterial roads, it is clearly a minor function. Roadway design and traffic controls are intended to provide efficient through movement. Arterial roads are subdivided into urban and rural categories. Right-of-way widths range from 26 metres to 30 metres depending on the type of arterial road.

1. Local and Collector Roads (Including Land)

- a) All Roads, other than those designated as Arterial Roads within the Municipality's Official Plan, inclusive of all land and associated infrastructure related to or within the area needed to support development or required to link with the area to which the plan relates: direct developer responsibility under section 59 of the D.C.A. as a local service.
- b) The Municipality may require the development to upgrade the Collector Road to an Arterial standard to which the Municipality will compensate the developer for the incremental cost of this upgrade.

2. Land Acquisition for Road Allowances

- a) Land acquisition for roads to normal dedication requirements will be a dedication where possible, under the *Planning Act* provisions (section 41, section 51, and section 53) for development lands. Affected areas



outside the development lands with limited or no development will be included in the development charge calculations to the extent eligible.

3. Traffic Control Systems, Signals and Intersection Improvements on Area Municipal Highways

- a) On New Arterial Roads and Arterial Road Improvements unrelated to a specific development or the area to which it relates, these capital works will be funded by the Municipality.
- b) On Arterial and Non-Arterial roads, capital works related to Private Site Entrances or Entrances to Specific Developments or the area to which it relates will be a direct developer responsibility under section 59 of the D.C.A. as a local service.

4. Streetlights

- a) Streetlights on new arterial roads and arterial road Improvements: considered part of the complete street and included as part of services related to a highway funded by the Municipality.
- b) Streetlights on non-arterial roads Internal to development: Considered part of the complete street and direct developer responsibility under section 59 of the D.C.A. as a local service.
- c) Streetlights on non-arterial roads external to development related to or within the area needed to support the development or required to link with the area to which the plan relates: Considered part of the complete street and direct developer responsibility under section 59 of the D.C.A. as a local service.

5. Transportation Related to Pedestrian and Cycling Facilities

- a) Multi-use trails, cycle facilities, and bike lanes, inclusive of all associated infrastructure, located within arterial road and provincial highway corridors: Considered part of the complete street and will be funded by the Municipality.



- b) Multi-use trails, cycle facilities, and bike lanes, inclusive of all associated infrastructure, located within or linking to non-arterial corridors, park blocks or key destination points internal to development: Considered part of the complete street and direct developer responsibility under section 59 of the D.C.A. as a local service.
- c) Multi-use trails, cycle facilities, and bike lanes, inclusive of all associated infrastructure, located within non-arterial road corridors external to development related to or within the area needed to support the development or required to link with the area to which the plan relates: Direct developer responsibility under section 59 of the D.C.A. as a local service.
- d) Multi-use trails, cycle facilities and bike lanes (not associated with a complete street) inclusive of all land and associated infrastructure, that extends beyond the function of a (parkland) recreational trail and forms part of the Municipality's active transportation network for cycling and/or walking: Will be funded by the Municipality.

6. Noise Abatement Measures

- a) External and Internal to Development where it is a requirement of or related to, or within the area needed to support the development: Direct developer responsibility under section 59 of the D.C.A. as a local service.
- b) As a requirement to mitigate noise impacts due to:
 - i) new arterial roads
 - ii) arterial road Improvements (e.g., widening)
 - iii) increased traffic growth on arterial roads unrelated to a specific development and excluding noise abatement measures imposed as a condition of development approval: Included as part of Services related to a Highway and will be funded by the Municipality.



7. Transit Nodes, Terminals, and Bus Stop Infrastructure

- a) Transit infrastructure and amenities (such as shelters and bays) located within municipal arterial corridors and including transit stations or terminals located on lands to serve these road corridors: Considered part of the complete street and funded by the Municipality.
- b) Transit node and bus stop infrastructure and amenities (such as shelters and bays) located within non-arterial road corridors internal to development: Considered part of the complete street and direct developer responsibility under section 59 of the D.C.A. as a local service.

8. Recreational Trails (Not Within the Road Allowance)

- a) Bike paths/multi-use trails/naturalized walkways external to the development will be included in area municipal development charges, consistent with the service standard provisions of the *Development Charges Act*, subsection 5 (1).
- b) Bike paths/multi-use trails/naturalized walkways internal to the development will be a direct developer responsibility under section 59 of the *Development Charges Act* as a local service.

B. PARKLAND DEVELOPMENT

1. Parkland

- a) Parkland Development for Municipal Parks, Community Parks, Neighbourhood Parks and Parkettes: direct developer responsibility to provide at base condition, as follows:
 - Clearing and grubbing. Tree removals as per the subdivision's tree preservation and removals plan.
 - Topsoil Stripping, screening, and stockpiling.
 - Rough grading (pre-grading) to allow for positive drainage of the Park, with minimum slopes of 2%. If necessary, this may include some minor drainage tile work and grading as per the



overall subdivision grading design complete with any required swales or catch basins. Runoff from the development property shall not drain into the park unless approved by the General Manager, Infrastructure & Engineering Services.

- Spreading of topsoil to 150 mm depth (import topsoil if existing on-site is insufficient to reach required depth).
 - Seeding of site with Municipality-approved seed mix. Maintenance of seed until acceptance by Municipality.
 - Parks shall be free of any contaminated soil or subsoil.
 - Parks shall not be mined for fill.
 - Parks shall be conveyed free and clear of all encumbrances.
 - 100% of 1.5 m chain link perimeter fencing to the Municipal standards to separate the development lands from the Municipal lands or lands to be dedicated to the Municipality, unless the perimeter fencing is on land that will be dedicated to the Municipality to fulfil the requirement of parkland dedication under the Planning Act, in which case the cost shall be shared 50/50.
 - When Park parcels cannot be developed in a timely manner, they shall be graded to ensure positive drainage and seeded to minimize erosion and dust. These shall be maintained by the developer until construction commences thereon.
 - The Park block shall not be used for topsoil or other construction material, equipment storage, or sales pavilions.
 - Required heritage features within the Park as set out within the Planning approval conditions.
- b) Program facilities, amenities, and furniture, within parkland: included in the D.C. calculations.

2. Landscape Buffer Blocks, Features, Cul-de-sac Islands, Berms

- a) The cost of developing all landscape buffer blocks, landscape features, cul-de- sac islands, berms grade transition areas, walkway connections to adjacent arterial roads, open space and other remnant pieces of land conveyed to the Municipality shall be a direct developer



responsibility as a local service under section 59 of the D.C.A. Such costs include but are not limited to:

- pre-grading, sodding or seeding, supply and installation of amended topsoil, (to the Municipality's required depth), landscape features, perimeter fencing and amenities and all planting.
- Perimeter fencing to the Municipality standard located on the public property side of the property line adjacent land uses (residential, industrial, commercial) as required by the Municipality.

3. Natural Heritage System (N.H.S.)

N.H.S. includes engineered and in situ stream corridors, natural buffers for woodlots, wetland remnants, etc., as well as subwatersheds within the boundaries of the Municipality.

Direct developer responsibility as a local service provision including but not limited to the following:

- a) Riparian planting and landscaping requirements (as required by the Municipality, Conservation Authority or other authorities having jurisdiction) as a result of creation of, or construction within in the N.H.S. and associated buffers.
- b) Perimeter fencing of the N.H.S. to the Municipal standard located on the public property side of the property line adjacent land uses (residential, industrial, commercial) as required by the Municipality.
- c) All works to be in conformance with the Municipality's "Restoration Framework" for stream corridors, natural buffers and subwatersheds areas as directed by the approved studies and reports related to the Secondary Plan that development occurs in.

C. STORM WATER MANAGEMENT

1. Storm Sewer systems and drainage works that are required, related to, or within the area needed to support the development, either internal or external to the



area to which the plan relates: Direct developer responsibility under section 59 of the D.C.A. as a local service.

2. Storm Water facility for quality and/or quantity management:
 - a) inclusive of land and all associated infrastructure, such as landscaping and perimeter fencing: Direct developer responsibility under section 59 of the D.C.A. as a local service.
 - b) the over-sizing cost of a facility's capacity, excluding land, to accommodate runoff from new, widened, extended or upgraded arterial roadways that are included in the D.C.: Included as part of Services related to a Highway funded by the Municipality.
3. Erosion works, inclusive of all restoration requirements, related to, or within the area needed to support the development: Direct developer responsibility under section 59 of the D.C.A. as a local service.

D. WATER AND WASTEWATER

1. Underground services (linear infrastructure for water, and sanitary services) within the road allowance are not included in the cost of road infrastructure and are treated separately. The responsibility for such services as well as pumping stations, which are undertaken as part of new developments or redevelopments, will be determined by the following principles:
 - a) The costs of the following items shall be direct developer responsibilities as a local service:
 - i) providing all underground services internal to the development, including water and sanitary services;
 - ii) providing service connections from existing underground services to the development;
 - iii) providing new underground services or upgrading existing underground services external to the development if the services are required to service the development, and if the pipe sizes do not exceed 300 mm for water and sanitary



services. If external services are required by two or more developments, the developer for the first development will be responsible for the cost of the external services and may enter into front-ending/cost-sharing agreements with other developers independent of the Municipality;

- iv) providing other facilities required by the development including all associated features such as landscaping and fencing;
- v) water booster pumping stations, reservoir pumping stations and/or sanitary pumping stations serving individual developments; and
- vi) existing water booster pumping stations, reservoir pumping station and/or sanitary pumping station which require upsizing as a result of a development, shall be upgraded at the expense of the developing landowner.

b) The costs of the following items shall be paid through development charges:

- i) external underground services involving trunk infrastructure and pipe sizes exceeding 300 mm for water and sanitary services;
- ii) water, reservoir and/or sanitary pumping stations not required for the individual development;
- iii) Water treatment, storage facilities, transmission mains, re-chlorination/sampling stations and wells associated with municipal service areas to be included within the D.C.; and
- iv) Wastewater treatment plants and transmission mains associated with municipal service areas shall be included in the D.C



Appendix D

Asset Management Plan



Appendix D: Asset Management Plan

The recent changes to the Development Charges Act, 1997, as amended (D.C.A.) (new subsection 10 (2) (c.2)) require that the background study must include an asset management plan (A.M.P.) related to new infrastructure. Section 10 (3) of the D.C.A. provides:

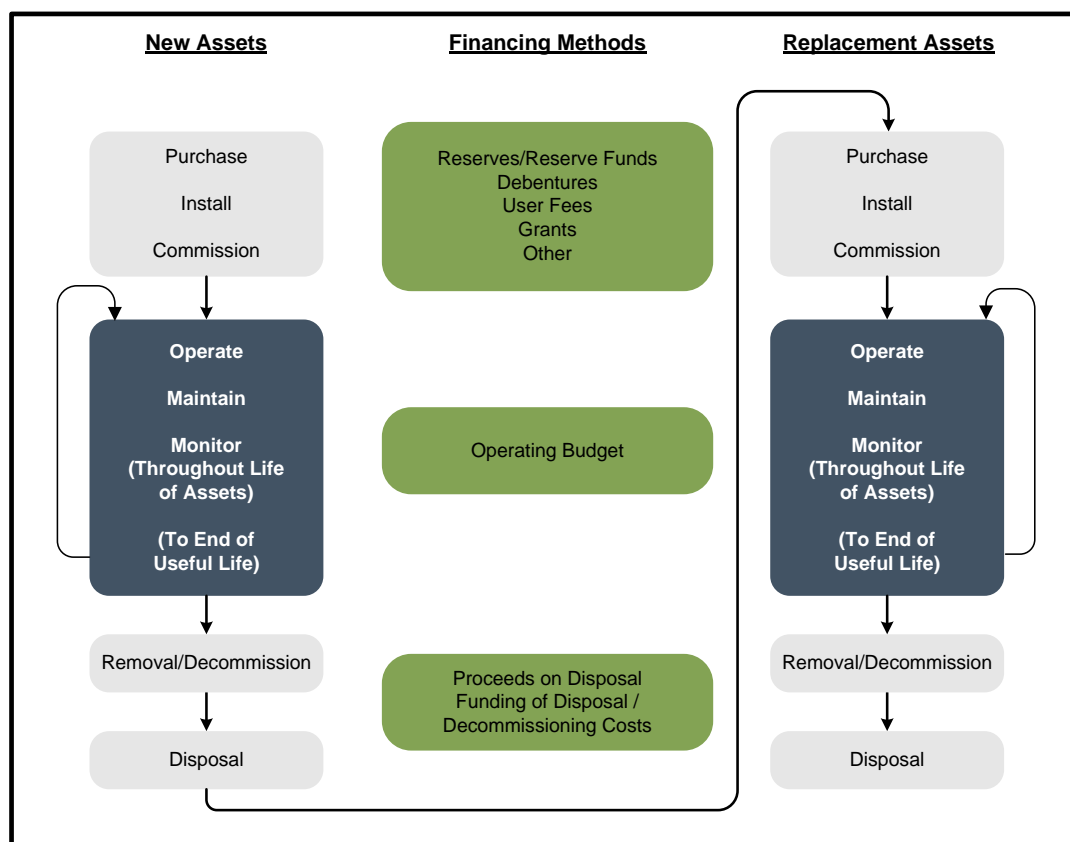
“The asset management plan shall,

- (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;
- (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;
- (c) contain any other information that is prescribed; and
- (d) be prepared in the prescribed manner.”

In regard to the above, section 8 of the regulations was amended to include subsections (2), (3), and (4) which set out specific detailed requirements for transit (only). For all services except transit, there are no prescribed requirements at this time, thus requiring the municipality to define the approach to include in the background study.

At a broad level, the A.M.P. provides for the long-term investment in an asset over its entire useful life along with the funding. The schematic below identifies the costs for an asset throughout its entire lifecycle. For growth-related works, the majority of capital costs will be funded by the D.C. Non-growth-related expenditures will then be funded from non-D.C. revenues as noted below. During the useful life of the asset, there will be minor maintenance costs to extend the life of the asset along with additional program-related expenditures to provide the full services to the residents. At the end of the life of the asset, it will be replaced by non-D.C. financing sources.

It should be noted that with the recent passing of the *Infrastructure for Jobs and Prosperity Act* (I.J.P.A.) municipalities are now required to complete A.M.P.s, based on certain criteria, which are to be completed by 2022 for core municipal services and 2024 for all other services. The amendments to the D.C.A. do not require municipalities to complete these A.M.P.s (required under I.J.P.A.) for the D.C. background study, rather the D.C.A. requires that the D.C. background study include information to show the assets to be funded by the D.C. are sustainable over their full lifecycle.



In 2012, the Province developed Building Together: Guide for municipal asset management plans which outlines the key elements for an A.M.P., as follows:

State of local infrastructure: asset types, quantities, age, condition, financial accounting valuation and replacement cost valuation.

Desired levels of service: defines levels of service through performance measures and discusses any external trends or issues that may affect expected levels of service or the municipality's ability to meet them (for example, new accessibility standards, climate change impacts).

Asset management strategy: the asset management strategy is the set of planned actions that will seek to generate the desired levels of service in a sustainable way, while managing risk, at the lowest lifecycle cost.

Financing strategy: having a financial plan is critical for putting an A.M.P. into action. By having a strong financial plan, municipalities can also demonstrate that they have



made a concerted effort to integrate the A.M.P. with financial planning and municipal budgeting and are making full use of all available infrastructure financing tools.

Commensurate with the above, the Municipality prepared an A.M.P. in 2022 for its existing assets; however, it did not take into account future growth-related assets for all services included in the D.C. calculations. As a result, the asset management requirement for the D.C. must be undertaken in the absence of this information.

In recognition to the schematic above, the following table (presented in 2024 \$) has been developed to provide the annualized expenditures and revenues associated with new growth. Note that the D.C.A. does not require an analysis of the non-D.C. capital needs or their associated operating costs so these are omitted from the table below. As well, as all capital costs included in the D.C.-eligible capital costs are not included in the Municipality's A.M.P., the present infrastructure gap and associated funding plan have not been considered at this time. Hence the following does not represent a fiscal impact assessment (including future tax/rate increases) but provides insight into the potential affordability of the new assets:

1. The non-D.C. recoverable portion of the projects that will require financing from municipal financial resources (i.e., taxation, rates, fees, etc.). This amount has been presented on an annual debt charge amount based on 20-year financing.
2. Lifecycle costs for the 2024 D.C. capital works have been presented based on a sinking fund basis. The assets have been considered over their estimated useful lives.
3. Incremental operating costs for the D.C. services (only) have been included.
4. The resultant total annualized expenditures are approximately \$49.24 million.
5. Consideration was given to the potential new taxation and user fee revenues which will be generated as a result of new growth. These revenues will be available to finance the expenditures above. The new operating revenues are approximately \$24.69 million. This amount, totalled with the existing operating revenues of approximately \$390.86 million, provides annual revenues of approximately \$415.56 million by the end of the period.



6. In consideration of the above, the capital plan is deemed to be financially sustainable.

Municipality of Chatham-Kent
Asset Management – Future Expenditures and Associated Revenues
2024\$

	Total
Expenditures (Annualized)	
Annual Debt Payment on Non-Growth Related Capital ¹	23,748,981
Annual Debt Payment on Post Period Capital ²	83,015
Lifecycle:	
Annual Lifecycle - Municipal-wide Services	\$15,571,814
Incremental Operating Costs (for D.C. Services)	\$9,840,831
Total Expenditures	\$ 49,244,642
Revenue (Annualized)	
Total Existing Revenue ³	\$390,864,061
Incremental Tax and Non-Tax Revenue (User Fees, Fines, Licences, etc.)	\$24,693,728
Total Revenues	\$415,557,789

¹ Non-Growth Related component of Projects

² Interim Debt Financing for Post Period Benefit

³ As per Sch. 10 of FIR



Appendix E

Proposed D.C. By-law



Appendix E: Proposed D.C. By-law

By-Law Number XX-2024

The Corporation of the Municipality of Chatham-Kent A By-law for the Imposition of Development Charges

Whereas the Corporation of the Municipality of Chatham-Kent will experience growth through development and re-development;

And Whereas development and re-development requires the provision of physical and social services by the Municipality of Chatham-Kent;

And Whereas Council desires to ensure that the capital cost of meeting growth- related demands for or burden on municipal services does not place an excessive financial burden on the Municipality of Chatham-Kent or its existing taxpayers while at the same time ensuring new taxpayers contribute no more than the net capital cost attributable to providing the current level of municipal services;

And Whereas the *Development Charges Act, 1997* (the "Act") provides that the Council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services;

And Whereas a development charge background study has been completed in accordance with the Act;

And Whereas the Council of The Corporation of the Municipality of Chatham- Kent has given notice of and held a public meeting on the 4th day of March 2024, in accordance with the Act and the regulations thereto;

Now Therefore the Council of The Corporation of the Municipality of Chatham-Kent enacts as follows:

1. Interpretation

1.1 In this By-law the following items shall have the corresponding meanings:

"Act" means the *Development Charges Act*, as amended, or any successor thereof;



"Accessory use" means where used to describe a use, building or structure, that the use, building or structure is naturally and normally incidental, subordinate in purpose of floor area or both, and exclusively devoted to a principal use, building or structure;

"Affordable Residential Unit" means a Dwelling Unit that meets the criteria set out in subsection 4.1(2) or 4.1(3) of the Act;

"Apartment unit" means any residential dwelling unit within a building containing three or more dwelling units where access to each residential unit is obtained through a common entrance or entrances from the street level and the residential units are connected by an interior corridor;

"Attainable Residential Unit" means a Dwelling Unit that meets the criteria set out in subsection 4.1(4) of the Act;

"bedroom" means a habitable room larger than seven square metres, including a den, study or other similar area, but does not include a living room, dining room or kitchen;

"benefiting area" means an area defined by a map, plan or legal description in a front-ending agreement as an area that will receive a benefit from the construction of a service;

"board of education" has the same meaning as set out in the *Education Act*, R.S.O. 1990, Chap. E.2, as amended, or any successor thereof;

"Building Code Act" means the *Building Code Act*, S.O. 1992, as amended, or any successor thereof;

"Bunk house" means a building accessory to a permitted agricultural use containing kitchen and bathroom facilities and sleeping accommodation in individual or combination rooms for workers directly employed by the permitted use;

"Cannabis/Marijuana facilities" means a building used, designed or intended for growth, producing, testing, destroying, storing or distribution, excluding retail sales, of medical marijuana or cannabis authorized by a license issued by the federal Minister of Health pursuant to section 25 of



the Marihuana for Medical Purposes Regulations, SOR/2013-119, under the Controlled Drugs and Substances Act, S.C. 1996, c.19;

"capital cost" means costs incurred or proposed to be incurred by the Municipality or a local board thereof directly or by others on behalf of and as authorized by the Municipality or local board,

- (a) to acquire land or an interest in land, including a leasehold interest,
- (b) to improve land,
- (c) to acquire, lease, construct or improve buildings and structures,
- (d) to acquire, construct or improve facilities, including:
 - (i) furniture and equipment other than computer equipment; and
 - (ii) material acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act*, R.S.O. 19990, Chap. P.44, as amended, or any successor thereof; and
 - (iii) rolling stock with an estimated useful life of seven years or more.

required for the provision of services designated in this By-law within or outside the Municipality, including interest on borrowing for those expenditures under clauses (a) to (d) above that are growth-related;

"commercial" means any non-residential development not defined under "institutional" or "industrial";

"Council" means the Council of the Municipality;

"development" means the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size of usability thereof, and includes redevelopment;



"development charge" means a charge imposed with respect to this By-law;

"dwelling unit" means any part of a building or structure used, designed or intended to be used as a domestic establishment in which one or more persons may sleep and are provided with culinary and sanitary facilities for their exclusive use;

"existing" means the number, use and size that existed as of the date this By-law was passed;

"farm building" means that part of a bona fide farming operation encompassing barns, silos and other ancillary development to an agricultural use, but excluding a residential use;

"grade" means the average level of finished ground adjoining a building or structure at all exterior walls;

"greenhouse" means a structure that is used for commercially growing plants in regulated temperatures, humidity and ventilation. A greenhouse is an immense heated building, also referred to as a hothouse or conservatory, covering acres of ground and used for growing fruits, vegetables or flowers;

"gross floor area" means:

- (a) in the case of a residential building or structure, the total area of all floors above grade of a dwelling unit measured between the outside surfaces of exterior walls or between the outside surfaces of exterior walls and the centre line of party walls dividing the dwelling unit from any other dwelling unit or other portion of a building; and
- (b) in the case of a non-residential building or structure, or in the case of a mixed-use building or structure with respect to the non-residential portion thereof, the total area of all building floors above or below grade measured between the outside surfaces of the exterior walls, or between the outside surfaces



of exterior walls and the centre line of party walls dividing a non-residential use and a residential use, except for:

- (i) a room or enclosed area within the building or structure above or below that is used exclusively for the accommodation of heating, cooling, ventilating, electrical, mechanical or telecommunications equipment that service the building;
- (ii) loading facilities above or below grade; and
- (iii) a part of the building or structure below grade that is used for the parking of motor vehicles or for storage or other accessory use;

"industrial" means lands, buildings or structures used or designed or intended for use for manufacturing, processing, fabricating or assembly of raw goods, warehousing or bulk storage of goods, and includes office uses and the sale of commodities to the general public where such uses are accessory to an industrial use, but does not include the sale of commodities to the general public through a warehouse club. The portion of a Cannabis/Marijuana facility not used for growing of the product will also be included in this category;

"institutional development" means development of a building or structure that meets the criteria set out in section 11.1(2) of O.Reg. 82/98 to the Act;

"interest rate" means the annual rate of interest as set out in section 26.3 of the Act;

"local board" means a local board as defined in the *Development Charges Act*;

"local services" means those services, facilities or things which are under the jurisdiction of the Municipality and are related to a plan of subdivision or within the area to which the plan relates with respect to the lands under sections 41, 51 or 53 of the *Planning Act*, R.S.O. 19990, Chap. P.13, as amended, or any successor thereof;



"mobile home" means any dwelling that is designed to be made mobile, and constructed or manufactured to provide a permanent residence for one or more persons, but does not include a travel trailer or tent trailer;

"multiple dwellings" means all dwellings other than single detached, semi-detached and apartment unit dwellings;

"Municipality" means the Corporation of the Municipality of Chatham-Kent;

"Non-profit housing development" means Development of a building or structure that meets the criteria set out in section 4.2 of the Act;

"non-residential use" means a building or structure of any kind whatsoever used, designed or intended to be used for other than a residential use and includes all commercial, industrial and institutional uses;

"owner" means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed;

"place of worship" means that part of a building or structure that is exempt from taxation as a place of worship under the *Assessment Act*, R.S.O. 1990, Chap. A.31, as amended, or any successor thereof; "regulation" means any regulation made pursuant to the Act;

"rental housing" means development of a building or structure with four (4) or more residential units all of which are intended for use as rented residential premises;

"residential use" means land or buildings or structures of any kind whatsoever used, designed or intended to be used as living accommodations for one or more individuals;

"retirement/nursing home dwelling" means a building containing two or more dwelling units which have a common entrance from street level, where the occupants have the right to use in common, halls, stairs, yards, common rooms and accessory buildings, which may or may not have exclusive sanitary and/or culinary facilities, that is designed to accommodate persons with specific needs, including independent



permanent living arrangements, where support services such as meal preparation, grocery shopping, laundry, housekeeping, nursing, respite care and attendant services are provided at various levels, and includes retirement homes and lodges, nursing homes, charitable homes, group homes (including correctional group homes) and hospices;

"Secondary dwelling unit" means a dwelling unit, whether contained within a proposed single detached dwelling or semi-detached dwelling, or ancillary to a single detached dwelling or a semi-detached dwelling including but not limited to a coach house, laneway suite or structure constructed above an existing garage or other structure separate from the primary dwelling unit, which comprises an area less than the gross floor area of the primary dwelling unit and is not capable of being legally conveyed as a separate parcel of land from the primary dwelling unit;

"semi-detached dwelling" means a dwelling unit in a residential building consisting of two dwelling units having one vertical wall or one horizontal wall, but not other parts, attached or another dwelling unit where the residential units are not connected by an interior corridor;

"service" (or "services") means a service designated in Schedule "A" to this By-law;

"servicing agreement" means an agreement between a landowner and the Municipality relative to the provision of municipal services to specified land within the Municipality;

"single detached dwelling unit" means a residential building consisting of one dwelling unit and not attached to another structure, including mobile homes; and

"Trailer" means any vehicle constructed to be attached and propelled by a motor vehicle and that is capable of being used by persons for living, sleeping or eating, even if the vehicle is jacked-up or its running gear is removed. Trailers include tent trailers or similar transportable accommodation, except a mobile home or park model trailer.

2. Designation of Services



- 2.1 The categories of services for which development charges are imposed under this By-law are as follows:
- (a) Water Services
 - (b) Wastewater Services
- 2.2 The components of the services designated in section 2.1 are described in Schedule A.

3. Application of By-law Rules

- 3.1 Development charges shall be payable in the amounts set out in this By-law where:
- (a) the lands are located in the area described in section 3.2; and
 - (b) the development of the lands requires any of the approvals set out in subsection 3.4(a).

Area to Which By-law Applies

- 3.2 Subject to section 3.3, this By-law applies to all lands in the Municipality of Chatham-Kent whether or not the land or use thereof is exempt from taxation under s.13 of the *Assessment Act*.
- 3.3 Notwithstanding clause 3.2 above, this By-law shall not apply to lands that are owned by and used for the purposes of:
- (a) a board as defined in section 1(1) of the *Education Act*;
 - (b) the Municipality of Chatham-Kent or a local board thereof;
 - (c) 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.



Approvals for Development

- 3.4 (a) Development charges shall be imposed on all lands, buildings or structures that are developed for residential or non-residential uses if the development requires:
- (i) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
 - (ii) the approval of a minor variance under section 45 of the *Planning Act*,
 - (iii) a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
 - (iv) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (v) a consent under section 53 of the *Planning Act*;
 - (vi) 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
 - (vii) the issuing of a permit under the *Building Code Act* in relation to a building or structure.
- (b) No more than one development charge for each service designated in subsection 2.1 shall be imposed upon any lands, buildings or structures to which this By-law applies even though two or more of the actions described in subsection 3.4(a) are required before the lands, buildings or structures can be developed.
- (c) Despite subsection 3.4(b), if two or more of the actions described in subsection 3.4(a) occur at different times, additional development charges shall be imposed if the subsequent action has the effect of increasing the need for services.



Exemptions

3.5 Rules with Respect to Exemptions for Intensification of Existing or New Housing

- (a) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to:
 - (i) an enlargement to an existing Dwelling Unit;
 - (ii) the creation of additional Dwelling Units equal to the greater of one (1) or 1% of the existing Dwelling Units in an existing Residential rental building containing four (4) or more Dwelling Units or prescribed ancillary structure to the existing Residential building;
- (b) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to the creation of any of the following in existing Single Detached Dwellings, Semi-Detached Dwellings, Back-to-back Townhouse Dwellings or Stacked Townhouse Dwellings:
 - (i) A second Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if all buildings and structures ancillary to the existing Residential structure cumulatively contain no more than one (1) Dwelling Unit.
 - (ii) A third Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if no building or structure ancillary to the existing Residential structure contains any Dwelling Units.
 - (iii) One Dwelling Unit on a parcel of urban Residential land, if the existing structure contains no more than two (2) Dwelling Units and no other building or structure ancillary to the existing Residential structure contains any Dwelling Units.



- (c) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to the creation of any of the following in new Single Detached Dwellings, Semi-Detached Dwellings, Back-to-back Townhouse Dwellings or Stacked Townhouse Dwellings:
- (i) A second Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if all buildings and structures ancillary to the new Residential structure cumulatively will contain no more than one (1) Dwelling Unit.
 - (ii) A third Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if no building or structure ancillary to the new Residential structure contains any Dwelling Units.
 - (iii) One (1) Dwelling Unit in a building or structure ancillary to a new Residential structure on a parcel of urban Residential land, if the new Residential structure contains no more than two (2) Dwelling Units and no other building or structure ancillary to the new Residential structure contains any Dwelling Units.

3.6 Rules with Respect to Rental Units Reductions

- (a) Notwithstanding any other provision of this By-law, the Development Charges payable for Residential Development, where the Dwelling Units are intended for rented Residential Use, will be reduced based on the number of bedrooms in each Dwelling Unit, subject to Section 26.2(1.1) of the Act, as follows:
- (i) Three (3) or more Bedrooms – 25% reduction;
 - (ii) Two (2) Bedrooms – 20% reduction; and
 - (iii) Fewer than two (2) Bedrooms – 15% reduction

3.7 Exemption for Industrial Development:



- (1) Notwithstanding any other provision of this by-law, no development charge is payable with respect to an enlargement of the gross floor area of an existing industrial building where the gross floor area is enlarged by 50 percent or less.
- (2) If the gross floor area of an existing industrial building is enlarged by greater than 50 percent, the amount of the development charge payable in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
 - (a) determine the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement; and
 - (b) divide the amount determined under subsection (1) by the amount of the enlargement.

3.8 For the purpose of section 3.7 herein, "existing industrial building" is used as defined in the Regulation made pursuant to the Act.

3.9 Other Exemptions:

Notwithstanding the provision of this by-law, development charges shall not be imposed with respect to:

- the issuance of a building permit in accordance with section 2 (3) of the Act;
- a place of worship; and
- a college or university and student accommodation related directly to the college and/or university;
- Non-profit Residential Development.
- Affordable Residential Units required pursuant to section 34 and 16(4) of the Planning Act (Inclusionary Zoning).
- As of the date on which section 4.1 of the Act is proclaimed into force, the following shall be exempt from Development Charges:
 - Affordable Residential Units; and
 - Attainable Residential Units



Amount of Charges

Residential

- 3.10 (a) Subject to subsection 3.10 (b), the development charges set out in Schedule B shall be imposed on residential uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case of a mixed use building or structure, on the residential uses in the mixed use building or structure, according to the type of residential unit and calculated with respect to each of the services according to the type of residential use.
- (b) The following percentage of each service for residential uses, as provided in Schedule B, shall be imposed:

Service	Residential				
	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	80%	85%	90%	95%	100%
Water Services	80%	85%	90%	95%	100%

Non-Residential

Commercial/Institutional/Greenhouse Uses

- 3.11 (a) Subject to subsection 3.11 (b), the development charges set out in Schedule B shall be imposed on commercial/institutional/greenhouse uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case of a mixed-use building or structure, in accordance with section 3.14 of the By-law.
- (b) The following percentage each service for non-residential uses as provided in Schedule B, shall be imposed:



Service	Non-Residential - Commercial/Institutional/Greenhouse					
	Development Type	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	Commercial	80%	85%	90%	95%	100%
	Institutional	80%	85%	90%	95%	100%
	Greenhouses	80%	85%	90%	95%	100%
Water Services	Commercial	80%	85%	90%	95%	100%
	Institutional	80%	85%	90%	95%	100%
	Greenhouses	80%	85%	90%	95%	100%

Industrial Uses

- 3.12 (a) Subject to subsection 3.12 (b), the development charges set out in Schedule B shall be imposed on industrial uses of land, buildings or structures and in the case of a mixed-use building or structure, in accordance with section 3.14 of the By-law.
- (b) The following percentage of each service for industrial uses, as provided in Schedule B, shall be imposed:

Service	Non-Residential - Industrial				
	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	0%	0%	0%	0%	0%
Water Services	0%	0%	0%	0%	0%

Reduction of Development Charges for Redevelopment

- 3.13 Despite any other provisions of this By-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within 60 months prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in



part, or converted from one principal use to another principal use on the same land in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced by the following amounts:

- (a) in the case of a residential building or structure or, in the case of a mixed-use building or structure, the residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charge under section 3.10 by the number, according to type, of dwelling units that have been or will be demolished or converted to another principal use; and
- (b) in the case of a non-residential building or structure or, in the case of a mixed-use building or structure, the non-residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charges under section 3.11, by the gross floor area that has been or will be demolished or converted to another principal use; provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

Time of Payment of Development Charges

- 3.14 Development charges imposed under this By-law are calculated, payable and collected upon issuance of a building permit with respect to each dwelling unit, building or structure.
- 3.15 Despite section 3.14, Council from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable, in accordance with section 27 of the Act.
- 3.16 Notwithstanding subsections 3.14 and 3.15, development charges for rental housing and institutional developments are due and payable in 6 installments commencing with the first installment payable on the date of first occupancy certificate issued, and each subsequent installment,



including interest (calculated in accordance with section 26.3 of the Act), payable on the anniversary date each year thereafter.

- 3.17 Where the development of land results from the approval of a site plan or zoning by-law amendment received on or after January 1, 2020, and the approval of the application occurred within 2 years of building permit issuance, the development charges under subsections 3.6 and 3.7 shall be calculated on the rates set out in Schedule "B" on the date of the planning application, including interest. Where both planning applications apply development charges under subsections 3.10, 3.11 and 3.12, the calculations shall be based on the date of the later planning application as set out in Schedule "B", including interest (calculated in accordance with section 26.3 of the Act)

4. Payment by Services

- 4.1 Despite the payment required under sections 3.10, 3.11, and 3.12, Council may, by agreement, give a credit towards a development charge in exchange for work that relates to a service to which a development charge is imposed under this By-law.

5. Indexing

- 5.1 Development charges imposed pursuant to this By-law shall be adjusted annually, without amendment to this By-law, commencing on the first anniversary date of this By-law and each anniversary date thereafter, in accordance with the prescribed index in the Act.

6. Schedules

- 6.1 The following schedules shall form part of this By-law:

Schedule A - Components of Services Designated in Section 2.1

Schedule B - Residential and Non-Residential Development Charges.

7. Conflicts



- 7.1 Where the Municipality and an owner or former owner have entered into an agreement with respect to land within the area to which this By-law applies, and a conflict exists between the provisions of this By-law and such agreement, the provisions of the agreement shall prevail to the extent that there is a conflict.
- 7.2 Notwithstanding section 7.1, where a development which is the subject of an agreement to which section 7.1 applies, is subsequently the subject of one or more of the actions described in subsection 3.4 (a), an additional development charge in respect of the development permitted by the action shall be calculated, payable and collected in accordance with the provisions of this By-law if the development has the effect of increasing the need for services, unless such agreement provides otherwise.

8. Severability

- 8.1 If, for any reason, any provision of this By-law is held to be invalid, it is hereby declared to be the intention of Council that all the remainder of this By-law shall continue in full force and effect until repealed, re-enacted, amended or modified.

9. Date By-law in Force

- 9.1 This By-law shall come into effect at 12:01 AM on March 25, 2024.

10. Date By-law Expires

- 10.1 This By-law will expire at 12:01 AM on March 25, 2034, unless it is repealed by Council at an earlier date.

11. Existing By-law Repealed

- 11.1 By-law Number 18-2019 is hereby repealed as of the date and time of this By-law coming into effect.

Passed this 18th day of March 2024.



Mayor – Darrin Canniff

Clerk – Judy Smith



Schedule "A" to By-law XX-2024
Components of Services Designed in Section 2.1

Water Services

Water Treatment

Water Supply (transmission main) Water Storage

Pumping Stations

Wastewater Services

Wastewater Treatment Facilities

Trunk Sewers



Schedule B Schedule of Development Charges

Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	5.40	3.86	1.42	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	11.46	8.19	3.02	8.67
Total	11,515	7,392	7,483	4,525	4,404	4,404	16.86	12.04	4.44	12.74

