



# Maberly Pines Subdivision

Special Area Development Charge

## Development Prohibited in Old Subdivisions :

- Development of lots in subdivisions created before December 10, 2002 was not permitted by TVT's Zoning By-Law for a decade following amalgamation
- In April 2009, Section 3.4. was amended to allow such development through a Road Access Agreement




# Development Through Road Access Agreements:


- Very limited development in old subdivisions has occurred since April 2009
- Road access agreements have had a dampening effect on development as they are an extra step in the approval process and require commercial liability insurance



# Private Unassumed Roads Working Group (PURWG):

- This Working Group was set up to address the issue of road access agreements and development of old subdivisions
  - There are 24 private unassumed roads in TVT
  - All of the roads represent unique circumstances (e.g. road condition, number of lots per road, demand for development, etc.)
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## Why is Council Considering A Specific Area Development Charge Now?

- Development applications have occurred in Maberly Pines for the first time in decades
  - A holding zone was placed on Maberly Pines pending results of a Hydrogeological study
  - The results will be known by November and a viable plan for development will be determined
  - The road base and ditches are in very good shape so the roads could easily be assumed by the Township
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# Why Only Maberly Pines?

- Development Cost Charges can only be levied on vacant lots at the time a Building Permit application is made
- Maberly Pines has 48 vacant lots and the road base is in good shape
- Other old subdivisions are built-out (or only have 1 or 2 lots vacant) and their roads are in worse shape

## What about the Other Subdivisions?

- Options will be examined by the Private Unassumed Roads Working Group. There will be different solutions matching the different characteristics of the roads.
  - Some may be able to use Local Improvement Charges
  - Some may become condominium roads
  - Some may remain private roads with a Road Association and Directors' Liability Insurance
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## Scenario:

- If the Township institutes a special area development charge for the cost of the roads and the hydrogeological study and the Township proceeds with hard surfacing and assuming the roads within the subdivision in the same or a subsequent year, the following outlines the Township's return on investment.





# Assumptions:

- 1 The value of land doubles with the completion of the roads and the water issues resolved, resulting in an automatic increase in revenue due to taxation.  
(average vacant lot size is 2.59 acres, average assessment on vacant lots is \$29,925)
- 2 Two new homes are built each year with a value of \$250,000 (and 2% inflation factor) added to assessment.
- 3 Municipal Tax Rate increases by 1.5% per year.

Note: These estimates are conservative.

# Costs of Development:

- Estimate for the roads \$372,000
- Estimate for hydrogeological study \$20,000
- Split between the 48 vacant lots would amount to \$8,167 per lot.



## Suggestion:

- Set a Special Area Development Charge (on top of the normal Township DC) of \$4,000 (consultant's calculated amount is \$7,019). This reduced charge is partially covered by the \$32,000 that the Township received from the sale of the lots transferred from the Developer.
- This Special DC should increase each year (same as normal DC charge), estimate 3% per year.
- If two homes are built each year it would be 24 years before all lots contribute to this Special DC charge.

Revenues derived from increase in property values and Special Area DC's.

	Land Value Increase	Building Value Increase	Additional Assessment	Municipal Tax Rate	Additional Municipal Tax	Special Area DC Revenue	Capital Spending	Total Revenue
Year 1	1,550,000	500,000	2,050,000	0.00455772	9,343	8,000		17,343
Year 2		510,000	2,560,000	0.00462609	11,843	8,240		20,083
Year 3		520,200	3,080,200	0.00469548	14,463	8,487		22,950
Year 4		530,604	3,610,804	0.00476591	17,209	8,742		25,951
Year 5		541,216	4,152,020	0.00483740	20,085	9,004		29,089
Year 6		552,040	4,704,060	0.00490996	23,097	9,274		32,371
Year 7		563,081	5,267,142	0.00498361	26,249	9,552		35,802
Year 8		574,343	5,841,485	0.00505836	29,548	9,839	(130,000)	(90,613)
Year 9		585,830	6,427,314	0.00513424	32,999	10,134		43,134
Year 10		597,546	7,024,860	0.00521125	36,608	10,438		47,046
Year 11		609,497	7,634,358	0.00528942	40,381	10,751		51,133
Year 12		621,687	8,256,045	0.00536876	44,325	11,074		55,399
Year 13		634,121	8,890,166	0.00544929	48,445	11,406		59,851
Year 14		646,803	9,536,969	0.00553103	52,749	11,748		64,498
Year 15		659,739	10,196,708	0.00561400	57,244	12,101		69,345
Year 16		672,934	10,869,643	0.00569821	61,937	12,464		74,401
Year 17		686,393	11,556,035	0.00578368	66,836	12,838		79,674
Year 18		700,121	12,256,156	0.00587044	71,949	13,223	(260,000)	(174,828)
Year 19		714,123	12,970,279	0.00595849	77,283	13,619		90,903
Year 20		728,406	13,698,685	0.00604787	82,848	14,028		96,876
Year 21		742,974	14,441,659	0.00613859	88,651	14,449		103,100
Year 22		757,833	15,199,492	0.00623067	94,703	14,882		109,585
Year 23		772,990	15,972,482	0.00632413	101,012	15,329		116,341
Year 24		788,450	16,760,931	0.00641899	107,588	15,789		123,377
					<u>1,217,398</u>	<u>275,412</u>		<u>1,102,810</u>

## Notes:

1. At year 8, the roads would require a micro-surface treatment estimated at \$130,000 and at year 18 they would require a pavement preservation treatment estimated at \$260,000.
2. At year 12 the Township's upfront costs of \$392,000 are paid back.
3. This chart does not include the current taxes that are being collected from the vacant lots and the Township is currently not expending any funds to maintain the private unassumed roads within this subdivision.

# Funding:

- The assumption is that Tay Valley Township would advance the funds to pay for the costs of the roads and the hydrogeological study and those costs would be repaid by the property owners in the Maberly Pines Subdivision through the special area DC.
- These costs would not be included in the tax levied to the rest of the township.
- All of the Special Area Development Charge fees and the municipal taxes derived from the increase in the property values would go towards the repayment of the funds advanced for this project.

# Options:

1. Consultants calculated amount of \$7,019 (This amount does not consider the proceeds derived from the sale of the 3 lots transferred to the Township by the developer).
2. The amount of \$4,000 which was suggested for discussion and for the calculation of the return on investment.
3. No special area DC. The Private Unassumed Roads Working Group could consider the other options (Local Improvement Charges, Condominium Roads, remain private, etc.). With the current update to the Development Charge By-Law now is the only opportunity to consider the special area DC option.
4. Some amount in between zero and the calculated amount of \$7,019.

## Next Steps:

- Suggest the passing of the DC By-Law be delayed until more information is obtained from the hydrogeological study.
- October 5<sup>th</sup> - Committee of the Whole Meeting – Discussion by Council of the Development Charge By-Law other than the Special Area DC.
- November - “Special” Committee of the Whole Meeting – Discussion by Council of the Special Area DC
- Council Meeting to adopt the By-Law – T.B.D.
- Notice of Passing – T.B.D.
- End of 40-day Appeal Period – T.B.D.
- Effective Date – Date of By-Law Adoption