

**COMMITTEE OF THE WHOLE**  
October 11<sup>th</sup>, 2022

**Report #FIN-2022-10**  
**Ashley Liznick, Treasurer**

**MABERLY PINES SUBDIVISION**  
**DEVELOPMENT CHARGE UPDATE**

## **STAFF RECOMMENDATION(S)**

It is recommended:

**“THAT**, a Special Area Development Charge specific to the Maberly Pines subdivision be imposed;

**THAT**, the necessary by-law come forward at the October Council Meeting;

**AND THAT**, the 2023 budget show a cost to bring the roads up to standard for assumption by the Township.”

## **BACKGROUND**

As per Article 2 of the *Development Charges Act, 1997* (D.C.A.), “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 arising from development of the area to which the by-law applies.”

On December 2, 2019, Tay Valley Township passed By-Law No. 2019-045, under Section 2(1) of the *Development Charges Act, 1997*, to establish development charges upon all lands within the boundaries of the Township where the development of the land would increase the need for municipal services based upon a study which was completed earlier that year. This by-law expires on December 2, 2024.

Section 10 of the *Development Charges Act, 1997*, requires that prior to passing a development charge by-law a development charges background study must be completed. When the study was completed in 2019 there were multiple amendments being proposed to this Act. At that time, it was suggested that Tay Valley’s By-Law would require updating after the amendments were finalized.

Watson & Associates were contracted to complete this update pursuant to the requirements of the Act.

On September 14, 2021, a public meeting was held to present the Development Charges Update, the purpose of the Development Charges update was to reflect amendments that were made to the Development Charges Act and to propose an Area Specific Development Charge for Maberly Pines to recover costs to develop local service roads internal to an existing plan of subdivision.

At the October 5, 2021, Committee of the Whole meeting, Council forwarded a motion that the proposed amendments to the Development Charge rates be accepted and brought forward with the necessary by-law once the matter of any Special Area Development Charge had been discussed and any decision rendered.

Then on October 12, 2021, Council adopted a motion that the proposed amendments to the Development Charge rates be accepted and brought forward with the necessary by-law but that the Special Area Development Charge be deferred until all relevant information was obtained and considered.

Lastly, on November 16, 2021, Council adopted a motion that the Development Charges Update Study dated August 30, 2021 be adopted and that no further public meetings were required.

## **DISCUSSION**

Development Charges By-Laws must be passed within one year from the date Council adopts the Development Charges Update Study.

The purpose of the proposed by-law amendment is to introduce an area-specific development charge for the Maberly Pines Area to recover costs to develop local roads internal to an existing plan of subdivision.

Current Development Charges for a single & semi-detached home in 2022 are \$6,493. These fund additional road, ambulance, fire, library and recreation services generated by new growth. The special area development charge (\$8,167) would be in addition to this charge.

The initial BluMetric Hydrogeological report has indicated that after further review Maberly Pines Subdivision can move forward (with notable stipulations when building, etc.).

There have been some inquiries as to the Maberly Pines Subdivision. The most recent was a property owner who said they would be willing to pay their portion of bringing the roads up to standard for assumption by the Township, should the Township consider paying 50% of the costs. Reasons given were that it would remove the liability insurance currently required and the costs to maintain the road. After approximately 4+ years, those costs would be equal to the special area development charge.

If the Township assumes the Maberly Pines internal roads, some increased costs in the Public Works budget would occur. The ideal approach would be to contract out these roads to be plowed as they are not near a current plow route. This would be an estimated cost of \$25,000 annually, based on the amount paid for other contracted out snow removal services. Alternatively, should a contractor not be found, existing plow routes would be modified to accommodate the newly assumed roads.

As per Watson Consultants' Development Charges report from 2021:

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

Assumptions used by Watson Consultants to produce the table: (estimates are conservative)

- 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.
- 2) Two new homes are built each year with a value of \$250,000 (and a 2% inflation factor) added to assessment.
- 3) Municipal Tax Rate increases by 1.5% per year.

Costs of Development (estimates used):

- 1) Estimate for the road construction \$372,000
- 2) Estimate for the Hydrogeological study \$20,000

Calculation of Special Area Development Charge (estimate):

Split between the 48 vacant lots would amount to \$8,167 per lot – this would be on top of the normal Township Development Charge (currently \$6,493 for 2022)

Notes:

- 1) At year 8 the roads would require a micro-surfacing treatment estimated at \$130,000
- 2) At year 18 the roads would require a pavement preservation treatment estimated at \$260,000
- 3) At year 12 the Township's upfront costs of \$392,000 are paid back

Table 1 – Return on Investments

	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
Year10		597,546	7,024,860	0.00521125	36,608	10,438		47,047
Year11		609,497	7,634,358	0.00528942	40,381	10,751		51,133
Year12		621,687	8,256,045	0.00536876	44,325	11,074		55,399
Year13		634,121	8,890,166	0.00544929	48,445	11,406		59,851
Year14		646,803	9,536,969	0.00553103	52,749	11,748		64,498
Year15		659,739	10,196,708	0.00561400	57,244	12,101		69,345
Year16		672,934	10,869,643	0.00569821	61,937	12,464		74,401
Year17		686,393	11,556,035	0.00578368	66,836	12,838		79,674
Year18		700,121	12,256,156	0.00587044	71,949	13,223	(260,000)	(174,828)
Year19		714,123	12,970,279	0.00595849	77,283	13,619		90,903
Year20		728,406	13,698,685	0.00604787	82,848	14,028		96,876
Year21		742,974	14,441,659	0.00613859	88,651	14,449		103,100
Year22		757,833	15,199,492	0.00623067	94,703	14,882		109,585
Year23		772,990	15,972,482	0.00632413	101,012	15,329		116,341
Year24		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>

**OPTIONS TO BE CONSIDERED**

Option #1 – Impose a Special Area Development Charge for Maberly Pines.

The Township would bring the Private Unassumed Roads within Maberly Pines subdivision up to Township standards and the cost associated with this will be recovered 100% through a special area development charge.

Option #2 – Split the cost 50/50 between the Township and the property owners.

In the 2023 budget a line item for the projected cost to bring the Private Unassumed Roads within the Maberly Pines subdivision to Township standards would be included. The other 50% would be recovered through a special area development charge.

Option #3 – Decline Special Area Development Charge.

This option would leave the roads as Private Unassumed Roads.

**CLIMATE CONSIDERATIONS**

Staff have taken into consideration the additional costs related to the acquisition of assets due to climate change impacts. Staff have also considered the potential for reduced green house gas emissions due to clustered development rather than sprawl.

**STRATEGIC PLAN LINK**

The financial stability of the Township is enhanced with development charges. Development fees charged are used to pay for increased capital costs required because of increased needs for services arising from development.

**FINANCIAL CONSIDERATIONS**

See Table 1

**CONCLUSIONS**

Development charges are a valuable revenue source for the Township to offset costs associated with capital costs required due to growth, so that existing residents are not bearing the cost of new growth.

**ATTACHMENTS**

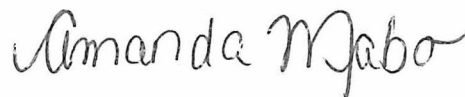
- i) Watson Consultants' PowerPoint Presentation specific to the Maberly Pines Subdivision Special Area Charge – originally presented in 2021.
- ii) Development Charge By-Law No. 2019-045 with proposed amendments highlighted in red – originally presented in 2021.

**Prepared and Submitted By:**

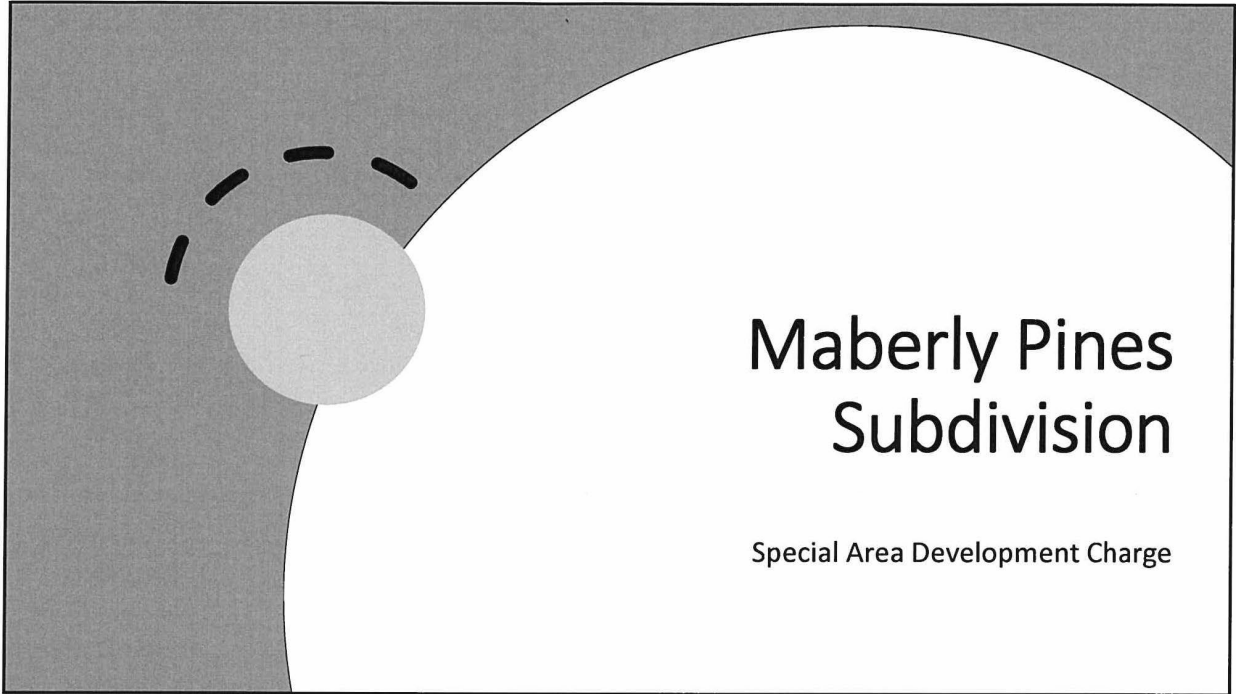


**Ashley Liznick,  
Treasurer**

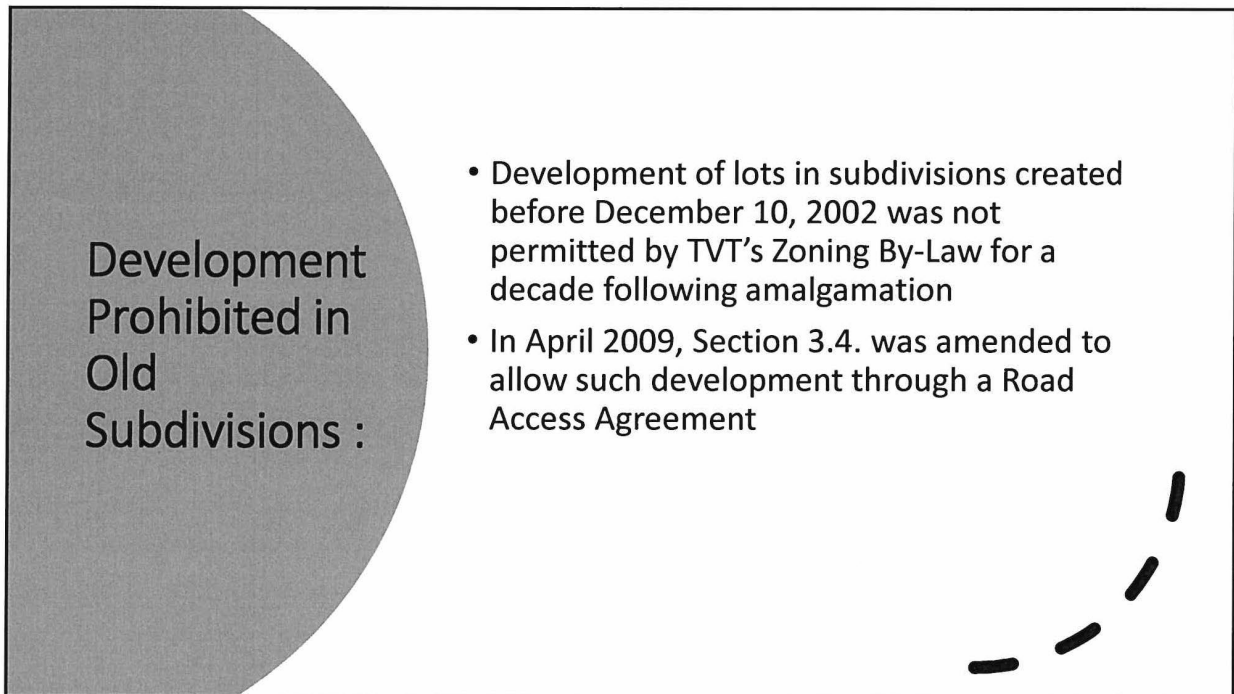
**Approved for Submission By:**



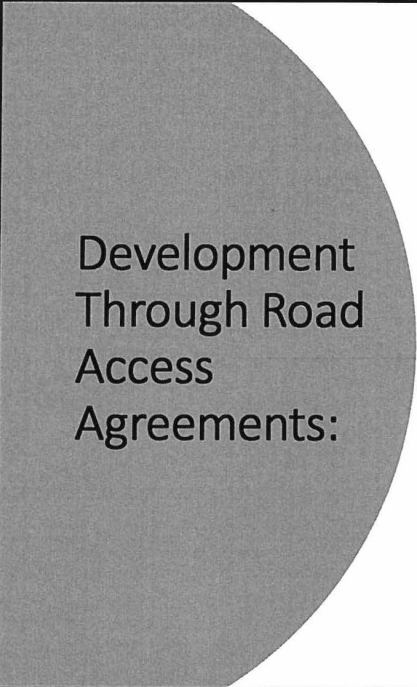
**Amanda Mabo,  
Chief Administrative Officer/Clerk**




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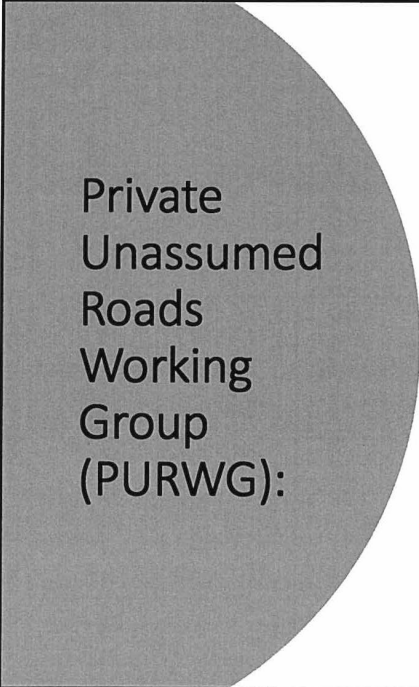
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## Development Through Road Access Agreements:

- 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
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3



## 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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4

## 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

5

## 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

6



## 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

7

## 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.

8

**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.

9

**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.

10

## Suggestion:

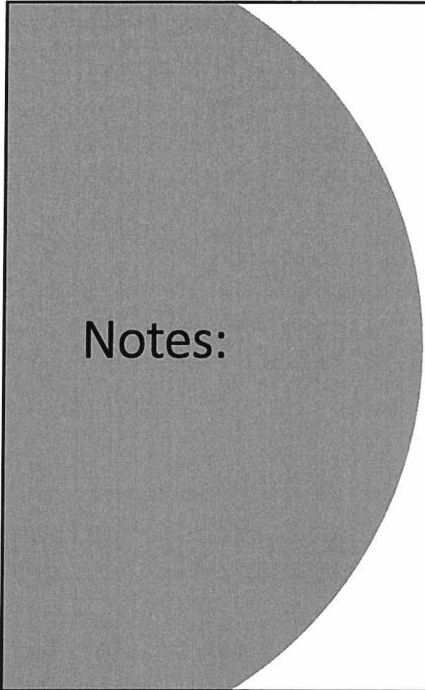
- Set a Special Area Development Charge (on top of the normal Township DC) of \$4,000 (consultant's calculated amount is \$7,019). This reduced charge is partially covered by the \$32,000 that the Township received from the sale of the lots transferred from the Developer.
- This Special DC should increase 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.

11

## 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
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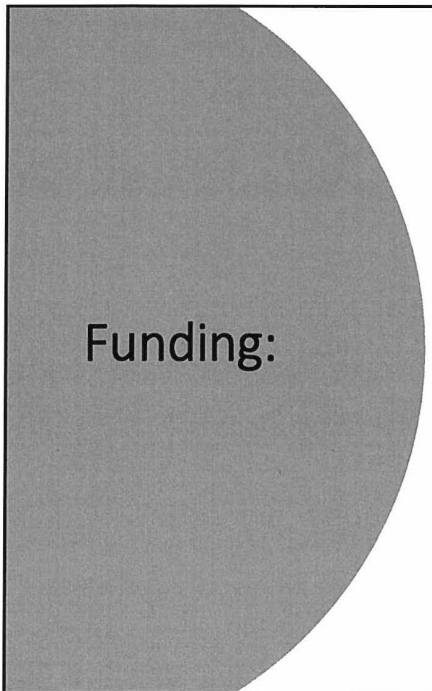


Notes:

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.

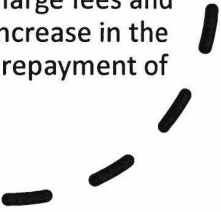


13



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.



14

## 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.

15

## 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

16

**THE CORPORATION OF TAY VALLEY TOWNSHIP  
BY-LAW NO. 2019-045**

**With proposed amendments highlighted in red**

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**SCHEDULE "A"  
Designated Municipal Services Under this By-law**

**Municipal-Wide Services**

1. Roads & Related
2. Fire Protection
3. Parks & Recreation
4. Library
5. Waste Diversion
6. Administration – Studies

**Area-specific Services**

7. Roads & Related – Maberly Pines Area

**THE CORPORATION OF TAY VALLEY TOWNSHIP  
BY-LAW NO. 2019-045**

**SCHEDULE "B"**

**Schedule of Development Charges**

**With proposed new rates as of September 2021**

Service	RESIDENTIAL				NON-RESIDENTIAL	GREEN ENERGY
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	(per sq.ft. of Gross Floor Area)	(per 500 kW generating capacity)
<b>Municipal Wide Services:</b>						
Roads & Related	\$ 3,880	\$ 2,468	\$ 2,328	\$ 3,113	\$ 1.89	\$ 3,880
Fire Protection	\$ 368	\$ 234	\$ 221	\$ 295	\$ 0.18	\$ 368
Parks & Recreation	\$ 545	\$ 347	\$ 327	\$ 437	\$ 0.16	\$ -
Library	\$ 64	\$ 41	\$ 38	\$ 51	\$ 0.02	\$ -
Waste Diversion	\$ 33	\$ 21	\$ 20	\$ 26	\$ 0.02	\$ -
Growth-Related Studies	\$ 361	\$ 230	\$ 217	\$ 290	\$ 0.17	\$ 361
<b>Total Municipal Wide Services</b>	<b>\$ 5,251</b>	<b>\$ 3,341</b>	<b>\$ 3,151</b>	<b>\$ 4,212</b>	<b>\$ 2.44</b>	<b>\$ 4,609</b>
<b>Area-Specific Services:</b>						
Roads & Related (Maberly Pines)	\$ 6,409	\$ 4,077	\$ 3,845	\$ 5,142	\$ -	\$ -
<b>Total Area-Specific Services</b>	<b>\$ 6,409</b>	<b>\$ 4,077</b>	<b>\$ 3,845</b>	<b>\$ 5,142</b>	<b>\$ -</b>	<b>\$ -</b>

**THE CORPORATION OF TAY VALLEY TOWNSHIP  
BY-LAW NO. 2019-045**

**SCHEDULE "C"**

**Map of Moberly Pines Area**

