

To: **COUNCIL**

Meeting Date: **11/23/21**

Subject: **December 1, 2021 – Indexing of Development Charges**

Submitted By: **Lisa Prime, Chief Planner, MCIP, RPP**

Prepared By: **Lisa Chominiec, Planner/Secretary-Treasurer to the Committee of Adjustment/Development Charges Coordinator**

Report No.: **21-315(CD)**

File No.: **C1101**

Recommendation

THAT Staff report 21-315(CD) – December 1, 2021 - Indexing of Development Charges be received for information.

Executive Summary

Purpose

- Indexing of Development Charges shall be implemented on a mandatory basis annually commencing on December 1, 2019 in accordance with Bylaw 19-094.
- The December 1 indexing timeline aligns with the Regional Development Charges Indexing.
- This report outlines the December 1, 2021 indexed development charge rates for residential and non-residential developments for the period from December 1, 2021 to November 30, 2022.

Key Findings

- The December 1, 2021 development charges indexing represents a percentage increase of 11.8% since the previous indexing on December 1, 2020.
- Rates are based on Statistics Canada Quarterly Construction Price Index. The City uses the 3rd quarter non-residential rates for indexing. The residential rates increased 24.4% since the previous indexing.

Financial Implications

- Development Charges represent the funding source used to pay for and recover growth related costs associated with development. These charges require annual adjustments in accordance with Statistics Canada Quarterly Construction Price Index. Prices for construction of non-residential building increased 11.6 % (rounded) for the most recent year-over-year period, a significant increase over last year's 2.5% increase.
- Last year Statistics Canada restated their figures *after* the City updated their indexing on December 1, 2020. As a result, an additional .2% has been added to this year's increase which results in a total increase of 11.8%.

Background

The City of Cambridge Development Charges By-law 19-094 requires an annual adjustment of rates on December 1 in accordance with the Statistics Canada Quarterly Construction Price Index. This date aligns with the indexing of the Regional development charges and some other area municipalities in the region.

This is the third indexing of the City of Cambridge Development Charge By-law that was enacted on June 18, 2019 and reflects the change in the construction price index from the third quarter of 2020 to the third quarter of 2021.

Analysis

Strategic Alignment

PROSPERITY: To support and encourage the growth of a highly competitive local economy where there is opportunity for everyone to contribute and succeed.

Goal #7 - Transportation and Infrastructure

Objective 7.3 Provide innovative leadership in the management of city assets to help plan, fund and maintain city assets in a sustainable way.

Development Charges are collected to offset the costs incurred to support growth related infrastructure and to ensure adequate funding is available to provide municipal services to this new growth (see Attachment 2).

Comments

Indexing of the Development Charges is implemented in accordance with By-law 19-094. Through joint meetings with the Region and all other local area municipalities, a consensus was reached for all by-laws to be updated to reflect annual indexing on December 1. Development Charges are collected to offset the costs incurred to support

growth. Annual indexing of development charges ensures the City is collecting adequate funds to offset the costs of growth infrastructure that is required to support development in the City.

The indexing of Regional Development Charges will also come into effect December 1, 2021. The Waterloo Region District School Board and the Waterloo Catholic District School Board Educational Development Charge rates came into effect June 1, 2016 (see Attachment 1) and were indexed on June 1, 2021 along with the updated Educational Development Charges by-law that also came into effect on June 1, 2021.

Existing Policy/By-Law

The City of Cambridge Development Charges By-law No. 19-094 was enacted on June 18, 2019 and requires indexing of applicable City Development Charges on December 1 in each year, commencing on December 1, 2019.

Financial Impact

The December 1, 2021 development charges indexing represents a percentage increase of 11.8% (rounded) for the most recent year-over-year period.

The City of Cambridge bases the DC indexing on the 3rd quarter non-residential rates. The residential rates have had an even higher increase of 24.4%.

The following table shows the City of Cambridge development charges for December 1, 2021 compared to the existing rates.

Table 1: Comparison of Previous and New Rates

Permit Type:	Previous rates as of December 1, 2020	New rates as of December 1, 2021	Amount of Increase or Decrease
Single and Semi Detached Dwelling	\$22,690	\$25,367	+\$2,677
Other Multiples (per unit)	\$15,956	\$17,837	+\$1,881
Apartments (per unit)	\$11,359	\$12,700	+\$1,341
Special Care/Special Dwelling Units	\$7,130	\$7,972	+\$842
Non-residential (per 100 m2 gross floor area)	\$5,948	\$6,650	+\$702

(Per 100 ft ² gross floor area)	\$552	\$615	+\$63
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Notes:

1. Rates are adjusted based on the Statistics Canada Quarterly Construction Index based on a 11.6% (rounded) increase, plus an additional 0.2% of lost values from the previous year, for a total of 11.8%.
2. Non-residential total is approximate due to metric conversion.

Public Input

Public consultation occurred at a public meeting for the development charges by-law on April 9, 2019 to receive comments and feedback regarding the proposed new development charge rates. On April 2, 2019 City Staff also held a meeting with development industry stakeholders to present the Development Charges Study and answer questions. No additional consultation is required for this annual indexing report.

Internal/External Consultation

This report will be posted on the City of Cambridge website along with an information brochure for the public outlining the updated rates. The report will also be sent to the Waterloo Region Home Builders' Association for information.

Conclusion

The December 1, 2021 Development Charge indexing represents an increase of \$2,677 per single/semi-detached dwelling, \$1,341 per apartment unit, \$1,881 per unit for all other multiple residential uses (including townhouses), \$842 per special care/special dwelling units, and an increase of \$0.63 per 100 ft² (\$7.02 per 100 m²) of non-residential floor space.

The annual indexing of development charges allows the City to plan and fund new growth in a sustainable way to support the prosperity of a highly competitive local economy through the delivery of infrastructure in alignment with the strategic plan.

Signature

Division Approval



Name: Lisa Prime

Title: Chief Planner

Reviewed by the CFO

Reviewed by Legal Services

Departmental Approval



Name: Lesley Head for Hardy Bromberg

Title: Deputy City Manager, Community Development

City Manager Approval



Name: David Calder

Title: City Manager

Attachments

Appendix 1 - Summary of Development Charges

Appendix 2 – City of Cambridge Schedule of Development Charges

Appendix 1 – Summary of Development Charges

December 1, 2021 – November 30, 2022

	Single / Semi Dwelling (\$ Per Unit)	Townhouse Dwelling (\$ Per Unit)	Apartment Dwelling (\$ Per Unit)	Special Dwelling Unit (\$ Per Unit)	Non-Residential
City of Cambridge	\$25,367	\$17,837	\$12,700	\$7,972	\$6.15 per sq ft (\$66.50 per sq m)
Region of Waterloo	\$31,376	\$23,449	\$17,085	\$10,887*	\$17.99 per sq ft
Waterloo Region District School Board	\$2,248	\$2,248	\$2,248	TBD	\$1.51 per sq ft
Waterloo Region Catholic School Board	\$953	\$953	\$953	TBD	\$0.42 per sq ft
Total	\$59,944	\$44,485	\$32,986	TBD	\$26.07 per sq ft

Source: Indexed Summary of Development Charges 2021

Notes:

1. *Rates for a 'Lodging Unit'
2. The Region and School Boards do not have a rate for Special Dwelling Units. These types of developments would be charged in accordance with their respective by-laws
3. School Board rates are expected to change after May 31, 2021

Appendix 2 – City of Cambridge Schedule of Development Charges

Service	RESIDENTIAL				NON-RESIDENTIAL	
	Single and Semi-Detached Dwelling	Other Multiples	Apartments	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)	(per sq.m. of Gross Floor Area)
City-Wide Services:						
Hard Services:						
Services Related to a Highway	8,608	6,053	4,308	2,706	3.11	33.49
Public Works Facilities and Fleet	1,244	874	622	391	0.43	4.68
Fire Protection Services	373	262	186	117	0.13	1.44
Engineering Studies	48	34	25	16	0.01	0.12
General Government - Development Charge Studies	30	22	16	9	0.01	0.12
Soft Services:			-			
Municipal Parking Services	328	230	165	103	0.12	1.32
Outdoor Recreation Services	2,426	1,706	1,215	762	0.09	0.98
Indoor Recreation Services	5,684	3,997	2,844	1,786	0.23	2.53
Library Services	1,201	844	602	377	0.05	0.49
General Government - Studies related to Soft Services	230	162	116	72	0.08	0.87
Total City-Wide Services	20,172	14,184	10,099	6,339	4.26	46.04
Urban Services (Hard Services)						
Stormwater	1,098	772	549	345	0.39	4.21
Wastewater Services	3,481	2,448	1,743	1,095	1.27	13.72
Water Services	616	433	309	193	0.23	2.53
Total Urban Services (Hard Services)	5,195	3,653	2,601	1,633	1.89	20.46
GRAND TOTAL CITY-WIDE AREA	20,172	14,184	10,099	6,339	4.26	46.04
GRAND TOTAL CITY-WIDE + URBAN AREA	25,367	17,837	12,700	7,972	6.15	66.50

Source: Indexed Schedule A of Development Charges from By-law 19-094

Note: Rates are adjusted based on the Statistics Canada Quarterly Construction Index annually December 1st