



 Watson
& Associates
ECONOMISTS LTD.

Development Charge Background Study

City of Belleville

Proposed Development Charge By-Law Amendment
to Update the Boundary of the Central Business
District

February 22, 2019

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List of Acronyms and Abbreviations

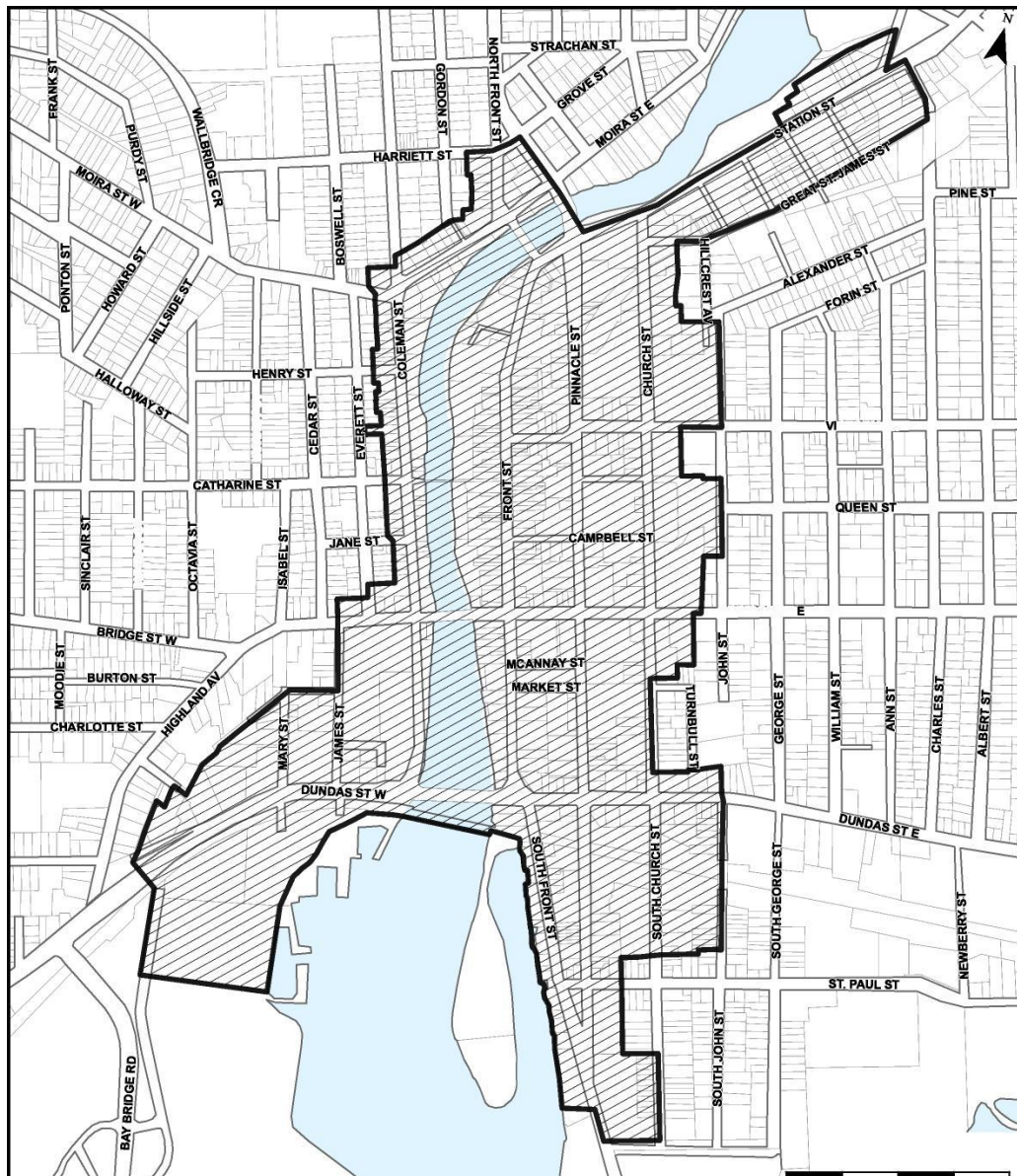
D.C.	Development Charges
D.C.A.	Development Charges Act
O.Reg.	Ontario Regulation



1. Introduction

The City of Belleville's Development Charges (D.C.) By-law 2016-16 provides for a 50% reduction in development charges payable for residential development located within the boundary of the City's defined Central Business District. The Central Business District is defined in Schedule "D" of By-law 2016-16, and is provided below.

Figure 1-1
City of Belleville
Central Business District is defined in Schedule "D" of By-law 2016-16





The purpose for this D.C. Update Study is to provide the basis for an amendment to the City's current D.C. By-Law to expand the boundary of the Central Business District, as it pertains to the 50% reduction in development charges.

Since this change represents an amendment to the City's development charge by-law but does not otherwise impact the development charge calculation, a Background Study has been prepared exclusively to address the matter summarized above.

2. Summary of 2015 D.C. Background Study and By-Law 2016-16

2.1 2015 D.C. Background Study

The City's D.C. Background Study, dated November 20, 2015, was adopted by Council on January 25, 2016. The following summarizes the major components of the background study underlying By-Law 2016-16.

2.1.1 Amount, Type and Location of Growth

It is a requirement of Section 5 (1) of the D.C.A. that "the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated". The growth forecast contained in Chapter 3 of the 2015 D.C. Background Study (with supplemental tables in Appendix A) provides for the anticipated development for which the City will be required to provide services, over a ten-year (2016-2026) and 20-year (2016-2036) time horizon.

Schedules 2 and 9c, contained within Appendix A of the 2015 D.C. Background Study, are provided below to summarize the anticipated amount type and location of residential and non-residential growth, respectively, over the various growth forecast periods.

The amendment provided herein does not alter the growth forecast as contained within the 2015 D.C. Background Study.



**SCHEDULE 2
CITY OF BELLEVILLE
ESTIMATE OF THE ANTICIPATED AMOUNT, TYPE AND LOCATION OF
DEVELOPMENT FOR WHICH DEVELOPMENT CHARGES CAN BE IMPOSED**

DEVELOPMENT LOCATION	TIMING	SINGLES & SEMI- DETACHED	MULTIPLES ¹	APARTMENTS ²	TOTAL RESIDENTIAL UNITS	GROSS POPULATION IN NEW UNITS	EXISTING UNIT POPULATION CHANGE	NET POPULATION INCREASE
Urban	2016 - 2026	1,091	368	290	1,748	4,260	(1,010)	3,250
	2016 - 2036	1,964	683	598	3,245	7,834	(1,897)	5,937
Rural	2016 - 2026	121	-	-	121	337	(178)	159
	2016 - 2036	219	-	-	219	606	(335)	271
City of Belleville	2016 - 2026	1,212	368	290	1,870	4,596	(1,188)	3,409
	2016 - 2036	2,183	683	598	3,464	8,441	(2,232)	6,209

Source: Watson & Associates Economists Ltd., 2015

Residential distribution based on a combination of historical permit activity, available housing supply and discussions with City staff regarding future development prospects.

1. Includes townhomes and apartments in duplexes.

2. Includes bachelor, 1 bedroom and 2 bedroom+ apartments.



SCHEDULE 9c
ESTIMATE OF THE ANTICIPATED AMOUNT, TYPE AND LOCATION OF
NON-RESIDENTIAL DEVELOPMENT FOR WHICH DEVELOPMENT CHARGES CAN BE IMPOSED

DEVELOPMENT LOCATION	TIMING	INDUSTRIAL GFA S.F.	COMMERCIAL GFA S.F.	INSTITUTIONAL GFA S.F.	TOTAL NON-RES GFA S.F.	EMPLOYMENT INCREASE ¹
Urban	2016 - 2026	945,800	528,900	459,600	1,934,300	2,271
	2016 - 2036	1,619,000	1,070,900	670,300	3,360,200	4,052
Rural	2016 - 2026	-	-	-	-	-
	2016 - 2036	-	-	-	-	-
City of Belleville	2016 - 2026	945,800	528,900	459,600	1,934,300	2,271
	2016 - 2036	1,619,000	1,070,900	670,300	3,360,200	4,052

Source: Watson & Associates Economists Ltd., 2015

1. Employment Increase does not include No Fixed Place of Work.

2. Square feet per employee assumptions:

Industrial	1,700
Commercial	500
Instititutional	700



2.1.2 Calculation of the Development Charges

Chapters 4 through 6 of the 2015 D.C. Background Study address the requirements of the D.C.A. with respect to:

- the establishment of the increase in need for service which underpins the development charge calculation
- the basis for calculating development charge eligible costs for the development charges to be applied on a uniform basis for City-wide services, and on an area-specific basis for water and wastewater services within the urban serviced area
- the calculation of the development charges for residential development on a per capita basis, for implementation on four forms of housing types:
 - single and semi-detached;
 - duplexes and apartments 2+ bedrooms;
 - bachelor, 1 bedroom apartments and special care units; and
 - other multiples
- the calculation of the development charges for non-residential development on a per square foot of gross floor area basis for commercial, industrial and institutional development

Table 2-1 summarizes the calculation of the D.C. eligible capital costs included in the calculation of the charges by service. These capital costs are used in the Chapter 6 of the 2015 D.C. Background Study to derive the schedule of development charges.



Table 2-1
City of Belleville
Summary of the Determination of D.C. Eligible Capital Costs

Service	Gross Capital Cost Estimate	Level of Service Cap Adjustment	Post Period Benefit	Reserve Fund Adjustment	Net Capital Cost	Benefit to Existing Development	Subtotal	Other (e.g. 10% Statutory Deduction)	D.C. Eligible Capital		
									Total	Residential Share	Non-Residential Share
Municipal-wide Services											
Roads and Related	\$ 140,747,986	\$ 25,780,623	\$ 30,408,507	\$ 7,787,822	\$ 76,771,034	\$ 57,051,250			\$ 19,719,784	\$ 11,932,574	\$ 7,787,210
Fire	\$ 5,911,121	\$ 606,790		\$ 359,744	\$ 4,944,587	\$ 2,799,191			\$ 2,145,396	\$ 1,320,316	\$ 825,080
Police	\$ 21,000,000	\$ 4,430,578		\$ 929,601	\$ 15,639,821	\$ 14,070,000			\$ 1,569,821	\$ 949,910	\$ 619,912
Parks and Recreation	\$ 21,940,125	\$ 579,476	\$ 4,562,770	\$ 2,781,211	\$ 14,596,145	\$ 8,520,644	\$ 6,075,501	\$ 607,550	\$ 5,467,951	\$ 5,194,553	\$ 273,398
Library Services	\$ 97,975	\$ -		\$ 97,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration - Studies	\$ 898,000			\$ 151,183	\$ 746,817	\$ 380,000	\$ 366,817	\$ 36,682	\$ 330,135	\$ 198,139	\$ 131,996
Total Municipal Wide Services	\$ 190,595,207	\$ 31,397,467	\$ 34,971,276	\$ 12,107,535	\$ 112,698,405	\$ 82,821,085	\$ 6,442,318	\$ 644,232	\$ 29,233,088	\$ 19,595,492	\$ 9,637,595
Urban Services											
Wastewater	\$ 21,555,000	\$ -	\$ -	\$ 2,058,818	\$ 19,496,182	\$ 13,478,750			\$ 6,017,432	\$ 3,911,331	\$ 2,106,101
Water	\$ 38,085,163	\$ -	\$ 5,543,698	\$ 2,976,283	\$ 29,565,182	\$ 20,500,574			\$ 9,064,608	\$ 5,891,995	\$ 3,172,613
Total Urban Services	\$ 59,640,163	\$ -	\$ 5,543,698	\$ 5,035,101	\$ 49,061,364	\$ 33,979,324			\$ 15,082,040	\$ 9,803,326	\$ 5,278,714
Total	\$ 250,235,370	\$ 31,397,467	\$ 40,514,974	\$ 17,142,636	\$ 161,759,768	\$ 116,800,409	\$ 6,442,318	\$ 644,232	\$ 44,315,127	\$ 29,398,818	\$ 14,916,309



Based on the calculation of the development charges, Table 2-2 below summarizes the schedule of development charges as contained in the 2015 D.C. Background Study. It is noted that by-law 2016-16 provided for a three-year phase-in period of the development charges. The development charges presented in Table 2-2 are the fully phased-in rates, which became effective on January 1, 2018, subject to indexation.

The amendment provided herein does not alter the increase in need for services, D.C. eligible capital costs, or the calculated charges, as contained within the 2015 D.C. Background Study.

Table 2-2
City of Belleville
Schedule of Development Charges

Service	RESIDENTIAL (per Dwelling Unit)				NON-RESIDENTIAL
	Single & Semi Detached	Duplex & Apartments 2 Bedrooms +	Apartments Bach. & 1 Bedroom and Special Care	Multiples	(per ft ² of Gross Floor Area)
City-Wide Services:					
Roads and Related	\$ 3,916	\$ 2,743	\$ 1,513	\$ 2,997	\$ 2.32
Protection Services	\$ 745	\$ 522	\$ 288	\$ 570	\$ 0.43
Parks and Recreation	\$ 3,130	\$ 2,192	\$ 1,209	\$ 2,396	\$ 0.14
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -
Administration - Studies	\$ 119	\$ 83	\$ 46	\$ 91	\$ 0.07
Total City-Wide Services	\$ 7,910	\$ 5,540	\$ 3,056	\$ 6,054	\$ 2.96
Urban Services					
Wastewater	\$ 1,383	\$ 969	\$ 534	\$ 1,058	\$ 0.63
Water	\$ 2,083	\$ 1,459	\$ 805	\$ 1,594	\$ 0.94
Total Urban Services	\$ 3,466	\$ 2,428	\$ 1,339	\$ 2,652	\$ 1.57
GRAND TOTAL RURAL AREA	\$ 7,910	\$ 5,540	\$ 3,056	\$ 6,054	\$ 2.96
GRAND TOTAL URBAN AREA	\$ 11,376	\$ 7,968	\$ 4,395	\$ 8,706	\$ 4.53

2.1.3 Long-Term Capital and Operating Costs

Appendix C of the 2015 D.C. Background Study contains the assessment of the long-term capital and operating impacts of the D.C. eligible capital costs. This is a requirement of the D.C.A. under subsection 10(2)(c). The analysis isolates the incremental operating expenditures directly associated with the D.C. eligible capital costs, factor in cost saving attributable to economies of scale or cost sharing where applicable, and prorate the cost on a per unit basis (i.e. square foot of building space,



per vehicle, etc.). This was undertaken through a review of the City's 2012 Financial Information Return. In addition, the lifecycle replacement costs of the incremental infrastructure have also been identified.

Table 2-3 summarizes the incremental annual operating costs associated with the D.C. eligible capital costs at full emplacement. This table is extracted from Appendix C of the 2015 D.C. Background Study.

As the D.C. eligible capital costs have not been effected by the proposed amendment contained herein, the amendment does not alter the annual operating cost impacts contained within the 2015 D.C. Background Study.

Table 2-3
City of Belleville
Schedule of Annual Operating Expenditures

SERVICE	NET GROWTH RELATED EXPENDITURES	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Wastewater	6,017,432	31,100	440,415	471,515
2. Water	9,064,608	46,800	447,599	494,399
3. Roads and Related	19,719,784	811,600	1,339,180	2,150,780
4. Protection Services				
Fire	2,145,396	35,500	163,556	199,056
Police	1,569,821	26,000	208,394	234,394
5. Parks and Recreation	5,467,951	134,800	548,542	683,342
6. Library Services	-	-	3,321	3,321
7. Administration - Studies	330,135	-	-	-

2.2 D.C. By-Law 2016-16

2.2.1 Schedule of Development Charges

The schedule of development charges as contained in Chapter 6 of the 2015 D.C. Background Study were adopted by Council on January 25, 2016, with a full exemption



from payment of the charges for industrial development. The City's D.C. By-Law defines these types of developments as follows:

- “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 or an agricultural use.

In addition, s.16 of the City's D.C. By-Law provides for the indexing of the schedule of development charges annually on January 1st of each year, in accordance with the most recent twelve month change in the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (CANSIM Table 327-0043). As a result of this indexing provision, Table 2-4 summarizes the current schedule of development charges imposed as of January 1, 2019.

Table 2-4
City of Belleville
Schedule of Development Charges (as at January 1, 2019)

Service	RESIDENTIAL (per Dwelling Unit)				NON-RESIDENTIAL
	Single & Semi Detached	Duplex & Apartments 2 Bedrooms +	Apartments Bach. & 1 Bedroom and Special Care	Multiples	(per ft ² of Gross Floor Area)
City-Wide Services:					
Roads and Related	\$ 4,241	\$ 2,970	\$ 1,639	\$ 3,246	\$ 2.51
Protection Services	\$ 807	\$ 565	\$ 312	\$ 617	\$ 0.46
Parks and Recreation	\$ 3,390	\$ 2,374	\$ 1,309	\$ 2,595	\$ 0.15
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -
Administration - Studies	\$ 129	\$ 89	\$ 49	\$ 99	\$ 0.07
Total City-Wide Services	\$ 8,567	\$ 5,998	\$ 3,309	\$ 6,557	\$ 3.19
Urban Services					
Wastewater	\$ 1,498	\$ 1,050	\$ 578	\$ 1,145	\$ 0.68
Water	\$ 2,256	\$ 1,580	\$ 872	\$ 1,726	\$ 1.02
Total Urban Services	\$ 3,754	\$ 2,630	\$ 1,450	\$ 2,871	\$ 1.70
GRAND TOTAL RURAL AREA	\$ 8,567	\$ 5,998	\$ 3,309	\$ 6,557	\$ 3.19
GRAND TOTAL URBAN AREA	\$ 12,321	\$ 8,628	\$ 4,759	\$ 9,428	\$ 4.89



2.2.2 'Rules' for the Imposition of the Development Charges

By-Law 2016-16 includes the 'rules' for the imposition and administration of the development charges. The following summarizes these policies:

- The City imposes a uniform municipal-wide development charge calculation for all municipal services, except for water and wastewater services. Development charges for water and wastewater services are imposed in the municipal urban serviced area only. In addition to the City-wide D.C. by-law, the City imposes area-specific development charges for the defined Stanley Park Area.
- Development charges are imposed at the time of building permit issuance for all services on a per residential dwelling unit basis and per square foot of gross floor area for non-residential development.
- Exemptions from the payment of development charges are applicable for:
 - industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area;
 - buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education;
 - residential development that results in only the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units;
 - industrial development;
 - private schools as defined in the Education Act;
 - a place of worship classified as exempt from taxation under Section 3 of the Assessment Act;
 - hospitals under the Public Hospitals Act;
 - non-residential farm buildings;
 - development creating or adding an accessory use or structure not exceeding ten square meters of non-residential floor area;
 - non-residential (other than industrial) development located within the Belleville Downtown Improvement Area (BDIA) and;
 - a 50% reduction in development charges for residential development located within the City's Central Business District (CBD).



- Where a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:
 - the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or
 - the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures, and if the demolition permit related to the site was issued less than 60 months (5 years) prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.

As noted in the introduction, the proposed amendment to D.C. By-Law 2016-016 does not affect the schedule of charges or the rules governing the administration of the charge. The proposed amendment only provides for an expanded boundary of the City's Central Business District, as it pertains to the 50% reduction in development charges for residential development located within that area. The following sections of this study provide discussions pertaining to the amendment.

3. Discussion

This section of the D.C. background study, for the purposes of the amendment, provides an explanation for the above noted proposed amendment.

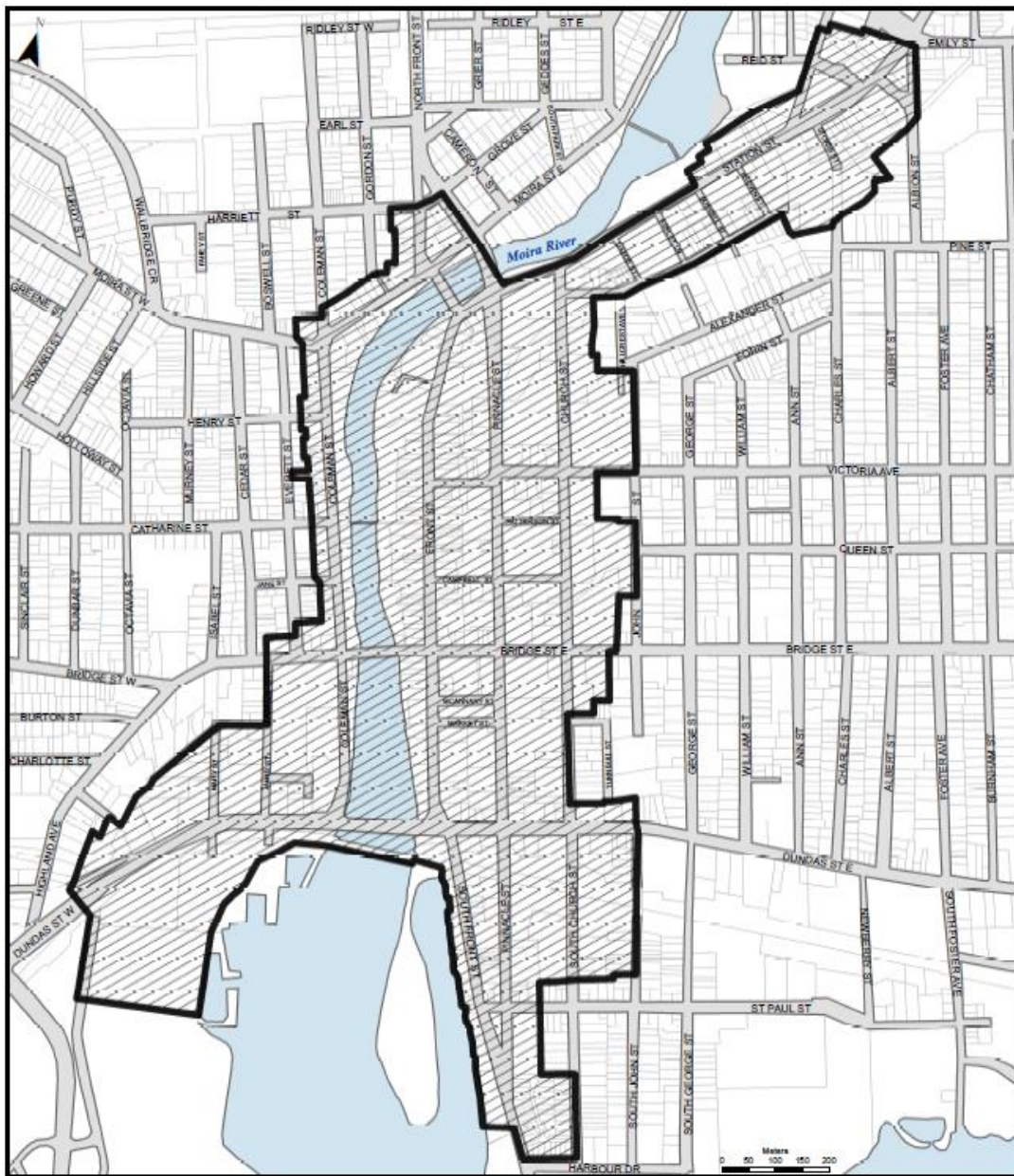
3.1 Proposed Changes to the Boundary of the Central Business District

Under the City's current D.C. By-Law 2016-16, residential development located within the City's Central Business District qualifies for a 50% reduction in development charges otherwise payable. If the development falls outside of the City's Central Business District, the charges payable are assessed at the rates presented in Table 2-4 above. The Central Business District is defined in Schedule "D" of By-law 2016-16 (and presented in Figure 1-1 herein).



In discussions with City staff, it is proposed that the D.C. By-Law be amended to include an expanded boundary for the Central Business District. A recommendation to undertake same, was presented to City Council in report DEDS 2018-18, dated October 9, 2018. Under this proposal, the Central Business District would be defined according to the Figure 3-1 presented below.

Figure 3-1
Proposed Central Business District (for purposes of D.C. By-Law Amendment)





3.2 Changes to the Background Report

Based on the foregoing, this D.C. background study would serve to modify Schedule “D” of By-Law 2016-16, specifically the designation of the Central Business District. Other than this modification there would be no further changes to the information contained in the 2015 D.C. Background Study.

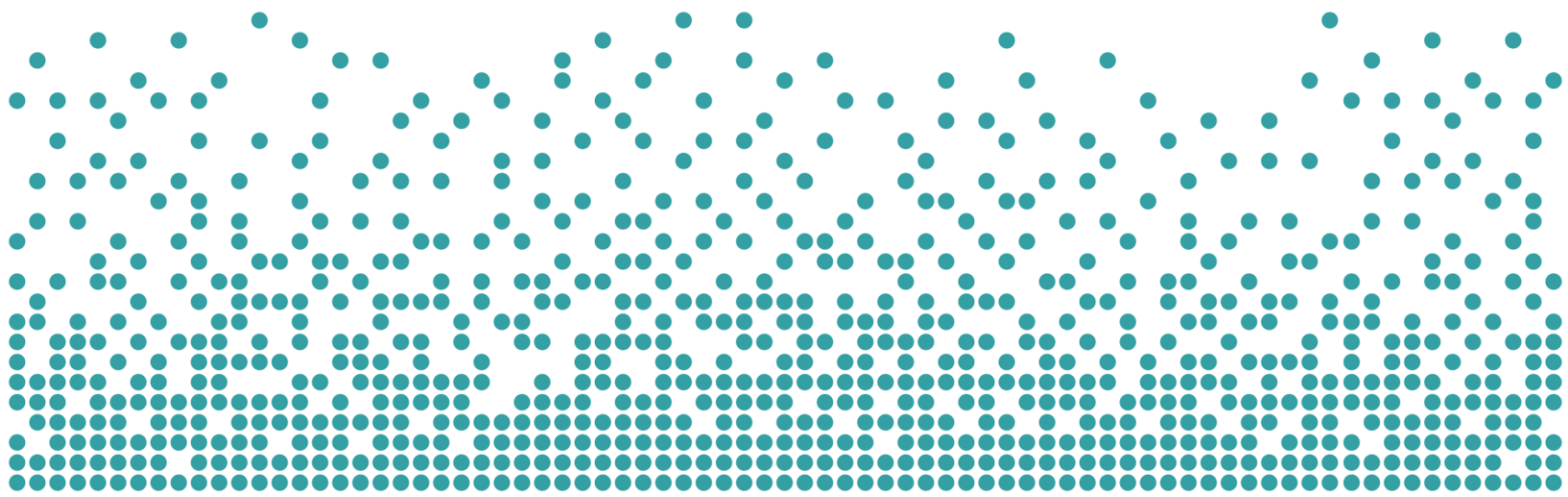
Under the D.C.A. there is a further requirement since the preparation of the 2015 Study that a D.C. Background Study include an asset management plan. Given the nature and scope of the proposed amendment contained herein, there is minimal impact on the City’s financial sustainability over the lifecycle of the D.C. eligible capital costs as a result of expanding the boundary of the Central Business District. If the amendment is adopted, consistent to the treatment of all other exemptions, the D.C. revenues foregone as a result of the expanded boundary will have to be funded from non-D.C. sources.

4. Process for Adoption of the Amending Development Charges By-law

The changes herein form the D.C. Background Study for the purposes of the amending By-Law 2016-16, and rationale for the proposed amending by-law being presented to Council. If Council is satisfied with the proposed amendment to By-Law 2016-16, and subject to any public submissions made at the public meeting regarding this matter, it is recommended that this D.C. Background Study and amending by-law be approved and adopted by Council. The process for adopting the proposed amendment is provided as follows:

- Post the D.C. Background Study on the City’s website at least 60 days prior to the passage of the amending by-law;
- Provide notice of public meeting on the proposed amendment and amending by-law at least 20 clear-days prior to the public meeting;
- Make copies of the D.C. Background Study and amending by-law available to the public at least two weeks prior to the public meeting;
- Undertake the statutory public meeting and allow anyone in attendance to make representations on the matter; and

Provided the 60 day period from posting the D.C. Background Study has been observed, Council may pass the amending D.C. by-law.



Proposed Amending D.C. By-law



By-law Number _____

- of -

The Corporation of the City of Belleville

Being a by-law of the Corporation of the City of Belleville to amend By-law 2016-16 to make a revision to the boundary of the Central Business District.

WHEREAS Section 19 of the *Development Charges Act, 1997*, S.O. 1997, c27 (“the Act”) provides for amendments to be made to development charges by-laws;

AND WHEREAS the Council of the Corporation of the City of Belleville (hereinafter called “the Council” has determined that certain amendments should be made to the Development Charge By-law of the Corporation of the City of Belleville, being By-law 2016-16;

AND WHEREAS, in accordance with the Act, a development charges background study has been completed in respect of the proposed amendment;

AND WHEREAS the Council of the Corporation of the City of Belleville has given notice and held a public meeting in accordance with the Act;

AND WHEREAS the Council, at its meeting of April 30th, 2019, approved a report dated February 22, 2019 entitled “City of Belleville Development Charge Background Study Re: A Proposed Development Charge By-Law Amendment to Update the Boundary of the Central Business District”.

NOW THEREFORE the Council of the Corporation of the City of Belleville enacts as follows:

1. Schedule “D” is deleted and replaced with the revised Schedule “D” as provided herein.
2. This by-law shall come into force on April 30, 2019.

Read a first and second time, this 30th day of April, 2019.



READ a third time and finally passed in Council, this 30th day of April, 2019

The Corporation of the City of Belleville

Mayor

Clerk



SCHEDULE "D" TO BY-LAW NUMBER 2016-16
DESIGNATION OF THE CENTRAL BUSINESS DISTRICT

