

Town of Ajax Report



Report To: General Government Committee
Prepared By: Julie Mephram, CPA, CA
Acting Manager of Budgets and Accounting
Subject: Indexing of Municipal Development Charges
Ward(s): All
Date of Meeting: June 8, 2020
Reference: By-law No. 50-2018 Development Charges

Recommendation:

That the report on Indexing of Municipal Development Charges be received for information.

Background:

On July 9th, 2018, Council passed Development Charges By-law No. 50-2018 under section 12 of the Development Charges Act, 1997.

Section 13 of By-law 50-2018 states: "The development charges referred to in Schedule "B" shall be adjusted annually, without amendment to this by-law, commencing on July 1, 2019, and annually thereafter on July 1, while this by-law is in force, in accordance with the most recent twelve month change in the Statistics Canada Quarterly, "Construction Price Statistics"."

Discussion:

The Statistics Canada Non-Residential Building Construction Price Index for the period of March 2019 to March 2020, as released on April 29, 2020 indicates an increase of 2.9%.

The change to the Town of Ajax Development Charges is summarized below:

Town of Ajax Development Charges	Current	Increase	Effective July 1, 2020
Residential			
Single & Semi-detached	\$26,277	\$762	\$27,039
Apts. Two or more bedrooms	\$12,640	\$366	\$13,006
Apts. Less than two bedrooms	\$7,945	\$230	\$8,175
Other Dwellings (eg. Townhouses)	\$20,750	\$601	\$21,351
Non-Residential - per square foot			
Commercial / Institutional / Industrial	\$6.76	\$0.20	\$6.96

A transition period is normally provided at the time of Development Charges (DC) rate indexing to allow for DC collections at a pre-indexed rate for all complete building permit applications received prior to July 1, 2020. A complete building permit application means that all required documents and plans have been submitted in final form and all fees and charges have been paid, including the prescribed Town development charges, and the Chief Building Official can issue a building permit in accordance with the Building Code Act.

On January 1, 2020, Bill 108 regulations related to the timing of calculation and payment of DCs came into effect. The impacts of these changes on the typical transition provisions provided at the time of indexing were considered. The following table demonstrates the conditions under which development charges will be calculated at the June 30, 2020 rate for building permit applications received on or before that same date.

Development type	Complete building permit application received before July 1, 2020	Development charges paid prior to July 1, 2020	Building permit is issued on or prior to July 24, 2020
Rental, Institutional, or Not for profit housing developments	Yes	No, DCs are to be paid in instalments starting upon occupancy	Yes
All other development types	Yes	Yes	Yes

All other building permit applications received after July 1, 2020 or those not conforming to the above criteria will be subject to the indexed development charge rates.

Site Plan or Zoning Bylaw applications

As per recent changes to the DC Act through Bill 108, the DC rate will be frozen at the June 30, 2020 rate for Site Plan or Zoning By-law amendments received by the Town from January 1 to June 30, 2020. Any new Site Plan or Zoning By-law amendment applications received on or after July 1, 2020 will be subject to the indexed rate. The rate for such applications will be frozen for up to two years after the application is approved until a building permit is drawn. If the building permit is drawn after the two-year expiry date, development charges will be calculated at the prevailing rate at time of building permit issuance.

Financial Implications:

The purpose of annual indexing is to reflect the current economic environment and the change in cost of capital projects which are identified in the 2018 DC Background Study.

Communication Issues:

Staff will prepare a brochure outlining the upcoming July 1, 2020 indexing of Development Charges. This brochure will be available on the Town’s website, and at the customer service counters of the Finance Department and of the Planning and Development Department. A summary of the total Development Charges including the Town, Region and Board of Education portions will be posted on the Town’s website.

Relationship to the Strategic Plan:

N/A

Conclusion:

Residential and Non-Residential Development Charges levied by the Town of Ajax are being indexed by 2.9% in accordance with By-law number 50-2018.

Attachments:

N/A

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Submitted by:

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Approved by:

Shane Baker – Chief Administrative Officer