



## MEMORANDUM

**TO:** Mayor Bonnette and Members of Council

**FROM:** Amy Prueter  
Acting Budget and Financial Reporting Supervisor

**DATE:** March 3, 2021

**MEMORANDUM NO.:** MEMO-CORPSERV-2021-002

**RE:** Annual Development Charges Indexing

### **PURPOSE OF THE MEMORANDUM:**

The purpose of this memorandum is to advise Council of the annual index adjustment for Development Charges (DCs) as permitted.

### **BACKGROUND:**

Development charges (DCs) are collected for the Town under By-law 2017-0049 as amended. Section 13 of the Town of Halton Hills' By-law permits the Treasurer to make annual adjustments (indexing) to the approved charges on April 1<sup>st</sup> of each year without amending the By-law.

### **COMMENTS:**

Adjustments to DCs are made based on the most recent twelve month change in the Statistics Canada Quarterly "Construction Price Statistics". The index has increased by 2.5% from the 4<sup>th</sup> quarter of 2019 to the 4<sup>th</sup> quarter of 2020.

The building construction price indexes are quarterly series that measure change over time in the prices that contractors charge to construct a range of new commercial, institutional, industrial and residential buildings in 11 census metropolitan areas: St. John's, Halifax, Moncton, Montréal, Ottawa–Gatineau (Ontario part), Toronto, Winnipeg, Saskatoon, Calgary, Edmonton and Vancouver. The contractor's price reflects the value of all materials, labour, equipment, overhead and profit to construct a new building. It excludes value added taxes and real estate fees and any costs for land, land assembly, building design and land development.

Nationally, non-residential building construction costs rose 1.5% in 2020, while residential construction costs were up 6.6%, which resulted in a combined increase of 2.5%. The increase in residential building prices is due to high demand for housing and

a shortage of lumber. According to Statistics Canada, the combination of higher construction activity in the winter, the impacts of COVID-19 shutdowns and weather has caused difficulties in restocking lumber yards. The price increase of non-residential building construction slowed in the fourth quarter of 2020 partially due to lower construction costs as this building type depends less on lumber, and business uncertainty in the current economic climate.

Schedule "A" reflects the 2.5% increase applied to the Town's development charges for the various residential dwelling and non-residential categories effective April 1, 2021.

**CONCLUSION:**

The Region of Halton, the City of Burlington and the Towns of Oakville and Milton are expected to index their respective DC rates on April 1, 2021 using the same annual indexing rate of 2.5%. The indexing of the fees for the Halton Public School Board and the Halton Separate School Board will be confirmed in July 2021.

Reviewed and approved by,



Jinsun Kim, Manager of Financial Planning



Moya Jane Leighton, Director of Finance & Town Treasurer



Laura Lancaster, Acting Commissioner of Corporate Services



Chris Mills, Acting Chief Administrative Officer