

City of Brandon Development Charges FAQs

Residential, commercial and industrial growth requires municipal infrastructure. Development Charges are one way to pay for this new infrastructure. Development Charges are levied against new development and increased residential units on a property.

Q: Why does Brandon need a Development Charge?

A: The City of Brandon requires new municipal services to grow the population and economy. These services include off-site improvements (external to a development) to the transportation, water, wastewater and storm water facilities and networks. Development Charges provide a consistent, fair and transparent method of funding the construction of these services.

Q: Which services are supported by Development Charges?

A: The City provides a wide range of services to its residents and has the ability to collect for the many services it provides through property taxes. Capital works included in the Development Charge calculation are:

- Transportation
- Water
- Wastewater
- Storm water (drainage)

Q: How are Development Charge rates calculated?

A: The charge to development is determined by calculating two primary values:

1. the total cost of funding the new services (transportation water, wastewater, storm water) required to service designated lands (residential, commercial, institutional, industrial) in the City of Brandon (with reductions for grants and benefits to existing areas), which is then divided by
2. the total number of homes and businesses that will benefit from the new infrastructure. The residential rate is calculated as a charge per dwelling unit and the commercial/industrial rate is calculated as a charge per square footage.



The growth plan for the City of Brandon describes the new development that will require services. The City anticipates almost 23,000 new residents and over 10,000 new employees over the life of the current plan. This translates into 9,450 new residential units and 672 hectares of non-residential development.

Q: Who will have to pay Development Charges?

A: Those applying for the construction of brand new buildings would pay Development Charges on a per unit basis for residential or square metre basis for non-residential. This would not include replacement buildings with no net increase impact on infrastructure.

Q: When are Development Charges paid?

A: The study recommends that Development Charges be paid at the time of a building permit under the authority of Section 232(2) of the Municipal Act.

Q: How will Development Charges be applied?

A: The funds collected by the Development Charge will be used to construct growth related sewer, water, transportation and storm water improvements identified in the 10-year capital budget. The City will time the works to meet the anticipated demands of development identified in adopted City plans such as the Brandon and Area Development Plan, Brandon Area Road Network Plan and Secondary Plans.

Funds would be collected under the Development Charge Reserve Fund Policy. All money collected into a reserve fund for a specific service must be invested in the particular service for which the money was originally collected.

Q: How does the municipality account for Development Charges collected?

A: The Study recommends that Development Charges (and associated interest) be placed in separate reserve funds. A Development Charge Reserve Fund Policy has been drafted for consideration as an appendix to the City of Brandon Development Charge Background Study.

Q: How do City of Brandon Development Charges compare to other municipalities?

A:

Manitoba Municipalities

RM	Year	Single Family
East St Paul	2013	\$19,200
Springfield	2014	\$14,350
Tache (Lorette)	2016	\$14,000
MacDonald	2004	\$10,000
West St Paul	2012	\$6,100
Headingley	2007	\$4,500
Ritchot	2013	\$3,380
Winnipeg*	2016	~ \$9,000

*Note: Winnipeg charges on a per m² basis (\$54.73 per m²)

Small Prairie Cities (Residential Neighbourhoods)

Municipality	Year	Total (dwelling unit)	Water	Sewer	Storm	Roads	Other
Weyburn	2014	\$8,170	\$2,941	\$2,941	\$163	\$1,307	\$817
Prince Albert	2014	\$6,558	\$1,332	\$918	\$1,312	\$1,902	\$918
Lethbridge	2017	\$13,526	\$2,976	\$2,705	\$2,705	\$5,140	
Medicine Hat	2016	\$10,894	\$3,268	\$2,179	\$763	\$4,358	

Other Canadian Municipalities

City	Year	Single Family
Surrey	2014	\$29,000
Abbotsford	2013	\$25,600
Richmond	2010	\$25,000
Saskatoon	2012	\$22,900
Calgary	2011	\$14,000
Regina	2014	\$13,200
Edmonton	2013	\$12,200

Q: What impact will public feedback have on the process of determining and implementing a Development Charge?

A: Transparent and consistent public engagement and communication on Development Charges is a high priority of City Council and Administration. All questions, concerns, and comments will influence the content of the final draft of the Study and Administration’s recommendations to City Council. Staff will document, summarize and present all feedback to Council. Public input will influence Council’s considerations and final decision on the matter of Development Charges.

Q: Will Development Charges impact housing and commercial growth?

A: The establishment of a Development Charge policy often requires an acceptable balance between two competing realities:

- The first is that high non-residential Development Charges can, to some degree, represent a barrier to increased economic activity and sustained industrial/commercial growth, particularly for capital-intensive uses. Also, in many cases, residential Development Charges can ultimately be expected to be

recovered via higher housing prices and can impact project feasibility in some cases (i.e. rental apartments).

- On the other hand, growth cannot occur without new infrastructure. The City must find funding sources to build the infrastructure required for new homes and businesses. A Development Charge places the cost on the new houses and new businesses rather than on all existing houses and business. The idea being that existing homes and businesses have already paid the capital costs of the infrastructure they enjoy and now pay property taxes to maintain, renew, and replace it when necessary.

Q: Will Development Charges affect first time homebuyers?

A: Should a first time homebuyer choose to build a new home, the building permit applicant would be required to pay a Development Charge at the time the building permit is issued.

Development Charges would not be applied to existing homes.

Q: Why is the City proposing an average, overall Development Charge versus a charge specific to identified growth areas?

A: Sometimes, larger municipalities are more likely to have area-specific charges but Brandon is a relatively small geographic area. Brandon requires new servicing regardless of which area is being developed. A uniform charge means all new development pays the same. It is also easier to administer a uniform charge.

Q: Will Development Charges help the City of Brandon's infrastructure deficit?

A: Development charges will not help the City's existing infrastructure deficit. Funds collected would only be used to construct new improvements (roads, pipes, etc) to service new growth. The existing infrastructure deficit remains the burden of all property tax payers to maintain and renew existing infrastructure.

Q: What happens if Development Charges are not adopted and implemented in the City of Brandon?

A: Without future revenue from Development Charges, the City could fund the infrastructure required for new growth by:

- The developer front-ending the required infrastructure in anticipation of pay-back from future benefitting properties. In this case, the costs would still be attributed to the land under development (new houses or industries). The City would endeavour to collect contributions from future developers to pay back the original investor with interest, or
- An overall increase in property taxes for all Brandon ratepayers to cover the cost of the new infrastructure.

Alternatively, the City could decide that new growth is not affordable at this time.

Q: Do the property taxes from new homes cover the cost of the new infrastructure required?

A: No. Property taxes pay for core municipal services including protective services, infrastructure maintenance and renewal, recreation, sanitation, and transit. All of these services increase with new residents and businesses. Property taxes are 54% of the \$82.8 million cost of running the City of Brandon (2017 City of Brandon budget). These costs do not include the cost of new infrastructure for new development.