



DRAFT 2022 DEVELOPMENT CHARGES BYLAW AND BACKGROUND STUDY

Presented to
COMMITTEE OF THE WHOLE

Presented by
Kelly Strueby, Acting Commissioner of Finance

March 3, 2022

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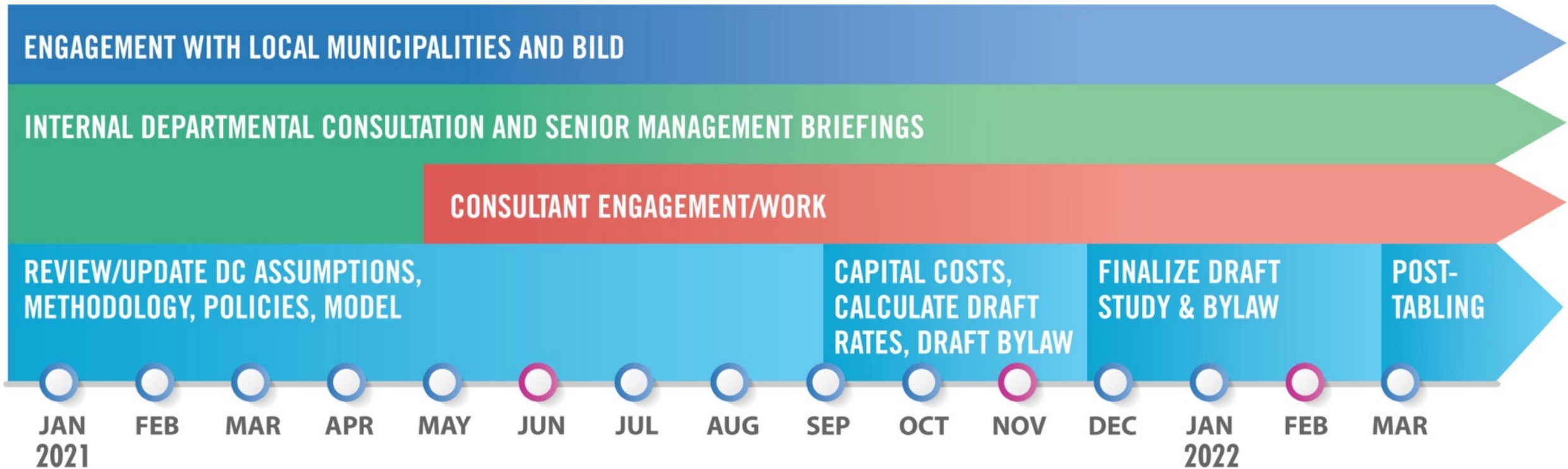


AGENDA



1. Legislative Context and Background
2. Anticipated Growth and Related Capital Program
3. Proposed Rates
4. Next steps

THE PATH TO TABLING THE BYLAW



THE PROPOSED BYLAW IS THE CULMINATION OF MORE THAN A YEAR OF POLICY DEVELOPMENT, ANALYSIS, AND CONSULTATIONS

- Since Q1 of 2021, staff regularly met with representatives of local municipalities and members of the BILD working group
- Discussion topics included:
 - ✓ Bylaw process
 - ✓ Planning horizon and Growth forecast
 - ✓ Growth capital program
(i.e., Roads, Water/Wastewater)
 - ✓ YNSE funding assumptions
 - ✓ DC Policies
 - ✓ Potential area-specific development charges



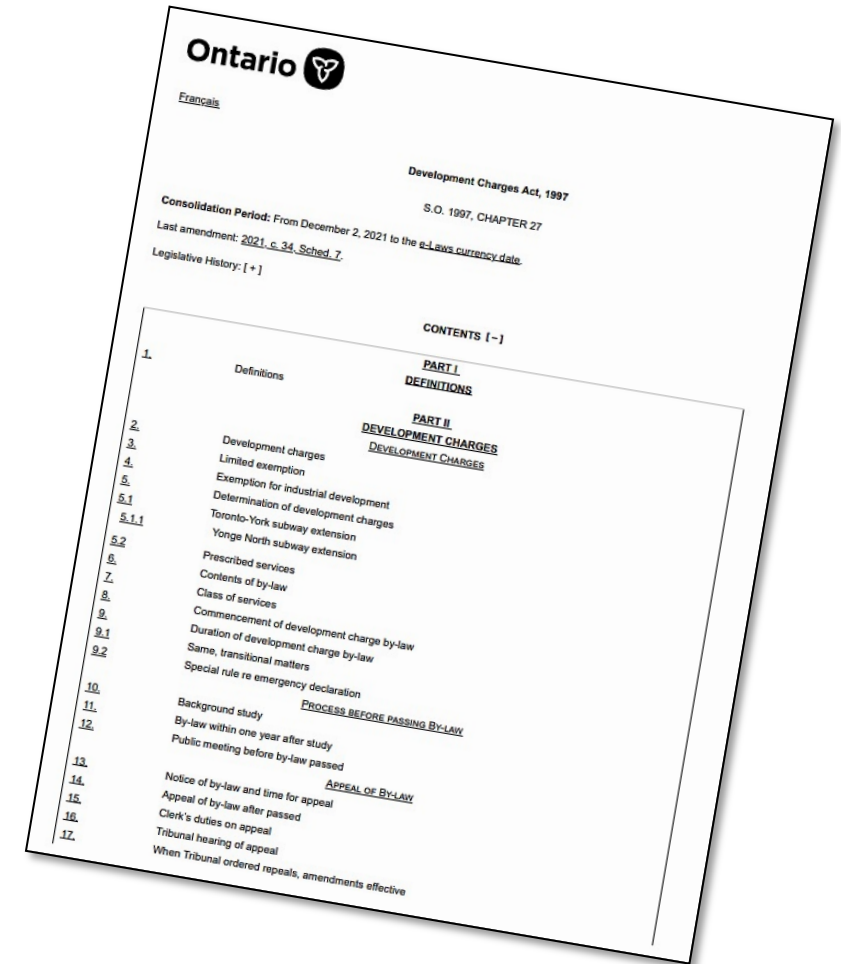


LEGISLATIVE CONTEXT AND BACKGROUND



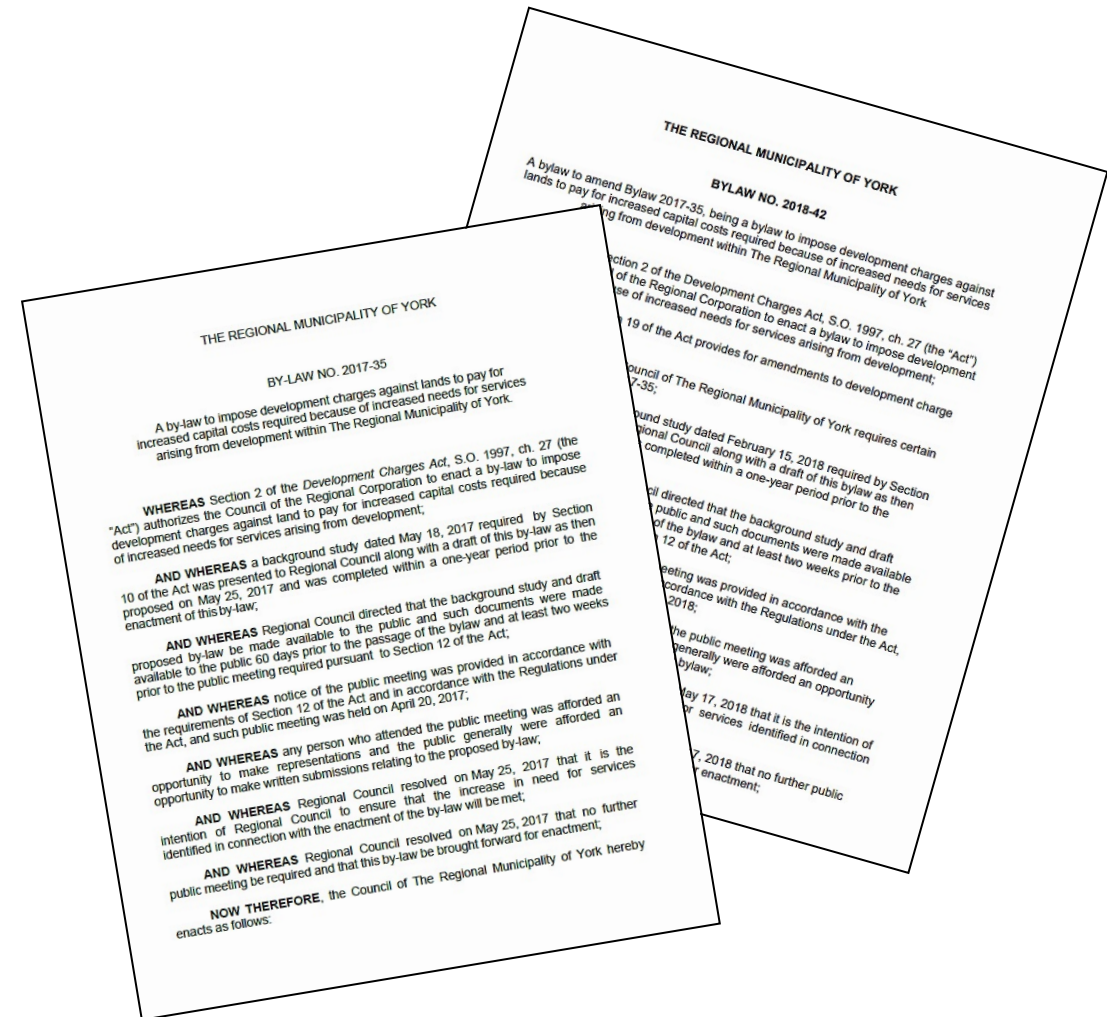
LEGISLATIVE CONTEXT

- Development charges are levied on new development and are the primary source of funding for growth related infrastructure
- It is a cost recovery tool premised upon “Growth paying for Growth”
- The *Development Charges Act, 1997* prescribes the rules for determining development charges rates
- The background study provides the basis of the rate calculation, including an estimate of the anticipated growth and infrastructure costs to support growth



THE CURRENT REGION-WIDE DEVELOPMENT CHARGES BYLAW (2017-35), AS AMENDED, EXPIRES ON JUNE 16, 2022

- To impose development charges, a municipal council must pass a development charge bylaw
- The current Region-wide Development Charge Bylaw came into effect in June 2017 and was subsequently amended in 2018
- A new development charges bylaw must come into effect on or before June 17, 2022, for the Region to continue to levy development charges



REQUIREMENTS FOR PASSING A NEW DEVELOPMENT CHARGES BYLAW

COMPLETE A BACKGROUND STUDY

- Demonstrate need for services to accommodate forecasted growth
- Consideration of area-specific development charges
- Include an asset management plan

CONDUCT PUBLIC CONSULTATION

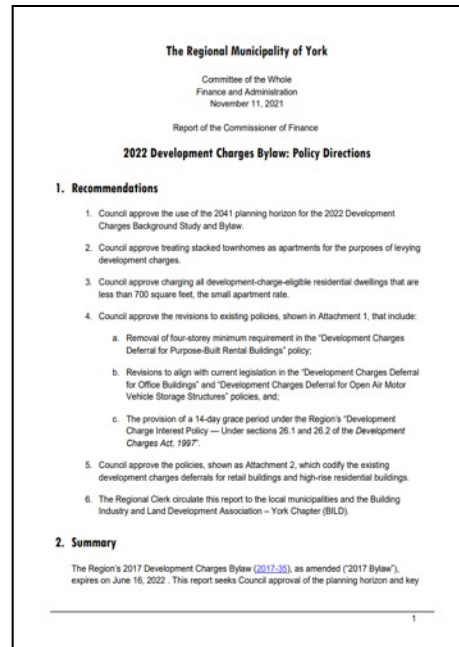
- At least one public meeting must be held, with 20 days notice
- Background study and proposed bylaw made available to the public at least 2 weeks before the first public meeting
- Background study available to the public at least 60 days prior to passing the bylaw

THE 2022 BACKGROUND STUDY AND BYLAW WILL REFLECT RECENT LEGISLATIVE CHANGES

LEGISLATIVE CHANGES	IMPACT
Treat Yonge North Subway Extension (YNSE) as a discrete service with a 20-year planning horizon	Faster recovery of costs and reduction in debt financing requirement
Removal of 10% Statutory deduction for some general services (e.g., Waste Diversion, Housing Services)	Greater share of costs eligible for DC recovery
Removal of 10-year planning horizon limitation, except for transit	Potential to include capital projects that service growth beyond 10 years
Freezing provisions and installment payments	Could potentially delay DC collections

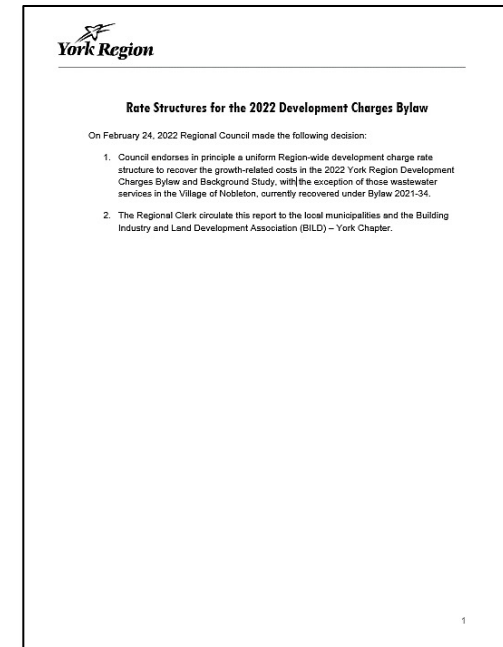
COUNCIL PROVIDED DIRECTION TO GUIDE THE BYLAW UPDATE PROCESS

November 2021



- Planning horizon to 2041
- Policies to facilitate mix and range of housing options

February 2022



- Uniform rate structure for all services

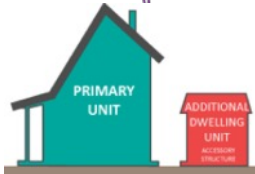
THE 2022 DEVELOPMENT CHARGES BYLAW WILL REFLECT CHANGES TO FACILITATE A MIX AND RANGE OF HOUSING OPTIONS



Treat stacked townhomes as apartments



Charge any residential dwelling <700 sq. ft. a small apartment rate



Exempt additional residential units, in both existing and new buildings



Exempt conversions of common spaces, in rental buildings, into additional new units



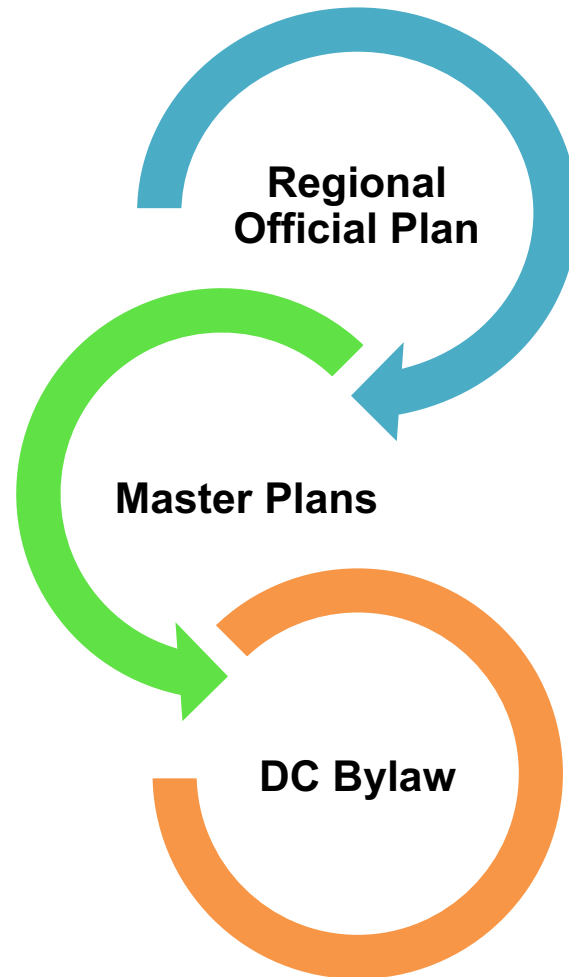
Removal of the four-storey minimum height requirement on “Development Charges Deferral for Purpose-Built Rental Buildings”

A photograph of a modern York Region building with a glass facade and concrete pillars. The building is set against a clear blue sky. In the background, another building is visible. The foreground features a blue and white geometric design.

ANTICIPATED GROWTH AND RELATED CAPITAL PROGRAM



PROPOSED DC RATES REFLECT OFFICIAL PLAN GROWTH FORECASTS



**Conforms with the
Provincial Growth plan
for the GGH**



**Identifies required
infrastructure to support
growth**



**Funds the Master Plan
Projects that support
growth in the ROP**

DEVELOPMENT CHARGES HELP SERVICE GROWTH TO 2041

168,279 RESIDENTIAL UNITS

to accommodate 476,300 people



50,489

Single and Semi-Detached Dwelling units



37,631

Multiple units



80,159

Apartment units

96 MILLION SQUARE FEET

to accommodate 160,000 employees



14.7 M sqft
Retail



1.6 M sqft
Hotel



46.4 M sqft

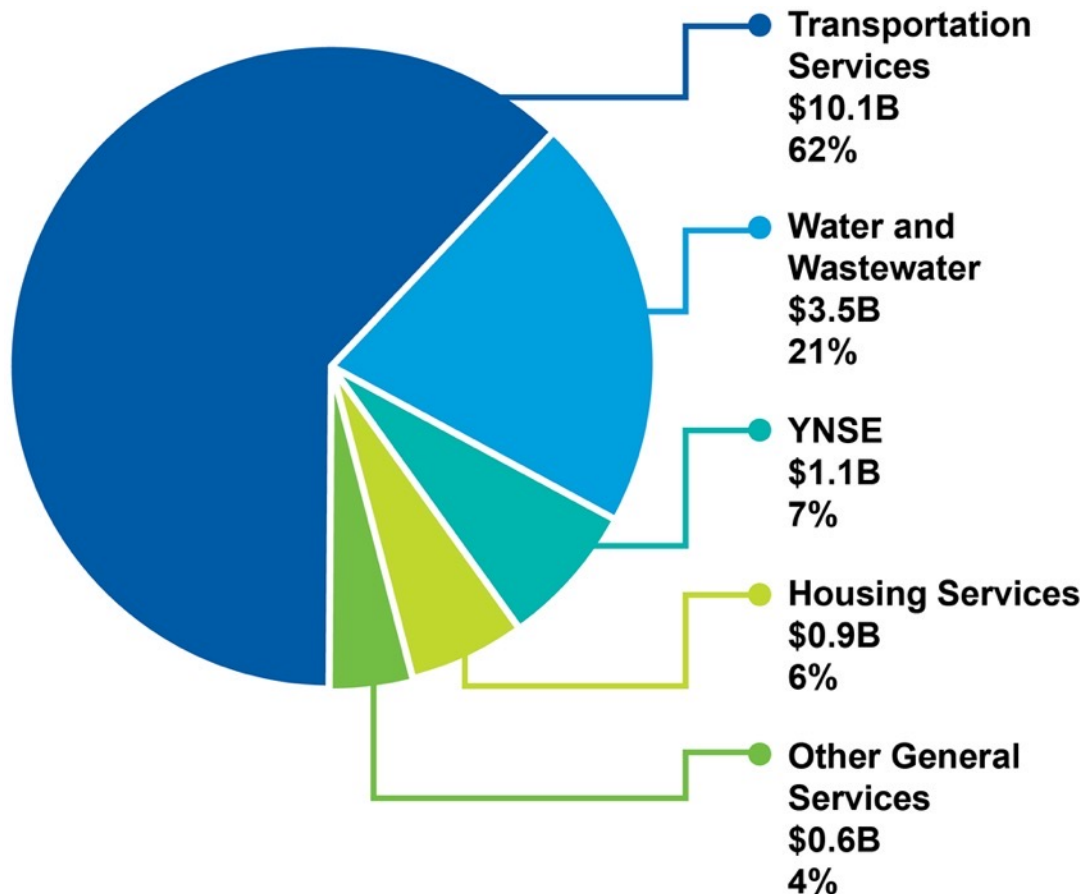
11.4 M sqft

22.0 M sqft

Industrial, Office and Institutional

\$7.9 BILLION IN PROJECT COSTS ARE ELIGIBLE TO BE RECOVERED UNDER THE PROPOSED 2022 BYLAW

**Gross Project Costs by Service
(\$16.2 Billion)**



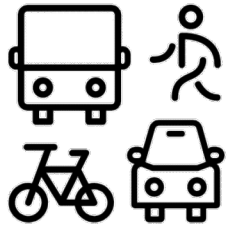
	\$ Billion
Gross Project Costs	16.2
Grants and Subsidies	(2.9)
Benefit to Existing Development deduction	(3.5)
Project costs eligible for DC recovery	9.8
Post Period Benefit deduction, Historic Level of Service Cap deduction	(1.9)
DC eligible project costs recoverable through the 2022 DC Bylaw	7.9

Note:

Transportation services include: Roads, Transit, TYSSE and Public Works

Other general services include: Waste Diversion, Police, Housing Services, Public Health, Ambulance Services, Growth Studies, Long Term Care/Seniors Services and Court Services

THE 2022 DEVELOPMENT CHARGES BYLAW WILL HELP FUND VITAL GROWTH-RELATED INFRASTRUCTURE ACROSS THE REGION



**Roads and Transit
program
to support
multimodal travel
and electrification**



Bus Rapid Transit



YNSE



**Primary Trunk Sewer,
Upper York Water
Reclamation Centre**



Unionville Commons



**Facilities and
equipment for
growth**



**Future Keswick
Paramedics Station**



**Source Separated
Organic (SSO)
Facility**

THE 2022 DC BYLAW WILL ALSO HELP RECOVER \$2B IN OUTSTANDING DC DEBT

Service	\$ Millions
Water and Wastewater Services	1,293
Transportation Services	432
Toronto-York Spadina Subway Extension	222
Other General Services	85
Total	2,031

Note: Numbers may not sum due to rounding

Transportation services include: Roads, Transit, and Public Works

Other general services include: Waste Diversion, Police, Housing Services, Public Health, Ambulance Services, Growth Studies, Long Term Care/Seniors Services and Court Services

PROPOSED RATES



THE PROPOSED DC RATES REFLECT UPDATED OCCUPANCY TRENDS

Change In Average Occupancy Forecast (Persons Per Unit)

DC Bylaw	Single and Semi-Detached Dwelling	Multiple Unit Dwelling	Large Apartment ≥ 700 Sq ft	Small Apartment < 700 Sq ft
2017	3.74	3.01	2.19	1.60
2022	3.81	3.17	2.46	1.60
% Change	+2%	+5%	+12%	0%

PROPOSED 2022 DC RATES

RESIDENTIAL

DC Rate Per Unit



Single and Semi Detached

\$77,873 +19%



Multiples

\$64,792 +23%



Large: \$50,280 +31%

Small: \$32,702 +17%

NON-RESIDENTIAL

DC Rate Per Square Foot



Retail

\$60.58 +4%



Hotel

\$10.91 -5%



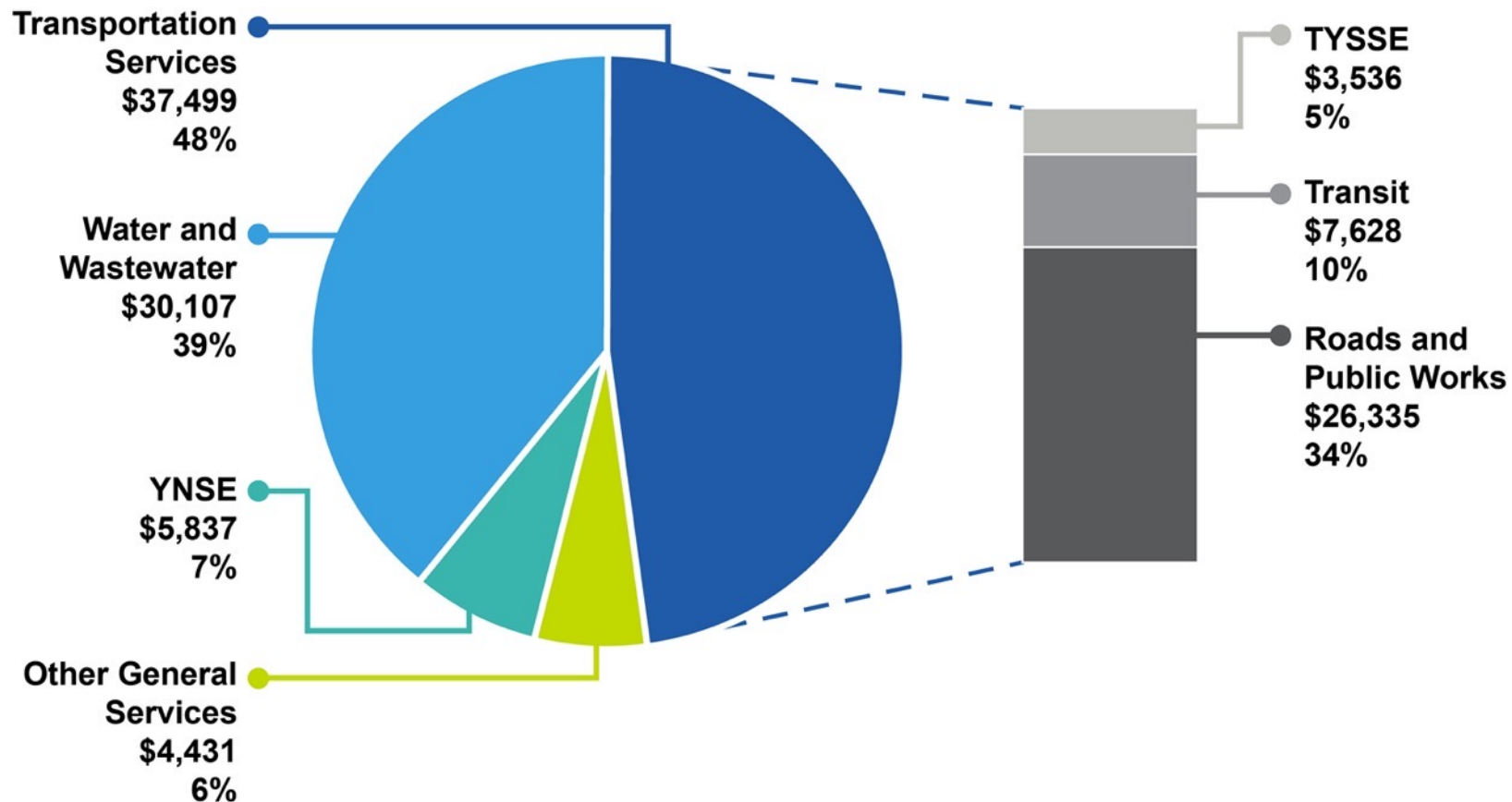
Industrial, Office and Institutional

\$24.70 +2%

Note: Figures do not include GO Transit, Nobleton, Local or Education DCs

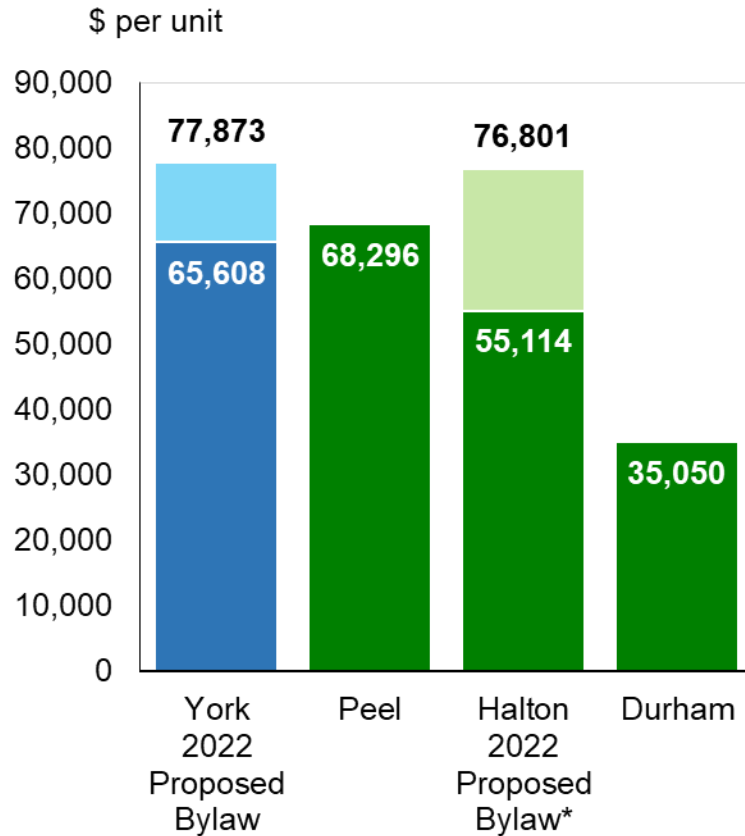
BREAKDOWN OF THE PROPOSED RESIDENTIAL DC RATES

Proposed 2022 Single and Semi-Detached Dwelling DC Rate by Service (\$77,873)

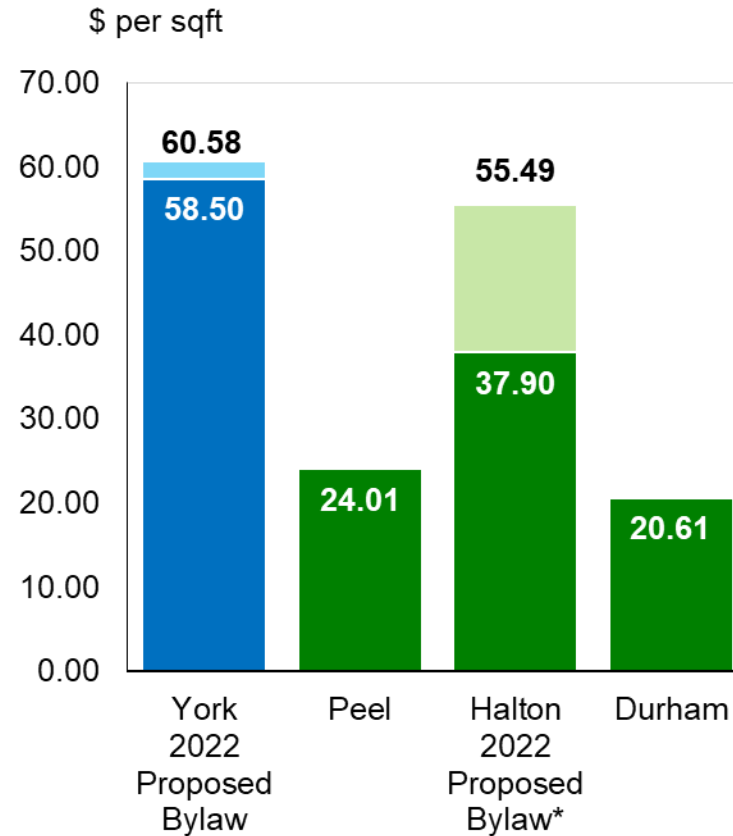


REGIONAL MUNICIPALITIES FUND DIFFERENT SERVICES

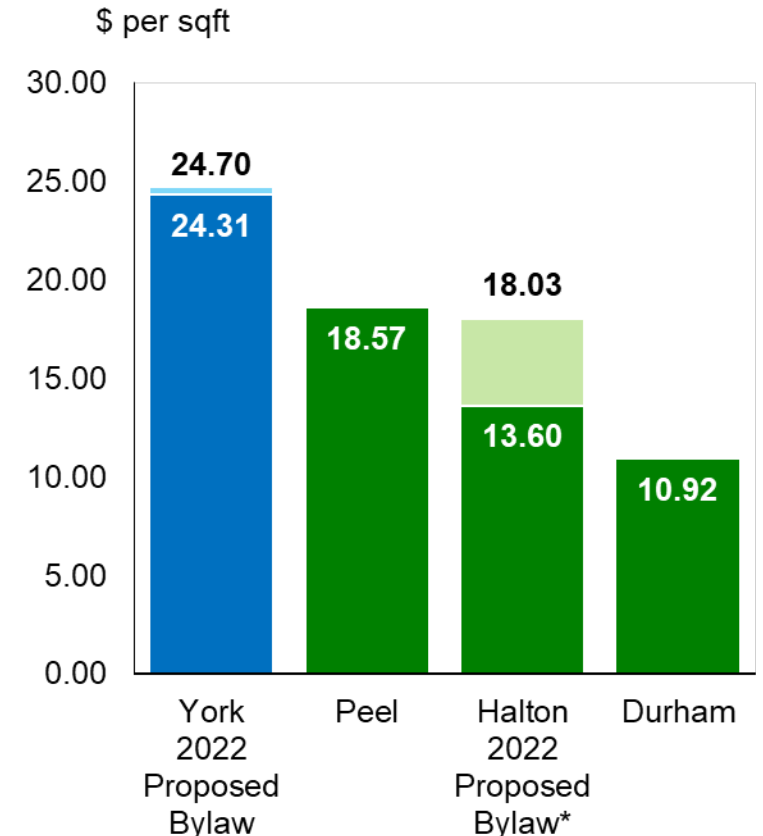
Singles and Semis



Retail



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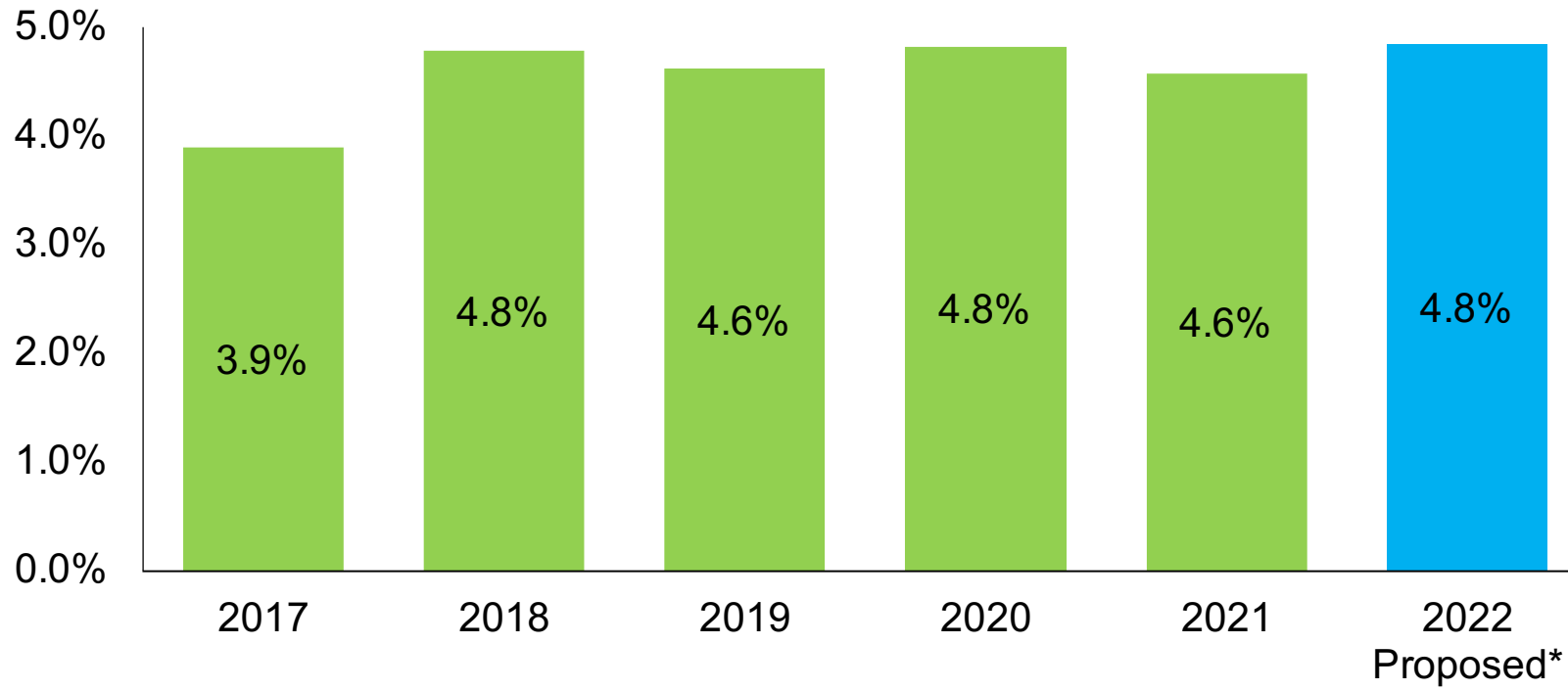


*Greenfield Rates

**Average of Institutional and Industrial Rate
Peel and Halton – no transit and subway

PROPOSED REGIONAL DEVELOPMENT CHARGES REPRESENT LESS THAN 5% OF THE PRICE OF A NEW HOME

**DC Rates as a Share of New Home Prices in York Region
Singles and Semis**



*Forecasted 2022 housing price as of January 25, 2022

Notes: Rates as of July 1

Figures do not include GO Transit, Nobleton, Local or Education DCs

Data Source for housing prices: CMHC, average price of absorbed new single and semi-detached dwelling



NEXT STEPS AND RECOMMENDATIONS




York Region

NEXT STEPS

Key Dates	Deliverable
March 24, 2022	Public Meeting
May 26, 2022	2022 DC Background Study and Bylaw approval
June 17, 2022	2022 Bylaw and rates in effect

RECOMMENDATIONS

1. Council receive the draft 2022 Development Charges Bylaw and Background Study (Attachment 1)
2. A report be brought forward to the May 26, 2022, meeting of Council recommending the approval of a 2022 Development Charges Bylaw
3. The Regional Clerk circulate this report to local municipalities and the Building Industry and Land Development Association – York Chapter (BILD)



APPENDIX — PROPOSED DEVELOPMENT CHARGES RATES



SUMMARY OF GROWTH ASSUMPTIONS AND PROPOSED RATES

PLANNING HORIZON: 2022 TO 2041



168,300

RESIDENTIAL UNITS



96 Million Sqft

NON-RESIDENTIAL SPACE



GROWTH INFRASTRUCTURE COSTS
\$16.2 Billion

Residential (\$ per unit)	Current Rates	2022 Proposed Rates	% Change
Single and Semi-Detached Dwellings	65,608	77,873	+19%
Multiple Unit Dwellings	52,814	64,792	+23%
Apartments >=700 sq. ft.	38,382	50,280	+31%
Apartments < 700 sq ft.	28,042	32,702	+17%
Non-residential (\$ per sq. ft.)	Current Rates	2022 Proposed Rates	% Change
Retail	58.50	60.58	+4%
Industrial/Office/Institutional	24.31	24.70	+2%
Hotel	11.44	10.91	-5%

Note: Figures do not include GO Transit, Nobleton, Local or Education DCs

PROPOSED RESIDENTIAL DEVELOPMENT CHARGES RATES

Service	Single and Semi- detached Dwelling	Multiple Unit Dwelling	Large Apartment (>=700 sqft)	Small Apartment (<700 sqft)
<u>Hard Services</u>				
Water	9,041	7,522	5,838	3,797
Wastewater	21,065	17,527	13,601	8,846
Roads	25,748	21,423	16,625	10,813
Subtotal Hard Services	55,855	46,472	36,064	23,456
<u>General Services</u>				
Transit	7,628	6,346	4,925	3,203
Toronto-York Spadina Subway Extension	3,536	2,942	2,283	1,485
Yonge North Subway Extension	5,837	4,856	3,769	2,451
Public Works	587	488	379	246
Waste Diversion	366	304	236	154
Police	1,082	900	699	454
Housing Services	1,589	1,322	1,026	667
Public Health	389	323	251	163
Ambulance Services	766	637	494	322
Growth Studies	175	146	113	74
Long Term Care/Seniors Services	0	0	0	0
Court Services	65	54	42	27
Subtotal General Services	22,018	18,319	14,216	9,246
Total	\$77,873	\$64,792	\$50,280	\$32,702

PROPOSED NON-RESIDENTIAL DEVELOPMENT CHARGES RATES

Service	(\$ per sqft)			(\$ per sqm)		
	Retail	Industrial/ Office/ Institutional	Hotel	Retail	Industrial/ Office/ Institutional	Hotel
<u>Hard Services</u>						
Water	4.26	2.86	0.92	45.85	30.78	9.90
Wastewater	9.96	6.69	2.14	107.21	72.01	23.03
Roads	27.21	8.62	4.50	292.89	92.78	48.44
Subtotal Hard Services	41.43	18.17	7.56	445.95	195.58	81.38
<u>General Services</u>						
Transit	7.86	2.54	1.35	84.60	27.34	14.53
Toronto-York Spadina Subway Extension	3.66	1.18	0.63	39.40	12.70	6.78
Yonge North Subway Extension	5.92	1.96	1.04	63.72	21.10	11.19
Public Works	0.69	0.18	0.11	7.43	1.94	1.18
Waste Diversion	0.00	0.00	0.00	0.00	0.00	0.00
Police	0.67	0.44	0.14	7.21	4.74	1.51
Housing Services	0.00	0.00	0.00	0.00	0.00	0.00
Public Health	0.02	0.01	0.01	0.22	0.11	0.11
Ambulance Services	0.16	0.10	0.03	1.72	1.08	0.32
Growth Studies	0.13	0.09	0.03	1.40	0.97	0.32
Long Term Care/Seniors Services	0.00	0.00	0.00	0.00	0.00	0.00
Court Services	0.04	0.03	0.01	0.43	0.32	0.11
Subtotal General Services	19.15	6.53	3.35	206.13	70.29	36.06
Total	\$60.58	\$24.70	\$10.91	\$652.08	\$265.87	\$117.43