



2018 Development Charge Background Study and Bylaw Amendment

Public Meeting

March 22, 2018

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Outline

1. Recap of the 2017 Regional Development Charge Bylaw
2. Purpose of the 2018 Bylaw amendment
3. Proposed development charge rates
4. Proposed treatment of structured parking
5. Process and next steps

Recap of the 2017 Regional Development Charge Bylaw

The Region's current Development Charge Bylaw was last updated in 2017

2017 Development Charge Background Study and Bylaw Highlights

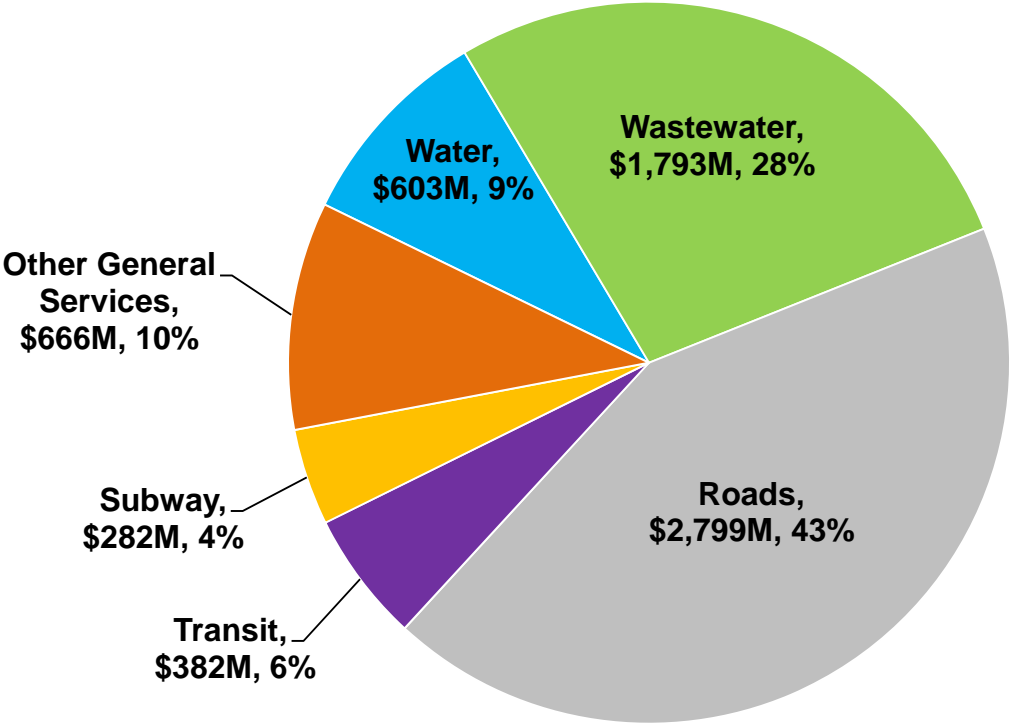
Came into force	June 17, 2017
Forecast horizon	2017 to 2031
Growth forecast	136,250 new homes and 79 million square feet of new non-residential spaces
Value of projects	Gross cost: \$6.5 billion Development Charge-eligible cost (2017 - 2031): \$3.7 billion
Inter-jurisdictional rate comparison	Second highest single-family detached rate and highest retail rate among Greater Toronto Area regional municipalities
Major policy changes	Hotels class created – levying a per square foot charge Apartment delineation threshold raised to 700 square feet 36-month deferral policy for purpose-built high density rental buildings

Residential rates increased modestly while non-residential rates stayed the same or declined

Type of Residential Dwelling	\$ Change/Unit	% Change	
Singles and Semi-detached	5,683	13%	↑
Multiples	1,591	4%	↑
Large Apartments (≥ 700 sqft)	1,853	7%	↑
Small Apartments (< 700 sqft)	2,704	15%	↑
Rate class	\$ Change/Sqft	% Change	
Retail	0.14	0.35%	↔
Industrial/Office/Institutional	-2.42	-12%	↓
Hotels	-32.38	-80%	↓

Approximately 80 per cent of the project costs are for water, wastewater and road projects

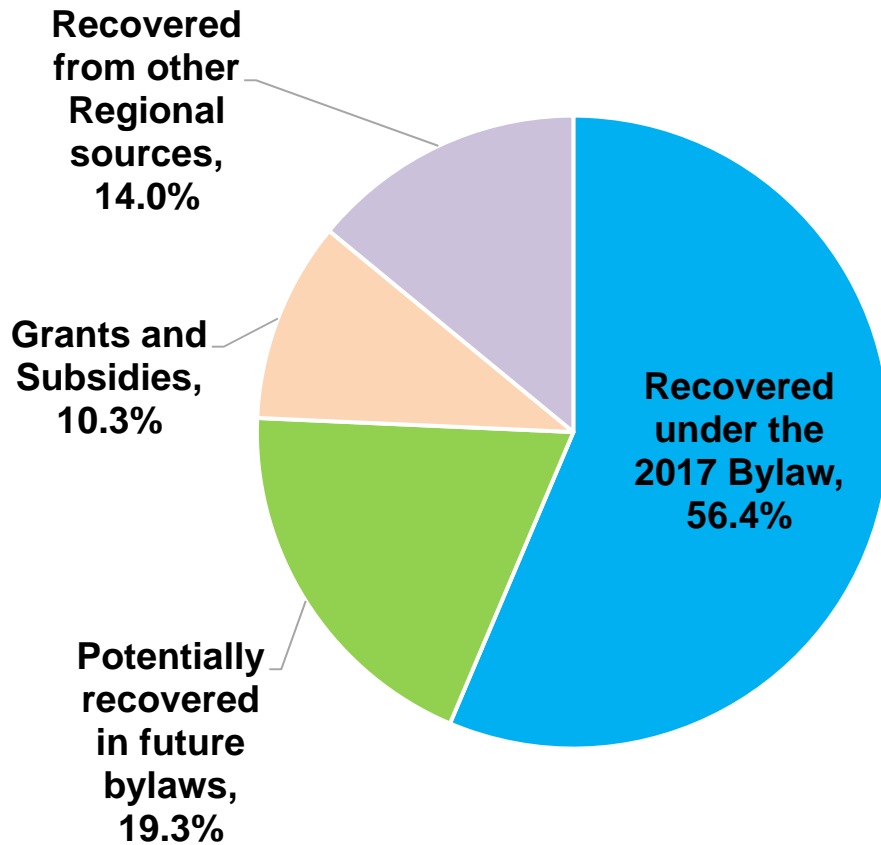
2017 Development Charge Bylaw Gross Capital Costs to 2031 - \$6.5 billion



Note: Numbers may not add due to rounding

Approximately 56 per cent of the gross project costs can be recovered under the 2017 Bylaw

Share of Gross Costs to be recovered 2017 – 2031
(\$6.5 Billion)



Category	\$ Millions
Recovered in 2017 Development Charge Bylaw	3,677
Potentially recovered under future bylaws	1,261
Recovered from other Regional sources (tax levy and rates)	915
Grants and Subsidies	669
Total	6,523*

*Numbers may not add due to rounding

Purpose of the 2018 amendment

The 2018 Development Charge Bylaw amendment deals with roads and structured parking

- The purpose of 2018 amendment is two-fold:
 - Amend the 2017 Bylaw as it relates to the roads program
 - Review the treatment of structured parking (including associated sections)
- The 2018 Bylaw does not repeal or replace the Region's 2017 Development Charge Bylaw
- All other services continue to be funded under the 2017 Development Charge Bylaw

This Bylaw amendment responds to Council direction

- When Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018
- The amendment adds all of the road projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw to the rate calculation
- A contingency schedule is a list of proposed capital projects, with associated development charge rate increases, that would become part of the bylaw should certain conditions be met (known as a trigger event)

The 2017 Development Charge Bylaw included a 'two-part' contingency schedule

Part	Trigger of development charge	Service	Total gross project costs (\$ Million)
A	Capital works contingent on Region entering into agreement to assume responsibility	Water, Wastewater, Roads, and Senior Services	844
B	Projects requiring the province extend new revenue raising powers to the Region	Roads	1,488

Other inputs and assumptions from the 2017 Bylaw will remain the same

The following inputs have been maintained:

- Development charge rates for all services except roads
- Forecast assumptions:
 - Forecast period (2017 to 2031)
 - Residential density assumption (Persons Per Unit)
 - Residential and non-residential growth forecasts
- Calculation methodology
- Debt and reserves figures

Proposed development charge rates

The amendment adds 56 road projects with gross capital costs of \$1.5 billion

- The amendment adds 56 road projects identified in the Region’s 2016 Transportation Master Plan
- These are the projects in “Part B” of the contingency schedule

Gross Project Costs (\$ Millions)	2018 Background Study (\$ Millions)
Gross capital costs	1,486
Development charge-eligible costs (2017-2031)	1,348

Most of the road projects being added are road widenings

- Road widening projects (for 4 or 6 lane widenings) make up 61 per cent of the gross capital costs being added
- The roads component of the bylaw will increase from \$2.8 billion to \$4.3 billion

Top five projects in the 2018 Bylaw Amendment	Gross Project Cost (\$ Million)
Highway 7 - Kipling Avenue to Helen Street	66
16th Avenue - Woodbine Avenue to McCowan Road	65
Leslie Street-19th Avenue to Stouffville Road	58
Intersection, Bottleneck and Miscellaneous Capital	57
Green Lane - Yonge Street to Highway 404	56

Proposed development charge rates

Rate Class	Current \$ Rate/Unit	Proposed \$ Rate/Unit*
Singles and Semis	48,330	57,525
Multiples	38,899	46,301
Large Apartments (\geq 700 sqft)	28,273	33,652
Small Apartments ($<$ 700 sqft)	20,636	24,566

Rate Class	Current \$ Rate/Sqft	Proposed \$ Rate/Sqft*
Retail	39.89	51.12
Industrial/Office/Institutional	17.90	21.19
Hotels	7.93	10.03

*Note: Roads projects subject to this amendment will not be indexed on July 1, 2018. The remaining portion of the rate will still be indexed on July 1, 2018.

The proposed residential rates are 19 per cent higher than current levels

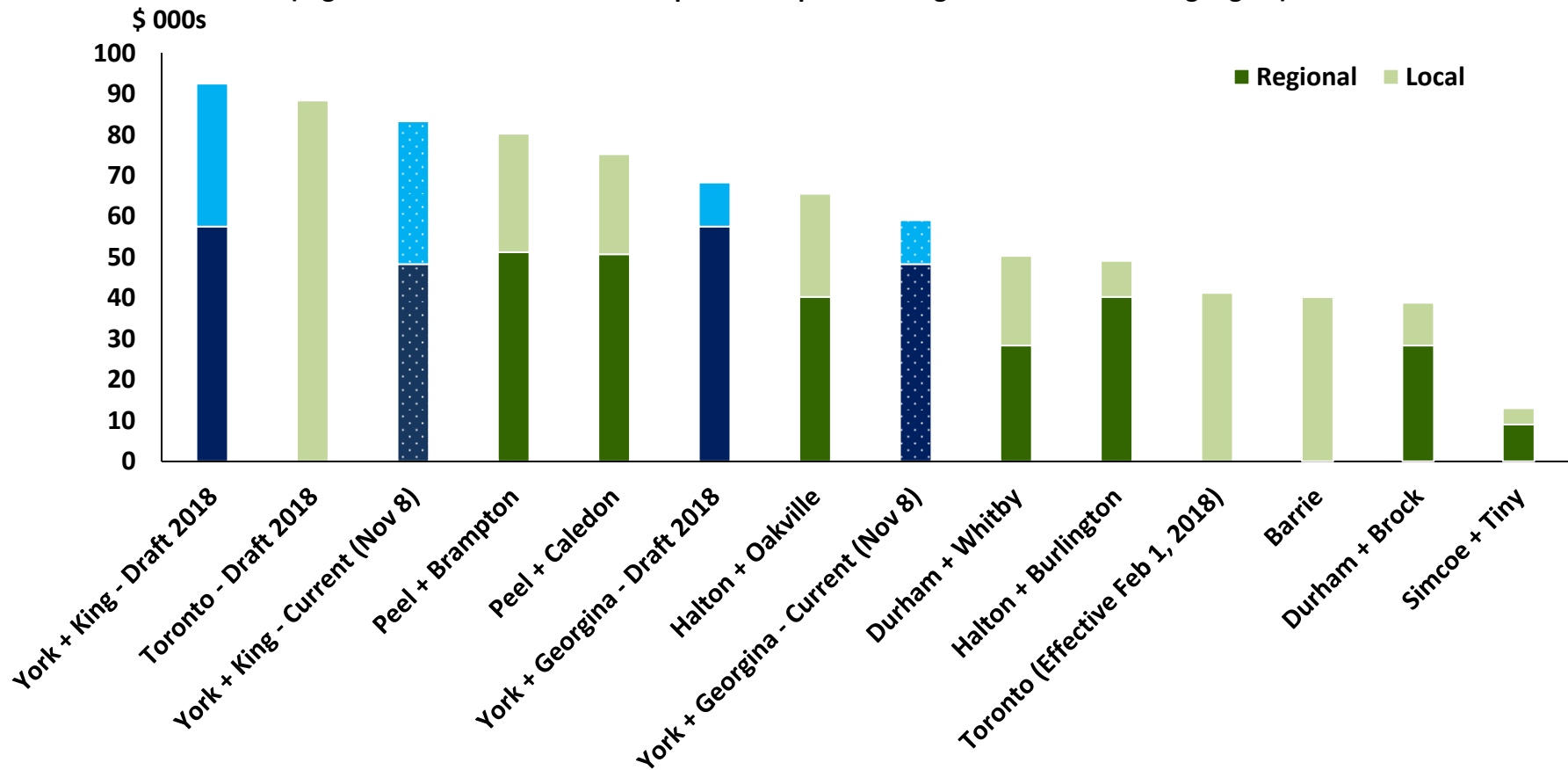
Rate Class	\$ Change/ Unit	% Change
Singles and Semis	9,195	19
Multiples	7,402	19
Large Apartments (≥ 700 sqft)	5,379	19
Small Apartments (< 700 sqft)	3,930	19

Proposed non-residential rates are also higher

Rate class	\$ Change/ Sqft	% Change
Retail	11.23	28
Industrial/Office/Institutional	3.29	18
Hotels	2.10	26

With the amendment, the combined single family rates will be among the highest

Single, Upper and Local Tier Development Charges -
Single Family Dwelling
(Highest and Lowest Total Municipal Development Charge in each surrounding region)



Note: Rates as of January 24th, 2018

Proposed treatment of structured parking

The bylaw amendment proposes to change the treatment of structured parking

Type of development	Change or clarification
Standalone structures used for vehicle storage	Recognize their warehousing nature and levy the industrial/office/institutional rate
Retail motor vehicle establishment	Strengthen the bylaw to treat all areas within a retail motor vehicle establishment as retail
	Introduce a blended rate treatment for motor vehicle establishments with significant enclosed storage areas
Structured parking accessory to shopping malls and hotels	Clarify their exempt status

Levy the Industrial/Office/Institutional rate on standalone vehicle storage facilities



Source: <http://www.azdetailing.com>

- Would apply to standalone buildings or structures used for warehousing of vehicles
- Levying the Industrial/Office/Institutional rate is consistent with the treatment of other warehousing or storage

Continue to levy the retail rate on vehicle storage areas within retail motor vehicle establishments



Source: Google maps – Pfaff Volkswagen - Newmarket

- Recognizes these areas are not only used for storage but have additional retail uses (e.g., detailing, servicing, showroom) or the potential for future conversion to retail uses
- Treating these storage areas as retail is consistent with treatment of on-site storage areas for other retailers

Levy a blended rate on retail motor vehicle establishments with significant vehicle storage areas



Source: Google maps – Audi Midtown Toronto

- Would apply where a retail motor vehicle establishment includes significant storage area requirements (e.g., Audi Midtown)
- The retail rate would be capped at twice the gross floor area of the retail motor vehicle establishment (remainder levied the industrial/ office/institutional rate)

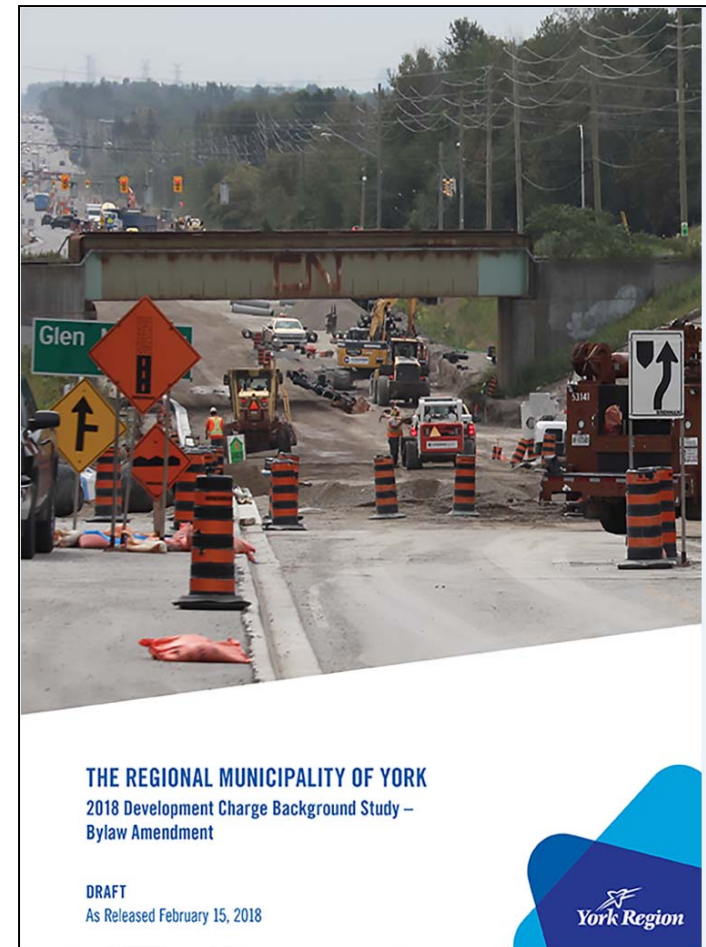
Make a housekeeping change to clearly exempt structured parking accessory to shopping malls and hotels

Typology	Current treatment	Proposed treatment	Rationale
Shopping mall and hotel accessory use parking	Retail	Exempt	<p>Proposed treatment is consistent with all other accessory use parking structures</p> <p>Development charges are levied on the primary structure (e.g., shopping malls and hotels)</p>

Process and next steps

A development charge bylaw amendment must be accompanied by a background study

- To amend a development charge bylaw, a new background study must be prepared in accordance with the *Development Charge Act, 1997*
- The background study underpins the rates in the amending bylaw
- The background study was published on the Region's website on February 15, 2018



A public meeting is required under the Act

- Today's public meeting satisfies a legislative requirement
- The purpose of the meeting is to obtain input on the draft 2018 Development Charge Background Study and amending bylaw from all interested parties
- The Region met all prescribed timelines:
 - At least 20 days notice of the meeting must be given
 - The draft 2018 Development Charge Background Study and amending Bylaw must be available at least two weeks prior to the statutory public meeting

Milestones in the development charge bylaw amendment process

