



2017 Development Charge Background Study

Statutory Public Meeting

March 9, 2017

Bill Hughes

Outline

1. Introduction
2. Growth forecasts
3. Growth-related infrastructure costs
4. Development charge rates
5. Process

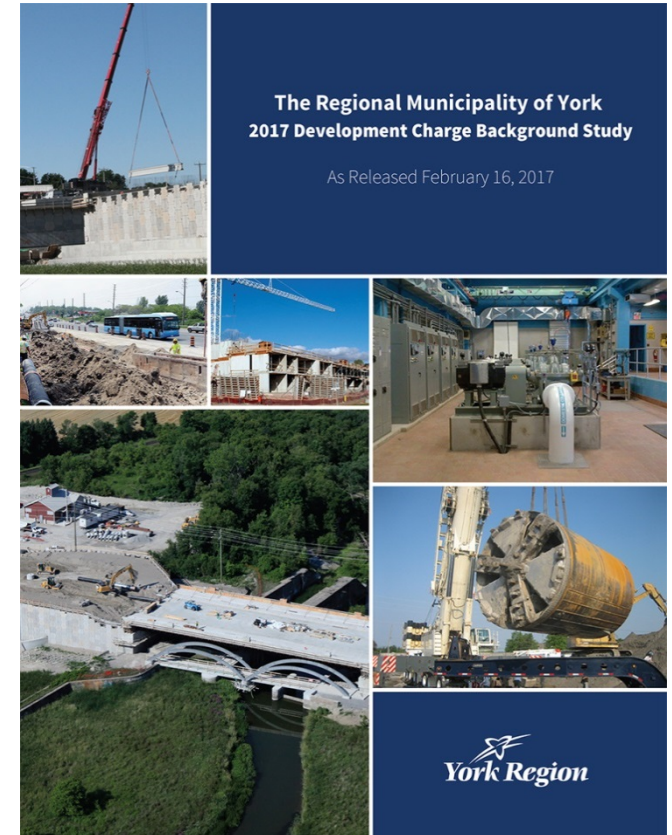
INTRODUCTION

A public meeting is required

- Today's public meeting satisfies a legislative requirement
- There are prescribed timelines:
 - At least 20 days notice of the meeting must be given
 - The proposed Background Study and Bylaw must be available at least two weeks prior to the statutory public meeting
- The purpose of the meeting is to obtain input on the draft 2017 Development Charge Background Study from all interested parties

What is a development charge background study?

- The Region collects development charges to recover the cost of growth-related infrastructure
- Before passing a development charge bylaw, municipalities are required to complete a background study in accordance with the legislation
- The background study provides the justification for the development charge rates for each class of development



The Background Study identifies different rates for different classes of development

Residential Classes	Non-Residential Classes
Singles and Semis	Retail
Multiples (e.g., Townhomes)	Industrial/Office/Institutional
Large Apartments (\geq 700 sqft)	Hotels
Small Apartments (< 700 sqft)	

Three major factors determine development charge rates

The legislative and regulatory regime:
“The Rules”

Forecasts of future growth

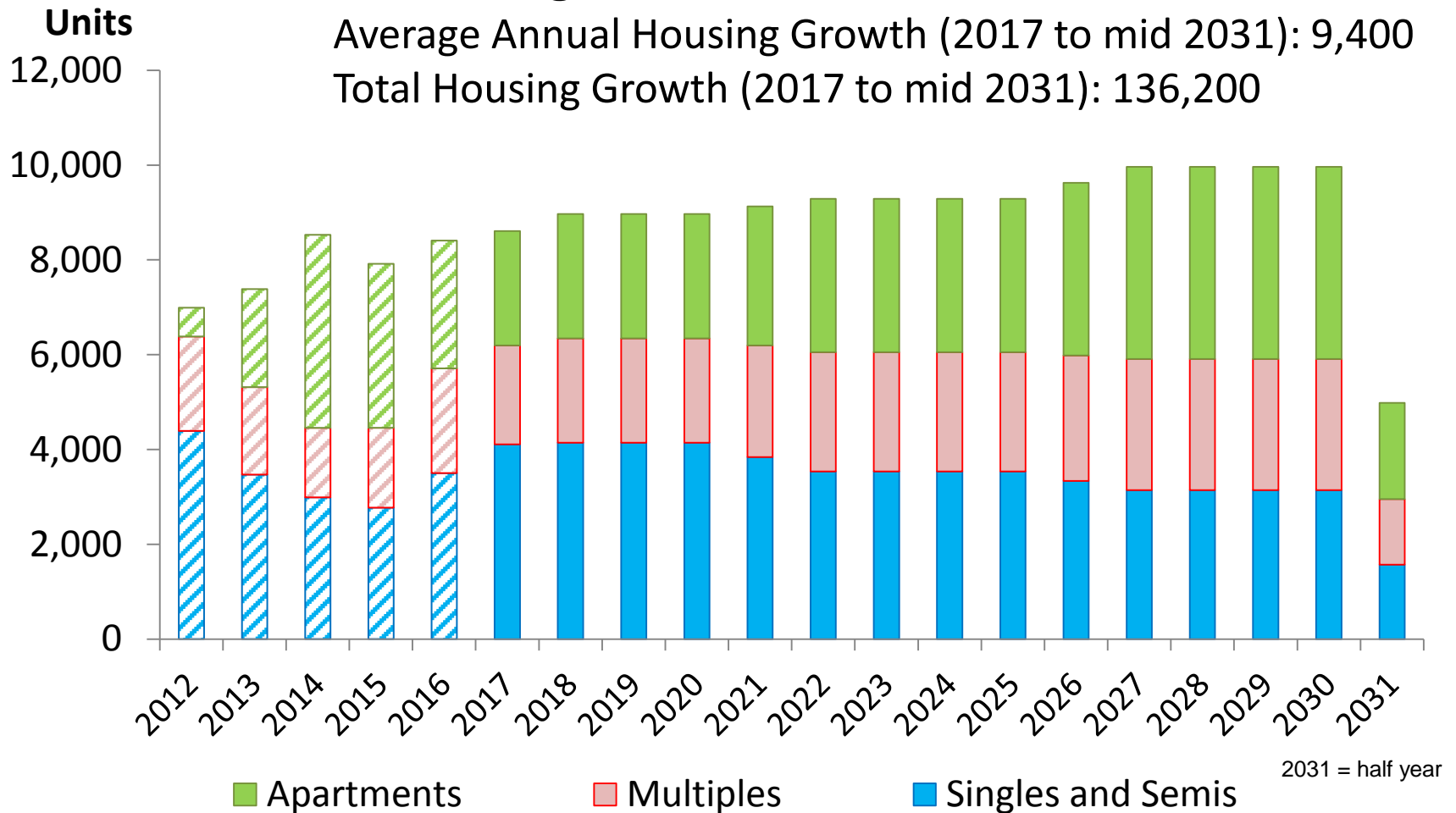
The cost of growth-related infrastructure

GROWTH FORECASTS

Housing mix will vary over time

Housing Growth – Total Residential

Average Annual Housing Growth (2017 to mid 2031): 9,400
 Total Housing Growth (2017 to mid 2031): 136,200



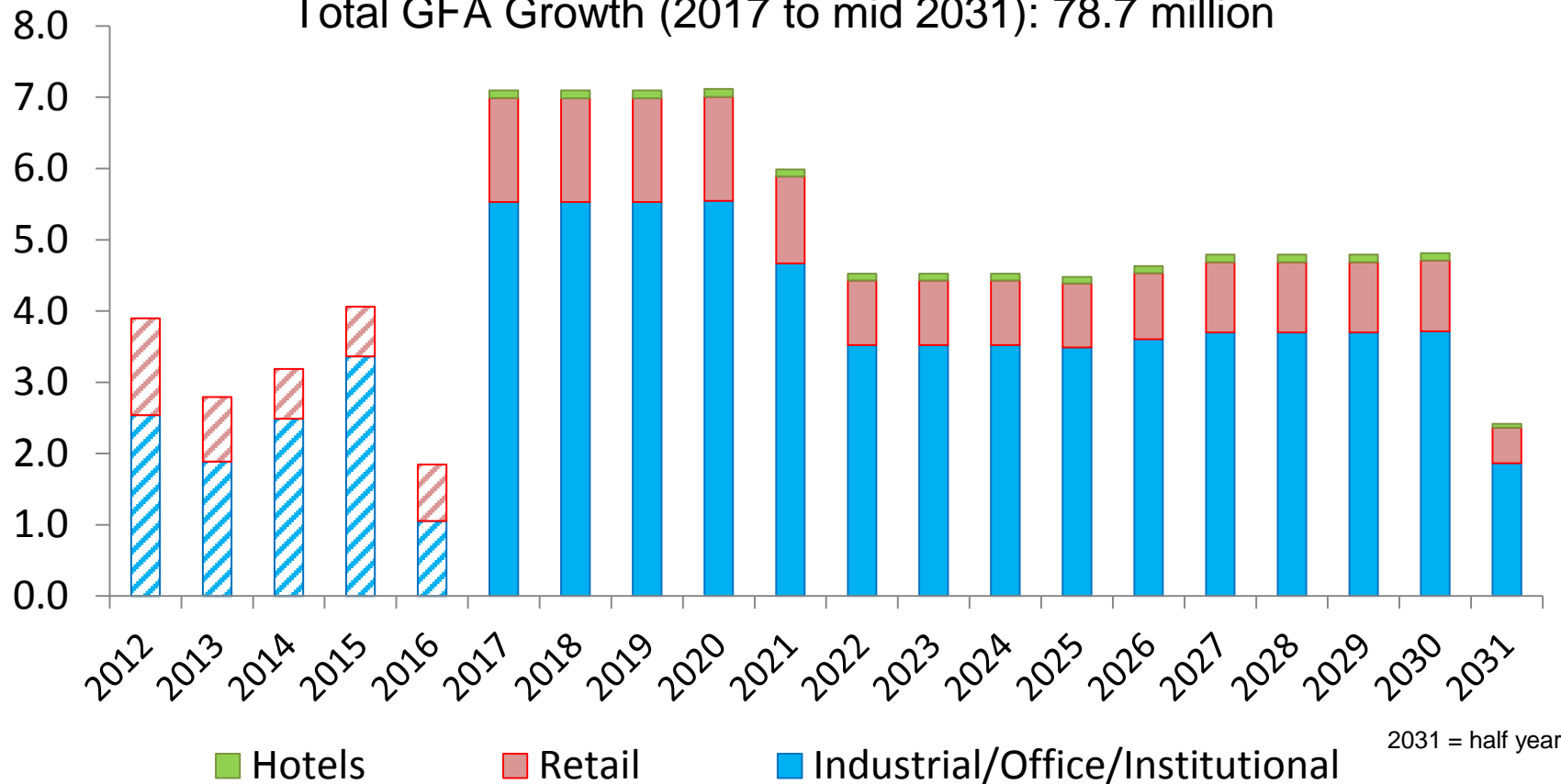
Near-term non-residential growth expected to be strong

Space Growth - Total Non-Residential

Annual Average Growth (2017 to mid 2031): 5.4 million

Total GFA Growth (2017 to mid 2031): 78.7 million

Square Feet
(in Millions)



GROWTH-RELATED INFRASTRUCTURE COSTS

Most growth-related infrastructure services are eligible

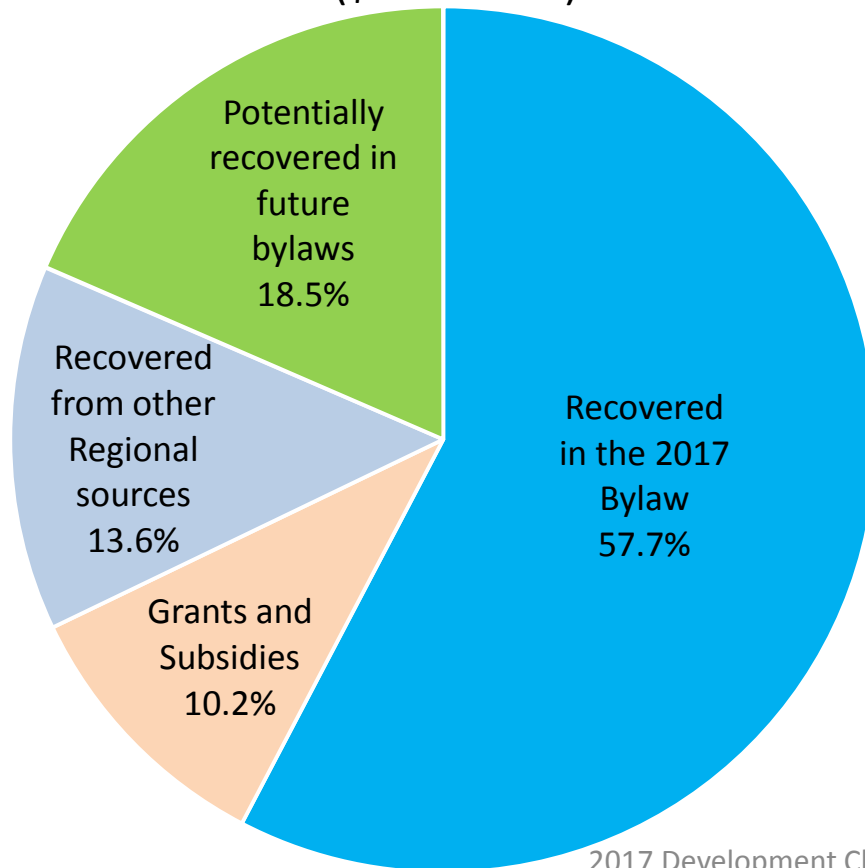
Eligible Infrastructure	
Hard Services	General Services
Water	Transit
Wastewater	Subway
Roads	Police
	Other general services (e.g., social housing, waste diversion, courts etc.)

Ineligible Infrastructure*
Cultural and entertainment facilities
Landfill sites and waste incineration
Municipal administrative facilities

*Note: List not exhaustive

Background Study includes \$6.4 billion of growth-related investment

Share of Gross Costs to be recovered
2017-2031
(\$6.4 Billion)



Category	\$ Millions
Recovered in 2017 Development Charge Bylaw	3,713
Potentially recovered in future bylaws	1,191
Recovered from other Regional sources	877
Grants and Subsidies	655
Total	6,436

Development charges also include the cost of debt

Service	Net Interest Cost for New Development Charge Debt (\$ Millions)	Principal and Interest on Existing Development Charge Debt (\$ Millions)
Hard Services	283.9	3,153.2
General Services	24.9	310.4
Total	308.8	3,463.6

The draft bylaw features a number of policy changes

Area	Change
Threshold to delineate small and large apartments	Threshold moved to 700 square feet from 650 square feet
Deferral for private purpose-built rentals	36 month deferral policy proposed (similar to 212 Davis Drive in Newmarket)
Hotel Development Charge	Separate class for hotels, with charge levied on a per square foot basis
Transition provisions	No transitional provisions

PROPOSED DEVELOPMENT CHARGE RATES

Proposed development charge rates

Rate Class	\$ Rate / Unit
Singles and Semis	48,139
Multiples	38,745
Large Apartments (≥ 700 sqft)	28,161
Small Apartments (< 700 sqft)	20,555

Rate class	\$ Rate / Sqft
Retail	39.81
Industrial/Office/Institutional	17.76
Hotels	7.95

Residential rates are going up

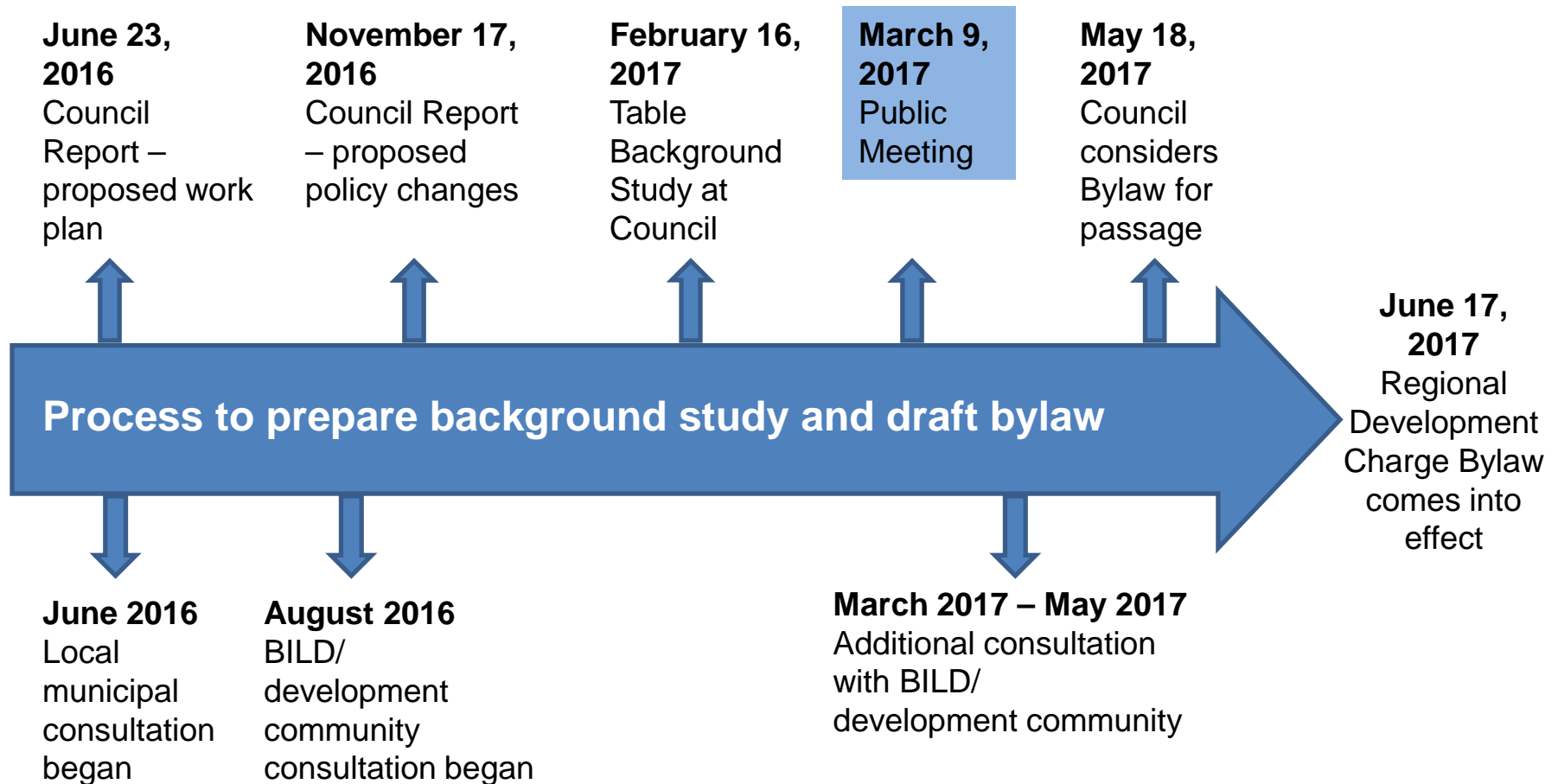
Rate Class	\$ Change /Unit	% Change	
Singles and Semis	5,502	13%	↑
Multiples	1,445	4%	↑
Large Apartments (≥ 700 sqft)	2,627	7%	↑
Small Apartments (< 700 sqft)	1,747	15%	↑

Non-residential rates are declining or staying the same

Rate class	\$ Change/ Sqft	% Change	
Retail	0.06	0.16%	↔
Industrial/Office/Institutional	-2.56	-13%	↓
Hotels	-32.35	-80%	↓

PROCESS

Milestones in the development charge bylaw update process



Potential amendment to the Background Study

- On February 16th, Council directed staff to consult with local municipalities on the roads capital program in the draft background study
- Staff plan to report back to Council on March 23rd with:
 - A proposal to add road projects to the contingent item list, based on Regional prioritization of projects, with a financial trigger
 - Responses to other questions raised by members of Council
- A contingent items list is a schedule of proposed capital projects with associated development charge rate increases should certain conditions be met
- Staff suggest tabling an amended Background Study and adding a second public meeting

Revised process

March 9, 2017
Public Meeting

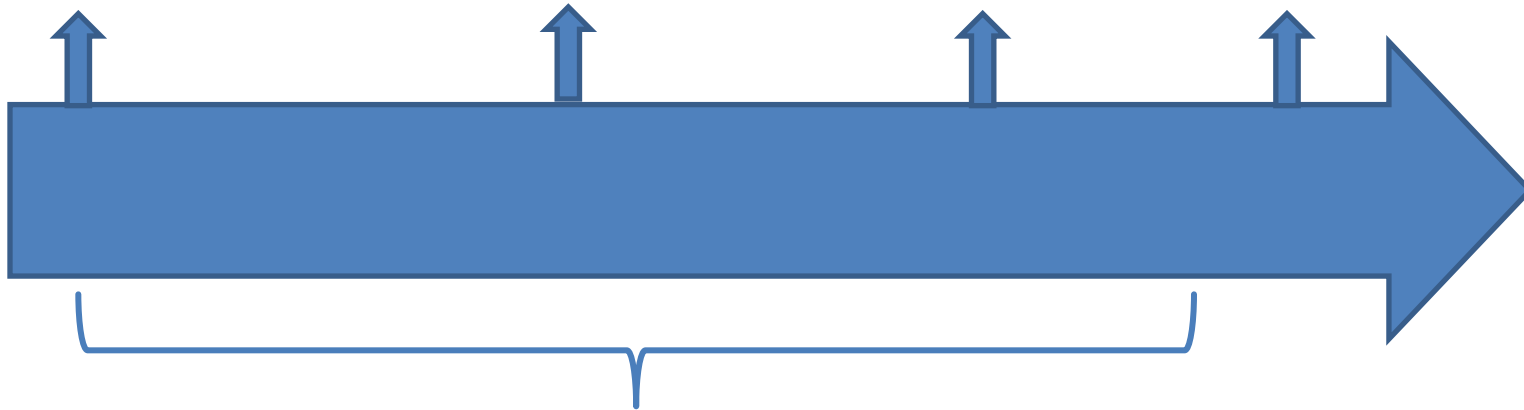
March 23, 2017
Report to Council on Amended Background Study

April 13, 2017
Second Public Meeting

May 25, 2017
Council considers Bylaw for passage

June 17, 2017

Regional Development Charge Bylaw comes into effect



March 2017 – May 2017

Additional consultation with key stakeholders (i.e., local municipalities, BILD/development community)