

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 3
OF THE REGIONAL
COMMISSIONER OF FINANCE**

**For Consideration by
The Council of The Regional Municipality of York
on November 8, 2001**

1**DEVELOPMENT CHARGE BY-LAW
GO TRANSIT - UPDATE****1. RECOMMENDATIONS**

It is recommended that:

1. Regional Council enact the necessary by-law to establish a development charge for funding GO Transit incorporating the conditions outlined in this report, including a 5% reduction in the calculated development charge rate, effective November 8, 2001.
2. Notice of the enactment of this by-law be given as required under the *Development Charges Act, 1997*.
3. The Regional Chair and Clerk be authorized to execute a Memorandum of Understanding (Attachment 1) with the Urban Development Institute and the Greater Toronto Home Builders Association regarding the implementation of a GO Transit development charge reflecting the principles outlined in this report.

2. PURPOSE

The purpose of this report is to update Council regarding discussions with the Urban Development Institute (“UDI”) and the Greater Toronto Home Builders Association (“GTHBA”) pertaining to the implementation of a development charge (“DC”) for GO Transit capital, and to seek Council authorization to enact the necessary by-law to establish the GO Transit development charge.

3. BACKGROUND

On May 24, 2001, Regional Council authorized the establishment of a York Region development charge for GO Transit capital, including the holding of a Public Meeting on October 11, 2001, with the proposed enactment of a Development Charge By-law (“DC By-law”) on October 25, 2001. In the months prior to the Public Meeting, York Region and the other Regional municipalities throughout the GTA participated in extensive discussions and consultation with UDI and GTHBA regarding the implementation of a GO Transit development charge. The GTA municipalities received an offer from UDI and GTHBA to enact a GO Transit development charge based on certain conditions. These included a one year term for the DC By-law, no indexing of the charge, and each municipality reducing their calculated charge by 10%. In return, UDI would agree not to appeal the GO Transit DC By-law, except for any non-residential charge imposed by the City of Toronto. A Memorandum of Understanding between UDI, GTHBA and the Region reflecting these conditions would be executed. The GTA municipalities response to this offer included extending the term of the by-law to two years, permitting indexing of the charge, and reducing the calculated charge by 5%.

On October 25, 2001, Council received a report recommending the enactment of a GO Transit DC By-law which included the following principles:

- Two year term of the GO Transit DC By-law, expiring December 31, 2003
- Provision in the DC By-law for indexing of the charge
- Reduction of the calculated DC rate by 5%
- UDI and GTHBA agree not to appeal or challenge the Region of York GO Transit DC By-law to the OMB
- UDI and GTHBA agree to support York Region at any OMB hearing pertaining to the appeal of the Region’s GO Transit DC By-law

Council deferred enactment of the by-law, and directed staff to hold discussions with UDI and GTHBA in order to obtain agreement to enter into a Memorandum of Understanding (“MOU”) which reflected the 5% reduction in the calculated rate.

4. ANALYSIS AND OPTIONS

Staff has held discussions with UDI and GTHBA regarding the execution of the Memorandum of Understanding including a 5% rate reduction. Both parties have indicated that they would be prepared to execute the Memorandum of Understanding if two additional conditions were included (Attachment 2). It is recommended that an MOU be executed which incorporates the additional conditions. These conditions are outlined below.

4.1 Grace Period For Existing Applications

It is proposed that the GO Transit DC By-law become effective November 8, 2001. UDI and GTHBA are concerned that developers who have submitted building permit applications and are waiting for the permit to be issued may be adversely impacted by the imposition of the GO Transit DC. UDI and GTHBA have requested the Region provide a

60 day exemption period only for building permit applications received by November 8, 2001. After this 60 day period, the GO Transit charge would be applicable. As well, any building permit applications received after November 8, 2001 would be subject to the GO Transit charge.

4.2 Revised Indexing Provisions

The indexing provisions in the Development Charges Act, 1997 requires the Statistics Canada Quarterly Construction Price Statistics to be used when indexing the DC rate. The Statistics Canada index for the 2nd quarter 2001 (most current index available) is 5.1%. In comparison, the Consumer Price Index for November 2001 is 2.9%. As the Statistics Canada index has typically been higher than other related indexes such as the Consumer Price Index, UDI and GTHBA have requested that a review be undertaken to identify an index which more appropriately reflects the costs of construction inputs and outputs. They have requested that the MOU include a commitment from the Region to work with UDI and GTHBA to identify a more suitable index, and to request the Province amend the DC legislation to replace the Statistics Canada index with the index identified in the joint review process. It is recommended that the Region work in conjunction with UDI and GTHBA to determine an appropriate index to use for adjusting DC rates in the future.

As an interim measure, UDI and GTHBA have also requested the Region limit any indexing of the GO Transit to a maximum of 3% per annum (similar to the Consumer Price Index). Considering the two year term of the by-law, the Region will only be able to index the GO Transit DC rate once prior to the by-law expiring, and that staff would be committed to working with the development industry to review future indexing provisions, it is recommended that the 3% limit in the index rate be incorporated into the GO Transit DC By-law.

5. FINANCIAL IMPLICATIONS

5.1 Memorandum of Understanding

In accordance with discussions between York Region, UDI and GTHBA, it is recommended that the GO Transit DC By-law be enacted and a Memorandum of Understanding between UDI, GTHBA and the Region be executed reflecting the following principles:

- Two year term of the GO Transit DC By-law, expiring December 31, 2003
- Reduction of the calculated DC rate by 5%
- Provision in the DC By-law for indexing of the charge
- Indexing of the charge not to exceed 3% per annum
- UDI and GTHBA agree not to appeal or challenge the Region of York GO Transit DC By-law to the OMB
- UDI and GTHBA agree to support York Region at any OMB hearing pertaining to the appeal of the Region's GO Transit DC By-law

- The Region agree to meet with UDI and GTHBA to review and develop an agreed set of principles and methodology for the calculation of the GO Transit development charge
- The Region agree to collaborate with UDI and GTHBA regarding the review of the indexing provisions in the Development Charges Act, 1997, and amendment of the legislation to incorporate the use of an index which more appropriately reflects the cost of construction inputs and outputs
- Residential building permit applications received by November 8, 2001 will have 60 days (January 7, 2002) to receive a building permit without being subject to the GO Transit development charge

5.2 Development Charge Rate

The following table outlines the proposed development charge rates for GO Transit services, which incorporates a reduction in the calculated DC rate by 5%.

Residential Unit Type	DC Rate per Unit
Single Family Dwelling/Semi-Detached	\$267
Multiple Unit Dwelling	\$210
Apartments:	
- 2 or more bedrooms	\$154
- less than 2 bedrooms	\$98

It should be noted that less than 40% of the York Region share of GO Transit capital costs are being recovered through development charges. The balance is to be recovered through taxation.

6. LOCAL MUNICIPAL IMPACT

The enactment of the GO Transit DC By-law will reduce the amount of financing required from existing residents (i.e. tax levy) for GO Transit capital, as new development will contribute to these capital costs. The construction of the projects identified in the GO Transit capital forecast will benefit existing and future York Region residents.

7. CONCLUSION

On October 25, 2001, Regional Council directed staff to enter into discussions with UDI and GTHBA in order to agree to the terms of a Memorandum of Understanding for the implementation of a GO Transit DC By-law, which would include a 5% reduction in the calculated charge. It is recommended that a GO Transit development charge by-law be enacted which incorporates the revised principles outlined in this report, which have been agreed to by UDI and GTHBA.

(A copy of the attachments referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)

Respectfully submitted,

**November 7, 2001
Newmarket, Ontario**

**Sandra Cartwright
Commissioner of Finance**

(Report No. 3 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting on November 8, 2001.)