6
STATUS OF 2012 DEVELOPMENT CHARGE BYLAW UPDATE

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated December 21, 2011, from the Commissioner of Finance, as amended to include the following recommendation 2:

> **2. Council delegate to the Finance and Administration Committee the authority to hold a public meeting prior to the adoption of the Development Charges Bylaw.**

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides Council with an update on the proposed 2012 Development Charge Bylaw process and work plan.

3. BACKGROUND

Development Charges are the primary source of funding for growth-related capital costs

Development Charges are the primary source of funding for growth-related capital costs required to service residential and non-residential development. As the majority of York Region’s capital expenditures are growth related, development charges are a major source of financing for York Region’s capital plan.

The 2012 Development Charge Bylaw will result in rates that will recover a major portion of the growth component of the Region’s capital program from 2012 to 2031.

The 2012 Development Charge Bylaw is required to come into effect on or before June 17, 2012

The *Development Charges Act 1997*, (DCA) requires that the Region prepare and enact a Development Charges Bylaw within 5 years of passing of each Bylaw. Regional Council enacted DC Bylaw no. DC-0007-2007-040 on May 27, 2007, which came into effect on

June 17, 2007. Accordingly, the 2012 Development Charges Bylaw must come into effect on or before June 17, 2012.

On June 24, 2010, the 2007 Development Charge Bylaw was amended for the water, wastewater and road components to capture infrastructure costs associated with the updated master plans. Growth-related costs for all eligible service areas will be updated as part of the 2012 Development Charges Bylaw process.

4. ANALYSIS AND OPTIONS

2012 Development Charge Bylaw process engages stakeholders

Staff have held six consultation meetings with BILD representatives and industry stakeholders to date. This consultation process will help to ensure that stakeholders understand the Region's infrastructure investments, methodologies and assumptions used in calculating and attributing costs. The resulting calculation and allocation of costs will be used to formulate the development charge rate.

Key methodologies have been discussed with stakeholders

Key issues discussed included topics such as:

- Post Period Benefit – the portion of the costs that are attributed to development beyond the 2031 timeframe
- Benefit to Existing Population – the portion of the costs that are attributed to existing population
- Roads Unit Costing guidelines which are used to estimate infrastructure investment costs.

Staff will continue to meet with stakeholders to discuss Development Charge Bylaw issues in the coming months.

Policy changes are proposed in the 2012 Development Charge Bylaw

In addition to the methodologies discussed above, staff are considering a number of policy changes as part of the 2012 Development Charge Bylaw update. Some of the proposed policy changes are noted in Table 1. These examples are provided for information and are not an exhaustive list of potential policy changes. Staff will continue to review other policy areas contained in the current Bylaw and bring forward any required changes as part of the Background study.

Table 1
Proposed Policy Changes for 2012 Development Charge Bylaw

Proposed Changes	**Current Treatment**	***Proposed Treatment***
Definition of “Den” in apartment	Treated as a bedroom for apartment calculation	To be based on the Gross Floor Area
Mixed use policy (specifically Non-res)	Based on predominant use of the structure	Use a threshold to split calculation based on uses
Hotel Development	Treated as retail	25% to be retail and units to be charged at 100% of apartment rate
Prepaid Development Charge Credit Policy	Development Charge credits provided based on specific development	Development Charge credits to reflect specific development and system-wide costs[1]
Uniform Region-Wide Charge	Area-specific Bylaw for Nobleton sewer	Eliminate Nobleton area-specific Bylaw
Non-Retail Expansion exemption	Unlimited 50% exemption based on existing footprint of structure	Limit 50% exemption to original footprint of structure

[1] Examples of System wide costs include major trunk sewers, treatment plants and pumping stations

Should the Region identify other potential changes, these will be included in the 2012 Draft Development Charge Background Study.

Staff are also exploring a common indexing date with local municipalities, various Security Instrument Options, Security Deferral lengths, Unique Dwelling definition, and Centers and Corridors/High Density Policy for potential inclusion in the Development Charge Bylaw.

Current 2012 DC Bylaw timelines target May 2012 Council meeting

Since July 2010, staff have worked on revisiting assumptions and methodologies, revising development charge policies, and engaging representative stakeholders.

In accordance with the *Development Charges Act* 1997, Council must enact a new Development Charges Bylaw by June 17, 2012. York Region must also release a background study 20 days prior to holding the public meeting. The public meeting is currently planned for the March 1, 2012 Finance and Administration Committee meeting. This proposed timeline provides staff with time to resolve potential issues that arise from the Public Meeting. Table 2 details the key Development Charges statutory requirements and the applicable dates.

Table 2
Key Development Charge Bylaw Dates

Statutory Requirements	Key Dates
Notice of Public Meeting	February 2, 2012
Background Study Release	February 14, 2012
Public Meeting	March 1, 2012
Additional Discussion Period	April 2012
Regional Council Approval of Bylaw	May 17, 2012
Development Charge Bylaw Enactment	June 17, 2012

Link to Key Council–approved Plans

This report is consistent with the 2011 to 2015 Strategic Plan objective of sound fiscal management.

5. FINANCIAL IMPLICATIONS

Development Charges are a major source of funding for growth-related capital projects. Development charge rates are based on proposed residential and non-residential development forecasts and related capital infrastructure to 2031. It is proposed that the 2012 Development Charge Bylaw would apply Region-wide with the current Nobleton area-specific Bylaw subsumed within the Region-wide Bylaw.

Current Development Charge rates are as follows:

- Single Family Dwelling: $32,000
- Non-retail rate (Industrial/Office/Institutional): $14.05 per square foot
- Retail rate: $26.74 per square foot.

The updated rates will be determined as part of the detailed modelling exercise currently underway.

6. LOCAL MUNICIPAL IMPACT

Development charges provide a major source of financing for Regional capital works that will facilitate the co-ordinated build-out of proposed developments within the Region and local municipalities. As the majority of the development charges are collected at building permit issuance, local municipal staff continues to be the Region’s agent in the day-to-day administration of the development charges Bylaw. Therefore, as part of the process, regional staff held a forum in August 2011 with local municipal staff to discuss issues related to the administration of the Regional Development Charge Bylaw. It is anticipated that further meetings will be held in the coming months.

7. CONCLUSION

In accordance with the *Development Charges Act* 1997, Council must enact a new Development Charges Bylaw that comes into effect on or before June 17, 2012. The Development Charges Act also requires the municipality to prepare a background study and hold a public meeting. The public meeting is scheduled to be held at the March 1, 2012 Finance and Administration Committee meeting, with approval of the 2012 Development Charges Bylaw by Regional Council scheduled for May 17, 2012.

For more information on this report, please contact Kelly Strueby at Ext. 1611.

The Senior Management Group has reviewed this report.