1
2012 DEVELOPMENT CHARGE BYLAW REVIEW DRAFT BACKGROUND STUDY

Pursuant to the *Development Charges Act, 1997*, the Finance and Administration Committee held a public meeting to obtain public input on the Region's proposed Development Charge Bylaw and underlying background study.

The Finance and Administration Committee recommends the following:

1. **Receipt of the presentation from Bill Hughes, Commissioner of Finance;**

2. **Receipt of the following communications:**

   Fernando Lamanna, Deputy Clerk, Town of East Gwillimbury, October 20, 2011, forwarding a resolution adopted by the Town of East Gwillimbury at its meeting on October 17, 2011, regarding Development Charges and Demolition;

   Danielle Chin, Municipal Government Advisor, Building Industry and Land Development Association (BILD), February 21, 2012;

   Danielle Chin, Municipal Government Advisor, Building Industry and Land Development Association (BILD), February 22, 2012;

   Bob Forrest, Forrest Group, February 22, 2012;

   Christine Yee, Director, Real Estate & Development, Sobeys Developments, January 22, 2012;

   Oz Kemal, MHBC Planning Urban Design & Landscape Architecture, February 23, 2012, on behalf of Trinity Development Group;

   Oz Kemal, MHBC Planning Urban Design & Landscape Architecture, February 23, 2012, on behalf of Home Depot of Canada Inc;

   Joshua Kaufman, Portfolio Leader, SmartCentres and Calloway REIT, February 23, 2012;

   M. Filice, Sr. V.P. & General Counsel, Liberty Development Corporation, February 21, 2012;

   Ira Kagan, Kagan Shastri, February 28, 2012, on behalf of Times Group;

Randy M. Grimes, Director, IBI Group, February 28, 2012, on behalf of BILD York Chapter;

David Charezenko, Chief Planning Officer, iPLANcorp, February 29, 2012, on behalf of Pfaff Motors Inc, 2265153 Ontario Inc., owners of 16775 Leslie Street and Pfaff Motors Inc., and 2312174 Ontario Inc., owners of 415 Bogartown Curve;

Blair Wolk, Vice President, Orlando Corporation, February 29, 2012; and

Martin Quarcoopome, Project Planner, Metrus Properties, February 29, 2012.

3. Receipt of the deputations from:

Fraser Nelson, Past Chair, BILD York Chapter;

Randy Grimes, IBI Group, on behalf of the BILD York DC Working Group;

M. Filice, Liberty Development Corporation; and

Ira Kagan, Kagan Shastri, on behalf of Times Group. (Mr. Kagan filed a copy of a Development Charge Prepayment Agreement dated September 23, 2010 and an Energy Performance report dated February 16, 2011 with the Regional Clerk.)

4. Adoption of recommendations 1, 2, 4 and 5 contained in the following report dated February 16, 2012, from the Commissioner of Finance; and

5. Referral of recommendation 3 back to staff to have further discussions with Township of King staff and report back to the Committee's meeting of May 3, 2012.

1. RECOMMENDATIONS

It is recommended that:

1. Council receive the York Region 2012 Development Charge Background Study *(Attachment 1)*.

2. Council endorse the proposed timetable for passage of the Development Charge Bylaw, shown in Table 1.

3. Council endorse the inclusion of the Nobleton sewage servicing costs with all other Regional growth-related costs in calculation of a uniform Region-wide sewer development charge rate, and authorize the repeal of the current Nobleton area-specific Development Charge Bylaw coincident with the approval of the 2012 Region-wide Development Charge Bylaw.

4. A report be brought forward to the May 3, 2012 Finance and Administration Committee recommending the 2012 Development Charge Bylaw rates and the proposed date of passing, taking into consideration the input received at the public meeting.

5. Council receive comments provided at the statutory public meeting and refer these comments to staff.

2. PURPOSE

York Region is currently undertaking a comprehensive review of its Region-wide Development Charge Bylaw. The statutory public meeting required under the *Development Charges Act, 1997* (*DC Act*) has been scheduled for March 1, 2012. In accordance with the *DC Act*, public notice of meeting took place 20 days in advance and the background study was made available at least 14 days prior to the public meeting.

This report tables the York Region 2012 Development Charge Background Study and proposed Bylaw, development charge rates, and a proposed timetable for the passing of the Development Charge Bylaw. The report also explains the reasons for the proposed changes to York Region's development charge rates.

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. Development charge rates are based on proposed residential and non-residential development forecasts and related capital infrastructure costs.
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.

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

The *Development Charges Act, 1997* requires that municipalities prepare and pass a new Development Charge Bylaw within five years of the passing of their current Bylaw. Council enacted the current DC Bylaw No. DC-0007-2007-040 on May 27, 2007, which came into effect on June 17, 2007. In accordance with the DC Act, Council must pass a new DC Bylaw to come into effect on or before June 17, 2012.

On June 24, 2010, the 2007 Development Charge Bylaw was amended for water, wastewater and road services to capture capital costs associated with *Places to Grow* forecasts and updated Regional infrastructure master plans. Growth-related costs for all development charge eligible services have been updated as part of this 2012 Development Charge Bylaw process.

Currently a Nobleton area-specific Development Charge Bylaw exists for sewage servicing

The Nobleton Area-Specific Development Charge Bylaw No. DC-0006-2006-090 was first enacted on September 21, 2006. On September 21, 2011, this DC Bylaw was updated and is set to expire on September 21, 2016. This was a shift from the Region-wide development charge rate application to an area-specific development charge wastewater rate.

These development charges provide a major source of funding for the Nobleton Water Pollution Control Plant, pumping station, forcemain and trunk sewer, which will facilitate the build-out of plans of subdivisions within Nobleton.

In an effort to move back to a region-wide development charge rate for all Regional services, it is proposed that the Nobleton area-specific Development Charge Bylaw will be repealed and that the Region-wide development charge rates apply to this area.

Background study and public meeting required in accordance with the *Development Charges Act, 1997*

The *Development Charges Act, 1997*, requires the municipality to prepare a background study and proposed bylaw, and hold a public meeting. The background study describes the methodology and quantum of the development charge rate. It also details the associated policies that support the Development Charge Bylaw. On January 26, 2012, Council delegated the authority to the Finance and Administration Committee to hold the public meeting, which is scheduled to occur on March 1, 2012 at the Finance and Administration Committee.

Table 1 below details statutory requirements with applicable dates. This proposed timeline provides staff with time to resolve potential issues that may arise from the public meeting.

Table 1

2012 DC By-law Review Key Dates

Statutory Requirements	**Timeframe**
Notice of Public Meeting	February 2, 2012
Background Study Release	February 14, 2012
Public Meeting	March 1, 2012
Continued Discussions with Stakeholders and update Committee/Council as required	April 2012
Anticipated Regional Council Approval of Bylaw	May 17, 2012
Development Charge Bylaw comes into force	June 17, 2012

Development industry has been engaged in the 2012 Development Charge Bylaw process

Since the passing of the 2010 DC amendment, staff have been engaged in on-going dialogue with BILD representatives and industry stakeholders in preparation for the 2012 DC update. To date, staff have held ten consultation meetings with BILD representatives and industry stakeholders to review current policies and methodologies, and discuss proposed changes to be incorporated in the 2012 bylaw. This extensive consultation process has helped to ensure that stakeholders understand the region’s infrastructure programs, methodologies and assumptions used in calculating and attributing costs related to growth.

Staff are committed to ongoing communication with the development industry and will continue to meet with stakeholders to discuss development charge related matters and issues that may arise throughout the 2012 Development Charge Bylaw update process.

4. ANALYSIS AND OPTIONS

2012 Development Charge Bylaw rates are based on population and employment forecasts and related capital infrastructure costs to 2031

The growth forecasts found in Chapter 3 of the 2012 Development Charge Background Study are based on the approved York Region Official Plan forecast population of 1.5 million population and 780,000 jobs by 2031. These forecasts are consistent with *Places to Grow*, the Provincial growth plan for the Greater Golden Horseshoe area. York Region is anticipated to grow by approximately 423,000 people and 255,000 jobs from 2011 to 2031.

Approximately $14.4 billion in Regional infrastructure is required to facilitate growth

Development charges are collected to recover the growth-related capital costs associated with the residential and non-residential development that creates a need for new or expanded infrastructure to service it. As the majority of York Region's capital expenditures are growth-related, development charges are a major source of funding for York Region's capital plan.

Regional capital services include water, wastewater, roads, transit, subway and general services. General services consist of police, emergency medical services, growth studies, long-term care, public health, public works and affordable housing, which is newly introduced in the 2012 update.

It is estimated that $14.4 billion of regional infrastructure will be required to facilitate growth within York Region to 2031. This compares to $11.1 billion in estimated costs included in the background studies of 2007 and 2010 to calculate the current Development Charge By-law rates. Cost comparisons for each service category are outlined in Table 2 below.

Table 2
Growth-Related Infrastructure Capital Costs to 2031

Category	2007 Background Study & 2010 Amendment Background Study (2007 – 2031)	2012 Background Study (2012 – 2031)
Water[1]	$ 1,765.8 M	$ 1,514.3 M
Wastewater[1]	2,256.6 M	2,517.2 M
Roads[1]	4,843.8 M	7,772.6 M
Transit	1,074.3 M	1,288.6 M
Subway	973.3 M	823.3 M
General Services	163.1 M	452.4 M
Total	$ 11,076.9 M	$ 14,368.4 M

1. Costs updated in the 2010 DC Bylaw Amendment

Specific deductions are made to capital costs in accordance with the *Development Charges Act, 1997*

As part of determining growth-related infrastructure costs, the *Development Charges Act, 1997* requires that specific deductions be made to the cost estimates of York Region's infrastructure plans. These statutory deductions are summarized as follows:

1. **Benefit to Existing Development:** The portion of new infrastructure costs that benefit existing residents and businesses. The benefit to existing development component differs between services and is attributed at the project level.

2. **Post-Period Benefit**: The portion of new infrastructure costs that are identified as being attributable to development beyond the Bylaw planning period of 2012- 2031. The post-period benefit component differs between services and is attributed at the project level.
3. **Grants, Subsidies and Other Contributions**: Funding received from other sources including senior levels of government. These contributions are deducted proportionately from the cost of a project included in the development charge calculation.
4. **10% Statutory Reduction**: A required reduction of the infrastructure costs for certain services by 10%. This applies to the following services: long-term care, emergency medical services, transit (excluding subway), public health, affordable housing, and growth studies.

Various policy changes are reflected in the 2012 Development Charge Bylaw

As part of the 2012 Development Charges Bylaw update, York Region continues to review and revise its development charge policies.

Key refinements included in the York Region 2012 Development Charge Background Study are:

1. **Large vs. Small Apartment Distinction**: Currently, the number of bedrooms determines whether an apartment is large or small for purposes of the charge, and the distinction is based on “apartments less than two bedrooms” vs. “apartments with two or more bedrooms.” Dens are treated as a bedroom. For the 2012 Development Charge update, the apartment categories will be changed to a “small” and “large” apartment rate. A threshold of 650 square feet will be used to differentiate between the two sizes of apartments in order to reflect average differences in occupancy.

2. **Non-Residential Mixed Use Policy**: Currently, non-residential development charge rates are based on the predominant use of a structure. It is proposed that the threshold to determine the dominant use of the structure be based on any portion of the gross floor area that exceeds 55% of the gross floor area. For those structures that fall within the 45% - 55% range of the gross floor area, the development charge rate will be calculated on a 50/50 basis.

3. **Hotel Development**: Currently, development charges treat hotel development as retail. It is proposed that 25% of the gross floor area of the hotel development be charged at the retail rate and each suite be charged at the “small” apartment rate.

4. **Revised Prepaid Development Charge Credit Policy**: Currently, development charge credits are immediately fully issued to those developers that have funded the works specific to their developments. It is proposed that development charge credits be issued up to 50% of the Region-wide development charges for these services. The

remaining recovery is proposed to be received over the term of the Development Charge Bylaw, beginning in the year the project was originally scheduled.

5. **Uniform Region-Wide Sewer Charge:** Currently, the Nobleton community has an area-specific development charge bylaw to recover growth-related capital expenditures for sanitary sewage servicing. It is proposed that the Nobleton area-specific sewage servicing costs be included with all other Regional growth-related costs. Accordingly, the Nobleton area-specific bylaw will be repealed.

6. **Non-Retail Expansion Exemption**: Currently, the existing exemption policy adds the expanded gross floor area to the original gross floor area, such that any subsequent exemption continues to increase as the structure expands. The proposed change will limit the non-retail expansion exemption to 50% of the original footprint of the building.

Proposed 2012 Development Charge rates have increased by approximately 33% for residential, 44% for non-retail and 52% for retail

Table 4 summarizes the prevailing and the proposed 2012 residential development charge rates. Further supporting information is detailed in the York Region 2012 Development Charge Background Study *(Attachment 1)*.

Table 4
Residential Development Rate Comparisons

	Current DC Bylaw Rates per Dwelling Unit				**Proposed 2012 DC Bylaw Rates per Dwelling Unit**			
	Single & Semi-Detached	Multiple Unit Dwelling	Apartments 2+ bedrooms	Apartments <2 bedrooms	Single & Semi-Detached	Multiple Unit Dwelling	Apartments > or = 650 square feet	Apartments < 650 square feet
Water	$7,584	$6,285	$4,739	$3,057	$9,407	$8,254	$5,843	$3,957
Wastewater*	11,976	9,924	7,482	4,826	16,749	14,696	10,404	7,045
Roads	9,529	7,897	5,954	3,839	13,015	11,420	8,084	5,474
Subtotal	$29,089	$24,106	$18,175	$11,722	$39,171	$34,370	$24,332	$16,476
Transit	456	364	269	185	769	630	449	333
Subway	1,413	1,172	883	569	952	835	591	400
General Services	728	585	430	293	1,273	1,085	770	542
GO Transit	314	247	182	114	314	247	182	114
Total	$32,000	$26,474	$19,939	$12,883	$42,479	$37,167	$26,324	$17,865
Nobleton Sewer *	$9,438	$8,461	$5,920	$4,077	n/a	n/a	n/a	n/a

*Note: The Nobleton community currently has a separate rate for the wastewater component that will be calculated as part of one consistent Region-wide charge for 2012 DC Bylaw rates

Table 5 summarizes the prevailing and the proposed 2012 non-residential development charge rates. Further supporting information is detailed in the York Region 2012 Development Charge Background Study *(Attachment 1)*.

Table 5
Non- Residential Development Rate Comparisons

	Current DC Bylaw Rates				**Proposed 2012 DC Bylaw Rates**			
	Per Square Foot of Gross Floor Area		Per Square Metre of Gross Floor Area		Per Square Foot of Gross Floor Area		Per Square Metre of Gross Floor Area	
	Industrial / Office / Institutional	Retail	Industrial / Office / Institutional	Retail	Industrial / Office / Institutional	Retail	Industrial / Office / Institutional	Retail
Water	$3.33	$3.59	35.84	38.64	$4.75	$5.92	$51.10	$63.73
Wastewater *	5.64	6.17	60.71	66.41	84.44	10.53	90.90	113.37
Roads	3.97	13.75	42.73	148.00	5.93	21.04	63.78	226.42
Transit	0.21	0.68	2.26	7.32	0.29	1.05	3.17	11.27
Subway	0.64	2.18	6.89	23.47	0.43	1.54	4.66	16.55
General Services	0.26	0.37	2.81	4.00	0.41	0.52	4.45	5.56
Total	$14.05	$26.74	$151.24	$287.84	$20.26	$40.59	$218.06	$436.91
Nobleton Sewer *	$5.47	$5.47	$58.88	$58.88	n/a	n/a	n/a	n/a

*Note: The Nobleton community currently has a separate rate for the wastewater component that will be calculated as part of one consistent Region-wide charge for 2012 DC Bylaw rates

Infrastructure costs and growth forecasts are key drivers of the proposed rate increases

As outlined in Tables 4 and 5, significant rate increases are proposed in the 2012 Development Charge Background Study. The Development Charge rate calculation is based on various input assumptions and methodologies. The Region's calculation has been undertaken in accordance with the *Development Charges Act.*

Generally speaking, the development charge rate reflects the cost of growth-related infrastructure relative to the number of housing units (in the case of residential development) or gross floor area (for retail and non-retail development). The proposed rate increases are the result of several factors, the most significant of which are highlighted below.

The cost of providing growth-related infrastructure has increased. These cost increases reflect inflationary and general cost pressures. In addition, for roads, the 2010 amendment was based on 2008 costs, while the 2012 calculation is based on updated costs. As shown in Table 6, the total costs eligible for recovery from development charges have increased by 13%, compared to the costs included in the 2007 DC By-law Update and subsequent 2010 amendment.

Table 6
Total Net Costs Eligible for Recovery from Development Charges

Category	**2007 Background Study & 2010 Amendment Background Study (2007 – 2031)**	**2012 Background Study (2012 – 2031)**
Water[1]	$ 1,378.9 M	$ 1,257.4 M
Wastewater[1]	1,851.3 M	2,116.2 M
Roads[2]	2,706.5 M	3,286.4 M
Transit	52.0 M	99.3 M
Subway	254.1 M	214.3 M
General Services	73.8 M	160.5 M
Total	$ 6,316.6 M	$ 7,134.1 M

1. Costs updated in the 2010 DC Bylaw Amendment
2. Gross cost for Roads is net of gross third party contributions

Furthermore, a portion of the rate increase is related to changes in the development forecast, including updated assumptions regarding persons per unit, population growth over the forecast period and increase in gross floor area for the non-residential sector. The extent to which these factors affect the magnitude of the rate increase varies by specific service area.

Post-period benefit also affects the rate increase. If a capital asset is sized and constructed to accommodate growth beyond the forecast period (2031 for the hard services), the *Development Charges Act* requires a post period benefit to be determined. That portion of the project cost is not eligible to be recovered by development charges in the present rate calculation (but would become eligible for recovery in future DC by-law updates). For the 2012 amendment, the amount of post period benefit has decreased, particularly for wastewater. This is contributing to upward pressure on the rates.

In combination, all of the factors noted above are contributing to the rate increases proposed in the 2012 Background Study.

Link to Key Council–approved Plans

This report is consistent with the 2011 to 2015 Strategic Plan Objectives to expand the Region's strategic financial management capability and practice sound fiscal management.

Development charge collections are an important component in determining York Region's Annual Repayment Limit.

5. FINANCIAL IMPLICATIONS

It is estimated that approximately $14.4 billion of Regional infrastructure will be required to facilitate growth within York Region to 2031. Development charges are collected to recover the growth-related capital costs associated with the residential and non-residential development that creates the need for the capital works.

The 2012 Development Charge Bylaw rates are based on population and employment forecasts and related capital infrastructure costs to 2031. The Development Charge Bylaw is designed to ensure that growth-related capital costs are borne by the development creating the need for the infrastructure. If these costs were not recovered through development charges, tax levy/user rate increases would be needed or the capital program would need to be delayed.

6. LOCAL MUNICIPAL IMPACT

Development charges provide a major source of financing for Regional capital works that will facilitate the coordinated build-out of proposed developments within York Region and local municipalities. A majority of the development charges for residential hard services for low-rise residential developments are collected when subdivision agreements are registered and the balance is collected when building permits are issued. All non-residential development charges are collected when building permits are issued. Local municipal staff continue to be York Region's agent in the day-to-day administration of the Development Charge Bylaw.

Regional staff will notify local municipal staff of all changes related to the 2012 Development Charge Bylaw upon its approval and continue to provide support as required.

7. CONCLUSION

The 2012 Development Charge Background Study and public meeting to be held March 1, 2012 are in accordance with the *Development Charges Act, 1997*.

For administrative purposes and to retain a region-wide development charge rate for all Regional services, it is proposed that the Nobleton area-specific wastewater costs be included with the Regional growth-related wastewater costs.

Staff will bring a report forward to the May 3, 2012 Finance and Administration Committee recommending the final 2012 Development Charge rates. This report will reflect input from the public meeting, consultation process and direction received from Committee and Council.

For more information on this report, please contact Kelly Strueby, Director Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.

(A copy of the York Region 2012 Development Charge Background Study was circulated to all Members of Council on February 17, 2012.)

2012 Development Charge Bylaw Update

Presentation to
Finance and Administration Committee

Bill Hughes
March 1, 2012

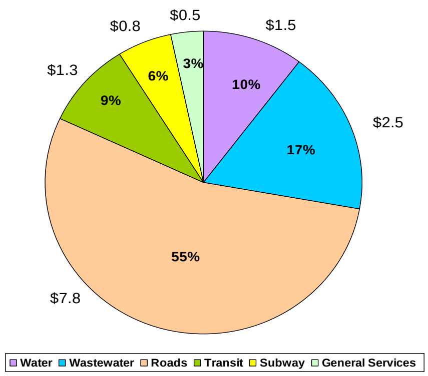
Development charges help pay for growth-related infrastructure

- Development charges are collected to ensure that the infrastructure costs to service new development are paid for by that development
- The underlying principle is that "growth pays for growth", although the *Development Charges Act* does not allow municipalities to collect the full costs of growth
- In York Region, development charges also directly affect the amount of debt the Region can issue and therefore the rate at which it can construct infrastructure

Large infrastructure investments are needed to support growth

- The Region expects to invest approximately $14.4 billion in growth-related capital by 2031

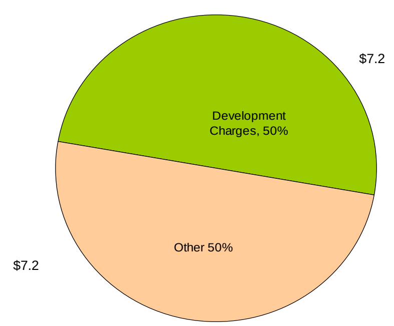
2012 – 2031 Growth-Related Capital Investment by Sector ($14.4 Billion)



Development charges revenue is needed to pay for infrastructure

- Because infrastructure must be in the ground before development can take place and before development charges can be collected, it is necessary to issue debt to finance the infrastructure, which is then repaid in part through development charge collections

2012 – 2031 Growth-Related Capital Investment By Funding Source ($14.4 Billion)



Some growth-related costs are not eligible for development charges

- The Development Charges Act imposes significant limitations on the ability of municipalities to recover growth-related capital costs. The following costs cannot be recovered:
  - Waste management
  - Municipal administration buildings
  - Computer equipment
  - 10% of the cost of soft services, including transit, housing, EMS, public health, and long-term care
  - Costs for services above the average level of service over the past ten years (particularly limits transit and housing)

There is a rationale for higher development charges in York

- Several factors contribute to high growth-related infrastructure costs in York Region:
  - The Region is far from Lake Ontario, meaning that extensive linear infrastructure and payments to other municipalities are required
  - The Region is large and infrastructure investment is needed in all nine local municipalities to support growth
  - The Region's geography is complex (e.g., Oak Ridges Moraine), making engineering and construction more difficult and expensive
  - The Region did not benefit from legacy Provincial investments to the same extent as some other municipalities (e.g., South Peel Servicing system)

Rates

Proposed Rate Increases

		Current	Proposed	% Increase
Residential (Single/Semi)	$ per unit	32,000	42,479	33
Retail	$ per sq. ft.	26.74	40.59	52
Non-Retail	$ per sq. ft.	14.05	20.26	44

Proposed Development Charge Rates: Residential

	Current ($)	Proposed ($)	% Increase
Water	7,584	9,407	24
Wastewater[1]	11,976	16,749	40
Roads	9,529	13,015	37
Transit	456	769	69
Toronto-York Subway Extension	1,413	952	(33)
General Services	728	1,273	75
Sub-total	**31,686**	**42,165**	**33**
GO Transit	314	314	0
Total	**32,000**	**42,479**	**33**
Nobleton Sewer	9,438	n/a	0

[1]The Nobleton wastewater development charge is currently $9,438/single detached unit

Proposed Development Charge Rates: Retail

	Current $/sq ft	Proposed $/sq ft	% Increase
Water	3.59	5.92	65
Wastewater[1]	6.17	10.53	71
Roads	13.75	21.04	53
Transit	0.68	1.05	54
Toronto-York Subway Extension	2.18	1.54	(29)
General Services	0.37	0.52	40
Total	**26.74**	**40.59**	**52**
Nobleton Sewer	5.47	n/a	0

[1]The Nobleton wastewater development charge is currently $5.47/sq.ft. of retail GFA.

Proposed Development Charge Rates: Non-Retail

	Current $/sq ft	Proposed $/sq ft	% Increase
Water	3.33	4.75	43
Wastewater[1]	5.64	8.44	50
Roads	3.97	5.93	49
Transit	0.21	0.29	40
Toronto-York Subway Extension	0.64	0.43	(32)
General Services	0.26	0.41	59
Total	**14.05**	**20.26**	**44**
Nobleton Sewer	5.47	n/a	0

[1]The Nobleton wastewater development charge is currently $5.47/sq.ft. of non-retail GFA.

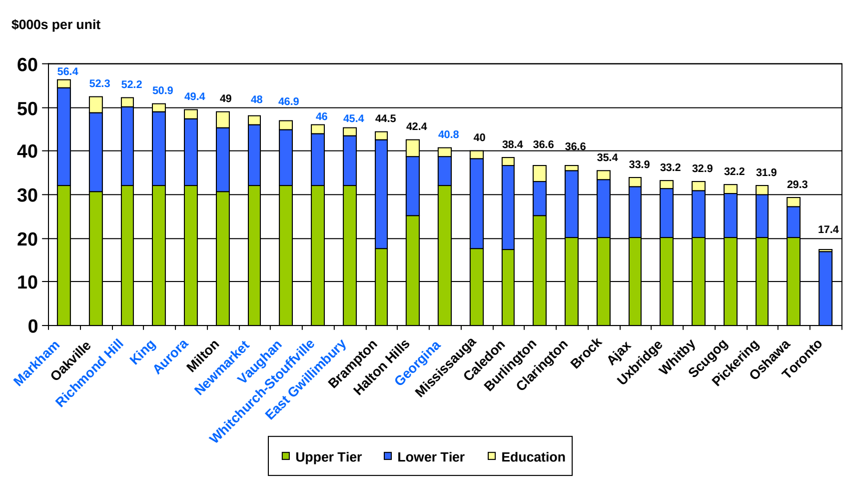
Primary Reasons for Rate Increases

Reason	Change
Higher Infrastructure Costs	❑ Two additional years of inflation and general cost increases for all service areas ❑ Roads costing. The 2010 amendment was based on 2008 costs, due to the urgency to complete the update at the time. The 2012 update is based on current costs.
Reduced Post Period Benefit	❑ Approximately $68M less for Water and $152M less for Wastewater
Lower Population Growth	❑ Lower by 79,000 (3% less than in 2010)
Lower Gross Floor Area	❑ 16% lower than 2010
Higher Persons Per Unit	❑ 3.35 up from 3.25 in 2010
"Catch-up" from phase-in of 2010 rate increase for non-residential	❑ Accounts for most of the difference between residential and non-residential rate increases

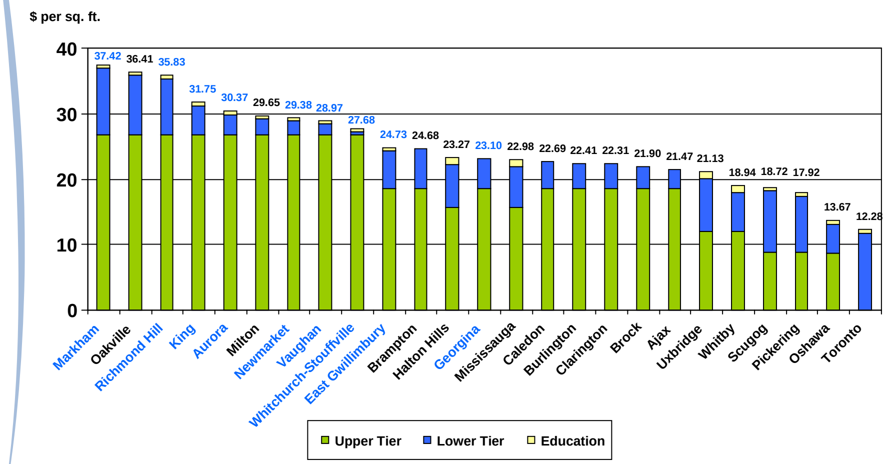
Primary Reasons for Rate Increases

Increases/Reasons	Residential		Non-Retail		Retail	
Total Increase	**$10,479**		**$6.21**		**$13.85**	
Amount of Increase Explained by Water, Wastewater, and Roads	96.2%		99.5%		100.9%	
Reasons (Water, Wastewater, Roads)	**$**	**%**	**$**	**%**	**$**	**%**
Cost Increases	4,163	41%	1.14	18%	6.14	44%
Lower Population Growth	4,866	48%	*n/a*	*n/a*	*n/a*	*n/a*
Lower Gross Floor Area	*n/a*	*n/a*	2.82	46%	5.60	40%
Higher Persons Per Unit	1,053	10%	*n/a*	*n/a*	*n/a*	*n/a*
"Catch-up" from phase-in of 2010 rate increase for non-residential	*n/a*	*n/a*	2.22	36%	2.24	16%
Total	**10,082**	**100%**	**6.18**	**100%**	**13.98**	**100%**

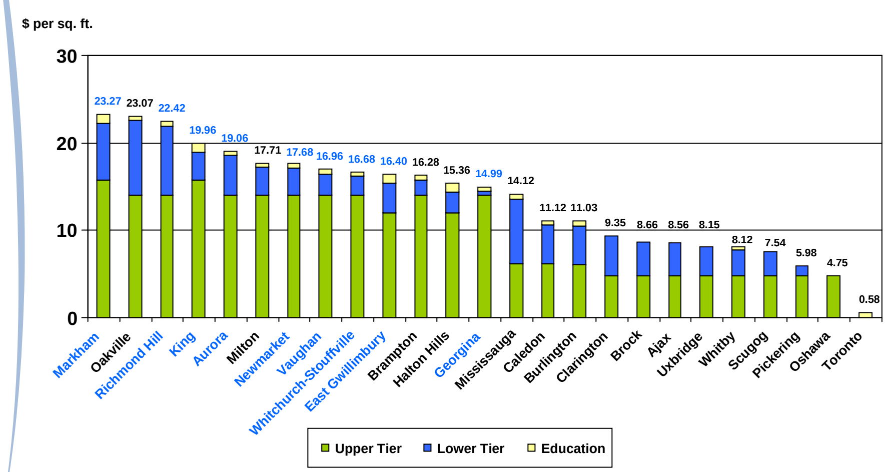
Residential Development Charges Single and Semi-Detached Dwelling In Greater Toronto Area Municipalities (as of February 15, 2012)



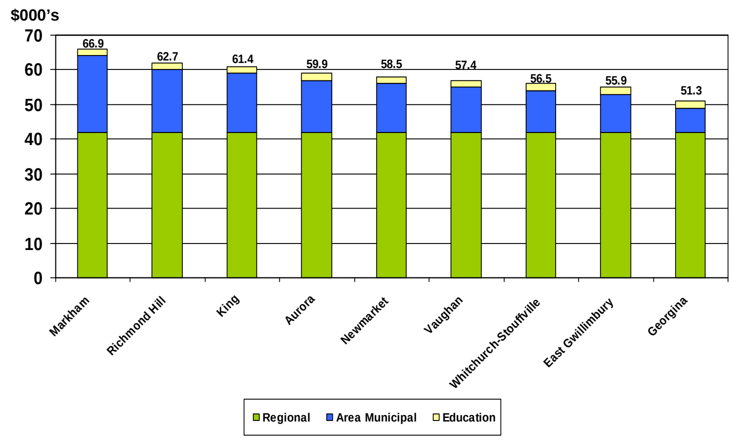
Retail Development Charges In Greater Toronto Area Municipalities (as of February 15, 2012)



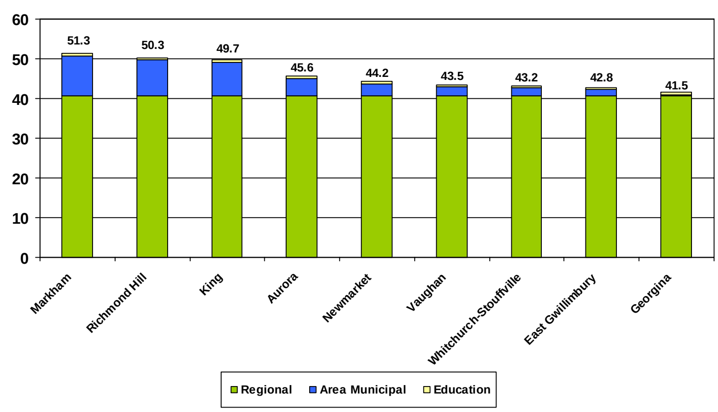
Industrial Development Charges In Greater Toronto Area Municipalities (as of February 15, 2012)



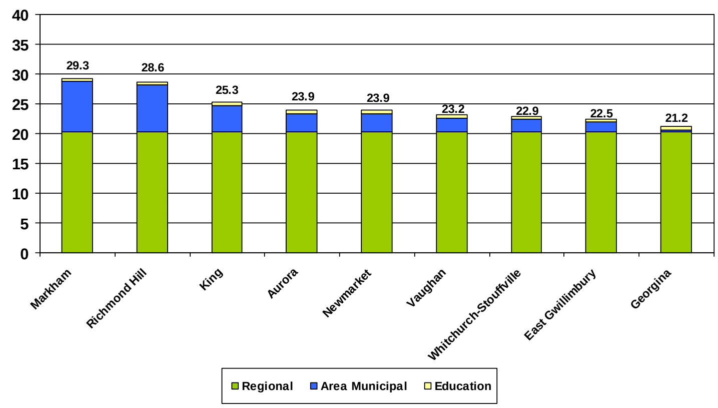
York Residential Development Charges after proposed increase ($ per Single and Semi-Detached Residential)



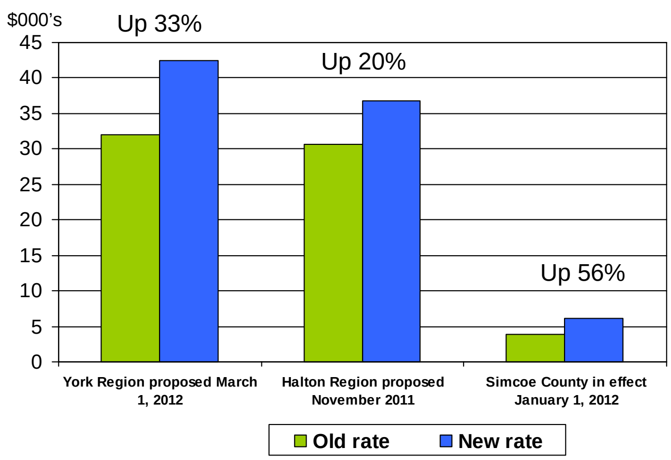
York Retail Development Charges after proposed increase ($ per square foot)



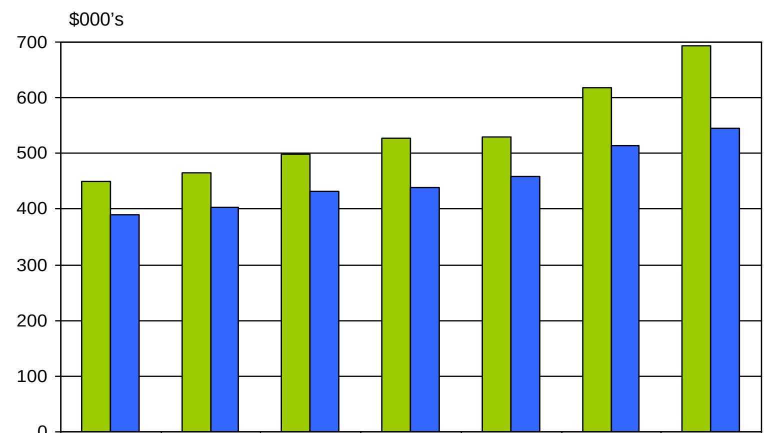
York Non-Retail Development Charges after proposed increase ($ per square foot)



Residential Development Charge Rate Increase Comparison for selected municipalities



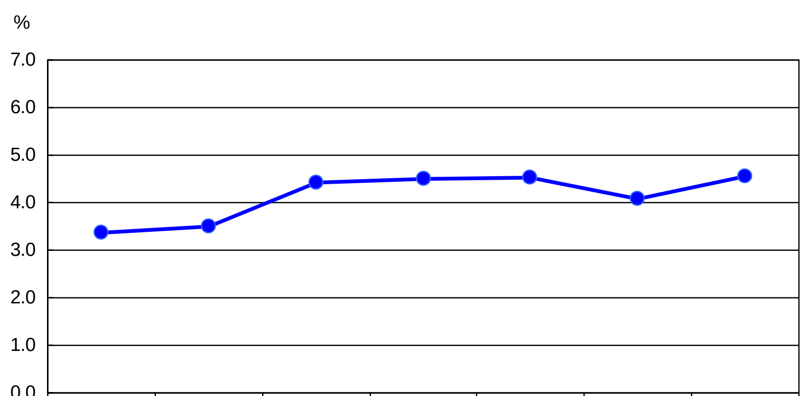
Average New Home Price in York Region is higher and rising more quickly than GTA-wide prices



	2005	2006	2007	2008	2009	2010	2011
York Region	$449,500	$464,650	$497,400	$526,117	$528,909	$617,048	$693,661
GTA Average	$390,002	$403,450	$432,972	$439,234	$459,573	$513,916	$545,372

Source: RealNet Canada Inc. - Monthly Market Reports for Low-rise homes

Regional Development Charges as a Share of the Average New Home Price in York Region



2005	2006	2007	2008	2009	2010	2011
3.4	3.5	4.4	4.5	4.5	4.1	4.6

Sources: Building Industry and Land Development Association (BILD) and RealNet

Dates for Next Development Charge By-law Update by Area Municipality

Aurora	June 7, 2014
East Gwillimbury	July 14, 2014
Georgina	July 18, 2016
King	August 25, 2014
Markham -Soft Services -Hard Services	 June 23, 2014 June 24, 2013
Newmarket	August 30, 2014
Richmond Hill	June 22, 2014
Vaughan	November 8, 2013*
Whitchurch - Stouffville	September 1, 2014

* Currently undergoing update to be enacted in 2012

Policy

Proposed Policy Changes

- Apply apartment DC rates for small and large apartments
  - Currently, apartment rates are based on the number of bedrooms
  - Current approach has been problematic as dens are considered a bedroom
  - Proposal – apartments would be treated as “large” or “small”. Any unit larger than 650 square feet would be considered a “large apartment”
- Non-retail and retail mixed use policy – use a threshold to split DC
  - Currently rate is based on the predominant use (50% or more)
  - Proposed policy is to charge DCs based on 50/50 if the split between retail and non-retail activity is within 45-55%

Proposed Policy Changes (cont’d)

- Hotel rate calculation to move to retail/residential hybrid
  - Currently hotels pay retail DCs
  - Proposed policy:
    - 25% of total GFA charged at retail rate
    - Apply rate for small apartments to all rental units
- Prepaid DC Credit Policy – credits to reflect system-wide costs
  - Currently, DC Credits are issued based on a 100% recovery at subdivision registration
  - The proposed policy is to issue DC credits up to a maximum 50% recovery at subdivision registration, with the developer’s remaining recovery taking place between the year the project is scheduled to begin and the end of the forecast period
- Incorporate Nobleton area-specific by-law
  - Convert back to Region-wide development charge rates for wastewater
- Non-retail expansion exemption limited to 50% of original footprint
  - Currently, exemption not restricted to 50% of original footprint
- Common annual indexing date of July 1st or semi-annual indexing on January 1st and July 1st
  - To minimize number of times indexing occurs throughout the Region

Regional Development Charge Deferral & Prepayment Options

Deferral Options	
Retail	Letter of Credit to be drawn upon in equal annual amounts over a three year period starting on the anniversary of building permit issuance.
High-rise condominium	Letter of Credit to be drawn the earlier of 18 months after building permit issuance or registration of the condominium.
High-rise office	Letter of Credit to be drawn 18 months after building permit issuance.

Prepaid Agreements	
Residential in-fills, high-rise and non-residential developments	Full payment at time of execution of the agreement and the building permit must be issued within 6 months of the execution date.
Mixed-use high-rise developments	Full payment at time of execution of the agreement and the building permit must be issued within 18 months of the execution date.

Process

Consultation Process

- Ten meetings with BILD held to date
- Industry generally appreciative of consultation process
- Mainly residential and high rise/mixed use developers
- Some industry concerns have not yet been resolved
- Public meeting provides an opportunity for development industry to identify remaining areas of concern

2012 DC Bylaw Update Timelines

Notice of Public Meeting	February 2, 2012
Publication of Background Study	February 14, 2012
Public Meeting	March 1, 2012
Additional Discussion Period	March - April 2012
Regional Council Approval	May 17, 2012
Updated DC By-law in effect	June 17, 2012