Development Charges Update

Growth Management Committee

April 30, 2015
Agenda

- Background
- Growth Management Program
- Growth Forecasts
- Preliminary DC Rate Changes
- DC Policy Considerations
- Stakeholder Engagement Process
- Bill 73
- Future Work
- Summary of Recommendations (2015 DC Review)
Background

- Resolution 2012-949:
  - Annual adequacy assessment of DC rates
  - CFO to commence new background study if rate shortfall > 20 %
  - New by-law in 12 months to give development industry time to transition

- 2014 capital plan: shortfall 15.5 %

- Resolution 2014-593 (June 2014):
  - start new DC Background Study for new by-law in July 2015
  - BILD notified and in turn notified members

- 2015 Capital Plan: Shortfall 20.6%
Growth Management Program

- Supports Long-term Financial Planning Strategy including principle that “growth should pay for growth”

- Key Components of Growth Management Program include:
  
  - 2015 DC By-law update focused on updating DC rate and policies within the current DC legislative framework using 2031A Provincial growth forecasts and associated Regional master servicing plans
  
  - 2017 DC By-law update based on 2031B and 2041 Provincial growth forecasts and related master servicing plans to be developed
Growth Forecasts

- Working towards 2031A provincial Places to Grow growth forecasts
- Employment forecast timing updated
- Growth assumptions reviewed and grounded
Peel Expected to Achieve P2G Population Forecast
Will Peel Achieve P2G Employment Forecast?

PEEL JOBS & EMPLOYMENT

- Peel Jobs - P2G
- Peel Jobs - PaR
- Peel Employed - PaR
DC Cost Distribution

Growth-related Costs

Residential Development DC Rates
- Share of Water Consumption Increasing
- Assessment Values and Growth Faster than Non-residential

Non-residential Development DC Rates
- Share of Water Consumption Decreasing
- De-manufacturing Trend
Key Factors Driving Residential and Non-Residential Rates

- Comparative (residential vs non-residential) demand for Regional services
- Persons Per Residential Unit
- Floor Space Per Worker/Employee
Persons Per Unit (PPU) Changes – Impact on Rates

- Denser residential populations / Peel PPU’s increasing
- Residential costs distributed by person
- Higher PPUs result in higher residential DC rates per unit
Floor Space per Worker (FSW) Changes – Impact on Rates

- Bigger buildings and fewer workers / more floor area per worker
- Non-residential costs distributed by employee
- Higher FSW results in lower-non residential DC rate per square metre
## % PPU and FSW Changes

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>2012 DC Study</th>
<th>2015 DC Update</th>
<th>% Change</th>
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<tbody>
<tr>
<td><strong>Residential - PPU</strong></td>
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<tr>
<td>Other Residential</td>
<td>3.50</td>
<td>n/a</td>
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<tr>
<td>Singles/Semis</td>
<td>n/a</td>
<td>4.15</td>
<td>18.6%</td>
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<tr>
<td>Rowhouses/Other Multiples</td>
<td>n/a</td>
<td>3.40</td>
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<tr>
<td>Small Unit</td>
<td>1.30</td>
<td>1.68</td>
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<td>Apartment</td>
<td>2.50</td>
<td>2.54</td>
<td>1.6%</td>
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<td><strong>Non-Residential - FSW - M²/ Worker</strong></td>
<td></td>
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<tr>
<td>Industrial</td>
<td>90</td>
<td>149</td>
<td>65.6%</td>
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<tr>
<td>Non-Industrial</td>
<td>35</td>
<td>37</td>
<td>5.7%</td>
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</table>
## Residential and Non-Residential DC Rate Changes

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Current Rates</th>
<th>Preliminary Rates (March 2015)</th>
<th>Amount of Change $</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Residential</td>
<td></td>
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<tr>
<td>Other Residential *</td>
<td>$36,402</td>
<td>$45,971</td>
<td>$9,569</td>
<td>26.3%</td>
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<td>Singles/Semis</td>
<td>n/a</td>
<td>$49,297</td>
<td>$12,895</td>
<td>35.4%</td>
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<td>Rowhouses/Other Multiples</td>
<td>n/a</td>
<td>$40,388</td>
<td>$3,986</td>
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<td>Small Unit (&lt;750 sq. ft.)</td>
<td>$13,521</td>
<td>$19,955</td>
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<td>Apartment (&gt;750 sq. ft.)</td>
<td>$26,002</td>
<td>$30,172</td>
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<td>Non-Residential</td>
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<tr>
<td>Industrial (per. M²)</td>
<td>$137.06</td>
<td>$138.60</td>
<td>$1.54</td>
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<td>Non-Industrial (per M²)</td>
<td>$199.57</td>
<td>$205.45</td>
<td>$5.88</td>
<td>3.0%</td>
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* Based on recommendation, the other residential rate will not be in effect in the new By-law, it is included for comparative purposes only.
Singles/Semis Rates Comparisons – GTA Municipalities
Rowhouse/Other Multiples Rate Comparisons – GTA Municipalities
Large Apartment Rate Comparisons – GTA Municipalities

- Peel Proposed: Mississauga
- Peel Proposed: Caledon
- Peel Proposed: Brampton
- York: Markham
- York: Vaughan
- York: Aurora
- York: Richmond Hill
- Halton - Greenfield: Oakville
- Halton - Built: Oakville
- Durham: Oshawa

GO, School Board, Municipality, Region

Region of Peel
Working for you
Small Apartment Rate Comparisons – GTA Municipalities

- Peel: Mississauga
- Peel: Brampton
- Peel: Caledon
- Halton - Greenfield: Oakville
- York: Markham
- York: Vaughan
- York: Aurora
- Halton - Built: Oakville
- York: Richmond Hill
- Durham: Oshawa

Region
Area Municipality
School Board
Go
Industrial Rate Comparisons – GTA Municipalities

![Bar chart showing industrial rate comparisons for various municipalities in GTA. The chart compares school board, area municipality, and region rates for various regions including York, Halton, Peel, and Durham.](chart.png)
Non-Industrial Rate Comparisons – GTA Municipalities

[Chart showing comparisons between different regions and municipalities, with specific rates for various locations such as Richmond Hill, Vaughan, Aurora, Halton - Greenfield: Oakville, Peel Proposed: Brampton, Peel Proposed: Mississauga, Peel Proposed: Caledon, and Durham: Oshawa.]
Key DC Policy Considerations

- Review 750ft² small unit threshold size

- Review and potentially revise “agricultural use” definition

- Unbundle “other residential” into singles/semis and rows/other multiple categories

- Consider collection of “hard service” DC for residential properties at time of subdivision approval
Potential Change of Small Unit Size from 750 ft$^2$ to 700 ft$^2$

- Consider reducing Peel’s small unit threshold size from 750 sq. ft. to 700 sq. ft.

- Match City of Mississauga change in 2014 By-law

- City of Mississauga change under appeal at the OMB

- The City of Brampton and the Town of Caledon still at 750 sq. ft.

- Regional staff recommend maintaining current threshold and potentially revisit in the 2017 DC By-law update
Review “Agriculture Use” Definition

- Town of Caledon has broader agricultural use definition than the Region

- Region does not charge water and wastewater where services not available

- Region supports near urban farming

- DC revenues lag forecast and more DC debt is required

- Regional DCs fund expansion of Regional services for growth

- Regional staff recommend maintaining current exemption policy
Separate Singles/Semis and Rows/Other Multiples Categories

- The Region currently has “other residential” rate category that combines single, semi-detached, rowhouses and other multiples

- Town of Caledon and the City of Brampton separate singles/semis and rows/other multiples

- Separating or “unbundling” would be revenue neutral overall

- Lower rate for rowhouses and other multiples due to lower PPUs

- Supports intensification and affordable housing

- Regional staff recommend separate singles/semis and rows/other multiple rates
Separate Singles/Semis and Rows/Other Multiples Categories

Impact of Unbundling Other Residential

- Combined Residential (3.87 PPU): $45,971
- Single / Semis (4.15 PPU): $49,297
- Row Houses / Other Multiples (3.40 PPU): $40,388

Rows and Other Multiples $8,909 lower due to lower PPU's
Investing in Infrastructure for Growth

Peel Assumes Risk

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<tr>
<th>Service</th>
<th>Capital Item</th>
<th>Water:</th>
<th>OPAs/ Secondary Plan</th>
<th>Draft Approval</th>
<th>Subdivision Approval</th>
<th>Building Permit</th>
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Stage at which ROP currently collects DC

Blue – Region
Yellow – Area Municipality
Green – Area Municipality & Region
Collect Hard Service DCs at Subdivision Agreement

- Advance payment of DCs for water, wastewater and roads eight months sooner

- Similar process followed by York, Durham and Halton

- Deferred borrowing of $100M – less than original estimate

- Administrative impact on the Region, area municipalities and developers

- 2.5 FTEs to administer - $300K annually in tax supported budget

- Regional staff recommend collection of DCs at plan of subdivision agreement
Impact of Collecting DC Sooner on the Region’s Debt Capacity

Illustration of Impact of Subdivision Agreement Collection on Debt Capacity

- 2013 Actual: 7.62%
- Impact of $100 Million borrowing deferral: 7.01%
Stakeholder Engagement Process

- Consultation with Area Municipalities on potential policy and process changes
- Early and continued engagement of the development community in sharing of information
- Growth Management Committee and Workshops
- BILD has been actively engaged partner in process
- Schedule a DC By-Law review Public Meeting on May 28, 2015
- Present new DC By-Law to Regional Council on July 9, 2015 for consideration and approval
Work Completed

Employment Trends Study (Hemson) – 2012/2013

Completed DC Rates Adequacy Tests Based on 2014 & 2015 Capital Plans

Began 2015 DC Background Study per Council Direction – 2014/Q3

Watson & Associates background study including rates & input review 2015/Q1-2

Discussed Potential DC Policy Changes with Regional Staff and Area Municipalities

Draft Background Study to Senior staff and the Development Community 2015/Q2

Release of Background Study May 14, 2015

Public Meeting May 28, 2015

New DC By-Law Adoption by Council July 9, 2015

Timelines

2012

2015

We Are Here

Region of Peel

Working for you

29
Bill 73 – Proposed Changes to the DCA

Overview

- New legislation
- Feedback from public review
- Region of Peel made submission
- No regulations to date
- Working groups
- Can proceed with 2015 update under old legislation
- Change will impact 2017 update
Bill 73 – Proposed Changes to the DCA

Areas of Change

- Transit
- Service Standard Calculations
- Voluntary payments
- Area specific DCs
- Asset management Plan
- Annual report of Treasurer
Future Work/After 2015 DC Update

- Determine distribution of population and employment growth forecasts based on growth projections to 2041 from Province’s Places to Grow plan
- Update Regional Master Plans and determine servicing costs based on 2041 growth projections
- Plan to update DC By-Law in late 2017 based on growth forecasts to 204, updated Regional master servicing plans and Bill 73
- Consider further financing options including allocation programs (“Made in Peel” solution) subject to interpretation of Bill 73
Recommendations

- Collect hard service DC’s at subdivision agreement which will come into force 120 days after passing of new By-law

- Unbundle Other Residential rate category to Single/Semi-detached and Rowhouse/Other multiples

- One year notice to the development community serves as the transition period

- Schedule May 28 Public Meeting and July 9 By-law adoption