



Region of Peel 2012 Development Charges By-law Review

***Staff Presentation to
Regional Council***

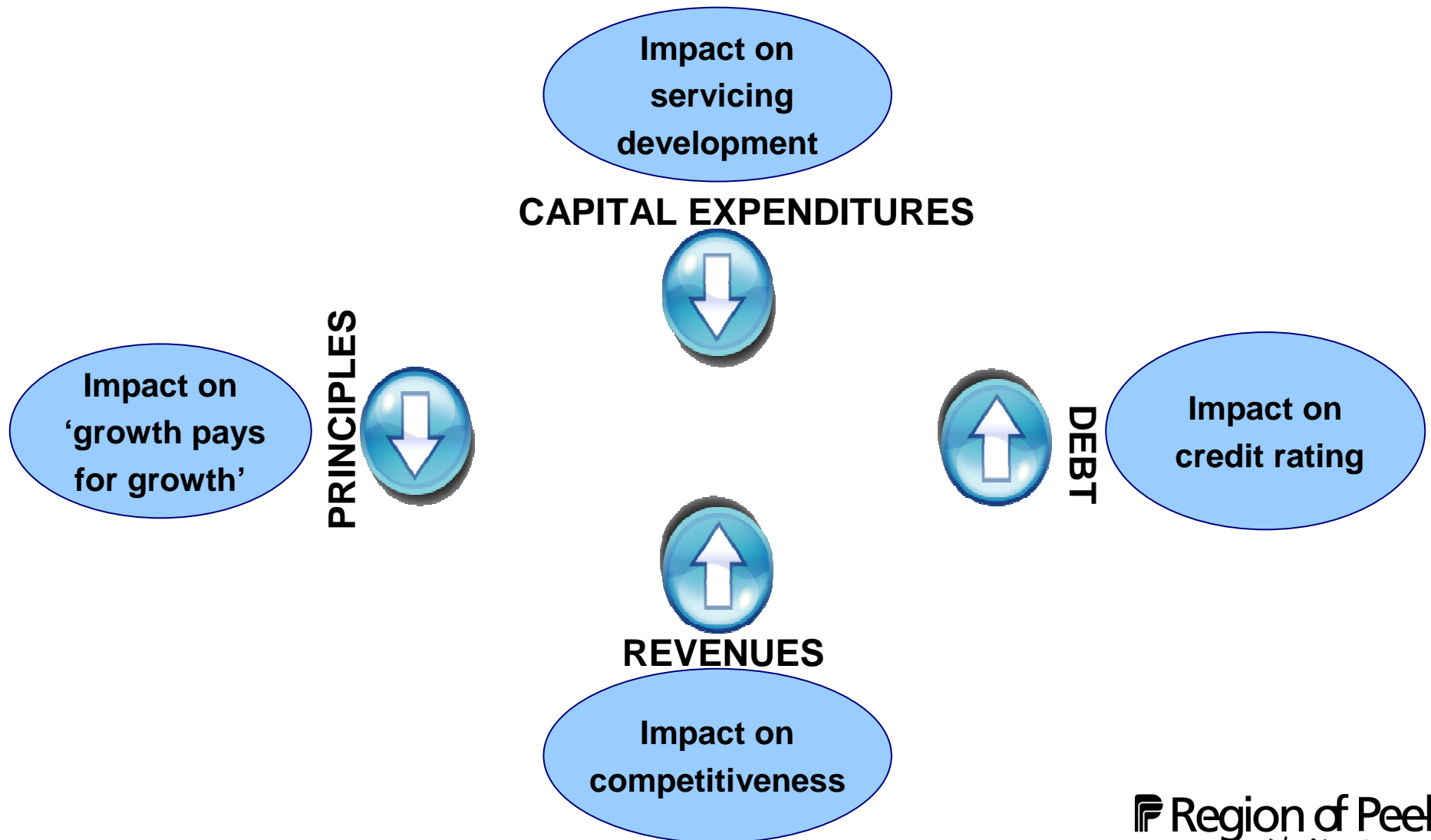
July 5, 2012

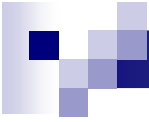


Growth Management Principles

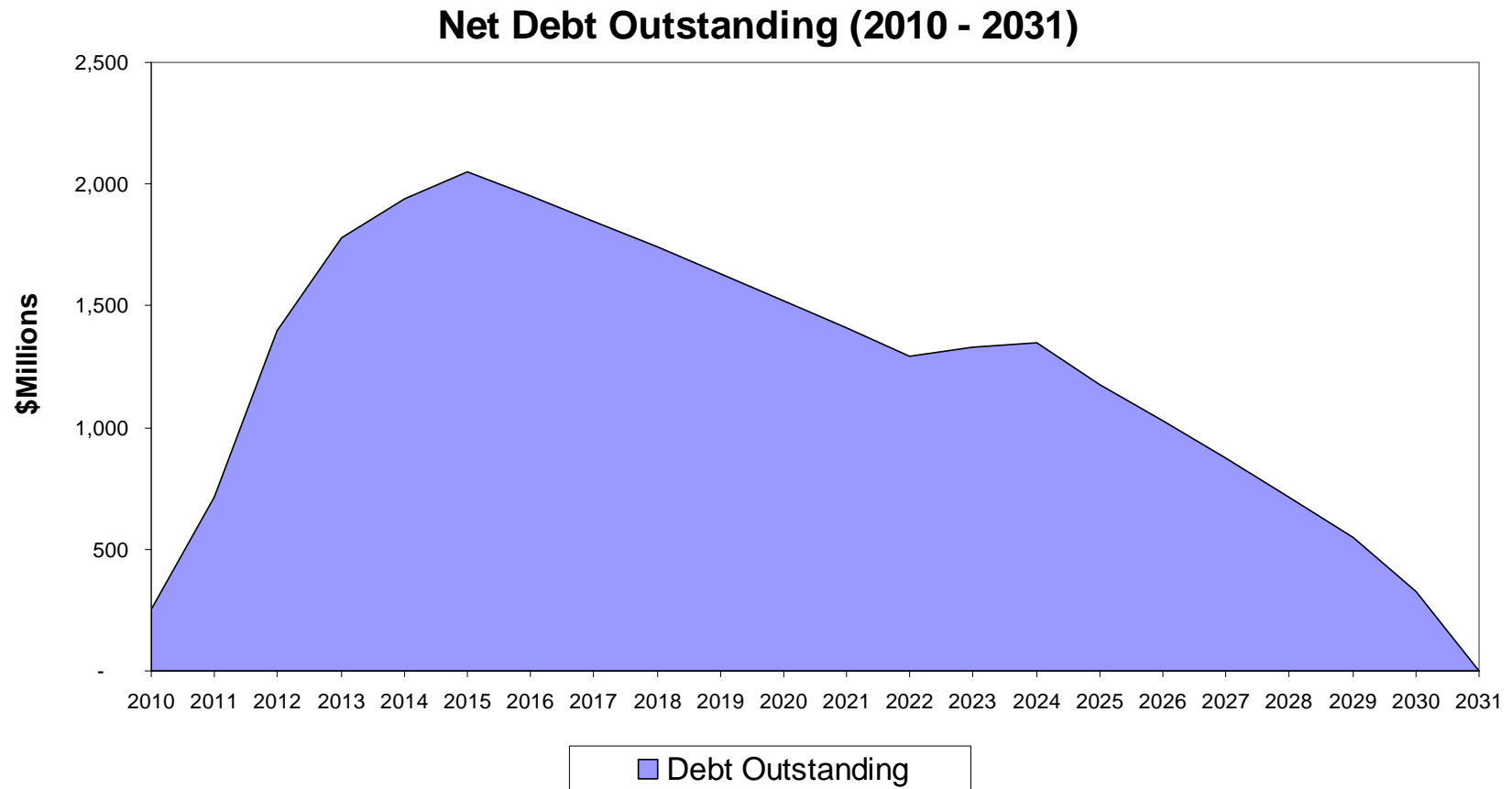
- Growth guided by and conforms to Regional Official Plan
- Growth pays for growth – no impact on existing taxpayers
- Infrastructure to be provided in a way that maximizes efficient delivery and minimizes impact on communities
- Debt to be issued for growth infrastructure leveraging Region's high credit rating, but not to extent of compromising its high credit rating

Options - Impacts





Estimated DC Debt





Transition Assistance - Considerations

- DC model incorporates:
 - 20-year capital spending
 - Planning and financial assumptions
 - Financing costs (including debt)
- Estimates DC rates that recover costs and gets DC reserves to \$0 balance
- Estimates annual revenues
 - \$175M in 2012 and \$443M in 2013
- Financial risk of not realizing revenues exists
- No transition costs incorporated
- Transition plan is within Council's control



DC Reporting - Background

- Current DC by-law (115-2007) approved October 4, 2007 – expires October 3, 2012
- Council updated on DC performance, notably:
 - Fall 2008 – DCs not adequately recovering costs as 30% rate increase required
 - Decision not to increase rates due to economy and impact on development community
- January 2011 – advised of commencement of DC update (expected by-law to Council by summer 2012)
- March 29 – Preliminary DC rates made public
- April 4 – Preliminary background study made publicly available to facilitate start of BILD's technical review
- May 10 – Final DC background study made public



Public Consultation

- May 17 – Council and Development Industry informal, open meeting
- June 14 – mandatory public information meeting required under DC Act
 - Verbal and written submissions
- Stakeholder Input
 - Meetings with development industry and business sector



Technical Review

- 3 month process to date
 - Commenced April 4 with release of preliminary DC Background Study
 - Final DC Background Study released May 10
- 3 rounds of meetings – late April, May & June
- BILD was requested a list of issues to mutually resolve pre-July 5
 - Review not complete;
 - completed issues list not provided
 - Preliminary findings shared, further work still pending
 - Financial review submitted

Proposed DC Rates

Category	Current Rates	DC Study Rates	Proposed Rates
Other Res.	\$17,629	\$38,905	\$37,721
Large Apt.	\$12,592	\$27,789	\$26,943
Small Apt.	\$6,548	\$14,450	\$14,011
Industrial	\$65.79 sq.m	\$146.12 sq.m	\$141.77sq.m
Non-Ind	\$94.21 sq.m	\$210.62 sq.m	\$204.28 sq.m



Major Themes from Consultations

- DC rate/quantum too great an increase
- Need for transition period
- Need to assist industrial development
- Need more time for analysis – defer implementation to October



Pre-payment Option

■ Residential

- M-Plan submitted by October 3
- Full payment of DCs at old rate
- Registration of M-Plan within 6 months

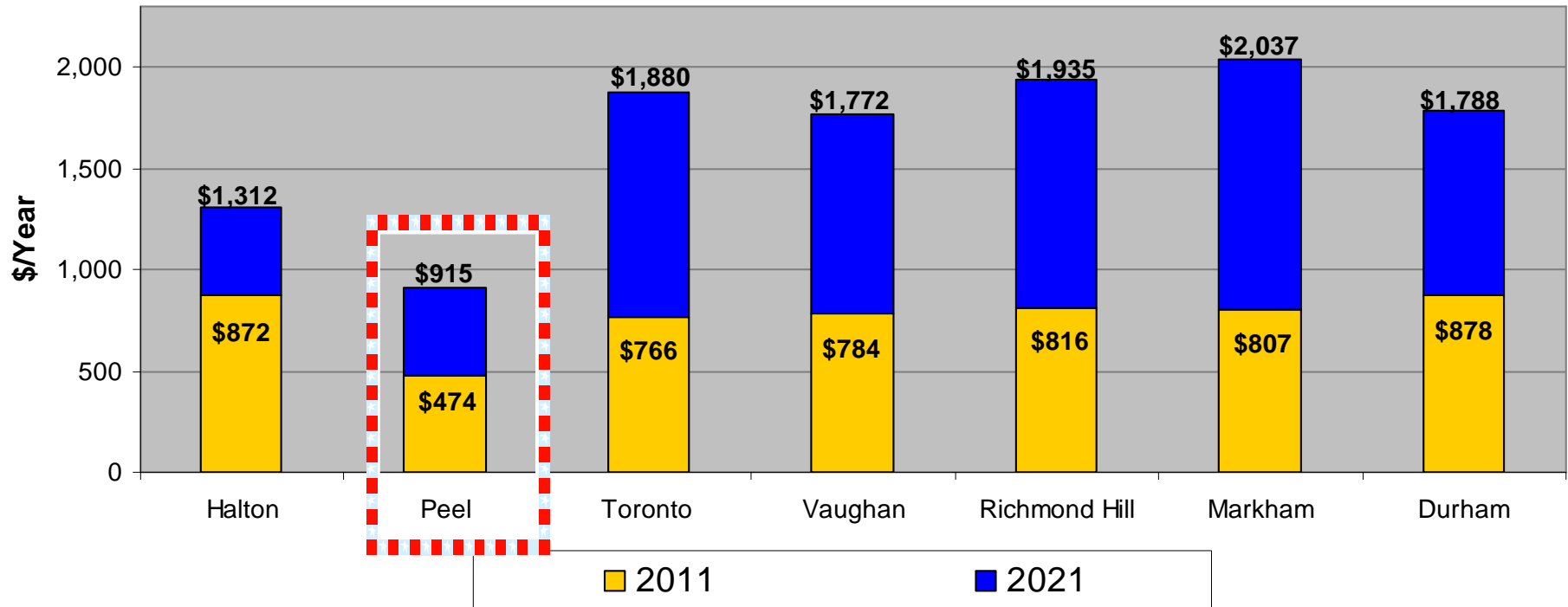
■ Industrial

- Site plan submitted by October 3
- Full payment of DCs at old rate
- Building permit drawn within one year

■ Significant financial impact - \$200 million

Projection of Increased Utility Rates

Combined Water & Wastewater Utility Bill – Residential





Recommended Implementation Plan

- Residential categories
 - Relief for eligible homebuyers
- Phase-in for:
 - Non-residential-Industry and Non-residential-Office
 - Non-residential-Other



Residential Categories

- New DC rates take effect July 9, 2012 at building permit issuance
- Units subject to pay at old DC rates if application for relief made and meets conditions
- Purchase and sale agreement entered prior to May 1st with original closing date January 31 '13
- Purchaser is eligible to benefit on only one unit
- Documents to be validated
- CFO to be delegated authority to establish administrative procedures - process to be audited

■ Benefit

- Developers/builders and purchasers are protected from increase

Non-residential-Industrial/Office

■ Non-residential – Industrial / Office

- Phase-in increases at 25% intervals starting October 1, 2012

■ Benefit

- Allows time (18 months) from today to adjust to full rates

Effective Date	Industrial Per sq. m.	Office Per sq. m.
Oct 1'12	\$84.79	\$121.73
Jan 1'13	\$103.78	\$149.25
July 1'13	\$122.78	\$176.76
Jan 1'14	\$141.77	\$204.28

Non-residential-Other

- **Non-residential – Other**

- Phase-in increase at one-third intervals starting July 9, 2012

- **Benefit**

- Allows time (12 months) to adjust to full rates

Effective Date	Non-Res-Other Per sq. m.
July 9, 2012	\$130.90
Jan 1, 2013	\$167.59
July 1, 2013	\$204.28



DC By-law - Immediate Term

- Adopt updated DC by-law with rates effective July 9th
 - Implementation plan includes protection for purchased residential units and phase-ins for non-residential development
 - CFO to be delegated authority to administer details to support residential relief from DC rate increases
- Complete technical review
- Current by-law expires October 3rd
- Deferral of by-law to October to cost \$33M
- Estimated \$48M DCs collected in June



Next Steps - Longer Term

- Undertake review of employment to further inform Regional planning/servicing initiatives
 - Development community participation/collaboration
- Monitor closely DC finances and report annually through Capital Budget process

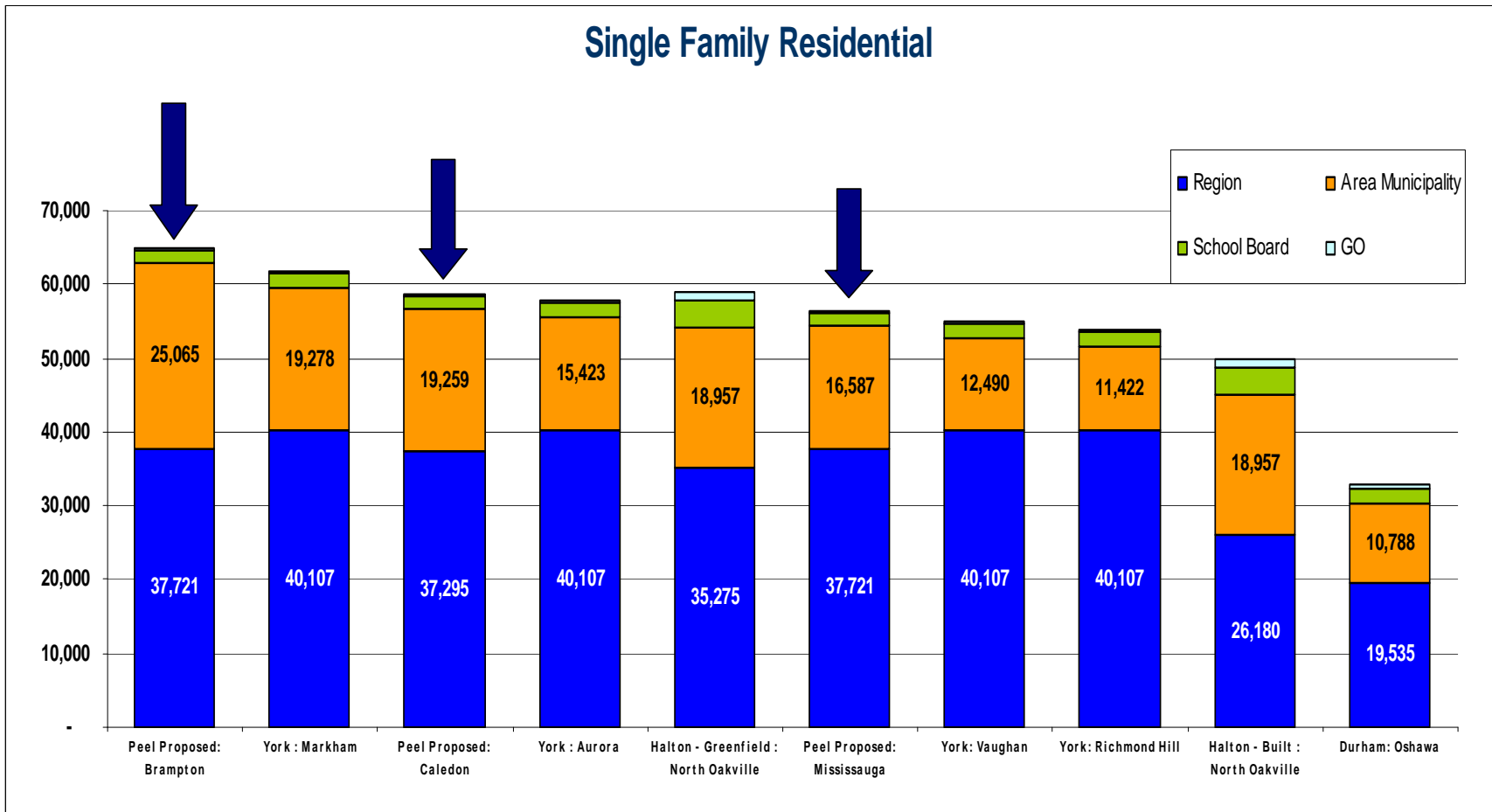


Conclusion

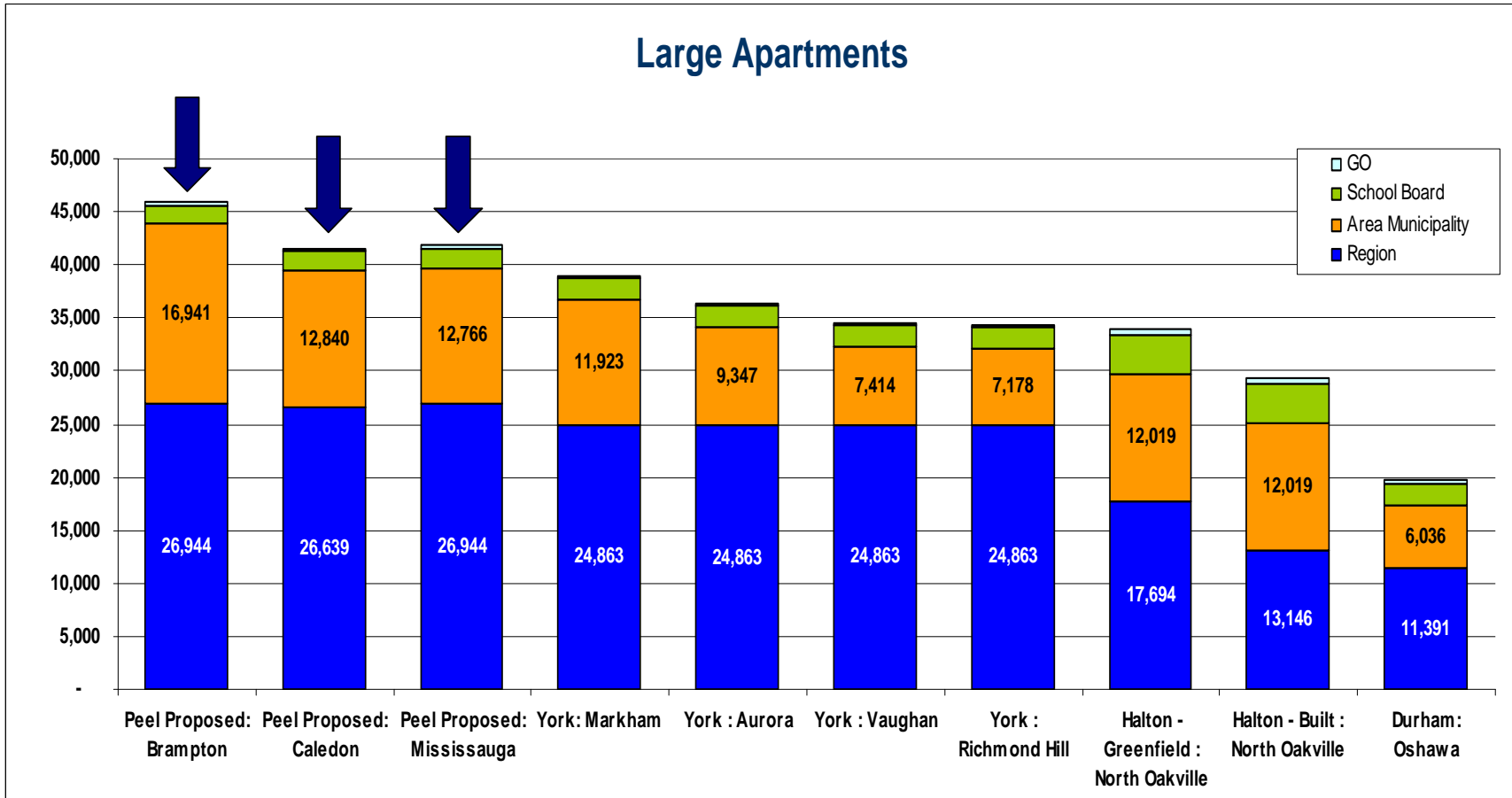
Implementation Plan promotes

- Consistency with Regional Official Plan
- Maintains ‘growth paying for growth’ principle
- Growth capital program continues to be delivered effectively and efficiently
- Prudent use of debt to fund growth infrastructure while maintaining high credit rating

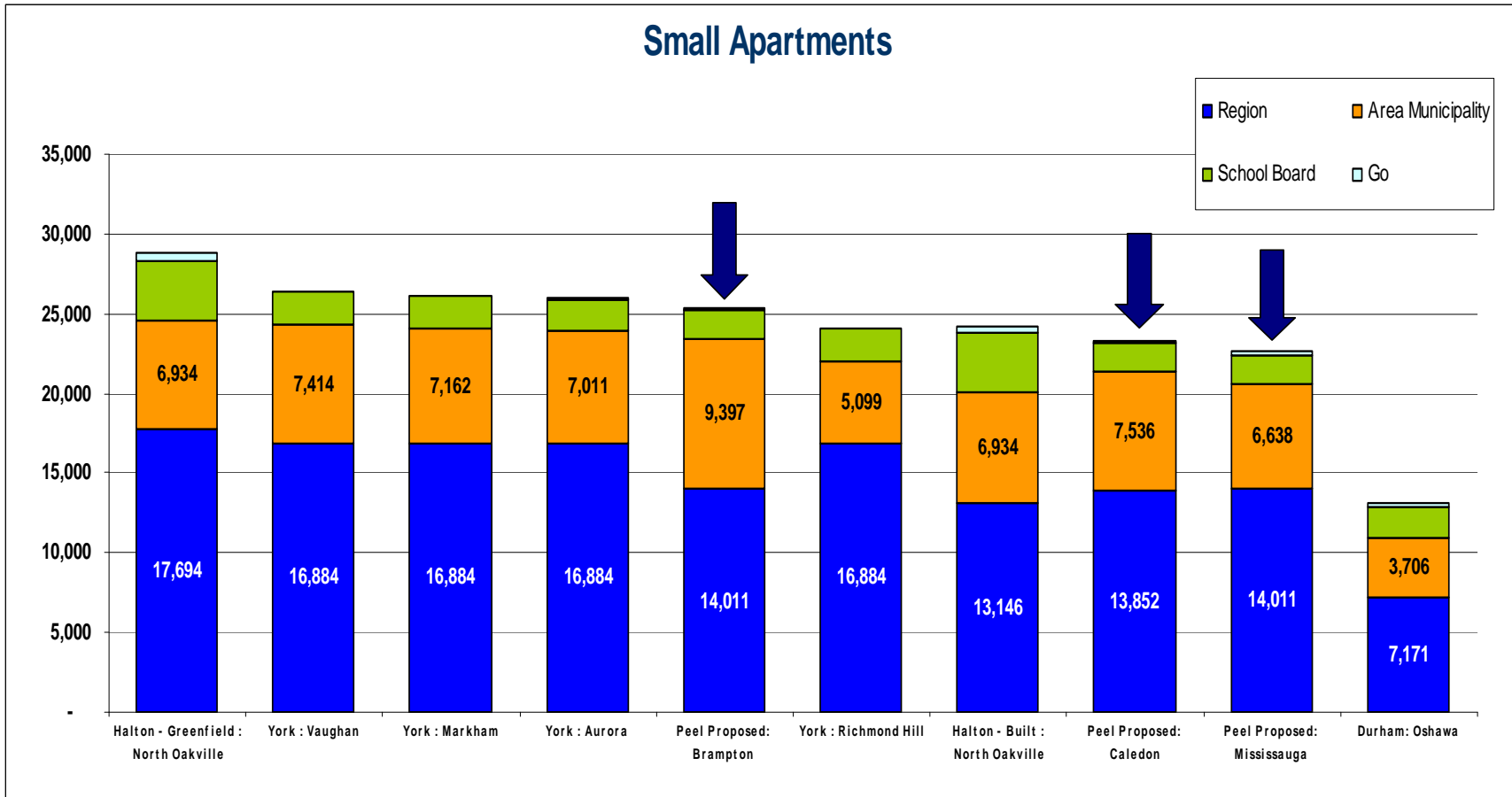
DC Rates - GTA Comparison



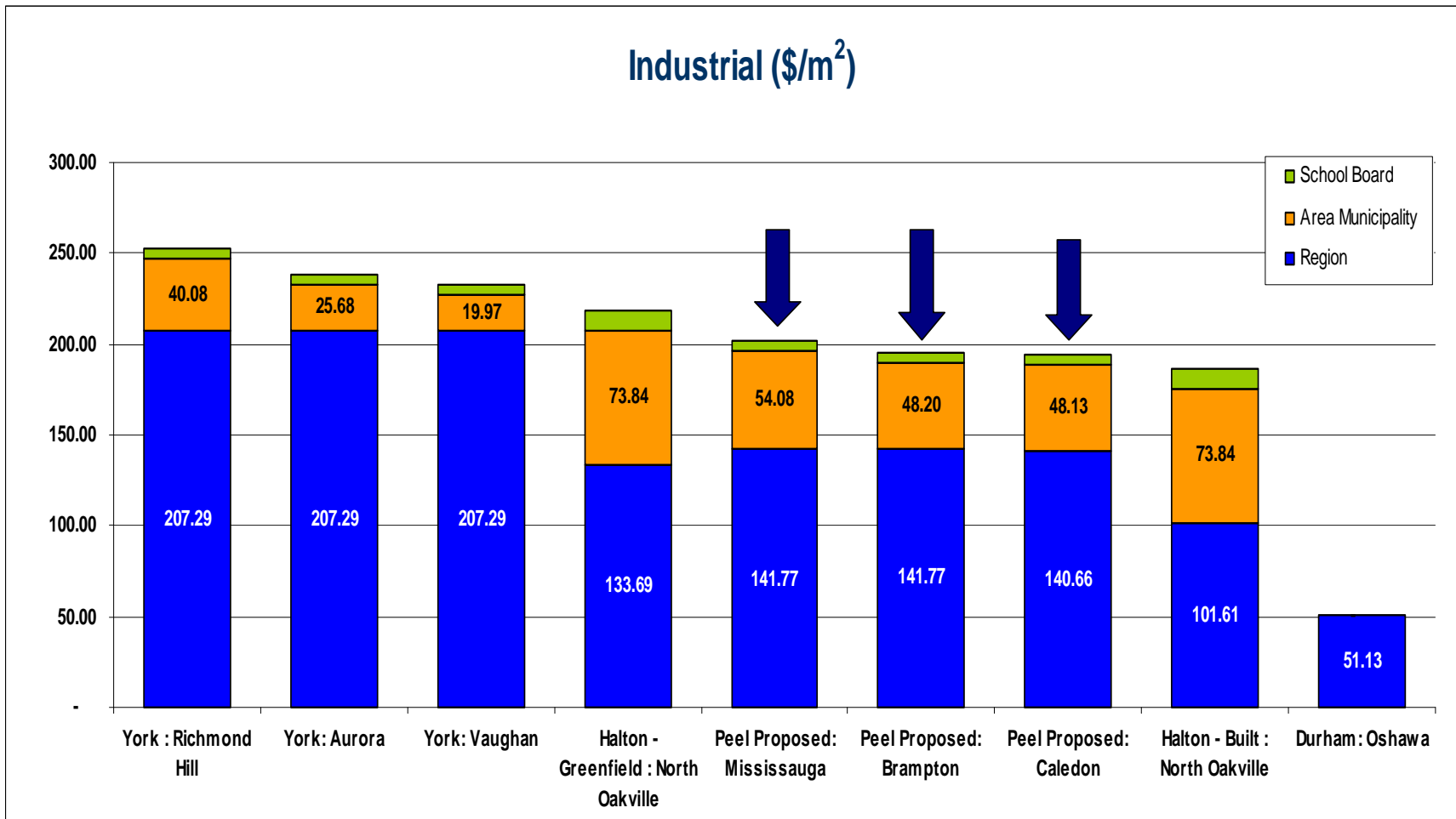
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