

Development Charges – New Background Study and By-law

Date:	April 7, 2010
To:	Executive Committee
From:	City Council
Wards:	All

City Council Decision

City Council on March 31 and April 1, 2010, referred Motion MM47.3 to the Executive Committee.

Recommendations

Councillor Jenkins, seconded by Councillor Vaughan, recommends that:

1. City Council request the Deputy City Manager and Chief Financial Officer to initiate the required background study and analyses to bring forward a new development charge by-law for Council consideration and adoption by July 2011.

Summary

City Council adopted the current Development Charge By-law (275-2009) on February 25, 2009. In view of the then-prevalent economic climate, Council elected to:

- Freeze the January 2009 rates until January 31, 2011, except for annual indexing
- Adopt development charge rates that represented a 10% reduction to the maximum rates calculated in the Development Charge Background Study; and
- Provide for conditional phasing in of the adopted rates over the term of the by-law.

While the generous provisions of the current by-law may have been warranted in the interest of City building during an economic recession, circumstances have changed. Recent statistical data, relating especially to the building and construction sector of the economy, suggest that

residential construction and sales activity in the City have weathered the storm and sales of new residential units have been at near record pace – and far exceed the thresholds for phasing-in during the term of the by-law.

Phase-In Thresholds from DC by-law (post-freeze - after January 31, 2011):

- *If fewer than 7,000 units issued building permits – 0% phase-in of adopted DC increase*
- *If more than 9,000 units issued building permits – 25% phase-in of adopted DC increase*
- ***ACTUAL 2009 residential units issued permits: 12,575.***

Under the circumstances, it would be fiscally prudent for Council to consider alternatives to the conditional phasing in of the adopted rates and consider amending the by-law to adopt rates that more accurately reflect the cost of providing infrastructure to service growth and development, in the manner of other jurisdictions with healthy building and construction activity.

Comparison – Development Charges for a single-family dwelling unit (Toronto Star, 2010-02-24)

- Oakville, Halton	DC	\$54,160
- Markham, York	DC	\$44,470
- Brampton, Peel	DC	\$40,590
- Clarington, Durham	DC	\$35,006
- Toronto	DC	\$12,910

(Submitted to City Council on March 31, April 1, 2010 as MM47.3)

Communications (City Council)

(March 31, 2010) Letter from Danielle Chin, Municipal Government Advisor, Building Industry and Land Development Association (BILD) (MM.New.MM47.3.1)

(March 31, 2010) Letter from Stephen Upton, Vice-President, Development and Planning, Tridel Builders Inc. (MM.New.MM47.3.2)