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## 2013 CAPITAL BUDGET BRIEFING NOTE

### Development Charges for the East Bay Front LRT Project

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#### Issue / Background:

- At its meeting on December 17, 2012, Budget Committee approved motion 15 "That the City Manager, Deputy City Manager, Cluster B, and the Chief Financial Officer provide a briefing note on the possibility of incorporating an area-specific charge and/or city-wide charge in the new development charges by-law to fund the East Bayfront project."
- The City is growing through new residential and non-residential development and this new development will increase the demand for all City services, including transit services. The *Development Charges Act* (DCA) allows municipalities to recover a portion of growth-related capital costs from new development. Due to legislative restrictions, as well as Council policies (e.g., phase-in, discounts, exemptions etc.), development charges do not represent full cost recovery of growth-related capital costs.

#### Key Points:

- The City currently imposes a transit development charge on a city-wide basis. All Toronto residents and employees have access to the majority of transit services and a widely accepted method for sharing the growth-related capital costs for such services is to apportion them over all new growth anticipated in the City.
- A review of the City's development charges bylaw is underway and it is anticipated that a new bylaw will be available for Council consideration in early 2013.
- Prior to the adoption of a new development charges bylaw, the DCA requires that a background study be prepared that, amongst other things, identifies the growth-related net capital costs attributable to new development that provide the basis upon which development charges are calculated.
- The growth-related capital forecast for the current bylaw review will be based on the 2013-2022 Capital Budget and Plan as well as other identified and potentially eligible costs (e.g., Port Lands revitalization, previous over-sizing costs, etc.)
- The East Bay Front LRT was identified by Council, at its meeting on July 11, 2012, as an added priority for Toronto's transit network; however, funding sources remain to be identified.

- The potential for funding a portion of the East Bay Front LRT project costs through development charges will be considered and examined in the course of the current development charges bylaw review process.
- The City is also undertaking public consultations to seek input from citizens on various transportation infrastructure funding options (as part of developing a Long Term Transportation Plan and Funding Strategy) that may identify other potential funding sources for the East Bay Front LRT project.

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