

Re: EX30.3

# **City of Toronto 2018 Development Charges Bylaw Review**



**Statutory Public Meeting – Executive Committee  
January 24, 2018**

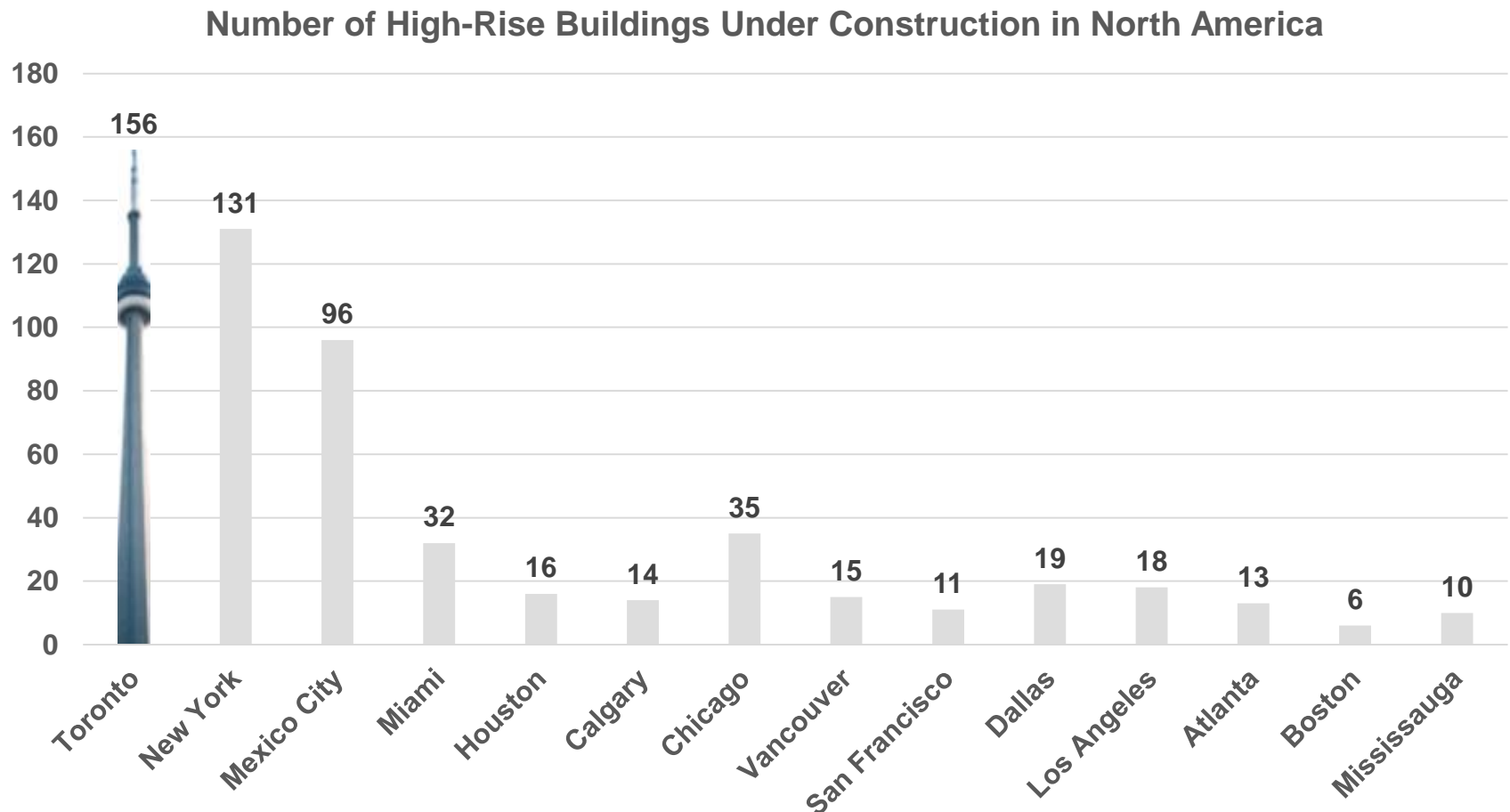
# Today we will discuss...

1. Introduction
2. DC Review Process
3. DC Rate Calculation
4. DC Policies
5. Stakeholder Engagement
6. Next Steps



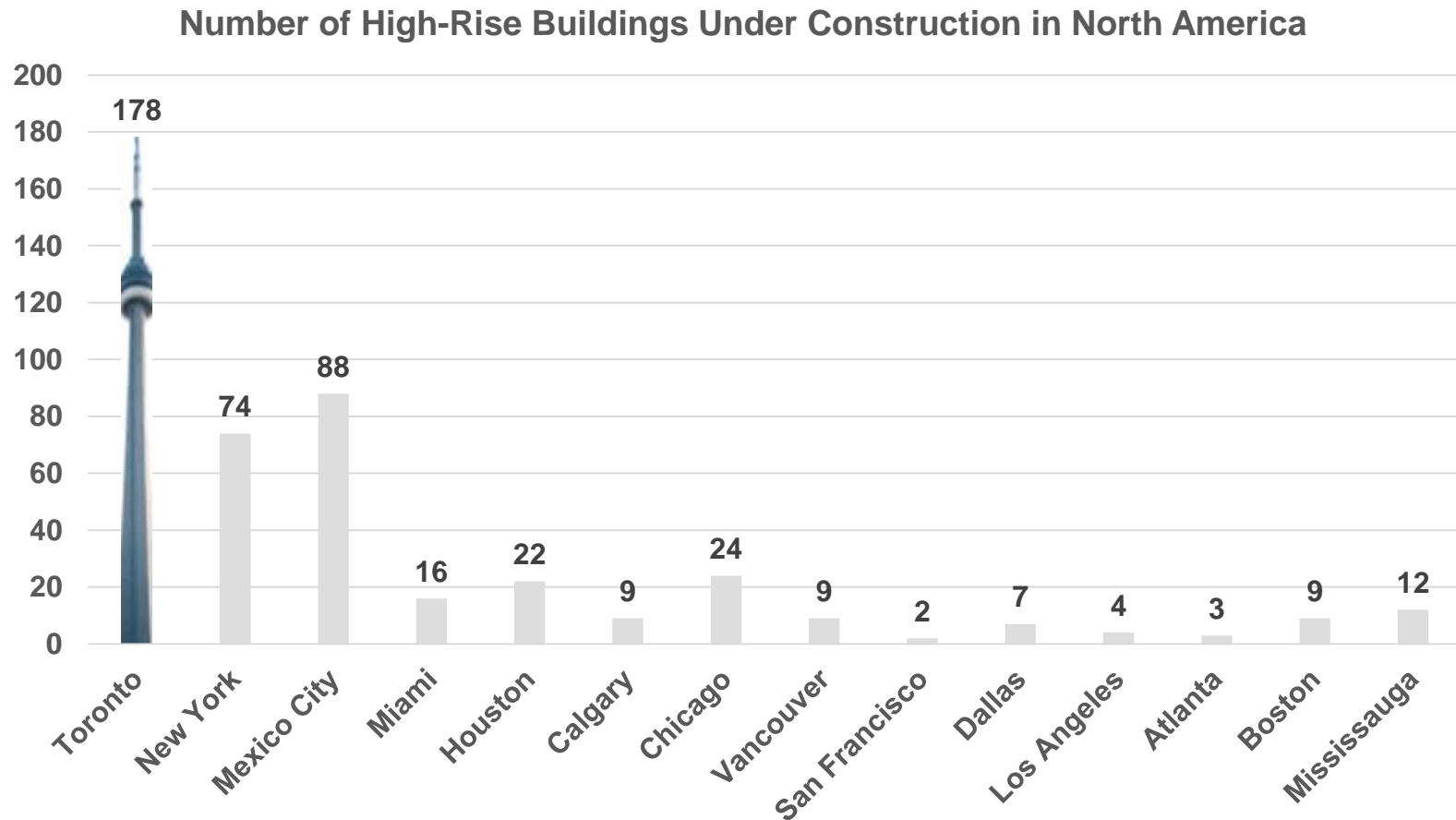
# The City is continuing to grow

- Toronto ranks first in the number of high rise buildings under construction in North America - **2018**



# The City is continuing to grow

- Toronto ranks first in the number of high rise buildings under construction in North America in **2012**



# Growth-related funding tools

- Section 37 Benefits (Approx. \$55M annually)
- Section 42 Parkland Dedication (\$70M annually)
- – Development Charges (\$225M annually) ←
- Taxes and User Fees



# What are DCs?

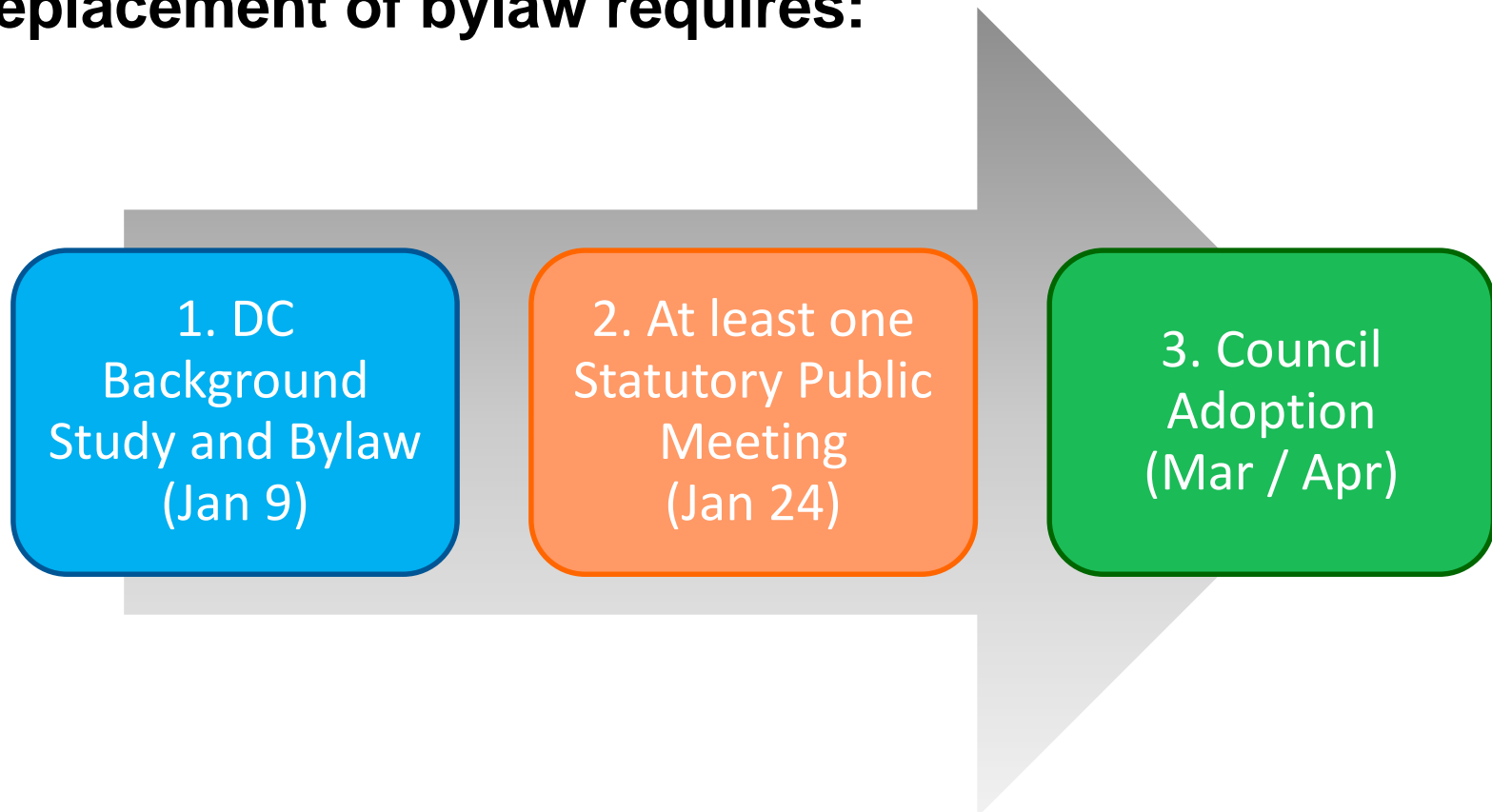
- One-time charges collected from land developers at building permit issuance
- Principle is ‘growth pays for growth’ so that financial burden is not borne by existing tax/rate payers
- Help pay for new & expanded infrastructure required to provide municipal services to new people and employees
- Governed by Provincial legislation; widely used in Ontario



# DC Bylaw Update

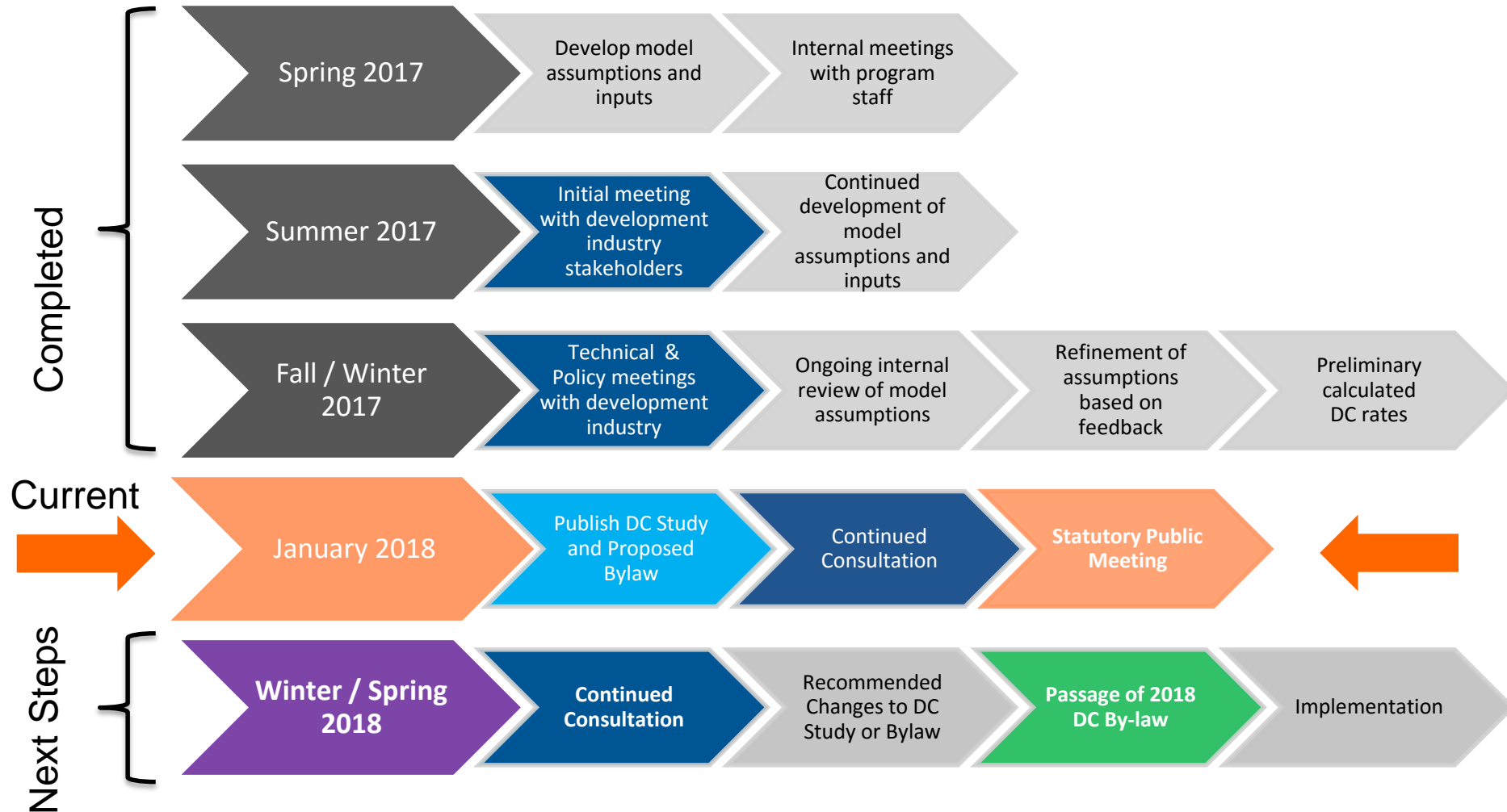
- Current (2013) DC bylaw expires in October 2018

## Replacement of bylaw requires:





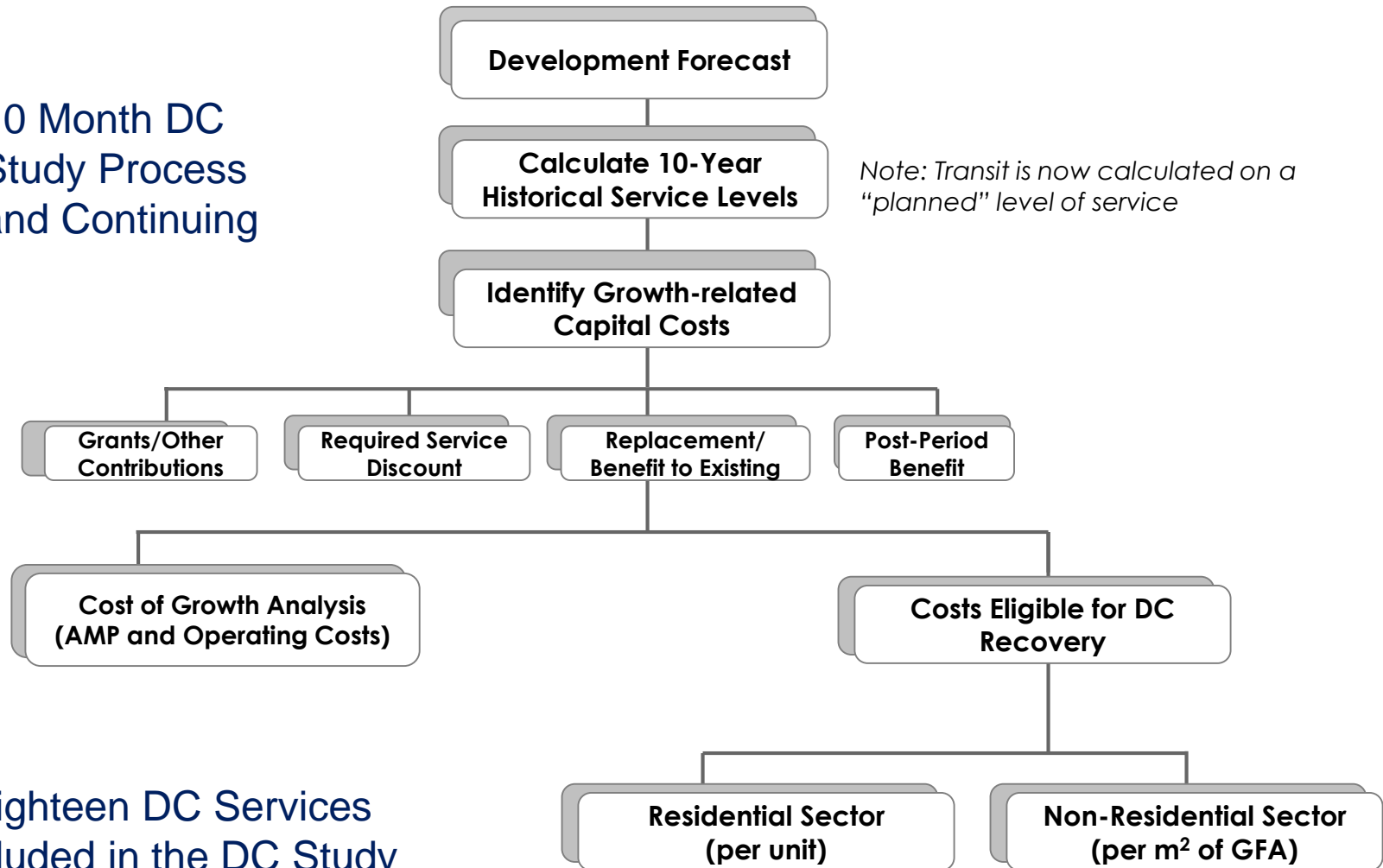
# DC Review Process





# Key Steps to Calculate DCs

10 Month DC  
Study Process  
and Continuing



Eighteen DC Services  
included in the DC Study

# Current vs Calculated Rates

Development Type	Current Rates (Effective Feb 1/18)	2018 DC Study Calculated Maximum Rates	Change from Current Rates	
<b>Residential (\$ per unit)</b>				
Dwelling Room	11,028	23,954	12,926	117%
Apartments - 1 Bed and Bach.	17,644	33,775	16,131	91%
Apartments - 2+ Bedrooms	25,366	51,740	26,374	104%
Multiples - 1 Bedroom & Bach.	24,816	36,650	11,834	48%
Multiples - 2+ Bedroom	34,742	73,058	38,316	110%
Singles & Semis	41,251	88,391	47,140	114%
<b>Non-residential (\$ per m2)</b>				
Non-industrial*	213.65	449.04	235.39	110%
Industrial (calculated)**	213.65	190.89	-22.76	-11%

\*Non-industrial charge applicable to ground floor only in current and proposed bylaw

\*\* Industrial uses are exempted from DCs in the current and proposed bylaw.

Figures shown represent calculated rates.

# Key Drivers of the DC Rate Change



Upward Pressure

## **Significant upward pressure compared to current rates**

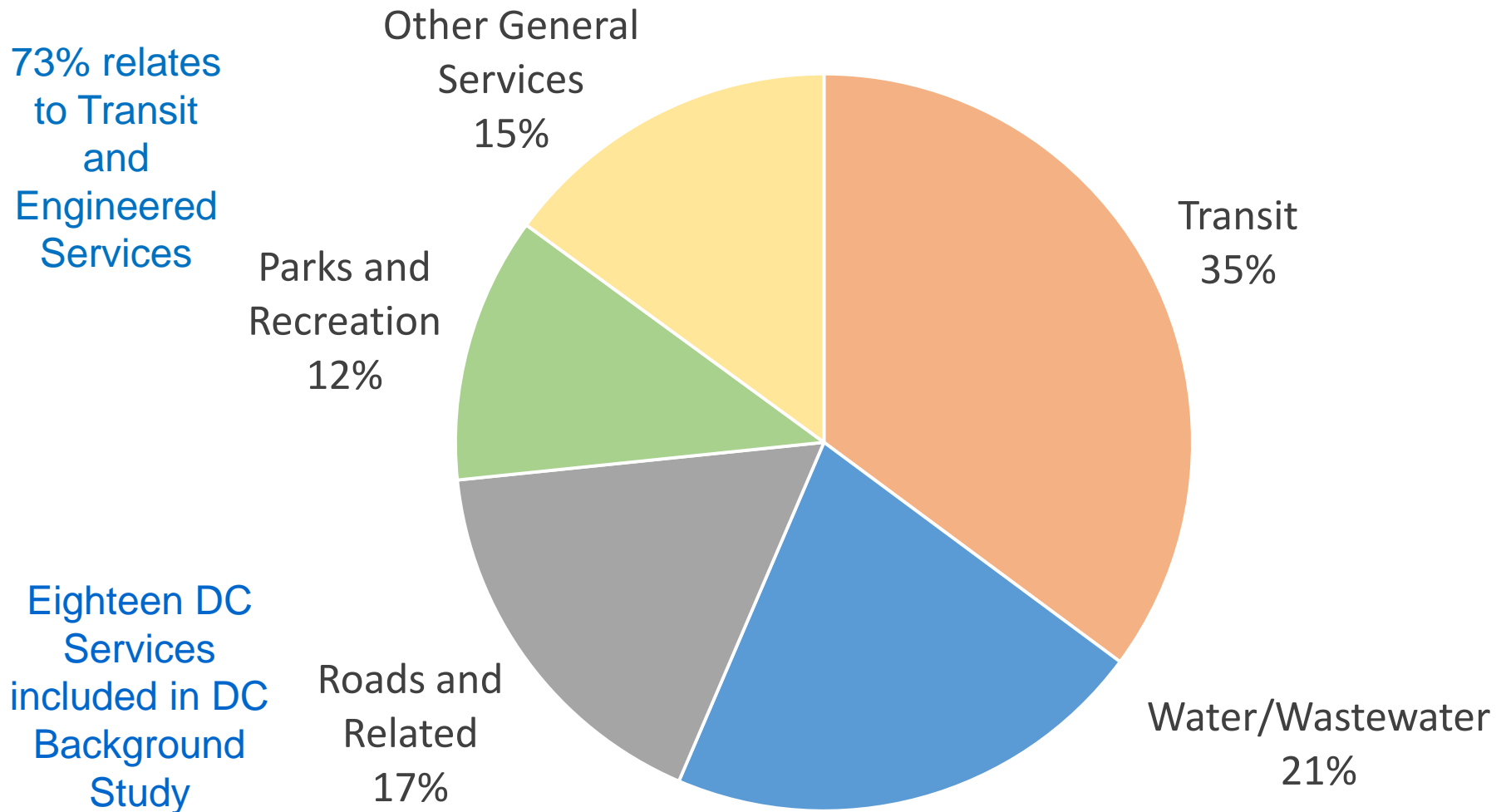
- Continued growth requires increased servicing capacity
- Additional projects, particularly for transit, roads and water/wastewater required to accommodate growth
- Increasing land and construction costs
- Changes to the legislation (i.e. removal of 10% for transit and use of “planned level of service”)

# Sample Projects Included in DC Study

- Transit including
  - TYSSE, SSE, Smart Track, Waterfront, Eglinton East LRT, Relief Line, Union Station, ATC, Transit Vehicles and Facilities
- New and widened road and cycling infrastructure
- Rail grade separations
- New watermains and sanitary sewers
- Indoor Recreation Facilities
- Parkland development
- Library, Housing, Police, Fire and Paramedic Buildings and Equipment
- Ashbridges Bay Wastewater Treatment Plant
- Port Lands Flood Protection & Enabling Infrastructure

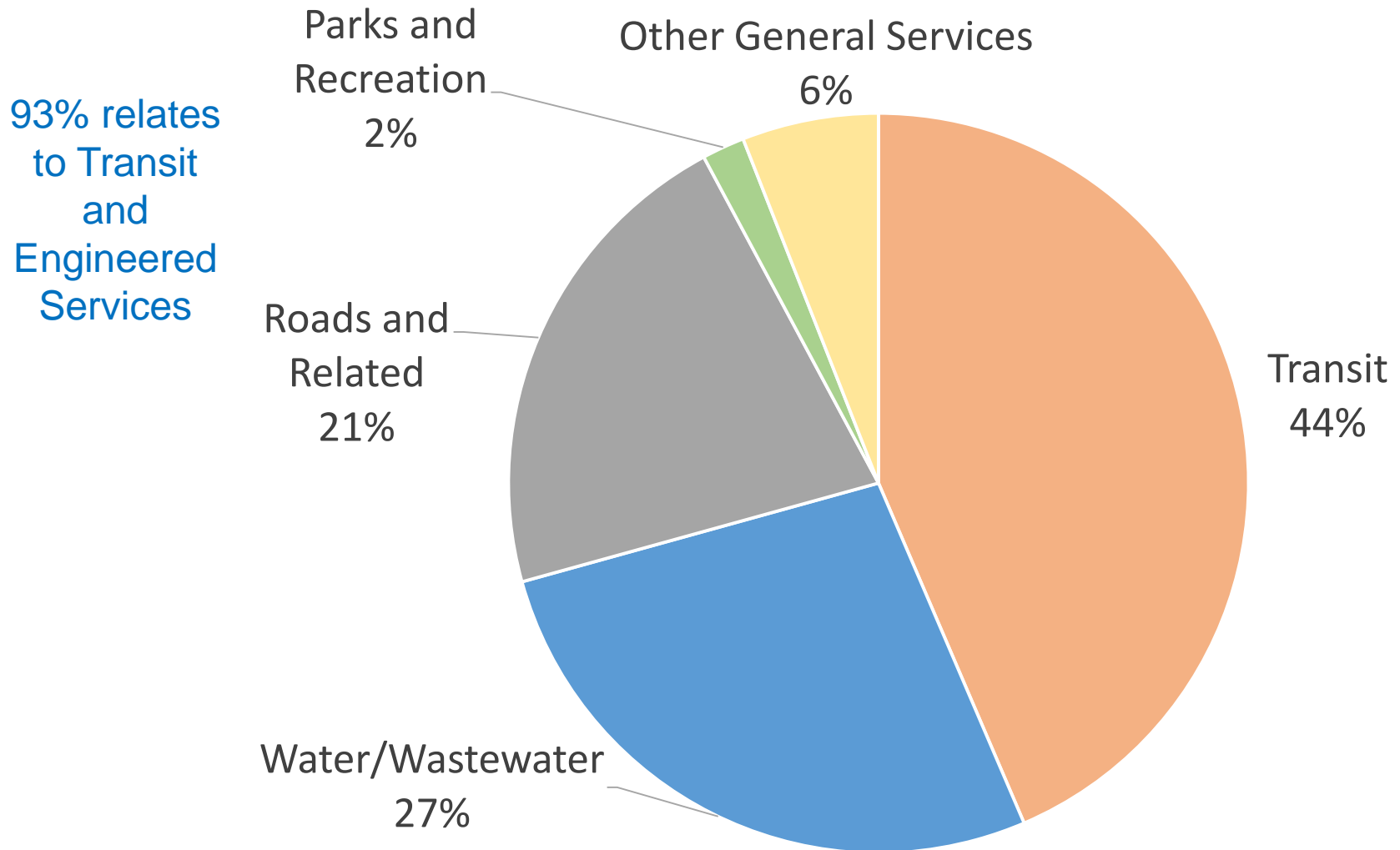


# Residential DC Allocations

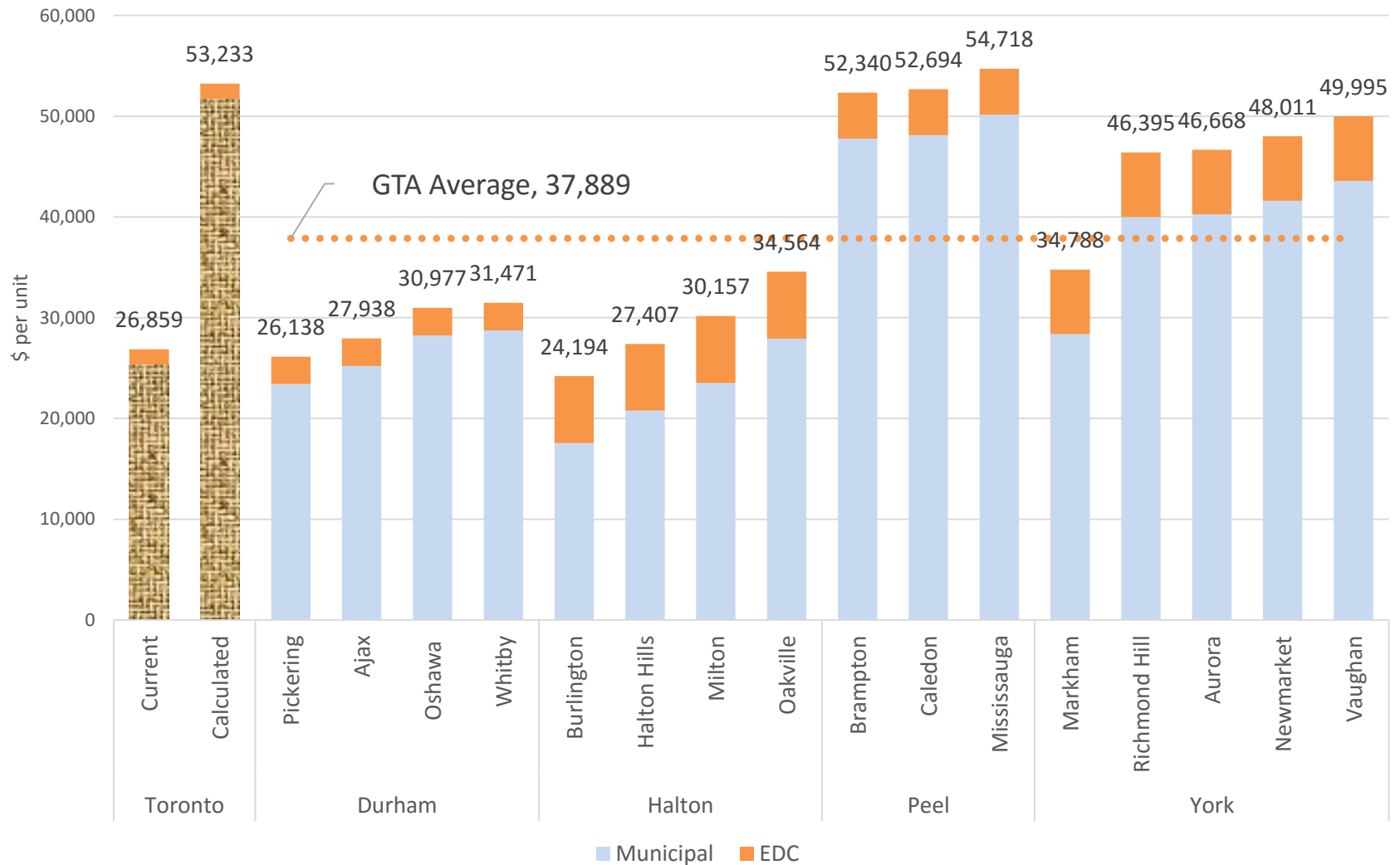


\* Other General Services includes Library, Housing, Police, Fire, Paramedics, Studies, Civic Improvements, Childcare, Pedestrian Infrastructure, Shelter

# Non-residential DC allocations



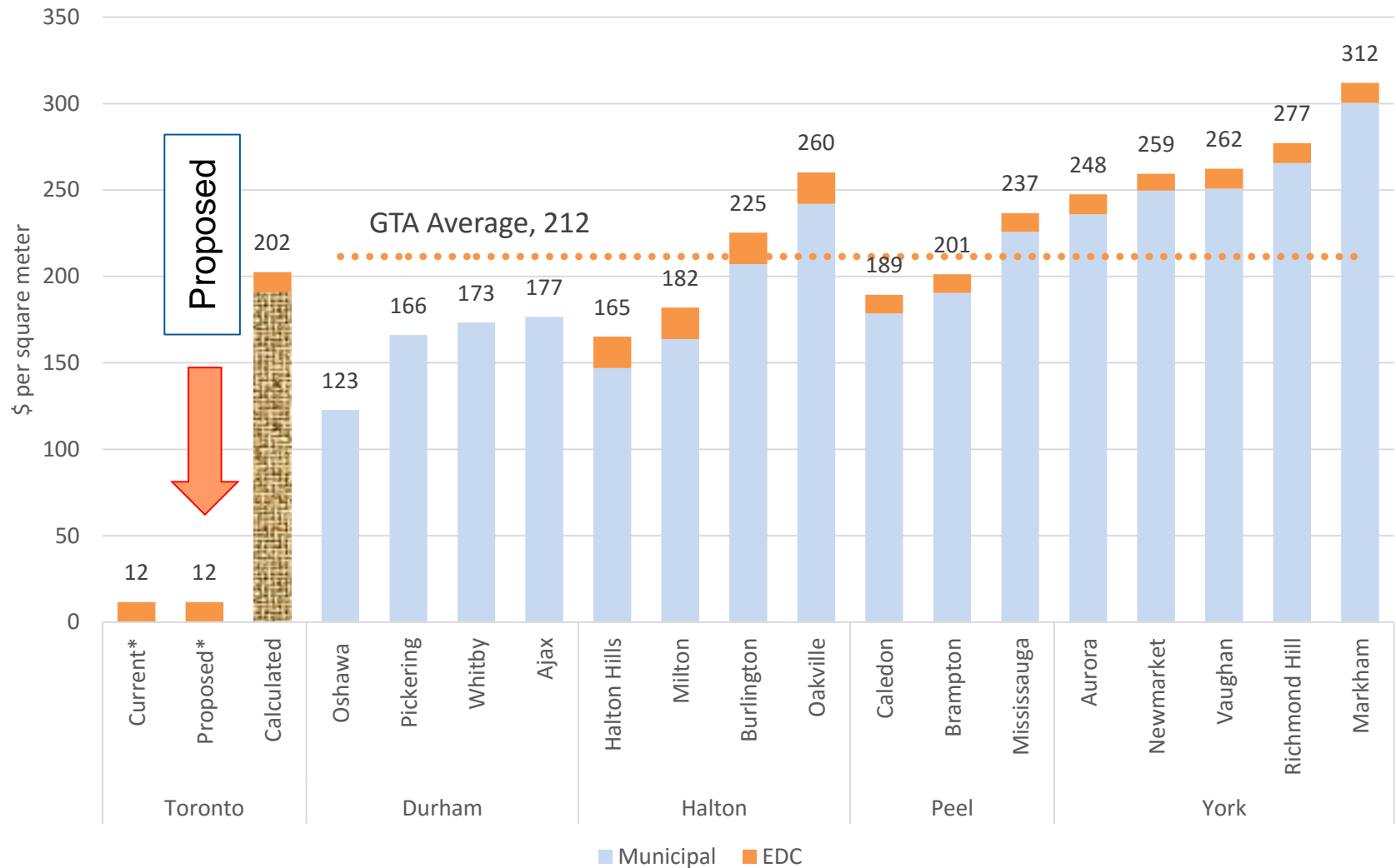
# GTA DC Rate Comparison – \$ Large Apt Unit



\* MLTT for a \$700,000 unit would be \$6,000 to \$10,475 depending on whether the first time homebuyers rebate applies



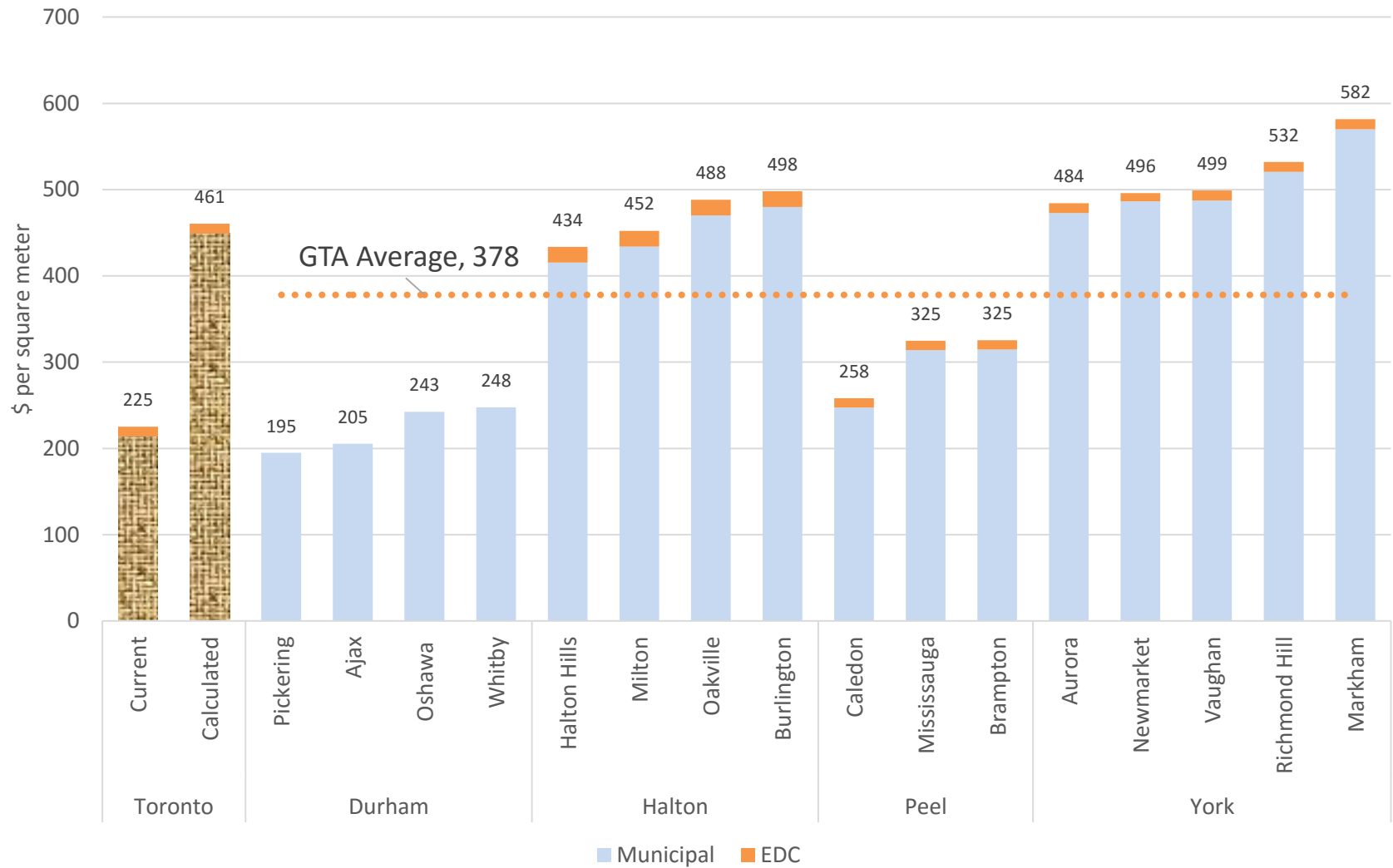
# GTA DC Rate Comparison – Industrial Use (\$ per sqm)



\* Industrial uses exempted under the current and proposed bylaw

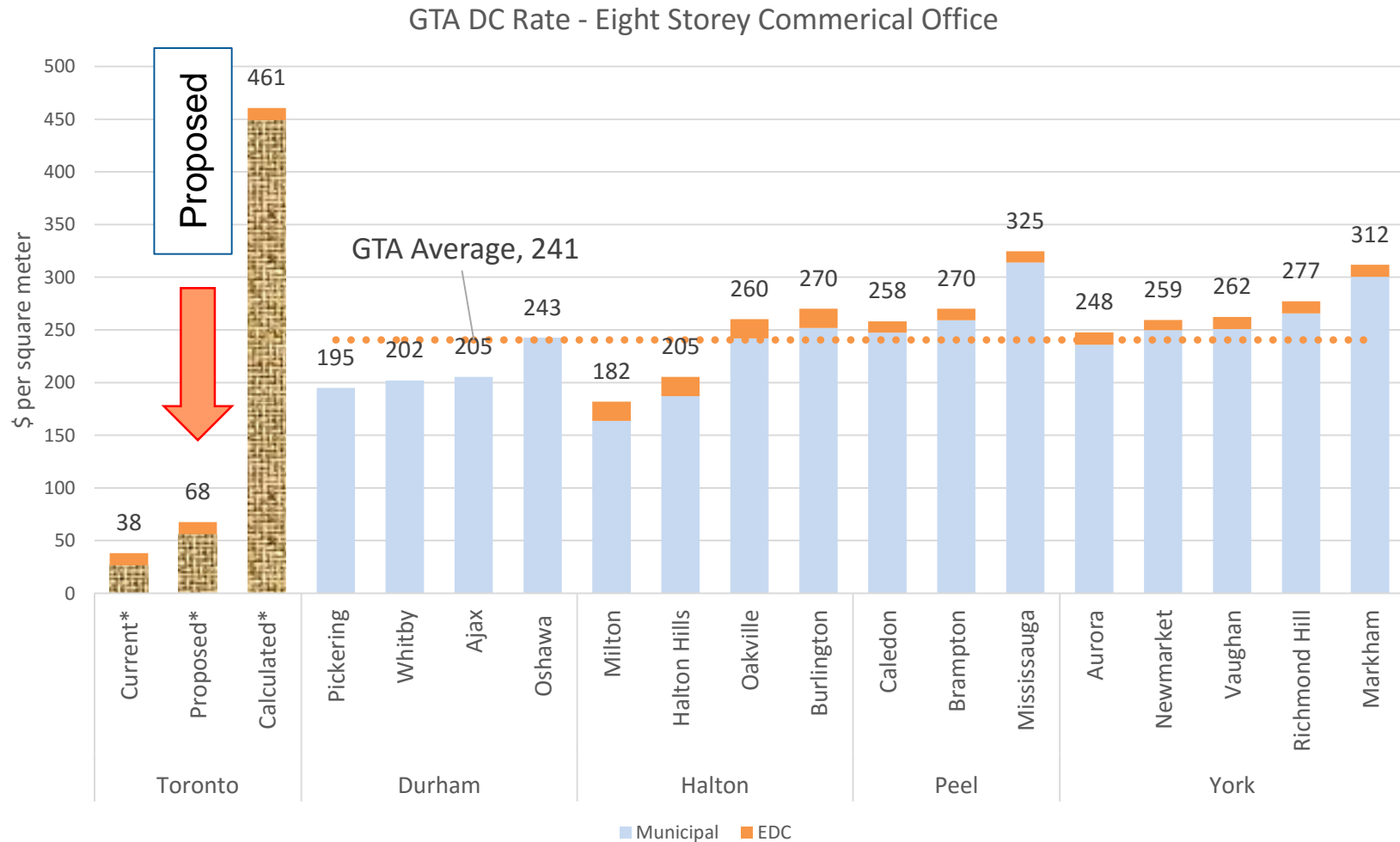
# GTA DC Rate Comparison

## – Ground Floor Retail Use (\$ per sqm)



# GTA DC Rate Comparison

## – Eight Storey Commercial Office Use (\$ per sqm)



\* In Toronto, non-industrial non-residential uses above and below the ground floor are exempted from DCs in the current and proposed bylaw. DCs apply to the ground floor only.

# Proposed Discretionary Exemptions

- **Residential**

- Affordable housing (through Open Door)
- Rooming houses

- **Non-residential**

- Industrial uses
- All non-res development not on ground floor (charge only applies to ground floor)
- Public hospitals
- Colleges and universities
- Places of worship, cemeteries or burial grounds
- Temporary uses

No major changes  
to current  
exemption  
policies proposed

# Other Proposed Bylaw Policies

- Uniform City-wide charge
- Transition provisions
  - Pending consideration of additional stakeholder input and analysis
- Collection timing - First building permit
  - DC deferral procedure under review
- Concurrent IMIT program review
  - DC exemption proposed to be removed

# Stakeholder Engagement to Date

Activity	Date
<ul style="list-style-type: none"><li>• <b>Key Industry Stakeholders</b><ul style="list-style-type: none"><li>• BILD, TBoT, TREB, REALpac, NAIOP, GTAA, TIN)</li></ul></li></ul>	June 5, July 10, October 30, December 1
<ul style="list-style-type: none"><li>• <b>Draft Data Release</b><ul style="list-style-type: none"><li>• Growth Forecast &amp; Inventories</li><li>• Capital Program &amp; Calculations</li></ul></li></ul>	Summer 2017 Fall 2017
<ul style="list-style-type: none"><li>• <b>Technical Review – BILD Consultants</b></li></ul>	November and ongoing
<ul style="list-style-type: none"><li>• <b>Councillor EA Information Session</b></li></ul>	December 18, 2017
<ul style="list-style-type: none"><li>• <b>DC Study and Proposed Bylaw</b></li></ul>	January 9, 2018
<ul style="list-style-type: none"><li>• <b>Ratepayer Meeting</b></li></ul>	January 11, 2018
<ul style="list-style-type: none"><li>• <b>Key Industry Stakeholders Meeting</b></li></ul>	January 12, 2018
<ul style="list-style-type: none"><li>• <b>General Public Meetings</b></li></ul>	January 15 & 17, 2018
<ul style="list-style-type: none"><li>• <b>Continuing consultation</b></li></ul>	February – March 2018

# Input Received - Industry

- Additional time needed for technical review
- Delay implementation to October 2018 (current bylaw expiry)
- Transition provisions needed
- Rates will impact housing affordability
- Rates will impact viability of purpose-built rental housing projects
- DC collection should be changed to first permit
- Prefer city-wide charges
- Lengthy City development approval process



# Input Received – Ratepayers & General Public

- Mixed input on phase-in
- Mixed input on the level of the charges
  - No discount – growth should pay for growth
  - Lower DCs for larger (three-bedroom) units to support families
  - Increase DCs to slow growth, mitigate impact in high growth areas
  - Increase recovery on non-res, where appropriate
- Concerns about housing affordability
  - Including pass through of DC rate increases at closing (e.g. purchase and sale agreements)
  - Market determines the price of housing (supply / demand)
- Reinvest DCs in growth areas where they were collected
- GTA DC rate comparisons and other factors are important to understand competitiveness

# Next Steps

## 1. Continue Stakeholder Engagement

- Technical Study calculations and DC policies

## 2. Report to Executive Committee on the results of additional consultation

- Including any refinements to the DC Study and bylaw policies

## 3. Council consideration of the DC Bylaw



# Thank you

Information is available on the City's website  
[www.toronto.ca/devcharges](http://www.toronto.ca/devcharges)