

Memorandum

To: City of Toronto

From: Craig Binning and Julia Cziraky

Date: June 10, 2022

Re: Addendum to the 2022 Development Charges Background Study

This Addendum memorandum summarizes the proposed changes to the April 2022 Development Charges (DC) Background Study. A number of adjustments and updates have been made through consultation with City staff and development industry stakeholders following the initial release of the DC Background Study. The impact of the changes on the calculated development charges are also shown.

Following Council's approval of the new 2022 DC By-law, a complete consolidated version of the 2022 DC Background Study, reflecting the adopted development charge rates, will be prepared and posted on the City's website.

i. Reserve Funds

The April 2022 DC Background Study used a projection of the DC reserve fund balances as of December 31, 2021. The total estimated cash balance for all services combined was \$1.39 billion. The actual 2021 closing balances are now available, and the total uncommitted cash balance is \$2.19 billion.

The uncommitted cash balances are applied to future capital programs as part of the DC calculations. As the actual balances for all services are higher than initially projected, application of the updated balances has resulted in

reductions in the calculation DC rates for most services. The exception is Transit and Affordable Housing, for which the reserve fund balances are applied to the benefit to existing shares of the capital program, as the balances are assumed to be associated with development which has paid DCs but has yet to receive new facilities or infrastructure.

ii. Transit

The Transit capital program has been updated to apply a share of the available reserve fund balance to the purchase of buses (items 2.3.3.1 and 2.3.3.2), which have not been assigned a benefit to existing share like other projects within the capital program. A total of \$24.79 million in available reserve funds is applied to these projects and removed from the DC calculation.

iii. Roads and Related

Costs for two projects have been updated to reflect new costing information:

- 1.7.17 Villiers Street Between New Cherry and Munitions: Cost updated to \$53,695,000 (previously \$49,878,000)
- 1.7.56 Munition Street Bridge & Road Connections: Cost updated to \$104,988,000 (previously \$54,000,000)

Additionally, the Roads and Related cash flows have been updated to distribute the available reserve balance between the 2022-2031 and 2022-2041 cash flows. The available reserve balance as of December 31, 2021 has been allocated to each of these planning periods based on their proportionate shares of the overall Roads and Related DC capital program.

iv. Water Services

The benefit to existing share for the Downsview PS – Construction project (item 2.6.1) has been corrected to 0% (previously 88%); this is a new project providing additional pumping station capacity necessary to meet the increased needs of development.

Additionally, the Water Services cash flows have been updated to distribute the available reserve balance between the 2022-2031 and 2022-2041 cash flows. The available reserve balance as of December 31, 2021 has been allocated to each of these planning periods based on their proportionate shares of the overall Water DC capital program.

v. Sanitary Sewer

The benefit to existing share for the Aeration Tank 12 & 13 project (item 2.2.11) has been corrected to 0% (previously 88%); this is a new project providing additional capacity necessary to meet the increased needs of development.

Upon staff review, the benefit to existing share for a number of projects within the Priority Linear Sanitary Capacity Projects category (2.7) has been adjusted to 100%. This has resulted in a reduction of \$33.2 million in the DC-eligible share for this category of projects.

Further, the Prior Projects category (2.1) was reviewed by staff and the amounts included were determined to be future construction shares. As such, those shares of the projects have been moved to other sections of the capital program as appropriate, and assigned an 88% benefit to existing share. Remaining (unfunded) DC-eligible shares of prior projects have been added to category 2.1, as identified by Toronto Water staff. The net impact of these changes is a \$2.4 million reduction in DC-eligible costs.

Finally, the Sanitary Sewer cash flows have been updated to distribute the available reserve balance between the 2022-2031 and 2022-2041 cash flows. The available reserve balance as of December 31, 2021 has been allocated to each of these planning periods based on their proportionate shares of the overall Sanitary Sewer DC capital program.

vi. Storm Water Management

The Prior Projects category (1.1) was reviewed by staff and the amounts included were determined to be future construction shares. As such, those shares of the projects have been moved to other sections of the capital program as appropriate, and assigned an 88% benefit to existing share. Remaining (unfunded) DC-eligible shares of prior projects have been added to category 1.1, as identified by Toronto Water staff. The net impact of these changes is a \$3.4 million reduction in DC-eligible costs.

vii. Calculated Rates

Revised calculated residential and non-residential rates are shown across the following pages. After the identified changes, the large (2+ bedroom) apartment rate has decreased from \$81,852 to \$80,218; a reduction of \$1,634 per unit. The non-residential, non-industrial rate has decreased from \$667.26 per square metre to \$666.90 per square metre, a difference of \$0.36.

CITY OF TORONTO
CALCULATED CITY-WIDE DEVELOPMENT CHARGES
RESIDENTIAL DEVELOPMENT CHARGES BY UNIT TYPE

Service	Unadjusted Charge Per Capita	Adjusted Charge Per Capita	Residential Charge By Unit Type						Percentage of Charge
			Singles & Semis	Multiples 2+ Bedrooms	Multiples 1 Bed and Bach.	Apartments 2+ Bedrooms	Apartments 1 Bed and Bach.	Dwelling Room	
Spadina Subway Extension	\$770.75	\$982	\$3,624	\$2,995	\$1,502	\$2,121	\$1,385	\$982	2.6%
Transit (balance)	\$11,943.88	\$11,931	\$44,025	\$36,390	\$18,254	\$25,771	\$16,823	\$11,931	32.1%
Parks and Recreation	\$4,600.81	\$4,544	\$16,767	\$13,859	\$6,952	\$9,815	\$6,407	\$4,544	12.2%
Library	\$855.30	\$626	\$2,310	\$1,909	\$958	\$1,352	\$883	\$626	1.7%
Housing Services - Shelter	\$369.47	\$407	\$1,502	\$1,241	\$623	\$879	\$574	\$407	1.1%
Housing Services - Affordable Housing	\$5,842.14	\$5,808	\$21,432	\$17,714	\$8,886	\$12,545	\$8,189	\$5,808	15.6%
Police	\$385.73	\$173	\$638	\$528	\$265	\$374	\$244	\$173	0.5%
Fire	\$128.72	\$65	\$240	\$198	\$99	\$140	\$92	\$65	0.2%
Ambulance Services	\$233.95	\$238	\$878	\$726	\$364	\$514	\$336	\$238	0.6%
Development-Related Studies	\$94.27	\$46	\$170	\$140	\$70	\$99	\$65	\$46	0.1%
Long Term Care	\$533.58	\$537	\$1,982	\$1,638	\$822	\$1,160	\$757	\$537	1.4%
Child Care	\$391.20	\$270	\$996	\$824	\$413	\$583	\$381	\$270	0.7%
Waste Diversion	\$208.70	\$216	\$797	\$659	\$330	\$467	\$305	\$216	0.6%
Subtotal General Services	\$26,358.50	\$25,843	\$95,361	\$78,821	\$39,538	\$55,820	\$36,441	\$25,843	69.6%
Roads and Related	\$7,825.31	\$6,568	\$24,236	\$20,032	\$10,049	\$14,187	\$9,261	\$6,568	17.7%
Water	\$1,325.74	\$1,020	\$3,764	\$3,111	\$1,561	\$2,203	\$1,438	\$1,020	2.7%
Sanitary Sewer	\$2,642.47	\$2,510	\$9,262	\$7,656	\$3,840	\$5,422	\$3,539	\$2,510	6.8%
Storm Water Management	\$1,119.74	\$1,197	\$4,417	\$3,651	\$1,831	\$2,586	\$1,688	\$1,197	3.2%
Subtotal Engineered Services	\$12,913.26	\$11,295	\$41,679	\$34,450	\$17,281	\$24,398	\$15,926	\$11,295	30.4%
TOTAL CHARGE PER UNIT	\$39,271.75	\$37,138	\$137,040	\$113,271	\$56,819	\$80,218	\$52,367	\$37,138	100.0%
(1) Based on Persons Per Unit Of:			3.69	3.05	1.53	2.16	1.41	1.00	

CITY OF TORONTO
CALCULATED CITY-WIDE DEVELOPMENT CHARGES
NON-RESIDENTIAL DEVELOPMENT CHARGES

Service	Unadjusted Charge per Employee	Adjusted Charge per Employee	Non-Residential Charge By Type		Percentage of Charge
			Industrial	Non-Industrial	
Spadina Subway Extension	\$556.01	\$714	\$9.51	\$24.37	3.7%
Transit (balance)	\$8,616.17	\$8,677	\$115.54	\$296.14	44.4%
Parks and Recreation	\$348.44	\$348	\$4.63	\$11.88	1.8%
Library	\$64.79	\$48	\$0.64	\$1.64	0.2%
Housing Services - Shelter	\$0.00	\$0	\$0.00	\$0.00	0.0%
Housing Services - Affordable Housing	\$0.00	\$0	\$0.00	\$0.00	0.0%
Police	\$278.26	\$228	\$3.04	\$7.78	1.2%
Fire	\$92.86	\$77	\$1.03	\$2.63	0.4%
Ambulance Services	\$168.77	\$201	\$2.68	\$6.86	1.0%
Development-Related Studies	\$68.01	\$56	\$0.75	\$1.91	0.3%
Long Term Care	\$0.00	\$0	\$0.00	\$0.00	0.0%
Child Care	\$282.20	\$263	\$3.50	\$8.98	1.3%
Waste Diversion	\$0.00	\$0	\$0.00	\$0.00	0.0%
Subtotal General Services	\$10,475.51	\$10,612	\$141.32	\$362.19	54.3%
Roads and Related	\$5,575.52	\$5,280	\$70.31	\$180.20	27.0%
Water	\$927.34	\$907	\$12.08	\$30.96	4.6%
Sanitary Sewer	\$1,820.77	\$1,851	\$24.65	\$63.17	9.5%
Storm Water Management	\$768.37	\$890	\$11.85	\$30.38	4.6%
Subtotal Engineered Services	\$9,092.01	\$8,928	\$118.89	\$304.71	45.7%
TOTAL CHARGE PER SQUARE METRE	\$19,567.51	\$19,540	\$260.21	\$666.90	100.0%
(1) Based on Floor Space Per Worker (FSW)			75.1	29.3	