

Clause 13 in Report No. 9 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 17, 2018.

13

2018 Development Charge Background Study and Bylaw  
Amendment

Committee of the Whole recommends:

1. Receipt of the communication from Leo Longo, Aird Berlis LLP on behalf of a number of car dealerships located in York Region, dated May 8, 2018.
2. Adoption of the following recommendations, as amended, in the report dated April 25, 2018 from the Commissioner of Finance:
  1. Council approve the 2018 Development Charge Bylaw amendment, with an effective date of July 1, 2018, that incorporates the rates as set out in the 2018 Development Charge Background Study and Bylaw (Attachment 1).
  2. Council approve the proposed changes and clarifications to the treatment of structured parking and retail motor vehicle establishments, as set out in the 2018 Development Charge Background Study and Bylaw.
  3. Council approve the amended policy to defer development charges on qualified open air motor vehicle storage structures in all of York Region, found in Attachment 2.
  4. Council determine that no further public meeting is required pursuant to the Development Charges Act, 1997.
  5. Notice of the passing of this bylaw be given as required under the Development Charges Act, 1997.
  6. Regional staff be authorized to attend the Local Planning Appeals Tribunal or the courts, as appropriate, to defend the Region's position if the 2018 Development Charge Bylaw amendment is appealed.
  7. The Regional Clerk circulate this report to the local municipalities and to the Building Industry and Land Development Association – York Chapter (BILD).

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Report dated April 25, 2018 from the Commissioner of Finance now follows:

## 1. Recommendations

It is recommended that:

1. Council approve the 2018 Development Charge Bylaw amendment, with an effective date of July 1, 2018, that incorporates the rates as set out in the 2018 Development Charge Background Study and Bylaw (Attachment 1).
2. Council approve the proposed changes and clarifications to the treatment of structured parking and retail motor vehicle establishments, as set out in the 2018 Development Charge Background Study and Bylaw.
3. Council approve the policy to defer development charges on qualified open air motor vehicle storage structures, found in Attachment 2.
4. Council determine that no further public meeting is required pursuant to the *Development Charges Act, 1997*.
5. Notice of the passing of this bylaw be given as required under the *Development Charges Act, 1997*.
6. Regional staff be authorized to attend the Local Planning Appeals Tribunal or the courts, as appropriate, to defend the Region's position if the 2018 Development Charge Bylaw amendment is appealed.
7. The Regional Clerk circulate this report to the local municipalities and to the Building Industry and Land Development Association – York Chapter (BILD).

## 2. Purpose

This report seeks approval of the 2018 Development Charge Bylaw amendment and rates, taking into account consultations with the local municipalities and deputations made at the statutory public meeting.

## 3. Background and Previous Council Direction

The current Development Charge Bylaw came into force on June 17, 2017

Council passed the 2017 Development Charge Bylaw ([No. 2017-35](#)) on May 25, 2017, prior to the expiry of the five year statutory limit as prescribed by the

*Development Charges Act, 1997* (the “Act”). The 2017 Development Charge Bylaw was supported by a background study describing the methodologies and assumptions that underpin the development charge rates.

The 2017 Development Charge Background Study anticipates \$6.5 billion in infrastructure to support population and employment growth to 2031. The proportion that is eligible for recovery from development charges under this bylaw is \$3.7 billion.

In addition, through the Bylaw, Council established a new hotel development charge rate class. Council also approved a policy to defer development charges on purpose-built high density rental buildings for 36 months.

Some capital projects were included in the 2017 Development Charge Bylaw on a contingent basis

The 2017 Development Charge Bylaw includes a two-part contingency schedule (Part A & B of Contingency Schedule G). A contingency schedule is a list of capital projects, with associated development charge rate increases, that would become part of the bylaw, should certain conditions be met (i.e., trigger event).

Part A of Contingency Schedule G includes assets for which the Region does not currently have responsibility, and that require agreements with other parties for the Region to assume responsibility. Examples of this type of project include capital works on Steeles Ave, which is owned by the City of Toronto.

Part B of Contingency Schedule G includes additional road projects that are in the Region’s Transportation Master Plan. Under the 2017 Bylaw, these projects were subject to a five-part financial trigger.

The gross cost of the projects in Contingency Schedule G is summarized in Table 1 as follows:

**Table 1**  
**2017 Development Charge Bylaw: ‘Two-Part’ Contingency Schedule**

<b>Part</b>	<b>Trigger of development charge(s)</b>	<b>Service(s)</b>	<b>Total gross project costs (\$ Million)</b>
<b>A</b>	Assets the Region doesn't currently have responsibility for and that require agreements with other parties to assume responsibility	Water, Wastewater, Roads, and Senior Services	844
<b>B</b>	Road projects subject to a five-part financial trigger	56 road projects	1,488
<b>Total</b>			<b>2,332</b>

On May 25, 2017, Council also directed staff to bring back an amendment to the 2017 Development Charge Bylaw in the first quarter of 2018

When Council approved the 2017 Development Charge Bylaw, it also directed staff to bring back an amendment by March 31, 2018 that would add all 56 road projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw into the rate calculation. A full list of the 56 projects, including project costs and calculation methodology, can be found in Table 7-7, on pages 96-98 of the [2017 Development Charge Background Study](#).

On February 15, 2018, staff tabled a draft 2018 Development Charge Background Study and Bylaw amendment

In order to amend a development charge bylaw, the *Act* requires a municipality to pass an amending bylaw, supported by a development charge background study that details the changes that are the subject of the amendment. On February 15, 2018, staff tabled the [draft 2018 Development Charge Background Study and Bylaw](#).

The purpose of this amendment is two-fold:

1. To address Regional Council's direction to bring back a proposed bylaw amendment to add all 56 road projects from 'Part B' of Contingency Schedule G to the rate calculation

2. To review the development charge treatment of parking structures (including any associated sections in the Bylaw)

All other services will continue to be funded under the 2017 Development Charge Bylaw

The 2018 Development Charge Bylaw amends the 2017 Development Charge Bylaw as it pertains to the road capital program and the treatment of structured parking. The 2018 Development Charge Bylaw amendment does not repeal or replace the Region's 2017 Development Charge Bylaw. All other services will continue to be funded under the 2017 Development Charge Bylaw.

Inputs and assumptions from the 2017 Development Charge Bylaw will remain the same, including:

- Forecast horizon ( 2017 to 2031)
- Residential and non-residential growth forecasts
- Development charge calculation methodology
- Debt and reserves figures

In addition to this bylaw amendment, the finalization of the Steeles Avenue cost-sharing agreement with the City of Toronto will also trigger rate increases

It is expected that on June 14, 2018, the Commissioner of Transportation Services will bring forward a memo to Committee of the Whole providing an update on a cost-sharing agreement with the City of Toronto that includes four Steeles Avenue road projects. Regional and City of Toronto staff have been pursuing such an agreement.

These four projects are identified in "Part A" of Contingency Schedule G to the 2017 Development Charge Bylaw. Finalization of the cost-sharing agreement with the City of Toronto triggers the inclusion of these four projects in the 2017 Bylaw. The rate increases will take effect 30 days after the full execution of the cost-sharing agreement.

The Steeles Avenue projects have an estimated gross project cost of approximately \$122 million, of which the Region's share is just over \$41 million. As a result of the cost-sharing agreement, the Region's development charge rate will increase by approximately \$266 for a single family dwelling. Further details on the rate impact of these projects can be found on pages 28-29 of the Region's [2017 Development Charge Bylaw](#).

An amended asset management plan has been prepared in accordance with the *Act*

The *Act* requires municipalities to prepare an asset management plan as part of their Background Study. The asset management plan must demonstrate that all assets proposed to be funded by the bylaw are financially sustainable over their lifecycle. The asset management plan can be found in Chapter 7 of the 2018 Development Charge Background Study (Attachment 1).

An asset management plan covering the amended project list was included in the 2018 Development Charge Background Study. It accounted for the full operating and capital requirements related to both existing and future assets, enabling an estimate of the impact of growth on both user rates and the tax levy.

Stakeholders were consulted during the development of the background study underpinning the amendment

Beginning in December 2017, staff consulted representatives from local municipalities and the Building Industry and Land Development Association – York Chapter (BILD). Staff met with representatives from the local municipalities on two occasions and the BILD working group on two occasions throughout the development of the bylaw amendment. Topics discussed include:

- Scope of the amendment
- Preliminary impact on rates
- Treatment of structured parking in the amended bylaw

A public meeting was held on March 22, 2018, and all prescribed timelines have been met

On March 22, 2018, the Region held a public meeting to seek feedback on the draft 2018 Development Charge Background Study and Bylaw amendment. At the public meeting Committee of the Whole requested that staff revisit the treatment of structured parking, specifically as it relates to open air structured parking. Staff's response was provided in a memorandum to Committee on April 12<sup>th</sup>. This feedback was considered during the preparation of Attachment 1 and Attachment 2 and is discussed further on pages 9 to 10 of this report.

In addition to the public meeting, the *Act* requires that other timelines be met to pass a development charge bylaw. Table 2 highlights key dates in the Region's development charge bylaw amendment process. All prescribed timelines have been met.

**Table 2**  
**Key Dates in Regional Bylaw Amendment Process**

Deliverable	Date	Time elapsed
Draft 2018 Background Study and Bylaw amendment publicly released with a report (includes recommendation authorizing public notice)	February 15, 2018	35 days
Notice of public meeting published in all local Metroland newspapers	February 22, 2018	
Public meeting immediately prior to Committee of the Whole Week 2	March 22, 2018	91 days*
Memorandum to Committee of the Whole Week 2 on the development charge treatment of structured parking	April 12, 2018	
2018 Development Charge Bylaw amendment report to Committee of the Whole Week 2	May 10, 2018	56 days
2018 Development Charge Bylaw amendment to Council for anticipated approval	May 17, 2018*	
2018 Development Charge Bylaw amendment and rates come into effect	July 1, 2018	

\*Note: *The Development Charges Act, 1997* requires that a background study be available to the public at least 60 days prior to passing the Bylaw.

The Region must provide stakeholders with notice of passage of the Bylaw and of the appeal period

Once the bylaw is passed, the appeal period begins; the Region must provide notice to the public within 20 days of passing the bylaw. This notice will be given through publication in all local Metroland newspapers.

The appeal period for the 2018 Development Charge Bylaw will begin on May 18, 2018, one day after the amending bylaw is expected to be passed, and will end 40 days later, on June 27, 2018 at 4:30 pm. Anyone wishing to appeal the 2018 Development Charge Bylaw amendment must file the appeal with the Regional Clerk prior to that deadline.

#### 4. Analysis and Implications

The 2018 Development Charge Bylaw amendment will increase the gross project costs for the road component of the 2017 Development Charge Bylaw from approximately \$2.8 billion to \$4.3 billion

Compared to the 2017 Background Study's main project list, including "Part B" of Contingency Schedule G will add \$1.49 billion in gross project costs and \$1.35 billion in development-charge-eligible costs to the rate calculation (Table 3). The difference will be a future tax levy pressure.

**Table 3**  
**Summary of Project Costs\***

<b>Gross Project Costs</b>	<b>2017 Background Study (\$ Millions)</b>	<b>2018 Bylaw Amendment (\$ Millions)</b>	<b>Total (\$ Millions)</b>
Roads Services	2,799	1,486	<b>4,284</b>
Roads Development Charge Eligible Costs (2017-2031)	1,945	1,348	<b>3,293</b>

\*Note: Numbers may not add due to rounding

Most of the road projects being added through the amendment are for road widenings

Road widening projects (4 or 6 lane widenings) make up 61 per cent of the gross capital costs being added.

The 2018 Development Charge Bylaw amendment will also fund a variety of other road projects, including:

- new and improved interchanges
- rail grade separations
- new arterial corridors
- intersection improvements



## Proposed changes to the treatment of structured parking

The 2018 Development Charge Bylaw amendment also proposes to change the treatment of structured parking

During the consultation process for the 2017 Development Charge Bylaw, some stakeholders expressed their concern about the treatment of car dealerships and structured parking. There were also two appeals of the 2017 Development Charge Bylaw related to automotive dealerships and parking structures (these are discussed further in the Private Memorandum to Council entitled, Development Charge Bylaw Amendment).

Staff's review of the treatment of structured parking and retail motor vehicle establishments (e.g., car dealerships) has resulted in the changes proposed in Table 4 below, with further detail being provided in Chapter 6 and Appendix C of Attachment 1.

**Table 4**  
**Summary of Changes to the Treatment of Retail Motor Vehicle Establishments and Structured Parking**

Type of development	Change or clarification
Standalone structures used for vehicle storage	Recognize the warehousing nature and levy the industrial/office/institutional rate
Retail motor vehicle establishments	Strengthen the bylaw to treat all areas within a retail motor vehicle establishment as retail  Introduce a blended rate treatment for motor vehicle establishments with 'significant' storage areas*
Structured parking accessory to shopping malls and hotels	Clarify their exempt status

\*Note: 'Significant' is defined such that the gross floor area of the vehicle storage area (less any eligible employment/customer parking gross floor area) must be greater than two times the gross floor area of the retail motor vehicle establishment not used for vehicle storage area

In response to the feedback received at the March 22 public meeting, staff have proposed a deferral policy for qualified open air motor vehicle storage structures

At the public meeting for the 2018 Bylaw amendment, Committee asked staff to consider additional changes to the treatment of structured parking in the amending Bylaw. Specifically, Committee requested that staff consider amending

the Bylaw such that open air structured parking facilities used to store vehicles prior to sale or lease be exempt from development charges. The rationale was to encourage more efficient use of land and encourage more compact storage solutions by making it cheaper for developers to build structured parking.

Staff reported back to Committee through a memorandum on April 12, 2018, entitled, [“Development charge treatment of structured parking”](#). The memo provided background information regarding structured parking in the Region, and indicated that a development charge deferral policy for qualified open air motor vehicle storage structures would accompany the Background Study and Bylaw being presented to Council in May for approval.

The rationale for deferring development charges on open air motor vehicle storage structures is twofold:

- Staff anticipate that due to the lack of climate control, open air motor vehicle storage areas are less likely to be used for other retail uses such as detailing, servicing and show room compared to their enclosed counterparts
- A deferral agreement protects the Region’s interests and allows for the collection of deferred development charges should the facility become enclosed

Table 5 summarizes the main points of this policy. Details of the deferral policy are provided on Attachment 2. The proposed policy has been informed by consultations with local municipalities and car dealerships. If approved, the proposed policy would take effect on July 1, 2018.

**Table 5**  
**Key Components of a Policy to Defer Development Charges for Qualified Open Air Motor Vehicle Storage Structures**

Term	Rationale
Applies to open air structures designed or intended to be used for motor vehicle storage only	Encourages more compact development, making better use of the land  Lack of climate control makes it less likely that these structures will be used for other retail uses such as detailing, servicing and show rooms compared to their enclosed counterparts
Applies to developments within the Regional Centres and Regional Corridors	Targeted policy directed at areas where the Region envisions the greatest levels of intensification

Term	Rationale
Local municipal participation required	Ensures alignment of Regional and local policy

It is anticipated that the 2017 Development Charge Bylaw will be updated prior to its statutory five year expiration on June 16, 2022

The 2017 Development Charge Bylaw is set to expire on June 16, 2022 (five years after its effective date). The 2018 Development Charge Bylaw amendment does not affect the expiry date of the 2017 Development Charge Bylaw.

It is expected that the Region will update the 2017 Development Charge Bylaw after the Municipal Comprehensive Review has been completed and prior to the statutory maximum five year period.

## 5. Financial Considerations

As a result of this amendment, all residential development charge rates would increase by 19 per cent and non-residential development charge rates would increase between 18 and 28 per cent

Adding all 56 projects would result in a 19 per cent increase in development charge rates across all residential development types. Similarly, non-residential rates would increase by between 18 and 28 per cent as a result of the amendment. Table 6 summarizes the increases to the Region's development charge rates.

**Table 6**  
**Summary of Increases to Development Charge Rates**

Residential Type	Current rates (\$)*** (as of May 9, 2018)	Proposed 2018 rates (\$)***	Increase (%)
Single and Semi-Detached	48,330	57,525	19
Multiple Unit Dwelling	38,899	46,301	19
Apartments >=700 square feet	28,273	33,652	19
Apartments < 700 square feet	20,636	24,566	19
<b>Non-Residential (per square foot)</b>			

<b>Residential Type</b>	<b>Current rates (\$)*</b> <b>(as of May 9, 2018)</b>	<b>Proposed 2018</b> <b>rates (\$)***</b>	<b>Increase</b> <b>(%)</b>
Retail	39.89	51.12	28
Industrial/Office/Institutional	17.90	21.19	18
Hotel	7.93	10.03	26

\*Note: Does not include Nobleton wastewater rates. Rates are subject to indexing on July 1, 2018.

\*\*\*Note: Rate changes subject to this amendment have had an inflationary factor of 2.4 per cent applied and will not be indexed on July 1, 2018, but will be indexed in future.

Rates imposed by the 2017 Development Charge Bylaw will be subject to indexing on July 1, 2018

Rates under 2018 Development Charge Bylaw amendment will not be indexed on July 1, 2018 as an inflationary factor has already been applied.

Rates imposed by the 2017 Bylaw will be indexed on July1, 2018. This includes the portion of the rates pertaining to roads services on the main list of the 2017 Development Charge Background Study.

The Region's indexing takes place on July 1, and uses Statistics Canada's Quarterly Construction Price Index, which will be published by Statistics Canada in May 2018. Over the past ten years, the annual index has averaged 2.4 per cent.

## 6. Local Municipal Impact

The 2018 Development Charge Bylaw amendment will help fund additional road projects to accommodate growth in the local municipalities

The 2018 Development Charge Bylaw amendment adds an additional \$1.49 billion in growth-related roads infrastructure to the Region's 2017 Development Charge Bylaw. The associated 56 road projects will support growth across the Region's local municipalities by helping to fund projects like the construction of new grade separations, road widenings, new interchanges and new arterial corridors.

## 7. Conclusion

Section 10(1) of the *Act* requires that prior to passing a development charge bylaw, a municipality's Council must complete a development charge background study; Attachment 1 to this report, once finalized, satisfies this obligation.

Furthermore, having met all statutory timelines, and to collect development charges for the 56 road projects that are the subject of this amendment, it is recommended that Regional Council approve the adoption of the 2018 Development Charge Bylaw amendment, to come into effect on July 1, 2018.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

The Senior Management Group has reviewed this report

April 25, 2018

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Accessible formats or communication supports are available upon request





# THE REGIONAL MUNICIPALITY OF YORK

## 2018 Development Charge Background Study – Bylaw Amendment

**FINAL**

As Released May 10, 2018

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## **Executive Summary**

When York Regional Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018 that would add all of the road projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw to the rate calculation. These 56 road projects were identified as part of the 2016 Transportation Master Plan.

To amend a development charge bylaw, a new background study must be prepared, which underpins the rates in the amending bylaw. This Background Study has been prepared in accordance with the *Development Charges Act, 1997*, to support the calculation of new rates to amend the existing Region-wide Development Charge Bylaw (2017-35). The proposed amending bylaw has an anticipated coming-into-force date of July 1, 2018.

This Bylaw amendment only proposes to change the roads program. Other services will not be affected by this proposed bylaw amendment.

In addition, given the short time frame between the enactment of the 2017 Bylaw, and this proposed amendment, other key assumptions and inputs will remain the same as the 2017 Development Charge Background Study. These include:

- Residential and non-residential growth forecasts, including the forecast horizon (2017 to 2031)
- Development charge calculation methodologies
- Debt and reserve balances

## **2018 Development Charge Bylaw Amendment**

The 2018 Development Charge Bylaw amends the 2017 Development Charge Bylaw as it pertains to the roads program and the treatment of structured parking (including associated sections). For the roads program, changes include the addition of the 56 roads projects in “Part B” of Contingency Schedule G to the 2017 Development Charge Bylaw, as well as some technical adjustments.

All other services will continue to be funded under the 2017 Development Charge Bylaw.

The amended development charge rates are proposed to take effect on July 1<sup>st</sup>, 2018 to coincide with the annual indexing of York Region’s development charges (discussed further in Section 5).

The Roads development charge rate calculated as part of this amendment has an inflationary factor of 2.4 per cent applied, as all costs are in 2017 dollars. These rate changes would not be indexed on July 1, 2018. The inflationary factor is based on the 10 year average of the Quarterly Construction Price Index of Non-Residential

Building Construction (NRBC) provided by Statistics Canada. The NRBC index is based on the aggregate of the construction price indices for the commercial, industrial and institutional structures.

In addition to addressing Council direction regarding the addition of projects, this background study also addresses the development charge treatment of structured parking (including a proposed deferral policy for open air motor vehicle storage structures).

## **Development Charge Cost Summary**

Table ES.1 provides a comparison of the current total regional development charge rates and the total development charge rates (before indexing) should Regional Council approve the proposed amendment.

Currently, the charge for a single-detach unit is \$48,330 which is proposed to increase to \$57,252. Similarly, the amended development charges for retail development increase from \$39.89 to \$51.12 per sq.m. The industrial/office/institutional charge increases from \$17.90 to \$21.19 per sq.m. Finally, the charge for Hotels also increases from \$7.93 to \$10.03 per sq.m.

Table ES.1

Comparison of Existing and Calculated Roads Development Charges

Service	Residential - Per Single Detached Unit				Non-Residential - Per Sqft											
					Retail				Industrial/Office/Institutional				Hotel			
	January 2018 Current Charge	July 2018 <sup>1</sup> Proposed Charge	Change		January 2018 Current Charge	July 2018 <sup>1</sup> Proposed Charge	Change		January 2018 Current Charge	July 2018 <sup>1</sup> Proposed Charge	Change		January 2018 Current Charge	July 2018 <sup>1</sup> Proposed Charge	Change	
Roads	\$14,206	\$23,401	\$9,195	64.72%	\$17.87	29.10	\$11.23	62.85%	\$5.26	8.55	\$3.29	62.47%	\$3.69	5.79	\$2.10	56.84%

<sup>1</sup> July 2018 charge show here is before indexing

Note: Numbers may not sum due to rounding

Table ES.2 provides a comparison of the costs in the 2017 Background Study with the costs in the proposed 2018 Background Study. Compared to the costs in the 2017 Background Study main project list, including Contingency List B in the bylaw will add \$1.49 billion in gross project costs and \$1.35 billion in development charge eligible costs to the rate calculation. The balance represents a tax levy pressure.

**Table ES.2: 2018 Roads Development Charge Summary**

<b>Roads</b>	<b>2017 Background Study (\$ Millions)</b>	<b>2018 Bylaw Amendment (\$ Millions)</b>	<b>Total (\$ Millions)</b>
Gross Capital Costs (2017 – 2031)	2,799	1,486	<b>4,284</b>
Development Charge Eligible Costs (2017-2031)	1,945	1,348	<b>3,293</b>

Table ES.3 provides a comparison of the current and calculated amended roads development charge rates by residential unit type and non-residential use on a per sq.m. and per sq.ft. basis.



**Table ES.3**  
**York Region**  
**Comparison of Existing and Calculated Development Charges**  
**By Type of Development**

	January 2018 Current Charge			July 2018* Proposed Charge		
Type of Development	Hard and General Services	GO Transit	Total	Hard and General Services	GO Transit	Total
<b><u>Residential (Per Dwelling Unit)</u></b>						
Single and Semi-detached	\$47,978	\$352	\$48,330	\$57,173	\$352	\$57,525
Multiple Unit Dwelling	\$38,622	\$277	\$38,899	\$46,024	\$277	\$46,301
Apartments (>= 700 Sqft)	\$28,069	\$204	\$28,273	\$33,448	\$204	\$33,652
Apartments (< 700 Sqft)	\$20,507	\$129	\$20,636	\$24,437	\$129	\$24,566
<b><u>Non-residential (Per Sqft of Gross Floor Area)</u></b>						
Retail	39.89	\$0.00	\$39.89	\$51.12	\$0.00	51.12
Industrial/Office/Institutional	17.90	\$0.00	\$17.90	\$21.19	\$0.00	21.19
Hotel	7.93	\$0.00	\$7.93	\$10.03	\$0.00	10.03
<b><u>Non-residential (Per Sqm of Gross Floor Area)</u></b>						
Retail	\$429.36	\$0.00	\$429.36	\$550.27	\$0.00	\$550.27
Industrial/Office/Institutional	\$192.66	\$0.00	\$192.66	\$228.04	\$0.00	\$228.04
Hotel	\$85.38	\$0.00	\$85.38	\$107.93	\$0.00	\$107.93

Note: The table above shows development charges for GO Transit which are imposed under a separate by-law and are not being updated as part of this review. In addition, development in Nobleton is excluded in this table and subject to a separate charge for Wastewater Treatment Services.

\* July 2018 charge show here is before indexing

Table ES.4 provides a summary of the current Go Transit development charge rates. These rates are not proposed to be changed as part of this amendment.

**Table ES.4: Go Transit Development Charges (As of February 15, 2018)**

<b>Development Type</b>	<b>Go Transit Development Charge Rate (\$)</b>
Single & Semi-detached	352
Multiple unit Dwelling	277
Apartments (>=700 square feet)	204
Apartments (<700 square feet)	129

### **Full Cost Development Charge Rates**

The development charge rates calculated in this background study are based on a full cost recovery methodology. That is, no discount of the residential or non-residential DC rates has been applied to the calculation of DC rates.

# 1.0 Introduction and Background

## 1.1 Purpose

When Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018 that would add all of the roads projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw into the rate calculation.

The 56 projects on “Part B” of Contingency Schedule G were identified as part of the 2016 Transportation Master Plan. Their inclusion in the 2017 Development Charge Background study was based on consultations with local municipalities and the Region’s roads prioritization model.

In addition to addressing Council’s direction regarding Contingent List B projects, staff also reviewed the development charge treatment of structured parking during this bylaw amendment, including:

- Accessory-use structured parking, including those servicing shopping malls, hotels, and offices
- Structured parking used by car dealerships (stand-alone, below or above-grade)

The two tables below summarize York Region’s current development charge rates as of February 15, 2018. Note that the rates below do not include the Wastewater development charge rates for the town of Nobleton.

**Table 1.1: Current Residential Development Charge Rates  
(As of February 15, 2018)**

	Single and Semi-detached (\$)	Multiple Unit Dwelling (\$)	Apartments (≥ 700 Sqft) (\$)	Apartments (< 700 Sqft) (\$)
Water	9,170	7,382	5,365	3,920
Wastewater	18,853	15,177	11,030	8,058
Roads	14,206	11,435	8,311	6,072
Transit	1,309	1,053	766	559
Subway	2,531	2,038	1,481	1,082
Other Soft Services	1,909	1,537	1,116	816
GO Transit	352	277	204	129
<b>Grand Total</b>	<b>48,330</b>	<b>38,899</b>	<b>28,273</b>	<b>20,636</b>

Note: Does not include Nobleton Wastewater Development Charge Rates

**Table 1.2: Current Non-residential Development Charge Rates  
(As of February 15, 2018)**

	<b>Retail</b>	<b>Industrial/ Office/ Institutional</b>	<b>Hotel</b>
	<b>(\$ per Sqft)</b>	<b>(\$ per Sqft)</b>	<b>(\$ per Sqft)</b>
Water	5.54	3.44	0.98
Wastewater	10.67	7.02	1.98
Roads	17.87	5.26	3.69
Transit	1.82	0.53	0.43
Subway	3.11	0.91	0.61
Other Soft Services	0.88	0.74	0.24
GO Transit	N/A	N/A	N/A
<b>Grand Total</b>	<b>39.89</b>	<b>17.90</b>	<b>7.93</b>

Note: Does not include Nobleton Wastewater Development Charge Rates

### 1.3 Statutory development charge calculation requirements

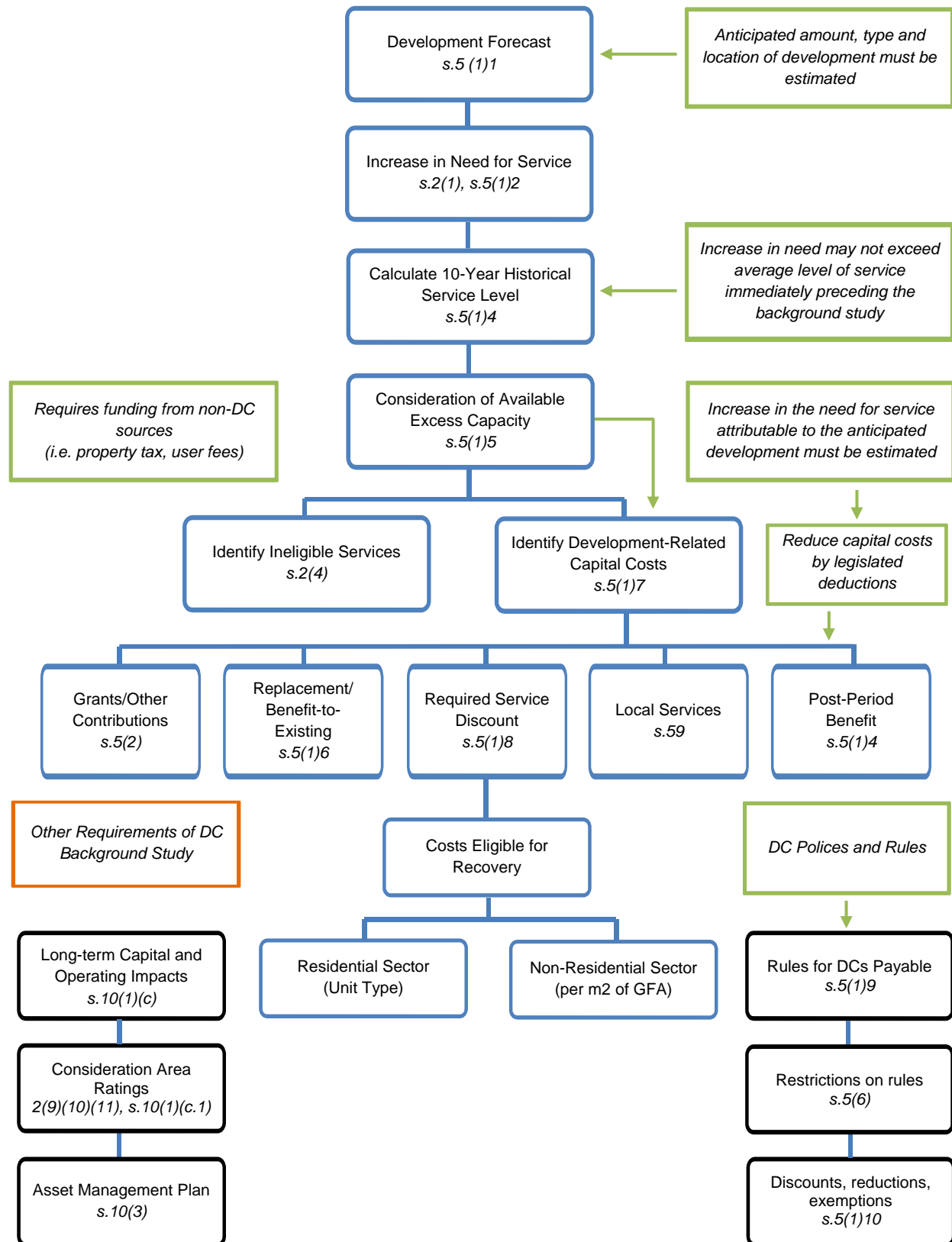
Section 10(1) of the *Development Charges Act, 1997* sets out the requirements for a municipality to complete a Background Study prior to the passage of a Development Charges By-law or amendment. Subsection 10(2) identifies what is to be included in the Development Charges Background Study. These legislative requirements are shown in Figure 1.1 and are discussed below:

- s.10(2)(a) - estimate the amount, type and location of development to which the development charge [amendment] is to apply;
- s.10(2)(b) - establish the eligible growth-related costs and services (as determined under paragraphs 2 to 8 of Subsection 5(1) of the Development Charges Act) to which the development charge by-law [amendment] would relate;
- s.10(2)(c) - examine, for each service to which the development charge by-law [amendment] relates, the long term capital and operating costs for the capital infrastructure required.

- s.10(2)(c.1) – consideration for the use of more than one development charge by-law to reflect different needs for services in different areas.
- s.10(2)(c.2)(3) – an asset management plan deals with all assets proposed to be funded under the development charges by-law that demonstrates that assets are financially sustainable over their full life cycle.

Figure 1.1 shows the statutory requirements for calculating a development charge. For further info please see the detailed schematic on Table 1-2 to be found on page 15 of the Region's 2017 Development Charge Background Study.

**Figure 1.1: Statutory Requirements for Calculating a Development Charge**



## 1.4 Development Charges Bylaw Amendment Process

The *Development Charges Act, 1997* allows a municipality to amend an existing Development Charges by-law. Section 19 of the *Development Charges Act, 1997* sets out the requirements related to this procedure:

19. (1) Sections 10 to 18 apply, **with necessary modifications**, to an amendment to a development charges by-law other than an amendment by, or pursuant to an order of, the Ontario Municipal Board. [emphasis added]

19. (2) In an appeal of an amendment to a development charges bylaw, the Ontario Municipal Board may exercise its powers only in relation to the amendment.

Further to Section 19(1), the requirements of Sections 10 to 18 of the *Development Charges Act, 1997* are summarized as follows:

- Complete a Development Charge Background Study (s.10);
- Development Charges Bylaw [amendment] must be passed within one year of the completion of the Background Study (s.11);
- Hold at least one public meeting prior to passage of by-law [amendment] (Background Study must be available 60 days prior to the passing of the Development Charges Bylaw and the Background Study and Development Charges Bylaw must be available at least two weeks prior to the public meeting)(s.10(4))(s.12);
- The municipality must give notice of passage of bylaw [amendment] within 20 days of the by-law being passed. The notice must identify the last day for appealing the by-law (s.13);
- Anyone may appeal the bylaw [amendment] to the Ontario Municipal Board (OMB)(s.14);
- Outlines the duties of the Clerk if an appeal is received (s.15);
- Outlines role and powers of OMB if an appeal is received (s.16);
- Effective date of OMB repeals and amendments is the day the bylaw [amendment] came into force (s.17); and
- Outlines rules governing refunds under an OMB order (s.18).

In simple terms, to amend a Development Charges Bylaw, a municipality must go through the same public process associated with enacting a Development Charges Bylaw. A Background Study outlining the purpose of and rationale for the amendment is required. This document serves as the Background Study required under s.10 of the *Development Charges Act, 1997*.

A municipality also must hold a public meeting regarding the proposed amendment after having provided 20 days' notice of the meeting. The municipality is required to have

made the background study and proposed amendment by-law available at least two weeks prior to the public meeting.

Section 19(2) of the *Development Charges Act, 1997* is important because it allows for an amendment to an existing bylaw to be passed without exposing the unaltered portions of the by-law to appeal. When amending a Development Charges Bylaw, only the section(s) of the bylaw amended or added is subject to appeal and consideration by the Ontario Municipal Board.

## **1.5 How does the 2018 Development Charge Bylaw Amendment relate to the 2017 Development Charge background study**

The proposed draft 2018 Development Charge Bylaw amendment does not repeal or replace the Region's 2017 Development Charge Bylaw. This proposed amendment intends to amend the roads development charge rates contained in the 2017 Bylaw by adding 56 roads projects from "Part B" of Contingency Schedule G into the rate calculations (pages 31 of 47 of Bylaw No. 2017-35). In addition, this proposed amendment aims to review, clarify and change the development charge treatment of structured parking.

All other services and associated DC rate calculations are not changed under the proposed amendment, and will continue to be funded under the 2017 Development Charge Bylaw.

The policies and rules set out in Bylaw 2017-35 are unchanged with the exception of the treatment of parking structures which is being reviewed through the proposed amendment.

Other key assumptions and inputs will remain the same as the 2017 Development Charge Background Study. These include:

- Residential and non-residential growth forecasts, including the forecast horizon (2017 to 2031)
- Development charge calculation methodologies
- Debt and reserve balances

While cost assumptions remained generally consistent with the 2017 Background Study, a number of minor adjustments were made as follows:

- 16 projects in "Part B" of Contingency Schedule G included \$13.5 million in gross project costs related to environment assessment that had already been accounted for as part of the Roads Main Project List. They have been removed from the rate calculation.
- The Transportation Demand Management Project (project number 233 in the 2017 Background Study) was incorrectly calculated and presented. The correct



gross cost estimate should have been \$34.3 million rather than \$23.6 million included in the 2017 Background Study.

The impact on these corrections is listed in Table 1.3 below:

**Table 1.3: Illustration of Changes to Single Family Dwelling Rate**

<b>Change</b>	<b>Gross Cost Increase (Decrease) (\$ Millions)</b>	<b>Impact on Rate (\$)</b>
Adjustment to the environmental assessment costs for 16 projects added	(13.5)	(83)
Adjustment to the Transportation Demand Management Project	10.7	69
<b>Total</b>	<b>(2.8)</b>	<b>-14</b>

\*Note: Numbers may not sum due to rounding

## **1.6 Council approvals sought**

At this stage in the process, the Background Study and proposed Development Charge Bylaw amendment are being tabled for information purposes, as part of the consultation process and in accordance with the *Development Charges Act, 1997*.

When that process is complete and final development charge recommendations are made to Council on May 17, 2018, approval will be sought for the 2018 Development Charge Bylaw amendment and the Background Study, including:

- Council expressing its intent to undertake the adopted capital forecast to ensure that the increase in need for service will be met;
- The development charge rates for roads;
- The amended development-related capital program for roads; and
- Changes to the bylaw.

All of the above will be subject to any amendments or addenda that may be produced prior to the passing of the Bylaw.

**Table 1.4: Timeline of Key Dates**

<b>Deliverables</b>	<b>Date</b>
Consultations with stakeholders	December 2017 - May 2018
2018 Development Charge Background Study and Bylaw amendment publicly released	February 15, 2018
Report to Council on Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment	February 15, 2018
Notice of public meeting published in all local Metroland newspapers	February 22, 2018
Public meeting immediately prior to the meeting of the Committee of the Whole Week 2	March 22, 2018
Memorandum to Committee of the Whole Week 2 on the development charge treatment of structured parking	April 12, 2018
Report to Council on 2018 Development Charge Background Study and Bylaw amendment	May 17, 2018
2018 Bylaw Amendment to Council for consideration of passage	May 17, 2018
Notice of bylaw passage published in all local Metroland newspapers	By 20 days after passage
Last day for bylaw appeal	40 days after passage
2018 Development Charge Bylaw comes into force	July 1, 2018
Region makes pamphlet available	By 60 days after in force date

## **2.0 Anticipated Development in York Region**

The development forecast used in the 2018 bylaw amendment is consistent with what underlines the 2017 Development Charge Bylaw. The forecast period is from 2017 to mid-2031.

As in the case of the 2017 Development Charge Bylaw update, York Region's Municipal Comprehensive Review process, which intends to address growth and development to 2041 and complies with the new Growth Plan policies, has not yet been completed. It is anticipated that once a new York Region forecast to 2041 is prepared, the development charges growth and development forecast would be revised accordingly and a new background study prepared prior to the expiration of the 2017 Development Charge Bylaw (No. 2017-35), in 2022.

The 2031 mid-year population forecast of 1,545,700 (excludes institutional population) is based on anticipated levels of housing growth in York Region, taking into consideration demographic trends, the timing of servicing infrastructure, market demand, and intensification policy targets.

The net population growth from year end 2016 to mid-year 2031 is estimated to be approximately 367,800 (excluding institutional population). The employment forecast for mid-2031 is 780,000 with growth of approximately 178,000 over the 14.5 year forecast period. This population and employment forecast is consistent with the forecasts underlying the Region's Water and Waste water and Transportation Master Plans.

### **2.1 Population**

The methodology used to generate the forecast is outlined in Attachment 2 of the November 2015 York Region staff report on the Preferred Growth Scenario.

Net population growth refers to the total growth in population taking into account both population in new housing units and the decline in population in existing units. The net population growth from year-end 2016 to mid-year 2031 is estimated at approximately 367,800. For the purposes of calculating development charges, the population forecast is adjusted to include the Census undercount but does not include the Region's institutional population.

Over the forecast period, there is a shift in the Region's housing mix to higher density forms of housing. This change in housing mix is required to respond to the changing demographics of the Region and to meet the intensification policy requirements. The forecast incorporates a declining PPU from 2016 to 2031.

Factors including a relatively low fertility rate, the anticipated increase in non-family households and one person households as well as an aging population will all contribute to a declining average household size. Figure 2.1 below shows the historic and forecast housing growth by type in the Region.

**Figure 2.1: Historic and Forecast Housing Growth (2007-2031)**

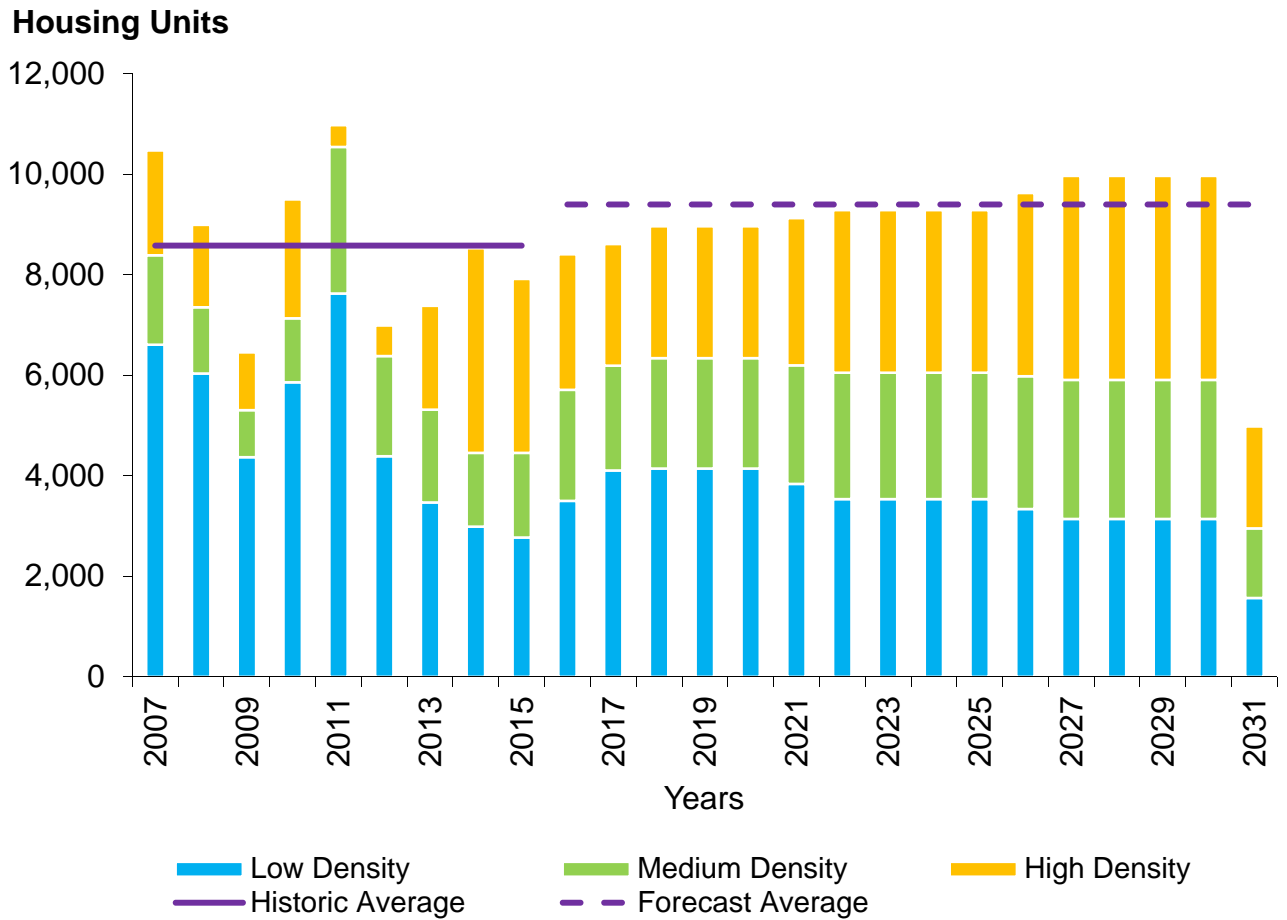


Table 2.1 summarizes the population and housing unit forecast for the DC growth forecast.

**Table 2.1: Residential Growth Forecast Summary**

Year-end	Population (Excluding institutional population)	Single & Semi- detached	Multiple unit Dwelling <sup>1</sup>	Apartments <sup>2</sup>	Total Households
2011	1,074,700	239,145	52,325	37,739	329,209
2016	1,177,900	256,270	61,524	50,641	368,435
2026	1,418,000	294,138	85,270	80,433	459,841
2031 (mid-year)	1,545,700	308,273	97,729	98,683	504,685
2016-2026 Growth	240,100	37,868	23,746	29,792	91,406
2016-2031 (mid-year) Growth	367,800	52,003	36,205	48,042	136,250

<sup>1</sup>Multiple dwellings consist of row and duplex units.

<sup>2</sup>Apartment category consists of bachelor, 1 bedroom and 2+ bedroom apartments

The following Table 2.2 shows the forecast housing growth by type of structure (singles and semis, multiples and apartments). From 2017 to mid-2031, the Region is expected to add 136,250 residential units. Of which, 38 per cent are expected to be single and semi-detached homes, 27 per cent are expected to be multiples (rows and duplex units), and the remaining 35 per cent are expected to be apartments.

**Table 2.2: Residential Unit and Population Forecast by Single Year (Year-end)**

	Single & Semi- detached	Multiple unit Dwelling <sup>1</sup>	Apartments <sup>2</sup>	Total	Housing Growth	Population	Population Growth
2016	256,270	61,524	50,641	368,435	8,407	1,177,900	22,100
2017	260,377	63,611	53,058	377,045	8,610	1,199,000	21,100
2018	264,521	65,809	55,681	386,011	8,965	1,222,300	23,300
2019	268,665	68,007	58,303	394,976	8,965	1,245,600	23,300
2020	272,810	70,206	60,926	403,941	8,965	1,268,900	23,300
2021	276,651	72,563	63,854	413,067	9,126	1,292,800	23,900
2022	280,188	75,079	67,087	422,354	9,287	1,317,400	24,600
2023	283,725	77,596	70,321	431,641	9,287	1,342,000	24,600
2024	287,262	80,112	73,555	440,928	9,287	1,366,700	24,700
2025	290,799	82,628	76,788	450,215	9,287	1,391,400	24,700
2026	294,138	85,270	80,433	459,841	9,626	1,418,000	26,600
2027	297,279	88,039	84,488	469,806	9,965	1,446,300	28,300
2028	300,420	90,808	88,544	479,772	9,965	1,474,700	28,400
2029	303,561	93,576	92,600	489,737	9,965	1,503,100	28,400
2030	306,702	96,345	96,655	499,702	9,965	1,531,500	28,400

	Single & Semi-detached	Multiple unit Dwelling <sup>1</sup>	Apartments <sup>2</sup>	Total	Housing Growth	Population	Population Growth
2031 <sup>2</sup>	308,273	97,729	98,683	504,685	4,983	1,545,700	14,200

Source: York Region

<sup>1</sup>Multiple dwellings consist of row and duplex units.

<sup>2</sup>Figures shown are for 2031 mid-year

The PPU assumptions in Table 2.3 are based on Statistics Canada data that allows for the calculation of York Region average PPU's by housing type for dwellings built between 2001 and 2011.

**Table 2.3: Persons per unit Assumptions for Development Charge Calculations**

Housing Type	10-year Average Persons per Unit	14.5-year Average Persons per Unit
Singles and Semi's	3.74	3.74
Multiples (Rows, Duplexes)	3.01	3.01
Apartments > = 700 square feet	2.19	2.19
Apartments < 700 square feet	1.60	1.60
Total Apartments	1.91	1.91
Total Units	2.96	2.90

Source: York Region

<sup>1</sup>The Total Units PPU is based on the unit type PPU's weighted by housing forecast mix

<sup>2</sup>PPU's in Table 2.3 are adjusted to include the Census undercount

<sup>3</sup>10 Year and 14.5 average PPU's are based on average PPU's observed in housing units built in York Region from 2001 to 2011

<sup>3</sup>PPU's for apartments >= 700 square feet are based on observed PPU's in 1 bedroom or less apartments

<sup>4</sup>PPU's for apartments < 700 square feet are based on observed PPU's in 2+ bedroom apartments

Gross population growth only includes the population in new housing units, with no consideration for the decline in the existing population base. For the 10-year DC period, the growth in gross population of 270,100 was estimated by applying the persons per unit (PPU) by dwelling type to the forecast of housing units. (Table 2.4). The calculation of population in new housing units for the 14.5 year DC period to 2031 is also based on the same PPU assumptions. Using this method, the gross population increase from 2016 to 2031 is estimated at 395,400 (Table 2.5).

Table 2.4

**REGION OF YORK  
TEN YEAR GROWTH FORECAST  
END - 2016 to END 2026**

Estimated December 31, 2016 population 1,177,900

Average number of persons per unit (ppu) is assumed to be:				
	<b>Linked</b>		<b>Housing Mix</b>	
<b>Singles and Semis</b>	3.74	x	41.4%	1.55
<b>Multiples (Rows and Duplex)</b>	3.01	x	26.0%	0.78
<b>Apartments</b>	1.91	x	32.6%	0.62
			100%	
<b>Weighted Average</b>				2.96
Based on average ppu for units built between 2001 and 2011 in York Region				

	<b>HOUSEHOLDS</b>	<b>POPULATION</b>
<b>OCCUPANTS OF NEW HOUSING UNITS FROM END OF 2011 TO END OF 2021</b>		
<b>Unit growth</b>	91,406	
<b>Multiplied by persons per unit</b>	2.96	
<b>Gross population increase</b>		270,120
<b>DECLINE IN HOUSING UNIT OCCUPANCY OVER END OF 2011 TO MID 2021 PERIOD</b>		
<b>December 31, 2016 occupied household estimate</b>	368,435	
<b>multiplied by ppu decline rate</b>	0.0815	
<b>total population decline</b>		30,020
<b>Forecast for year end 2026</b>	459,841	1,418,000
<b>Net Population Increase</b>		240,100

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**Notes for the 2026 Growth Forecast**

Estimated December 31 2016 population:

*Includes the 2011 Census population with an undercount adjustment plus CMHC housing completion data from May 2011 to June 2016 plus estimates for additional units to be completed in 2016 times the 2016 forecast ppu; does not include the estimated institutional population.*

**Occupants of new housing units from end of 2016 to end of 2026:**

**Unit Growth**

*Based on York Region household forecast to year end 2026 minus year end 2016 household estimate.*

**Persons per unit (PPU):**

*Based on Census 2011 information for households in newly constructed units for the 2001 to 2011 period, adjusted for Census undercount*

**Weighted PPU average:**

*Based on estimated forecast mix for the 2016 to 2026 period.*

**Gross Population Increase:**

*Unit growth times weighted ppu*

**Decline in Housing Unit Occupancy over end of 2016 to end of 2026 period:**

**December 31, 2016 occupied household estimate:**

*Based on 2011 occupied household Census total plus CMHC housing completions from May 2011 to June 2016 plus estimate of units under construction to be completed in 2016.*

**PPU decline rate:**

*(Gross population increase plus year end 2016 population estimate minus 2026 year end population forecast) divided by 2016 year end household estimate.*

**Total population decline:**

*PPU decline rate times 2016 year end household estimate*

**Forecast end of 2026:**

*Households - 2026 year end forecast; population - 2026 year end forecast (does not include institutional population)*

**Net Population Increase:**

*2026 year end forecast minus 2016 year end estimate*

**Table 2.5**

**REGION OF YORK  
14.5 YEAR GROWTH FORECAST  
END - 2016 to MID 2031**

Estimated December 31, 2016 population 1,177,900

Average number of persons per unit (ppu) is assumed to be:				
	<b>Linked</b>		<b>Housing Mix</b>	
<b>Singles and Semis</b>	3.74	x	38.2%	1.43
<b>Multiples (Rows and Duplex)</b>	3.01	x	26.6%	0.80
<b>Apartments</b>	1.91	x	35.3%	0.67
			100.0%	
<b>Weighted Average</b>				2.90

Based on average ppu for units built between 2001 and 2011 in York Region

	HOUSEHOLDS	POPULATION
<b>OCCUPANTS OF NEW HOUSING UNITS FROM END OF 2016 TO MID 2031</b>		
Unit growth	136,250	
Multiplied by persons per unit	2.90	
Gross population increase		395,379
<b>DECLINE IN HOUSING UNIT OCCUPANCY OVER END OF 2016 TO MID 2031 PERIOD</b>		
December 31, 2016 occupied household estimate	368,435	
multiplied by ppu decline rate	0.0749	
total population decline		27,579
Forecast Mid 2031	504,685	1,545,700
Net Population Increase		367,800

**Notes for 2031 Growth Forecast**

Estimated December 31 2016 population:

*Includes the 2011 Census with an undercoverage adjustment plus CMHC housing completion data from May 2011 to June 2016 plus estimates for additional units to be completed in 2016 times the 2016 forecast ppu; does not include the estimated institutional population.*

**Occupants of new housing units from end of 2016 to mid 2031:**

**Unit Growth**

*Based on York Region household forecast to mid-year 2031 minus year end 2016 household estimate.*

**Persons per unit (PPU):**

*Based on Census 2011 information for all households from York Region Forecast, adjusted for the Census undercount*

**Weighted PPU average:**

*Based on estimated forecast mix for the 2016 to 2031 period.*

**Gross Population Increase:**

*Unit growth times weighted ppu*

**Decline in Housing Unit Occupancy over end of 2016 to mid-2031 period:**

**December 31, 2016 occupied household estimate:**

*Based on 2011 occupied household Census total plus CMHC housing completions from May 2011 to June 2016 plus estimate of units under construction to be completed to 2016.*

**PPU decline rate:**

*(Gross population increase plus year end 2016 population estimate minus 2031 mid year population forecast) divided by 2016 year end household estimate.*

**Total population decline:**

*PPU decline rate times 2016 year end household estimate*

**Forecast mid year 2031:**

*Households - 2031 mid year forecast; population - 2031 mid year forecast (does not include institutional population)*

**Net Population Increase:**

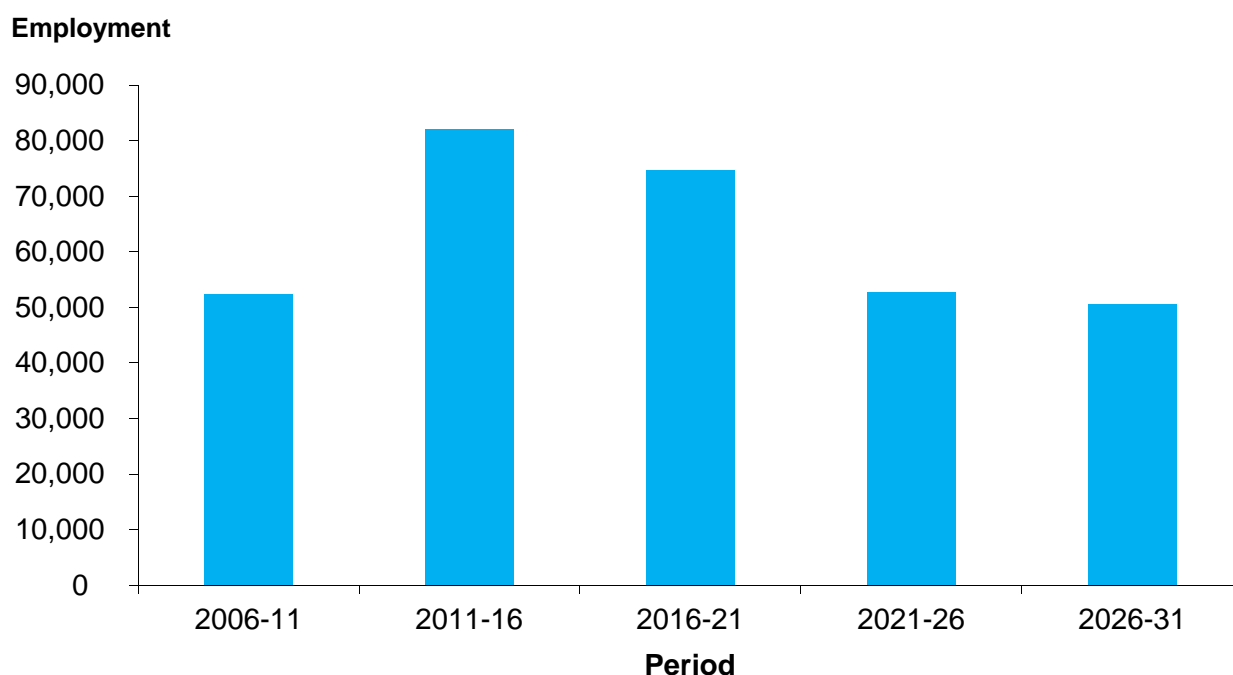
*2031 mid year forecast minus 2016 year end estimate*



## 2.2 Employment

The 2031 employment forecast is 780,000 with growth of approximately 178,000 over the 14.5 year forecast period. The methodology for the employment forecast is documented in Attachment 2 of the November 2015 York Region staff report on the Preferred Growth Scenario. An estimate for employment growth in new building space is generated, and divided into four building types: industrial, office, institutional and retail. Figure 2.2 below shows historic and forecast employment growth by five-year period from 2006 to 2031.

**Figure 2.2: York Region Historic and Forecast Employment Growth**



<sup>1</sup>Figure 2.2 shows historic forecast year-end to year-end employment growth with the exception of 2031 which is to mid-year.

The employment growth by building type (industrial, office, institutional and retail) is estimated by first examining the forecast by the three employment categories – major office, employment land and population-related employment (Table 2.6).

The shares of growth for each employment category within the four building types were estimated by examining historical shares of employment growth using building permit data from 2004 to 2013 and York Region employment survey data from 2015. The hotel employment forecast which is a component of the retail forecast was derived separately and is based on per capita and per employee ratios to forecast anticipated hotel development in the Region.

To derive the total employment growth that will generate new floor space (Table 2.6), the following deductions are made:

1. Work-at-Home Employment

Work-at-home employment forecast is based on a projection that calculates

work-at-home as a share of the Region's labour force. Work-at-home employment is forecast to increase slightly over the forecast period, from approximately 7.5 to 8 per cent of employment in the Region from 2016 to 2031.

## 2. Employment Growth and GFA growth Adjustment Factor

An adjustment factor is applied to the employment growth (less the work-at-home growth) to account for employment growth that does not require new floor space. Recent development trends suggest that the forecast employment growth does not align with growth occurring in new space. This could be due to existing space achieving planned occupancy (previously unoccupied space), and/or through renovations of existing space allowing for higher employment density. In addition, the adjustment factor also accounts for the anticipated continued increase in contracting out and growth in no-fixed place of work employment. The adjustment factor is a necessary modification to the employment forecast.

In total the adjustment factor is approximately 10 per cent and ranges from 5 per cent for office, institutional and retail employment to 20 per cent for industrial employment. The higher adjustment factor for the industrial sector accounts for higher levels of increased off-site employment and contract employment within this sector.

**Table 2.6: Employment Growth Forecast**

	Total Employment End of Year	Employment Growth	Work at Home Share	Employment Growth Less Work at Home	Employment Growth by Building Type					Employment Growth in Buildings	Employment Growth by Building Type				
					Retail	Industrial	Office	Institutional	Hotel		Retail	Industrial	Office	Institutional	Hotel
2017	<b>617,600</b>	15,400	7%	<b>14,328</b>	3,777	4,740	4,086	1,672	53	<b>12,900</b>	3,585	3,792	3,882	1,588	53
2018	<b>633,000</b>	15,400	7%	<b>14,328</b>	3,774	4,740	4,086	1,672	55	<b>12,900</b>	3,583	3,792	3,882	1,588	55
2019	<b>648,400</b>	15,400	7%	<b>14,328</b>	3,774	4,740	4,086	1,672	55	<b>12,900</b>	3,583	3,792	3,882	1,588	55
2020	<b>663,850</b>	15,450	7%	<b>14,374</b>	3,787	4,756	4,100	1,677	55	<b>12,942</b>	3,595	3,804	3,895	1,593	55
2021	<b>676,850</b>	13,000	7%	<b>12,095</b>	3,182	4,001	3,449	1,411	51	<b>10,890</b>	3,020	3,201	3,277	1,340	51
2022	<b>687,350</b>	10,500	10%	<b>9,448</b>	2,404	2,759	3,146	1,092	47	<b>8,562</b>	2,281	2,207	2,989	1,038	47
2023	<b>697,850</b>	10,500	10%	<b>9,448</b>	2,404	2,759	3,146	1,092	47	<b>8,562</b>	2,281	2,207	2,989	1,038	47
2024	<b>708,350</b>	10,500	10%	<b>9,448</b>	2,404	2,759	3,146	1,092	47	<b>8,562</b>	2,281	2,207	2,989	1,038	47
2025	<b>718,750</b>	10,400	10%	<b>9,358</b>	2,381	2,732	3,116	1,082	47	<b>8,480</b>	2,259	2,186	2,961	1,028	47
2026	<b>729,500</b>	10,750	10%	<b>9,673</b>	2,460	2,824	3,221	1,118	49	<b>8,766</b>	2,334	2,260	3,060	1,062	49
2027	<b>740,700</b>	11,200	11%	<b>10,002</b>	2,621	2,819	3,303	1,207	52	<b>9,079</b>	2,488	2,255	3,138	1,147	52
2028	<b>751,900</b>	11,200	11%	<b>10,002</b>	2,621	2,819	3,303	1,207	52	<b>9,079</b>	2,488	2,255	3,138	1,147	52
2029	<b>763,100</b>	11,200	11%	<b>10,002</b>	2,621	2,819	3,303	1,207	52	<b>9,079</b>	2,488	2,255	3,138	1,147	52
2030	<b>774,350</b>	11,250	11%	<b>10,047</b>	2,633	2,831	3,317	1,213	52	<b>9,120</b>	2,499	2,265	3,152	1,152	52
mid 2031	<b>780,000</b>	5,650	11%	<b>5,046</b>	1,323	1,422	1,666	609	26	<b>4,580</b>	1,255	1,138	1,583	579	26
<b>2017 to mid-2031 sum</b>		<b>177,800</b>		<b>161,928</b>	<b>42,166</b>	<b>49,520</b>	<b>50,476</b>	<b>19,023</b>	<b>742</b>	<b>146,403</b>	<b>40,020</b>	<b>39,616</b>	<b>47,953</b>	<b>18,072</b>	<b>742</b>

The forecast growth in non-residential space is derived by multiplying the employment growth for each building type with employee density assumptions. The employment density assumptions were derived by examining industry standards and by examining the observed employment densities of buildings constructed between 2004 and 2013 using building permit data and information from the 2015 York Region employment survey. The following Table 2.7 summarizes the employment densities used in the non-residential space forecast.

**Table 2.7: Non-Residential GFA per Employee Assumptions**

Employment Type	Square Feet per Employee
Industrial	800
Office	275
Institutional	900
Retail	430
Hotel	2,000

Application of the above employment density assumptions by employment type yields the following non-residential gross floor area (Table 2.8).

**Table 2.8: New Gross Floor Area (in Square Feet)**

New Gross Floor Area - Square Feet											
	Retail	Industrial	Office	Institutional	Hotel	Total		Non-Retail	Retail	Hotel	Total
Floor Space Per Worker	430	800	275	900	2,000						
2017	1,458,420	3,033,720	1,067,548	1,429,136	106,037	<b>7,094,861</b>		5,530,404	1,458,420	106,037	<b>7,094,861</b>
2018	1,453,659	3,033,720	1,067,548	1,429,136	110,798	<b>7,094,861</b>		5,530,404	1,453,659	110,798	<b>7,094,861</b>
2019	1,453,659	3,033,720	1,067,548	1,429,136	110,798	<b>7,094,861</b>		5,530,404	1,453,659	110,798	<b>7,094,861</b>
2020	1,458,537	3,043,570	1,071,014	1,433,776	111,000	<b>7,117,896</b>		5,548,360	1,458,537	111,000	<b>7,117,896</b>
2021	1,218,291	2,560,932	901,177	1,206,413	102,354	<b>5,989,168</b>		4,668,523	1,218,291	102,354	<b>5,989,168</b>
2022	907,415	1,765,600	821,985	933,884	93,714	<b>4,522,599</b>		3,521,469	907,415	93,714	<b>4,522,599</b>
2023	907,415	1,765,600	821,985	933,884	93,714	<b>4,522,599</b>		3,521,469	907,415	93,714	<b>4,522,599</b>
2024	907,415	1,765,600	821,985	933,884	93,714	<b>4,522,599</b>		3,521,469	907,415	93,714	<b>4,522,599</b>
2025	898,077	1,748,785	814,157	924,990	93,517	<b>4,479,526</b>		3,487,932	898,077	93,517	<b>4,479,526</b>
2026	926,103	1,807,638	841,557	956,120	98,863	<b>4,630,280</b>		3,605,314	926,103	98,863	<b>4,630,280</b>
2027	987,763	1,803,933	862,838	1,032,265	104,405	<b>4,791,205</b>		3,699,037	987,763	104,405	<b>4,791,205</b>
2028	987,763	1,803,933	862,838	1,032,265	104,405	<b>4,791,205</b>		3,699,037	987,763	104,405	<b>4,791,205</b>
2029	987,763	1,803,933	862,838	1,032,265	104,405	<b>4,791,205</b>		3,699,037	987,763	104,405	<b>4,791,205</b>
2030	992,437	1,811,987	866,690	1,036,874	104,607	<b>4,812,594</b>		3,715,550	992,437	104,607	<b>4,812,594</b>
mid 2031	498,555	910,020	435,271	520,741	52,404	<b>2,416,992</b>		1,866,032	498,555	52,404	<b>2,416,992</b>

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## **3.0 Roads Capital Forecasts and Development Charge Recoverable Costs**

### **3.1 Program description**

The capital program included in the 2018 Development Charge Bylaw Amendment is based on the Region's 2017 Development Charge Background Study.

When Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018 that would add all of the roads projects in "Part B" of Contingency Schedule G of the 2017 Development Charge Bylaw into the rate calculation. This amendment includes those additional projects. All other Roads projects identified in the 2017 Development Charge Background Study remain unchanged. It should be noted that the Region's 2018 Development Charge Bylaw amendment still does not include all of the projects in the 2016 Transportation Master Plan.

The projects in the roads capital program are categorized as follows:

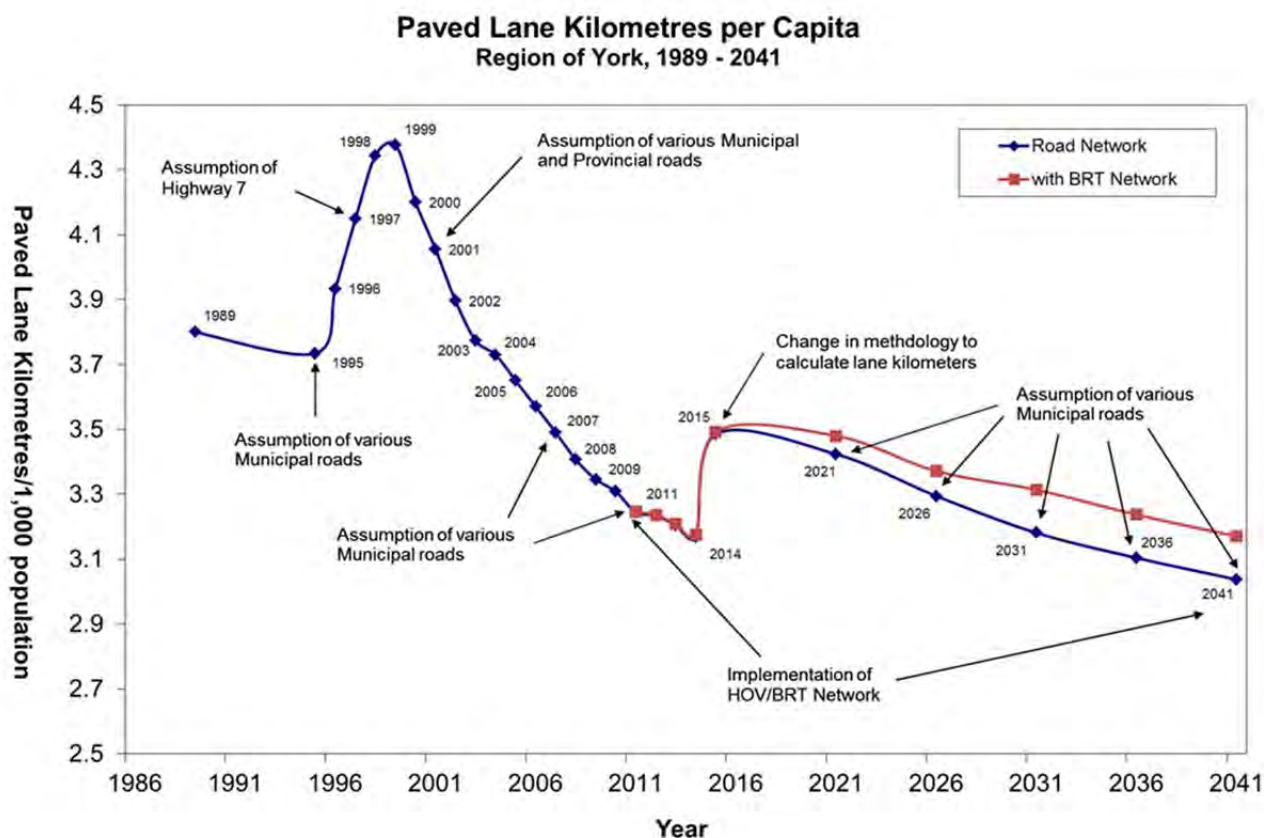
- Grade separation
  - New structures
  - Widening
- 400-series interchanges and ramp extensions
- Jog elimination/intersection improvement
- Mid-block crossing
- New Arterial road link
- Reconstruction
- Road widening
  - Rural areas
  - Urban areas
  - HOV corridor
- Urbanization
- Intersection and miscellaneous capital
- Programs and studies
- Ongoing projects

The methodologies and assumptions for all projects included in the 2018 Development Charge Bylaw amendment remain the same as what was used for the 2017 Development Charge Background Study and Bylaw. Finally, the 2018 Development Charge Bylaw amendment does not change any of the projects' timing or scope.

### 3.2 Level of service

As depicted in Figure 3.1, the proposed transportation improvement program continues to anticipate a declining road kilometre per capita level of service over the long term.

**Figure 3.1: Historical Level of Service**



Note: 2017 to 2041 paved lane kilometers based on 2016 Transportation Master Plan and therefore includes linear kilometers not currently funded within this Development Charges Bylaw.

The networks of road and transit improvements identified in the 2016 Transportation Master Plan represent the ultimate build-out of transit, roads, active transportation and goods movement networks to the year 2041 to meet the growth plan. To meet evolving needs of York Region's growing population, network improvements will be phased in over the next 25 years. The Transportation Master Plan recognizes that York Region's



road network plays a foundational role in providing an interconnected system of mobility, enabling the provision of YRT/Viva's transit services. History has demonstrated that simply expanding the road network will not solve congestion issues. The Region will ensure the most effective use of road space and financial resources over the long term by designing and operating Regional streets to maximize capacity to move people. This proposed policy principle will support the Region's ability to meet the mobility needs of today's users while ensuring corridors can adapt in the future to meet the changing travel needs, including High Occupancy Vehicle / Transit lanes and new technologies including autonomous and connected vehicles and supporting the development of a finer grid network.

The Transportation Master Plan recommends that, to maintain an acceptable level of transportation service, some capacity deficiencies in the road network be supplied through the implementation of active transportation and Transportation Demand Management initiatives and transit infrastructure. The Transportation Master Plan further recognized that the transportation programs and improvements identified in the plan cannot address all the capacity demands needed to support the Region through the planning period which will result in many corridors operating at a poorer level of service than today.

The interjurisdictional nature of mobility in the Greater Toronto Hamilton Area will continue to increase the complexity of service delivery in York Region. Further, the success of the Region's Transportation Master Plan will be heavily dependent on leveraging successful partnerships with other levels of government. The Province's recent commitment to deliver Regional Express Rail and to build new Provincial highway facilities will require continued cooperation with Metrolinx, Ontario Ministry of Transportation, other Provincial Ministries, and the Federal Government.

### **3.3 Benefit to existing development deduction**

Consistent with the 2017 Development Charge Background Study and Bylaw, the benefit to existing development deduction will be assigned to projects based on a standard categorization as defined in Table 3.1. This table is a general guideline to the proportion of the capital cost attributed to development in each case. Projects may deviate from these classifications based on an individual assessment.

York Region has historically applied a minimum 10% BTE to all road projects as a deduction for elements such as repaving existing lanes, sub-base reconstruction, and rehabilitation of existing structures. This standard reduction is maintained.

However, the base reduction would not apply to the construction of new or missing arterial road links; including mid-block crossings and interchange ramp extensions.

The Region's population and employment growth between 2017 and 2031 (mid- year) is forecasted to be approximately 22.4% of the total population and employment anticipated for mid-2031. It is the position of York Region, that the maximum Benefit to Existing shall not exceed 75% of the total Regional contribution to a project.

**Table 3.1: Transportation Project Categorization for Benefit to Existing**

<b>Project Category</b>	<b>Benefit to Existing</b>	<b>Proportion Attributed to Development</b>
<b>NEW REGIONAL INFRASTRUCTURE</b>		
New Arterial Road Link	0%	100%
New arterial roads are identified to support Greenfield and provincially designated development areas. Typically, in many developing communities the existing arterial road functions as a main street through the Hamlet. To service the transportation needs of these new communities, the new arterial roads are constructed to serve as a major collector as well as an arterial road and traverse the community. In many incidences the new arterial road is designed as a by-pass to distribute traffic away from existing nodes and villages which will negatively impact the existing development by increasing travel distance.		
Missing Arterial Road Link	0%	100%
The construction of a missing arterial road link would benefit existing development in a redistribution of arterial travel. However, as the demand for the missing arterial road link is needed to support future population and employment growth, the overall level of service in the corridor will be negatively impacted.		
Grade Separation; New Structure	0-20%	80%-100%
Construction of new rail grade separations will be based on the difference in the rail exposure index from when the need was identified (i.e. the 2016 Transportation Master Plan) and the time of construction. If the increase in the rail exposure index is greater than 100%, then all of the costs will be attributed to growth. If the increase in the rail exposure index is less than 100%, then the benefit to existing will be calculated as (1-rail exposure increase).		
<b>CAPACITY IMPROVEMENTS</b>		
Road Widening; Urban Area	10%	90%
Capital improvement, including road widenings and intersection improvements, within the urban boundary to support proposed growth. May include widenings from 2 – 4 lanes and 4 – 6 lanes.		
Road Widening; Rural Area	10%	90%
Capital improvement, including road widenings within rural areas. To support increased growth and densities in the towns and villages outside the main urban areas. May include widenings from 2 – 4 lanes and 4 – 6 lanes.		

<b>Project Category</b>	<b>Benefit to Existing</b>	<b>Proportion Attributed to Development</b>
Road Widening; HOV Lanes	10%	90%
Arterial road widenings to support multi-passenger vehicle trips. Improvements along these corridors are to increase the person trip capacity of the corridor through lanes to support car and van pooling and transit.		
Grade Separation; Widening	10%	90%
The benefit to existing for the road widening project will apply to the grade separation when being constructed concurrently.		
Jog Elimination / Intersection Improvement	10%	90%
Major intersection improvements including jog elimination of regional intersections to support proposed growth. Benefit to existing arises from capacity and safety increases and geometric improvements, however in many cases, the addition of new signals or modifications to existing signals to accommodate for example, protected phasing, may reduce the level of service for existing development.		
<b>CONTRIBUTION TO INFRASTRUCTURE</b>		
Mid-Block Crossing	0%	100%
To support the Regional share for new mid-block crossings of 400 series highways to support new growth areas.		
400-Series Interchange	10%	90%
To support the Regional share for interchange improvements and/or new interchanges to support new growth areas. The benefit of an added interchange to existing users is normally offset by increased traffic congestion created by proposed growth.		
Interchange Ramp Extensions	0%	100%
To support the Regional share for new interchange ramp extensions from 400 series highways to support new growth areas.		
<b>MISCELLANEOUS POLICIES AND PROGRAMS</b>		
Reconstruction to Regional standard; Growth Areas	60%	40%

Project Category	Benefit to Existing	Proportion Attributed to Development
Road improvements, road structural capacity improvements and road volume capacity improvements to support increased demand related to growth within or supporting existing or urban growth areas. May include, but not limited to, reconstruction of existing general purpose lanes, structural design, intersection improvements, turn lanes, geometric improvements, and improvements to shoulder widths.		
Reconstruction to Regional standard; Others Areas	75%	25%
Road improvements, road structural capacity improvements and road volume capacity improvements to support increased demand related to growth. May include, but not limited to, reconstruction of existing general purpose lanes, structural design, intersection improvements, turn lanes, geometric improvements, and improvements to shoulder widths.		
Programs and Studies	10%	90%
May include, but not limited to, Master Plans, transportation planning studies, programs and initiatives required to support planned growth.		
<b>MISCELLANEOUS CAPITAL</b>		
Include general road improvements, streetscaping, urbanization and conversion of gravel, hard and surface treated roads to Regional standard to support increased demand related to growth.		
Urbanization	10%	90%
Intersection and Miscellaneous Capital	10 to 75%	25% to 90%
Streetscaping	20%	80%
Remaining Gravel Roads	75%	25%
Remaining Surface Treated Roads	75%	25%

### 3.4 Post period benefit deduction

As was the case with the 2017 Background Study and Bylaw, York Region's methodology for undertaking the post period benefit analysis is as follows

1. Consistent with the *Development Charges Act, 1997* where maintaining a fixed

level of service is the standard measure, the Region will establish an average level of service (LOS) for the past ten years, referred hereafter as “Base”. The objective is to maintain the same traffic level of service as the Base for the Development Charge Bylaw planning horizon, referred hereafter as “Future”. Consistent with that methodology proposed for the 2017 Development Charge Bylaw, York Region proposes that V/C ratios for 2016 be used to represent the average LOS “Base”, and 2031 to represent the “Future”.

The total cost of the capital projects identified as required by 2031 will be included (2017 to 2031) in the PPB analysis, while projects identified in the Transportation Master Plan as required post 2031 have been assigned a post period benefit of 100%.

2. To maintain theoretical consistency in the analysis, traffic volumes on the Regional road system were modeled for the Base and Future, and V/C ratios for three scenarios computed.
  - a) Future volumes on Base network
  - b) Base volumes on Base network
  - c) Future volumes on Future network
3. For each scheduled improvement in the roads section of the Development Charges Bylaw, the morning peak period peak demand is tested against two thresholds as follows:

Threshold 1:

**Volumes<sub>Future</sub> / Capacity<sub>Base</sub> are less than (0.80 or 0.90)**

The purpose of Threshold 1 is to ensure that specific projects identified in the Transportation Master Plan are required to support development identified within the planning horizon. In other words, where the future demand compared to the base capacity exceeds a volume to capacity ratio of 0.90 in an urban environment and 0.80 in a rural setting, the project is necessary to maintain the historical level of service. In the case of a road widening, the increase is measured in terms of the “minimum” number of lanes that need to be added to the road system in order to maintain the quality of the base network.

Threshold 2:

**(V/C)<sub>Future</sub> < (V/C)<sub>Base</sub>**

The purpose of Threshold 2 is to ensure that the quality of the base road network, defined as Level of Service, has not been improved by the scheduled improvement. In other words, there may be a potential for Post

Period Benefit if the quality of the road segment, defined as the Volume / Capacity of the road project, improves over time.

**A Post Period Benefit will be considered** for projects that satisfy both thresholds. The amount of Post Period Benefit will be calculated as defined in Step 4.

4. For projects identified in Step 3 for consideration of a Post Period Benefit, a reduction in the project shall be calculated as:

$$\frac{(V/C)_{\text{Future}} - (V/C)_{\text{Base}}}{(V/C)_{\text{Base}}}$$

The reduction shall be calculated for both directions and the lower of the two reductions utilized.

5. If a reduction is applied to a specific project to accommodate Post Period Benefit, it is anticipated that this reduction will be considered for recovery in development charges calculations in a period beyond the existing Bylaw horizon.

This PPB methodology is not applicable to Grade Separations, mid-block crossings, new Regional Roads, Programs and Studies and Miscellaneous Capital Expenditures.

However, where the Transportation Master Plan identifies a project need beyond the planning horizon, the project will be assigned a 100% post period benefit.

Further, the Background Study has historically identified a growth component in major reconstruction capital projects. These improvements provide additional lane capacity to support growth within the planning horizon of the background study. As such, no post period benefit is applicable.

### **3.5. Grants, subsidies and other contributions**

Any anticipated grants, subsidies and other contributions have been deducted from the development charge eligible costs in accordance with the requirements of the *Development Charges Act, 1997*. The grants are primarily from other levels of government; however, the amounts vary by project and are not based on a set formula. For the projects included in the 2018 Development Charge Bylaw Amendment, the anticipated grants/subsidies are approximately \$362.4 million.

### **3.6 10 per cent statutory deduction**

Services that relate directly or indirectly to the provision of transportation do not require a 10 per cent deduction under s.s. 5(1) 8 of the *Development Charges Act*,

1997.

### 3.7 Residential vs non-residential allocation

The system of network improvements recommended in the Transportation Master Plan identify infrastructure requirements needed to support a multi-modal network for all trip purposes and for all trips originating from or destined to York Region.

This includes additional transit infrastructure, roads infrastructure and a systems of sidewalks and trails to further enable active transportation. The residential vs. non-residential allocation documented here also applies to the Toronto-York Subway Extension and Transit services.

The residential vs non-residential allocation is determined through the net incremental population and employment growth approach.

**Table 3.2: Incremental Growth for Population and Employment**

	Increment (2017 to 2031 mid-year)	%
Population <sup>1</sup>	367,800	72
Employment <sup>2</sup>	146,403	28
Total	514,203	100

Note:

<sup>1</sup> Population, excludes Institutional population.

<sup>2</sup> Employment, excluding those with no fixed place of work and work at home.

#### 3.7.1 Non-residential cost allocation

For the purpose of rate calculation, the non-residential share of the total capital cost is further allocated between retail, non-retail (industrial, office and institutional) and hotel uses. The cost allocation is determined based on the share of trips generated using the Institute of Transportation Engineers (ITE) Trip Generation rates.

Trip generation rates are used by transportation professionals for estimating the number of trips generated by specific types of developments or land uses. A trip generation rate is the number of trips (vehicle trips, pedestrian trips, and/or transit trips) that can be expected to access and exit a site over a given period of time, expressed over an independent variable, such as trips per 1000 sq. ft. gross floor area, or per hotel suite. For each non-residential sector, an average trip generation rate was developed based on a sample of land use categories.

To capture the travel characteristics of all land use categories, an average of the AM peak hour and PM peak hour trip generation rate was estimated. Furthermore, consistent with industry practices, retail trip rates were further reduced by 20 per cent to

accommodate “pass-by” trips. Pass-by trips are defined as trips that would have traveled on a street adjacent to a retail center even if the retail was not constructed.

Where data is available, the peak of the land use, (the trips generated for each land use during the peak period of the land use) was used in the analysis.

Using the above methodology, the non-residential share of the costs is allocated to the three land uses based on the percentages below:

**Table 3.3: Non-Residential Land Use (Based on Trip Generation)**

Non-residential Land Use	Allocation of DC Eligible Costs
Retail	46.89%
Non-retail (Industrial/Office/Institutional)	52.30%
Hotel	0.81%
Total	100.00%

### **3.8 Project list**

Table 3.4 outlines the Historic Level of Service calculation for the 2018 Development Charge Bylaw and is the as in the 2017 Development Charge Background Study.

Table 3.5 summarizes the projects used to calculate the Roads DC rate as included in the 2017 DC Background Study.

Table 3.6 summarizes the additional capital projects included in the amended Roads development charge calculation identified in the 2018 DC Background Study.



Table 3.4

## Roads

## Number of Lane Km

## Historic Level of Service

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Lane KM of Regional Road	3,366	3,399	3,428	3,455	3,487	3,523	3,559	3,593	4,030	4,071
<b>Total (#)</b>	<b>3,366</b>	<b>3,399</b>	<b>3,428</b>	<b>3,455</b>	<b>3,487</b>	<b>3,523</b>	<b>3,559</b>	<b>3,593</b>	<b>4,030</b>	<b>4,071</b>

Population + Employment	1,457,850	1,491,650	1,514,350	1,552,650	1,594,850	1,636,400	1,673,200	1,707,250	1,741,850	1,780,100
Per 1,000 Capita Standard	2.3089	2.2787	2.2637	2.2252	2.1864	2.1529	2.1271	2.1046	2.3136	2.2870

<b>10 Year Average</b>	<b>2007-2016</b>
Quantity Standard (km per 1,000 Capita)	2.2248

## York Region

## 2018 Development Charge Background Study

## Roads

## Growth related Capital Costs

## Council Approved Standard of Service

Quantity of Service	Historical 2007 - 2016
Average lane-kilometres of Regional Road per 1,000 Capita (Pop + Employment)	2.22

## Recoverable Cost Calculations for Roads projects imposed under the 2017 Development Charge Bylaw:

Project Number	Project Description (2017-2031)	Timing	Gross Project Cost (2017-2031)	Less	New Municipal Cost	Less	Potential Development Charge Recoverable Costs			Residential and Non-residential Split			
				Grants and Subsidies		Benefit to Existing	Total Development Charge Eligible Cost	Growth Costs (2017-2031)	Post Period Benefit / Level of Service Deduction (Beyond 2031)	Residential	Non-Residential Share		
											Retail	Industrial/Office/ Institutional	Hotels
											71.53%	13.35%	14.89%
2017 Roads "Main list" costs													
1 to 7	Rail grade separation	2017-2026	214,154,384	96,905,937	117,248,448	0	117,248,448	117,248,448	0	83,865,621	15,654,704	17,458,533	269,590
8	New Arterial Road Link	2024-2031	1,500,000	0	1,500,000	0	1,500,000	1,500,000	0	1,072,922	200,276	223,353	3,449
9 to 10	Interchange (New)	2019-2031	43,906,700	40,250,000	3,656,700	365,670	3,291,030	3,291,030	0	2,354,012	439,410	490,041	7,567
11 to 14	Interchange Improvements	2017-2026	45,100,000	25,900,000	19,200,000	1,920,000	17,280,000	17,280,000	0	12,360,061	2,307,180	2,573,027	39,732
15 to 16	Missing Link	2017-2031	33,265,000	0	33,265,000	0	33,265,000	33,265,000	0	23,793,832	4,441,455	4,953,226	76,486
17 to 24	New Midblock Crossing	2017-2031	228,236,977	152,152,651	76,084,326	30,800	76,053,526	76,053,526	0	54,399,664	10,154,466	11,324,525	174,870
25 to 53	Widen to 4 lanes	2017-2031	297,439,357	0	297,439,357	29,743,936	267,695,421	265,518,611	2,176,810	189,920,495	35,451,345	39,536,263	610,508
54 to 106	Widen to 6 lanes	2017-2031	854,209,478	16,558,109	837,651,369	83,765,137	753,886,232	753,886,232	0	539,240,718	100,656,903	112,255,198	1,733,413
107 to 223	Reconstruction	2017-2026	340,143,785	6,137,955	334,005,830	222,835,344	111,170,486	111,170,486	0	79,518,169	14,843,190	16,553,512	255,615
224 to 229	Miscellaneous and Intersection Capital	2017-2031	492,214,692	0	492,214,692	130,145,762	362,068,929	362,068,929	0	258,981,132	48,342,489	53,912,802	832,506
230 to 239	Programs and Studies	2017-2031	171,837,574	16,593,534	155,244,040	15,020,549	140,223,491	140,223,491	0	100,299,240	18,722,271	20,879,564	322,416
240 to 255	Ongoing Projects	2017-2021	57,427,000	7,943,000	49,484,000	4,948,400	44,535,600	44,535,600	0	31,855,482	5,946,276	6,631,442	102,401
256 to 259	Outstanding Credits	2017-2026	19,233,639	0	19,233,639	0	19,233,639	19,233,639	0	13,757,462	2,568,025	2,863,928	44,224
Total		2017-2031	2,798,668,586	362,441,186	2,436,227,400	488,775,597	1,947,451,802	1,945,274,992	2,176,810	1,391,418,810	259,727,991	289,655,415	4,472,777

## York Region

## 2018 Development Charge Background Study

## Roads

## Growth related Capital Costs

## Council Approved Standard of Service

Quantity of Service	Historical 2007 - 2016
Average lane-kilometres of Regional Road per 1,000 Capita (Pop + Employment)	2.22

## Recoverable Cost Calculations for Roads projects imposed under the 2018 Development Charge Bylaw Amendment:

Project Number	Project Description (2017-2031)	Timing	Gross Project Cost (2017-2031)	Less	New Municipal Cost	Less	Potential Development Charge Recoverable Costs			Residential and Non-residential Split			
				Grants and Subsidies		Benefit to Existing	Total Development Charge Eligible Cost	Growth Costs (2017-2031)	Post Period Benefit / Level of Service Deduction (Beyond 2031)	Residential	Non-Residential Share		
											Retail	Industrial/Office/ Institutional	Hotels
71.53%	13.35%	14.89%	0.23%										
Total Projects adede through this amendment													
Widen to 4 Lanes													
260	Dufferin Street - Major Mackenzie Drive to Teston Road	2022-2026	12,385,000	0	12,385,000	1,238,500	11,146,500	11,146,500	0	7,972,883	1,488,251	1,659,737	25,629
261	Wellington Street - Yonge Street to Rail Grade Separation	2022-2026	7,090,359	0	7,090,359	709,036	6,381,323	6,381,323	0	4,564,441	852,017	950,192	14,673
262	14th Avenue - Markham Road to Donald Cousens Parkway	2022-2026	35,598,421	0	35,598,421	3,559,842	32,038,579	32,038,579	0	22,916,596	4,277,707	4,770,610	73,666
263	Highway 27 - Nashville Road to King Road	2022-2026	44,655,000	0	44,655,000	4,465,500	40,189,500	40,189,500	0	28,746,797	5,365,996	5,984,299	92,408
264	Warden Avenue - Major Mackenzie Drive to Donald Cousens Parkway	2027-2031	37,688,800	0	37,688,800	3,768,880	33,919,920	33,919,920	0	24,262,284	4,528,898	5,050,745	77,992
265	Weston Road - Teston Road to Kirby Road	2027-2031	10,920,746	0	10,920,746	1,092,075	9,828,671	9,828,671	0	7,030,265	1,312,298	1,463,509	22,599
266	Leslie Street - Doane Road to Queensville Sideroad	2027-2031	7,291,302	0	7,291,302	729,130	6,562,172	6,562,172	0	4,693,799	876,164	977,121	15,088
267	St John's Sideroad - Bathurst Street to Yonge Street	2027-2031	11,424,061	0	11,424,061	1,142,406	10,281,655	10,281,655	0	7,354,275	1,372,779	1,530,959	23,641
268	Jane Street - Teston Road to Kirby Road	2027-2031	11,739,200	0	11,739,200	1,173,920	10,565,280	10,565,280	0	7,557,147	1,410,648	1,573,192	24,293
269	Bayview Avenue - Stouffville Road to Bethesda Road	2027-2031	12,307,505	0	12,307,505	1,230,751	11,076,755	11,076,755	0	7,922,995	1,478,939	1,649,351	25,469
270	Islington Avenue - Willis Road to Langstaff Road	2027-2031	8,683,218	0	8,683,218	868,322	7,814,896	7,814,896	0	5,589,849	1,043,424	1,163,654	17,969
271	Kennedy Road - Major Mackenzie Drive to Elgin Mills Road	2027-2031	9,320,879	0	9,320,879	932,088	8,388,791	8,388,791	0	6,000,345	1,120,049	1,249,108	19,288
272	Woodbine Avenue - Woodbine Avenue Bypass to 19th Avenue	2027-2031	32,748,000	0	32,748,000	3,274,800	29,473,200	29,473,200	0	21,081,629	3,935,184	4,388,620	67,768
273	Leslie Street - Vandorf Sideroad to Wellington Street	2027-2031	9,905,450	0	9,905,450	990,545	8,914,905	8,914,905	0	6,376,665	1,190,295	1,327,447	20,498
274	St John's Sideroad - Leslie Street to Highway 404	2027-2031	14,201,961	0	14,201,961	1,420,196	12,781,765	12,781,765	0	9,142,557	1,706,588	1,903,231	29,389
275	Pine Valley Drive - Rutherford to Major Mackenzie	2027-2031	11,884,023	0	11,884,023	1,188,402	10,695,621	10,695,621	0	7,650,378	1,428,051	1,592,600	24,592
276	Leslie Street-19th Avenue to Stouffville Road	2022-2026	56,194,000	0	56,194,000	5,619,400	50,574,600	50,574,600	0	36,175,065	6,752,587	7,530,661	116,286
	Subtotal		334,037,925	0	334,037,925	33,403,793	300,634,133	300,634,133	0	215,037,971	40,139,877	44,765,036	691,249
Widen to 6 Lanes													
277	Keele Street - Highway 7 to Rutherford Road	2022-2026	33,889,897	0	33,889,897	3,388,990	30,500,907	30,500,907	0	21,816,728	4,072,401	4,541,647	70,131
278	Weston Road - Highway 7 to Langstaff Road	2022-2026	17,756,421	0	17,756,421	1,775,642	15,980,779	15,980,779	0	11,430,752	2,133,712	2,379,571	36,745
279	16th Avenue - Woodbine Avenue to McCowan Road	2022-2026	63,177,000	0	63,177,000	6,317,700	56,859,300	56,859,300	0	40,670,394	7,591,704	8,466,466	130,737
280	Kennedy Road - Highway 7 to 16th Avenue	2022-2026	22,326,318	0	22,326,318	2,232,632	20,093,686	20,093,686	0	14,372,638	2,682,856	2,991,991	46,201
281	Langstaff Road - Keele Street to Dufferin Street	2022-2026	18,504,331	0	18,504,331	1,850,433	16,653,898	16,653,898	0	11,912,222	2,223,585	2,479,799	38,292

Table 3.6

Project Number	Project Description (2017-2031)	Timing	Gross Project Cost (2017-2031)	Less	New Municipal Cost	Less	Potential Development Charge Recoverable Costs			Residential and Non-residential Split			
				Grants and Subsidies		Benefit to Existing	Total Development Charge Eligible Cost	Growth Costs (2017-2031)	Post Period Benefit / Level of Service Deduction (Beyond 2031)	Residential	Non-Residential Share		
											Retail	Industrial/Office/ Institutional	Hotels
											71.53%	13.35%	14.89%
282	Weston Road - Steeles Avenue to Highway 7	2022-2026	36,487,907	0	36,487,907	3,648,791	32,839,116	32,839,116	0	23,489,205	4,384,592	4,889,811	75,507
283	Jane Street - Rutherford Road to Major Mackenzie Drive	2022-2026	18,786,874	0	18,786,874	1,878,687	16,908,187	16,908,187	0	12,094,110	2,257,537	2,517,663	38,877
284	Green Lane - Yonge Street to Highway 404	2022-2026	55,549,963	0	55,549,963	5,554,996	49,994,967	49,994,967	0	35,760,464	6,675,196	7,444,353	114,954
285	Warden Avenue - Steeles Avenue to McNabb Street / MacPherson Street	2027-2031	29,028,000	0	29,028,000	2,902,800	26,125,200	26,125,200	0	18,686,867	3,488,168	3,890,096	60,070
286	Warden Avenue - Highway 7 to 16th Avenue	2027-2031	16,200,000	0	16,200,000	1,620,000	14,580,000	14,580,000	0	10,428,801	1,946,683	2,170,992	33,524
287	Langstaff Road - Weston Road to Jane Street	2027-2031	27,479,250	0	27,479,250	2,747,925	24,731,325	24,731,325	0	17,689,854	3,302,061	3,682,545	56,865
288	Rutherford Road - Pine Valley Drive to Weston Road	2027-2031	14,084,817	0	14,084,817	1,408,482	12,676,335	12,676,335	0	9,067,145	1,692,511	1,887,532	29,147
289	Woodbine Avenue - Hooper Road to Major Mackenzie Drive	2027-2031	33,218,161	0	33,218,161	3,321,816	29,896,345	29,896,345	0	21,384,296	3,991,681	4,451,627	68,741
290	Dufferin Street - Langstaff Road to Rutherford Road	2027-2031	30,545,000	0	30,545,000	3,054,500	27,490,500	27,490,500	0	19,663,440	3,670,459	4,093,392	63,209
291	Kennedy Road - 16th Avenue to Major Mackenzie Drive	2027-2031	17,781,678	0	17,781,678	1,778,168	16,003,510	16,003,510	0	11,447,011	2,136,747	2,382,955	36,797
292	Major Mackenzie Drive - Woodbine Avenue to Kennedy Road	2027-2031	40,128,329	0	40,128,329	4,012,833	36,115,497	36,115,497	0	25,832,739	4,822,046	5,377,671	83,040
293	Weston Road - Langstaff Road to Major Mackenzie Drive	2027-2031	37,017,429	0	37,017,429	3,701,743	33,315,686	33,315,686	0	23,830,087	4,448,223	4,960,774	76,603
294	Highway 7 - Kipling Avenue to Helen Street	2027-2031	65,608,779	0	65,608,779	6,560,878	59,047,901	59,047,901	0	42,235,859	7,883,920	8,792,353	135,769
	Subtotal		577,570,153	0	577,570,153	57,757,015	519,813,138	519,813,138	0	371,812,613	69,404,080	77,401,237	1,195,208
	Maintain 6 lanes. Designate HOV.												
295	Warden Avenue - 14th Avenue to Highway 7	2027-2031	230,644	0	230,644	23,064	207,580	207,580	0	148,478	27,715	30,909	477
296	Rutherford Road - Weston Road to Jane Street	2027-2031	246,940	0	246,940	24,694	222,246	222,246	0	158,968	29,674	33,093	511
297	Woodbine Avenue - Steeles Avenue to Highway 7	2027-2031	2,592,000	0	2,592,000	259,200	2,332,800	2,332,800	0	1,668,608	311,469	347,359	5,364
298	Dufferin Street - Highway 407 to Langstaff Road	2027-2031	45,126	0	45,126	4,513	40,613	40,613	0	29,050	5,423	6,047	93
	Subtotal		3,114,710	0	3,114,710	311,471	2,803,239	2,803,239	0	2,005,104	374,281	417,408	6,445
	Interchange (New)												
299	Hwy 404 New Interchange - at St. John's Sideroad	2027-2031	47,820,000	0	47,820,000	4,782,000	43,038,000	43,038,000	0	30,784,276	5,746,320	6,408,446	98,957
	Subtotal		47,820,000	0	47,820,000	4,782,000	43,038,000	43,038,000	0	30,784,276	5,746,320	6,408,446	98,957
	Interchange Improvements												
300	Hwy 400 Interchange Improvements - at Langstaff Road	2027-2031	14,250,000	0	14,250,000	1,425,000	12,825,000	12,825,000	0	9,173,483	1,712,360	1,909,669	29,489
	Subtotal		14,250,000	0	14,250,000	1,425,000	12,825,000	12,825,000	0	9,173,483	1,712,360	1,909,669	29,489
	Rail grade separation												
301	Barrie GO Grade Separation - St. John's Sideroad east of Yonge Street	2027-2031	54,126,873	0	54,126,873	0	54,126,873	54,126,873	0	38,715,939	7,226,877	8,059,602	124,454
302	Barrie GO Grade Separation - Davis Drive east of Main Street	2027-2031	42,026,658	0	42,026,658	0	42,026,658	42,026,658	0	30,060,882	5,611,289	6,257,855	96,632
303	Barrie GO Grade Separation - Langstaff Road east of Keele Street	2022-2026	16,385,991	0	16,385,991	0	16,385,991	16,385,991	0	11,720,593	2,187,814	2,439,908	37,676
304	Barrie GO Grade Separation - Teston Road east of Keele Street	2022-2026	22,180,498	0	22,180,498	0	22,180,498	22,180,498	0	15,865,295	2,961,482	3,302,721	51,000
305	Barrie GO Grade Separation - Mulock Drive west of Bayview Avenue	2022-2026	45,869,320	0	45,869,320	0	45,869,320	45,869,320	0	32,809,466	6,124,351	6,830,035	105,467
306	Barrie GO Grade Separation - Green Lane east of Second Concession	2022-2026	5,559,360	0	5,559,360	0	5,559,360	5,559,360	0	3,976,506	742,271	827,800	12,783
307	Richmond Hill GO Grade Separation - Leslie Street south of Stouffville Road (inc. Jog	2027-2031	39,801,250	0	39,801,250	0	39,801,250	39,801,250	0	28,469,090	5,314,158	5,926,487	91,515
308	Richmond Hill GO Grade Separation - 19th Avenue west of Bayview Avenue	2027-2031	21,690,864	0	21,690,864	0	21,690,864	21,690,864	0	15,515,069	2,896,107	3,229,814	49,874

Table 3.6

Project Number	Project Description (2017-2031)	Timing	Gross Project Cost (2017-2031)	Less	New Municipal Cost	Less	Potential Development Charge Recoverable Costs			Residential and Non-residential Split			
				Grants and Subsidies		Benefit to Existing	Total Development Charge Eligible Cost	Growth Costs (2017-2031)	Post Period Benefit / Level of Service Deduction (Beyond 2031)	Residential	Non-Residential Share		
											Retail	Industrial/Office/ Institutional	Hotels
											71.53%	13.35%	14.89%
309	Stouffville GO Grade Separation - Highway 7 west of Kennedy Road	2022-2026	43,326,355	0	43,326,355	0	43,326,355	43,326,355	0	30,990,531	5,784,821	6,451,383	99,620
310	Stouffville GO Grade Separation - Kennedy Road north of Highway 7	2022-2026	38,616,623	0	38,616,623	0	38,616,623	38,616,623	0	27,621,748	5,155,990	5,750,094	88,791
311	Stouffville GO Grade Separation - McCowan Road north of Highway 7	2022-2026	39,275,873	0	39,275,873	0	39,275,873	39,275,873	0	28,093,297	5,244,011	5,848,258	90,307
	Subtotal		368,859,664	0	368,859,664	0	368,859,664	368,859,664	0	263,838,417	49,249,170	54,923,956	848,120
New arterial corridor													
312	Donald Cousens Parkway - Major Mackenzie Drive to Markham Road / Highway 48	2027-2031	17,040,000	0	17,040,000	0	17,040,000	17,040,000	0	12,188,393	2,275,136	2,537,291	39,180
313	Donald Cousens Parkway - 19th Avenue to Warden Avenue	2027-2031	10,076,365	0	10,076,365	0	10,076,365	10,076,365	0	7,207,436	1,345,370	1,500,391	23,169
	Subtotal		27,116,365	0	27,116,365	0	27,116,365	27,116,365	0	19,395,829	3,620,506	4,037,682	62,349
Misc & Int Capital													
314	Intersection, Bottleneck and Miscellaneous Capital	2017-2031	57,467,490	0	57,467,490	5,746,749	51,720,741	51,720,741	0	36,994,878	6,905,617	7,701,324	118,922
315	Various Road Improvements	2017-2031	44,603,492	0	44,603,492	33,452,619	11,150,873	11,150,873	0	7,976,011	1,488,835	1,660,388	25,639
	Subtotal		102,070,982	0	102,070,982	39,199,368	62,871,614	62,871,614	0	44,970,889	8,394,452	9,361,712	144,561
2018 Roads Cost Changes													
233	Transportation Demand Management Adjustment	2017- 2031	10,678,500	0	10,678,500	1,067,850	9,610,650	9,610,650	0	6,874,318	1,283,189	1,431,045	22,098
Total			1,485,518,299	0	1,485,518,299	137,946,497	1,347,571,802	1,347,571,802	0	963,892,900	179,924,236	200,656,190	3,098,476

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## 4.0 Development Charge Cash Flow Calculation

This Chapter provides the development charge rate calculations based the Roads Service's "Potential Development Charge Recoverable Cost" in Chapter 3 and the development forecasts in Chapter 2. Where applicable, the residential per capita calculation commences with the inclusion of the uncommitted development charge reserve fund balance for the service, as of the end of 2016. The expenditures to be development charge funded are set out by year and inflated (at 2.4 per cent per year) in the next column. Existing debt payments, plus additional debt payments (associated with debt proceeds revenue which is also shown) are also tabulated. The interest rates assumed for the additional debt payments are consistent with the Region's debt program.

For residential rates, the annual gross Regional population growth forecast is shown and multiplied by the development charge per capita (also inflated at 2.4 per cent per year). The development charge is set in order that that revenue stream is sufficient to fund the capital expenditures and debt payments, while leaving the development charge reserve fund balance at nil by the end of the period in 2031.

The final adjustment that is made to this calculation is to provide for interest earnings/expense on the annual reserve fund transactions. In addition, it is assumed that the various rates applied will increase in the long term. Positive interest earnings are shown for the year where the opening reserve balance for the year is above zero. This earnings figure is then adjusted up or down, depending on whether the in-year transactions were in a surplus or deficit position.

The resultant development charge rate per capita is then carried forward to the summary page at the beginning of each section and multiplied by the average persons per unit occupancy for each residential unit type in order to yield the development charge by housing type.

A similar set of calculations has been made for non-residential development, based on the forecast growth in floor area and the share of costs attributable to non-residential development.

Tables 4.1 to 4.4 present the development charges which result from these cash flow calculations.

All reserve, debt, growth and interest rate assumptions in the development charge rate calculation remain consistent with the 2017 development charge background study.

The rate calculation here is based on a forecast horizon of 2017 to 2031. An inflation factor of 2.4 per cent has been applied to the rates calculated for the 2017 year to bring it to its 2018 value. Consequently, the 2018 development charge rates subject to this amendment will not be indexed on July 1st, 2018.

The rate underpinning the inflation factor is the 10 year average of the Quarterly Construction Price Index of Non-Residential Building Construction (NRBC) provided by Statistics Canada. The NRBC index is based on the aggregate of the construction price indices for the commercial, industrial and institutional structures. This is the same inflation factor used for the rate calculation in the 2017 Development Charge Background Study.



Table 4.2

## Roads - Residential Charge Calculations

Assumptions		
Gross Population Growth	395,379	
Inflation	2%	
Interest	Earned	Charged
Opening Balance	1.45% - 3.60%	2.85% - 5.00%
In-year Transactions	0.73% - 1.80%	1.43% - 2.50%
New Debt Term (Years)	10	
New Debt interest	From 2.85% to 5.00%	
Target Reserve Balance 2031	\$2,407,341	
Discount Rate Applied to Post 2031 Debt Payments	3.60%	

Calculated Charge per Capita (inflated to 2018)	2,456
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Year	Development Charge Reserve Fund Opening Balance	Development Related Expenditures					Annual Gross Population Growth (To mid-year 2031)	Development Charge (Inflated) per Capita	Anticipated Development Charge Revenues	In Year Transactions Surplus/ (Deficit)	Interest Revenue/(Expense)		Development Charge Reserve
		Nominal	Inflated	Existing Debt Payments	Debt Proceeds	Additional Debt Payments					Opening Reserve Balances	In-Year	
2017	0	(3,456,347)	(3,456,347)	0	0	0	22,682	2,400	54,430,170	50,973,823	0	369,560	51,343,383
2018	51,343,383	(3,456,347)	(3,537,883)	0	0	0	25,047	2,456	61,523,256	57,985,373	1,001,196	565,357	110,895,309
2019	110,895,309	(3,456,347)	(3,621,343)	0	0	0	25,047	2,514	62,974,608	59,353,265	2,606,040	697,401	173,552,015
2020	173,552,015	(3,456,347)	(3,706,772)	0	0	0	25,047	2,574	64,460,198	60,753,426	4,512,352	789,795	239,607,588
2021	239,607,588	(3,456,347)	(3,794,215)	0	0	0	25,692	2,634	67,679,910	63,885,694	6,828,816	910,371	311,232,470
2022	311,232,470	(88,056,294)	(98,944,395)	0	0	0	26,445	2,696	71,305,518	(27,638,877)	9,648,207	(621,875)	292,619,925
2023	292,619,925	(88,056,294)	(101,278,522)	0	0	0	26,445	2,760	72,987,636	(28,290,886)	9,802,767	(671,909)	273,459,897
2024	273,459,897	(88,056,294)	(103,667,712)	0	0	0	26,552	2,825	75,013,132	(28,654,580)	9,160,907	(680,546)	253,285,678
2025	253,285,678	(88,056,294)	(106,113,264)	0	0	0	26,552	2,892	76,782,714	(29,330,550)	8,485,070	(696,601)	231,743,598
2026	231,743,598	(88,056,294)	(108,616,507)	0	0	0	28,595	2,960	84,639,737	(23,976,771)	7,763,411	(569,448)	214,960,789
2027	214,960,789	(101,265,939)	(127,857,140)	0	0	0	30,422	3,030	92,173,326	(35,683,813)	7,738,588	(892,095)	186,123,469
2028	186,122,704	(101,265,939)	(130,873,327)	0	592,279	(7,403)	30,530	3,101	94,681,106	(35,607,346)	6,700,417	(890,184)	156,325,591
2029	156,320,697	(101,265,939)	(133,960,668)	0	606,251	(86,868)	30,530	3,174	96,914,662	(36,526,623)	5,627,545	(913,166)	124,508,453
2030	124,503,998	(101,265,939)	(137,120,839)	0	620,552	(168,206)	30,530	3,249	99,200,907	(37,467,586)	4,482,144	(936,690)	90,581,866
2031	90,577,860	(101,265,939)	(140,355,560)	0	635,191	(2,600,090)	15,265	3,326	50,770,543	(91,549,916)	3,260,803	(2,288,748)	0
Total		(963,892,900)	(1,206,904,495)	0	2,454,273	(2,862,567)	395,379		1,125,537,423		87,618,263	(5,828,776)	

Table 4.3

## Roads - Retail Development Charge Calculations

Assumptions		
Retail - GFA Growth	16,043,274	
Inflation	2%	
Interest	Earned	Charged
Opening Balance	1.45% - 3.60%	2.85% - 5.00%
In-year Transactions	0.73% - 1.80%	1.43% - 2.50%
New Debt Term (Years)	10	
New Debt interest	From 2.85% to 5.00%	
Target Reserve Balance 2031	\$449,364	
Discount Rate Applied to Post 2031 Debt Payments	3.60%	

Calculated Charge per Capita (inflated to 2018)	\$11.23
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Year	Development Charge Reserve Fund Opening Balance	Development Related Expenditures					Annual Gross Floor Area in Sqft (To mid-year 2031)	Development Charge (Inflated) per Sqft	Anticipated Development Charge Revenues	In Year Transactions Surplus/ (Deficit)	Interest Revenue/(Expense)		Development Charge Reserve
		Nominal	Inflated	Existing Debt Payments	Debt Proceeds	Additional Debt Payments					Opening Reserve Balances	In-Year	
2017	0	(645,176)	(645,176)	0	0	0	1,458,420	10.97	16,003,577	15,358,401	0	111,348	15,469,750
2018	15,469,750	(645,176)	(660,396)	0	0	0	1,453,659	11.23	16,327,628	15,667,233	301,660	152,756	31,591,398
2019	31,591,398	(645,176)	(675,975)	0	0	0	1,453,659	11.50	16,712,802	16,036,827	742,398	188,433	48,559,056
2020	48,559,056	(645,176)	(691,921)	0	0	0	1,458,537	11.77	17,164,463	16,472,542	1,262,535	214,143	66,508,276
2021	66,508,276	(645,176)	(708,244)	0	0	0	1,218,291	12.05	14,675,409	13,967,165	1,895,486	199,032	82,569,959
2022	82,569,959	(16,436,952)	(18,469,370)	0	0	0	907,415	12.33	11,188,486	(7,280,884)	2,559,669	(163,820)	77,684,924
2023	77,684,924	(16,436,952)	(18,905,068)	0	0	0	907,415	12.62	11,452,426	(7,452,642)	2,602,445	(177,000)	72,657,727
2024	72,657,727	(16,436,952)	(19,351,044)	0	0	0	907,415	12.92	11,722,592	(7,628,452)	2,434,034	(181,176)	67,282,133
2025	67,282,133	(16,436,952)	(19,807,541)	0	0	0	898,077	13.22	11,875,651	(7,931,890)	2,253,951	(188,382)	61,415,812
2026	61,415,812	(16,436,952)	(20,274,807)	0	0	0	926,103	13.54	12,535,134	(7,739,673)	2,057,430	(183,817)	55,549,752
2027	55,549,752	(18,902,719)	(23,866,343)	0	0	0	987,763	13.85	13,685,123	(10,181,220)	1,999,791	(254,531)	47,113,792
2028	47,113,834	(18,902,719)	(24,429,357)	0	110,557	(1,382)	987,763	14.18	14,007,959	(10,312,223)	1,696,098	(257,806)	38,239,903
2029	38,239,181	(18,902,719)	(25,005,652)	0	113,165	(16,215)	987,763	14.52	14,338,411	(10,570,292)	1,376,611	(264,257)	28,781,243
2030	28,780,608	(18,902,719)	(25,595,543)	0	115,835	(31,398)	992,437	14.86	14,746,106	(10,765,001)	1,036,102	(269,125)	18,782,584
2031	18,782,034	(18,902,719)	(26,199,349)	0	118,567	(485,343)	498,555	15.21	7,582,529	(18,983,597)	676,153	(474,590)	0
<b>Total</b>		<b>(179,924,236)</b>	<b>(225,285,786)</b>	<b>0</b>	<b>458,125</b>	<b>(534,339)</b>	<b>16,043,274</b>		<b>204,018,295</b>		<b>22,894,363</b>	<b>(1,548,792)</b>	

Table 4.4

## Roads - Industrial/Office/Institutional Development Charge Calculations

Assumptions		
Industrial/Office/Institutional - GFA Growth	61,144,441	
Inflation	2%	
Interest	Earned	Charged
Opening Balance	1.45% - 3.60%	2.85% - 5.00%
In-year Transactions	0.73% - 1.80%	1.43% - 2.50%
New Debt Term (Years)	10	
New Debt interest	From 2.85% to 5.00%	
Target Reserve Balance 2031	\$501,143	
Discount Rate Applied to Post 2031 Debt Payments	3.60%	

Calculated Charge per Capita (inflated to 2018)	\$3.29
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Year	Development Charge Reserve Fund Opening Balance	Development Related Expenditures					Annual Gross Floor Area in Sqft (To mid-year 2031)	Development Charge (Inflated) per Sqft	Anticipated Development Charge Revenues	In Year Transactions Surplus/ (Deficit)	Interest Revenue/(Expense)		Development Charge Reserve
		Nominal	Inflated	Existing Debt Payments	Debt Proceeds	Additional Debt Payments					Opening Reserve Balances	In-Year	
2017	0	(719,517)	(719,517)	0	0	0	5,530,404	3.21	17,753,724	17,034,207	0	123,498	17,157,705
2018	17,157,705	(719,517)	(736,491)	0	0	0	5,530,404	3.29	18,172,540	17,436,049	334,575	170,001	35,098,331
2019	35,098,331	(719,517)	(753,865)	0	0	0	5,530,404	3.36	18,601,235	17,847,370	824,811	209,707	53,980,218
2020	53,980,218	(719,517)	(771,649)	0	0	0	5,548,360	3.44	19,101,862	18,330,213	1,403,486	238,293	73,952,210
2021	73,952,210	(719,517)	(789,852)	0	0	0	4,668,523	3.52	16,451,926	15,662,073	2,107,638	223,185	91,945,106
2022	91,945,106	(18,330,917)	(20,597,522)	0	0	0	3,521,469	3.61	12,702,445	(7,895,077)	2,850,298	(177,639)	86,722,689
2023	86,722,689	(18,330,917)	(21,083,424)	0	0	0	3,521,469	3.69	13,002,100	(8,081,324)	2,905,210	(191,931)	81,354,643
2024	81,354,643	(18,330,917)	(21,580,788)	0	0	0	3,521,469	3.78	13,308,823	(8,271,965)	2,725,381	(196,459)	75,611,600
2025	75,611,600	(18,330,917)	(22,089,885)	0	0	0	3,487,932	3.87	13,493,041	(8,596,844)	2,532,989	(204,175)	69,343,570
2026	69,343,570	(18,330,917)	(22,610,992)	0	0	0	3,605,314	3.96	14,276,151	(8,334,841)	2,323,010	(197,952)	63,133,786
2027	63,133,786	(21,080,804)	(26,616,366)	0	0	0	3,699,037	4.05	14,992,804	(11,623,562)	2,272,816	(290,589)	53,492,451
2028	53,492,511	(21,080,804)	(27,244,254)	0	123,296	(1,541)	3,699,037	4.15	15,346,489	(11,776,010)	1,925,730	(294,400)	43,347,831
2029	43,347,040	(21,080,804)	(27,886,954)	0	126,205	(18,083)	3,699,037	4.25	15,708,517	(12,070,316)	1,560,493	(301,758)	32,535,460
2030	32,534,766	(21,080,804)	(28,544,816)	0	129,182	(35,016)	3,715,550	4.35	16,150,867	(12,299,782)	1,171,252	(307,495)	21,098,741
2031	21,098,142	(21,080,804)	(29,218,196)	0	132,230	(541,268)	1,866,032	4.45	8,302,673	(21,324,562)	759,533	(533,114)	0
Total		(200,656,190)	(251,244,571)	0	510,913	(595,908)	61,144,441		227,365,197		25,697,222	(1,730,830)	

Table 4.5

## Roads - Hotel Development Charge Calculations

Assumptions		
Hotel - GFA Growth	1,484,734	
Inflation	2%	
Interest	Earned	Charged
Opening Balance	1.45% - 3.60%	2.85% - 5.00%
In-year Transactions	0.73% - 1.80%	1.43% - 2.50%
New Debt Term (Years)	10	
New Debt interest	From 2.85% to 5.00%	
Target Reserve Balance 2031	\$7,739	
Discount Rate Applied to Post 2031 Debt Payments	3.60%	

Calculated Charge per Capita (inflated to 2018)	\$2.10
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Year	Development Charge Reserve Fund Opening Balance	Development Related Expenditures					Annual Gross Floor Area in Sqft (To mid-year 2031)	Development Charge (Inflated) per Sqft	Anticipated Development Charge Revenues	In Year Transactions Surplus/ (Deficit)	Interest Revenue/(Expense)		Development Charge Reserve
		Nominal	Inflated	Existing Debt Payments	Debt Proceeds	Additional Debt Payments					Opening Reserve Balances	In-Year	
2017	0	(11,111)	(11,111)	0	0	0	106,037	2.05	217,260	206,150	0	1,495	207,644
2018	207,644	(11,111)	(11,373)	0	0	0	110,798	2.10	232,371	220,998	4,049	2,155	434,846
2019	434,846	(11,111)	(11,641)	0	0	0	110,798	2.15	237,853	226,212	10,219	2,658	673,935
2020	673,935	(11,111)	(11,916)	0	0	0	111,000	2.20	243,907	231,991	17,522	3,016	926,465
2021	926,465	(11,111)	(12,197)	0	0	0	102,354	2.25	230,215	218,018	26,404	3,107	1,173,994
2022	1,173,994	(283,061)	(318,061)	0	0	0	93,714	2.30	215,753	(102,308)	36,394	(2,302)	1,105,778
2023	1,105,778	(283,061)	(325,564)	0	0	0	93,714	2.36	220,843	(104,721)	37,044	(2,487)	1,035,614
2024	1,035,614	(283,061)	(333,244)	0	0	0	93,714	2.41	226,053	(107,192)	34,693	(2,546)	960,569
2025	960,569	(283,061)	(341,106)	0	0	0	93,517	2.47	230,900	(110,206)	32,179	(2,617)	879,926
2026	879,926	(283,061)	(349,153)	0	0	0	98,863	2.53	249,857	(99,295)	29,478	(2,358)	807,750
2027	807,749	(325,524)	(411,002)	0	0	0	104,405	2.59	270,089	(140,913)	29,079	(3,523)	692,392
2028	692,391	(325,524)	(420,698)	0	1,904	(24)	104,405	2.65	276,461	(142,357)	24,926	(3,559)	571,401
2029	571,387	(325,524)	(430,622)	0	1,949	(279)	104,405	2.71	282,982	(145,971)	20,570	(3,649)	442,337
2030	442,324	(325,524)	(440,781)	0	1,995	(541)	104,607	2.77	290,218	(149,109)	15,924	(3,728)	305,411
2031	305,399	(325,524)	(451,179)	0	2,042	(8,358)	52,404	2.84	148,819	(308,677)	10,994	(7,717)	0
Total		(3,098,476)	(3,879,648)	0	7,889	(9,202)	1,484,734		3,573,582		329,475	(22,056)	

## 5.0 Implementation of Rate Changes

The 2018 Development Charge Bylaw amendment and rates comes into effect on July 1, 2018. This date has been chosen to coincide with the annual indexing of rates. Having the 'in-effect' date coincide with the indexing date should improve administrative efficiencies.

The Roads development charge rates calculated as part of this amendment had an inflationary factor of 2.4 per cent applied as all costs are in 2017 dollars. These rate changes would not be indexed on July 1, 2018. The inflationary factor is based on the 10 year average of the Quarterly Construction Price Index of Non-Residential Building Construction (NRBC) provided by Statistics Canada. The NRBC index is based on the aggregate of the construction price indices for the commercial, industrial and institutional structures<sup>1</sup>.

In accordance with Section 5.1 of the Region's 2017 Development Charge Bylaw, rates imposed by the 2017 Bylaw will be indexed on July 1st, 2018. This includes the portion of the rates pertaining to roads services.

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<sup>1</sup> Note: Statistics Canada, Price indexes of non-residential building construction, by class of structure (Table 327-0043).

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## **6.0 Development Charge Bylaw and Policy Review**

This section of the background study outlines the changes to the development charge policies and bylaw made under the amending bylaw:

- Policies reviewed and unchanged
- Areas of the Bylaw that have been reviewed and clarified
- Areas of the Bylaw that have been reviewed and changed

### **6.1 Policies reviewed and unchanged**

#### **6.1.1 Region-wide versus area-specific development charges**

Under Section 10 of the *Act*, municipalities are required to consider area-specific development charges in their background study. As part of the 2017 Development Charge Background Study and Bylaw staff considered the potential for implementing area-specific charges. It was determined that the Region should continue with its existing practice of region-wide rates for the 2017 Bylaw (with the exception of wastewater rates for the Village of Nobleton). Chief among the considerations was the fact that the changes to the Growth Plan could affect the spatial distribution of the growth forecast, which is an essential input in determining the benefiting population and employment growth that is needed when creating an area-specific development charge. These growth forecasts will be determined through the Municipal Comprehensive Review process currently underway.

It was determined that the consideration for area-specific charges as identified in the 2017 Development Charge Background Study, including the analysis and rationale, remain applicable to the 2018 Development Charge Background Study.

### **6.2 Areas of the Bylaw that have been reviewed and clarified**

The following are proposed clarifications to the development charge bylaw:

#### **6.2.1 Treatment of vehicle storage areas and service bays within retail motor vehicle establishments**

##### Vehicle storage areas

Aside from car dealerships, other retail motor vehicle establishments may also have requirements to store vehicles for sale, lease or servicing. These include but not limited to vehicle brokerages, long-term leasing facilities, service repair shop open to the public etc. Similar to car dealerships, the Region's development charge bylaws have always

treated these types of establishments as retail.

Under the 2018 Bylaw amendment, these establishments will continue to be treated as retail, including, but not limited to, areas within the structure that are used for vehicle storage.

The rationale for not changing the treatment of these storage areas is:

- Consistent with treatment of merchandise storage in other retail -changing the treatment of storage in the same structure could give rise to an appeal from other retailers
- Recognition that these areas not just being used for storage and have additional retail uses (e.g., detailing, showroom, servicing, etc.)
- Consistency with the practice of neighboring municipalities' treatment of retail storage

### Service bays

A decision by the Board in *Shanahan Ltd. v. Region of York (2013)* concluded that the use of service bays to perform warranty work, "is a direct function of the retail sale of a new vehicle and is not a separate and distinct use of [sic] function from the retail activity of selling such goods as new or used cars and trucks to the general public" and as such service department areas (bays) fall "squarely within the definition of retail".

Staff propose to provide greater clarity in the bylaw, indicating that these areas would be levied the retail rate.

## **6.3 Areas of the Bylaw that have been reviewed and changed**

### **6.3.1 Standalone structured parking used to store motor vehicles**

Under the 2017 Development Charge Bylaw, parking structures including standalone parking structures used to store motor vehicles would be levied the retail rate. Staff are proposing to change this treatment to the Industrial, Office, Institutional rate which would be consistent with other warehousing functions.

### **6.3.2 Retail motor vehicle establishments with significant vehicle storage area**

There may be instances where a proposed car dealership (or other types of retail motor vehicle establishments) includes significant storage areas. 'Significant' is defined such that the gross floor area of the vehicle storage area (less any eligible employment/customer parking gross floor area) must be greater than two times the gross floor area of the dealership not used for vehicle storage area.



While these are not expected to be common, staff propose to amend the Bylaw so that a blended rate of retail and industrial/office/institutional could be applied.

In these instances, the retail rate shall be applied to two times the difference between the gross floor area of the entire retail vehicle establishment and the gross floor area of the vehicle storage area. The gross floor area above and beyond that may be levied the industrial/office/institutional rate.

### **6.3.3 Structured parking accessory to shopping malls and hotels**

Although in practice this has never happened, the Region's 2017 Development Charge Bylaw could be interpreted such that the retail rate could be levied on structured parking accessory to retail establishments, such as shopping malls, and hotels.

The rationale for clearly exempting this type of structured parking in the Region's bylaw includes:

- Brings treatment of shopping mall accessory parking in line with all other accessory use parking structures
- Development charges are levied on the primary structure

Staff are proposing the development charge bylaw be amended such that structured parking that is accessory to shopping malls or hotels be exempt from development charges.

## **6.4 Development charge policies that have been expanded**

### **6.4.1 Deferral policy for open air motor vehicle storage structures**

As part of the 2018 Development Charge Bylaw Amendment process, staff is proposing a policy to defer development charges on qualified open-air vehicle storage facilities until such time as the structure becomes enclosed (at which time, the deferred development charges shall be payable).

The table below provides details of the Region's proposed deferral policy for open air motor vehicle storage structures. Further details are available in Attachment 2 to the May Council report accompanying this background study.

**Table 6.1**  
**Proposed Regional Deferral Policy for Open Air Motor Vehicle Storage Structures**

<b>Term</b>	<b>Description</b>
Eligibility	Applies to open air structures designed or intended to be used for motor vehicle storage
Duration	Until enclosure of structure
	Sale, or transfer of ownership, of the property unless an assumption agreement
When development charge calculated	Calculated at day of building permit
Local municipal participation required	"Similar, if not better" (an exemption would qualify)
Interest	Interest is forgiven if conditions are met*

\*Note: Provided development charges are paid within fifteen (15) business days immediately following notification of a trigger event as defined in Section 'C' of the policy

## 7.0 Asset Management Plan

### 7.1 Background

Under the Province of Ontario's Development Charges Act, municipalities proposing to enact a Development Charges Bylaw are required to submit an Asset Management Plan (AMP) as part of the Development Charges Background Study. A key function of the Asset Management Plan is to demonstrate that all assets proposed to be funded under the development charge bylaw are financially sustainable over their full lifecycle. This document has been prepared based on the *Development Charges Act, 1997* and *Ontario Regulation 82/98* and includes the analysis pertaining to assets that are proposed to be funded, in whole or in part, by Development Charges (DC).

The proposed draft 2018 Development Charge Bylaw amendment adheres to the Regional Council direction to add the 56 projects from "Part B" of Contingency Schedule G to the Bylaw. The Region will continue to collect development charges for services other than roads under the 2017 Development Charge Bylaw.

While the 2018 Development Charge Bylaw Amendment does not make any changes to services other than roads, to provide a full view of the asset management needs of all assets funded by the Regional development charges (under Development Charge Bylaw 2017-35 and the proposed amending bylaw), the full range of services are included in this analysis (Section 7.3.2 – Table 7.11):

- Wastewater
- Water
- Roads
- Transit
- Toronto – York Spadina Extension
- Police
- Waste diversion
- Public works
- Paramedic services
- Public health
- Social housing
- Court services

The impact of including Contingent List B Projects is disclosed in Section 7.5.4.

#### 7.1.1 Growth to 2031

In 2014 York Region initiated the Municipal Comprehensive Review (MCR) process to update the Region's Official Plan, and address growth to 2041. In conjunction with the MCR, the Region has completed an update of the Transportation and Water & Wastewater Master Plans in 2016. Through these Master Plans, infrastructure required

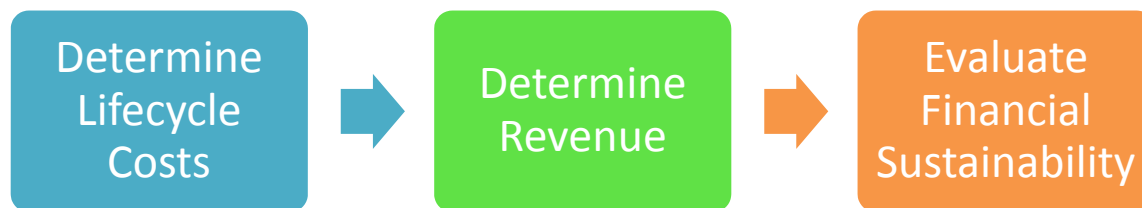
to meet growth demands were identified.

This background study uses a population and employment forecast to 2031 and infrastructure master plans as the basis for determining growth related infrastructure needs. The 2031 mid-year population forecast of 1,545,700 (excluding institutional population) is based on anticipated levels of housing growth in York Region, taking into consideration demographic trends, the timing of servicing infrastructure, market demand and provincial intensification policy target. The employment forecast for mid-2031 is 780,000. Both the population and employment forecast is on the trajectory to meeting the provincially mandated growth target for 2041, as envisaged by the Growth Plan Amendment II.

### 7.1.2 Development Charges Act Requirements

The *Development Charges Act* requires an analysis be prepared, as shown in Figure 7.1, to support the proposed infrastructure in a development charge bylaw. Additionally, a summary of current state of infrastructure, planned level of service and potential asset management strategies must be prepared for proposed development charge funded transit infrastructure.

**Figure 7.1: Asset Management Plan Requirements**



## 7.2 Transit Infrastructure

### 7.2.1 Requirements under the Development Charges Act and Regulation

Section 8(3) of Ontario Regulation 82/98 under the *Development Charges Act, 1997* identifies what must be included in an asset management plan for transit services. Specifically the plan must include:

- A section setting out the state of local infrastructure
- A section that sets out the proposed level of service
- An asset management strategy, including considerations for life cycle costs
- A financial strategy

This section of the asset management plan addresses the first three requirements. The financial strategy will be set out in Section 7.5.3 of this document.

## 7.2.2 State of Infrastructure

### 7.2.2.1 Asset Type and Historical Cost

York Region currently owns approximately \$796 million dollars' worth of transit infrastructure, including bus fleet, loops and terminals, transit stops, technology and equipment.

**Table 7.1: Transit Asset Type and Historical Cost**  
(Source: 2015 State of Infrastructure Report Card)

Asset Type	2015 Inventory	2015 Historical Cost (\$M)
<b>Bus Fleet</b>	528	285
<b>Building loops and terminals</b>	36	376
<b>Transit stops</b>	5,078	
<b>Technology (IT)</b>	Various	56
<b>Equipment</b>	Various	79
<b>TOTAL</b>		<b>796</b>

Note: Only Transit Fleet (Conventional, BRT (Viva), and Mobility Plus) and Facilities (Garages, Terminals, Transit loops, and Transit Stops) have been included in the current Transit Asset Management Plan.

## 7.2.3 Growth Planning Level of Service

The Development Charges Act requires that planned level of service be defined if development charges are levied for Transit infrastructure. For the purpose of the development charge background study, the planned level of transit is defined as the Region's 10-year capital plan. Through its approval of the program, Council has indicated that it intends to ensure that the increase in need for transit service will meet the transit network defined in the 2016 Transportation Master Plan and YRT/Viva's service guidelines within the YRT/Viva 2016-2020 Strategic Plan as adopted by Regional Council. Service guidelines define how new services are designed, and how existing transit routes are evaluated for service adjustments. They are applied in tandem with route performance measures.

The development of levels of service starts with mapping York Region's strategic objectives and the Transportation Services vision and mission. Based on these directions focusing on safety, reliability and efficiency, a mapping of levels of service at the customer, technical and operational levels were developed. Tables 7.2 and 7.3 provide the levels of service as indicated in Transit AMP.

**Table 7.2: Fleet Levels of Service Categories**

Service	Performance Metric	Grade				
		1 (Lowest)	2	3	4	5 (Highest)
Fleet Reliability	Distance between failures (km)	<10,000	10,000-12,000	>12,000-14,000	>14,000-16,000	>16,000
Capacity	Demand to capacity ratio by route	<50%	50-59%	60-69%	70-90%	>90%
Operating Efficiencies (Net Cost per Passenger)	Vehicle and overhead cost per passenger (as multiples of the average fare)	>5x	>4x – less and equal 5x	>3x – less and equal 4x	>2x – less and equal 3x	<=2x
Operating Reliabilities (On-time Performance )	Early/late trip starts	<91%	91-<92%	92-<93%	93-<94%	>=94%
Fleet Cleanliness	Cleanliness score based on sample inspected	<93%	93- <95%	95- <97%	97 - <99%	>=99%

York Region's strategy evaluates asset performance by looking beyond the physical infrastructure condition and incorporating other factors impacting service quality and satisfaction. These levels of service are defined by current and future Regional needs, and can be defined at three levels: corporate, customer, and technical and operational. Indicators have been established to support assessment and reporting. These levels of service have been measured at the technical and operational level and linked to the Region's strategic objectives and the Transportation Services mission.

**Table 7.3: Facilities Levels of Service Categories**

Service	Performance Metric	Grade				
		1 (Lowest)	2	3	4	5 (Highest)
Condition	Assessment results for Garages	Architectural components are well maintained/functional and all other components are either Poor or higher	Architectural components are well maintained/functional and all other components are either Fair or higher except one component in Poor condition	Architectural components are well maintained/functional and all other components are either Fair or higher	Architectural components are well maintained/functional and all other components are either Good or Very Good except one component in Fair condition	Architectural components are well maintained/functional and all other components are either Good or Very Good
Capacity	Capacity as a percentage of fleet size ratio for each garage	>85%	70% - 85%	60% - <70%	50% - <60%	<50%
Service Coverage	Location	<50%	50-69%	70-84%	85-89%	>=90%

Note that the level of service in this asset management plan refers to the metric that is used to identify infrastructure needs due to growth. This metric also underpins the Region's growth-related capital program, which is designed to meet these targets. This metric is not the same as metrics used to determine long-term lifecycle needs.

Growth planning level of service for transit infrastructure is planned based on the average annual increase in ridership based on projections from the Regional Transportation Demand Forecasting Mode (EMME) and the network of transportation improvements identified in Transportation Master Plan Updates in terms of modal splits and forecast trips in the peak hour and peak direction. Improvements as identified in the 2016 Transportation Master Plan Update have been used in this AMP.

#### 7.2.3.1 Current Level of Performance Relative to the Targets

The current Transit asset management plan focuses on the following levels of service categories (Table 7.4 and Table 7.5) that are linked to York Region's strategic objectives and the Department's mission.

**Table 7.4: Fleet Levels of Service Categories (Based on 2015 Data)**

Service Category	Performance Metric	Level of Service Summary (Grade 5 = Highest)
Fleet Reliability	Distance between failures	<b>Grade 5</b> - Average for conventional and Viva bus routes was greater than 16,000 km
Capacity	Demand to capacity ratio	<b>Number of Routes by Grade:</b> <b>Grade 5</b> – 24 routes <b>Grade 4</b> – 16 routes <b>Grade 3</b> – 9 routes <b>Grade 2</b> – 11 routes <b>Grade 1</b> – 14 routes <i>Values based on 2015</i>
Operating Efficiencies (Net Cost per Passenger)	Vehicle and overhead cost per passenger	<b>Number of Routes by Grade:</b> <b>Grade 5</b> – 37 routes <b>Grade 4</b> – 16 routes <b>Grade 3</b> – 7 routes <b>Grade 2</b> – 12 routes <b>Grade 1</b> – 27 routes
Operating Reliabilities (On-time Performance)	Early/late trip start time	<b>Grade 5</b> – The percentage of on-time trip starts for conventional and Viva bus routes was greater than 94%
Cleanliness	Vehicle condition (vandalism/ paint)	<b>Grade 5</b> – Viva and Mobility Plus buses achieved a cleanliness score above 99%  <b>Grade 4</b> – Conventional buses achieved a 97% score



**Table 7.5: Facilities Levels of Service Categories (Based on 2015 Data)**

Service Category	Performance Metric	Level of Service Summary (Grade 5 = Best)
Facility Condition	Condition inspection for garages	<p><b>Grade 5 and 4</b> – The majority of inspected garages had all or most components in Good condition</p> <p><b>Grade 3</b> – One inspected garage had more than one component in Fair condition</p>
Garage Capacity	Fleet size as a percentage of garage capacity	<b>Grade 1, 2, and 3</b> – In 2015, two of the transit garages had a capacity to fleet ratio of 85% or higher, while one garage was at 70% and another at 62% capacity
Service Coverage	Location of transit stops relative to population	<b>Grade 5</b> – 90.4% of urban residents are within 500m of a transit stop

## 7.2.4 Transit Asset Management Strategy

### 7.2.4.1 Estimated Useful Life

Table 7.6 shows the average useful life for Transit assets. Mobility Plus vehicles vary by type with Eldorado vehicles having a useful life of 12 years and other vehicles estimated to have a useful life of only seven years.

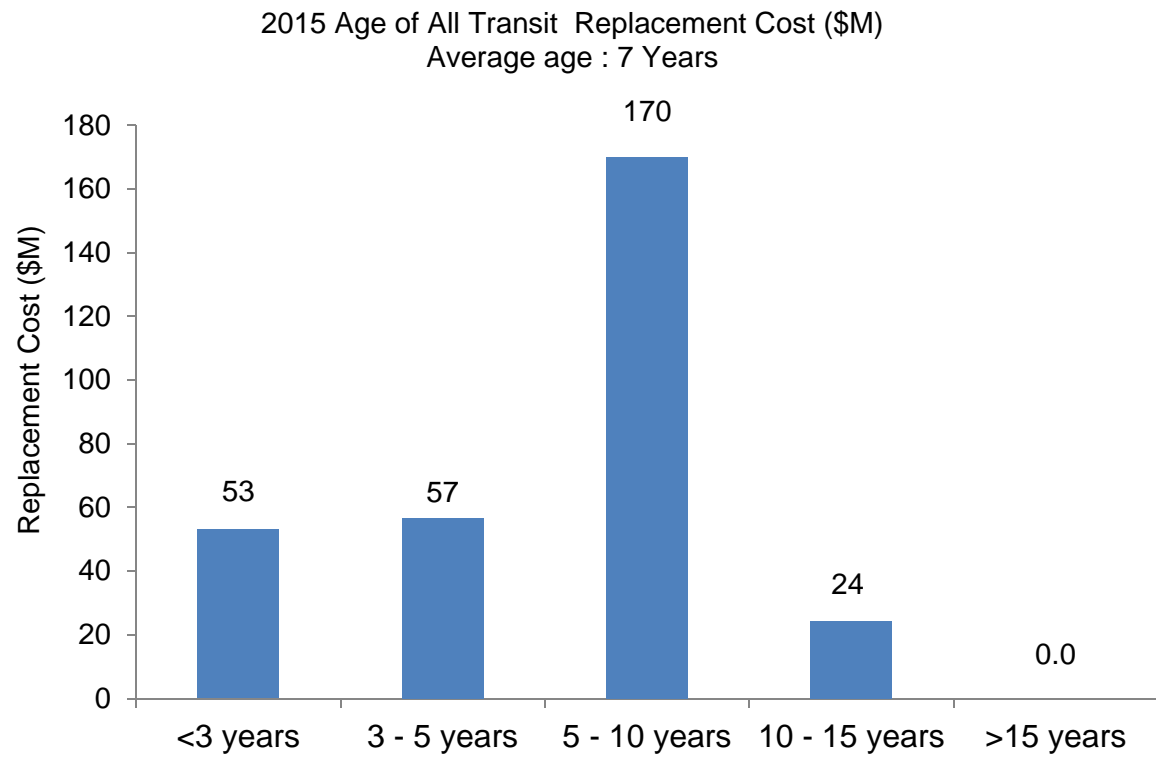
**Table 7.6: Useful Life Estimates (source: 2015 State of Infrastructure Report Card)**

Asset Type	Useful Life (years)
<b>Bus fleet (60' and 30')</b>	12
<b>Bus fleet (40')</b>	18
<b>Garages, terminals, and transit loops</b>	50
<b>Transit stops (shelters and platforms)</b>	15

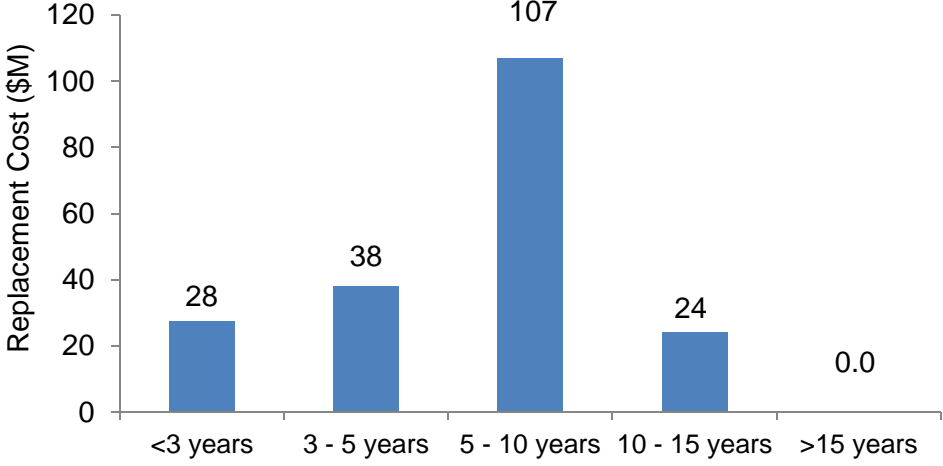
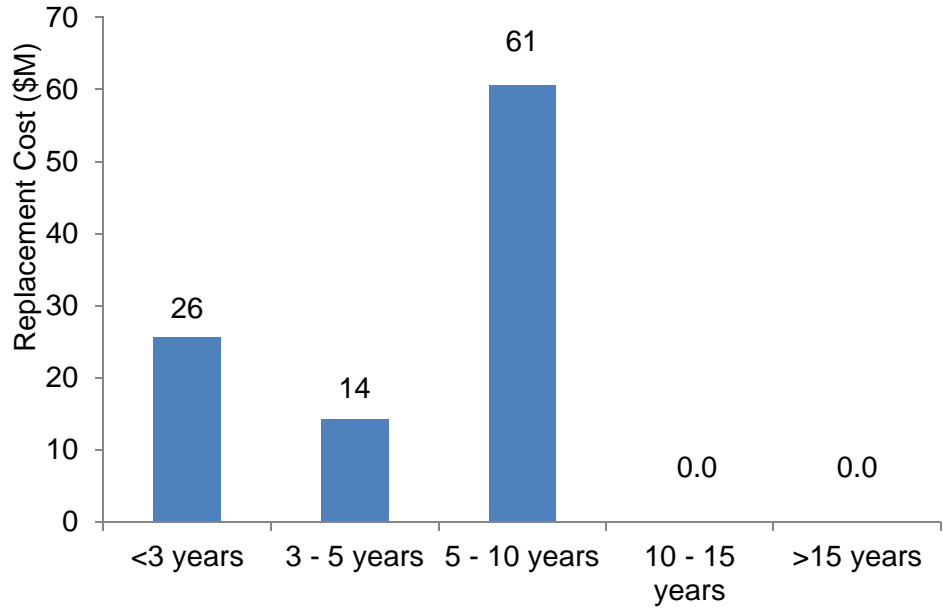
### 7.2.4.2 Fleet Age

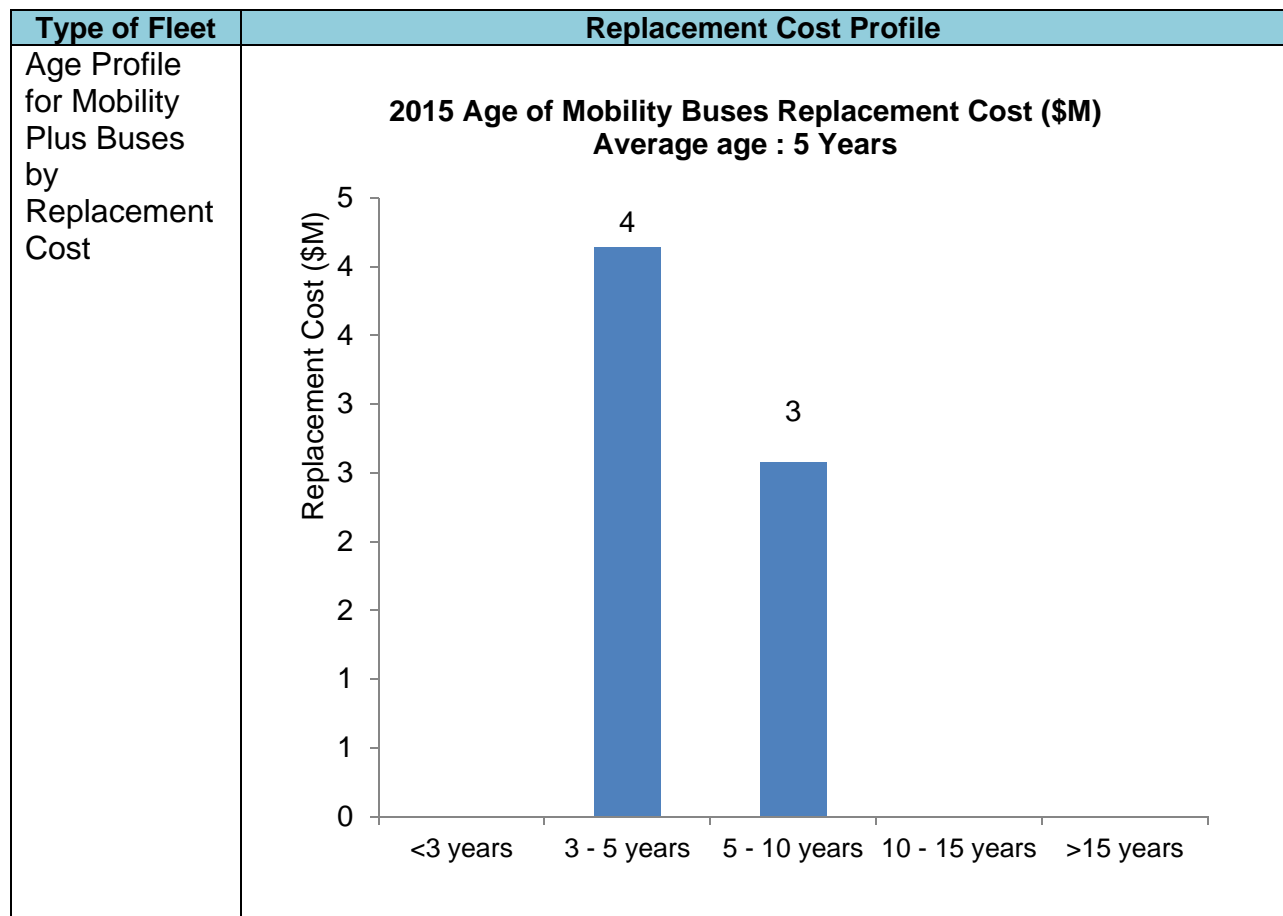
The following figure provides the age profile for the YRT/Viva conventional fleet. York Region own and operates conventional buses, Viva buses and the mobility plus program. Table 7.7 shows the replacement cost profile by age of asset and type of fleet.

**Figure 7.2: Age Profile for All Transit Buses by Replacement Cost (2015 Data)**



**Table 7.7: Replacement cost profile by type of fleet**

Type of Fleet	Replacement Cost Profile												
Age Profile for Conventional Buses by Replacement Cost (2015 Data)	<p style="text-align: center;"><b>2015 Age of Conventional Bus Replacement Cost (\$M)</b> <b>Average age : 7 Years</b></p>  <table border="1"> <thead> <tr> <th>Age Group</th> <th>Replacement Cost (\$M)</th> </tr> </thead> <tbody> <tr> <td>&lt;3 years</td> <td>28</td> </tr> <tr> <td>3 - 5 years</td> <td>38</td> </tr> <tr> <td>5 - 10 years</td> <td>107</td> </tr> <tr> <td>10 - 15 years</td> <td>24</td> </tr> <tr> <td>&gt;15 years</td> <td>0.0</td> </tr> </tbody> </table>	Age Group	Replacement Cost (\$M)	<3 years	28	3 - 5 years	38	5 - 10 years	107	10 - 15 years	24	>15 years	0.0
Age Group	Replacement Cost (\$M)												
<3 years	28												
3 - 5 years	38												
5 - 10 years	107												
10 - 15 years	24												
>15 years	0.0												
Age Profile for Viva Buses by Replacement Cost (2015 Data)	<p style="text-align: center;"><b>2015 Age of Viva Buses Replacement Cost (\$M)</b> <b>Average age : 7 Years</b></p>  <table border="1"> <thead> <tr> <th>Age Group</th> <th>Replacement Cost (\$M)</th> </tr> </thead> <tbody> <tr> <td>&lt;3 years</td> <td>26</td> </tr> <tr> <td>3 - 5 years</td> <td>14</td> </tr> <tr> <td>5 - 10 years</td> <td>61</td> </tr> <tr> <td>10 - 15 years</td> <td>0.0</td> </tr> <tr> <td>&gt;15 years</td> <td>0.0</td> </tr> </tbody> </table>	Age Group	Replacement Cost (\$M)	<3 years	26	3 - 5 years	14	5 - 10 years	61	10 - 15 years	0.0	>15 years	0.0
Age Group	Replacement Cost (\$M)												
<3 years	26												
3 - 5 years	14												
5 - 10 years	61												
10 - 15 years	0.0												
>15 years	0.0												



#### 7.2.4.3 Fleet remedial schedule and costs

Table 7.8 provides the planned fleet remedial schedule.

**Table 7.8: Fleet Capital Refresh, Rehabilitation, and Replacement Schedule**  
(Source Transit AMP)

Vehicle Type	30 ft. (years)	40 ft. (years)	60 ft. (years)	Mobility Plus (years)
<b>Total Life</b>	12	18	12	7 - 12
<b>Capital Refresh</b>	None	None	6	None
<b>Mid-Life (Rehabilitation)</b>	None	10	None	None

Table 7.9 shows the estimated cost of remedial activities for Transit fleet.

**Table 7.9: Cost Associated with Remedial Action**  
(Source Transit AMP)

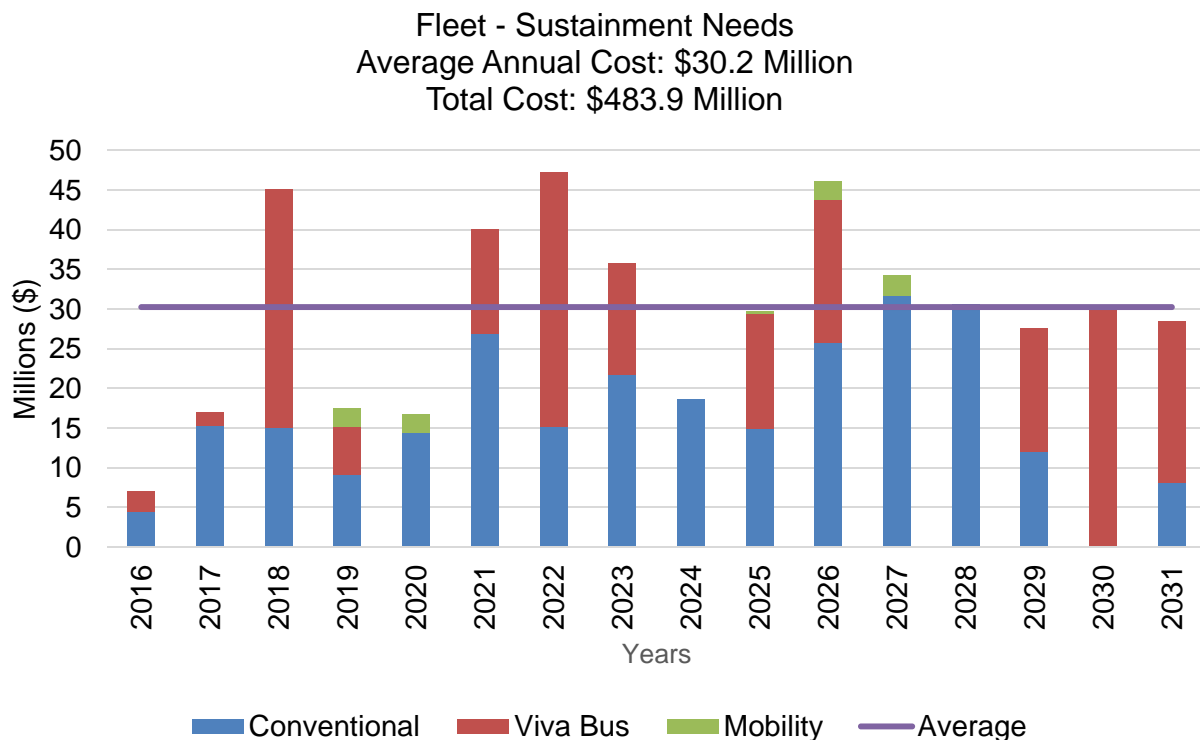
Action Type		Cost
Capital Refresh		\$70k
Midlife Rehabilitation		\$210k
Replacement/ Growth	Conventional	\$600k
	Viva	\$700k to \$1,200k
	Mobility Plus	\$260k

Note: Facilities costs are calculated using the inspection report performed by third party engineers and based on replacement cost of separate components within the building.

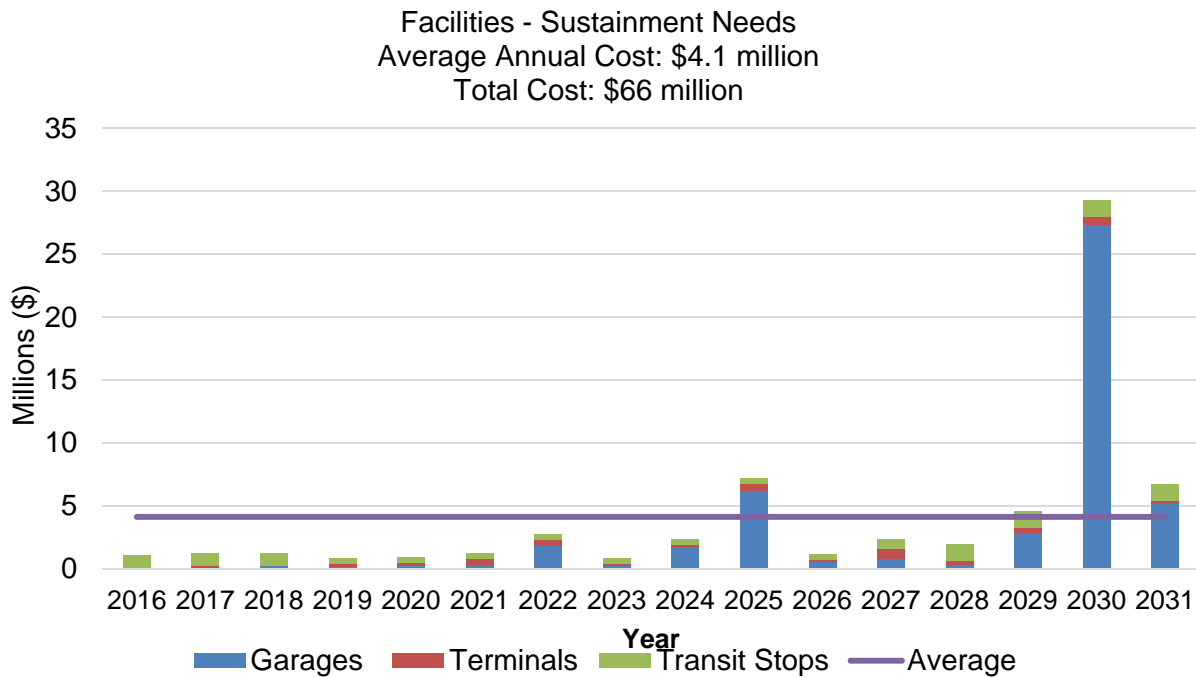
#### 7.2.4.4 Average Sustainment Requirements

Figures 7.3 and 7.4 provide the estimated Transit average sustainment needs (excluding maintenance) for fleet and facilities for 2016 to 2031 is (\$30.2M + \$4.1M) = \$34.3M

**Figure 7.3: Anticipated Fleet Sustainment Needs**

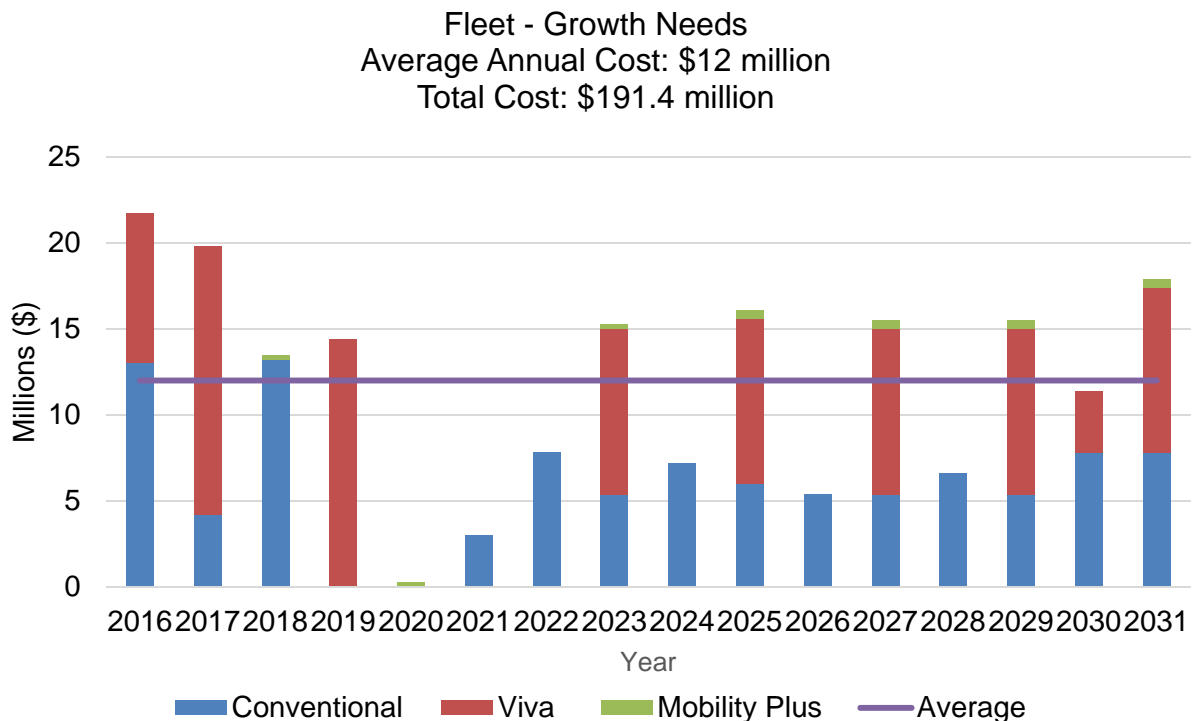


**Figure 7.4: Anticipated Facilities Sustainment Needs**

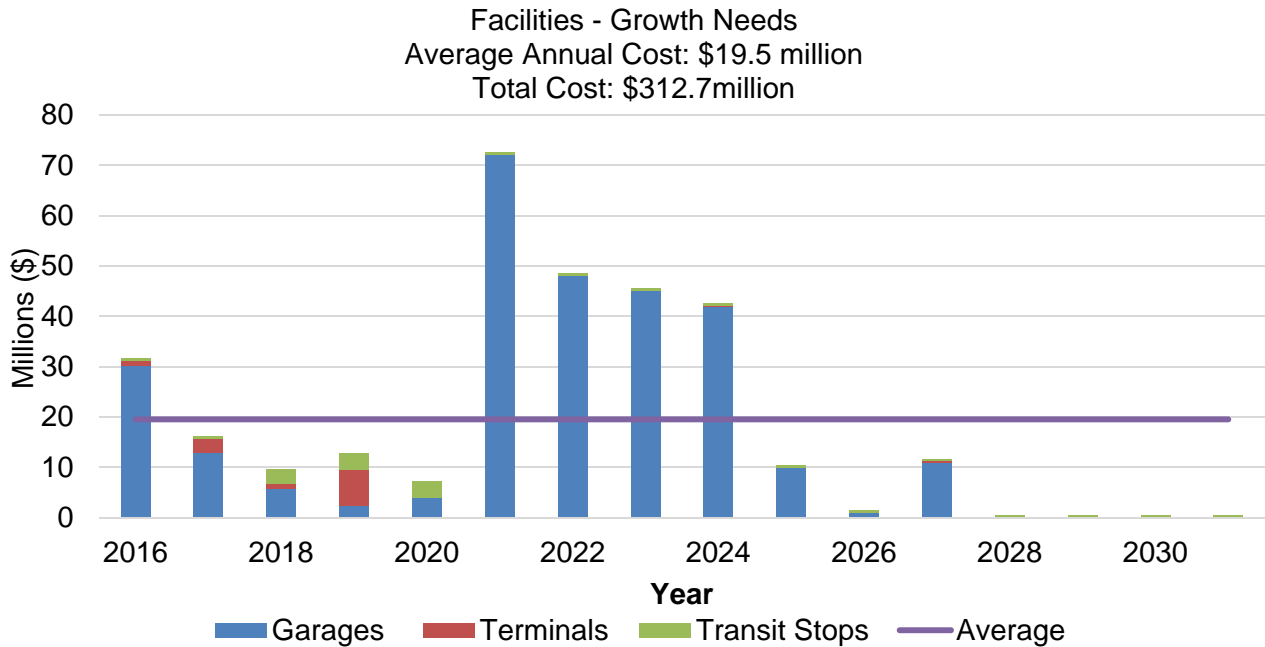


Based on Transit AMP, the average annual growth needs for fleet and facilities for 2016 to 2031 is  $(\$12 + \$19.5) = \$31.5\text{M}$  as indicated in Figures 7.5 and 7.6 below.

**Figure 7.5: Anticipated Fleet Growth Needs**

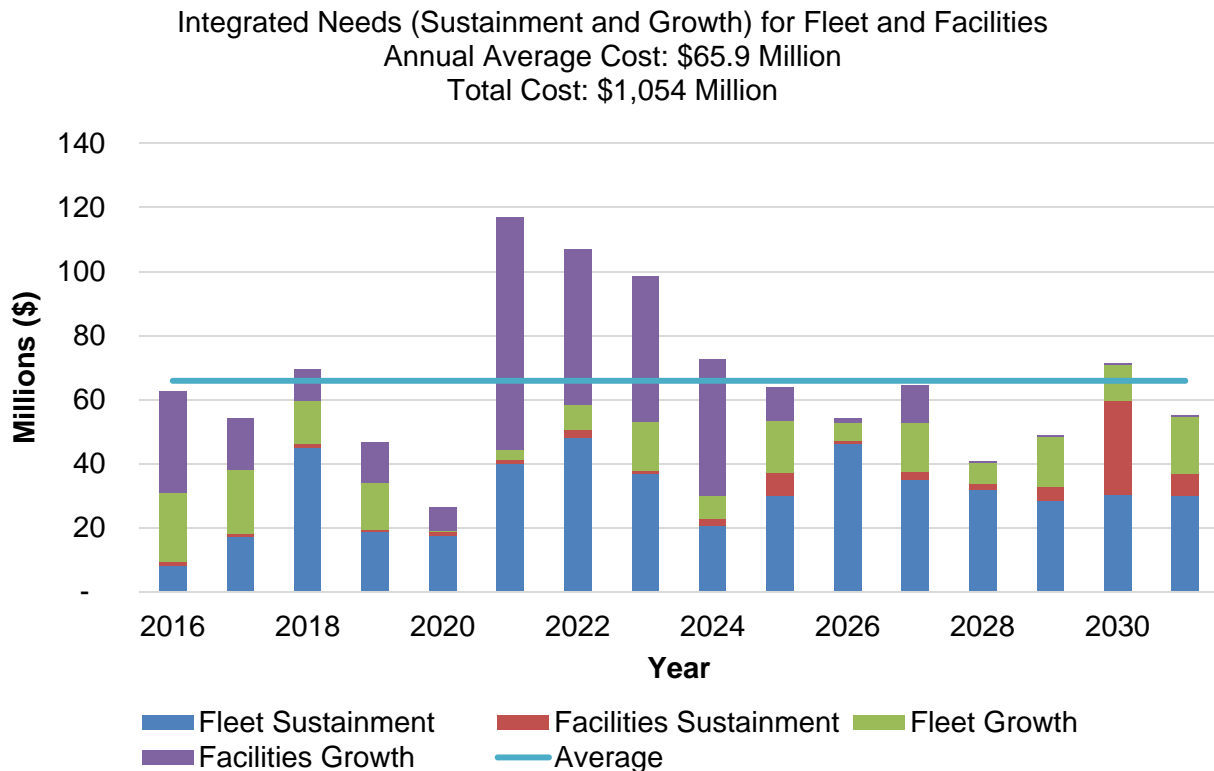


**Figure 7.6: Anticipated Facilities Growth Needs**



Based on Transit AMP, the average sustainment and growth needs for fleet and facilities for 2016 to 2031 is \$65.9M as indicated in Figure 7.7 below.

**Figure 7.7: Integrated Needs for Fleet and Facilities**



#### 7.2.4.5 Transit Asset Management Strategy

For transit vehicles, maintenance is managed through third party maintenance contracts. These performance-based contracts help incentivize the contractors to maintain appropriate levels of service. The service contract defines the criteria the third party has to follow which outline preventative maintenance, routine maintenance, and proactive maintenance requirements. These allow the Region to better benchmark and evaluate its current state.

Rehabilitation, defined as remedial actions increasing the life of the asset, is generally considered as capital expenditures. Remedial actions can increase the asset life by increasing its useful life as a whole or by installing new components to stretch out the useful life of the asset.

The purpose of replacement is to acquire an asset to substitute a current asset because the asset is at its end of life. This may slightly increase capacity and condition because of technological reasons. However the main purpose is to replace the asset due to age.

For transit fleet, the capital budget also includes capital refresh as part of sustainment in addition to rehabilitation and replacement. Although capital refresh may not extend the life of the asset beyond its design life it is part of capital expenses.

For transit fleet, York Region proactively performs midlife overhauls. Buses purchased by York Region Transit (YRT / Viva) have a design life of 12 years as specified by the original equipment manufacturer. The midlife overhaul extends the life of a normal vehicle of 12 years to 18 years as required by Regional Council. Additionally, a major overhaul of the mechanical systems is conducted, including engine, transmission, radiator, charge air cooler and drive axle assessment, brake relining, suspension replacement, and auxiliary heater and air conditioning refresh.

### **7.3 Estimated Lifecycle Costs**

#### **7.3.1 Lifecycle Cost Projection Methodology**

Asset lifecycles have been projected based on two methods depending on whether sufficient condition information is available. Typically, meaningful condition assessment information is not available until determinate signs of deterioration are observable. The two methods are summarized below in Table 7.10.

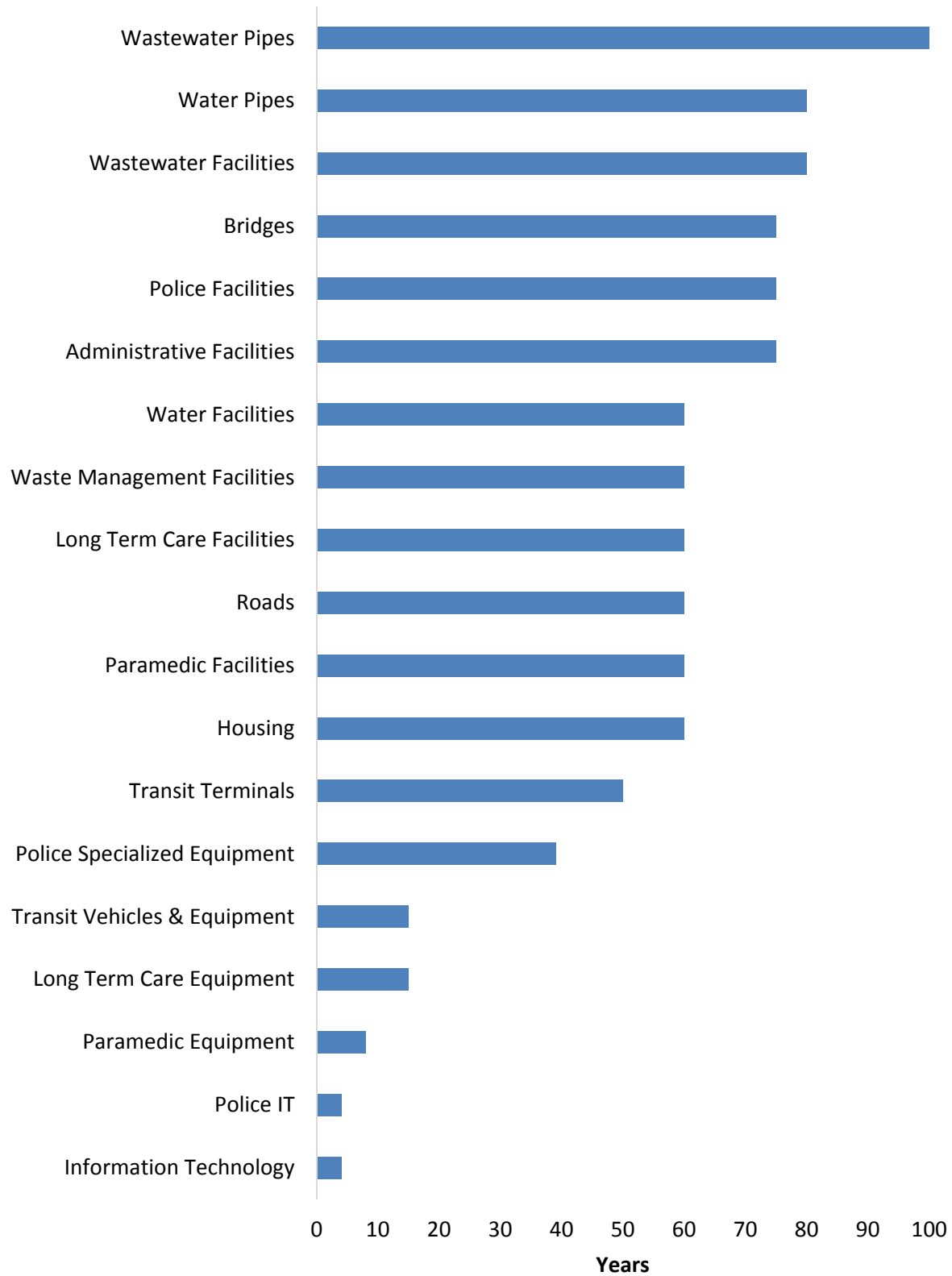


**Table 7.10: Lifecycle Cost Projection Methodology**

<b>Assets</b>	<b>Projection Method</b>
Newly constructed assets and assets planned but not yet designed or constructed	<b>Method A</b> Expected Service Life for Asset-Type Estimated Replacement Cost
Existing assets with condition assessment information	<b>Method B</b> Detailed Condition Assessment and Deterioration Projection results

Lifecycle costs for the majority of assets included in this plan have been projected based on Method A in Table 7.10 which assumes that assets will be replaced at the end of expected service life. Generally, the service life for the asset types included in this plan is presented in Figure 7.8.

**Figures 7.8: Expected Service Life**



### 7.3.2 Lifecycle Cost Summary

This section summarizes the long-term investment needs to sustain the DC-funded infrastructure required to enable growth to 2031. Table 7.11 summarizes the total lifecycle costs over a 100-year period. Detailed discussion regarding life cycle costs of transit assets can be found in Section 7.4.4.5 of this asset management plan.

Note that the gross project costs and the 100-year lifecycle needs estimate for the roads service area includes the roads projects that were funded through the 2017 Development Charge Bylaw as well as the 56 “Contingent Schedule B” projects being added to the bylaw through this proposed amendment.

**Table 7.11: Lifecycle Cost Summary of Growth Related Assets**  
(\$ Millions)

Service Area	Gross Project Costs (Emplacement)	100-Year Lifecycle Needs (Excluding Emplacement)
<u>Rate-Funded:</u>		
<b>Water*</b>	603	1,207
<b>Wastewater*</b>	1,793	6,675
<b>Sub-Total – Rate</b>	<b>2,395</b>	<b>7,883</b>
<u>Tax Levy-Funded</u>		
<b>Roads*</b>	4,284	7,206
<b>Transit</b>	382	1,921
<b>Toronto-York Spadina Extension**</b>	282	-
<b>Police*</b>	227	1,098
<b>Waste Diversion</b>	10	56
<b>Public Works*</b>	152	311
<b>Paramedic Services</b>	52	123
<b>Public Health</b>	17	156
<b>Social Housing</b>	185	294
<b>Courts</b>	22	40
<b>Sub-Total: Tax Levy</b>	<b>5,613</b>	<b>11,204</b>
<b>GRAND TOTAL</b>	<b>8,009</b>	<b>19,087</b>

\* 2017-2031 planning period for new growth projects. For all other services, a 2017-2026 planning period was used

\*\*Lifecycle costs will be fully funded by the City of Toronto

## **7.4 Potential Asset Management Strategies**

In general, assets included in this plan have yet to undergo environmental assessments and detailed design. This section identifies potential asset management strategies that may apply and will be considered in future lifecycle planning. Transit specific asset management strategies are discussed in Section 7.2.4.5 of this asset management plan.

### **7.4.1 Asset Condition Monitoring**

Increased need for condition monitoring and assessment across all infrastructure assets have been identified in York Region's Corporate State of Infrastructure Report and asset management plans. The most critical infrastructure assets receive the most asset management activity as York Region's relatively young assets continue to age. Continuous improvement in the areas of climate change impacts are ongoing as part of asset management activity.

Condition monitoring and assessments will support the refinement of asset management decision making from methods such as age-based planning to risk/condition/performance-based planning which may allow for the greatest service life to be realized, reducing lifecycle costs.

### **7.4.2 Asset Lifecycle Rehabilitation & Replacement Analysis**

In order to realize designed service lives, asset rehabilitation may be required for some assets. In most cases, lifecycle cost projections have included rehabilitation typical for each asset type, however, as more information is known about an asset, this broad projection can be tailored to consider specific factors affecting each asset for example, changing regulations or construction quality may apply to specific assets differently, impacting the lifecycle cost.

For major assets where rehabilitation or replacement is expected in the next 10 years, detailed condition assessments and monitoring is undertaken to verify asset deterioration and program short-term budget priorities as part of the annual budget process.

## 7.5 Financial Strategy

A detailed analysis was undertaken to evaluate the financial sustainability of the full life cycle costs of assets that are proposed to be funded under the development charges by-law as per Subsection 10(3) of the *Development Charges Act, 1997* (the Act).

Financial sustainability is defined, based on the Region's Fiscal Strategy, as:

1. Balancing the current and long-term needs of the Region by:
  - managing the capital plan, which sets priorities among infrastructure projects;
  - reducing reliance on debt; and
  - saving for the future by building up reserves
2. Generating stable and adequate financing to maintain Regional infrastructure and operational capacity to provide core services
  - Stable and adequate financing will rely on revenue sources available or confirmed at the time, without relying on additional support from higher levels of government
3. Aiming for equitable outcomes by ensuring benefiting users pay for the services they are provided (i.e., growth pays for growth)

In order to fully assess the financial impact of the projects in the Region's proposed 2018 Development Charge Bylaw amendment, it is necessary to consider all of the financial requirements that the Region will likely face in the future.

This analysis incorporates the full operating and capital requirements related to both existing and future assets as well as service areas without capital plans (e.g., Office of the Regional Chair, etc.). Consistent with the Region's Fiscal Strategy, the analysis assumes that capital reserves will be built up adequately to avoid the use of future user rate or tax levy debt for any foreseen asset lifecycle needs, including growth related capital. It also takes intergenerational equity into account by attempting to spread the cost of capital equitably across the tax/user rate base over time.

Asset management and lifecycle assumptions were derived from departmental asset management plans that are currently being developed. These plans will be finalized in 2018 in lock-step with asset management regulations being finalized by the province. To facilitate analysis of assets yet to be emplaced, weighted average useful lives have been used to estimate their lifecycle needs. It is acknowledged that these assets might be further componentized into smaller asset elements as they come on line but since they are similar to assets currently in use, the weighted useful life is deemed to be a reasonable proxy.

Water and wastewater infrastructure lifecycle costs are funded through water and

wastewater rates while all other infrastructure is funded primarily through the tax levy. As such, the Region's analysis looks at services funded through water and wastewater user rates separately from all tax-supported services.

### 7.5.1 Rate Funded (Water and Wastewater)

In 2015, York Region's Council approved six years of water and wastewater rate increases with the goal of reaching full cost recovery by 2021. Given the capital project plan at the time, the approved rates were thought to be sufficient to ensure that the full cost of water and wastewater services would not need to be subsidized by funds raised through the tax levy.

The approved rate increases also ensure that asset management activities can be afforded when they are required to minimize lifecycle costs and that there will be adequate reserve balances to avoid any future user rate debt. A description of the work that supported Council's 2015 rate approvals can be found in the Water and Wastewater Financial Sustainability Plan (the Plan) on the York Region website.

Tables 7.12 and 7.13 summarize the capital funding and additional (incremental) operating revenues and expenses related to the growth-related infrastructure identified in the 2017 DC Background Study. Operating expenditures include provisions for the emplacement of infrastructure and contributions to the replacement of new and existing assets to reflect their impact on billings.

**Table 7.12: Capital Funding Sources for Rate Supported Growth Projects 2017-2031 (Cost of emplacement)**

<b>Funding Sources (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
User Rate Funding (Reserves)	<b>15,455</b>	15,455	-	-
Development Charges	<b>2,304,507</b>	521,012	865,494	918,001
Other Funding	<b>75,262</b>	21,030	18,644	35,588
<b>Total</b>	<b>2,395,224</b>	<b>557,497</b>	<b>884,138</b>	<b>953,589</b>

**Table 7.13: Incremental Growth-Related operating Revenues and Expenses 2017-2031 – Rate Funded**

<b>Operating Impact of Growth (\$000's)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Salaries and Benefits	<b>30,351</b>	9,795	9,107	11,449
Program Specific Expenses	<b>39,803</b>	12,132	15,765	11,907
Financing Costs	<b>197,378</b>	10,177	90,448	96,753
Contribution to Replacement of New Assets	<b>102,575</b>	72,476	10,933	19,166
Other Expenses*	<b>14,064</b>	2,361	5,164	6,538
<b>Gross Expenditures</b>	<b>384,171</b>	<b>106,941</b>	<b>131,418</b>	<b>145,813</b>
User Rates	<b>(181,486)</b>	(98,582)	(39,456)	(43,448)
Fees and Charges	<b>(1,225)</b>	(228)	(437)	(559)
Development Charges	<b>(171,688)</b>	(6,177)	(81,140)	(84,371)
<b>Total Revenue</b>	<b>(354,399)</b>	<b>(104,987)</b>	<b>(121,033)</b>	<b>(128,379)</b>
<b>Potential Billing Revenue Requirements</b>	<b>29,773</b>	<b>1,954</b>	<b>10,385</b>	<b>17,434</b>

\*Other Expenses include General Expenses; Professional Contracted Services; Occupancy & R&M Costs; Minor Capital; and Allocations and Capital Recoveries

Overall, the additional costs for water and wastewater services due to growth are paid for through revenues generated by growth. Over the 15-year period from 2017-2031, it is anticipated that growth will increase expenditures by \$384 million and increase revenue by \$354 million, resulting in a net impact of \$30 million on the existing user base over 15 years. The water and wastewater projects in the DC Background Study are consistent with those identified in the Plan and based on the anticipated revenues generated by the rates approved by Council, are deemed to be financially sustainable.

### 7.5.2 Tax Levy Funded

A similar methodology to that which was used in the water and wastewater analysis was also applied to services funded by property taxes.

Tables 7.14 and 7.15 summarize the capital funding and additional (incremental) operating revenues and expenses related to growth projects on the main list of the 2017 DC Background Study. Similar to the user rate analysis, the incremental operating requirements calculated here include operating costs resulting from the emplacement of infrastructure and contributions to the replacement of new and existing assets.

**Table 7.14: Capital Funding Sources for Tax Levy Supported Growth Projects on the Main List of the 2017 DC Background Study 2017-2031(cost of emplacement)**

<b>Funding Sources (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Tax Levy Funding (Reserves)	<b>900,912</b>	399,765	257,859	243,288
Development Charges	<b>2,643,653</b>	1,261,830	858,592	523,232
Other Funding	<b>593,938</b>	320,954	173,766	99,218
<b>Total</b>	<b>4,138,503</b>	<b>1,982,548</b>	<b>1,290,217</b>	<b>865,737</b>

As shown in Table 7.15, it is anticipated that growth will increase operating expenditures by \$722 million and increase operating and assessment growth revenue by \$421 million, resulting in a net impact of \$301 million to be recovered from the existing tax base over the 15-year forecast period. This funding requirement is considered to be financially sustainable as it is expected that it can be absorbed by the tax base over the forecast period through tax levy increases.



**Table 7.15: Incremental Growth-Related Operating Revenues and Expenses for the Main List of the 2017 DC Background Study 2017-2031 – Tax Levy Funded**

<b>Operating Impact of Growth (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Salaries and Benefits	<b>291,925</b>	78,289	94,653	118,983
General Expenses	<b>53,993</b>	14,928	17,331	21,734
Program Specific Expenses	<b>176,077</b>	42,589	59,798	73,690
Financing Costs	<b>(11,337)</b>	(2,821)	(3,310)	(5,206)
Professional Contracted Services	<b>26,374</b>	5,645	9,270	11,459
Occupancy & R&M Costs	<b>55,090</b>	12,379	18,762	23,948
Contributions to Operating Reserves	<b>8,754</b>	(4,134)	5,694	7,194
Contribution to Asset Emplacement	<b>96,834</b>	27,502	33,755	35,577
Contribution to Replacement of New Assets	<b>62,131</b>	17,646	21,658	22,827
Allocations and Capital Recoveries	<b>(37,653)</b>	(12,032)	(11,253)	(14,367)
Other Expenses*	<b>3</b>	(328)	149	183
<b>Gross Expenditures</b>	<b>722,190</b>	<b>179,663</b>	<b>246,507</b>	<b>296,020</b>
Grant Subsidies	<b>(117,803)</b>	(27,034)	(40,499)	(50,270)
User Rates	<b>(32,751)</b>	(10,798)	(9,893)	(12,060)
Contribution from Reserves	<b>(3,628)</b>	6,006	(4,276)	(5,358)
Development Charges	<b>8,252</b>	(4,884)	5,270	7,866
Other Revenues**	<b>(30,301)</b>	(5,768)	(10,963)	(13,569)
<b>Total Revenue</b>	<b>(176,231)</b>	<b>(42,478)</b>	<b>(60,362)</b>	<b>(73,391)</b>
<b>Net Budget Before Assessment Growth</b>	<b>545,959</b>	<b>137,185</b>	<b>186,145</b>	<b>222,629</b>
Assessment Growth Revenue	<b>(245,196)</b>	(81,259)	(81,671)	(82,266)
<b>Potential Tax Levy Requirements</b>	<b>300,763</b>	<b>55,926</b>	<b>104,474</b>	<b>140,363</b>

\*Other Expenses include Chair & Council Expenses, Minor Capital and Departmental Recoveries

\*\*Other Revenues include User Rate Recoveries (Water/Wastewater); Third Party Recoveries; Fees and Charges; and Court Revenues Disbursement

The results of this analysis reflect the best information available at this time and are based on a number of critical assumptions, which carry an inherent degree of

uncertainty. However, detailed analysis will continue through the annual budget process to confirm actual levels of spending, mitigate tax rate impacts and employ other funding mechanisms where possible and subject to the Fiscal Strategy. For example, revising service levels, asset management and/or financing strategies could also contribute to alleviating the funding need.

### **7.5.3 Transit Services**

The preceding analysis includes Transit related growth costs. However, Regulation 82/98 (as amended) of the *Development Charges Act* prescribes specific requirements for Transit services. One of the requirements is a detailed financial strategy that:

- Shows the yearly expenditure forecasts that are proposed to achieve the proposed level of service, categorized by,
  - A. non-infrastructure solutions,
  - B. maintenance activities,
  - C. renewal and rehabilitation activities,
  - D. replacement activities,
  - E. disposal activities, and
  - F. expansion activities,
- Provides actual expenditures in respect of the categories set out above from the previous two years, if available, for comparison purposes,
- Gives a breakdown of yearly revenues by source,
- Discusses key assumptions and alternative scenarios where appropriate, and
- Identifies any funding shortfall relative to financial requirements that cannot be eliminated by revising service levels, asset management or financing strategies, and discusses the impact of the shortfall and how the impact will be managed.

Tables 7.16 and 7.17 summarize the capital funding and additional (incremental) operating revenues and expenses specifically related to growth in Transit services.

**Table 7.16: Capital Funding Sources for Growth Related Transit Projects 2017-2031 (cost of emplacement)**

<b>Funding Sources (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Tax Levy Funding (Reserves)	<b>64,934</b>	45,027	19,908	-
Development Charges	<b>153,613</b>	110,020	43,593	-
Other Funding	<b>163,420</b>	109,815	53,604	-
<b>Total</b>	<b>381,967</b>	<b>264,862</b>	<b>117,105</b>	<b>-</b>

**Table 7.17: Incremental Growth-Related Operating Revenues and Expenses 2017-2031 – Transit Services**

<b>Operating Impact of Growth (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
<b><i>Maintenance/Non-Infrastructure Solutions</i></b>				
Salaries and Benefits	<b>14,244</b>	3,989	4,272	5,983
General Expenses	<b>17,397</b>	814	7,380	9,203
Program Specific Expenses	<b>95,375</b>	29,911	29,502	35,963
Financing Costs	<b>2,785</b>	(1,445)	1,741	2,489
Professional Contracted Services	<b>(563)</b>	(563)	0	0
Occupancy & R&M Costs	<b>23,794</b>	4,552	8,649	10,593
Minor Capital	<b>7</b>	7	0	0
Allocations and Capital Recoveries	<b>(365)</b>	44	(169)	(240)
<b><i>Renewal/Rehabilitation &amp; Replacement/Disposal Activities</i></b>				
Contribution to Replacement of New Assets	<b>10,793</b>	7,265	1,570	1,958
<b><i>Expansion Activities</i></b>				
Contribution to Asset Emplacement	<b>5,652</b>	3,804	822	1,025
<b>Gross Expenditures</b>	<b>169,119</b>	<b>48,378</b>	<b>53,767</b>	<b>66,975</b>
User Rates	<b>(32,677)</b>	(10,741)	(9,885)	(12,050)
Third Party Recoveries	<b>(2)</b>	0	(1)	(1)
Contribution from Reserves	<b>(4,198)</b>	(301)	(1,734)	(2,163)
Development Charges	<b>108</b>	19	44	44
<b>Total Revenue</b>	<b>(36,768)</b>	<b>(11,023)</b>	<b>(11,576)</b>	<b>(14,169)</b>

<b>Operating Impact of Growth (\$000s)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
<b>Potential Tax Levy Requirements</b>	<b>132,351</b>	<b>37,355</b>	<b>42,191</b>	<b>52,805</b>

As shown in Table 7.17, growth in Transit services is projected to create an additional \$169 million in expenses for the Region, of which only \$37 million (22%) will be recuperated through new user rates (transit fares) and other funding sources. The remainder will have to be collected through higher property taxes on existing residents. As noted in the aggregate analysis discussed in Section 7.5.2 above, this funding requirement is considered to be financially sustainable as it is expected that it can be absorbed by the tax base over the forecast period through tax levy increases. Alternatively, revising service levels, asset management and/or financing strategies could contribute to alleviating the funding need. These alternatives will be examined in more detail through the annual budget process.

#### **7.5.4 Amendment Schedule (“Part B” of Contingency Schedule G to the 2017 Development Charge Bylaw)**

The 2018 DC Bylaw amendment would add the 56 projects from “Part B” of Contingency Schedule G to the 2017 Development Charge Bylaw. The gross capital cost of these projects is \$1.47 billion, with \$1.34 billion to come from Development Charges revenue and the remaining \$137 million to come from the tax levy.

**Table 7.18: Comparison of Capital Funding Sources for Tax Levy Supported Growth Projects 2017-2031(cost of emplacement)**

<b>Funding Sources (\$000s)</b>	<b>Main 2017 DC List with Contingency List B Projects*</b>	<b>Main DC List</b>	<b>Variance</b>
Tax Levy Funding (Reserves)	1,037,791	900,912	136,879
Development Charges	3,981,614	2,643,653	1,337,961
Other Funding	593,938	593,938	-
<b>Total</b>	<b>5,613,343</b>	<b>4,138,503</b>	<b>1,474,840</b>

\*Only includes those assets for which the Region is currently responsible

In the absence of additional revenue, these projects would increase the tax levy requirements over the 2017-2031 period by approximately \$65 million compared to the projects in the main list in the 2017 DC Background Study to fund the capital and operating costs related to these projects. Table 7.19 below compares the incremental growth-related costs of the DC project list with and without the projects in Contingency List B. (This analysis only includes those assets for which the Region is currently responsible).

The tax levy requirements summarized in Table 7.18 above and Table 7.19 below are considered financially sustainable because they can be absorbed by the tax base over the forecast period through tax levy increases. Including non-growth tax levy requirements, the tax levy increase related to the main project list is estimated to be in the range of 3.5 to 4.0 per cent per year. Adding the projects from Contingency List B would increase this estimate by approximately 30 basis points, to a range of 3.8 per cent to 4.3 per cent per year.

However, in the current term, it has been Council's objective to keep annual tax levy increases at 3 per cent or less. Although additional analysis through the annual budget process will aim to mitigate the tax rate impacts noted above, current estimates suggest that meeting Council's tax levy target while undertaking all of the projects included in the 2017 Development Charge Bylaw, as amended by the proposed draft 2018 Bylaw, will require additional revenues above and beyond what can be generated through a three per cent annual tax levy increase. A total of approximately \$110 million per year in additional revenue would be required. This additional revenue need is approximately \$30 million higher than the additional revenue needed to fund the projects included in the 2017 Development Charge Bylaw.

These estimates have a degree of uncertainty as they are based on a number of critical assumptions about future service levels, cost pressures, and length of time to build reserves to fund future asset management requirements. They are based on the best information available at this time and will continue to be reviewed and analyzed through the annual budget process.

**Table 7.19: Comparison of Incremental Growth-related Operating Revenues and Expenses 2017-2031 – Tax Levy Funded**

Operating Impact of Growth (\$000s)	Main 2017 DC List with Contingency List B Projects*	2017 Main DC List	Variance
Salaries and Benefits	307,187	291,925	15,262
General Expenses	58,236	53,993	4,243
Program Specific Expenses	176,078	176,077	1
Financing Costs	(11,329)	(11,337)	8
Professional Contracted Services	26,416	26,374	42
Occupancy & R&M Costs	55,516	55,090	426
Contributions to Operating Reserves	8,369	8,754	(385)
Contribution to Asset Emplacement	124,067	96,834	27,233
Contribution to Replacement of New Assets	85,856	62,131	23,725

<b>Operating Impact of Growth (\$000s)</b>	<b>Main 2017 DC List with Contingency List B Projects*</b>	<b>2017 Main DC List</b>	<b>Variance</b>
Allocations and Capital Recoveries	(43,596)	(37,653)	(5,943)
Other Expenses**	5	3	2
<b>Gross Expenditures</b>	<b>786,805</b>	<b>722,190</b>	<b>64,615</b>
Grant Subsidies	(117,803)	(117,803)	-
User Rates	(32,751)	(32,751)	-
Contribution from Reserves	(3,628)	(3,628)	-
Development Charges	8,252	8,252	-
Other Revenues***	(30,301)	(30,301)	-
<b>Total Revenue</b>	<b>(176,231)</b>	<b>(176,231)</b>	<b>-</b>
<b>Net Budget Before Assessment Growth</b>	<b>610,574</b>	<b>545,959</b>	<b>64,615</b>
Assessment Growth Revenue	(245,196)	(245,196)	-
<b>Potential Tax Levy Requirements</b>	<b>365,378</b>	<b>300,763</b>	<b>64,615</b>

\*Only includes those assets for which the Region is currently responsible

\*\*Other Expenses include Chair & Council Expenses, Minor Capital and Departmental Recoveries

\*\*\*Other Revenues include User Rate Recoveries (Water/Wastewater); Third Party Recoveries; Fees and Charges; and Court Revenues Disbursement

## **7.6 Conclusion**

York Region has undertaken asset management planning analysis to ensure that assets required to enable growth to 2031 are financially sustainable.

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# Appendix A

## Interjurisdictional Scan of Development Charges

This Appendix is split into two parts:

This first part provides an interjurisdictional scan of development charge rates in neighboring municipalities (as of April 19th, 2018 except for the City of Toronto which is as of May 1, 2018). It compares, across municipalities:

- Residential development charge rates (single family detached, large apartments and small apartments)
- Non-residential development charge rates (retail, office and industrial)

York Region rates are as proposed under the 2018 Development Charge Bylaw amendment.

Figure A.1 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per single detached dwelling as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

Figure A.2 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per large apartments as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

Figure A.3 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per small apartments as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

Figure A.4 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per square foot for retail developments as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

Figure A.5 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per square foot for industrial developments as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

Figure A.6 provides a comparison of total development charge rates for all Greater Toronto Area municipalities per square foot for office developments as of April 19th, 2018, except for the City of Toronto which is as of May 1, 2018.

This second part provides an interjurisdictional scan of development charge rates in Barrie and Simcoe County (as of April 19th, 2018). It compares, across municipalities:

Residential development charge rates (single family detached, large apartments and small apartments)

Non-residential development charge rates (retail, office and industrial)

York Region rates are as proposed under the 2018 Development Charge Bylaw Amendment.

Figure A.7 provides a comparison of total development charge rates for Barrie and all Simcoe County municipalities per single detached dwelling as of April 19th, 2018.

Figure A.8 provides a comparison of total development charge rates for Barrie and all Simcoe County municipalities per large apartments as of April 19th, 2018.

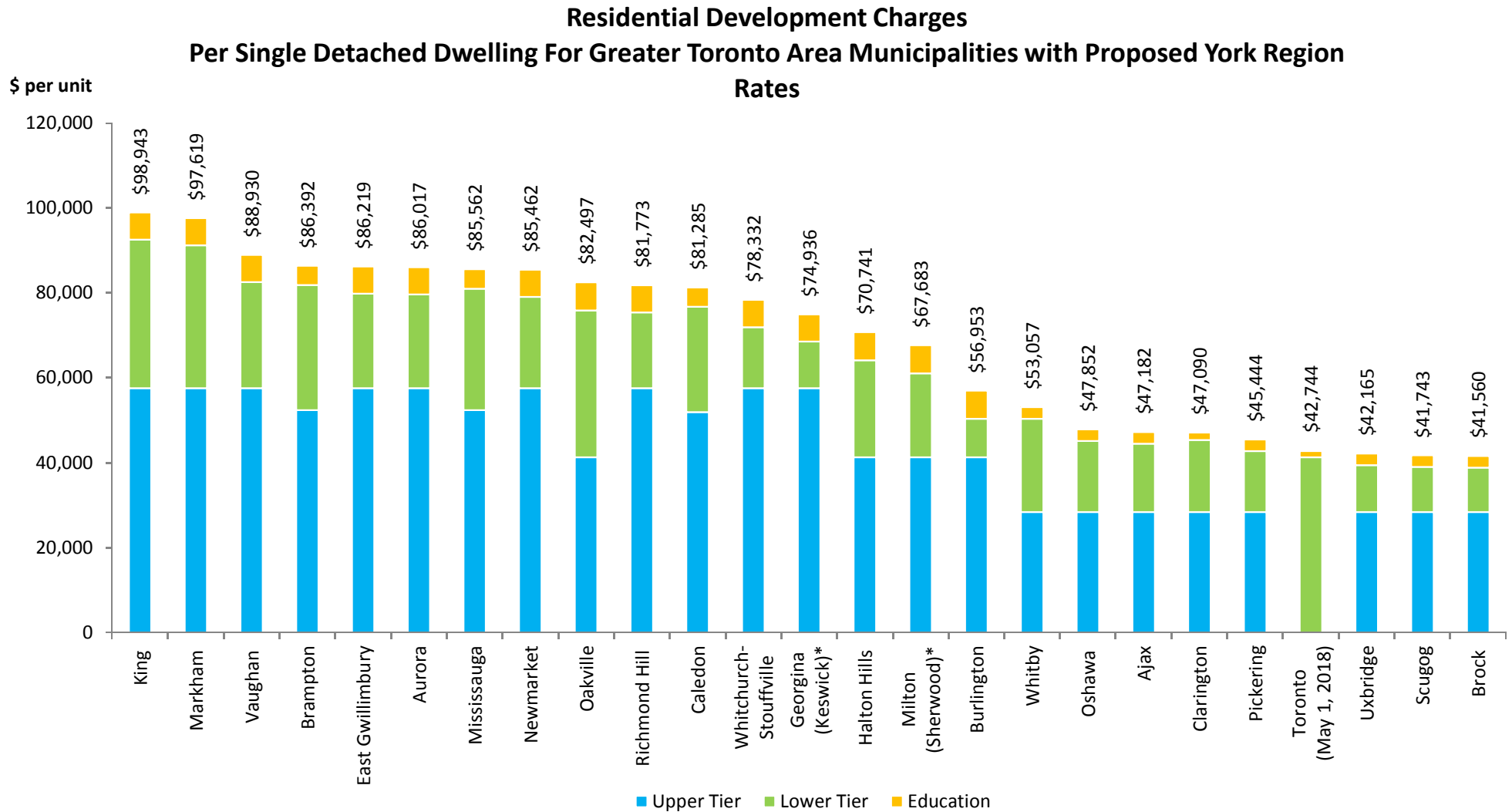
Figure A.9 provides a comparison of total development charge rates for Barrie and all Simcoe County per small apartments as of April 19th, 2018.

Figure A.10 provides a comparison of total development charge rates for Barrie and all Simcoe County municipalities per square foot for retail developments as of April 19th, 2018.

Figure A.11 provides a comparison of total development charge rates for Barrie and all Simcoe County per square foot for industrial developments as of April 19th, 2018.

Figure A.12 provides a comparison of total development charge rates for Barrie and all Simcoe County municipalities per square foot for office developments as of April 19th, 2018.

Figure A.1



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

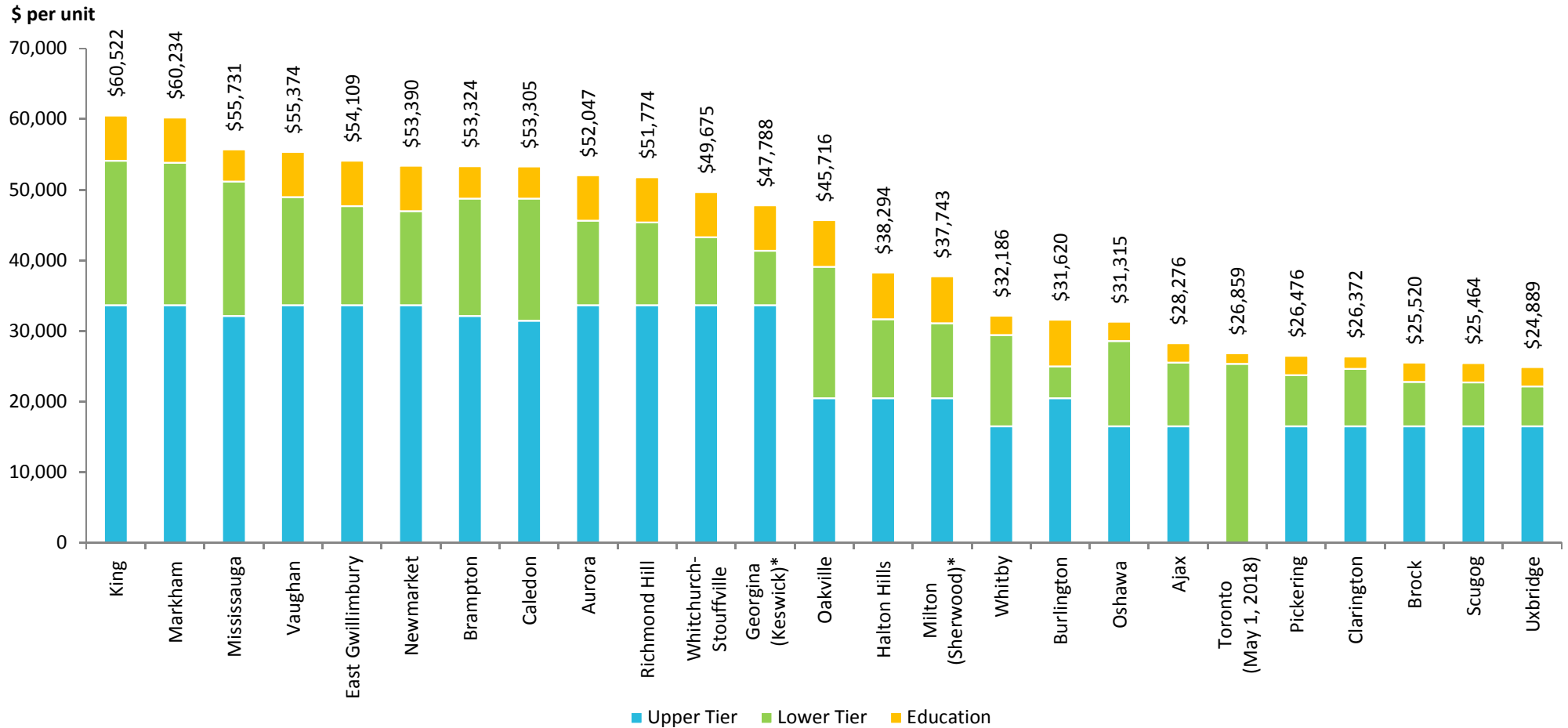
Notes:

1) Rates other than York Region and Toronto as of April 18, 2018

2) Rates gross of any exemptions that may apply

Figure A.2

# Residential Development Charges Per Large Apartment For Greater Toronto Area Municipalities with Proposed York Region Rates



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

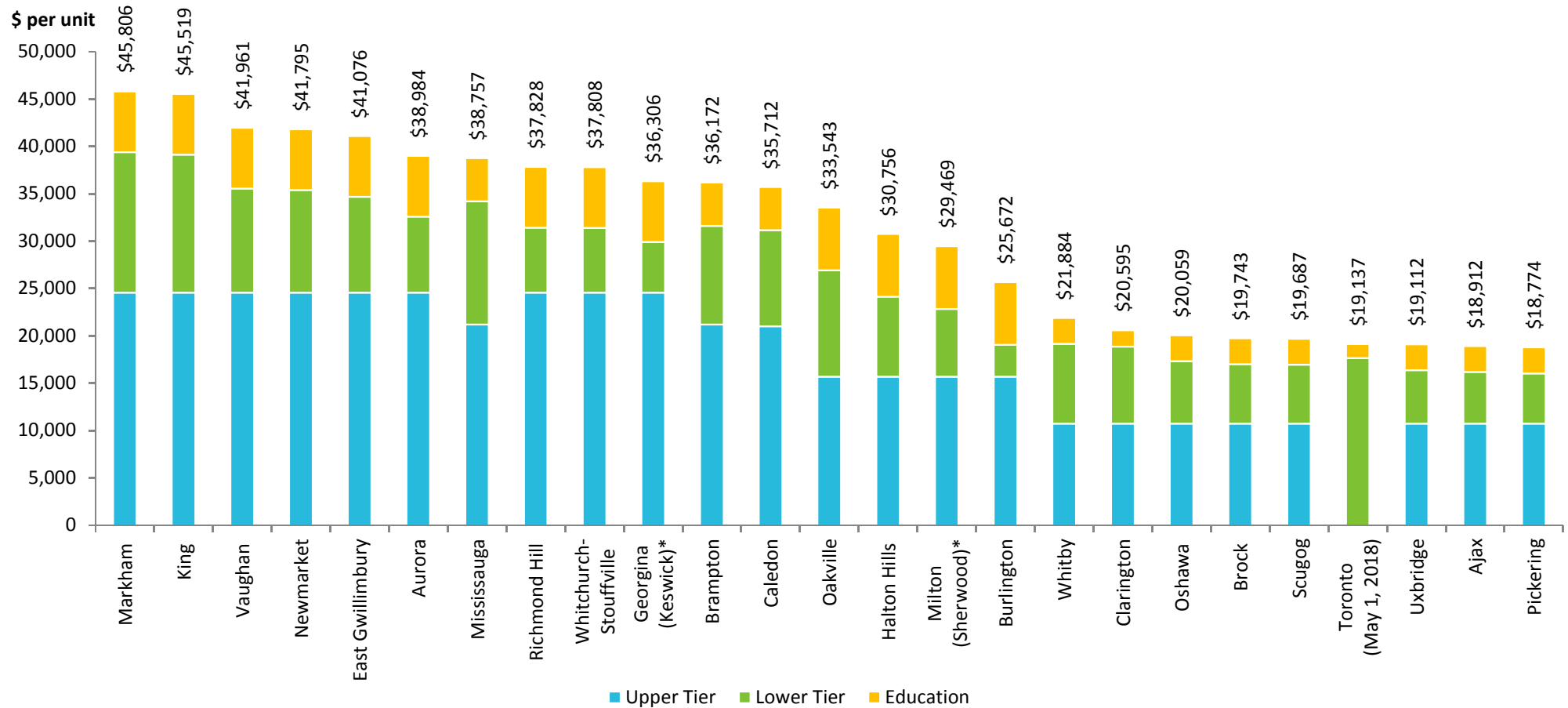
Notes:

1) Rates other than York Region and Toronto as of April 18, 2018

2) Rates gross of any exemptions that may apply

Figure A.3

### Residential Development Charges Per Small Apartment For Greater Toronto Area Municipalities with Proposed York Region Rates



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

Notes:

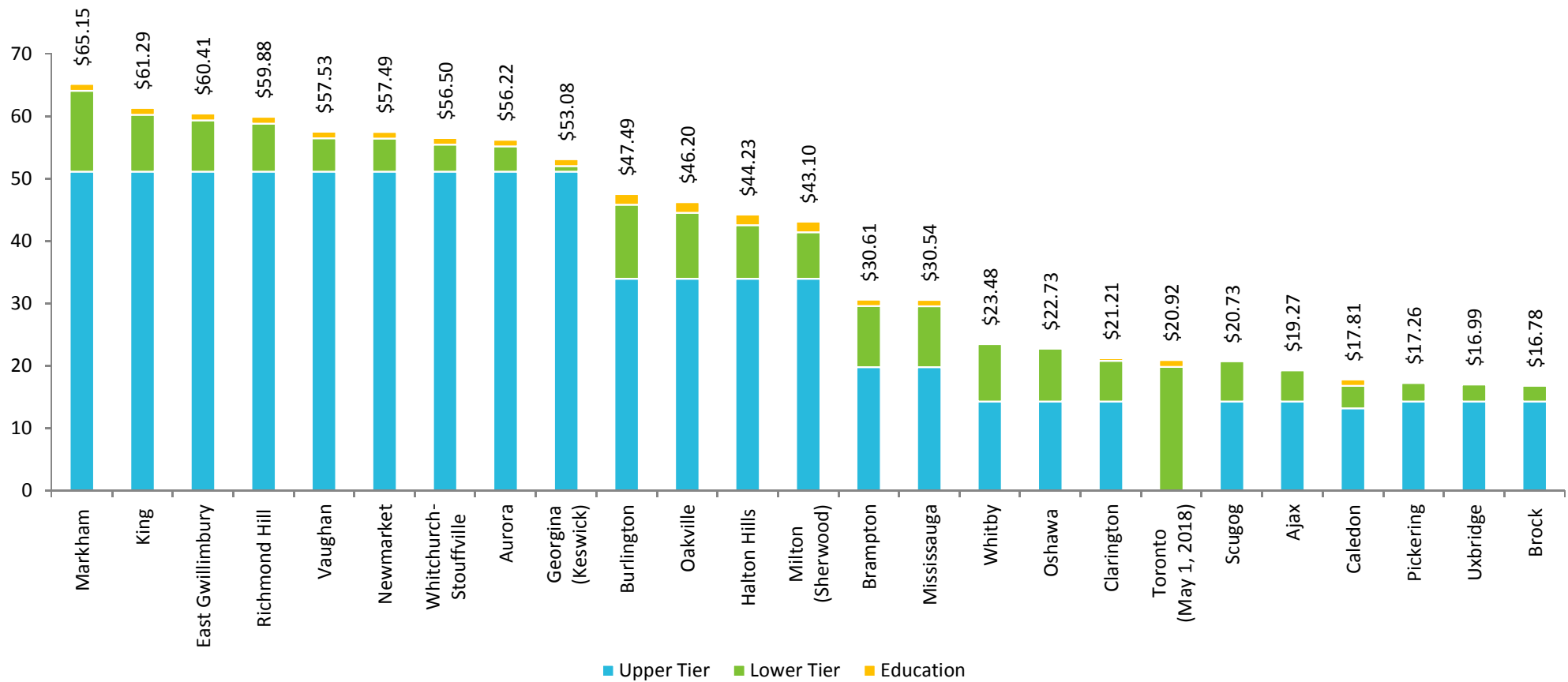
1) Rates other than York Region and Toronto as of April 18, 2018

2) Rates gross of any exemptions that may apply

Figure A.4

# **Non-Residential Development Charges** **Per Gross Floor Area of Retail Floor Area For Greater Toronto Area Municipalities with Proposed York Region Rates**

\$ per square foot



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

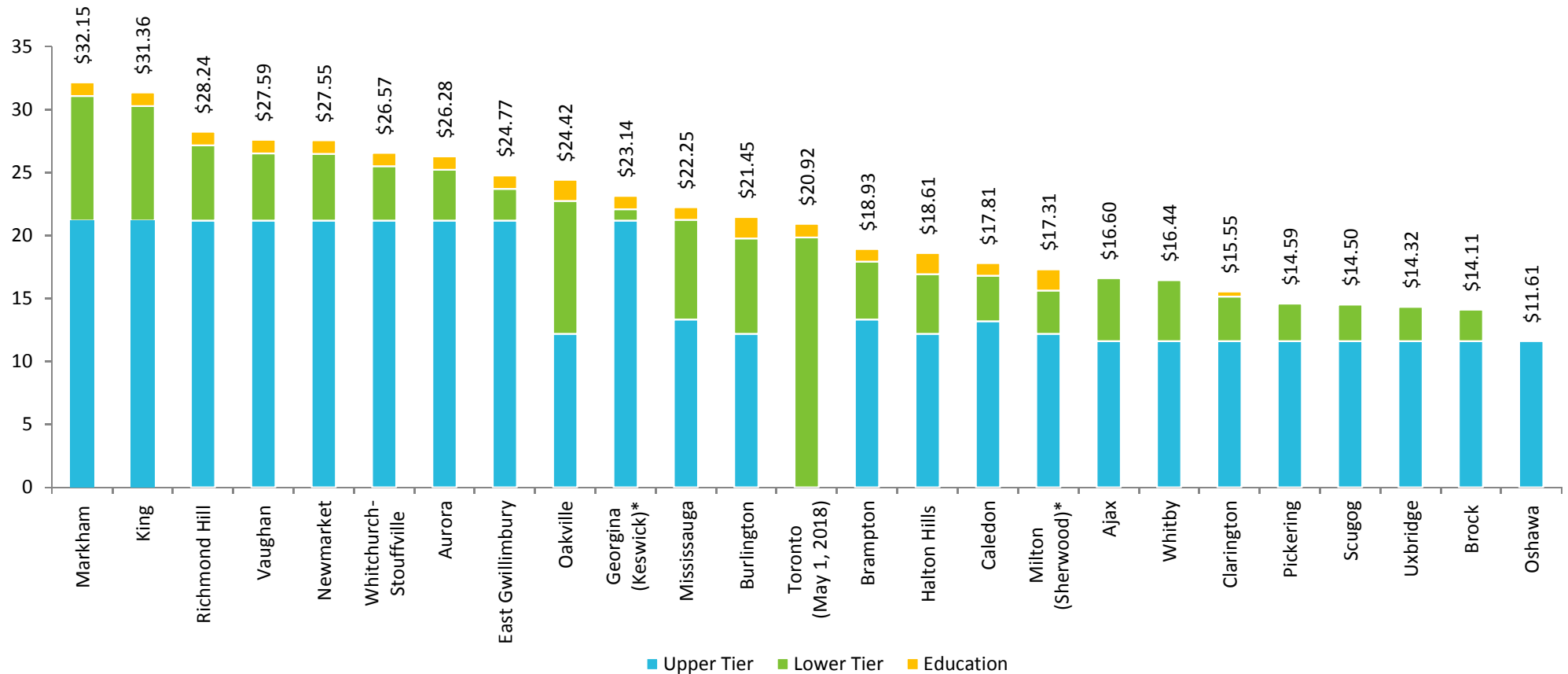
Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only

Figure A.5

# **Non-Residential Development Charges** **Per Gross Floor Area of Industrial Floor Area for Greater Toronto Area Municipalities with Proposed** **York Region Rates**

\$ per square foot



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

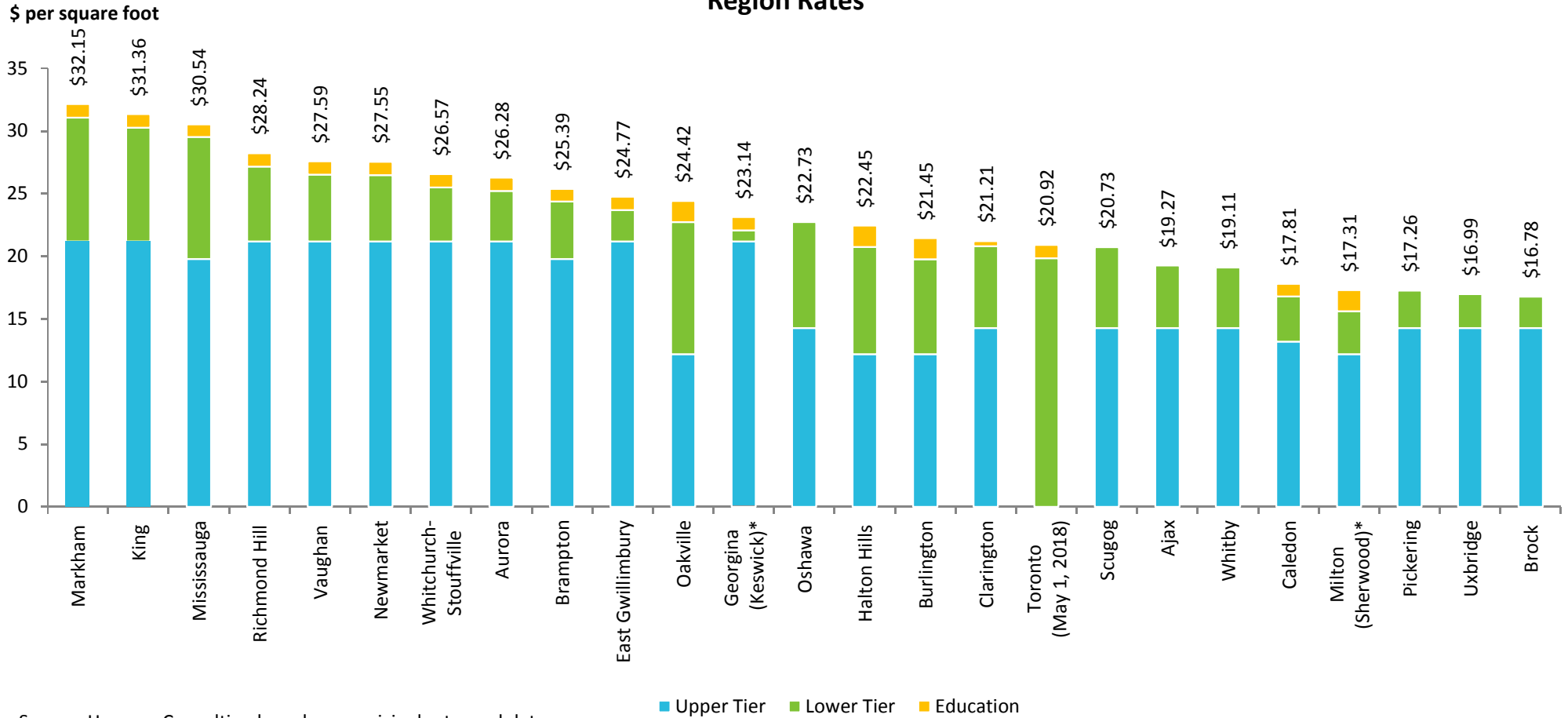
Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only



Figure A.6

# **Non-Residential Development Charges** **Per Gross Floor Area of Office Floor Area for Greater Toronto Area Municipalities with Proposed York Region Rates**



Source: Hemson Consulting based on municipal rate card data

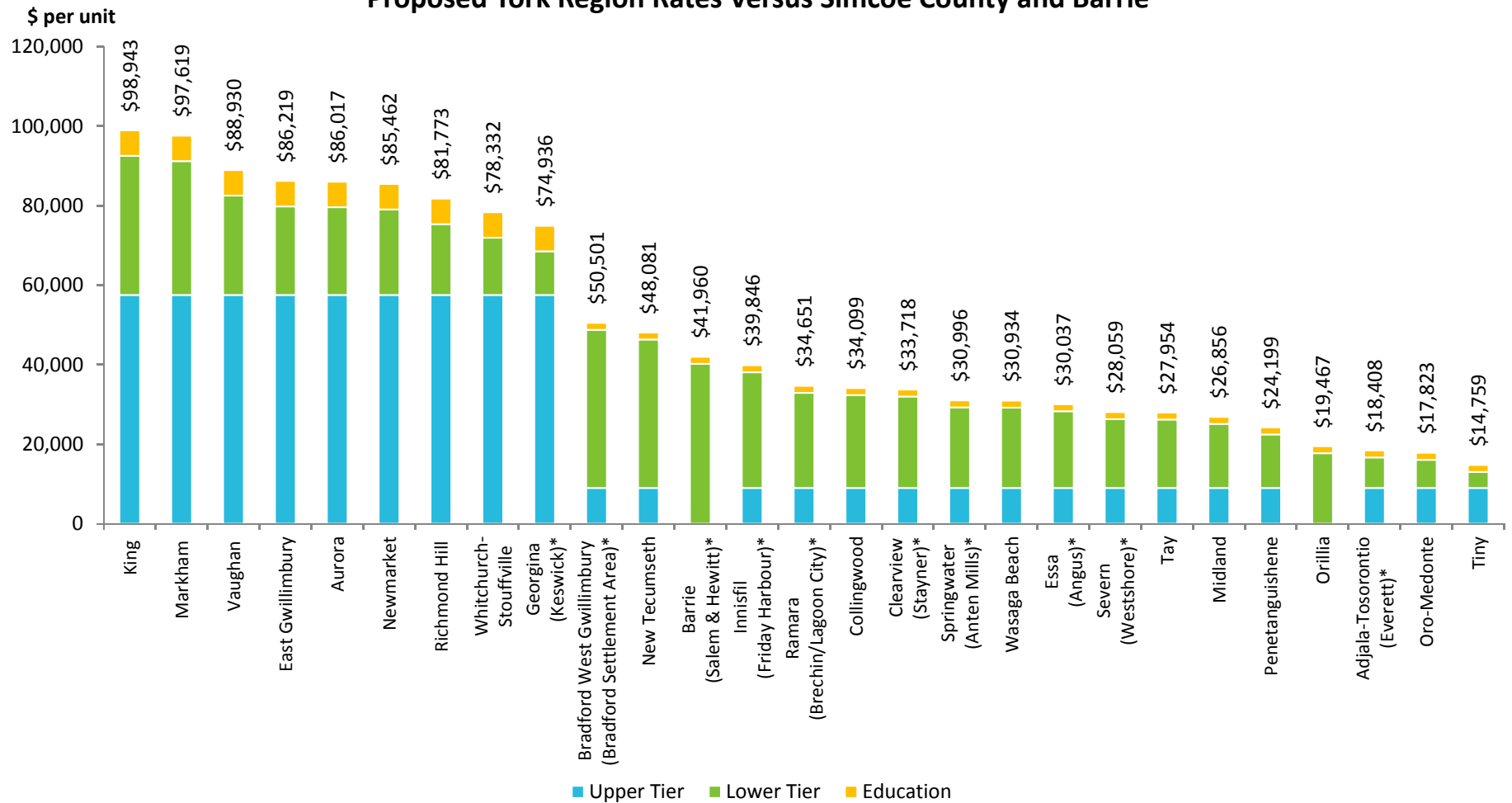
\*Area-specific development charges apply

Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only

Figure A.7

# Residential Development Charges Per Single Detached Dwelling Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

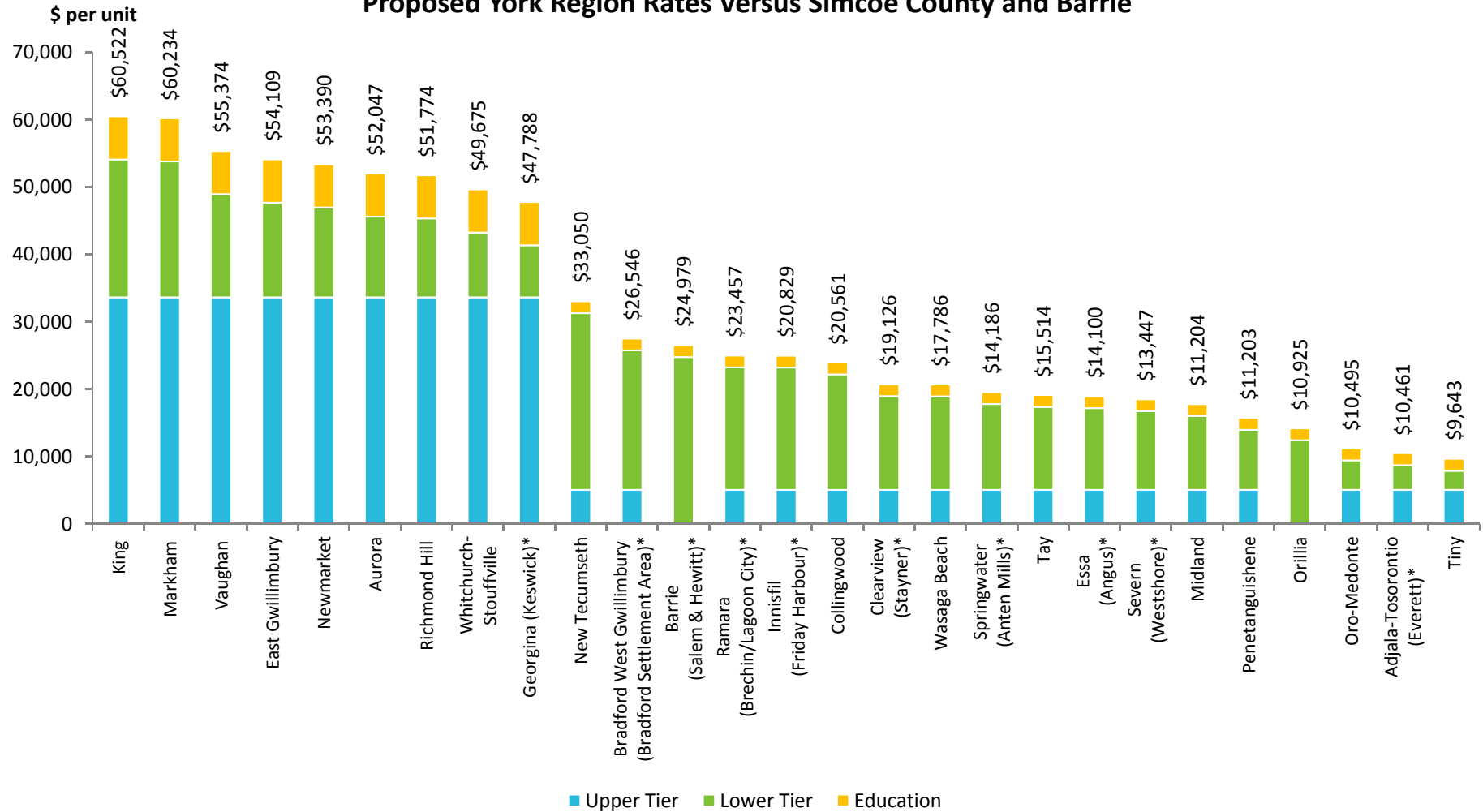
Notes:

1) Rates other than York Region and Toronto as of April 18, 2018

2) Rates gross of any exemptions that may apply

Figure A.8

### Residential Development Charges Per Large Apartment Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

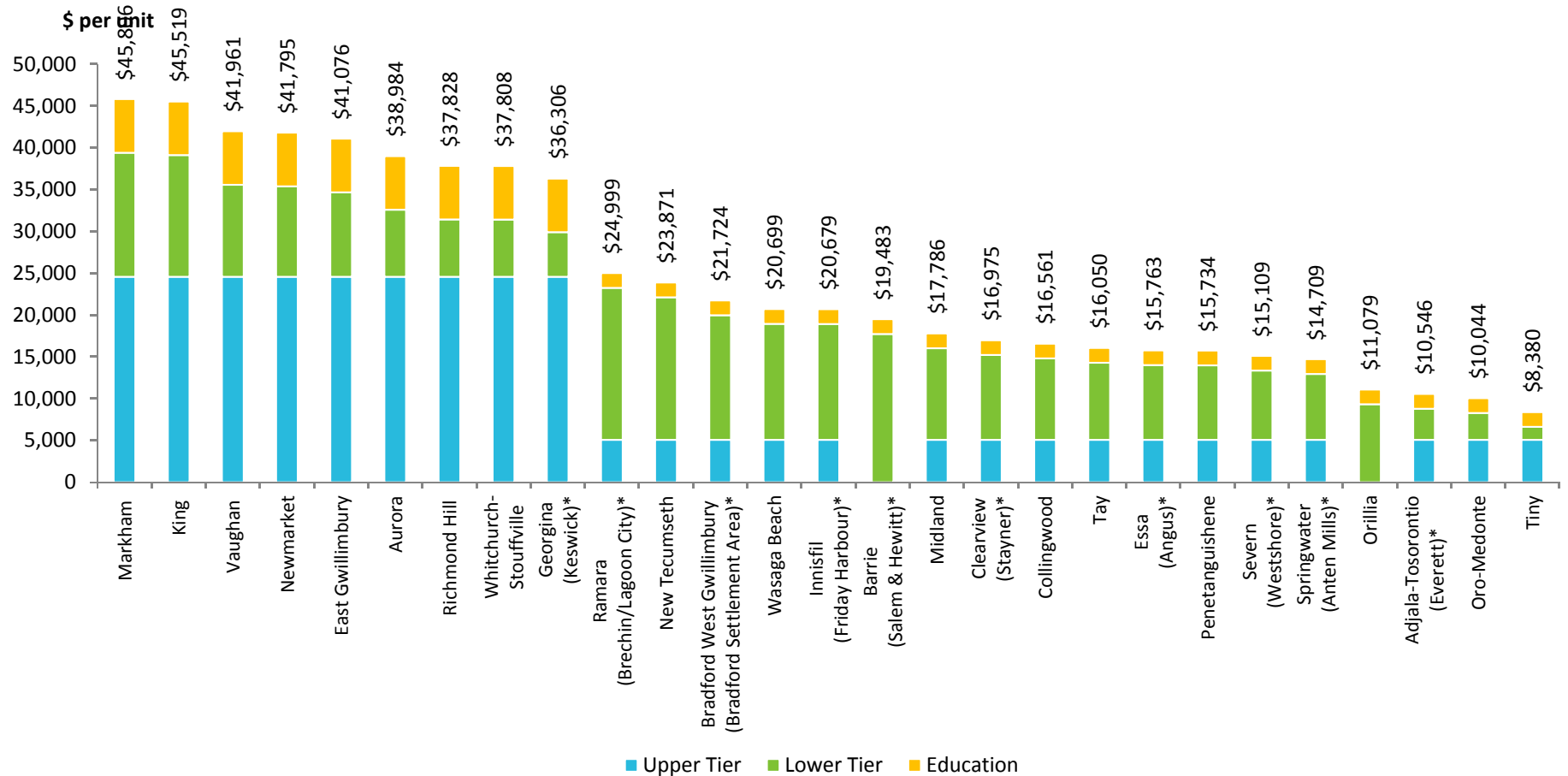
\*Area-specific development charges apply

Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply

Figure A.9

### Residential Development Charges Per Small Apartment Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

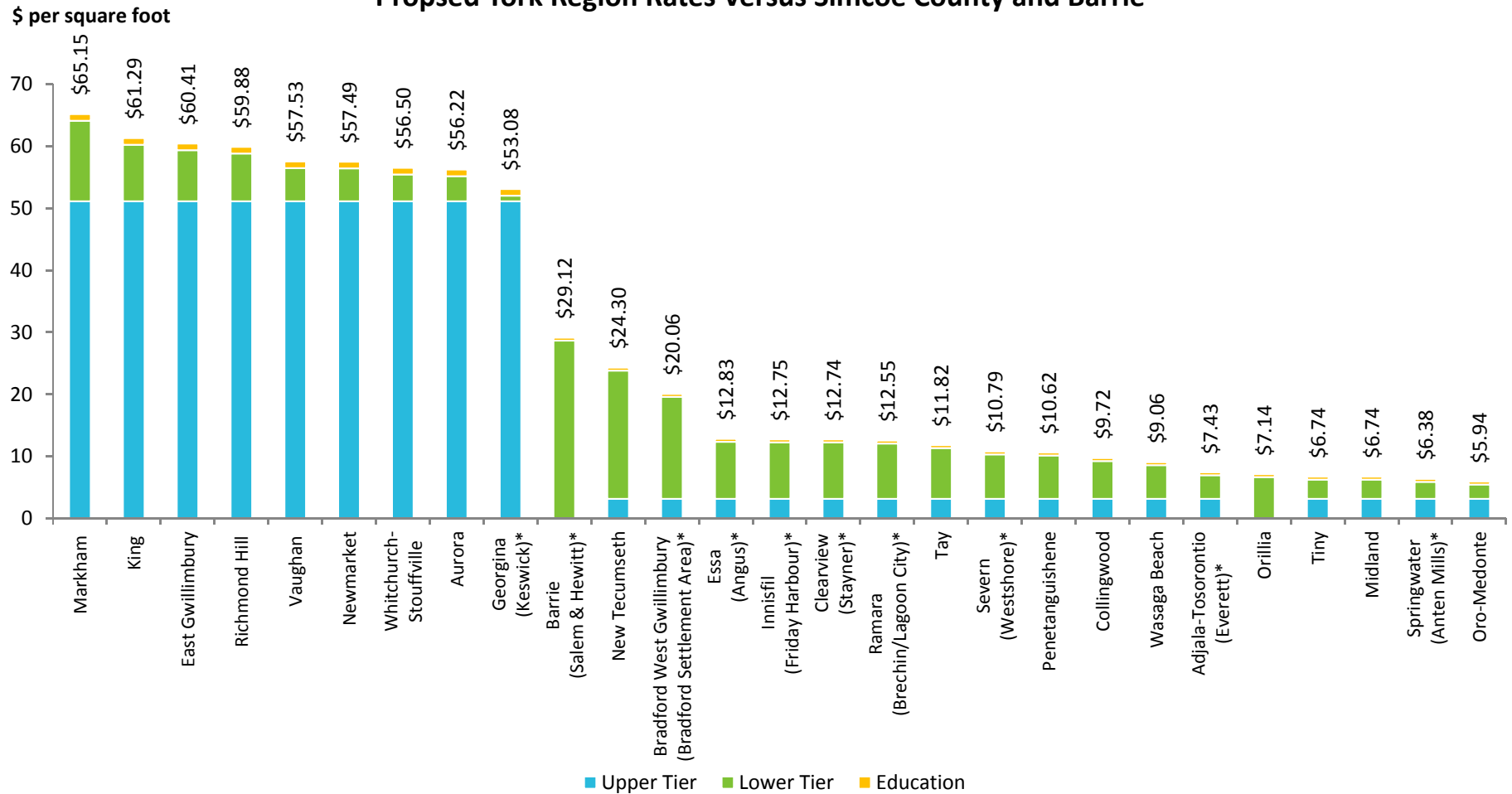
Notes:

1) Rates other than York Region and Toronto as of April 18, 2018

2) Rates gross of any exemptions that may apply

Figure A.10

# Non-Residential Development Charges Per Gross Floor Area of Retail Floor Area Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

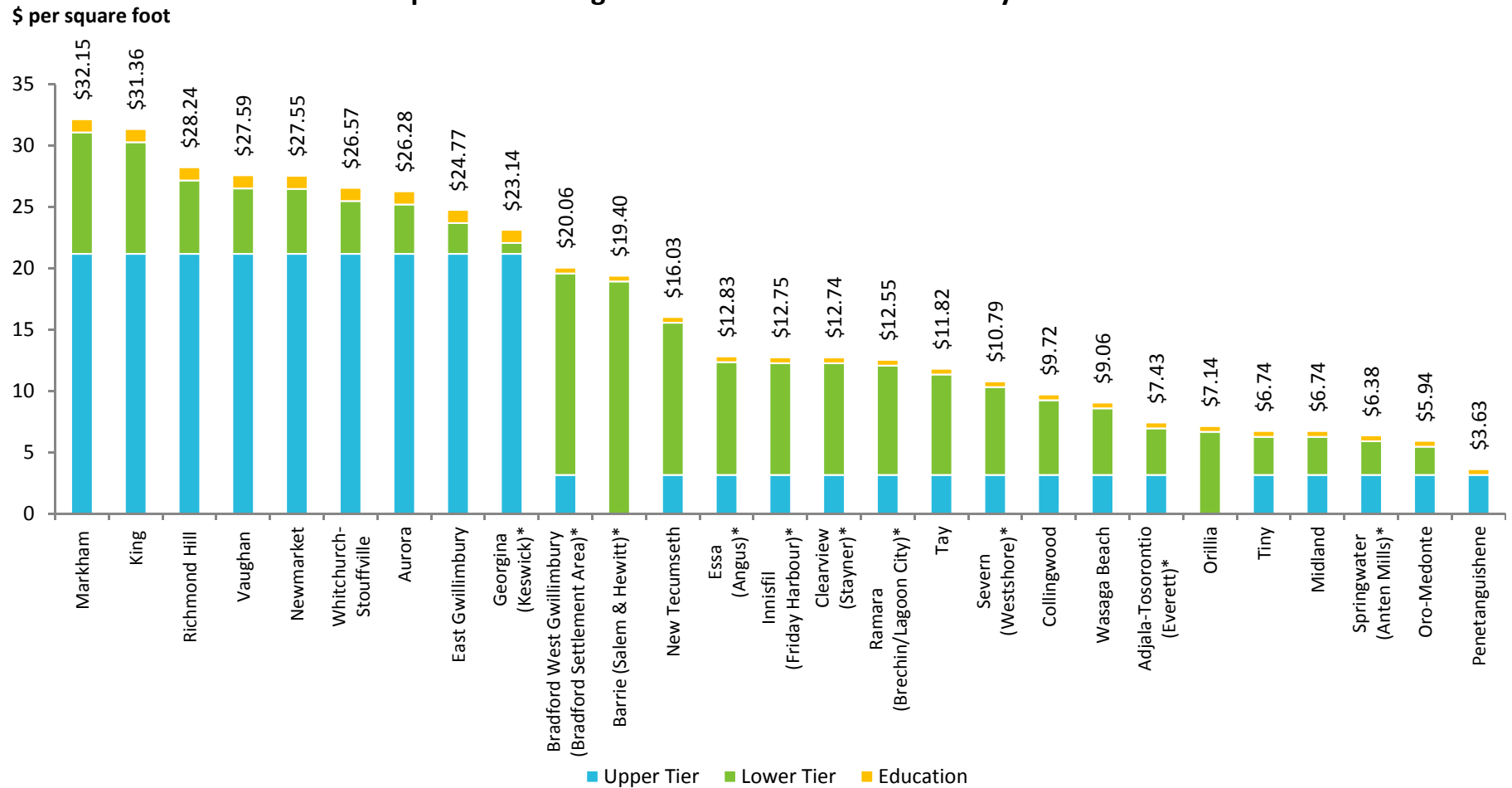
\*Area-specific development charges apply

Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only

Figure A.11

# Non-Residential Development Charges Per Gross Floor Area of Industrial Floor Area Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

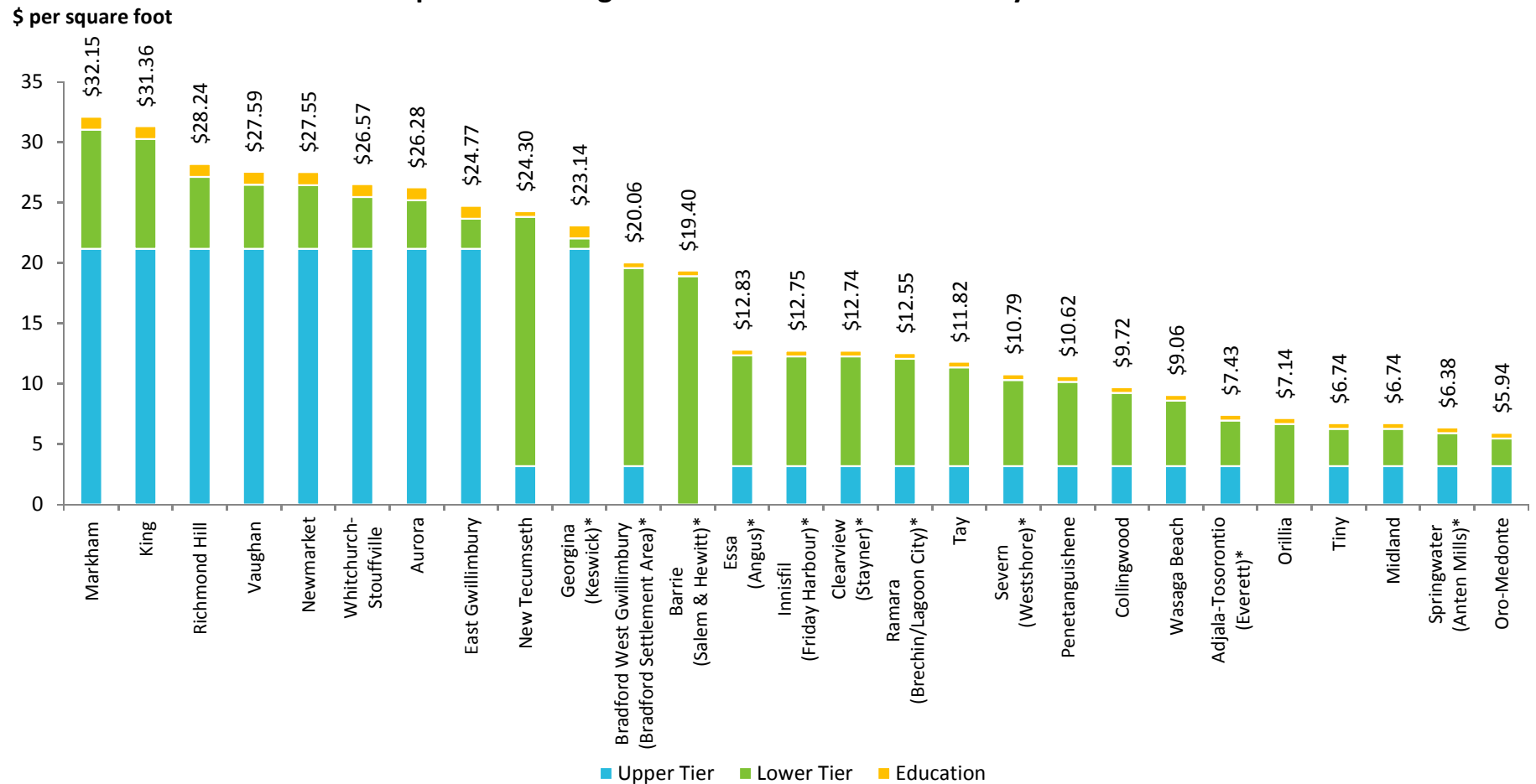
\*Area-specific development charges apply

Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only

Figure A.12

# Non-Residential Development Charges Per Gross Floor Area of Office Floor Area Proposed York Region Rates Versus Simcoe County and Barrie



Source: Hemson Consulting based on municipal rate card data

\*Area-specific development charges apply

Notes:

- 1) Rates other than York Region and Toronto as of April 18, 2018
- 2) Rates gross of any exemptions that may apply
- 3) Toronto non-residential DCs apply on the first floor only

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# **Appendix B**

## **2018 Development Charge Bylaw Report(s), Presentation, Memorandum and Council Direction**

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# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
May 10, 2018

Report of the  
Commissioner of Finance

## 2018 Development Charge Background Study and Bylaw Amendment

### 1. Recommendations

It is recommended that:

1. Council approve the 2018 Development Charge Bylaw amendment, with an effective date of July 1, 2018, that incorporates the rates as set out in the 2018 Development Charge Background Study and Bylaw (Attachment 1).
2. Council approve the proposed changes and clarifications to the treatment of structured parking and retail motor vehicle establishments, as set out in the 2018 Development Charge Background Study and Bylaw.
3. Council approve the policy to defer development charges on qualified open air motor vehicle storage structures, found in Attachment 2.
4. Council determine that no further public meeting is required pursuant to the *Development Charges Act, 1997*.
5. Notice of the passing of this bylaw be given as required under the *Development Charges Act, 1997*.
6. Regional staff be authorized to attend the Local Planning Appeals Tribunal or the courts, as appropriate, to defend the Region's position if the 2018 Development Charge Bylaw amendment is appealed.
7. The Regional Clerk circulate this report to the local municipalities and to the Building Industry and Land Development Association – York Chapter (BILD).

## 2. Purpose

This report seeks approval of the 2018 Development Charge Bylaw amendment and rates, taking into account consultations with the local municipalities and deputations made at the statutory public meeting.

## 3. Background and Previous Council Direction

The current Development Charge Bylaw came into force on June 17, 2017

Council passed the 2017 Development Charge Bylaw ([No. 2017-35](#)) on May 25, 2017, prior to the expiry of the five year statutory limit as prescribed by the *Development Charges Act, 1997* (the “Act”). The 2017 Development Charge Bylaw was supported by a background study describing the methodologies and assumptions that underpin the development charge rates.

The 2017 Development Charge Background Study anticipates \$6.5 billion in infrastructure to support population and employment growth to 2031. The proportion that is eligible for recovery from development charges under this bylaw is \$3.7 billion.

In addition, through the Bylaw, Council established a new hotel development charge rate class. Council also approved a policy to defer development charges on purpose-built high density rental buildings for 36 months.

Some capital projects were included in the 2017 Development Charge Bylaw on a contingent basis

The 2017 Development Charge Bylaw includes a two-part contingency schedule (Part A & B of Contingency Schedule G). A contingency schedule is a list of capital projects, with associated development charge rate increases, that would become part of the bylaw, should certain conditions be met (i.e., trigger event).

Part A of Contingency Schedule G includes assets for which the Region does not currently have responsibility, and that require agreements with other parties for the Region to assume responsibility. Examples of this type of project include capital works on Steeles Ave, which is owned by the City of Toronto.

Part B of Contingency Schedule G includes additional road projects that are in the Region’s Transportation Master Plan. Under the 2017 Bylaw, these projects were subject to a five-part financial trigger.

The gross cost of the projects in Contingency Schedule G is summarized in Table 1 as follows:

**Table 1**  
**2017 Development Charge Bylaw: ‘Two-Part’ Contingency Schedule**

<b>Part</b>	<b>Trigger of development charge(s)</b>	<b>Service(s)</b>	<b>Total gross project costs (\$ Million)</b>
<b>A</b>	Assets the Region doesn’t currently have responsibility for and that require agreements with other parties to assume responsibility	Water, Wastewater, Roads, and Senior Services	844
<b>B</b>	Road projects subject to a five-part financial trigger	56 road projects	1,488
<b>Total</b>			<b>2,332</b>

On May 25, 2017, Council also directed staff to bring back an amendment to the 2017 Development Charge Bylaw in the first quarter of 2018

When Council approved the 2017 Development Charge Bylaw, it also directed staff to bring back an amendment by March 31, 2018 that would add all 56 road projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw into the rate calculation. A full list of the 56 projects, including project costs and calculation methodology, can be found in Table 7-7, on pages 96-98 of the [2017 Development Charge Background Study](#).

On February 15, 2018, staff tabled a draft 2018 Development Charge Background Study and Bylaw amendment

In order to amend a development charge bylaw, the *Act* requires a municipality to pass an amending bylaw, supported by a development charge background study that details the changes that are the subject of the amendment. On February 15, 2018, staff tabled the [draft 2018 Development Charge Background Study and Bylaw](#).

The purpose of this amendment is two-fold:

1. To address Regional Council's direction to bring back a proposed bylaw amendment to add all 56 road projects from 'Part B' of Contingency Schedule G to the rate calculation
2. To review the development charge treatment of parking structures (including any associated sections in the Bylaw)

All other services will continue to be funded under the 2017 Development Charge Bylaw

The 2018 Development Charge Bylaw amends the 2017 Development Charge Bylaw as it pertains to the road capital program and the treatment of structured parking. The 2018 Development Charge Bylaw amendment does not repeal or replace the Region's 2017 Development Charge Bylaw. All other services will continue to be funded under the 2017 Development Charge Bylaw.

Inputs and assumptions from the 2017 Development Charge Bylaw will remain the same, including:

- Forecast horizon ( 2017 to 2031)
- Residential and non-residential growth forecasts
- Development charge calculation methodology
- Debt and reserves figures

In addition to this bylaw amendment, the finalization of the Steeles Avenue cost-sharing agreement with the City of Toronto will also trigger rate increases

It is expected that on June 14, 2018, the Commissioner of Transportation Services will bring forward a memo to Committee of the Whole providing an update on a cost-sharing agreement with the City of Toronto that includes four Steeles Avenue road projects. Regional and City of Toronto staff have been pursuing such an agreement.

These four projects are identified in "Part A" of Contingency Schedule G to the 2017 Development Charge Bylaw. Finalization of the cost-sharing agreement with the City of Toronto triggers the inclusion of these four projects in the 2017 Bylaw. The rate increases will take effect 30 days after the full execution of the cost-sharing agreement.

The Steeles Avenue projects have an estimated gross project cost of approximately \$122 million, of which the Region's share is just over \$41 million.

As a result of the cost-sharing agreement, the Region's development charge rate will increase by approximately \$266 for a single family dwelling. Further details on the rate impact of these projects can be found on pages 28-29 of the Region's [2017 Development Charge Bylaw](#).

An amended asset management plan has been prepared in accordance with the *Act*

The *Act* requires municipalities to prepare an asset management plan as part of their Background Study. The asset management plan must demonstrate that all assets proposed to be funded by the bylaw are financially sustainable over their lifecycle. The asset management plan can be found in Chapter 7 of the 2018 Development Charge Background Study (Attachment 1).

An asset management plan covering the amended project list was included in the 2018 Development Charge Background Study. It accounted for the full operating and capital requirements related to both existing and future assets, enabling an estimate of the impact of growth on both user rates and the tax levy.

Stakeholders were consulted during the development of the background study underpinning the amendment

Beginning in December 2017, staff consulted representatives from local municipalities and the Building Industry and Land Development Association – York Chapter (BILD). Staff met with representatives from the local municipalities on two occasions and the BILD working group on two occasions throughout the development of the bylaw amendment. Topics discussed include:

- Scope of the amendment
- Preliminary impact on rates
- Treatment of structured parking in the amended bylaw

A public meeting was held on March 22, 2018, and all prescribed timelines have been met

On March 22, 2018, the Region held a public meeting to seek feedback on the draft 2018 Development Charge Background Study and Bylaw amendment. At the public meeting Committee of the Whole requested that staff revisit the treatment of structured parking, specifically as it relates to open air structured parking. Staff's response was provided in a memorandum to Committee on April 12<sup>th</sup>. This feedback was considered during the preparation of Attachment 1 and Attachment 2 and is discussed further on pages 9 to 10 of this report.

In addition to the public meeting, the *Act* requires that other timelines be met to pass a development charge bylaw. Table 2 highlights key dates in the Region's

## 2018 Development Charge Background Study and Bylaw Amendment

development charge bylaw amendment process. All prescribed timelines have been met.

**Table 2**  
**Key Dates in Regional Bylaw Amendment Process**

Deliverable	Date	Time elapsed
Draft 2018 Background Study and Bylaw amendment publicly released with a report (includes recommendation authorizing public notice)	February 15, 2018	35 days
Notice of public meeting published in all local Metroland newspapers	February 22, 2018	
Public meeting immediately prior to Committee of the Whole Week 2	March 22, 2018	91 days*
Memorandum to Committee of the Whole Week 2 on the development charge treatment of structured parking	April 12, 2018	
2018 Development Charge Bylaw amendment report to Committee of the Whole Week 2	May 10, 2018	56 days
2018 Development Charge Bylaw amendment to Council for anticipated approval	May 17, 2018*	
2018 Development Charge Bylaw amendment and rates come into effect	July 1, 2018	

\*Note: *The Development Charges Act, 1997* requires that a background study be available to the public at least 60 days prior to passing the Bylaw.

The Region must provide stakeholders with notice of passage of the Bylaw and of the appeal period

Once the bylaw is passed, the appeal period begins; the Region must provide notice to the public within 20 days of passing the bylaw. This notice will be given through publication in all local Metroland newspapers.

The appeal period for the 2018 Development Charge Bylaw will begin on May 18, 2018, one day after the amending bylaw is expected to be passed, and will end 40 days later, on June 27, 2018 at 4:30 pm. Anyone wishing to appeal the 2018



Development Charge Bylaw amendment must file the appeal with the Regional Clerk prior to that deadline.

#### 4. Analysis and Implications

The 2018 Development Charge Bylaw amendment will increase the gross project costs for the road component of the 2017 Development Charge Bylaw from approximately \$2.8 billion to \$4.3 billion

Compared to the 2017 Background Study's main project list, including "Part B" of Contingency Schedule G will add \$1.49 billion in gross project costs and \$1.35 billion in development-charge-eligible costs to the rate calculation (Table 3). The difference will be a future tax levy pressure.

**Table 3**  
**Summary of Project Costs\***

<b>Gross Project Costs</b>	<b>2017 Background Study (\$ Millions)</b>	<b>2018 Bylaw Amendment (\$ Millions)</b>	<b>Total (\$ Millions)</b>
Roads Services	2,799	1,486	<b>4,284</b>
Roads Development Charge Eligible Costs (2017-2031)	1,945	1,348	<b>3,293</b>

\*Note: Numbers may not add due to rounding

Most of the road projects being added through the amendment are for road widenings

Road widening projects (4 or 6 lane widenings) make up 61 per cent of the gross capital costs being added.

The 2018 Development Charge Bylaw amendment will also fund a variety of other road projects, including:

- new and improved interchanges
- rail grade separations
- new arterial corridors
- intersection improvements

## Proposed changes to the treatment of structured parking

The 2018 Development Charge Bylaw amendment also proposes to change the treatment of structured parking

During the consultation process for the 2017 Development Charge Bylaw, some stakeholders expressed their concern about the treatment of car dealerships and structured parking. There were also two appeals of the 2017 Development Charge Bylaw related to automotive dealerships and parking structures (these are discussed further in the Private Memorandum to Council entitled, Development Charge Bylaw Amendment).

Staff's review of the treatment of structured parking and retail motor vehicle establishments (e.g., car dealerships) has resulted in the changes proposed in Table 4 below, with further detail being provided in Chapter 6 and Appendix C of Attachment 1.

**Table 4**  
**Summary of Changes to the Treatment of Retail Motor Vehicle Establishments and Structured Parking**

Type of development	Change or clarification
Standalone structures used for vehicle storage	Recognize the warehousing nature and levy the industrial/office/institutional rate
Retail motor vehicle establishments	Strengthen the bylaw to treat all areas within a retail motor vehicle establishment as retail  Introduce a blended rate treatment for motor vehicle establishments with 'significant' storage areas*
Structured parking accessory to shopping malls and hotels	Clarify their exempt status

\*Note: 'Significant' is defined such that the gross floor area of the vehicle storage area (less any eligible employment/customer parking gross floor area) must be greater than two times the gross floor area of the retail motor vehicle establishment not used for vehicle storage area

In response to the feedback received at the March 22 public meeting, staff have proposed a deferral policy for qualified open air motor vehicle storage structures

At the public meeting for the 2018 Bylaw amendment, Committee asked staff to consider additional changes to the treatment of structured parking in the amending Bylaw. Specifically, Committee requested that staff consider amending

the Bylaw such that open air structured parking facilities used to store vehicles prior to sale or lease be exempt from development charges. The rationale was to encourage more efficient use of land and encourage more compact storage solutions by making it cheaper for developers to build structured parking.

Staff reported back to Committee through a memorandum on April 12, 2018, entitled, [“Development charge treatment of structured parking”](#). The memo provided background information regarding structured parking in the Region, and indicated that a development charge deferral policy for qualified open air motor vehicle storage structures would accompany the Background Study and Bylaw being presented to Council in May for approval.

The rationale for deferring development charges on open air motor vehicle storage structures is twofold:

- Staff anticipate that due to the lack of climate control, open air motor vehicle storage areas are less likely to be used for other retail uses such as detailing, servicing and show room compared to their enclosed counterparts
- A deferral agreement protects the Region’s interests and allows for the collection of deferred development charges should the facility become enclosed

Table 5 summarizes the main points of this policy. Details of the deferral policy are provided on Attachment 2. The proposed policy has been informed by consultations with local municipalities and car dealerships. If approved, the proposed policy would take effect on July 1, 2018.

**Table 5**  
**Key Components of a Policy to Defer Development Charges for Qualified Open Air Motor Vehicle Storage Structures**

Term	Rationale
Applies to open air structures designed or intended to be used for motor vehicle storage only	Encourages more compact development, making better use of the land  Lack of climate control makes it less likely that these structures will be used for other retail uses such as detailing, servicing and show rooms compared to their enclosed counterparts
Applies to developments within the Regional Centres and Regional Corridors	Targeted policy directed at areas where the Region envisions the greatest levels of intensification
Local municipal participation required	Ensures alignment of Regional and local policy

It is anticipated that the 2017 Development Charge Bylaw will be updated prior to its statutory five year expiration on June 16, 2022

The 2017 Development Charge Bylaw is set to expire on June 16, 2022 (five years after its effective date). The 2018 Development Charge Bylaw amendment does not affect the expiry date of the 2017 Development Charge Bylaw.

It is expected that the Region will update the 2017 Development Charge Bylaw after the Municipal Comprehensive Review has been completed and prior to the statutory maximum five year period.

## 5. Financial Considerations

As a result of this amendment, all residential development charge rates would increase by 19 per cent and non-residential development charge rates would increase between 18 and 28 per cent

Adding all 56 projects would result in a 19 per cent increase in development charge rates across all residential development types. Similarly, non-residential rates would increase by between 18 and 28 per cent as a result of the amendment. Table 6 summarizes the increases to the Region's development charge rates.

**Table 6**  
**Summary of Increases to Development Charge Rates**

<b>Residential Type</b>	<b>Current rates (\$)*</b> <b>(as of May 9, 2018)</b>	<b>Proposed 2018</b> <b>rates (\$) **</b>	<b>Increase</b> <b>(%)</b>
Single and Semi-Detached	48,330	57,525	19
Multiple Unit Dwelling	38,899	46,301	19
Apartments >=700 square feet	28,273	33,652	19
Apartments < 700 square feet	20,636	24,566	19
<b>Non-Residential (per square foot)</b>			
Retail	39.89	51.12	28
Industrial/Office/Institutional	17.90	21.19	18
Hotel	7.93	10.03	26

\*Note: Does not include Nobleton wastewater rates. Rates are subject to indexing on July 1, 2018.

\*\*Note: Rate changes subject to this amendment have had an inflationary factor of 2.4 per cent applied and will not be indexed on July 1, 2018, but will be indexed in future.

Rates imposed by the 2017 Development Charge Bylaw will be subject to indexing on July 1, 2018

Rates under 2018 Development Charge Bylaw amendment will not be indexed on July 1, 2018 as an inflationary factor has already been applied.

Rates imposed by the 2017 Bylaw will be indexed on July 1, 2018. This includes the portion of the rates pertaining to roads services on the main list of the 2017 Development Charge Background Study.

The Region's indexing takes place on July 1, and uses Statistics Canada's Quarterly Construction Price Index, which will be published by Statistics Canada in May 2018. Over the past ten years, the annual index has averaged 2.4 per cent.

## 6. Local Municipal Impact

The 2018 Development Charge Bylaw amendment will help fund additional road projects to accommodate growth in the local municipalities

The 2018 Development Charge Bylaw amendment adds an additional \$1.49 billion in growth-related roads infrastructure to the Region's 2017 Development Charge Bylaw. The associated 56 road projects will support growth across the Region's local municipalities by helping to fund projects like the construction of new grade separations, road widenings, new interchanges and new arterial corridors.

## 7. Conclusion

Section 10(1) of the *Act* requires that prior to passing a development charge bylaw, a municipality's Council must complete a development charge background study; Attachment 1 to this report, once finalized, satisfies this obligation.

Furthermore, having met all statutory timelines, and to collect development charges for the 56 road projects that are the subject of this amendment, it is recommended that Regional Council approve the adoption of the 2018 Development Charge Bylaw amendment, to come into effect on July 1, 2018.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

## 2018 Development Charge Background Study and Bylaw Amendment

The Senior Management Group has reviewed this report

Recommended by:

Approved for Submission:

Bill Hughes  
Commissioner of Finance

Bruce Macgregor  
Chief Administrative Officer

April 25, 2018

Attachments (2)

8226499

Accessible formats or communication supports are available upon request

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Status: **Final / Archived (select one)**  
Approved By: **Council / CAO (select one)**

## **The Regional Municipality of York**

### **Development Charge Deferral for Open Air Motor Vehicle Storage Structures**

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**Policy No.:** 83223611

**Original Approval Date:** May XX, 2018

**Policy Last Updated:** Not applicable

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#### **Policy Statement:**

A policy governing the deferral of Regional development charges and area-specific development charges, as the case may be, for open air motor vehicle storage structures within the Regional Centres and Corridors.

#### **Application (this policy applies to):**

This policy is available for open air motor vehicle storage structures within the Regional Centres and Corridors, subject to the terms and conditions as set out in this policy and/or modified through the required deferral agreement.

For greater clarity, in order to be eligible, this development must be open air and applies to:

- conversions of existing surface parking to open air motor vehicle storage structures; and
- new open air motor vehicle storage structures.

The policy does not apply to solely below grade motor vehicle storage structures. If an above-grade open air motor vehicle storage structure includes below grade storage areas, those below grade storage area shall not be eligible for this deferral.

## Development Charge Deferral for Open Air Motor Vehicle Storage Structures May XX, 2018

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### Purpose:

This policy establishes the conditions, duration, terms, and other requirements in order to defer Regional development charges, or area-specific development charges, as the case may be, for open air motor vehicle storage structures within the Regional Centres and Corridors.

### Definitions:

**Act:** The *Development Charges Act, 1997, S.O. 1997, c. 27*, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Development Charges:** The Region's development charges, including area-specific development charges, as the case may be

**Enclosure/enclosed:** Includes the partial and/or complete enclosure of the part of the structure open to natural light and air

**Motor vehicle storage:** Includes, but not limited to, the storage or warehousing of motor vehicles prior to sale, lease, rental, servicing, or for long-term storage

**Open air motor vehicle storage structure:** Includes a building, structure, platform, station, or part of any of the foregoing, standalone or attached to another structure that is open to natural light and air and is used for motor vehicle storage.

**Regional Centres and Corridors:** The Regional Centres are as identified in the 2016 Regional Centres and Corridors Update (Council report: May 18, 2017) and depicted on Map 1 – Regional Structure, York Region Official Plan, Office Consolidation 2010 -

- Markham Centre (Highway 7 and Warden Avenue)
- Newmarket Centre (Yonge Street and Davis Drive)
- Richmond Hill/Langstaff Gateway (Highway 7 and Yonge Street)
- Vaughan Metropolitan Centre (Highway 7 and Jane Street)

For further information on areas identified as Regional Corridors please contact the Director, Community Planning at extension 71505 or the Director, Treasury Office, Finance Department, extension 71644

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures May XX, 2018**

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**Schedule 'I' Bank:** As referenced in section 14(a) of the *Bank Act, 1991* (as at December 31, 2016 or as amended from time to time). These are domestic banks and are authorized under the *Bank Act, 1991* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation

Description:

### **Objectives of the deferral policy**

This policy is intended to allow developers of open air motor vehicle storage structures to defer the Regional development charges owed, or area-specific charges owed, as the case may be, until the structure(s) becomes enclosed or converted to a different use.

The terms of this deferral policy are Council approved and are non-negotiable.

### **Terms of the deferral policy**

#### **A. Agreement**

Any developer wishing to defer development charges for open air motor vehicle storage structures must enter into a development charge deferral agreement with the Region.

#### **B. Covenants included in the development charge deferral agreement**

Every deferral agreement shall include covenants on the part of the developer. These covenants shall include, but not be limited to:

- covenant, by the developer(s), that the structure shall only be an open air motor vehicle storage structure as defined in this policy
- covenant, by the developer(s), to permit Regional staff to visit and/or inspect the structure from time-to-time, in an agreed upon manner, to ensure the structure has not been enclosed and is being used for the intended purposes (i.e., motor vehicle storage)
- covenant, by the developer(s) that they will inform the Region if the facility is to be enclosed

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures**

### **May XX, 2018**

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- covenant, by the developer(s), that if the structure becomes enclosed, is subject to enclosure, or another trigger event occurs, as defined by this policy or accompanying agreement(s), development charges shall be made payable (including any interest)
- covenant, by the developer(s), that they will enter into any additional agreement(s), as determined to be required by the Regional Solicitor, in order to give full force and effect to the deferral agreement

#### **C. Duration of the deferral**

The deferral of development charges for open air motor vehicle storage structures shall be until the structure becomes enclosed, as defined in this policy and/or modified through the development charge deferral agreement.

The deferral period shall begin on the day of building permit issuance by the local municipality for the open air motor vehicle storage structure.

Development charges shall be payable within fifteen (15) business days immediately following notification of any of these trigger events:

- enclosure of the structure (as defined in this policy)
- sale, or transfer of ownership, of the property unless an assumption agreement is entered into
- any other material default as defined in the agreement(s)

Notification to the owner of the property on the tax roll shall occur immediately after the trigger event. The fifteen (15) business days shall begin with the mailing, by registered mail, of notice.

#### **D. Development charge rates**

The amount of the Regional development charges, or area-specific development charge payable to the Region, as required under the Act, shall be the amount determined under the applicable Regional development charge bylaw, or area-specific development charge bylaw, on the day that the building permit is issued for the construction of the open air motor vehicle structure by the local municipality.

**E. Interest waiver**

All interest shall be calculated using the development charges payable to the Region, as required under the Act, the amount of which is determined under the applicable Regional development charges bylaw, or area-specific development charge bylaw as the case may be, on the day the building permit for the structure is issued by the local municipality.

All deferred development charges shall bear interest at the prime commercial lending rate charged by an agreed upon 'Schedule I' commercial bank's on demand loans in Canadian funds to its most creditworthy customers plus two (2) per cent per annum. All interest shall accrue and be compounded.

The time period shall be calculated beginning with the date of issuance of the building permit for the proposed structure up to the date of the trigger event, as defined in section 'C' of this policy.

The Region shall forgive all amounts due and owing on account of interest, provided that the Regional development charges, or area-specific development charges as the case may be, are paid to the Region at the time required (within fifteen (15) business days immediately following notification of a trigger event as defined in section 'C' of this policy).

**F. Unpaid development charges**

If any development charges (including any interest) are unpaid within fifteen (15) business days immediately following notification of a trigger event identified in section 'C' of this policy, those development charges (including interest) shall be added to the tax roll and collected in the same manner as taxes (in accordance with section 32 of the Act).

**G. Redevelopment credits**

In the situation of a redevelopment of a structure covered by a deferral agreement under this policy, no development charge credits will be available and the new structure will be subject to full development charge.

**H. Local participation**

The Region will only enter into a deferral agreement if the local municipality has provided a similar, if not better, deferral, or exemption, for the proposed development.

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures May XX, 2018**

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It shall be up to the Region to decide what constitutes “similar, if not better”, but this may be determined by looking at:

- whether or not there is a prescribed timeframe for the deferral
- whether or not interest is waived

### **I. Other agreements required**

In addition to the requirement that the developer enter into a development charge deferral agreement with the Region, the developer shall enter into any other agreements as required by the Regional Solicitor.

### **J. Legal fees**

All legal fees of the developer(s) and Region shall be borne by the developer.

### **K. Effective date**

This policy shall take effect on July 1, 2018 and may be repealed by the Region at any time.

### **L. Report back to Council**

Staff shall report back to Council on the number of deferral agreements, and the amounts deferred, executed part of each update of the Region’s development charge bylaw.

## **Responsibilities:**

### **Regional Solicitor, Legal Services**

- Draft and prepare for execution the deferral agreement between Region and the developer
- Draft and prepare for execution any additional agreements required

### **Director, Community Planning, Planning and Economic Development**

- Assist in identifying structures as within the Regional Centres and Corridors

**Director, Treasury Office, Finance Department**

- Administer the deferral policy, including assisting stakeholders in determining if they qualify for the policy
- Enforce the deferral policy
- Maintain copies of all executed deferral agreements and other agreements as required

**Director, Strategy and Transformation, Finance Department**

- Collect all development charges when due
- Notify, through the Regional Treasurer, to the treasurer of the local municipality if development charges are not paid/received within the prescribed timeframe and to have said charges added to the tax roll of that municipality
- Undertake any additional administrative obligations as determined through the agreements
- Maintain copies of all executed deferral agreements and other agreements as required

Reference:

**Legislative and other authorities**

- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)
- [The Regional Municipality of York - York Region Development Charges Bylaw - No. 2017-35](#)
- [Memorandum to Committee of the Whole, Development charge treatment of structured parking, April 12, 2018](#)

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures May XX, 2018**

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- Council Report, 2018 Development Charge Background Study and Bylaw Amendment, May 17, 2018
- The Regional Municipality of York 2018 Development Charge Background Study – Bylaw Amendment, May 17, 2018
- [Council Report, 2016 Regional Centres and Corridors Update, May 18, 2017](#)
- [The Regional Municipality of York Official Plan, 2016 Office Consolidation](#)
- [York Region Official Plan, Office Consolidation 2010, Map 1 - Regional Structure](#)

### **Keyword Search**

- open air motor vehicle storage structure deferral,
- development charges, Development Charges Act
- deferral motor vehicle storage, Regional Centres and Corridors
- York Region, Official Plan

### **Contact:**

- Regional Solicitor, Legal Services, extension - 71417
- Director, Treasury Office, Finance Department, extension - 71644
- Director, Strategy and Transformation, Finance Department, extension - 77201
- Director, Community Planning, extension - 71505



Approval Information:

(Remove the CAO approval section for policies approved by Regional Council)

**CAO Signature:** \_\_\_\_\_

**CAO Approval Date:** \_\_\_\_\_

(Remove the Committee/Council approval section for policies approved by CAO only)

**Council Approval Date:** May XX, 2018

**Council Minute No.:**

**Extract eDOCS #:** 8226499

**Committee Name:** Committee of the Whole

**Report No.:**

**Clause No.:**

Accessible formats or communication supports are available upon request.

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## Memorandum

TO: Committee of the Whole  
FROM: Bill Hughes, Commissioner of Finance  
DATE: April 12, 2018  
RE: **Development charge treatment of structured parking**

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On March 22, 2018, Council held a public meeting to receive feedback on the proposed 2018 Development Charge Bylaw Amendment. The purpose of the amendment is two-fold:

1. To address Regional Council's direction to bring back a proposed bylaw amendment to add all 56 road projects from 'Part B' of Contingency Schedule G to the rate calculation
2. To review the development charge treatment of parking structures (including any associated sections in the Bylaw)

At the public meeting, Committee received four communications in support of the 2018 Development Charge Bylaw amendment, including letters of support from both road project appellants to the 2017 Development Charge Bylaw. It also heard deputations from three stakeholders: two supported the addition of the 56 road projects to the development charge rate calculation, while the other raised concerns with the development charge treatment of structured parking.

At the public meeting on March 22, 2018, Committee asked staff to revisit the treatment of structured parking

During the public meeting Committee asked staff to consider additional changes to the treatment of structured parking in the amending Bylaw. Specifically, Committee requested that staff consider amending the Bylaw such that "open air" vehicle storage facilities be exempt from development charges.

The 2018 Development Charge Bylaw amendment proposes to change the treatment of structured parking

During the consultation process leading up to the passing of the 2017 Development Charge Bylaw, some stakeholders expressed concerns with the development charge treatment of structured parking within, or accessory to, retail motor vehicle establishments (e.g., car dealerships and repair shops). The Region also received two appeals of the 2017 Development Charge Bylaw relating to these matters.

The proposed 2018 Bylaw Amendment responds to these concerns. Specifically, three changes were proposed:

- Amend the Bylaw to levy the industrial/office/institutional rate on standalone structures used for vehicle storage, recognizing the warehousing nature of these structures
- Strengthen the Bylaw to treat all areas within a retail motor vehicle establishment as retail
- Amend the Bylaw to levy a blended rate for retail motor vehicle establishments with 'significant' storage areas, recognizing the warehousing nature of storage areas and that some of that area can be converted to retail at a later time

These proposed amendments were discussed in the February 15<sup>th</sup> Council report that accompanied the tabling of the draft 2018 Development Charge Background Study. The proposed changes aim to strike a balance between recognizing the warehousing nature of the areas required for vehicle storage, and the tendency for these areas to evolve into other retail uses (e.g., car servicing, showroom etc.).

In addition to the proposed changes listed above, the proposed amended Bylaw also clarifies that structured parking accessory to shopping malls and hotels is exempt from development charges, bringing treatment of shopping mall accessory parking in line with all other accessory use parking structures<sup>1</sup>.

The proposed changes in treatment represent substantial savings to developers wishing to construct structured parking to store vehicles

Under the proposed Bylaw, a developer wishing to construct a standalone motor vehicle storage facility would pay the Industrial/Office/Institutional rate, instead of the retail rate. At the proposed 2018 Bylaw rates, this represents nearly \$30 per square foot<sup>2</sup> in savings, or roughly 59 per cent less than the treatment under the 2017 Development Charge Bylaw.

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<sup>1</sup> Note: Additional details can be found in the [Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment](#) (February 15, 2018 Council report, Draft Background Study - Chapter 6 and Bylaw)

<sup>2</sup> Note: A standalone facility would be charged the Industrial/Office/Institutional rate, which is proposed to be \$21.19/sqft compared to the Retail rate of \$51.12/sqft.

For retail motor vehicle establishments (e.g., car dealerships and repair shops) with ‘significant’ storage, the proposed blended treatment also results in considerable savings.

**Table 1**  
**Comparison of treatment for retail motor vehicle establishment with significant storage areas**

Example: Retail motor vehicle establishment with a total development charge-eligible gross floor area of 40,000 square feet and vehicle storage area of 30,000 square feet.

	<b>2017 Development Charge Bylaw treatment –  retail rate</b>	<b>2018 Development Charge Bylaw Amendment treatment –  blended rate</b>	<b>Difference</b>	<b>Change (%)</b>
<b>Regional development charges owed*</b>	\$2,044,800	\$1,446,200**	-\$598,600	-29
<b>Per square foot Regional development charge</b>	\$51.12	\$36.16	-\$14.97	-29

\*Note: The vehicle storage area is more than twice the size of areas not used for storage. The vehicle storage area is considered to be ‘significant’. Rates used are the proposed development charge rates under the 2018 Development Charge Bylaw amendment (Retail = \$51.12, Industrial/Office/Institutional = \$21.19).

\*\*Note: Formula is  $(\$51.12 \times 20,000 \text{sqft.}) + (\$21.19 \times 20,000 \text{sqft.})$ .

The 2018 Development Charge Bylaw amendment also provides that employee and customer parking in retail motor vehicle establishments and standalone motor vehicle storage facilities would be exempt from development charges

The Bylaw amendment proposes that an exemption be granted to exclude the sum of the areas used for customer and employee motor vehicles in retail motor vehicle establishments and standalone motor vehicle storage facilities.

Local municipal standards for required customer and employee parking shall be used in determining the number of spaces, and associated gross floor area, eligible for the exemption. An example of parking requirements required under a local municipal zoning bylaw is provided in Table 2.

**Table 2**  
**Parking Requirements: City of Vaughan\***

Type of establishment	Parking space requirements (per 100 square metres of gross floor area)
Automobile service station/Autobody repair garage	4.5 plus 1 parking space for each vehicle kept for sale
Automobile retail store	6
Car brokerage	3
Motor vehicle sales establishments	3
Warehousing (single use)	1

Source: [The Corporation of the City of Vaughan, Bylaw Number 1-88: "The Comprehensive Zoning Bylaw"](#)

\*Note: Different parking requirements exist in the Vaughan Metropolitan Centre and Carrville Centre (as defined by the Bylaw).

The Region's neighboring upper-tier and single-tier municipalities do not levy development charges on parking spaces in retail motor vehicle establishments

Currently, none of the Region's neighbouring upper-tier and single tier municipalities levy development charges on structured parking/parking spaces in or accessory to car dealerships. The development charge bylaws from the Region's neighboring municipalities do not consider whether those spaces will be used for employee or customer parking storage or for a retail use such as storage of merchandise or car servicing.

Staff from two of these neighbouring municipalities indicated they intend to review this exemption during the next update of their respective Bylaws. In the City of Toronto, while all parking spaces are exempt from development charges, as part of their 2018 development charge bylaw review the City is proposing to eliminate some of their broader development charge exemptions (e.g., Imagination, Manufacturing, Innovation and Technology (IMIT) program).

Approximately half of the car dealership locations are within the Regional Centres and Corridors

According to property tax data provided by the Municipal Property Assessment Corporation, just over half of the car dealership locations currently on the tax roll are within the Regional Centres and Corridors. Furthermore, approximately 82 per cent of the municipal addresses identified as car dealerships are located in Markham, Newmarket, Richmond Hill and Vaughan.

Since 2006, 53 new car dealerships were built in the Region

In the past, the Region has consistently levied the retail rate on car dealerships. Between 2006 and 2017 the Region collected approximately \$23 million in development charges from car dealerships.

Since 2006, there have been, on average, five new car dealerships built every year. While the average car dealership in the Region is about 30,000 square feet, there are some as large as 80,000 square feet to 100,000 square feet.

Between 2005 and 2016, five new car dealerships were built with structured parking, and four of those were built within the last five years. The move toward interior storage is likely due to the following:

- availability and cost of land
- business model of the car manufacturer, including the need to better secure and maintain their vehicles

Structured parking used to store vehicles for sale lease or servicing can be used for other retail functions

Development charges are assessed and paid at building permit issuance. While the initial use for structured parking in retail motor vehicle establishments may be for vehicle storage, recent experience has shown that these areas evolve over time to other functions such as service bays, detailing, and showrooms. These functions, all retail in nature and supportive of the car dealership's business model, require greater use of infrastructure services.

The Committee's request could be addressed through a development charge deferral policy for qualified "open air" vehicle storage facilities

In response to Committee's request, staff are proposing to devise a development charge deferral policy, which would allow developers of qualified "open air" vehicle storage facilities to defer development charges payable until such time as the structure becomes enclosed (at which time the deferred development charges shall be payable). This policy means that no development charges would be collected on qualified "open air" vehicle storage facilities.

The premise behind the deferral is to encourage more compact development, thereby making better use of land. In addition, staff anticipate that due to the lack of climate control, open air vehicle storage areas are less likely to be used for other retail uses such as detailing, servicing and show rooms compared to their enclosed counterparts.

As with other Regional development charge deferral policies, Council can make amendments without having to amend or update the Development Charge Bylaw.

Staff will work with local municipalities and developers to devise the details of this deferral policy. It is expected that this policy will be brought to Council for consideration of approval in May, accompanying the 2018 Development Charge Bylaw amendment

and background study. While specific details of the policy are still under development, some of the options being considered are summarized in Table 3 below.

**Table 3**  
**Preliminary options for a policy to defer development charges for qualified “open air” vehicle storage facilities\***

Area	Preliminary options	Considerations
Type of structure	Open air structure - stand-alone	Open air structures are less likely to be converted to other uses (e.g., show room floor )
	Open air structure - attached to another structure	
Conversion and/or new builds?	Conversions of pre-existing surface parking to open air vehicle storage facilities	Encourages compact development
	New open air vehicle storage facilities	Frees up existing land for other higher order uses (e.g., office)
Applicable locations	Regional Centres and Corridors	Should the policy be more or less restrictive?
	Local Centres and Corridors	
	Regional and Local Centres and Corridors	Do we want to encourage this type of development in all areas in the Region?
	Entire Region	
Interest charged	Optional	While the <i>Development Charges Act, 1997</i> (the “Act”) allows for interest to be charged, the Region has not charged interest on deferrals in the past, and none of the Region’s current development charge deferral policies charge interest

\*Note: It is expected that all legal fees of the developer(s) and the Region associated with the deferral agreement (including all required covenants and agreements) shall be borne by the developer. It is also expected that local municipal participation will be required to ensure alignment of Regional and local policy.

This proposed deferral policy would differ from those the Region currently offers

This proposed deferral policy differs from the ones that the Region currently offers in a number of significant ways:

1. Deferral programs for for-profit entities are typically time limited, and in most cases require a letter of credit as security. For example, currently, retail developers like car dealerships can defer development charges for three years, with payments deducted from a letter of credit in three equal annual installments.
2. Deferral agreements that do not have a prescribed timeframe, like what’s being proposed here, are typically for non-profit entities or community groups



Since there is no prescribed timeframe for repayment of the development charges (with the trigger for payment proposed to be conversion to “enclosed” structure), it is possible the Region will never realize those revenues. As a result, this deferral could have the same financial impact as an exemption.

A preliminary analysis suggests that deferring qualified “open air” vehicle storage facilities could result in approximately \$1.3 million per year in deferred development charge revenues (based on 2018 development charge rates). This assumes that the Region adds approximately one retail motor vehicle establishments with open air vehicle storage facility, and one standalone “open air” vehicle storage facility per year. Because this proposed deferral does not have a prescribed timeframe, it is likely that the Region would be unable to recoup the deferred revenue.

Staff recommend proceeding with the proposed 2018 Development Charge Bylaw amendment

The 2018 Development Charge Bylaw amendment was tabled with Council in February 2018. The publication of the background study began the statutory timelines and requirements a municipality must meet, as prescribed by the *Act* to pass a development charge bylaw. While changes can be made to a development charge bylaw subsequent to receiving feedback from the public meeting, substantive changes are not encouraged. Staff recommend proceeding with the proposed 2018 Development Charge Bylaw amendment in May.

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Bill Hughes

Commissioner of Finance

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# 2018 Development Charge Background Study and Bylaw Amendment

Public Meeting

March 22, 2018

**Bill Hughes**

# Outline

1. Recap of the 2017 Regional Development Charge Bylaw
2. Purpose of the 2018 Bylaw amendment
3. Proposed development charge rates
4. Proposed treatment of structured parking
5. Process and next steps

# Recap of the 2017 Regional Development Charge Bylaw

# The Region's current Development Charge Bylaw was last updated in 2017

## 2017 Development Charge Background Study and Bylaw Highlights

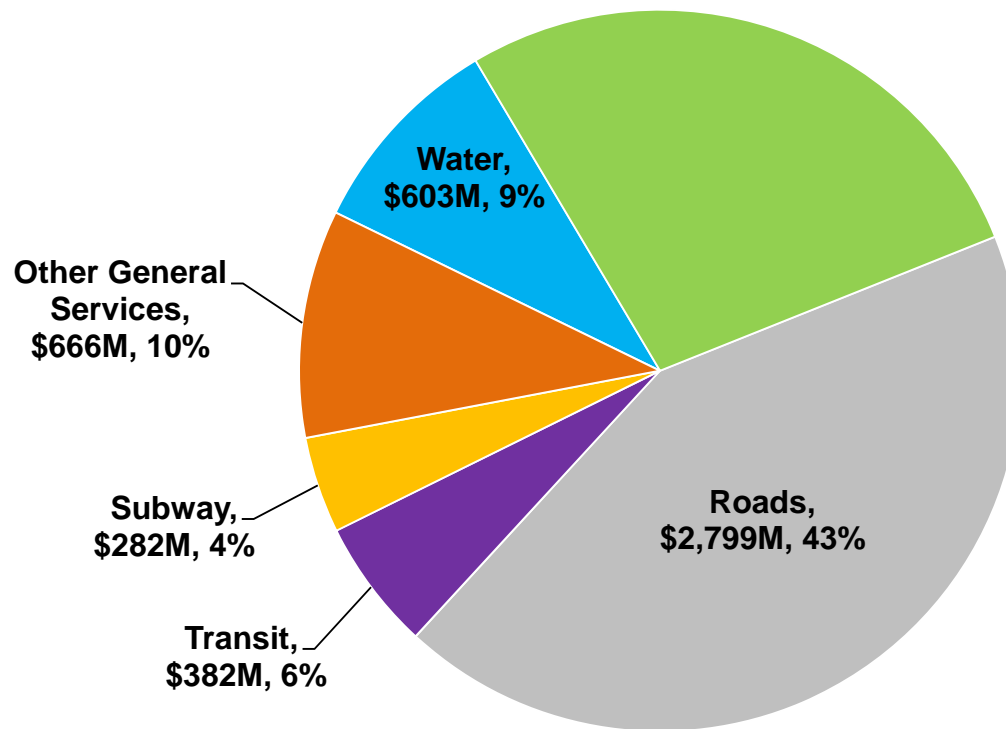
Came into force	June 17, 2017
Forecast horizon	2017 to 2031
Growth forecast	136,250 new homes and 79 million square feet of new non-residential spaces
Value of projects	Gross cost: \$6.5 billion Development Charge-eligible cost (2017 - 2031): \$3.7 billion
Inter-jurisdictional rate comparison	Second highest single-family detached rate and highest retail rate among Greater Toronto Area regional municipalities
Major policy changes	Hotels class created – levying a per square foot charge  Apartment delineation threshold raised to 700 square feet  36-month deferral policy for purpose-built high density rental buildings

## Residential rates increased modestly while non-residential rates stayed the same or declined

Type of Residential Dwelling	\$ Change/Unit	% Change	
Singles and Semi-detached	5,683	13%	↑
Multiples	1,591	4%	↑
Large Apartments (≥ 700 sqft)	1,853	7%	↑
Small Apartments (< 700 sqft)	2,704	15%	↑
Rate class	\$ Change/Sqft	% Change	
Retail	0.14	0.35%	↔
Industrial/Office/Institutional	-2.42	-12%	↓
Hotels	-32.38	-80%	↓

# Approximately 80 per cent of the project costs are for water, wastewater and road projects

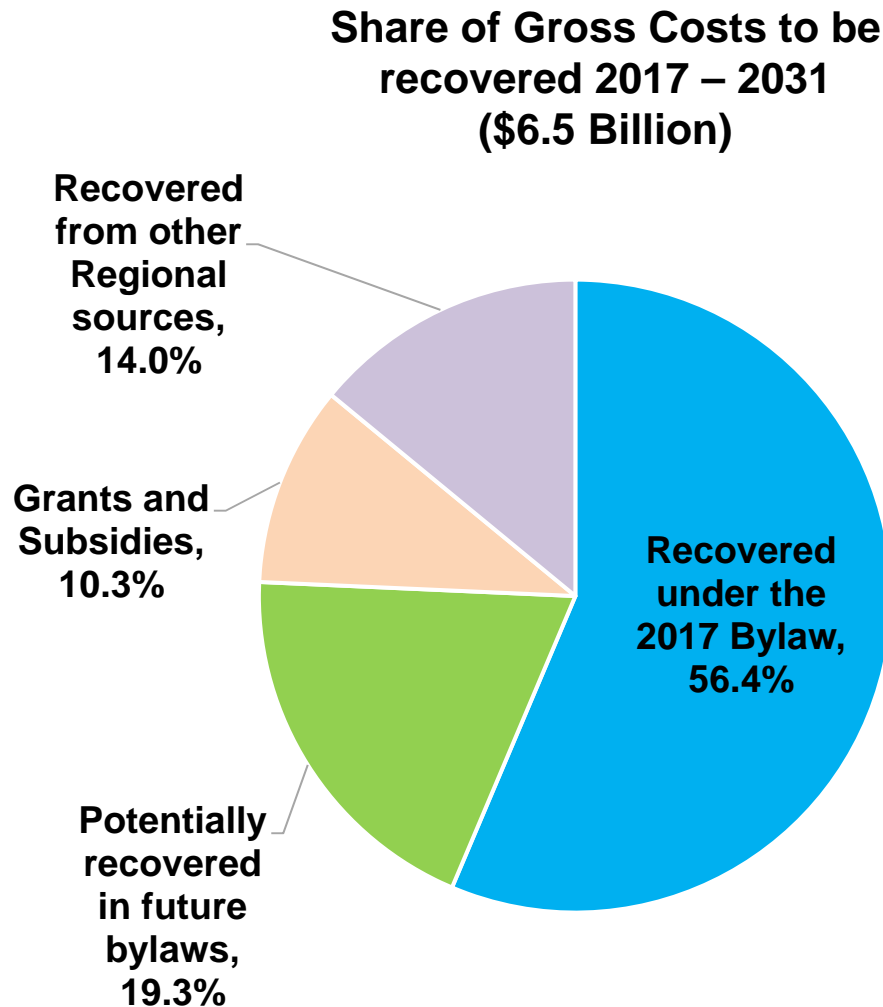
## 2017 Development Charge Bylaw Gross Capital Costs to 2031 - \$6.5 billion



Note: Numbers may not add due to rounding



# Approximately 56 per cent of the gross project costs can be recovered under the 2017 Bylaw



Category	\$ Millions
Recovered in 2017 Development Charge Bylaw	3,677
Potentially recovered under future bylaws	1,261
Recovered from other Regional sources (tax levy and rates)	915
Grants and Subsidies	669
<b>Total</b>	<b>6,523*</b>

\*Numbers may not add due to rounding

# Purpose of the 2018 amendment

# The 2018 Development Charge Bylaw amendment deals with roads and structured parking

- The purpose of 2018 amendment is two-fold:
  - Amend the 2017 Bylaw as it relates to the roads program
  - Review the treatment of structured parking (including associated sections)
- The 2018 Bylaw does not repeal or replace the Region's 2017 Development Charge Bylaw
- All other services continue to be funded under the 2017 Development Charge Bylaw

# This Bylaw amendment responds to Council direction

- When Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018
- The amendment adds all of the road projects in “Part B” of Contingency Schedule G of the 2017 Development Charge Bylaw to the rate calculation
- A contingency schedule is a list of proposed capital projects, with associated development charge rate increases, that would become part of the bylaw should certain conditions be met (known as a trigger event)

# The 2017 Development Charge Bylaw included a 'two-part' contingency schedule

Part	Trigger of development charge	Service	Total gross project costs (\$ Million)
<b>A</b>	Capital works contingent on Region entering into agreement to assume responsibility	Water, Wastewater, Roads, and Senior Services	844
<b>B</b>	Projects requiring the province extend new revenue raising powers to the Region	Roads	1,488

# Other inputs and assumptions from the 2017 Bylaw will remain the same

The following inputs have been maintained:

- Development charge rates for all services except roads
- Forecast assumptions:
  - Forecast period (2017 to 2031)
  - Residential density assumption (Persons Per Unit)
  - Residential and non-residential growth forecasts
- Calculation methodology
- Debt and reserves figures

# Proposed development charge rates

## The amendment adds 56 road projects with gross capital costs of \$1.5 billion

- The amendment adds 56 road projects identified in the Region's 2016 Transportation Master Plan
- These are the projects in "Part B" of the contingency schedule

Gross Project Costs (\$ Millions)	2018 Background Study (\$ Millions)
Gross capital costs	1,486
Development charge-eligible costs (2017-2031)	1,348



## Most of the road projects being added are road widenings

- Road widening projects (for 4 or 6 lane widenings) make up 61 per cent of the gross capital costs being added
- The roads component of the bylaw will increase from \$2.8 billion to \$4.3 billion

Top five projects in the 2018 Bylaw Amendment	Gross Project Cost (\$ Million)
Highway 7 - Kipling Avenue to Helen Street	66
16th Avenue - Woodbine Avenue to McCowan Road	65
Leslie Street-19th Avenue to Stouffville Road	58
Intersection, Bottleneck and Miscellaneous Capital	57
Green Lane - Yonge Street to Highway 404	56

# Proposed development charge rates

Rate Class	Current \$ Rate/Unit	Proposed \$ Rate/Unit*
Singles and Semis	48,330	57,525
Multiples	38,899	46,301
Large Apartments ( $\geq 700$ sqft)	28,273	33,652
Small Apartments ( $< 700$ sqft)	20,636	24,566

Rate Class	Current \$ Rate/Sqft	Proposed \$ Rate/Sqft*
Retail	39.89	51.12
Industrial/Office/Institutional	17.90	21.19
Hotels	7.93	10.03

\*Note: Roads projects subject to this amendment will not be indexed on July 1, 2018. The remaining portion of the rate will still be indexed on July 1, 2018.

# The proposed residential rates are 19 per cent higher than current levels

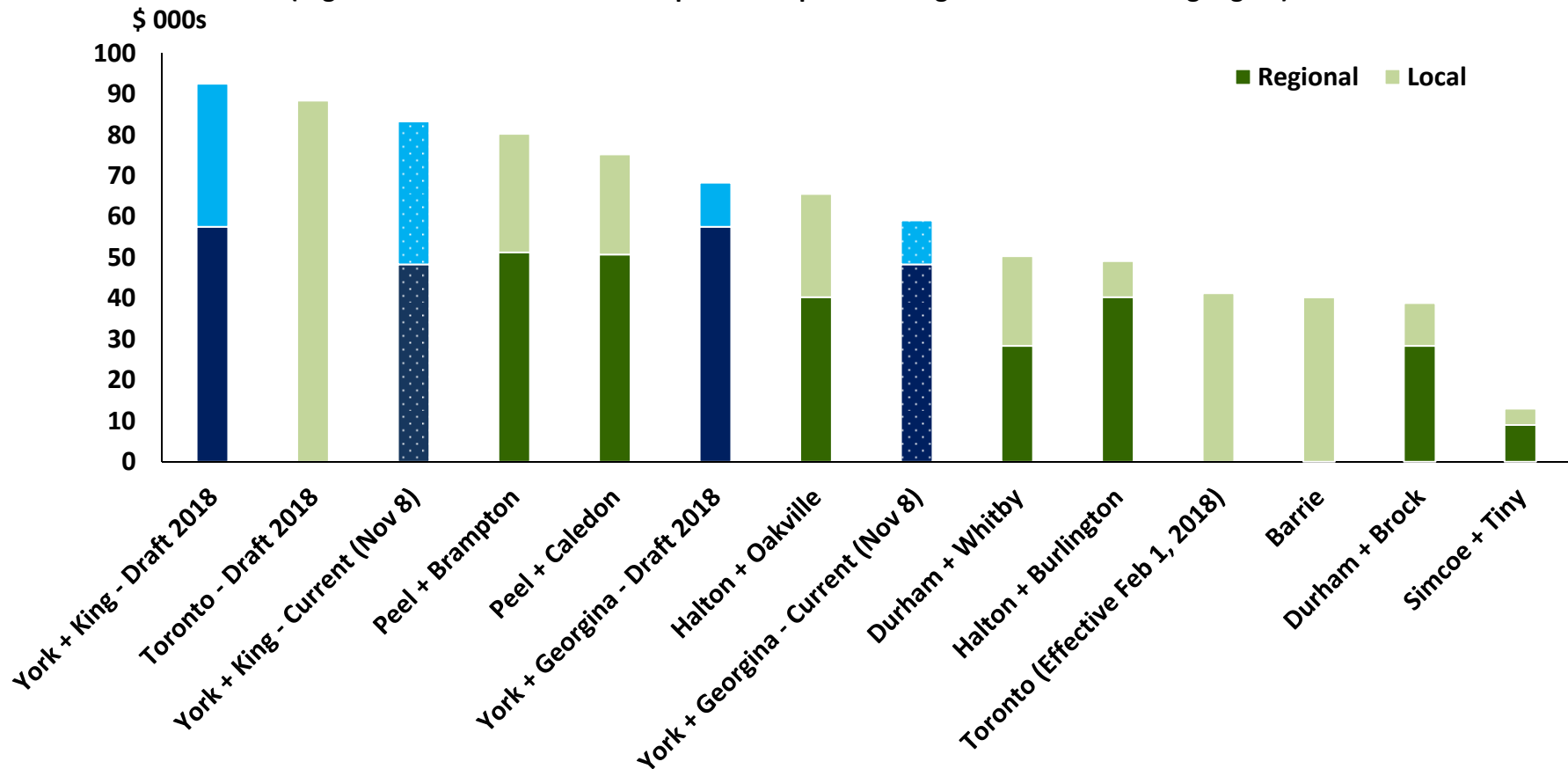
Rate Class	\$ Change/ Unit	% Change
Singles and Semis	9,195	19
Multiples	7,402	19
Large Apartments ( $\geq 700$ sqft)	5,379	19
Small Apartments ( $< 700$ sqft)	3,930	19

# Proposed non-residential rates are also higher

Rate class	\$ Change/ Sqft	% Change
Retail	11.23	28
Industrial/Office/Institutional	3.29	18
Hotels	2.10	26

# With the amendment, the combined single family rates will be among the highest

Single, Upper and Local Tier Development Charges -  
Single Family Dwelling  
(Highest and Lowest Total Municipal Development Charge in each surrounding region)



Note: Rates as of January 24<sup>th</sup>, 2018

# Proposed treatment of structured parking

# The bylaw amendment proposes to change the treatment of structured parking

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Type of development	Change or clarification
Standalone structures used for vehicle storage	Recognize their warehousing nature and levy the industrial/office/institutional rate
Retail motor vehicle establishment	Strengthen the bylaw to treat all areas within a retail motor vehicle establishment as retail
	Introduce a blended rate treatment for motor vehicle establishments with significant enclosed storage areas
Structured parking accessory to shopping malls and hotels	Clarify their exempt status

# Levy the Industrial/Office/Institutional rate on standalone vehicle storage facilities



Source: <http://www.azdetailing.com>

- Would apply to standalone buildings or structures used for warehousing of vehicles
- Levying the Industrial/Office/Institutional rate is consistent with the treatment of other warehousing or storage



# Continue to levy the retail rate on vehicle storage areas within retail motor vehicle establishments

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Source: Google maps – Pfaff Volkswagen - Newmarket

- Recognizes these areas are not only used for storage but have additional retail uses (e.g., detailing, servicing, showroom) or the potential for future conversion to retail uses
- Treating these storage areas as retail is consistent with treatment of on-site storage areas for other retailers

# Levy a blended rate on retail motor vehicle establishments with significant vehicle storage areas



- Would apply where a retail motor vehicle establishment includes significant storage area requirements (e.g., Audi Midtown)
- The retail rate would be capped at twice the gross floor area of the retail motor vehicle establishment (remainder levied the industrial/ office/institutional rate)

Source: Google maps – Audi Midtown Toronto

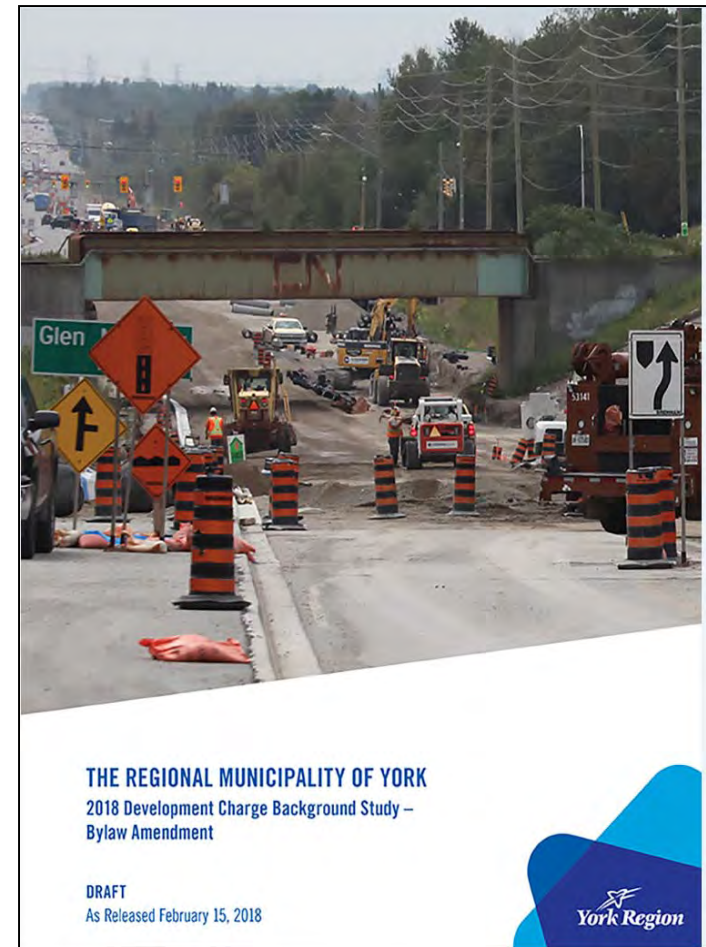
## Make a housekeeping change to clearly exempt structured parking accessory to shopping malls and hotels

Typology	Current treatment	Proposed treatment	Rationale
<b>Shopping mall and hotel accessory use parking</b>	Retail	Exempt	<p>Proposed treatment is consistent with all other accessory use parking structures</p> <p>Development charges are levied on the primary structure (e.g., shopping malls and hotels)</p>

# Process and next steps

# A development charge bylaw amendment must be accompanied by a background study

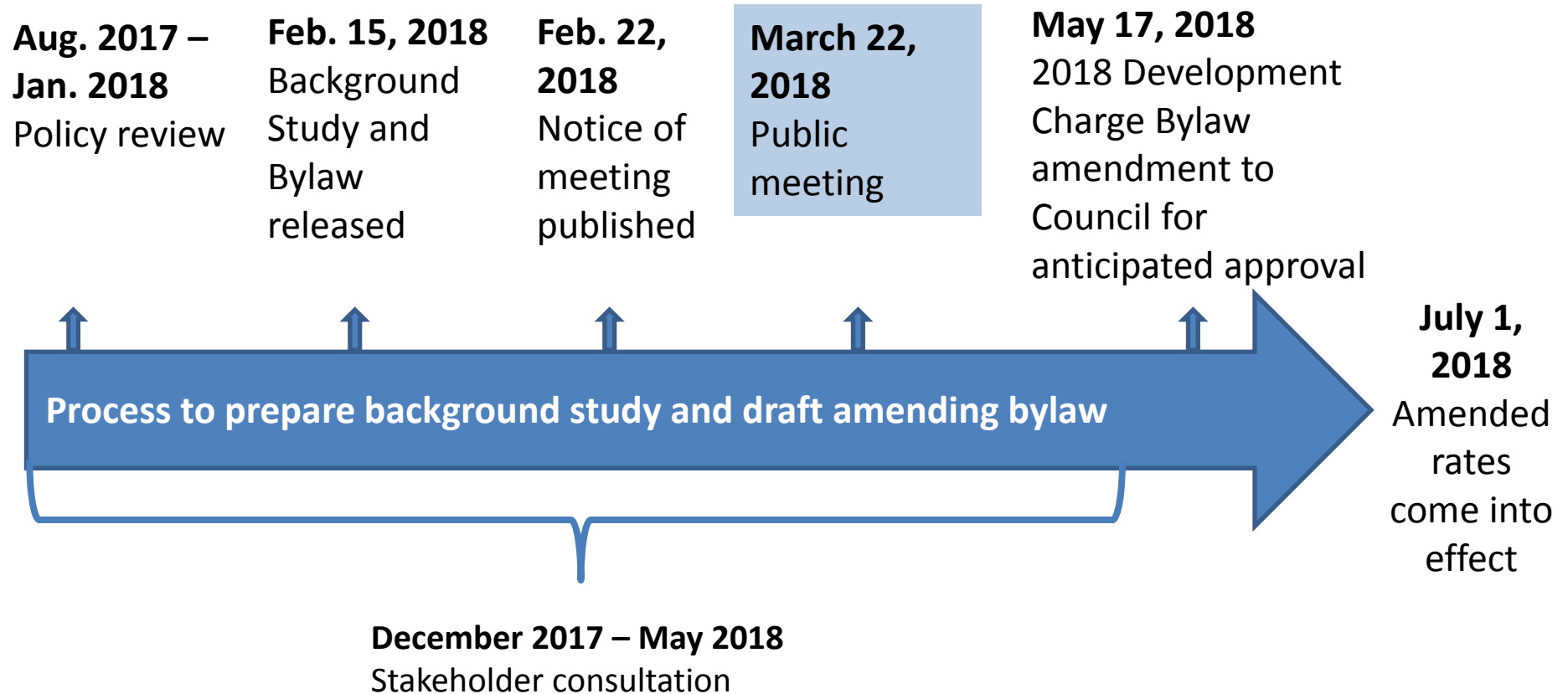
- To amend a development charge bylaw, a new background study must be prepared in accordance with the *Development Charge Act, 1997*
- The background study underpins the rates in the amending bylaw
- The background study was published on the Region's website on February 15, 2018



# A public meeting is required under the *Act*

- Today's public meeting satisfies a legislative requirement
- The purpose of the meeting is to obtain input on the draft 2018 Development Charge Background Study and amending bylaw from all interested parties
- The Region met all prescribed timelines:
  - At least 20 days notice of the meeting must be given
  - The draft 2018 Development Charge Background Study and amending Bylaw must be available at least two weeks prior to the statutory public meeting

# Milestones in the development charge bylaw amendment process



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# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
February 8, 2018

Report of the  
Commissioner of Finance

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

### 1. Recommendations

It is recommended that:

1. Council receive the draft 2018 Development Charge Background Study and proposed draft bylaw amendment (the “Bylaw”) (Attachment 1).
2. Council endorse the proposed changes and clarifications to the treatment of structured parking and car dealerships as contained in this report, the 2018 Development Charge Background Study and proposed draft bylaw amendment (Attachment 1).
3. Council delegate to:
  - a. the Commissioner of Finance the authority to schedule and give notice for the public meeting required by the *Development Charges Act, 1997* (the “Act”) to be held on March 22, 2018 and any subsequent public meetings, and
  - b. the Committee of the Whole the authority to hold the March 22, 2018 public meeting.
4. The draft Bylaw be brought forward for consideration for approval by Regional Council at its May 17, 2018 meeting.
5. The Regional Clerk circulate this report to the local municipalities and to the Building Industry and Land Development Association – York Chapter (BILD).

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

## 2. Purpose

This report supports the tabling of the Regional Municipality of York's proposed 2018 Development Charge Background Study and amending Bylaw. It also highlights changes to the current development charge rates and bylaw, including the treatment of structured parking.

## 3. Background

Council directed staff to bring back a potential amendment adding "Part B" road projects to the development charge bylaw

When Council approved the 2017 Development Charge Bylaw on May 25, 2017, it also directed staff to bring back an amendment by March 31, 2018 that would add all of the roads projects in "Part B" of Contingency Schedule G of the 2017 Development Charge Bylaw into the rate calculation.

A contingency schedule is a list of proposed capital projects, with associated development charge rate increases, that would become part of the bylaw, should certain conditions be met (trigger event). The projects on "Part B" of Contingency Schedule G were subject to five financial triggers being met:

1. The province extend the power to raise revenues from new sources to the Region
2. Council approve the implementation of those new revenue sources
3. Council approve the specific project(s) as part of its 10-year capital plan
4. Council approve the allocation of new revenue sources to the project(s)
5. No additional debt would be required as a result of funding the project(s)

The 56 projects on "Part B" of Contingency Schedule G were identified as part of the 2016 Transportation Master Plan. Their inclusion was based on consultations with local municipalities and the Region's roads prioritization model. The five-part precondition to trigger the associated rate increases was chosen to ensure that the Region would be able to fund the additional projects in a fiscally prudent way.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

The treatment of structured parking will also be affected by the proposed bylaw amendment

As part of the consultation process for the 2017 Development Charge Bylaw, some stakeholders expressed concern with respect to the treatment of structured parking. Staff have reviewed the treatment of all structured parking and are proposing some changes as part of this amendment. The scope of the review included:

- Accessory-use structured parking, including those servicing malls, hotels, and offices
- Structured parking used by car dealerships (stand-alone, below-grade or above-grade)

The 2018 Development Charge Bylaw and Background Study will be made available on February 15, 2018

To amend a development charge bylaw, a new background study must be prepared which underpins the rates in the amending bylaw. The *Act* requires that this background study be made available to the public for a minimum of 60 days prior to the passing of the bylaw, and at least two weeks prior to a statutorily required public meeting. Both the draft amending bylaw and the background study will be available on the Region's website on February 15, 2018.

A public meeting to receive feedback on the proposed Bylaw amendment is anticipated to precede the meeting of the Committee of the Whole on March 22, 2018. Feedback from the public meeting will be considered as part of the final 2018 Bylaw amendment that will be brought to Council for consideration on May 17, 2018, with a coming-into-force date of July 1, 2018. The coming-into-force date was chosen to coincide with the annual indexing of rates. Table 1 describes the statutory requirements, Council engagements, and the applicable dates.

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

**Table 1**  
**Key Dates in Regional Bylaw Amendment Process**

Deliverable	Date	Time elapsed	
2018 Background Study and draft Bylaw amendment publicly released with a report (includes recommendation authorizing public notice)	February 15, 2018	<div> <div>7 days</div> <div>28 days</div> <div>56 days</div> </div>	91 days*
Notice of public meeting published in all Metroland newspapers	February 22, 2018		
Public meeting immediately prior to Committee of the Whole Week 2	March 22, 2018		
2018 Development Charge Bylaw amendment report to Committee of the Whole Week 2	May 10, 2018		
2018 Development Charge Bylaw amendment to Council for anticipated approval	May 17, 2018		
2018 Development Charge Bylaw amendment and rates come into effect	July 1, 2018		

\*Note: The *Development Charges Act, 1997* requires that a background study be available to the public at least 60 days prior to passing the Bylaw.

Stakeholders were consulted during the development of this background study

Beginning in December 2017, staff consulted representatives from local municipalities and the Building Industry and Land Development Association – York Chapter (BILD). Staff met with representatives from the local municipalities on two occasions and the BILD working group on two occasions. Topics discussed include:

- Scope of the amendment
- Preliminary impact on rates
- Treatment of structured parking in the amended bylaw

The requirement under the *Act* to consider area-specific rates has already been met

Under section 10 of the *Act*, municipalities are required to consider area-specific development charges in their background study. As part of the 2017

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Development Charge Background Study and Bylaw staff considered the potential for implementing area-specific charges. It was determined that the Region should continue with its existing practice of region-wide rates for the 2017 Bylaw (with the exception of wastewater rates for the Village of Nobleton). Chief among the considerations was the fact that the changes to the Growth Plan could affect the spatial distribution of the growth forecast, which is an essential input in determining the benefiting population and employment growth that is needed when creating an area-specific development charge. These growth forecasts will be developed through the Municipal Comprehensive Review process currently underway.

It was determined through consultation with Legal Services and Hemson Consulting Ltd. (the consultants retained by the Region to advise on development charge matters) that the consideration of area-specific charges as identified in the 2017 Development Charge Background Study, including the analysis and rationale, remains applicable to the 2018 Development Charge Background Study.

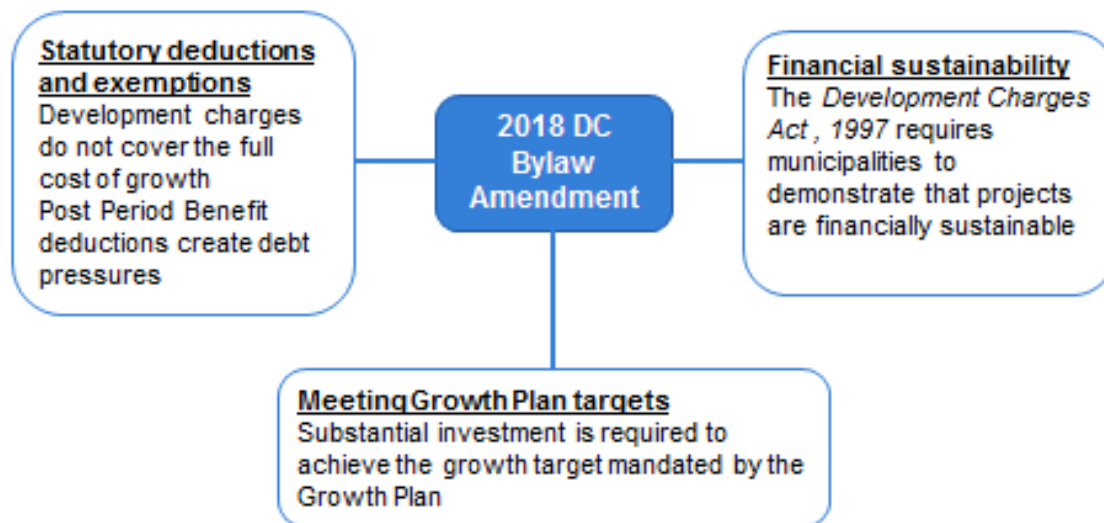
### 4. Analysis and Implications

A development charge bylaw must balance competing requirements

Any development charge bylaw has to balance the competing challenges and requirements of the Growth Plan and the *Act* (Figure 1).

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

**Figure 1**  
**Balancing competing requirements**



A substantial investment in new infrastructure will be required in order to achieve the growth target mandated by the provincial Growth Plan. Development charges are a tool to recover the cost of growth-related infrastructure. However, development charges do not cover the full cost of growth, as the *Act* limits and delays cost recovery through statutory deductions (i.e., benefit to existing deductions, ten per cent statutory deductions, post-period benefit deductions), exemptions and ineligible services. Also, changes to the *Act* in 2015 added a requirement for municipalities to demonstrate that all infrastructure assets funded under a development charge bylaw are financially sustainable.

The 2017 Development Charge Bylaw balanced these requirements while ensuring sufficient roads infrastructure would be in place to achieve growth to 2031. The 2018 Bylaw amendment builds on the roads infrastructure program.

Ultimately, development charges cannot generate sufficient revenue to fund the needed growth-related infrastructure in the Region. Therefore, new revenue sources are required to meet growth objectives in a financially sustainable way.

The proposed draft 2018 Bylaw amendment will not affect the development charge rates for other services

The proposed draft 2018 Development Charge Bylaw amendment adheres to the Council direction to add the 56 roads projects from “Part B” of Contingency Schedule G to the 2017 Bylaw. The change to the development charge rates as a result of the proposed amendment only pertains to the 56 roads projects being

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

added<sup>1</sup>. The Region will continue to collect development charges for all other services based on what was included in the 2017 Development Charge Bylaw.

In addition, other key assumptions and inputs will remain the same as they were in the 2017 Development Charge Background Study. These include:

- Residential and non-residential growth forecasts, including the forecast horizon (2017 to 2031)
- Development charge calculation methodologies
- Debt and reserve balances

Any change made to the 2017 Development Charge Bylaw through an amendment could be subject to appeal. By limiting the scope of the proposed 2018 Bylaw amendment, the basis of potential appeals will be narrowed.

The 2018 Bylaw amendment includes an additional \$1.49 billion of gross project costs for roads growth infrastructure

Compared to the 2017 Background Study main project list, including Contingency List B will add \$1.49 billion in gross project costs and \$1.35 billion in development-charge-eligible costs to the rate calculation (Table 2). The difference will be a future tax levy pressure.

**Table 2**  
**Summary of Project Costs**

<b>Gross Project Costs</b>	<b>2017 Development Charge Background Study (\$ Millions)</b>	<b>2018 Background Study (\$ Millions)</b>	<b>Difference (\$ Millions)</b>
Roads Services	2,798.7	4,284.2	1,485.5
Roads Development Charge Eligible Costs (2017-2031)	1,947.5	3,295.0	1,347.6

\*Note: Numbers shown here are 2017 costs and may not sum due to rounding

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<sup>1</sup> Note: In addition the rates also reflect a technical adjustment to project 233 in the 2017 Development Charge Background Study. The adjustment is discussed on page 8 of this report.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

While the cost of the additional roads projects was presented as part of the 2017 Background Study, a few technical adjustments are now being proposed.

First, the cost for the Transportation Demand Management Project (project number 233 in the 2017 Background Study) was incorrectly calculated and presented. The correct gross cost estimate should have been \$34.3 million, \$10.7 million higher than the amount included in the 2017 Background Study.

Second, 16 projects in “Part B” of Contingency Schedule G included environment assessment costs that had already been accounted for as part of the Roads Main Project List. These costs (\$13.5 million in gross project costs) have now been excluded from the rate calculation.

Overall, adding the 56 projects to the rate calculation will result in a residential development charge rate for a single family dwelling before indexing of \$57,525, representing a \$9,195 (19 per cent) increase above the current rates.

Table 3 shows a breakdown of these changes to the development charge rate for a single family dwelling before indexing.

**Table 3**  
**Illustration of Changes to Single Family Dwelling Rate**

<b>Change</b>	<b>Gross Cost Increase (Decrease)</b>	<b>Impact on Rate</b>
	<b>(\$ Millions)</b>	<b>(\$)</b>
Addition of 56 roads projects to the Bylaw	1,488.3	9,209
Adjustment to the environmental assessment costs for 16 projects added	(13.5)	(83)
Adjustment to the Transportation Demand Management Project	10.7	69
<b>Total</b>	<b>1485.5</b>	<b>9,195</b>

\*Note: Numbers may not sum due to rounding

The rate changes subject to this amendment will include an inflationary factor of 2.4 per cent to adjust the costs from 2017 to 2018 dollars. The inflationary factor is based on the annual average of the Statistics Canada’s Quarterly Construction Price Index for the past ten years. This is the same factor used for all other services currently in the 2017 Development Charge Background Study.



## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

An amended asset management plan has been prepared in accordance with the *Act*

The *Act* requires municipalities to prepare an asset management plan as part of their Background Study that will demonstrate that all assets funded by the bylaw are financially sustainable over their lifecycle. The asset management plan can be found in Chapter 7 of the draft 2018 Development Charge Background Study (*Attachment 1*).

Asset management is an integrated, lifecycle approach that brings together physical and financial aspects of existing and planned infrastructure systems. The goal is to minimize costs over time while providing the desired level of service with an appropriate level of risk.

An asset management plan covering the main project list was included in the 2017 Development Charge Background Study. It accounted for the full operating and capital requirements related to both existing and future assets, enabling an estimate of the impact of growth on both user rates and the tax levy.

The 56 road projects to be added to the rate calculation create additional lifecycle needs and tax levy impact

The proposed draft 2018 Development Charge Bylaw Amendment is scoped to amend the roads program. However, in order to have a full understanding of the asset management needs of all assets funded by Regional development charges, the full range of services are discussed in Chapter 7 of the attached draft background study (*Attachment 1*).

Table 4 summarizes the total 100-year period lifecycle costs of the assets funded through the 2017 Bylaw as amended by the draft 2018 bylaw.

Draft 2018 Development Charge Background Study and Proposed  
Draft Bylaw Amendment

**Table 4**  
**Summary of Growth Projects and Lifecycle Needs**

<b>\$ Millions</b>	<b>Main Project List</b>		<b>Contingency List B</b>		<b>Total<sup>1</sup></b>
<b>Service Area</b>	<b>Gross Project Cost</b>	<b>100-Year Lifecycle Needs</b>	<b>Gross Project Cost</b>	<b>100-Year Lifecycle Needs</b>	<b>100-Year Lifecycle Needs</b>
<u>Rate-Funded:</u>					
Water <sup>2</sup>	603	1,207	-	-	1,207
Wastewater <sup>2</sup>	1,793	6,675	-	-	6,675
<b>Sub-Total –Rate</b>	<b>2,395</b>	<b>7,883</b>	<b>-</b>	<b>-</b>	<b>7,883</b>
<u>Tax Levy-Funded</u>					
Roads <sup>2</sup>	2,810	4,755	1,474	2,450	7,206
Transit	382	1,921	-	-	1,921
Toronto-York Spadina Extension <sup>3</sup>	282	-	-	-	-
Police <sup>2</sup>	227	1,098	-	-	1,098
Waste Diversion	10	56	-	-	56
Public Works <sup>2</sup>	152	311	-	-	311
Paramedic Services	52	123	-	-	123
Public Health	17	156	-	-	156
Social Housing	185	294	-	-	294
Courts	22	40	-	-	40
<b>Sub-Total –Tax Levy</b>	<b>4,139</b>	<b>8,754</b>	<b>-</b>	<b>2,450</b>	<b>11,204</b>
<b>Grand Total</b>	<b>6,534</b>	<b>16,637</b>	<b>1,474</b>	<b>2,450</b>	<b>19,087</b>

1. Totals may not add due to rounding

2. 2017-2031 planning period for new growth projects. For all other services, a 2017-2026 planning period was used

3. Lifecycle costs will be fully funded by the City of Toronto

Table 5 summarizes the user rate impact of water and wastewater growth projects. Table 5 is unchanged from the 2017 Development Charge Background Study.

Draft 2018 Development Charge Background Study and Proposed  
Draft Bylaw Amendment

**Table 5**  
**Summary of Rate Supported Growth Projects (2017-2031)**

<b>Description (\$ Millions)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Gross Project Costs	2,395	557	884	954
User Rate Funding (Reserves)	15	15	0	0
% of Project cost to be recovered from User Rates	0.7%	2.8%	0.0%	0.0%
<b>Potential Growth-Related Billing Revenue Requirements</b>	<b>30</b>	<b>2</b>	<b>10</b>	<b>17</b>

User rate impacts have been fully accounted for through water and wastewater rate increases approved by Council in 2015 and the related projects are deemed to be financially sustainable.

Tables 6 and 7 summarize the operating impacts of tax-levy-related projects included in the 2017 Bylaw, as amended by the draft 2018 Development Charge Bylaw amendment. The analysis differentiates between the projects already captured by the 2017 Development Charge Bylaw and rates, and those that are added as part of this proposed bylaw amendment.

**Table 6**  
**Summary of Tax Levy Supported Growth Projects –  
Main Project List, 2017 Bylaw (2017-2031)**

<b>Description (\$ Millions)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Gross Project Costs	4,139	1,983	1,290	866
Tax Levy Funding (Reserves)	901	400	258	243
% of Project cost to be recovered from Tax Levy	21.8%	20.2%	20.0%	28.1%
<b>Potential Growth-Related Tax Levy Requirements</b>	<b>301</b>	<b>56</b>	<b>104</b>	<b>140</b>

Draft 2018 Development Charge Background Study and Proposed  
Draft Bylaw Amendment

**Table 7**  
**Summary of Tax Levy Supported Growth Projects –**  
**Contingency Schedule G, “Part B” Projects, 2017 Bylaw (2017-2031)**

<b>Description (\$ Millions)</b>	<b>Total</b>	<b>2017-2021</b>	<b>2022-2026</b>	<b>2027-2031</b>
Gross Project Costs	1,475	34	668	773
Tax Levy Funding (Reserves)	137	13	106	18
% of Project cost to be recovered from Tax Levy	9.3%	38.4%	15.9%	2.3%
<b>Potential Growth-Related Tax Levy Requirements</b>	<b>65</b>	<b>12</b>	<b>23</b>	<b>30</b>

The tax levy requirements summarized in Tables 6 and 7 above are considered financially sustainable because they can be absorbed by the tax base over the forecast period through tax levy increases. Including non-growth tax levy requirements, the tax levy increase related to the main project list is estimated to be in the range of 3.5 to 4.0 per cent per year. Adding the projects from Contingency List B would increase this estimate by approximately 30 basis points, to a range of 3.8 per cent to 4.3 per cent per year.

However, in the current term, it has been Council’s objective to keep annual tax levy increases at three per cent or less. Although additional analysis through the annual budget process will aim to mitigate the tax rate impacts noted above, current estimates suggest that meeting Council’s tax levy target while undertaking all of the projects included in the 2017 Development Charge Bylaw as amended by the proposed draft 2018 Bylaw will require additional revenues above and beyond what can be generated through a three per cent annual tax levy increase. A total of approximately \$110 million per year in additional revenue would be required. This additional revenue need is approximately \$30 million higher than the additional revenue needed to fund the projects included in the 2017 Development Charge Bylaw.

These estimates have a degree of uncertainty as they are based on a number of critical assumptions about future service levels, cost pressures, and length of time to build reserves to fund future asset management requirements. They are based on the best information available at this time and will continue to be reviewed and analyzed through the annual budget process.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Appeals of the 2017 Bylaw and the 2018 amendment may be combined

There were six appeals of the 2017 Development Charge Bylaw. They relate to parking structures, road projects and the treatment of funeral homes on cemetery grounds. The first prehearing of the six appeals is not expected to be held until the middle of March, at the earliest. The timing of the 2018 amendment is such that appellants of the amendment may seek to combine their appeals with any they have filed under the 2017 Bylaw. Staff have begun to engage the appellants to scope their appeals.

If an appeal of the Region's bylaw amendment were successful, resulting in a reduced roads rate, the Region would be required to refund the difference between the development charges paid under the amended bylaw and the rate determined as a result of the appeal.

### Proposed Changes to the Treatment of Structured Parking

Surface parking and structured parking are treated differently under the *Development Charges Act, 1997*

The *Development Charges Act, 1997* permits the collection of development charges for structured parking. Section 2(2) of the *Act* lists the types of development for which development charges can be levied.

Structured parking requires a building permit for buildings or structures, issued under the *Building Code Act, 1992*; this is one of the triggers for levying development charges under Section 2(2) of the *Act*.

Surface parking does not trigger any of the events listed under Section 2(2) of the *Act*. Therefore no development charges can be levied.

Structured parking can be categorized into five typologies based on use

Structured parking in the Region primarily exhibits five typologies based on use. Table 8 below summarizes those typologies.

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

**Table 8**  
**Summary of structured parking typology**

Typology based on use*	Notes
<b>Non-residential</b>	
Accessory-use parking (e.g., for shopping malls, offices, places of worship, hotels, etc.)	<ul style="list-style-type: none"> <li>• For employees, visitors, and patrons</li> <li>• Accessible to the general public</li> </ul>
Vehicle storage in retail motor vehicle establishments	<ul style="list-style-type: none"> <li>• Not accessible to general public</li> </ul>
Vehicle storage in non-retail motor vehicle establishments	<ul style="list-style-type: none"> <li>• Not accessible to general public</li> </ul>
Structured parking to generate revenue from short-term rental parking	<ul style="list-style-type: none"> <li>• Standalone paid parking structure</li> <li>• Accessible to the general public for a fee</li> </ul>
<b>Residential</b>	
Accessory parking (e.g., condominiums and rental properties)	<ul style="list-style-type: none"> <li>• Used by residents and not accessible to the general public</li> </ul>

\*Note: All can be above or below grade, attached to a structure, within a structure or a standalone structure

The Region's 2017 Development Charge Bylaw already exempts most structured parking

Most of structured parking that has been built in the Region has been for an accessory use. The Region does not levy a development charge on this type of structure.

Consistent with its historic approach, the Region's 2017 Development Charge Bylaw exempts all below grade or above grade accessory use structured parking, whether residential or non-residential.

Since 2012, development charges have been levied on structured parking when it is used by retail motor vehicle establishments, including car dealerships and motor vehicle repair shops, to store motor vehicles for sale, rental or servicing. These structures can be within the car dealership (or repair shop) or built as a standalone structure. In both instances the Bylaw levies the retail rate on the gross floor area of the structure.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

While the Region's Bylaw could permit a development charge for structured parking accessory to shopping malls, hotels or standalone paid parking, no developments have ever come forward that would trigger a charge.

The treatment of vehicle storage within a car dealership has been the subject of development charge complaints in recent years

There were three complaints dealing with the treatment of parking structures under the Region's 2012 Development Charge Bylaw. Council dismissed the complaints. However they were subsequently appealed to the Ontario Municipal Board (the "Board").

Only one of these complaints has been dealt with by the Board. In that complaint, the Board ruled that a portion of the below-grade parking structure was exempt from development charges, based on zoning bylaw requirements. The complainant did not dispute the levying of the retail rate on the remaining area. The other two complaints have yet to be heard at the Board.

There were also two appeals of the Region's 2017 Development Charge Bylaw relating to automotive dealerships and parking structures

The Region also received two appeals of its 2017 Development Charge Bylaw regarding the treatment of structured parking used for the storage of motor vehicles prior to sale or servicing: one from a consortium of car dealerships, and one from Weins Canada.

The appellants have taken the position that structured parking for storing vehicles prior to sale or rent should not be charged the retail rate.

Structured parking requires Regional infrastructure services

Structured parking requires infrastructure services. Both customers and delivery vehicles use the Region's road network to get to the structure. In addition, they also require water servicing capacity to comply with fire prevention codes.

While the initial use for structured parking in retail motor vehicle establishments may be for vehicle storage, these areas often evolve over time to other functions such as service bays, detailing, and showrooms. These functions all require greater use of infrastructure services.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Market forces, as opposed to development charges, will be the catalyst for a more compact form of development

The Region has consistently levied the retail rate on car dealerships. Notwithstanding this, since 2012 there have been, on average, five new car dealerships built every year, averaging about 30,000 square feet (some as large as 90,000 square feet).

Furthermore, between 2005 and 2016, five new car dealerships were built with structured parking, and four of those were within the last five years. This move toward interior storage is likely due to the availability and cost of land and the business model of the car manufacturer, including the need to better secure and maintain their vehicles. Although the storing of vehicles inside dealerships has been led by higher-end dealerships, brands of all classes are expected to follow as land becomes increasingly scarce and more expensive.

Staff propose to levy the Industrial, Office, Institutional rate on standalone structured parking used to store motor vehicles

Under the 2017 Development Charge Bylaw, standalone structured parking used to store motor vehicles would be levied the retail rate. Staff are proposing to change this treatment to the Industrial, Office, Institutional rate, which would be consistent with other warehousing functions.

As compared to the treatment under the 2017 Bylaw, there would be some negative impact on collections, although staff do not believe the impact to be significant.

Finally, any parking spaces within these structures used for employee and customer parking would still be exempt from development charges. Staff will evaluate this on a case-by-case basis.

Staff propose to continue levying the retail rate on vehicle storage areas in car dealerships

Staff are not proposing to change the treatment of vehicle storage areas in car dealerships. The rationale for not changing the treatment of these areas in car dealerships is:

- Recognition that these areas are not just being used for storage and have additional retail uses (e.g., detailing, showroom, servicing, etc.). In some cases, areas originally used for storage may be changed to other uses after building permit issuance



## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

- Consistency with the treatment of merchandise storage in other retail - changing the treatment of storage in car dealerships could give rise to an appeal from other retailers
- Consistency with what neighboring municipalities do

As is the case for standalone structured parking used to store motor vehicles, any parking spaces used for employee and customer parking could be exempt from development charges.

The Board has held that service bays within car dealerships are a retail function

One of the arguments of the appellants to the 2017 Development Charge Bylaw is that service bays within car dealerships should be levied the Industrial/Office/Institutional rate, as this is not a directly retail function.

A decision by the Board in *Shanahan Ltd. v. Region of York (2013)* concluded that the use of service bays to perform warranty work, “is a direct function of the retail sale of a new vehicle and is not a separate and distinct use of [sic] function from the retail activity of selling such goods as new or used cars and trucks to the general public” and as such service department areas (bays) fall “squarely within the definition of retail”.

The 2018 Bylaw will clarify that all retail motor vehicle establishments with vehicle storage for sale, lease or servicing/repair purposes should be treated as retail

Aside from car dealerships, other retail motor vehicle establishments may also have requirements to store vehicles for sale, lease or servicing. These include vehicle brokerages, long-term leasing facilities, service repair shops open to the public and other similar uses. Similar to car dealerships, the Region's development charge bylaws have always treated these types of establishments as retail.

Under the 2018 Bylaw amendment, these establishments will continue to be treated as retail, including, but not limited to, areas within the structure that are used for vehicle storage.

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Staff propose that the bylaw permit a blended rate for motor vehicle establishments with significant vehicle storage area

There may be instances where a proposed car dealership (or other types of retail motor vehicle establishments) includes significant storage areas. While these are not expected to be common, staff propose to amend the Bylaw so that a blended rate of retail and industrial/office/institutional could be applied.

In these instances, the retail rate would be capped at two times the gross floor area of the retail motor vehicle establishment. The gross floor area above and beyond that of the retail motor vehicle establishment would be levied the industrial/office/institutional rate.

The proposed treatment of structured parking used to store motor vehicles is in line with neighbouring municipalities

Staff have reviewed the bylaws of all local municipalities, as well as neighbouring upper-tier and single-tier municipalities. The proposed changes and clarification to the treatment of structured parking and the clarifications to the treatment of car dealerships are reasonably consistent with other municipalities (see Table 9 for further detail).

**Table 9**  
**Interjurisdictional summary of treatment of car dealerships and standalone structured parking used to store motor vehicles**

<b>Municipality</b>	<b>Car dealerships</b>	<b>Standalone structured parking used to store motor vehicles</b>
York Region – 2018 Development Charge Bylaw Amendment	Retail	Industrial/Office/Institutional
City of Markham	Retail	Industrial/Office/Institutional
Town of Richmond Hill	Retail	Non-retail
All other local municipalities	Non-residential	Non-residential
City of Toronto*	Non-industrial	Industrial
Durham Region	Commercial	Industrial
Peel Region	Non-industrial	Industrial
Simcoe County	Non-residential	Non-residential
Halton Region	Retail	Exempt

\*Note: Development charges are only levied only on ground floor.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Staff recommend clarifying the treatment for structured parking accessory to shopping malls and hotels

Although in practice this has not happened, under the 2017 Development Charge Bylaw, the Region could levy the retail rate on structured parking accessory to retail establishments, such as malls and hotels. There is a strong rationale for exempting this type of structured parking in the Region's bylaw:

- Brings treatment of shopping mall accessory parking in line with all other accessory use parking structures
- Development charges are levied on the primary structure

Staff are therefore proposing that the bylaw be amended to clarify that structured parking accessory to shopping malls or hotels be exempt from development charges.

### 5. Financial Considerations

The draft 2018 residential roads development charge rate is 65 per cent higher than the current rate

The residential class will see the highest increase in the roads development charge rate (by 65 per cent) compared to the current road rate (see Table 10).

Draft 2018 Development Charge Background Study and Proposed  
Draft Bylaw Amendment

**Table 10**  
**Summary of residential development charge rates\***

Rate Class	Current Development Charges (Nov 8, 2017) (\$)		Change (\$)		Change	
	Roads	Total	Roads**	Total	Roads	Total
Single & Semi-detached	14,206	48,330	9,195	57,525	65%	19%
Multiple Unit Dwelling	11,435	38,899	7,402	46,301	65%	19%
Apartments (>= 700 Sqft)	8,311	28,273	5,379	33,652	65%	19%
Apartments (< 700 Sqft)	6,072	20,636	3,930	24,566	65%	19%

\*Note: Does not include Nobleton wastewater rates.

\*\*Note: All rate changes subject to this amendment have had an inflationary factor of 2.4 per cent applied.

The proposed non-residential roads development charge rates are similarly higher than current rates

Table 11 compares the roads and total development charge rates for the non-residential classes.

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

**Table 11**  
**Summary of residential development charge rates\***

Rate Class	Current Development Charges (Nov 8, 2017) (\$)		Change (\$)		Change	
	Roads	Total	Roads**	Total	Roads	Total
Retail (\$/sqft)	17.87	39.89	11.23	51.12	63%	28%
Industrial/Office/Institutional (\$/sqft)	5.26	17.87	3.29	21.19	62%	18%
Hotel (\$/sqft)	3.69	7.93	2.10	10.03	57%	26%

\*Note: Does not include Nobleton wastewater rates.

\*\*Note: All rate changes subject to this amendment have had an inflationary factor of 2.4 per cent applied.

If the proposed rates are adopted, York Region will have the highest development charges among the 905 municipalities for all classes of development

Currently, York Region's residential and office development charge rates (Regional portion) are the second highest among the 905 upper tier municipalities (second to Peel). If the proposed Bylaw amendment and rates are adopted, York Region's residential and office development charge rates will exceed that of Peel's, making the rates the highest amongst the surrounding 905 Regions.

If the proposed rates are adopted, York Region's retail and industrial/office/institutional rates will be the highest among the 905 municipalities.

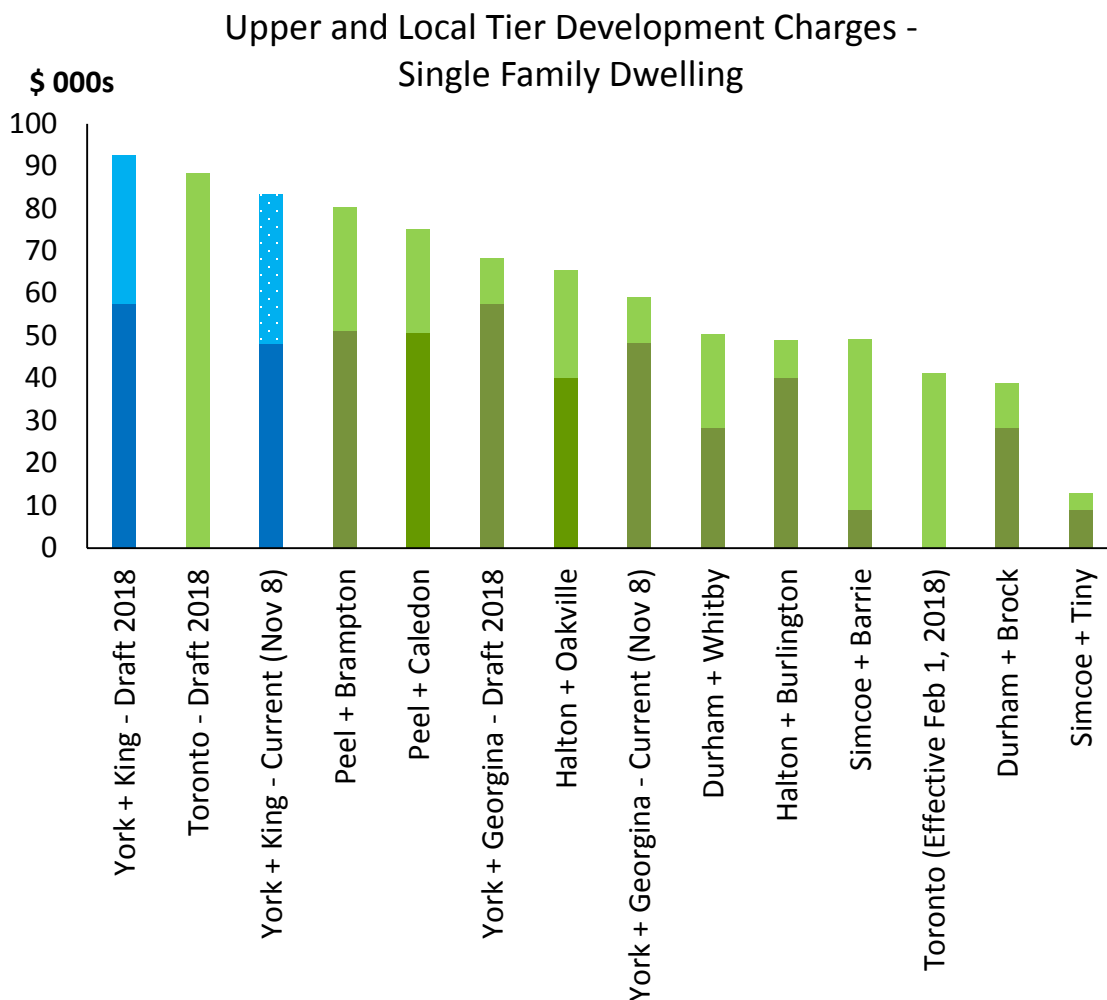
Should Council adopt the proposed rates, the combined upper tier and local municipal development charge would range from \$68,298 in Georgina to \$92,536 in King.

Figure 2 below compares the ranges of development charge rates for the upper tier and lower tier municipalities in the 905 area for all classes. For each upper

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

tier municipality, the highest and lowest combined municipal development charge rates for a single family dwelling are presented.

**Figure 2**  
**Upper Tier and Lower Tier Development Charges – Single Family Dwelling**



Note: On January 9, 2018, the City of Toronto tabled their 2018 Development Charge Background Study and Bylaw. If the rates as tabled were passed, the development charge rate for a single-family detached would increase from \$41,251 to \$88,391.

## Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

Rates imposed by the 2017 Development Charge Bylaw will be subject to indexing on July 1, 2018

The rates under this amendment would not be indexed on July 1<sup>st</sup>, 2018 as an inflationary factor has already been applied.

Rates imposed by the 2017 Bylaw for all other services will be indexed on July 1<sup>st</sup>, 2018. This includes the portion of the rates pertaining to roads services on the main list of the 2017 Development Charge Background Study.

The Region's indexing, done annually on July 1, uses Statistics Canada's Quarterly Construction Price Index, which will be published by Statistics Canada in May 2018. Over the past ten years, the annual index has averaged 2.4 per cent.

### 6. Local Municipal Impact

Development charges fund growth-related infrastructure that benefits residents and businesses across the Region

Development charges fund vital growth-related infrastructure, which helps local municipalities support growth and development. The road projects being added to the development charge background study and proposed bylaw will benefit future residents and businesses in the entire Region.

The Region's development charge bylaw also influences the bylaws of local municipalities. Regional staff have engaged with local municipalities through the development of this proposed bylaw amendment.

Regional staff consulted local municipalities regarding proposed clarifications to the treatment of structured parking

Development charges for non-residential structured parking are paid at building permit stage and therefore collected by the local municipalities. In addition, some of the Region's local municipalities are currently updating their development charge bylaws.

Regional staff have consulted with local municipal staff on the proposed clarifications to the treatment for standalone structured parking used to store motor vehicles and structured parking accessory to shopping malls.

# Draft 2018 Development Charge Background Study and Proposed Draft Bylaw Amendment

## 7. Conclusion

The draft 2018 Development Charge Background Study and amended draft Bylaw will be tabled on February 15, 2018. This report highlights changes to the proposed bylaw, including revisions to the treatment of structured parking.

A further report will be brought forward for consideration by Council on May 17, 2018, which will include updates to the proposed 2018 Bylaw following the consideration of public input and continued consultations with all stakeholders.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Bill Hughes  
Commissioner of Finance

Bruce Macgregor  
Chief Administrative Officer

January 26, 2018

Attachments (1)

8038987

Accessible formats or communication supports are available upon request



## Attachment 1 to Item F.2.1

"Draft 2018 Development  
Charge Background Study and  
Proposed Draft Bylaw  
Amendment"

Will be made available at the  
February 15, 2018 Regional  
Council meeting

## **Council Direction - Development Charge Bylaw Contingency Projects**

Meeting Held on May 25, 2017 – Other Business

### **Development Charge Bylaw Contingency Projects**

It was moved by Mayor Bevilacqua, seconded by Regional Councillor Armstrong that Council adopt the following recommendations:

WHEREAS the Provincial Growth Plan requires the Region of York to grow to 1,590,000 persons and 790,000 jobs by the year 2031;

WHEREAS the draft 2016 amendments to the Provincial Growth Plan contemplates requiring the Region of York to grow to 1,790,000 persons and 900,000 jobs per hectare by the year 2041;

AND WHEREAS Regional Council is required to adopt a Development Charge Bylaw on or before June 17, 2017 in order to continue collecting Regional development charges;

AND WHEREAS the infrastructure necessary to accommodate the population and employment numbers imposed upon the Region by the Provincial Growth Plan are prohibitive as a result of Region's current revenue collection constraints;

AND WHEREAS Regional Council is in receipt of resolutions from the Council of the City of Markham and the Council of the City of Vaughan which resolutions call for the inclusion of certain groups of additional projects in the 2017 Regional Development Charge Bylaw;

AND WHEREAS Regional Council is in receipt of a resolution from the Council of the Town of Richmond Hill which calls for the amendment of the timing and scope of certain specific projects;

AND WHEREAS the statutory time lines which require adoption of a new Development Charge Bylaw do not provide sufficient time to revise the draft 2017 bylaw to include or amend some or all of the projects referred to in the Markham, Vaughan and Richmond Hill Council resolutions;

NOW THEREFORE BE IT RESOLVED THAT:

1. Regional Council direct Regional staff to bring forward a report and draft 2017 Regional Development Charge Bylaw on or before March 31, 2018.
2. Such amending bylaw have the effect of adding the Contingency "B" list of "Transportation Master Plan projects subject to a financial trigger" contained in the 2017 Regional Development Charge bylaw.

Carried

# **Appendix C**

## **Proposed Draft York Region Development Charges Bylaw Amendment (2018)**

## **THE REGIONAL MUNICIPALITY OF YORK**

### **BYLAW NO. 2018-●**

A bylaw to amend Bylaw 2017-35, being a bylaw to impose development charges against lands to pay for increased capital costs required because of increased needs for services arising from development within The Regional Municipality of York

WHEREAS Section 2 of the Development Charges Act, S.O. 1997, ch. 27 (the “Act”) authorizes the Council of the Regional Corporation to enact a bylaw to impose development charges required because of increased needs for services arising from development;

WHEREAS Section 19 of the Act provides for amendments to development charge bylaws;

AND WHEREAS the Council of The Regional Municipality of York requires certain amendments to Bylaw No. 2017-35;

AND WHEREAS a background study dated February 15, 2018 required by Section 10 of the Act was presented to Regional Council along with a draft of this bylaw as then proposed on May 17, 2018 and was completed within a one-year period prior to the enactment of this bylaw;

AND WHEREAS Regional Council directed that the background study and draft proposed bylaw be made available to the public and such documents were made available to the public 60 days prior to the passage of the bylaw and at least two weeks prior to the public meeting required pursuant to Section 12 of the Act;

AND WHEREAS notice of the public meeting was provided in accordance with the requirements of Section 12 of the Act and in accordance with the Regulations under the Act, and such public meeting was held on March 22, 2018;

AND WHEREAS any person who attended the public meeting was afforded an opportunity to make representations and the public generally were afforded an opportunity to make written submissions relating to the proposed bylaw;

AND WHEREAS Regional Council resolved on May 17, 2018 that it is the intention of Regional Council to ensure that the increase in need for services identified in connection with the enactment of the bylaw will be met;

AND WHEREAS Regional Council resolved on May 17, 2018 that no further public meeting be required and that this bylaw be brought forward for enactment;

NOW THEREFORE, the Council of The Regional Municipality of York hereby enacts as follows:

1. Section 1.1 of By-law No. 2017-35 is amended by replacing the definition of gross floor area with the following definition:

**"gross floor area"** means, in the case of a non-residential building or structure or the non-residential portion of a mixed-use building or structure, the aggregate of the areas of each floor, whether above or below grade, measured between the exterior faces of the exterior walls of the building or structure or from the centre line of a common wall separating a non-residential and a residential use, excluding, in the case of a building or structure containing an atrium, the sum of the areas of the atrium at the level of each floor surrounding the atrium above the floor level of the atrium, and excluding the sum of the areas of each floor used, or designed or intended for use for the parking of motor vehicles unless the building or structure, or any part thereof, is a retail motor vehicle establishment or a standalone motor vehicle storage facility or a commercial public parking structure, and, for the purposes of this definition, notwithstanding any other section of this bylaw, the non-residential portion of a mixed-use building is deemed to include one-half of any area common to the residential and non-residential portions of such mixed-use building or structure, and gross floor area shall not include the surface area of swimming pools or the playing surfaces of indoor sport fields including hockey arenas, and basketball courts;

2. Section 1.1 of By-law No. 2017-35 is amended by deleting the definition of parking structure.
3. Section 1.1 of By-law No. 2017-35 is amended by adding the following definition:

**"retail motor vehicle establishment"** means a building or structure used or designed or intended to be used for the sale, rental or servicing of motor vehicles, or any other function associated with the sale, rental or servicing of motor vehicles including but not limited to detailing, leasing and brokerage of motor vehicles, and short or long-term storage of customer motor vehicles. For a retail motor vehicle establishment, gross floor area includes the sum of the areas of each floor used, or designed or intended for use for the parking or storage of motor vehicles, including customer and employee motor vehicles. An exemption may be granted to exclude the sum of the areas for customer and employee motor vehicles on terms and conditions to the satisfaction of the Region;

4. Section 1.1 of By-law No. 2017-35 is amended by adding the following definition:

**"standalone motor vehicle storage facility"** means a building or structure used or designed or intended for use for the storage or warehousing of motor vehicles that is separate from a retail motor vehicle establishment. For a standalone motor vehicle storage facility, gross floor area includes the sum of the areas of each floor used, or designed or intended for use for the parking or storage of motor vehicles, including customer and employee motor vehicles. An exemption may be granted to exclude the sum of the areas for customer and employee motor vehicles on terms and conditions to the satisfaction of the Region;

5. Section 3.12 of By-law No. 2017-35 is amended by adding the following subsection (d):
- (d) Subsections 3.12 (a) and 3.12(b) do not apply to a retail motor vehicle establishment or a standalone motor vehicle storage facility. Where a retail motor vehicle establishment is one of multiple industrial/office/institutional uses and retail uses in a building or structure, the development charge payable shall be the retail charge. For a retail motor vehicle establishment, where the sum of the areas used, or designed or intended for use for the parking or storage of motor vehicles, excluding the sum of the areas for customer and employee motor vehicles, as determined by the Region, is more than two times greater than the remaining area, the retail rate shall be applied to two times the difference between the gross floor area of the entire retail motor vehicle establishment and the gross floor area of the area used for parking or storage, and any gross floor area above that shall be levied the industrial/office/institutional rate.
6. Schedule “B” of Bylaw No. 2017-35 is amended by adding to those rates, the increases set out Schedule “A” of this bylaw.
7. Schedule “F” of Bylaw No. 2017-35 is amended by adding to those rates, the increases set out in Schedule “B” of this bylaw.
8. Schedule “G” of Bylaw No. 2017-35 is amended by deleting Part B from the list of Contingent Residential and Non-Residential Development Charges.

This bylaw shall come into force on the 1st day of July, 2018

ENACTED AND PASSED on May 17, 2018

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Regional Clerk

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Regional Chair

*Authorized by Clause • , Report • of the Committee of the Whole, adopted by Regional Council at its meeting on May 17, 2018*

**SCHEDULE "A"**

**Residential Development Charges Increase**

July 1, 2018 to June 16, 2022				
Service	Residential Development Charges Increase (\$ per Unit)			
	Single & Semi-detached	Multiple Unit Dwelling	Apartments (>= 700 sqft)	Apartments (< 700 Sqft)
Roads	\$9,195	\$7,402	\$5,379	\$3,930

**SCHEDULE “B”**

**Non-Residential Development Charges Increase**

July 1, 2018 to June 16, 2022						
Service	Non-residential Development Charges Increase (\$ per Sqft)			Non-residential Development Charges Increase (\$ per Sgm)		
	Retail	Industrial/Office/ Institutional	Hotel	Retail	Industrial/Office/ Institutional	Hotel
Roads	\$11.23	\$3.29	\$2.10	\$120.90	\$35.37	\$22.57





Status: **Final / Archived (select one)**  
Approved By: **Council / CAO (select one)**

## The Regional Municipality of York

### Development Charge Deferral for Open Air Motor Vehicle Storage Structures

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**Policy No.:**

**Original Approval Date:** May XX, 2018

**Policy Last Updated:** Not applicable

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#### Policy Statement:

A policy governing the deferral of Regional development charges and area-specific development charges, as the case may be, for open air motor vehicle storage structures in the Regional Municipality of York.

#### Application (this policy applies to):

This policy is available for open air motor vehicle storage structures in the Regional Municipality of York, subject to the terms and conditions as set out in this policy and/or modified through the required deferral agreement.

For greater clarity, in order to be eligible, this development must be open air and applies to:

- conversions of existing surface parking to open air motor vehicle storage structures; and
- new open air motor vehicle storage structures.

The policy does not apply to solely below grade motor vehicle storage structures. If an above-grade open air motor vehicle storage structure includes below grade storage areas, those below grade storage area shall not be eligible for this deferral.

## Development Charge Deferral for Open Air Motor Vehicle Storage Structures May XX, 2018

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### Purpose:

This policy establishes the conditions, duration, terms, and other requirements in order to defer Regional development charges, or area-specific development charges, as the case may be, for open air motor vehicle storage structures.

### Definitions:

**Act:** The *Development Charges Act, 1997, S.O. 1997, c. 27*, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Development Charges:** The Region's development charges, including area-specific development charges, as the case may be

**Enclosure/enclosed:** Includes the partial and/or complete enclosure of the part of the structure open to natural light and air

**Motor vehicle storage:** Includes, but not limited to, the storage or warehousing of motor vehicles prior to sale, lease, rental, servicing, or for long-term storage

**Open air motor vehicle storage structure:** Includes a building, structure, platform, station, or part of any of the foregoing, standalone or attached to another structure that is open to natural light and air and is used for motor vehicle storage.

**Schedule 'I' Bank:** As referenced in section 14(a) of the *Bank Act, 1991* (as at December 31, 2016 or as amended from time to time). These are domestic banks and are authorized under the *Bank Act, 1991* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation

### Description:

#### Objectives of the deferral policy

This policy is intended to allow developers of open air motor vehicle storage structures to defer the Regional development charges owed, or area-specific charges owed, as the case may be, until the structure(s) becomes enclosed or converted to a different use.

The terms of this deferral policy are Council approved and are non-negotiable.

## **Terms of the deferral policy**

### **A. Agreement**

Any developer wishing to defer development charges for open air motor vehicle storage structures must enter into a development charge deferral agreement with the Region.

### **B. Covenants included in the development charge deferral agreement**

Every deferral agreement shall include covenants on the part of the developer. These covenants shall include, but not be limited to:

- covenant, by the developer(s), that the structure shall only be an open air motor vehicle storage structure as defined in this policy
- covenant, by the developer(s), to permit Regional staff to visit and/or inspect the structure from time-to-time, in an agreed upon manner, to ensure the structure has not been enclosed and is being used for the intended purposes (i.e., motor vehicle storage)
- covenant, by the developer(s) that they will inform the Region if the facility is to be enclosed
- covenant, by the developer(s), that if the structure becomes enclosed, is subject to enclosure, or another trigger event occurs, as defined by this policy or accompanying agreement(s), development charges shall be made payable (including any interest)
- covenant, by the developer(s), that they will enter into any additional agreement(s), as determined to be required by the Regional Solicitor, in order to give full force and effect to the deferral agreement

### **C. Duration of the deferral**

The deferral of development charges for open air motor vehicle storage structures shall be until the structure becomes enclosed, as defined in this policy and/or modified through the development charge deferral agreement.

The deferral period shall begin on the day of building permit issuance by the local municipality for the open air motor vehicle storage structure.

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures**

### **May XX, 2018**

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Development charges shall be payable within fifteen (15) business days immediately following notification of any of these trigger events:

- enclosure of the structure (as defined in this policy)
- sale, or transfer of ownership, of the property unless an assumption agreement is entered into
- any other material default as defined in the agreement(s)

Notification to the owner of the property on the tax roll shall occur immediately after the trigger event. The fifteen (15) business days shall begin with the mailing, by registered mail, of notice.

#### **D. Development charge rates**

The amount of the Regional development charges, or area-specific development charge payable to the Region, as required under the Act, shall be the amount determined under the applicable Regional development charge bylaw, or area-specific development charge bylaw, on the day that the building permit is issued for the construction of the open air motor vehicle structure by the local municipality.

#### **E. Interest waiver**

All interest shall be calculated using the development charges payable to the Region, as required under the Act, the amount of which is determined under the applicable Regional development charges bylaw, or area-specific development charge bylaw as the case may be, on the day the building permit for the structure is issued by the local municipality.

All deferred development charges shall bear interest at the prime commercial lending rate charged by an agreed upon 'Schedule I' commercial bank's on demand loans in Canadian funds to its most creditworthy customers plus two (2) per cent per annum. All interest shall accrue and be compounded.

The time period shall be calculated beginning with the date of issuance of the building permit for the proposed structure up to the date of the trigger event, as defined in section 'C' of this policy.

The Region shall forgive all amounts due and owing on account of interest, provided that the Regional development charges, or area-specific development charges as the case may be, are paid to the Region at the time required (within fifteen (15)

business days immediately following notification of a trigger event as defined in section 'C' of this policy).

**F. Unpaid development charges**

If any development charges (including any interest) are unpaid within fifteen (15) business days immediately following notification of a trigger event identified in section 'C' of this policy, those development charges (including interest) shall be added to the tax roll and collected in the same manner as taxes (in accordance with section 32 of the Act).

**G. Redevelopment credits**

In the situation of a redevelopment of a structure covered by a deferral agreement under this policy, no development charge credits will be available and the new structure will be subject to the full development charges on that structure.

**H. Local participation**

The Region will only enter into a deferral agreement if the local municipality has provided a similar, if not better, deferral, or exemption, for the proposed development.

It shall be up to the Region to decide what constitutes "similar, if not better", but this may be determined by looking at:

- whether or not there is a prescribed timeframe for the deferral
- whether or not interest is waived

**I. Other agreements required**

In addition to the requirement that the developer enter into a development charge deferral agreement with the Region, the developer shall enter into any other agreements as required by the Regional Solicitor.

**J. Legal fees**

All legal fees of the developer(s) and Region shall be borne by the developer.

**K. Effective date**

This policy shall take effect on July 1, 2018 and may be repealed by the Region at any time.

**L. Report back to Council**

Staff shall report back to Council on the number of deferral agreements, and the amounts deferred, executed as part of each update of the Region's development charge bylaw.

**Responsibilities:**

**Regional Solicitor, Legal Services**

- Draft and prepare for execution the deferral agreement between Region and the developer
- Draft and prepare for execution any additional agreements required

**Director, Treasury Office, Finance Department**

- Administer the deferral policy, including assisting stakeholders in determining if they qualify for the policy
- Enforce the deferral policy
- Maintain copies of all executed deferral agreements and other agreements as required

**Director, Strategy and Transformation, Finance Department**

- Collect all development charges when due
- Notify, through the Regional Treasurer, to the treasurer of the local municipality if development charges are not paid/received within the prescribed timeframe and to have said charges added to the tax roll of that municipality

## **Development Charge Deferral for Open Air Motor Vehicle Storage Structures**

### **May XX, 2018**

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- Undertake any additional administrative obligations as determined through the agreements
- Maintain copies of all executed deferral agreements and other agreements as required

Reference:

### **Legislative and other authorities**

- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)
- [The Regional Municipality of York - York Region Development Charges Bylaw - No. 2017-35](#)
- [Memorandum to Committee of the Whole, Development charge treatment of structured parking, April 12, 2018](#)
- [Council Report, 2018 Development Charge Background Study and Bylaw Amendment, May 17, 2018](#)
- The Regional Municipality of York 2018 Development Charge Background Study – Bylaw Amendment, May 17, 2018

### **Keyword Search**

- open air motor vehicle storage structure deferral,
- development charges, Development Charges Act
- deferral motor vehicle storage

Contact:

- Regional Solicitor, Legal Services, extension - 71417
- Director, Treasury Office, Finance Department, extension - 71644
- Director, Strategy and Transformation, Finance Department, extension - 77201

Approval Information:

(Remove the CAO approval section for policies approved by Regional Council)

**CAO Signature:** \_\_\_\_\_

**CAO Approval Date:** \_\_\_\_\_

(Remove the Committee/Council approval section for policies approved by CAO only)

**Council Approval Date:** May XX, 2018

**Council Minute No.:**

**Extract eDOCS #:**

**Committee Name:** Committee of the Whole

**Report No.:**

**Clause No.:**

Accessible formats or communication supports are available upon request.



# AIRD BERLIS

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May 8, 2018

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F. 136522

Committee of the Whole  
Regional Municipality of York  
York Region Administration Centre  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1

Dear Sirs/Mesdames:

**Re: May 10, 2018 Committee of the Whole Meeting  
Agenda Item F.2.8  
2018 Development Charge By-law Amendment**

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As you know, we represent a number of car dealership groups which own and operate numerous car dealerships within the Region.

Over the last several months, we have met with Staff on several occasions and made written and oral submissions to you respecting the need for amendments to the 2017 Development Charge By-law; especially as it pertains to the treatment of structured parking spaces at car dealerships.

Our clients welcome the proposed revisions to the 2017 Development Charge By-law as set forth in the latest staff report. While we have not yet had the opportunity to review the actual by-law amendment (as it is not yet online), it would appear that our clients are content with the majority of these changes.

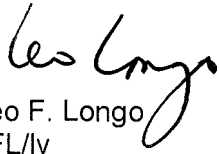
The purpose of this letter is to request a modification to the recommendations before you dealing with the deferral of payment of development charges as it pertains to open structured parking.

Staff have recommended that this deferral only apply to dealerships within Regional Centres and Regional Corridors. Our clients respectfully request that the treatment of open structured parking at dealerships be uniformly applied throughout the Region and hereby request that such modification be incorporated into the proposed amending by-law before it is enacted.

We appreciate the time and effort that you and staff have given to our clients and their expressed concerns. We hope that this last issue can be addressed as requested.

Yours truly,

AIRD & BERLIS LLP

  
Leo F. Longo  
LFL/ly

- c. Clients  
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Bill Hughes, Commissioner of Finance [via email: [william.hughes@york.ca](mailto:william.hughes@york.ca)]  
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