

City of Toronto 2008 Development Charge By-law Review



Public Meeting of the Executive Committee
November 10, 2008

Development Charges (DCs)

- Levy imposed upon development or redevelopment of lands
- Regulated by provincial legislation (DC Act)
- Recover a portion of **growth-related** capital costs
- Collected at building permit issuance

DCs at the City

- Two DC by-laws since amalgamation – 1999 and 2004
- 2004 (current) DC by-law
 - enacted: June 24, 2004
 - in force: July 28, 2004
 - expiry: July 27, 2009 (Legislated maximum term of 5 years)
- Review of the current DC by-law authorized in 2007
- Release of DC Background Study and proposed By-law, and at least one statutory public meeting required prior to passing a new DC by-law

DC Background Study

- Broad methodology prescribed by the legislation
- Considers 10-year growth forecasts, capital plan
- Calculates the **maximum** charge based on capital costs required to service growth

Existing and Calculated DCs

Development Type	2008 Existing Charges	2008 Calculated Charges	Increase over Existing Charges	% Increase over Existing Charges
Residential (per unit)				
Single/Semi-Detached	\$ 11,082	\$ 25,095	\$ 14,013	126%
Apartments 2-Bedroom or Larger	\$ 7,187	\$ 16,007	\$ 8,820	123%
Apartments 1-Bedroom or Bachelor	\$ 4,467	\$ 10,920	\$ 6,453	144%
Other Multiples	\$ 8,819	\$ 20,348	\$ 11,529	131%
Dwelling Room	\$ 2,864	\$ 6,783	\$ 3,919	137%
Non-Residential (per sq. m.)				
Retail	\$ 88.98	\$ 177.07	\$ 88.09	99%
All other non-residential (industrial, office, etc.)	-	\$ 177.07	\$ 177.07	n/a

Reasons for increased charges

- ❑ Increased capital costs for many City programs
- ❑ Existing residential charge discounted by 18% in 2004
- ❑ Amended provincial legislation relating to Toronto-York Spadina subway costs
- ❑ Addition of two new DC services
- ❑ Refinement of methodology pursuant to the DC Act

Services Included in DCs

2004 DC By-law

- Roads
- Transit
- Childcare
- Civic Improvements (Urban Development Services)
- Development Related Studies
- Emergency Medical Services
- Fire Facilities

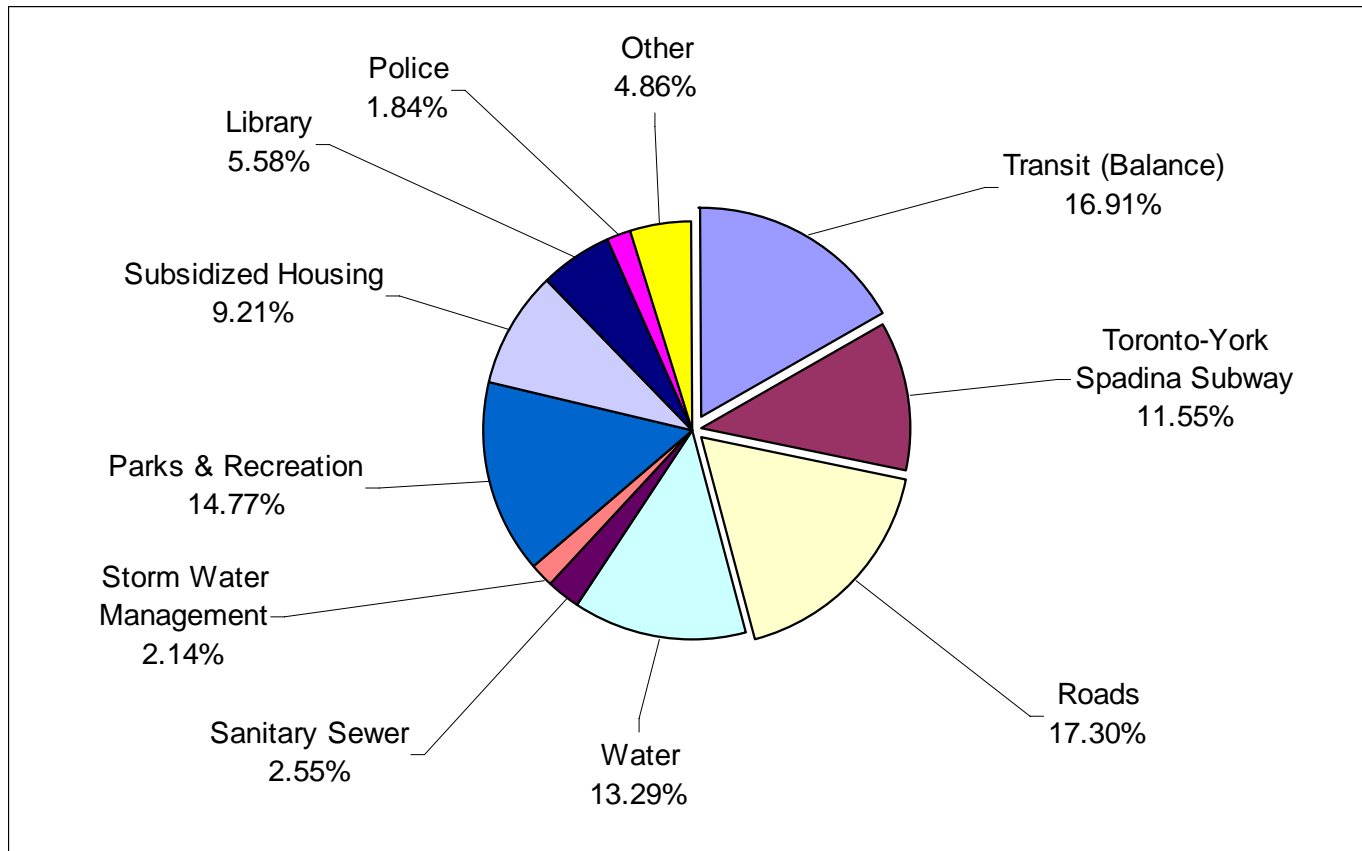
- Shelter & Housing
- Library
- Parks & Recreation

- Police
- Sanitary Sewer
- Storm Water Management
- Water

Proposed 2008 DC By-law

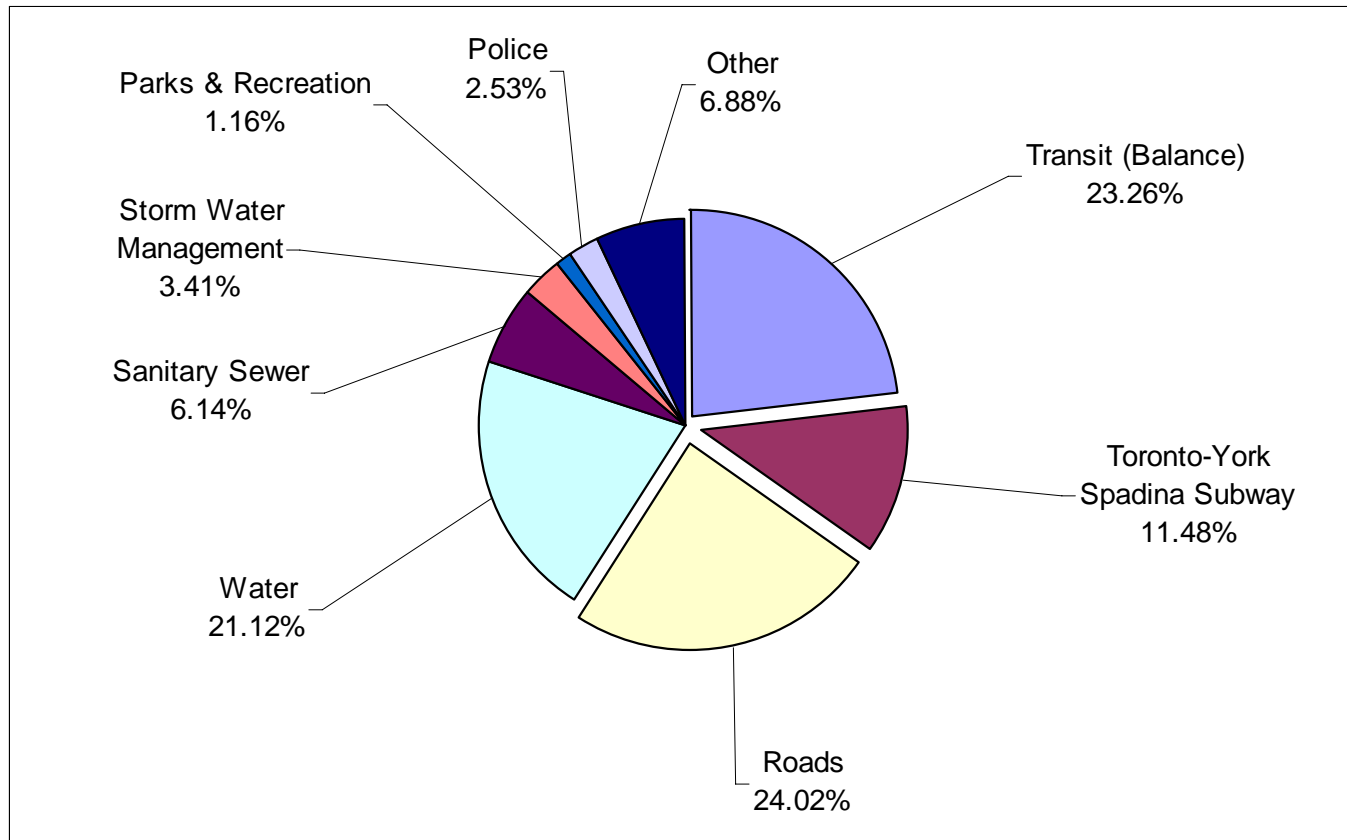
- Roads
- Toronto-York Spadina Subway Extension
- Transit
- Childcare
- Civic Improvements
- Development Related Studies
- Emergency Medical Services
- Fire Facilities
- Health
- Subsidized Housing
- Library
- Parks & Recreation
- Pedestrian Infrastructure
- Police
- Sanitary Sewer
- Storm Water Management
- Water

Residential Charge by Service



“Other” includes Childcare, Civic Improvements, Development-related Studies, Emergency Medical Services, Fire, Health, and Pedestrian Infrastructure

Non-Residential Charge by Service



“Other” includes Childcare, Civic Improvements, Development-related Studies, Emergency Medical Services, Fire, Health, Library, Pedestrian Infrastructure, and Subsidized Housing

What will the DCs help pay for?

Examples (10-year planning period)

- 4 new fire stations
- 2 new, 8 expansions, 5 relocation and expansion of libraries
- 6 new community centres, and City-wide park development
- New transit vehicles and infrastructure improvements
 - 6 new buses, 54 new subway cars, 29 new street cars
 - Waterfront LRT (WDL & EBF)
 - Spadina Subway Extension (Toronto share)
- Road, water and sewer infrastructure projects throughout the City
- New affordable housing units across the City
- 11 new ambulance vehicles
- 4 expanded police stations
- 5 new, 9 expanded child care facilities (almost 700 new child care spaces)
- Public health space and pedestrian infrastructure (PATH project)

Key DC By-law Provisions

Description	Proposed By-law
1. Charges	<ul style="list-style-type: none">- Residential – new units based on type - Non-residential – applicable to only the area of the ground floor

Key DC By-law Provisions

Description	Proposed By-law
2. Transition	<ul style="list-style-type: none">- Rates frozen for 1 year – Feb 1, 2009 – Jan 31, 2010 - Annual increases on each Feb 1, from 2010 to 2013, based on number of residential units issued building permits in prior year, as follows (% of the calculated increase):<ul style="list-style-type: none">• < 7,000 0% of increase;• 7,000-7,500 5% of increase;• 7,501-8,000 10% of increase;• 8,001-8,500 15% of increase;• 8,501-9,000 20% of increase;• > 9,000 25% of increase - Potentially 100% of the calculated increase phased in by Feb 1, 2013

Key DC By-law Provisions

Description	Proposed By-law
3. Redevelopment	<ul style="list-style-type: none">- Reduction applicable for <u>all</u> redevelopment of existing residential uses- Reduction applicable for redevelopment of non-residential to non-residential based on the <u>chargeable</u> floor area demolished or converted

Key DC By-law Provisions

Description	Proposed By-law
4. Exemptions/Discounts	<ul style="list-style-type: none">- Non-profit rental housing- College, Universities, Public Hospitals- Industrial uses- Non-residential development qualifying under the IMIT Financial Incentives Program- All non-residential development located above or below the ground floor (i.e., only <u>ground floor</u> GFA is subject to the charge)- 20% DC refund for achieving Tier 2 of the Toronto Green Standard

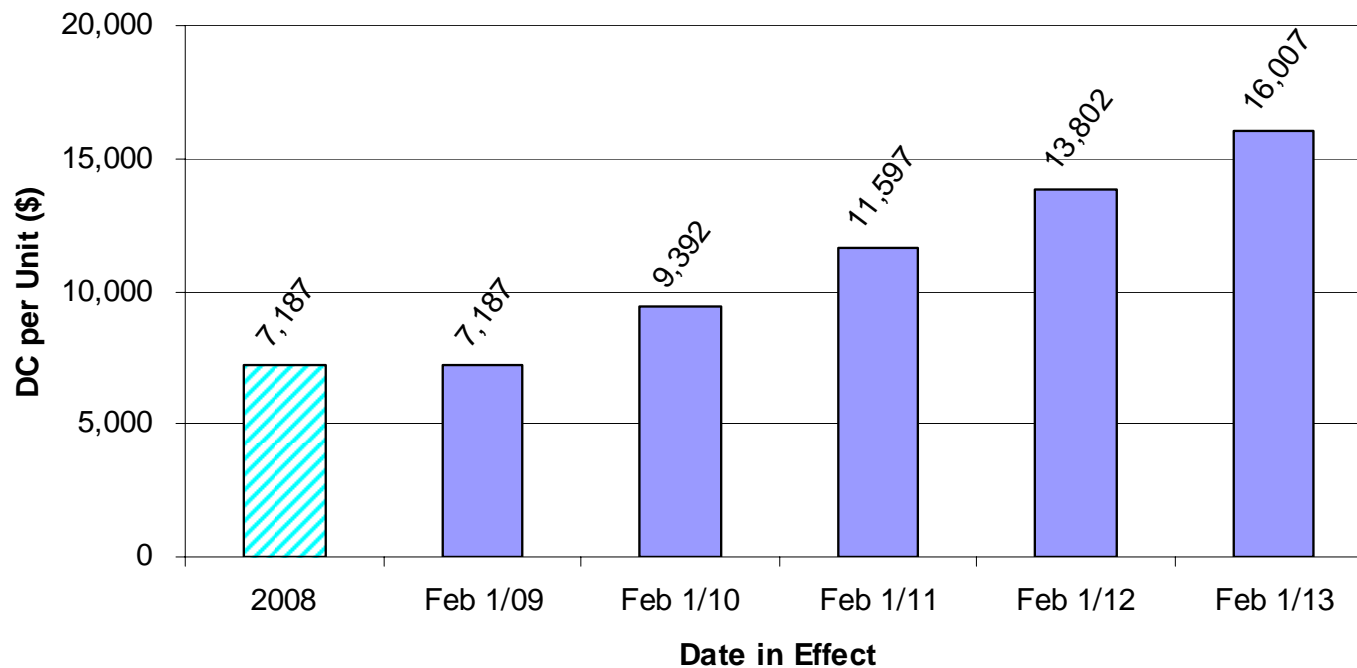
Example of Annual Phase-in based on the health of Housing Market

	Existing	Calculated	Difference
2+bedroom Apt	\$7,187	\$16,007	\$8,820

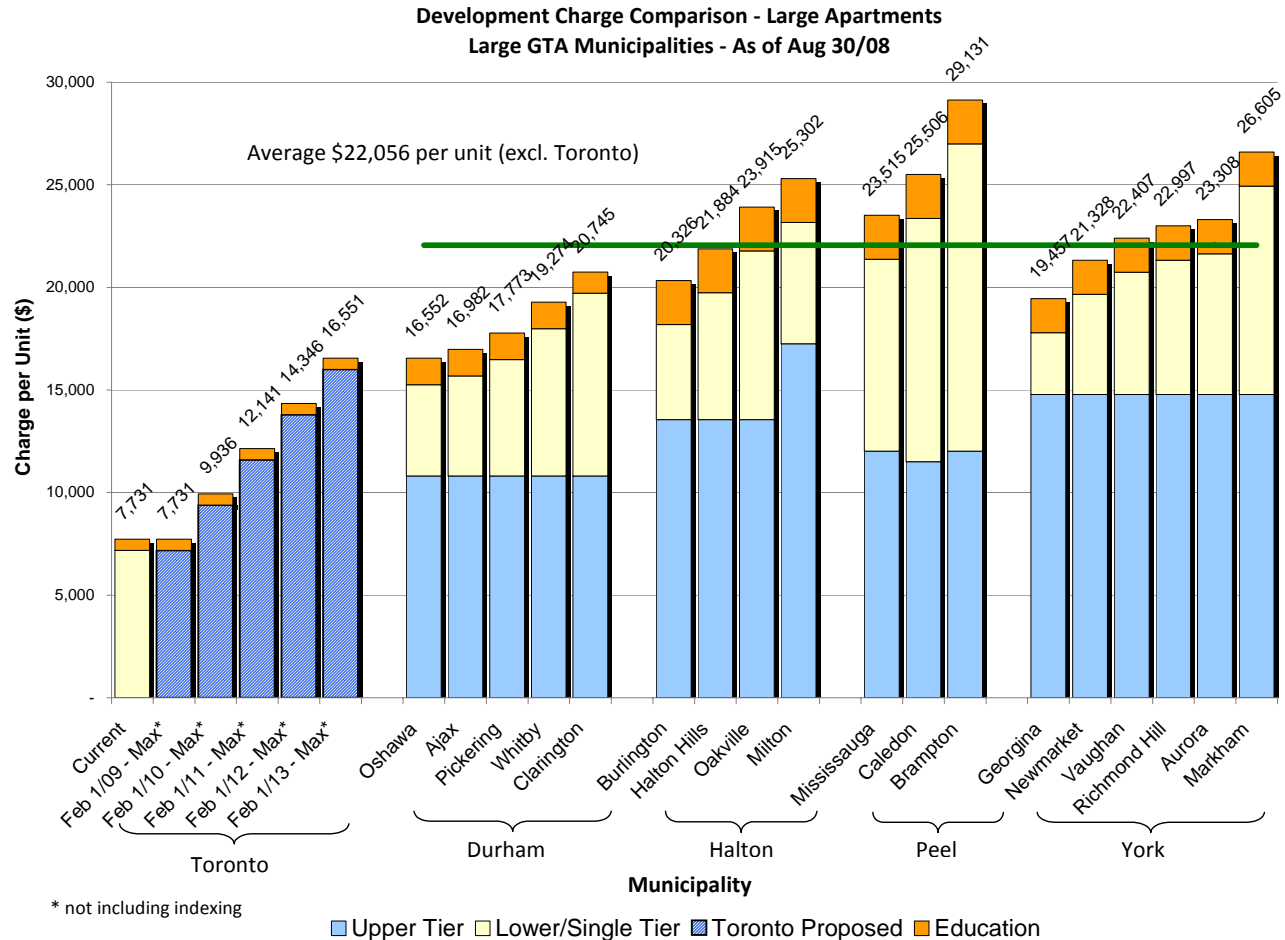
Number of building permits issued in the preceding 12-month period	Percent of the calculated increase to be phased-in	Increase per year on a 2+ Bedroom Apt. Unit
Less than 7,000 units	0%	\$ -
7,000 - 7,500 units	5%	\$ 441
7,501 - 8,000 units	10%	\$ 882
8,001 - 8,500 units	15%	\$ 1,323
8,501 - 9,000 units	20%	\$ 1,764
more than 9,000 units	25%	\$ 2,205

Maximum DCs for 2+bedroom Apartment

Maximum Potential DCs
2+bedroom Apartment

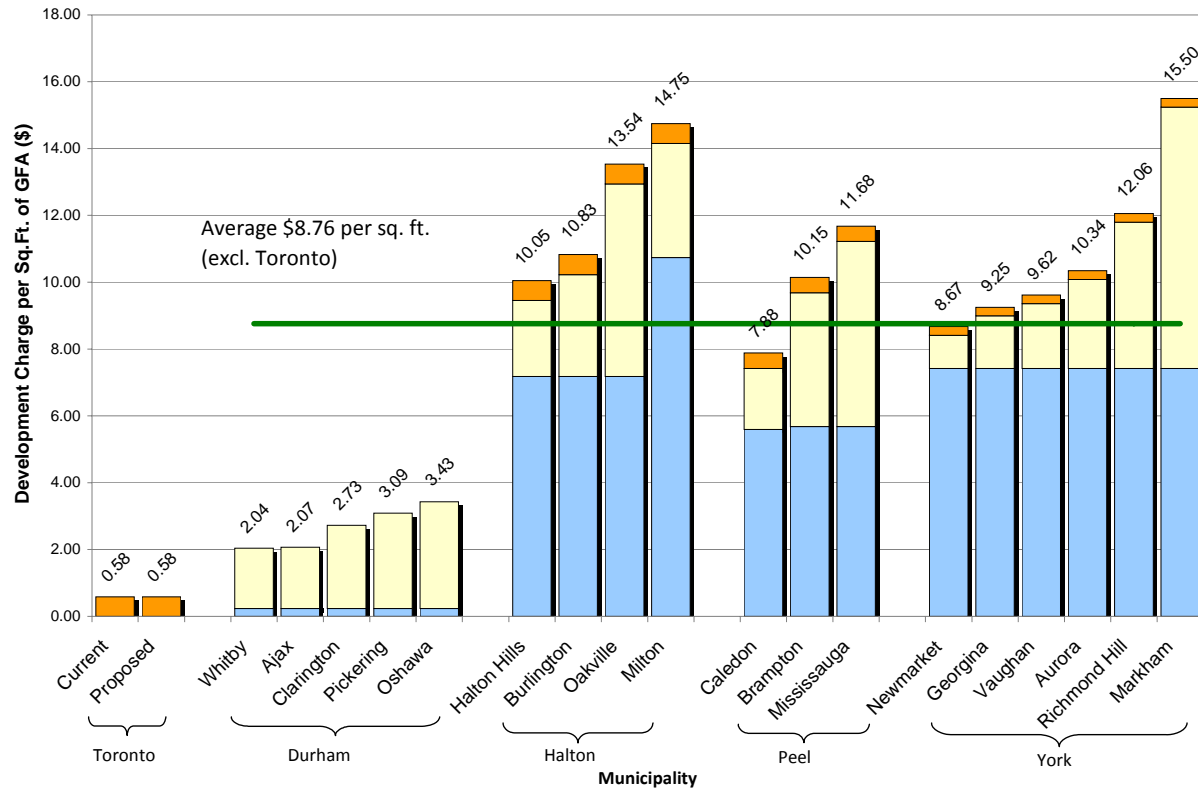


GTA DCs Payable – 2+ Bedroom Apt



GTA DCs Payable – Industrial

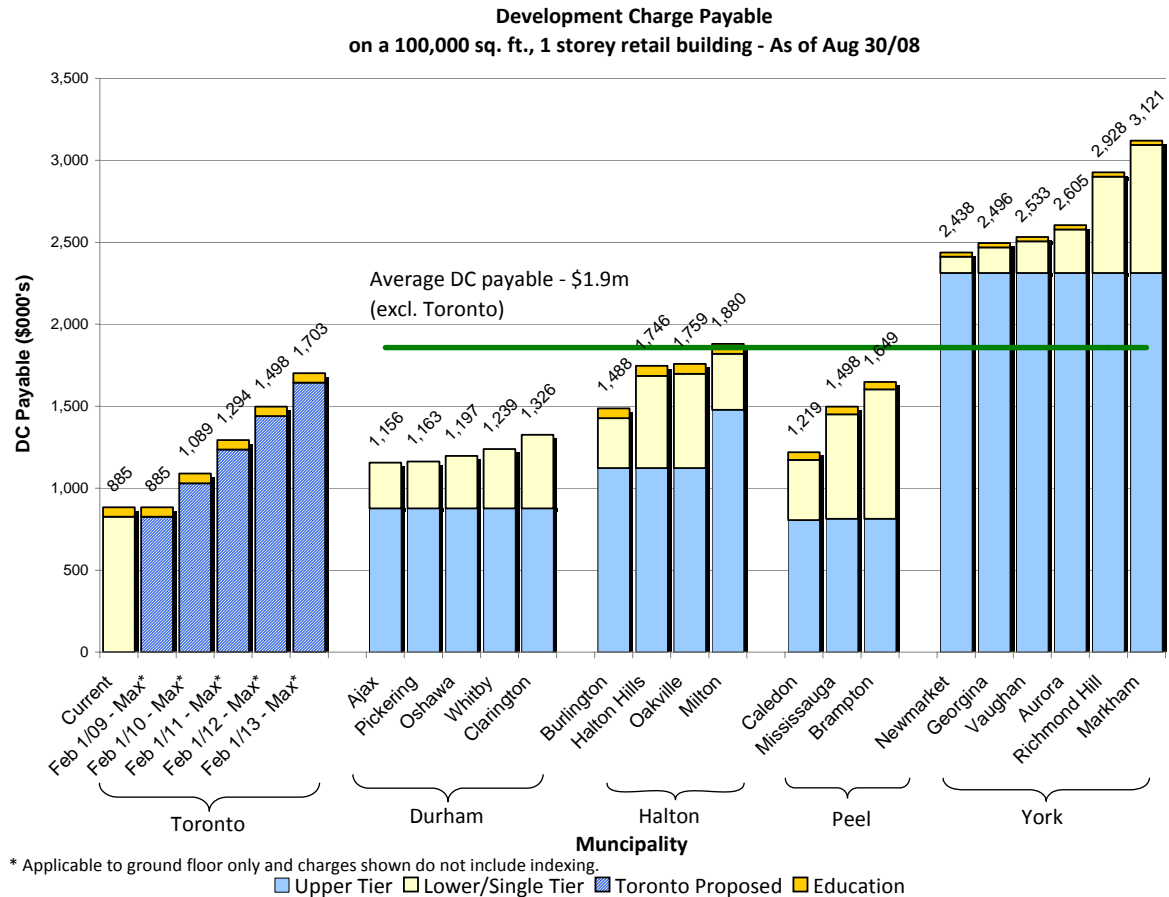
Development Charge Comparison - Industrial
Large GTA Municipalities - As of Aug 30/08



* Toronto proposed - Industrial exempt

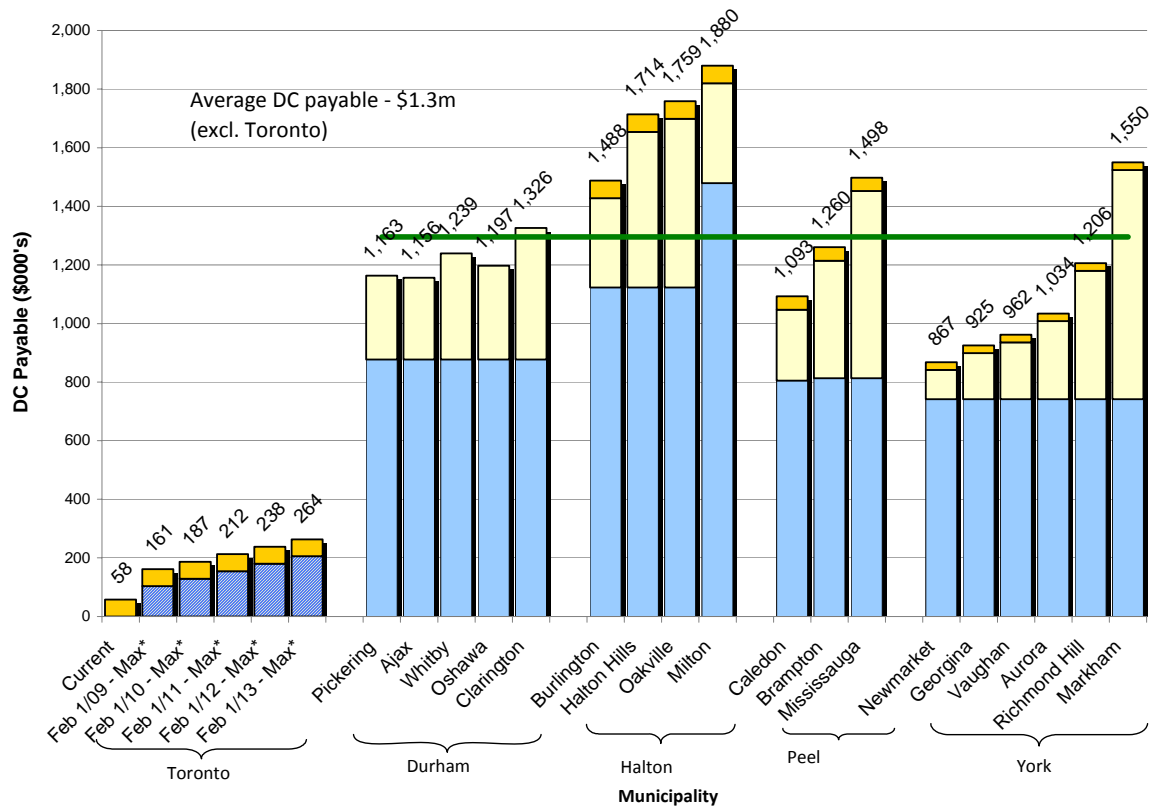
■ Upper Tier ■ Lower/Single Tier ■ Education

GTA DCs Payable – Retail 1-storey, 100,000 sq. ft.



GTA DCs Payable – Office 8 storey, 100,000 sq. ft.

Development Charge Payable
on a 100,000 sq. ft., 8 storey office building - As of Aug 30/08



* Applicable to ground floor only and charges shown do not include indexing.

Legend: Upper Tier (light blue), Lower Tier (yellow), Toronto Proposed (dark blue), Education (orange)

Proposed Schedule

- Nov 10, 2008: Public Meeting - Receive public input, Committee direction
- Review issues raised and make revisions where appropriate
- Dec 1, 2, 2008: Present final DC Background Study and By-law for Council consideration



For more information

- Please visit the City's website

http://www.toronto.ca/finance/dev_charges.htm