

DC Industry Consultation Meeting

Development Charges Study



CITY OF BRAMPTON

Wednesday, February 7th, 2024



Agenda

- Introductions
- Study Overview
- Key Bill 23 Changes & Status of Changes
- DC Policy Review
- Next Steps & Timeline
- Q&A

Background

The City has retained Hemson to complete:

- DC Background Study
 - City-wide services considered
 - Including assistance from HDR on roads and transit costing
 - Existing DC Bylaws expiring **August 1st, 2024:**
 - **129-2019 (General Government)**
 - **130-2019 (Library Services)**
 - **131-2019 (Recreation Services)**
 - **132-2019 (Fire Services)**
 - **133-2019 (Public Works)**
 - **134-2019 (Transit Services)**
 - **135-2019 (Roads Services)**

Legislative Update

- Development Charges governed by the Development Charges Act
 - Highly prescriptive on how rates are calculated, applied and disclosed
- Recent legislative changes:
 - Bill 108/109
 - Bill 23
- **Further legislative changes anticipated**
 - Study process will continue and adjust if needed

Growth Funding Tools Given to Municipalities

Development Charges/Community Benefits Charges/Parkland Fees

- Fund a share of broader cost to expand infrastructure to service needs arising from new development

Direct Developer Contributions

- Fund costs that would normally be required as part of a subdivision agreement (i.e. internal roads, sidewalks, streetlights, intersections, park elements)
- Hemson to review local service guidelines as part of the policy review

Property Taxes

- Statutory and non-statutory reductions on DCs
- Long-term repair and replacement of municipal infrastructure (as well as operating costs)

New Framework for “Growth-Related” Capital

Development Charges Act (DCs)

Used to fund initial round of capital infrastructure

Prescribed list of eligible services

Certain “soft” services removed from list (e.g. parking, cemeteries, airports)

No more 10% discount

Planning Act: Community Benefit Charges (CBCs)

Initial round of capital, can overlap with DCs

In-kind contributions permitted

Capped at 4% of land value

Imposed only on development with 5 or more storeys & 10 or more housing units

Only local municipalities can charge

Planning Act: Parkland Acquisition

Parkland acquisition

Standard rate of 5% for residential and 2% for non-residential

Alternative, higher rate may apply based on units/ha

Cash In Lieu permitted

Legislative Framework: Bill 23

- *More Homes Built Faster Act* received Royal Assent on November 28, 2022
- Changes how development charges (DCs), community benefits charges (CBCs) and parkland dedication rates are determined and collected
- Significant changes introduced to development charges:
 - New exemptions/discounts
 - Changes to by-law administration
- Minor changes to community benefits charges

Changes to the Development Charges Act

Section	Description	In Force?
2(1)	Exemptions for existing rental residential buildings and residential units in existing and new houses	Yes
2(4)	Housing services are ineligible for DC funding (repeal of paragraph 17 of ss.2(4) of the DCA). Existing by-laws are deemed to be “amended” and no development charges can be collected for housing services from November 28, 2022 onward.	Yes
4.1	Exemptions for affordable and attainable residential units. Draft definitions have been released for consultation but not in-force.	No
4.2	Exemptions for non-profit housing development. This does not apply with respect to a DC payable before November 28, 2022.	Yes
4.3	Exemption for inclusionary zoning residential units. This does not apply with respect to a DC payable before November 28, 2022.	Yes
5(1)	Historical service level calculation period extended from 10 years to 15 years. Does not apply to by-laws in force prior to November 28, 2022.	Yes
5(4)	Studies , including DC studies, are no longer a DC-eligible capital cost . Does not apply retroactively to by-laws that were in force prior to November 28, 2022.	Yes
5(6) & 5(7)	DC by-laws passed on or after November 28, 2022 must be phased-in according to a prescribed schedule . The phase-in also applies retroactively to by-laws passed on or after January 1, 2022 as well as to the DCs “frozen” under s.26.2 of the DCA. <ul style="list-style-type: none"> ▪ Year 1 = 80% of maximum development charge rates ▪ Year 2 = 85% of maximum development charge rates ▪ Year 3 = 90% of maximum development charge rates ▪ Year 4 = 95% of maximum development charge rates 	Yes

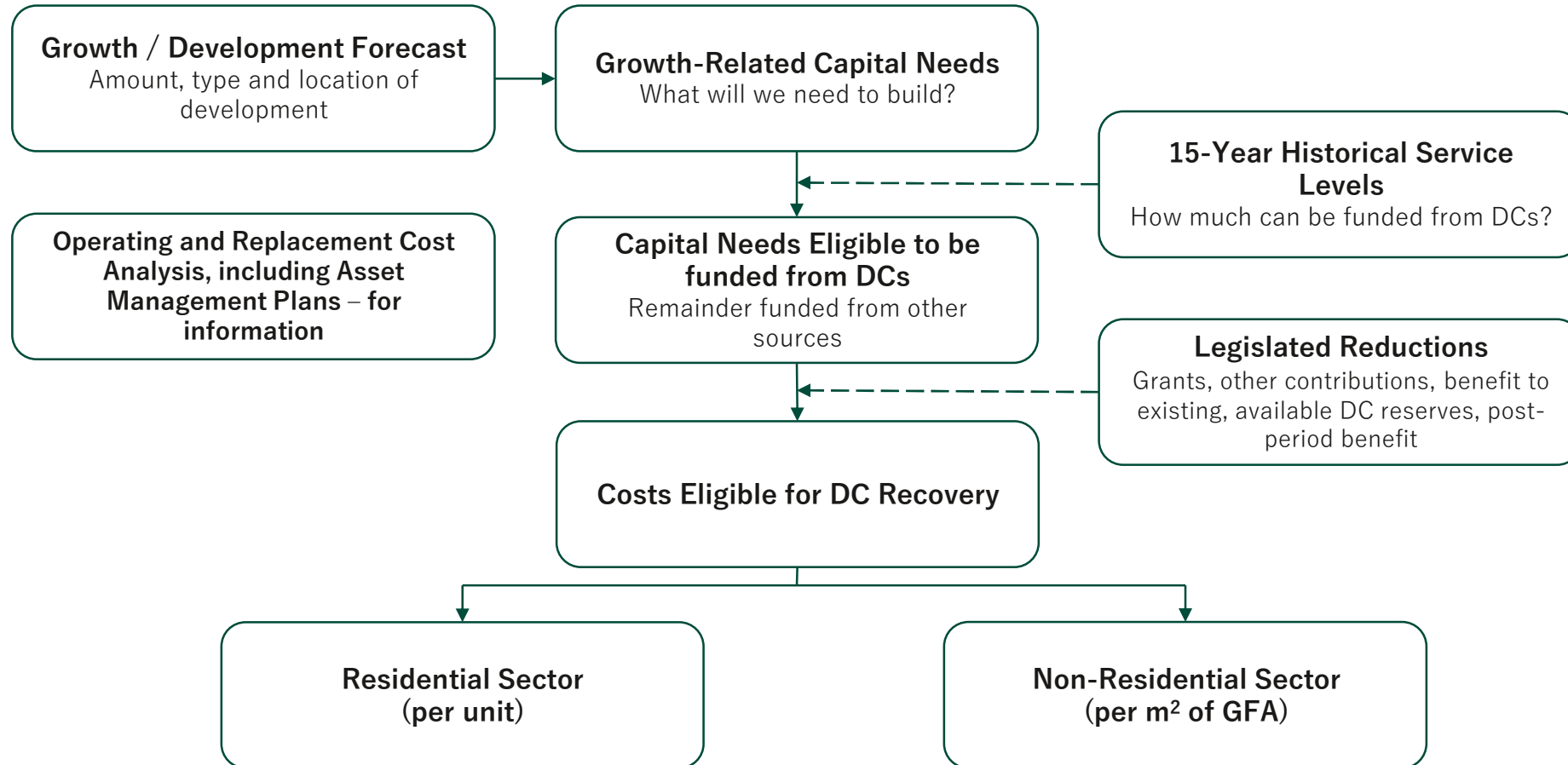
Changes to the Development Charges Act

Section	Description	In Force?
9(1)	Maximum life of a DC by-law extended from 5 years to 10 years . This does not apply to by-laws in-force before November 28, 2022.	Yes
26.1	Deferral payments now apply to rental housing and institutional development . Interest on deferral payments is now capped at prime plus 1% in accordance with s.26.3.	Yes
26.2	DCs for rental housing development are now discounted based on the number of bedrooms proposed. <ul style="list-style-type: none"> ▪ Three or more bedrooms = 25% reduction ▪ Two bedrooms = 20% reduction ▪ One bedroom or less = 15% reduction <p>Interest on DC freeze now capped at prime plus 1% in accordance with section 26.3.</p>	Yes
26.3	Maximum interest rates are capped at prime plus 1% . This does not apply with respect to a DC that was payable before November 28, 2022.	Yes
35	Municipalities are now required to spend or allocate at least 60% of reserve balances each year for water supply, wastewater, and services related to a highway beginning in 2023	Yes
44(4)	Rules for front ending agreements as they relate to affordable and attainable residential units.	No
60(1)(s.4)	Additional services for which municipalities are required to spend or allocate at least 60% of reserve fund balances may be prescribed through Regulations (none are proposed as of yet).	No
60(1)(d.2) and 9d.3)	Prescribes developments and criteria related to attainable residential units (section 4.1).	No
60(1)(l)	Allows for future regulations to identify services for which land will be an ineligible capital cost. No regulations have been released in this regard.	No

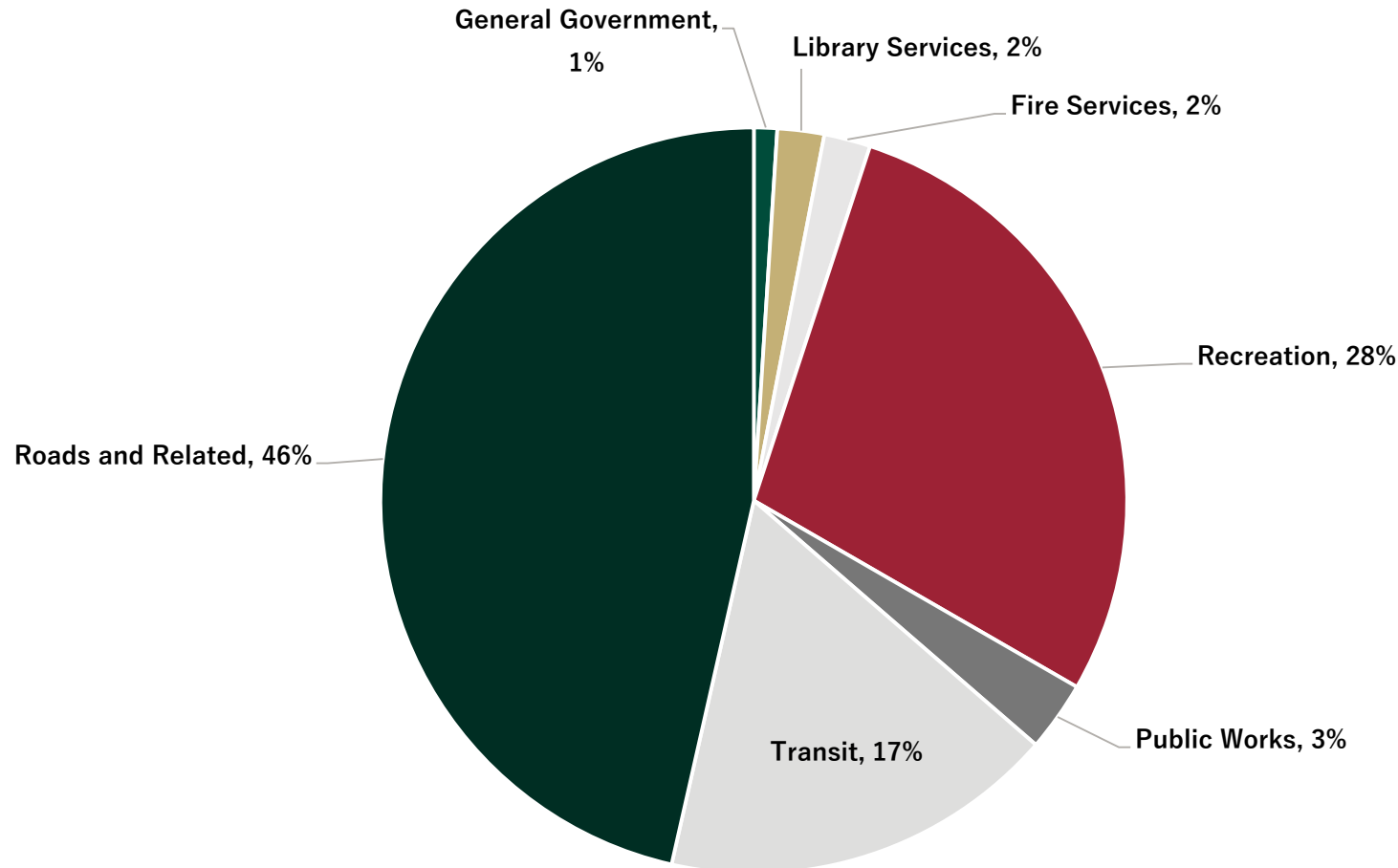
DC Eligible Services

- Water Supply Services
- Wastewater Services
- Storm water Drainage and Control Services
- **Services related to a highway (roads, public works buildings, and fleet)**
- Policing Services
- **Fire Protection Services**
- Ambulance Services
- **Transit Services**
- Waste Diversion Services
- **Public Libraries (including resources)**
- **Recreation (arena, centres, etc.)**
- **Park Development (excluding parkland acquisition)**
- Long-term Care
- Public Health
- By-law Enforcement /Provincial Offences (**being reviewed**)
- Emergency Preparedness
- Child Care
- Housing Services
- ~~Development-Related Studies~~

Development Charges Study Process



What do Residential DCs Fund in Brampton?



Residential Development Charges

Singles & Semis
\$53,803

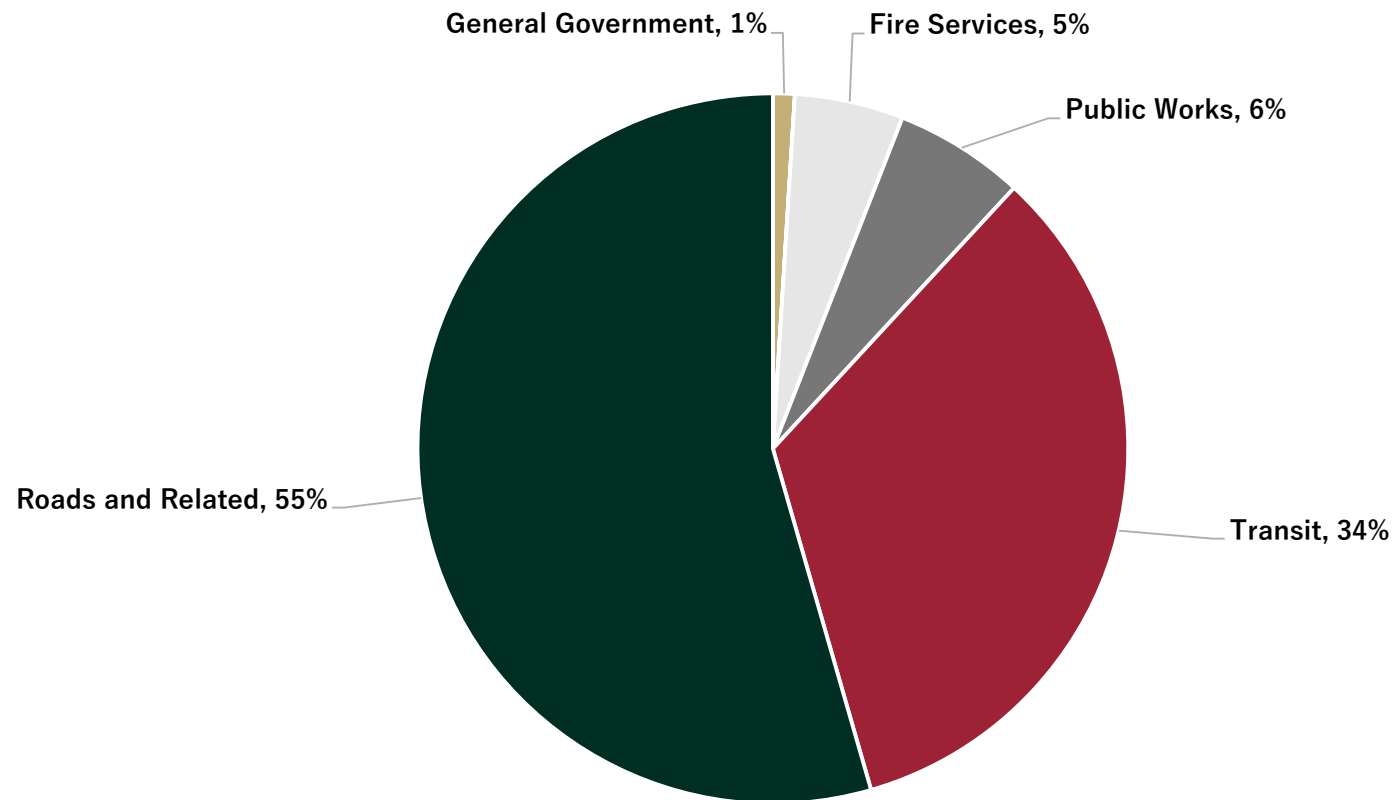
Rows/Towns
\$39,886

Apartments > 750 sq.ft.
\$32,347

Apartments < = 750 sq.ft.
\$18,638

As of February 1, 2024

What do Non-Residential DCs Fund in Brampton?

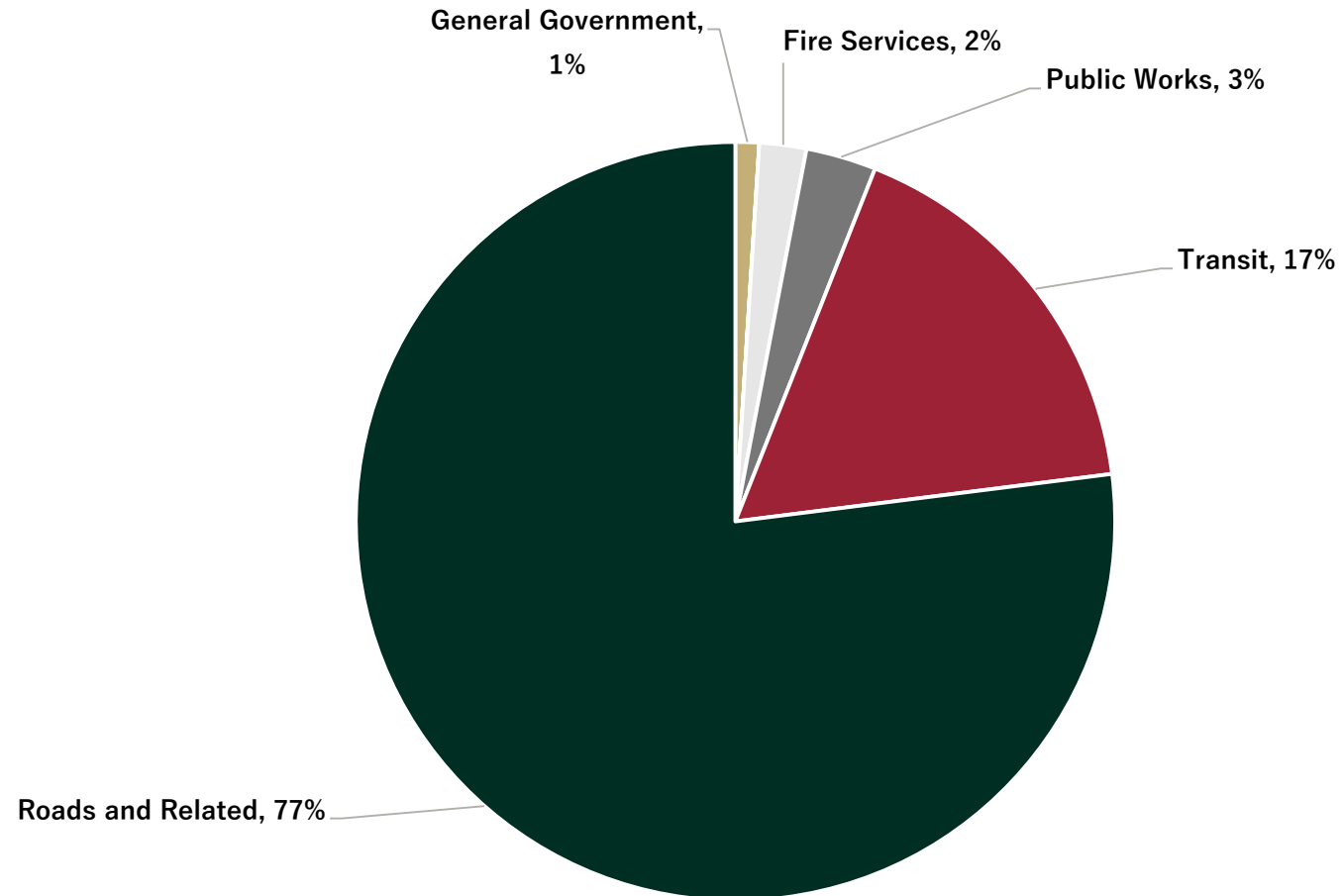


**Non-Residential
Development Charge**

Industrial
\$84.06

As of February 1, 2024

What do Non-Residential DCs Fund in Brampton?



**Non-Residential
Development Charge**

Non Industrial/Non Office
\$166.73

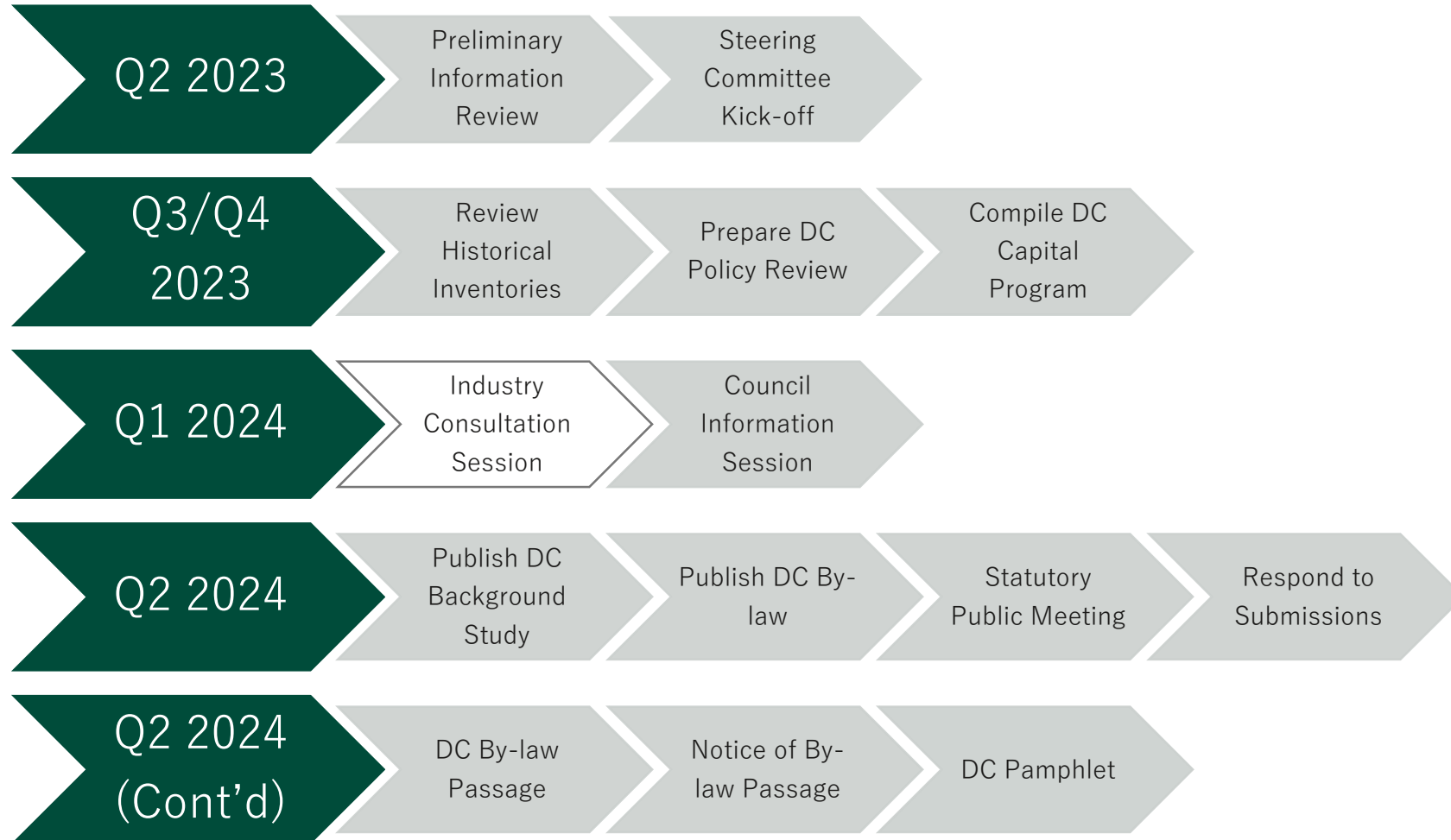
As of February 1, 2024

DC Policy Review

DC By-law Policy Review

- DC Study will examine:
 1. Use of area-specific development charges
 2. Consideration of service categories and new services
 3. Non-statutory exemptions
 4. By-law administration and implementation (including alignment to legislative changes)
- Policy recommendations, where required, will be brought forward to Steering Committee and/or Council for consideration

Anticipated Project Timeline



Next Steps

- Calculate DC Rates with DC Capital Program
 - To Staff: February 2024
 - To Council : March 2024
 - To Industry : April 2024
- Publish DC Background Study – April 2024
- Public Meeting – May 2024
- Pass new DC By-law – June 2024