

Date: June 13 2014

BRAMPTON CITY COUNCIL

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DATE: June 18, 2014

Subject: Recommendation Report: 2014 Development Charges Background Study and By-Laws

Contact: John Spencer, Project Manager, Development Charges Corporate Services (874-3954)

Overview:

- The City's current Development Charges (DC) By-laws expire on August 5, 2014 and in anticipation, the 2014 Development Charges Background Study ("Background Study") was prepared to update the City's DC rates.
- On June 11, 2014, a Public Meeting was held at a Special Meeting of Council to present the findings of the Background Study.
- The Public Meeting provided the opportunity for the public to provide feedback on the Background Study, proposed DC rates and draft DC By-laws, which were made available, in accordance with the *Development Charges Act, 1997* ("DCA 1997"), 2 weeks prior to the Public Meeting.
- The report considered at the Special Meeting of Council provided commentary and preliminary positions on a number of policy matters governing the application of the proposed By-laws.
- This report details the feedback received through the Public Meeting and recommends approval of the Background Study, DC By-laws and proposed DC rates along with approval of the associated policies.

Recommendations:

1. That the report entitled "**Recommendation Report: 2014 Development Charges Background Study and By-Laws**" dated June 13, 2014 from John Spencer, Project Manager, Development Charges, Corporate Services Department, be received;
2. That Council approve the 2014 Development Charges Background Study, prepared by Hemson Consulting Ltd., dated May 28, 2014, which was presented on June 11, 2014 to the Special Meeting of Council;

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3. That the following Development Charge rates be approved for the City of Brampton:

Calculated Development Charge Rates	
Residential Charge (per unit)	Calculated
Single Detached / Semi-Detached	\$ 26,935
Row (Townhouse)	\$ 21,726
Apartments over 750 square feet	\$ 15,225
Apartments 750 square feet or less	\$ 9,529
 Non-Residential (per square metre of floor space)	
Non-Industrial/Non-Office	\$ 96.70
Industrial and Office	\$ 45.31

4. That the following Development Charges identified to fund the net growth-related capital costs for the identified program be approved:

Program	Charge					
	Single/Semi (/unit)	Row (/unit)	Large Apt. (/unit)	Small Apt. (/unit)	Non-Industrial, Non-Office (/m ²)	Industrial/ Office (/m ²)
General Government	\$216	\$174	\$122	\$76	\$0.68	\$0.68
Library Services	\$661	\$533	\$374	\$234	\$0.00	\$0.00
Fire Services	\$631	\$509	\$357	\$223	\$1.97	\$1.97
Parks and Recreation	\$9,131	\$7,365	\$5,161	\$3,230	\$0.00	\$0.00
Public Works	\$637	\$514	\$360	\$225	\$1.99	\$1.99
Parking	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Transit	\$1,533	\$1,237	\$867	\$543	\$4.79	\$4.79
Roads	\$13,572	\$10,947	\$7,671	\$4,802	\$83.82	\$34.46
NSTC	\$554	\$447	\$313	\$196	\$3.45	\$1.42
Total	\$26,935	\$21,726	\$15,225	\$9,529	\$96.70	\$45.31

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5. That Council approve the following policies:
 - a. That the current exemption provided to Places of Worship buildings remain in effect;
 - b. That the current discount applied to Industrial development be removed and the DC By-laws be amended to remove discounting provisions, given that the calculated rate of \$45.31/ m² is suitable from an economic development perspective;
 - c. That the City continue to align its Office rate to the calculated Industrial rate;
 - d. That the current discount applied to 'full-service' hotels under the Roads DC By-law be incorporated into the amended Roads DC By-law;
 - e. That 'live-work' units be defined in all the DC By-laws to reflect the intent to permit the 'work' portions in designated 'live-work' units, as accessory uses without further payment of Development Charges, supplemental to the residential portion;
 - f. That the definition of 'Local Board' of all the DC By-laws be modified such that they exclude Conservation Authorities by adding the language "*...but does not include a conservation authority established under the Conservation Authorities Act, R.S.O. 1990, c. C.27*" in order to align the City's by-laws with that of the Region of Peel;
 - g. That for the purposes of calculating the Industrial and Office DC rates, a Floor Space per Worker (FSW) rate of 135 m²/worker be used for the Industrial component;
 - h. That staff continue to monitor the Floor Space per Worker (FSW) issue, including the outcomes of ongoing appeals on this subject at the Region of Peel and elsewhere, and proceed with an Employment and Office Strategy in conjunction with the 5 Year Official Plan Review, which shall include a review of the FSW factor, and report back to Council with any subsequent amendments, as required;
 - i. That no changes be made to the DC By-laws to reflect the DC obligations associated with a building's 'change of use' and that Council direct staff to continue to evaluate the matter and report back if there is an amended recommendation;
 - j. That the policy entitled: 'Local Service Guidelines', appended to the report dated May 28, 2014 that was considered by Council at its Special Meeting on June 11, 2014, be adopted;

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6. That Council adopt the following recommendations related to the administration of the Development Charges By-laws:
 - a. That the current practices related to the collection of development charges and by-law administration continue, to the extent possible, having regard to the requirements of *Development Charges Act, 1997* and its Regulations ("collectively referred to as the Act");
 - b. That the City continues its reporting policies, consistent with the requirements of the Act;
 - c. That the application of the Development Charge By-laws and the exemptions are codified within the Development Charge By-laws proposed for adoption, as required under the rules of the Act;
 - d. That the increase in the need for service is derived from the identification of growth and related need for services as set out in the City's Official Plan, capital forecasts and various City master plan documents, and as permitted in accordance with the rules of the Act;
 - e. That the Development Charges By-laws permit the payment of a development charge in either cash or through the provision of services-in-lieu agreements, subject to City approval which shall be under no obligation to enter into services-in-lieu agreements;
7. That Council adopt the growth-related capital forecast for City services included in the 2014 Development Charges Background Study, subject to an annual review through the City's normal Capital Budget process;
8. That adoption of the growth-related capital forecast signifies Council's intention to ensure that the increase in services attributable to growth will be met as required under the *Development Charges Act, 1997 s.5 (1) 3.*, recognizing that specific projects and project timing as contained in the study forecast may be revised from time to time, at the discretion of Council.
9. That for lands which are the subject of existing agreements, development charges shall be levied at the rates in effect when building permits are issued, less any credits recognized under the procedures described in Ontario Regulation 82/98, Section 17;
10. That Council has determined that no changes are required to the proposed DC By-laws following the Public Meeting in order to address stakeholder concerns and that a further public meeting is not required, prior to the enactment of the City of Brampton Development Charges By-laws;

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11. That development charges be collected on all development (residential, non-industrial/non-office and industrial/office) within the boundaries of the City of Brampton;
12. That Council confirms its intention that the future excess capacity identified in the 2014 Development Charges Background Study shall be paid for by development charges or similar charges;
13. That each of the following by-laws, be enacted:
 - a. City of Brampton Development Charges By-law for GENERAL GOVERNMENT SERVICES, 2014;
 - b. City of Brampton Development Charges By-law for RECREATION SERVICES, 2014;
 - c. City of Brampton Development Charges By-law for FIRE SERVICES, 2014;
 - d. City of Brampton Development Charges By-law for LIBRARY SERVICES, 2014;
 - e. City of Brampton Development Charges By-law for TRANSIT SERVICES, 2014;
 - f. City of Brampton Development Charges By-law for ROADS' SERVICES, 2014 and;
 - g. City of Brampton Development Charges By-law for the BRAMWEST/NORTH-SOUTH TRANSPORTATION CORRIDOR, 2014.
14. That the effective date for the application of the new DC By-laws be August 1, 2014;
15. That no transition measures be deployed in the application of any of the DC By-laws.

Background:

The DCA 1997 limits the life of Development Charges (DC) By-laws to 5 years and requires the preparation of a updated development charges background study as the basis for adoption of new DC By-laws and new DC rates, no later than the end of that 5 year period. Brampton's current DC By-laws expire on August 5, 2014. In consideration of this time limit, staff worked with Hemson Consulting Ltd. to prepare the 2014 DC Background Study ("Background Study") and drafted DC By-laws in conformity with the Background Study.

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On June 11, 2014, a Special Meeting of Council was held that fulfilled the statutory Public Meeting requirements for the review of the Background Study and accompanying draft DC By-laws. The Public Meeting provided an opportunity for Council, the development community, the general public and other interested parties to ask questions and offer comments with respect to the findings of the Background Study, draft DC By-laws and proposed DC rates. It also provided the opportunity to comment on the Corporate Report, dated May 28, 2014, which accompanied the Background Study and By-laws at Council. The Background Study and draft DC By-laws were made available to the public for review 2 weeks prior to the Public Meeting in accordance with DCA 1997 legislation.

The Public Meeting presentation included the following:

- Overview of the calculated residential and non-residential DC rates
- Comparisons with other municipalities of existing or proposed DC rates for residential and non-residential development
- Reasons for rate increases and decreases
- Services included and excluded in the DC Study and By-law
- Recovery of \$510 million over 10 years for growth related capital for Fire and soft services such as recreation, transit, and library etc.
- Recovery of \$1.35 billion from DCs for growth related Roads and related transportation requirements
- Review of policy matters being proposed for implementation in the 2014 DC By-law.

Following the presentation made by staff and Hemson, questions and comments raised by Council were answered by the consultant and City staff (see below). Correspondence was received from BILD for consideration at the Public Meeting, which indicated support for the Background Study, DC By-laws and DC rates (Appendix # 1).

Current Situation:

The Public Meeting report provides a comprehensive overview of the importance of Development Charges collection for the City of Brampton. It's important that the City maximize the collection of development charges in an effort to have growth pay for itself to the fullest extent possible. Development charge revenues funded 41.1% of the 2014 Capital Budget (\$104.9 million out of the \$255.3 million total). Over the 10 year capital planning horizon (2014-2023), development charges revenues will fund 46.5% (\$977.8 million) of the total \$2.1 billion capital program. These percentages reflect the fact that Brampton remains a growing municipality, where half of all capital costs come as a direct response to growth.

Results of the Public Meeting

At the statutory Public Meeting on June 11, 2014, no formal public delegations, questions or comments were made, however several points were raised by Council:

i. External Debt

In anticipation of questions from Council regarding the potential use of external debt to advance projects within the capital forecast, a slide was included in the presentation which highlighted some key points on the topic.

Council sought clarification on references to external debt, as part of the Development Charges Review. Council also noted concerns around debt, noting it potentially places more burden on taxpayers and undermines the philosophy that 'growth pay for itself'. Council did note the challenges associated with the collection of DCs – specifically their collection at building permit issuance and the challenges this places on the City from a cash flow perspective and suggested that debt might be a way of managing this challenge, better.

Staff Response:

External debt is not currently being contemplated as part of this DC Review process. Staff will consider the concerns expressed by Council on the issue of external debt in the preparation of the Financial Master Plan (Long Term Funding Model). The rationale for considering external debt for specific projects will need to be carefully scrutinized to ensure that the taxpayer is not disadvantaged. Recommendations to consider external debt as an option will require Council endorsement during the regular Capital budget approval process.

ii. Place of Worship Exemptions

Staff noted in the Public Meeting report the intention to maintain the exemption provided to Places of Worship (POW). Specifically, the draft DC By-laws exempt DC requirements for POW except for space dedicated to:

- i) *private schools*
- ii) *banquet halls*
- iii) *supportive housing*
- iv) *major daycare facilities*
- v) *retail or commercial*

Council expressed concern with POW occupying employment lands, given that this reduces the amount of employment space available to industrial operations within the city.

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In consideration of this concern, staff revisited the 2010 Corporate Report on POW. Among other things, the report introduced an Official Plan Amendment that served to permit POW in employment areas, provided that they met certain criteria, namely:

- they are subject to size restrictions (“...up to approximately 5,000 square feet...”), and,
- “...only if the site is located within approximately 500 meters of an area designated “Residential” in the Official Plan and zoned for Residential Purposes”

Staff Response:

Having regard for the existing OP policy, staff does not recommend removing the DC exemption on POW where they occupy employment lands, as this would be inconsistent with the OP.

However, staff suggest that this issue be looked at in the context of the Employment and Office Strategy, which will be undertaken in conjunction with the 5-Year Official Plan Review. This review would therefore assist in both the further examination of the Floor Space per Worker (FSW) issue and the re-examination of the POW issue, and their locations within employment areas.

iii. Bram West Parkway /North South Transportation Corridor

The inclusion of the Bram West Parkway/North South Transportation Corridor as a separate charge (and separate By-law) was queried by Council. Specifically Council questioned the merit in both the City and the Region collecting for the same project.

Staff Response:

The 2014-2041 Roads Program identified in the Transportation Master Plan update proposes no changes to the approach used for the collection of Development Charges by the City and Region for the Bram West Parkway/North South Transportation Corridor. The City and Region collect for independent segments of the roadway with no duplication of charges. Collectively this will provide for the Bram West Parkway /North South Transportation Corridor from Highway 407 to Mayfield Road.

Staff note that implementation of the segment of the Bram West Parkway from Heritage Road to Steeles Avenue and Steeles Avenue to Financial Drive (which the City collects) is underway through the City-led Environmental Assessment.

In the meantime, staff from both the Region and the City is in agreement with the co-collection approach. Brampton staff will be working with the Region to ensure coordination of efforts. BILD has likewise satisfied itself through its own review that the project is not being ‘double counted’ in the respective by-laws.

Staff's Recommendations

The Corporate Report that accompanied the presentation of the Background Study at the Special Meeting of Council on June 11, 2014, provided extensive detail on the proposed DC rates, the breakdown by service area that was used to arrive at those rates, as well as discussion on various policy matters. Having considered the feedback provided at the June 11, 2014 meeting, staff is of the opinion that the positions offered in the May 28, 2014 report remain sound, and support the recommendations in this report.

Corporate Implications:


The collection of development charges is vital to ensure that the necessary growth related capital infrastructure is in place to service future residents of the City of Brampton. Staff is satisfied that the Background Study and accompanying DC By-laws reflect a maximizing approach to the collection of development charges and reduces, to the fullest extent possible, the impacts of growth on the existing taxpayer.

Strategic Plan:

The Public Meeting report provided rationale as to how the Development Charges By-laws' Review contributes to the Strategic Plan.

Conclusion:

With the endorsement of the City of Brampton Background Study and enactment of the DC By-laws for each of the seven (7) service areas, Brampton will have fulfilled its obligations to update its development charges regime, prior to the expiration date of the current DC By-laws, of August 5, 2014. With Council's approval, the new DC By-laws will come into effect on August 1, 2014, with no transition period.



John Spencer, MCIP, RPP
Project Manager, Development Charges
Corporate Services Department



for Peter Honeyborne
Executive Director
Finance and Treasurer
Corporate Services Department

Appendices:

Appendix # 1 Correspondence Received

Report authored by:
John Spencer, MCIP, RPP,
Project Manager, 2014 Development Charges Review



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**Appendix # 1
Correspondence Received**

I3-5-11



BUILDING A GREATER GTA
Building Industry and Land
Development Association

June 10, 2014

Mayor Fennell and Members of Council
City of Brampton
2 Wellington Street West
Brampton, ON
L6Y 4S2

Dear Mayor Fennell and Members of Council,

Re: 2014 City of Brampton Development Charges Public Meeting

On behalf of the Building Industry and Land Development Association (BILD) and members of the Peel Chapter, we would like to express our appreciation for the opportunity to participate in the extensive consultation with staff on the 2014 City of Brampton Development Charges (DC) By-law Review.

As noted within the staff report, the City adopted a highly consultative approach and worked with the development community in the preparation of the DC Background Study since August 2013. BILD believes the City's approach to facilitating a comprehensive and objective review has been very productive and has resulted in a meaningful and transparent consultation. Staff were extremely helpful, and committed a substantial amount of time to the discussion and worked with the industry to find solutions. As a result, BILD is pleased that we have reached a mutually acceptable development charges framework that benefits the City and its existing and future residents.

The BILD membership would also like to thank City staff for working with the industry to create a Local Services Policy (Appendix #8), which will provide clarity as to what constitutes elements that are DC-recoverable (or reimbursable, if the developer is doing the work on behalf of the City) and the elements which are considered wholly the developer(s) responsibility, or 'local service.' In addition, BILD would also like to thank the City for the changes made to the City's reimbursement program, which now better reflects the best practises of other municipalities.

BILD has historically had an excellent working relationship with the City of Brampton, especially when reviewing development charge by-laws. We hope that this cooperative partnership will continue going forward, as BILD members are committed to working with staff and Council to build great communities for new residents and business investment in the City of Brampton.

Please feel free to contact the undersigned should you have any comments or questions.

Sincerely,

Darren Steedman
BILD Peel Chapter Chair

Cc: John Corbett, Chief Administrative Officer, City of Brampton
John Spencer, Project Manager, Financial & Information Services, City of Brampton
Paula J. Tenuta, Vice President, Policy & Government Relations, BILD
BILD Peel Chapter