



Office of the Commissioner
Finance Department

MEMORANDUM

To: Members of Committee of the Whole

From: Jason Li, CPA, CA
Acting Commissioner of Finance and Regional Treasurer

Date: October 12, 2021

Re: Proposed changes to the *Development Charges Act, 1997* to support funding of the Yonge North Subway Extension

This memorandum provides Members of Committee of the Whole with an update on the proposed changes to the *Development Charges Act, 1997* ("Act") posted by the Ministry of Municipal Affairs and Housing for public consultations on October 7, 2021.

Since the signing of the Preliminary Agreement, regional and provincial staff worked collaboratively on the required legislative changes

On May 28, 2020 the Region and the Province signed the "[Ontario-York Region Transit Partnership Preliminary Agreement](#)" ("agreement"). Under the agreement, York Region is expected to contribute a pro-rata share of the capital construction costs of the Yonge North Subway Extension ("YNSE"), which will be over \$1 billion. Through this agreement, the Province has also committed to working with the Region to identify any legislative changes that would allow the Region to continue its path towards financial sustainability, while funding its share of the YNSE.

Beginning in June 2020, Regional staff worked with the Province to better understand the legislative changes required to help fund and finance the YNSE. Working groups were also established, involving staff from the Region and Ministries of Finance, Transportation, Infrastructure and Municipal Affairs and Housing.

On March 25, 2021 Council adopted a resolution requesting legislative changes to help finance and fund the YNSE

On March 25, 2021, Council adopted a [resolution](#) requesting legislative changes so that the Region may fund and finance its share of the YNSE capital costs in a financially sustainable manner:

- Renew, for a minimum 10 years, the growth-related cost supplement component of York Region's Annual Repayment Limit
- Amend the Act to treat the YNSE as a discrete service that is not subject to a 10-year planning horizon
- Repeal section 26.2 (freezing provisions) from the Act, or exempt the YNSE from it

In response to Council's request, on April 15, the Province renewed York Region's growth-related cost supplement for another 10 years

On April 15, 2021, the Province filed an [amendment](#) to subsection 4.1(11) of Ontario Regulation 403/02 to renew York Region's growth-related cost supplement component of the Annual Repayment Limit for another 10 years, to December 31, 2031. This amendment came into effect on July 1, 2021.

On October 7, 2021, the Province announced it intends to make legislative changes to treat YNSE as a discrete service for the purpose of development charges

On October 7, 2021, the Province tabled [Bill 13, Supporting People and Businesses Act, 2021](#) ("Bill 13"), an omnibus bill intended to support the province's economy by introducing measures to promote economic stability and encourage investment. The Province has indicated supporting better, faster transit is more important than ever.

As it relates to the Act, and specifically the YNSE, the proposed changes reflect Council's request to treat the YNSE as a discrete service, extending the planning horizon from 10 to 20 years with a forward-looking planned level of service. This treatment would be similar to the approach taken for the Toronto-York Spadina Subway Extension (TYSSE).

The changes to the Act do not address Council's request to repeal the freezing provisions from the Act, or exempt the YNSE from it

Despite the positive changes noted above, Bill 13 does not address Council's request to repeal, or exempt the YNSE from, the freezing of development charges rates at application for site plan or zoning bylaw amendment.

The Ministry has indicated this provision remains in place to provide greater cost certainty for home builders and developers.

The proposed changes have been posted for public comment

The proposed changes to the Act and associated regulatory framework have been posted for public comment. Comments on changes to the Act are due by November 21, 2021, while changes to the [proposed regulatory framework](#) are due by November 1, 2021.

The proposed changes to the Act, if passed, would inform the Region's 2022 Development Charges Bylaw

The work to update the Region's Development Charges Bylaw continues, working towards tabling in February 2022 with Council consideration of passage in May 2022. The proposed changes, if passed, would inform the treatment of the YNSE in the 2022 Development Charges Bylaw ("2022 Bylaw").

Once approved, the 2022 Bylaw, including the new rates, is expected to come into effect on June 17, 2022.

Staff will continue to engage with the Province on the proposed changes to the Act

Since the signing of the agreement in the spring of 2020, the Region actively engaged with both provincial and ministry staff to ensure the YNSE can be financed and funded in a financially sustainable manner. The Region's continued advocacy and collaboration with our provincial partners has ensured that Council's comments and concerns have been largely considered.

Staff will report back to Council, as necessary, on the status of those proposed legislative changes.



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Acting Commissioner of Finance and Regional Treasurer



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