The background of the slide features a photograph of the York Region clock tower and its associated building. The clock tower is a prominent, cylindrical structure with a textured, light-colored facade. It has two circular clock faces, one positioned higher than the other. The building behind it is a modern, multi-story structure with large glass windows and a curved design. The sky is a clear, bright blue. The bottom right corner of the slide is overlaid with a dark blue, semi-transparent graphic element that contains the York Region logo and some text.

# RATE STRUCTURES FOR THE 2022 DEVELOPMENT CHARGES BYLAW

Presented to  
**COMMITTEE OF THE WHOLE**

Presented by  
**Kelly Strueby, Acting Commissioner of Finance**

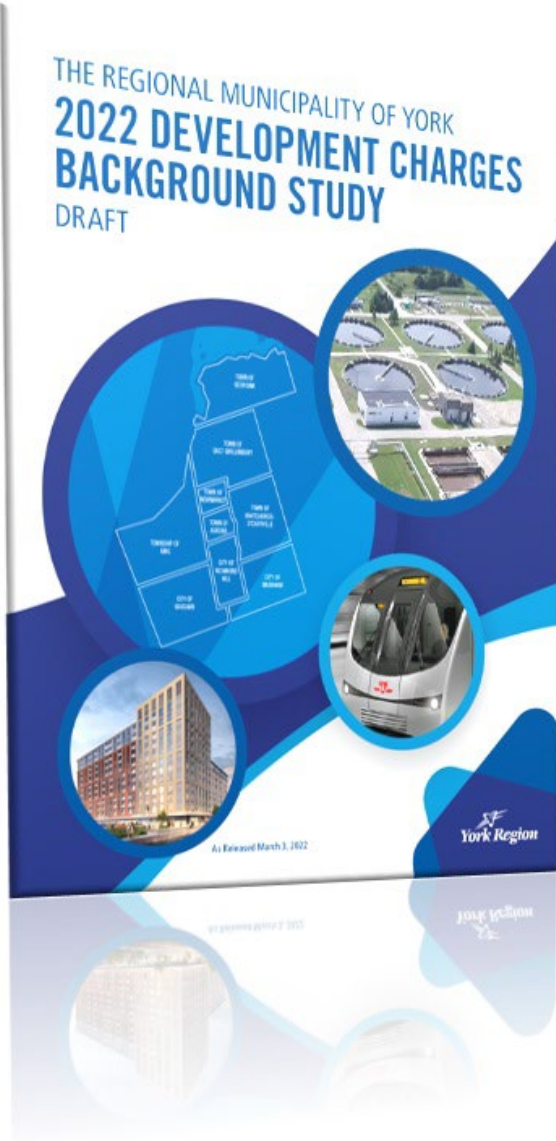
February 10, 2022

eDocs #13621284

The York Region logo consists of a stylized white bird or wing icon above the text "York Region" in a white, serif font.

**York Region**

# PURPOSE



To provide an overview on the rate structures considered for the 2022 Development Charges Bylaw, including for the Yonge North Subway Extension

# DEVELOPMENT CHARGES ARE A COST-RECOVERY TOOL FOR GROWTH-RELATED INFRASTRUCTURE

- Development charges (DCs) are fees levied on new development to help pay for growth-related infrastructure
- Due to statutory deductions, DCs partially recover the cost of growth
- To continue levying DCs, a new bylaw must come into effect on or before **June 17, 2022**
- For every bylaw review, the Act requires consideration of area-specific DCs
- Any appeal of the DC bylaw to the Ontario Land Tribunal (OLT) cannot result in a higher DC rate



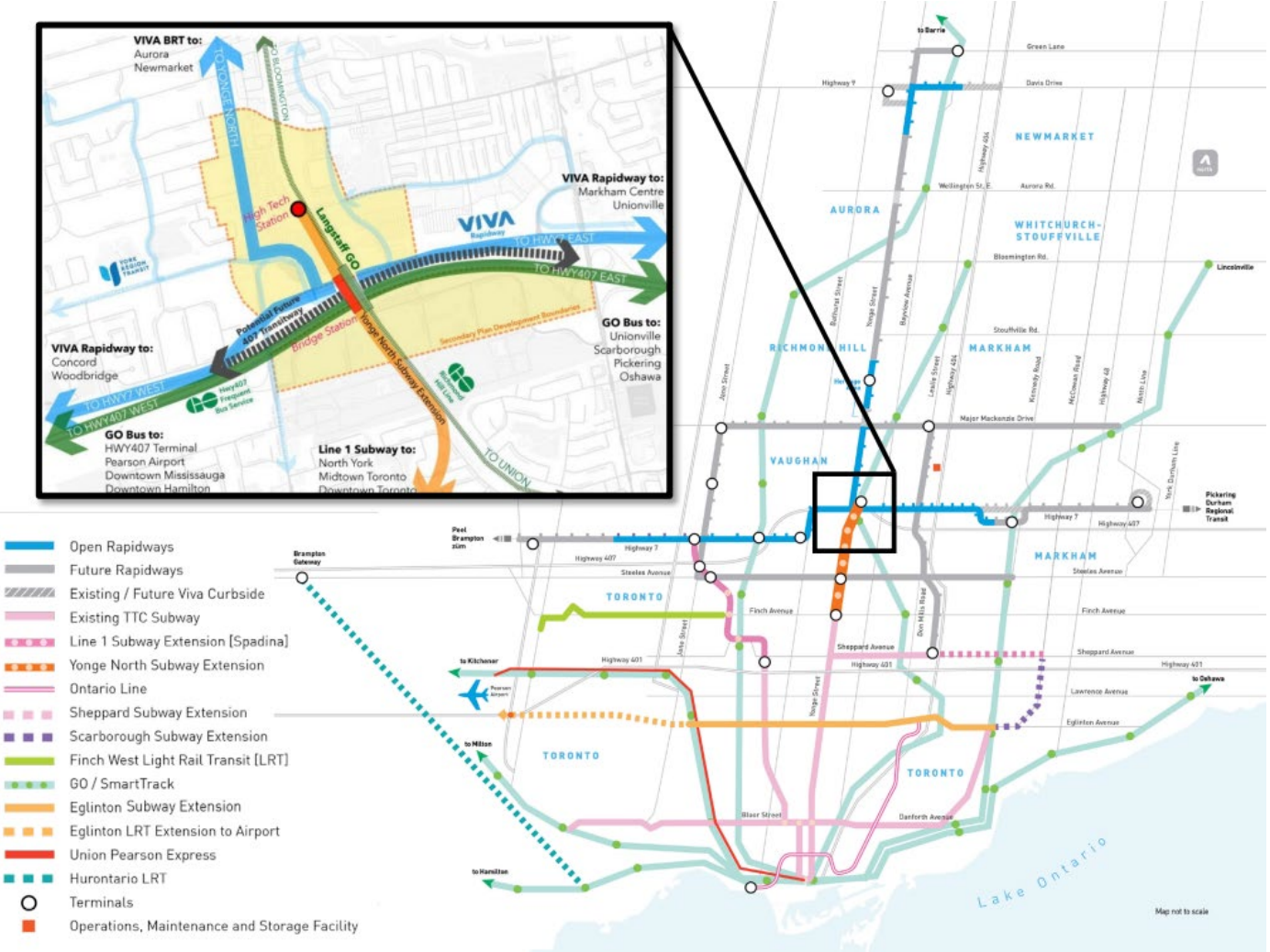
# THE REGION HAS HISTORICALLY USED A UNIFORM DC RATE

- Regional services support growth across all nine municipalities
- Regional services are managed as a network
- The Region has consistently used uniform DCs and property taxes to fund and finance the emplacement of the Region's growth infrastructure
- Surrounding municipalities recover growth related costs through a uniform DC rate



A uniform DC rates structure continues to be appropriate for the Region's DC funded services

# THE YONGE NORTH SUBWAY EXTENSION WILL BE INCLUDED IN THE REGION'S DEVELOPMENT CHARGE BYLAW FOR THE FIRST TIME



The 2022 DC background study will include Region's share of the estimated \$5.6B total project cost

# THE YNSE WILL BE TREATED AS A DISCRETE SERVICE, SEPARATE FROM TRANSIT

- Amendments to the Act provide that the YNSE be treated as:
  - ✓ A discrete service
  - ✓ Planning horizon of 20 years
  - ✓ Forward-looking planned level of service



These legislative changes came into effect on January 1, 2022

# A 75% DC SHARE IS SUPPORTED BY DATA-DRIVEN METHODOLOGIES

- Three data-driven methodologies using forecasted trips, population and employment projections support a 75% DC-eligible share for the YNSE
- The Act requires municipalities recover costs associated with benefit to existing development from non-DC sources
- The uniform DC rate for the YNSE is approximately **\$5,800** for a single or semi-detached dwelling

	Amount	Share	Funding Source
York Region share of total YNSE project cost	\$1,120M		
DC Eligible Costs	\$840M	75%	DC
Benefit to Existing (BTE)	\$280M	25%	Tax Levy

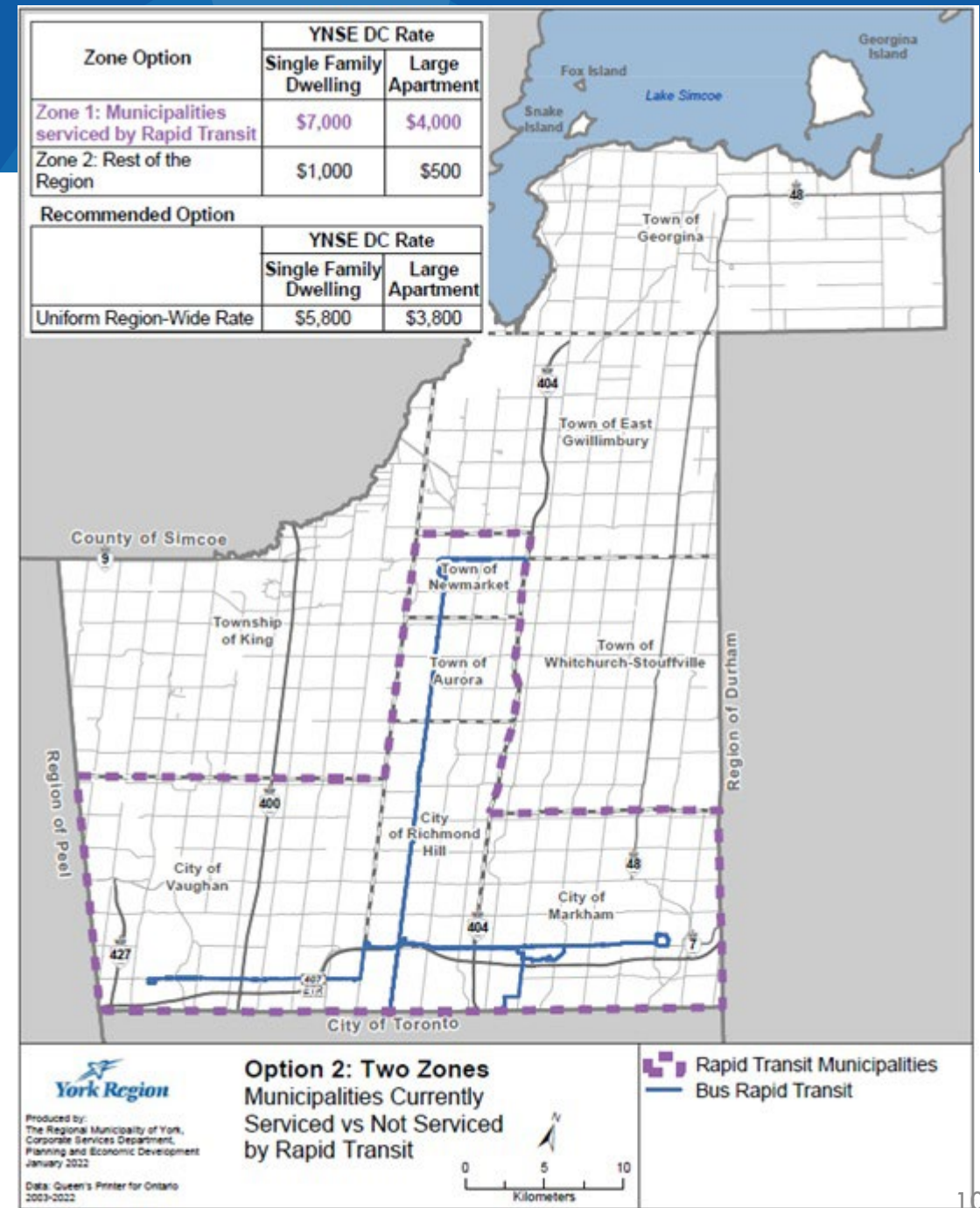
# Yonge North Subway Extension Area Rating Considerations

# THREE RATE STRUCTURES WERE EVALUATED FOR THE YNSE

Rate Structures	Rationale	Implementation
1: Uniform Rate	Reflects that the YNSE is an integral part of the Region-wide transportation network, providing benefit across the Region	Development within the same rate class would be charged the same YNSE DC rate across the region
2: Two Zones, Municipalities currently serviced vs not serviced by rapid transit	Reflects that municipalities with access to the Rapid Transit network would use the YNSE more frequently	All development across the Region would be charged a YNSE DC rate, but at differing levels depending on zone
3: Base Rate with a YNSE Major Transit Station Area (MTSA) surcharge	Additional surcharge to reflect the higher projected ridership and other benefits for development within walking distance to the stations	<p>Development within the same rate class would be charged a common “base” YNSE DC rate</p> <p>Development within the YNSE five MTSA's would be charged an additional DC rate</p>

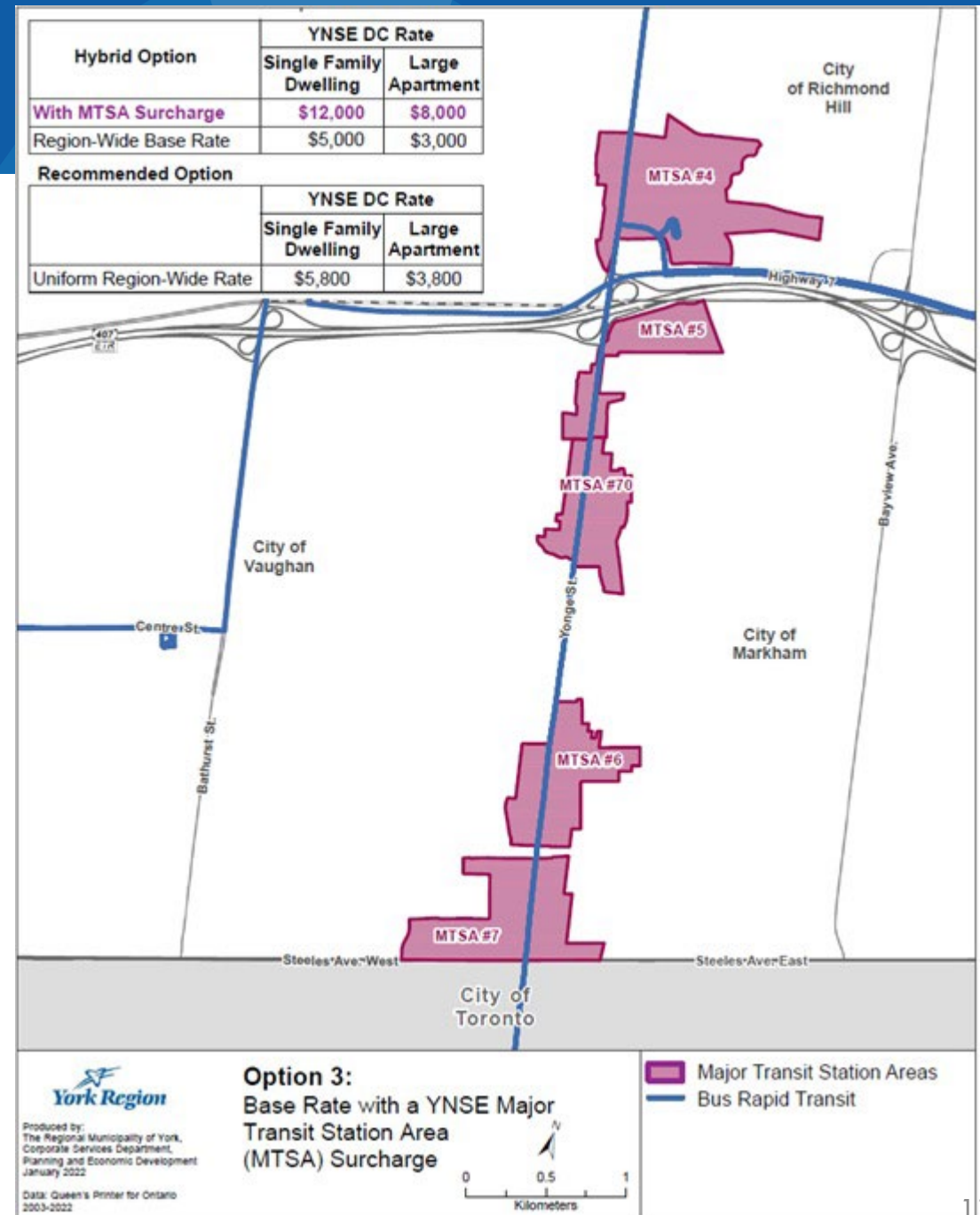
# RATE STRUCTURE 2: TWO ZONES, CURRENTLY SERVICED VS NOT SERVICED BY RAPID TRANSIT

- These rates give an order of magnitude estimates and are being reviewed and refined



# RATE STRUCTURE 3: BASE RATE WITH A YNSE MAJOR TRANSIT STATION AREA SURCHARGE

- These rates give an order of magnitude estimates and are being reviewed and refined



# A UNIFORM RATE FOR THE YNSE IS RECOMMENDED



## Suitability

- Most suitable for infrastructure whose benefit cannot be clearly delineated geographically
- Most commonly used approach for recovering for transit infrastructure



## Policy Implications

- Aligns with the use of Region-wide property taxes to fund the non-DC share of costs
- Deviation from a Region-wide approach may set a precedent



## Risk Mitigation

- Helps mitigate the risk of appeals on the basis of inconsistent treatment of two subway extensions, or other infrastructure
- Robust data and methodologies available to support the DC rates in case of appeals

Hemson Consulting confirmed uniform approach as most appropriate for the YNSE

# Next Steps and Recommendation

# THE BACKGROUND STUDY WILL BE TABLED IN MARCH

Date	Deliverable
March 3	2022 Development Charges Bylaw (Tabling)
March	Public Meeting ( <i>date to be confirmed</i> )
May 26	2022 Development Charges Bylaw (Consideration of approval)
June 17	2022 Development Charges Bylaw and rates in effect

# RECOMMENDATIONS

- Council approve the use of a uniform Region-wide development charge rate structure to recover the growth-related costs for all services contained in the 2022 York Region Development Charges Background Study and Bylaw, including the Yonge North Subway Extension
- The Regional Clerk circulate this report to the local municipalities and the Building Industry and Land Development Association (BILD) – York Chapter

# DISCUSSION