

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Date: June 20, 2023

Re: Potential timeline for advancing update of the 2022 Development Charges Bylaw to accommodate unplanned infrastructure

As requested at the Committee of the Whole meeting held on June 15th, this memorandum provides Council with details regarding a potential early update of the 2022 Development Charges Bylaw (Bylaw) to accommodate unplanned infrastructure required as a result of:

- Bill 23, *More Homes Built Faster Act, 2022* - Schedule 10; *Supporting Growth and Housing in York and Durham Regions Act, 2022*
- Supporting Minister's Zoning Orders for recently opened lands in the Greenbelt and Oak Ridges Moraine

Any recommendation on whether or not to advance an update of the Bylaw would not be brought to Council until a full analysis of the costs and benefits of doing so have been completed.

The Province has introduced several pieces of legislation to help build more homes faster which will require the Region to review its infrastructure needs

Beginning in October 2022 with Bill 23, *More Homes Built Faster Act* (Bill 23), the Province made a series of legislative changes, premised upon building more homes faster. These changes include:

- *Supporting Growth and Housing in York and Durham Regions Act, 2022* – creation of a new dedicated system to convey wastewater from the Upper York service area to Lake Ontario by way of the York Durham Sewage System and Duffin Creek Plant
- Removal of lands from Greenbelt and Oak Ridges Moraine
- Increased use of Minister's Zoning Orders (MZO)

- Bill 97, *Helping Homebuyers, Protecting Tenants Act, 2023* and the New Provincial Planning Statement (e.g., conversions of employment lands to residential has the potential to consume more servicing capacity from existing infrastructure)

These pieces of legislation, and the resultant unplanned growth, will require the Region to change or add to infrastructure currently in the Bylaw.

Staff have been requested to review advancing the update of the DC Bylaw to help fund the cost of unplanned infrastructure

While updating the Bylaw prior to its statutory expiration is permitted, several inputs will need to be updated to ensure the development charges (DC) rates, bylaw, and process would be able to withstand an appeal, including:

- Determining whether a planning horizon to 2041, which was the planning horizon used for the Bylaw, is still appropriate for the next update
- Potentially revising the population forecast to take into account recent legislative changes, including accelerated growth to 2031 to build York Region’s share of 1.5 million homes by 2031, introduction of additional Greenbelt lands, MZOs and potential future Transit Oriented Communities
- Determining complete cost and timing for all unplanned infrastructure projects that need to be accelerated or added to the Bylaw to support the revised population forecast, for all services, not just limited to Water and Wastewater services
- Determining what portion of costs that benefit the new population beyond the planning horizon and therefore must be deducted from the DC rate calculation
- Considering whether an area specific charge would be applicable to any of the new projects

Also, as a result of the recent changes made to the *Development Charges Act, 1997(Act)* through Bill 23, any new bylaw will involve more than just amending the water and wastewater servicing component. Table 1 summarizes the services/areas that would also need to be updated, as well as those services that will no longer be eligible or would receive reduced DC funding upon the Region’s next bylaw update. These changes may result in lower DC rates and could put pressure on other revenue sources, such as tax levy and user rates, to fund these growth-related costs.

**Table 1
Services and Areas Impacted by Bill 23**

Change	Services/Areas Potentially Affected
Removal of land for prescribed services	Water, Wastewater, Roads, Public Works, Ambulance, Police, Waste Diversion
Removal of studies	Growth Studies, Water, Wastewater, Roads, Waste Diversion
15-year historic service level	Most general services

Change	Services/Areas Potentially Affected
Exemption for second/ additional suites	Growth and Development forecast

It is estimated the earliest the Bylaw could be updated is 2026

Any update of a DC bylaw must follow the process prescribed in legislation, including the need for public consultations. Additionally, details in the DC background study must be able to fully support the planned growth assumptions and the capital cost requirements.

The 2022 DC Bylaw was prepared over a period of about 24 months but had the benefit of information that was either underway or completed from the new Master Plans and the Municipal Comprehensive Review. Given the uncertain legislative framework, the need for complete and defensible infrastructure costs and growth assumptions, public consultations, and the need to update multiple services and areas, it is estimated the earliest Council could pass an updated DC bylaw would be in 2026.

As part of this process staff would also review and update, where needed, development charges policies, which could include the Development Charges Pre-Paid Credit Policy (Policy). Any change to the Policy must be done in a holistic way, and would consider its full fiscal implications, including any impact on past, current, and future agreements.

Appendix A to this memorandum provides a high-level timeline for potentially updating the Bylaw. As more information is made available, staff will report back to Council on whether this timeline is being recommended.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



Laura Mirabella, FCPA, FCA
 Commissioner of Finance and Regional Treasurer



Bruce Macgregor
 Chief Administrative Officer

Appendix A – Potential Timeline for Advancing an Update of the Bylaw

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Appendix A

Potential Timeline for Advancing an Update of the Bylaw

Year	Quarter	Consultant	Internal Review		External Consultation	Report to Council
2023	Q3	Procure external consultant	Information gathering (e.g., Infrastructure costs, growth assumptions and development forecast, Level of Service calculations, macroeconomic assumptions, statutory deductions)			
2023	Q4					
2024	Q1					
	Q2					
2025	Q3	Position papers, Policy review, DC Rate calculations Review	DC Rate calculations, Asset Management Plan, Financial Sustainability Review, and finalize Draft DC Background Study and Bylaw	Policy review (e.g., Planning horizon, rate structure, consideration of area-specific DCs)	Local municipal and development industry stakeholder consultations/ feedback	DC Bylaw Status Report (e.g., Workplan and timelines)
	Q4					
	Q1					
	Q2					
2026	Q3					DC Bylaw Policy Directions report (e.g., Planning horizon, area specific DCs)
	Q4					
	Q1					
	Q2					
2026	Q3					Draft DC Background Study and Bylaw publicly available
	Q4					
	Q1					
	Q2					
2026	Q3					Council approval of Final DC Bylaw
	Q4					
	Q1					
	Q2					