



To: Committee of the Whole
Meeting Date: October 12, 2023
From: Laura Mirabella
Commissioner of Finance and Regional Treasurer
Re: **Bill 131, *Transportation for the Future Act, 2023* – Update**

This memorandum provides members of Committee of the Whole with an update on the recently tabled Bill 131, *Transportation for the Future Act, 2023* (Bill 131).

Bill 131 was tabled in September 2023 and is intended to help build more GO Transit stations

On September 25, 2023, the Province tabled Bill 131 which introduces a new act, the *GO Transit Station Funding Act, 2023* and a new associated fee, called a Station Contribution Fee (also referred to as a transit station charge).

Bill 131 is in response to requests made by municipalities for a new optional funding tool to raise revenues needed to build new GO stations. The Station Contribution Fee would allow a municipality to fund design, construction, and other related costs for a new GO station by having multiple benefiting developers contribute to costs (fee can be levied on a municipal-wide basis if a municipal-wide 'benefit' can be shown). The concept of this new fee originates from Metrolinx's current market driven approach to funding new GO Transit stations, where often one benefiting developer contributes to costs of funding the station.

Costs related to other transit infrastructure or stations, such as stations to support the Yonge North Subway Extension or YRT/Viva, would not be eligible for recovery using this tool (as it has been proposed).

Only prescribed municipalities will be eligible to levy new Station Contribution Fee

The *GO Transit Station Funding Act, 2023*, which will come into effect upon Royal Assent, provides that only prescribed upper-tier, single-tier or local municipalities may, by bylaw, levy this new fee. Neither the Region nor any other municipality has been prescribed so far. It is unclear as to what process would need to be undertaken to be prescribed.

Upon being prescribed, a municipality considering levying this fee would have to be guided by the principle that the new funding supports the following three objectives:

- Creation of local and regional transit connections; and
- Creation and growth of transit-oriented communities near the GO Transit station; and
- Recovery of costs related to construction of the new GO Transit station in a reasonable, transparent, and fair manner

If a Station Contribution Fee is levied by a prescribed municipality, it would need to help offset other development costs

A Station Contribution Fee will ordinarily be due at building permit issuance, although prescribed municipalities would have the ability to enter into early or late payment agreements (e.g., prepayment or deferral agreements)¹.

As noted in the [Ontario Newsroom release](#), prescribed municipalities who levy this new fee would need to show a reduction in other development costs to help provide an offset for developers. A municipality could provide an offset through the following:

- Prioritizing capacity for transit-oriented developments benefitting from the new GO Transit station
- Relaxing parking requirements
- Expediting planning approvals
- Reducing fees

In addition, if an upper-tier municipality were to levy this new fee, an offset provided by the local municipality could satisfy this requirement.

The legislation provides other key requirements for the bylaw

Bill 131 provides other requirements to pass the enabling bylaw, and levy a Station Contribution Fee, the key details of which are provided in Table 1 below.

¹ Note: Municipalities may charge interest at a rate not above Prime +1

Table 1
Station Contribution Fee – Other Key Details

Area	Key Detail(s)
When can be imposed	<p>For developments requiring:</p> <ul style="list-style-type: none"> ✓ passing of a zoning by-law or an amendment under section 34 of the Planning Act (Act) ✓ approval of a minor variance under section 45 of the Act ✓ approval of a plan of subdivision under section 51 of the Act ✓ consent under section 53 of the Act ✓ approval of a description under section 9 of the Condominium Act, 1998 ✓ issuance of a permit under the Building Code Act, 1992
Excluded/exempted development	<ul style="list-style-type: none"> ✓ Municipalities and school boards ✓ Other development to be prescribed
Requirement to pass a Bylaw	<ul style="list-style-type: none"> ✓ Complete a background study meeting prescribed requirements ✓ Public notice of the background study and proposed bylaw, consult as the municipality deems appropriate ✓ Pass a resolution requesting that the Minister consent to the passing of the bylaw and obtain the Minister’s consent to pass the bylaw (with potential Ministerial modification) <ul style="list-style-type: none"> • Resolution must identify the area to which the proposed bylaw would apply and a draft of the proposed bylaw
Eligible costs	<ul style="list-style-type: none"> ✓ Related to construction of new GO Transit stations and includes any interest the municipality pays on any debt it incurs to pay any costs for which the fee is imposed
Requirements of the Bylaw	<ul style="list-style-type: none"> ✓ A map of the area within which the fee is imposed ✓ Rules to determine if a transit station charge is payable and the rules to determine the amount of the charge ✓ Anything required by regulation
Timing of payment - rental and institutional development	<ul style="list-style-type: none"> • Subject to further regulatory clarification
Establishment of special reserve	<ul style="list-style-type: none"> • Minister may, through regulation, require a municipality to establish a reserve fund for Station Contribution Fees collected

GO Transit Station Funding Act does not include many provisions currently resident in the Development Charges Act

While many provisions in the *GO Transit Station Funding Act, 2023* appear to be similar to those under the *Development Charges Act, 1997* there are key differences, summarized in Table 2.

Table 2
Development Charges Act, 1997 versus GO Transit Station Funding Act, 2023

<i>Development Charges Act</i>	<i>GO Transit Station Funding Act</i>
Development charges rates frozen at application for site plan approval or zoning bylaw amendment	No such provision for the Station Contribution Fees
Exemption for affordable, attainable, non-profit housing, and second/additional suites	No such provision, though potential to be prescribed
Discounts for rental developments	No such provision
Development charges rates phased in:	
80% of the new rate in year 1 of the Bylaw	No such provision
85% in year 2	
90% in year 3	
95% in year 4	
100% in years 5-10	
Requirement to consider area-rating	No such provision, though potential to be prescribed. As written, municipality can choose to levy fee on a municipal-wide or an area-specific basis.
Maximum timeframe for bylaw – 10 years	No such provision, though potential to be prescribed
Appeal rights on a new development charges bylaw; ability to file a complaint when development charges are due	No such provisions, redress through courts

York Region currently anticipates 15 GO Rail stations that have yet to be built

As identified in the 2022 Transportation Master Plan, York Region forecasted 15 GO Rail stations that are yet to be built (as shown in the Appendix A, Map – 2022 Transportation Master Plan – Existing and Recommended GO Stations).

Should the Region become a prescribed municipality and decide to help fund these new stations and levy this fee, there would be debt implications to be considered. Bloomington Station, which opened in 2017 in Richmond Hill, is [reported](#) to have cost just over \$82 million.

Station Contribution Fee not expected to replace GO Transit development charges

York Region's GO Transit Development Charges Bylaw (Bylaw) was enacted in 2001 for a two-year term. GO Transit rates, which are only applied to residential development, were based on the 10-year GO Transit capital program in 2001 and development charge legislation at that time.

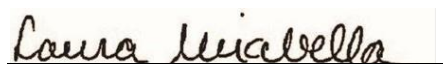
The Bylaw term has been extended every three years since 2001, by way of regulation, and most recently in 2022. These extensions did not involve updating growth-related capital costs (e.g., to enhance Regional GO rail systems to support transit-oriented communities) or development charges rate calculation methodology (e.g., to capture legislative changes to the *Development Charges Act, 1997*).

At this time, there is no indication this new fee would replace GO Transit development charges.

As of October 5, 2023, Bill 131 was in second reading

As of October 5, 2023, Bill 131 was, as part of its second reading, referred to the Standing Committee on Heritage, Infrastructure and Cultural Policy. Municipalities are expected to be consulted as part of the process to develop the regulatory framework for the new *GO Transit Station Funding Act, 2023*. Staff will continue to monitor progress of the Bill and report back if necessary.

For more information on this memo, 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.



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Appendix A – 2022 Transportation Master Plan Existing and Recommended GO Stations

