



Report of the Commissioner of Finance

GO Transit Station Funding Act, 2023 – Regulatory Recommendations

1. Recommendations

1. Council approve the recommendations in Table 2 of this report as well the recommendations below, in response to the regulatory framework for the new Station Contribution Fee, under the *GO Transit Station Funding Act, 2023*, requesting the Province:
 - a. Clarify that a Station Contribution Fee can be levied on either a municipal-wide or area-specific basis, specifically:
 - i. that the decision to levy the charge on a municipal-wide, or area-specific, basis, be at the sole discretion of municipal council;
 - ii. any associated mapping, in support of the benefitting area, being at the discretion of the municipal council and as part of the background study process.
 - b. Align eligible capital costs with the *Development Charges Act, 1997*, and specifically include land and all studies-related costs.
 - c. Clarify that municipalities be given latitude in developing the associated rate structure, including the ability to employ a differentiated rate.
 - d. Clarify development cost offsets, that municipalities levying the new fee will be required to provide developers, need not be commensurate/equal to additional costs associated with the new fee, specifically:
 - i. that in a two-tier jurisdiction, where the upper-tier municipality levies the fee, a local municipal offset would satisfy this requirement;
 - ii. that the methodology for calculating municipal offsets, and which offsets are to be used, form part of the associated background study and be at the sole discretion of a municipal council.

- e. Allow a municipal council to determine additional exemptions in consultation with the development industry (and other interested stakeholders), and form part of the background study and bylaw;
 - i. that any revenue reductions, resulting from any exemptions, can be funded by future development.
2. Outside of the regulatory framework, the Province be requested to clarify:
 - a. how a municipality is prescribed to be eligible to levy the fee and that, once prescribed, there is no ability for developers to 'opt out' of participation;
 - b. that the new Station Contribution Fee does not represent a shift in funding responsibilities for new GO Transit Stations, from the Province to developers and municipalities.
3. The Regional Clerk forward this report to the Ministry of Infrastructure, Ministry of Transportation, local Members of Provincial Parliament, and the local municipalities.

2. Purpose

This report provides Council with an update on provincial consultation in support of the new Station Contribution Fee under the *GO Transit Station Funding Act, 2023*. This report seeks Council approval of recommendations that will serve as the Region's submission to the Ontario Regulatory Registry (ORR), posting # [24-MOI003](#), in response to the regulatory framework under the [GO Transit Station Funding Act, 2023](#).

Key Points:

- On September 25, 2023, the Province tabled *Transportation for the Future Act, 2023*, (Bill 131) which introduced a new act, the *GO Transit Station Funding Act, 2023* (Act) and a new optional associated fee, called a Station Contribution Fee (also referred to as a transit station charge). The Act came into force on December 4, 2023
- As part of the process to pass Bill 131, Regional Council provided recommendations to the Province through an October [report](#) from the Commissioner of Finance titled, "Bill 131, Transportation for the Future Act, 2023 – Recommendations"
 - Key amongst those recommendations was the Province clarify the new fee does not represent a shift in funding responsibilities for new GO Transit Stations and municipalities, like York Region, be included in its consultation on the regulatory framework

- The Ministry of Infrastructure held a series of workshops with stakeholders, including a February 27, 2024, workshop that included Regional staff from Corporate Finance, Long Range Planning and Public Works
- On February 13, 2024, the Province released ORR proposal 24-MOI003 in support of the regulatory framework for Station Contribution Fee. The commenting period closes on March 29, 2024
- Key recommendations to the Province include:
 - Clarify that a Station Contribution Fee can be levied on either a municipal-wide or area-specific basis
 - Eligible capital costs align with the *Development Charges Act, 1997*, and specifically include land and all studies-related costs
 - Municipalities be given latitude in developing the associated rate structure, including the ability to employ a differentiated rate (e.g., dependent on proximity to station)
 - Development cost offsets, that municipalities levying the new fee will be required to provide developers, need not be commensurate/equal to additional costs associated with the new fee
 - Additional exemptions be determined by municipal council, in consultation with the development industry (and other stakeholders), and form part of the background study and bylaw
- The Province is requested to clarify that the new Station Contribution Fee does not represent a shift in funding responsibilities to developers and municipalities

3. Background

Bill 131 introduced an optional Station Contribution Fee to help build new GO Transit stations

On September 25, 2023, the Province tabled Bill 131, which introduced a new, optional, Station Contribution Fee under the *GO Transit Station Funding Act, 2023*. The Act came into effect upon Royal Assent, on December 4, 2023.

The Station Contribution Fee is in response to [requests](#) made by municipalities like Durham Region for a new/alternative funding tool to raise revenues needed to fund and build new GO Transit stations.

The Station Contribution Fee would allow a prescribed municipality to fund design, construction, and other related costs for a new GO Transit station¹ by having multiple benefitting developers contribute to costs. Only prescribed upper-tier, single-tier or local municipalities may, by bylaw, levy this new

¹ Costs related to other transit infrastructure or stations, such as stations to support the Yonge North Subway Extension or York Region Transit, would not be eligible for recovery using this tool

fee. The concept of this new fee originates from Metrolinx’s current market driven approach to funding new GO Transit stations, where often one benefitting developer contributes to costs of funding the station. The Station Contribution Fee may be a more equitable approach to funding GO Transit stations than the market-driven approach, in that it seeks contributions from multiple developers who may benefit from the associated value uplift of their lands.

Key aspects of the new fee, and enabling bylaw, are summarized in Appendix A.

In October 2023, Council provided recommendations to the Province regarding this new fee, including that York Region be included in consultations on regulatory framework

On [October 26, 2023](#), Council made several key recommendations to the Province, in support of the Act and Station Contribution Fee requesting to clarify:

- How future GO Transit stations will be funded if a municipality does not use the new Station Contribution Fee and if this represents a shift in responsibility for funding GO Transit stations, from the Province to municipalities
- That there is no ability for developers to ‘opt out’ of participation, once a municipality is prescribed, and the background study process is undertaken
- That the new fee may be levied either on a municipal-wide or area-specific basis
- Type of offsets that municipalities levying the fee will be required to provide developers; whether the quantum of those offsets must be commensurate/equal to additional costs associated with the new fee; and in a two-tier jurisdiction where the upper-tier municipality levies the fee, if a local municipal offset would satisfy this requirement

The Province was requested to include York Region in its consultation regarding the regulations supporting the new Station Contribution Fee.

Province is seeking feedback on regulatory framework for the Station Contribution Fee

On February 13, 2024, the Province released [ORR proposal 24-MOI003](#), seeking feedback from stakeholders on the regulatory framework in support the new fee, through a 45-day commenting period, ending on March 29, 2024.

The Ministry of Infrastructure held a series of workshops in February in support of this, with York Region participating in the February 27 workshop.

The areas which the Province is seeking feedback on, are summarized in Table 1.

Table 1
GO Transit Station Funding Act, 2023 – Regulatory Framework Consultation Areas

Area	Consideration
Benefitting area	How municipalities should be directed to map the boundaries to which they can apply the Station Contribution Fee
Eligible costs	What costs, related to construction of a new GO station, should be recoverable
Methodological assumptions and study requirements	Methodology and considerations to be included when calculating the fee and any additional requirements of the background study
Municipal offsets	What are acceptable offset strategies or measures What is the methodology for calculating municipal offsets and coordinating offsets with the requirement for fee payment
Exemptions	Should the Province consider exemption for certain forms of development
Provincial requirements for approval of bylaw*	In addition to the draft bylaw and background study, what additional information, if any, should the Minister of Infrastructure require from municipalities

*Note: Under the Act, the Minister's consent is required prior to a municipality passing a bylaw

4. Analysis

Municipalities need flexibility in mapping the benefitting area to which the fee applies

The Act does not prescribe whether a municipality must levy this new fee on a municipal-wide or area-specific basis. Insofar as this is not prescribed, those municipalities who wish to levy this fee would appear to be able to do so on a municipal-wide basis, provided a municipal-wide benefit can be shown, or an area-specific basis.

In York Region, new GO Transit stations can be seen to benefit all local municipalities by providing a network benefit, greater access to Regional rail transit services, influencing land use development and assisting in achieving provincially mandated intensification and housing targets. As such, and having regard to the broad cross-municipal benefit of the stations, it is recommended the Province explicitly clarify that:

- Prescribed municipalities can levy a Station Contribution Fee on either a municipal-wide or area-specific basis
- The decision to levy the charge on a municipal-wide, or area-specific, basis, be at the sole discretion of a municipal council
- Any associated mapping, in support of the benefitting area, be at the discretion of a municipal council, and as part of the background study process

Costs eligible for recovery under the new fee could align with those under the *Development Charges Act* and specifically include land and all studies-related costs

Under the Act, eligible costs have thus far been prescribed as those related to construction of new GO Transit stations and include any interest the municipality pays on any debt it incurs to pay any costs for which the fee is imposed.

It is recommended the Province seek guidance on eligible capital cost inclusions, in support of a Station Contribution Fee, from section 5(6)3 the *Development Charges Act, 1997*, and specifically include the background study/bylaw required to support the fee and other related studies, as well as costs related to acquisition of land.

Aligning eligible capital costs with the *Development Charges Act*, and including all studies and land costs, would afford municipalities the ability to maximize efficiency of the fee, through an established process. The background study and other related studies should be eligible costs as they would not be needed, but for the new fee.

It is recommended the Province prescribe the following eligible costs for the purpose of the new fee:

- Costs to acquire land or an interest in land, including a leasehold interest
- Costs to improve land
- Costs to acquire, lease, construct or improve buildings and structures
- Costs to acquire, lease, construct or improve facilities
- Costs to undertake studies in connection with any eligible capital cost
- Costs of the required background study and bylaw

Municipalities be permitted to employ a differentiated rate structure based on proximity to a new Station

For those prescribed municipalities levying this new fee, having the ability to structure a charge reflecting the benefit received, by the development, would provide the greatest equity. For example, if the fee is levied on a municipal-wide basis, a differentiated rate could be charged having regard to how close the development is to the station (e.g. a proximity based charge).

As such, it is recommended the Province prescribe that municipalities be given latitude in developing the rate structure, including the ability to employ a differentiated rate.

Municipalities levying a Station Contribution Fee would need to help offset other development costs and it is recommended these offsets not be equal to costs associated with the new fee

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. Offsets could be provided through several avenues, including:

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

A municipal council should be afforded maximum flexibility in determining what offsets are to be provided and those eligible offsets should not be prescribed. Given the fiscal challenges presented by Bill 23, reducing fees (e.g., development charges) could prove to be problematic for municipalities using that funding to provide vital housing-enabling infrastructure.

It is unclear if an upper-tier municipality were to levy this new fee, whether an offset provided by the local municipality would satisfy this requirement. Given the limited tools of an upper-tier municipality to provide an offset, clarifying that a local municipal offset would suffice is recommended.

Finally, and in the interest of transparency, the method for calculating municipal offsets, and which offsets are to be used, should form part of the associated background study, but be at the sole discretion of a municipal council, having consulted with the development community. Timing for provision of offsets versus payment of the fee will likely vary depending on what offset is being provided and, as such, municipal councils should be afforded maximum flexibility in this regard.

It is therefore recommended the Province prescribe that:

- Municipal offsets need not be commensurate/equal to additional costs associated with the new fee
- In a two-tier jurisdiction, where the upper-tier municipality levies the fee, a local municipal offset would satisfy this requirement
- Methodology for calculating municipal offsets, and which offsets are to be used, form part of the associated background study and be at the sole discretion of a municipal council

Exemptions from the fee should be at the discretion of a municipal council with any associated revenue reductions, not required to be funded by the tax levy

The Act only provides Station Contribution Fee exemptions for municipalities and school boards. As part of the consultation process, the Province is seeking feedback on whether other forms of development should be exempted.

While other statutes, like the *Development Charges Act*, prescribe specific statutory exemptions (e.g., second suites, industrial expansions, affordable housing, etc.) not all municipalities are at the same stage of development, with the same/any housing targets or have the same fiscal capacity to provide exemptions. Any new exemptions would be best determined through the associated background study and bylaw process and in consultations with the development industry (and other interested stakeholders). Maximizing flexibility in this regard will allow each municipality wishing to levy the charge the ability to cater to the framework that most benefit their needs.

Any exemption, be it those provided to a school board, or those potentially provided by a municipal council, creates a revenue reduction for the municipality. To help fund these reductions, and ensure existing taxpayers are not required to pay, the Minister could also clarify that municipalities could fund these reductions through future development, as opposed to the tax levy.

It is therefore recommended the Province prescribe that:

- Additional exemptions be determined by municipal council, in consultation with the development industry (and other interested stakeholders), and form part of the enabling background study and bylaw
- In the alternative, any new exemptions align with the Province's priority to build more housing, and those residential exemptions provided under the *Development Charges Act, 1997*, including for:
 - residential units in existing rental residential buildings
 - residential units in existing houses
 - additional residential units in new residential buildings
 - affordable and attainable residential units
 - non-profit housing development
 - inclusionary zoning residential units
- Any revenue reductions, resulting from any exemptions, can be funded by future development

Staff are not recommending any additional information be provided to the Minister, other than what is already required under section 6 of the Act

Under section 6 of the Act, to pass a Bylaw in support of the new fee, a municipality must first pass a resolution (which includes the proposed bylaw) requesting the Minister consent to passing of the bylaw, and forward to the Minister the resolution with the associated background study. A municipality is also required to provide the Minister with a description of the supporting public

consultation. These statutory requirements would appear to be more than what was noted in the ORR, which emphasized the “draft bylaw and background study” be provided to the Province.

Given the additional, already existing, requirements to provide a resolution and evidence of consultation, staff are not recommending any additional information be provided to the Minister, to receive consent to pass an enabling bylaw.

There are other areas in support of the Station Contribution Fee which could benefit from further regulatory clarification

While the provincial consultation delineated the previous six key areas for which they are seeking feedback, there are other areas municipalities could benefit from further regulatory clarification. Table 2 below summarizes these areas with the recommended approach and rationale.

**Table 2
Additional Areas Requiring Regulatory Clarification – Recommendations and Rationale**

Area	Recommendation	Rationale
Requirements of the Bylaw	Subject to requirements detailed in this report, any additional aspects of the enabling bylaw be at the sole discretion of a municipal council	Maximizes flexibility Allows bylaw to address specific needs of each municipality
Defining rental and institutional development	Align with definitions under section 1 of the <i>Development Charges Act, 1997</i> and 11.1(2) of Ontario Regulation 82/98	Follows established process and understanding Recognizes need for this type of development
Timing of payment - rental and institutional development	Align with section 26.1(2) and (3) of the <i>Development Charges Act, 1997</i> : <ul style="list-style-type: none"> • paid in equal annual instalments beginning on the earlier of the date of issuance of a permit under the <i>Building Code Act, 1992</i> authorizing occupation of the building and date the building is first occupied, and continuing on the following five anniversaries of that date <p>Allow municipalities to charge interest on installments, in alignment with section 10(2) of the <i>GO Transit Station Funding Act, 2023</i></p>	Follows established process and understanding Recognizes need for this type of development Levying interest aligns with <i>Development Charges Act, 1997</i> and interest provisions in <i>GO Transit Station Funding Act, 2023</i>

Area	Recommendation	Rationale
Establishment of special reserve	Municipal council establish a reserve fund for Station Contribution Fees	Greater transparency Follows established process and understanding under the <i>Development Charges Act, 1997</i>

It is requested the Province clarify how a municipality is prescribed and that, once prescribed, there is no ability for developers to ‘opt out’ of participation

While prescribed upper-tier, single-tier or local municipalities may, by bylaw, levy this new fee, the process by which a municipality may be prescribed is not clear. It is requested the Province clarify this process, and that prescription be in advance of the process to develop the associated background study and bylaw. Having this understanding in advance of the work on the background study and bylaw provides greater transparency and would help prevent unnecessary work.

Finally, given the Station Contribution Fee spreads costs of new GO Transit stations across multiple benefitting developers, with a potential value uplift to their lands, it is requested the Province clarify that once a municipality is prescribed, and the background study process undertaken, that developer participation is mandatory.

Outside the regulatory framework, the Province is requested to clarify the new Station Contribution Fee does not represent a shift in funding responsibilities to developers and municipalities

Given available information, the new Station Contribution Fee would appear to be a permissive power that prescribed municipalities can use to fund GO stations they wish to advance faster than what the Province has planned.

Clarification is requested as to how new GO Transit stations would be funded if a municipality does not use this tool and that this does not represent a shift in funding responsibilities for new GO Transit Stations, from the Province to developers and municipalities. There would be benefit in the Province providing municipalities with a list of feasible future GO Transit station locations.

Responding to this Provincial proposal supports York Region’s ‘Vision’ focus of good government and economic vitality

Responding to the ORR posting for the regulatory framework in support of the Station Contribution Fee aligns with York Region’s [Vision](#) of good government. The feedback to the Province is informed

by the Vision's focus of ensuring the economic vitality of the Region, with the need to grow and emplace infrastructure, in a financially sustainable manner.

5. Financial Considerations

There are no direct financial implications from this report. Should the Region become a prescribed municipality and decide to help fund these new stations and levy this fee, and include new GO Transit Stations in its Capital Plan, 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.

6. Local Impact

A Station Contribution Fee is an optional funding tool available to prescribed upper-tier and local municipalities. The 2022 Transportation Master Plan includes [15 GO Transit Rail stations](#) that are yet to be built throughout the Region. New GO Transit stations provide additional opportunities for integrating the transportation network to meet the needs of travellers today and into the future, and for future population and employment, as forecast by the Province, across all of the Region's local municipalities.

7. Conclusion

The *GO Transit Station Funding Act, 2023* provides an optional tool that prescribed municipalities can use to advance and fund new GO Transit stations. This report, and the recommendations contained herein, will serve as York Region's submission to the ORR posting, #24-MOI003, in support of the regulatory framework for the new Station Contribution Fee.

Staff will continue monitoring the regulation-making process and report back as necessary.

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.

Recommended by:



Laura Mirabella

Commissioner of Finance and Regional Treasurer



Approved for Submission: **Erin Mahoney**
Chief Administrative Officer

February 23, 2024
#16011018

Appendix A - Station Contribution Fee – Key Details

Station Contribution Fee – Key Details

Area	Key Detail(s)
When can Station Contribution Fee 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 (Province could prescribe maximum life of the enabling bylaw) Public notice of the background study and proposed bylaw, consult as the municipality deems appropriate Pass a resolution requesting that the Minister consent to passing the bylaw, forward to the Minister with the prescribed information and obtain 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	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"> 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	Subject to further regulatory clarification
Establishment of special reserve	Minister may, through regulation, require a municipality to establish a reserve fund for Station Contribution Fees collected
Statement of the Treasurer	Treasurer annually provide Council a statement detailing costs related to construction of the stations that have been funded by the fee and the amount of such costs that are to be funded by transit

Area	Key Detail(s)
	station charges that remain unfunded, as well as other prescribed information
	Statement be made publicly available on the municipality's website or office in a manner as prescribed
