



Report
Staff Report
 The Corporation of the City of Brampton
 3/27/2024

Date: 2024-03-26

Subject: **Administrative Authority for Staff to Enter into Agreements Related to Section 27 of the Development Charges Act, 1997**

Contact: Nash Damer, Treasurer, Finance

Report number: Corporate Support Services-2024-310

RECOMMENDATIONS:

1. That the report from Nash Damer, Treasurer, Finance to the Council Meeting of March 27, 2024, re: **Administrative Authority for Staff to Enter into Agreements Related to Section 27 of the Development Charges Act, 1997**, be received;
2. That Council authorize the Treasurer and the Commissioner of Planning, Building and Growth Management, in a form satisfactory to the City Solicitor, to execute any early or late payment agreements authorized by Section 27 of the Development Charges Act, 1997, based on the general terms and conditions in Appendix 1; and
3. That Council enact the amendment to the Administrative Authority By-law attached hereto as Appendix 2.

OVERVIEW:

- In 2020, the Province amended the *Development Charges Act, 1997* ("the Act") to allow for the DC rates to be frozen at site plan or rezoning application approvals.
- The frozen rates are subject to a two-year sunset clause including a phase in period of 18 months of current rates.
- The only mechanism to vary the prescribed timing of the payment of DC's is through the enactment of early or late payment agreements as permitted under Section 27 of the Act.

- **This report seeks Council’s authority to allow staff to enter into early or late payment agreements as permitted under Section 27 of the Act.**
- **The recommendation can help accelerate the housing supply and achieve the City’s housing starts targets which is one of the measures used to facilitate delivery of funding through the Housing Accelerator Fund.**
- **As well as providing cost certainty to the development community, early payment agreements would be beneficial to the City as full payment of the DCs would be received earlier and earn interest helping to lower the short-term borrowing requirements.**

BACKGROUND:

Development charges (“DCs”) are the primary revenue tool used by municipalities to fund growth-related infrastructure. The principle behind DCs is that “growth pays for growth” so that the burden of costs related to new development does not fall on the existing community in the form of increased property taxes and/or user fees.

Prior to the Bill 108 amendments to the *Development Charges Act, 1997* (“the Act”), DCs were calculated and collected at the rate applicable at the time of building permit issuance.

Amendments to the legislation in 2020 made changes to the applicable rates and timing of payments. DC rates are now “frozen” at the time of site plan or rezoning application and collected at permit issuance, with the rate freeze provision being subject to a two-year sunset clause. DCs for rental housing and institutional developments are payable in installments starting at first occupancy of the building.

The only mechanism to vary the payment timing for any of the situations mentioned above is through the execution of an agreement for early or late payments as authorized under Section 27 of the Act.

Considering that there are 119 active rezoning applications and 199 active site plans subject to the rate freeze provision, and, the quick turnaround times required, staff is requesting the delegation of the authority to enter into these agreements.

Council had delegated the authority for staff to enter DC agreements related the rental housing and institutional developments under Section 26.1 of the Act. (Refer to staff report titled Administrative Authority for Staff to Enter into Agreements Related to Section 26.1 of the Development Charges Act, 1997 dated August 16,2022.)

This report seeks to broaden that request to include other prepayments agreements as permitted under Section 27 of the Act.

CURRENT SITUATION:

As detailed above, prior to the coming into force of the Bill 108 amendments to the Act, applicants were required to pay DCs prior to the issuance of a building permit. Changes to the DC Act through Bill 108 freeze DC rates at the time of site plan or rezoning application and collected at permit issuance, with the rate freeze provision being subject to a two-year sunset clause.

The two-year period for the rate freeze was established based on the average time taken from site plan application or rezoning application to the issuance of building permits.

These measures help with accelerating the supply of new housing units and provide cost certainty to the development community. Increasing the supply of housing will help every person in Brampton by making housing more affordable. It will also help the City achieve its housing starts targets which is one of the measures used to secure housing funding by higher level governments the Housing Accelerator Fund.

The rate freeze will stay in effect for 6 months after which the current rates will be phased in over a period of 18 months resulting in the freeze being completely removed at the end of the two-year period.

The described phase in provision will encourage developers to expedite building permit applications and hence achieving the intent of the legislation and its benefits to Brampton's residents.

Considering the City's commitment to meet the targeted housing pledge units of 113,000 units assigned by the Province to meet the 1.5 million housing units by 2031, delegating authority for execution of such agreements will provide for better customer service to proponents each time a qualifying development wishes to either defer or fully pay the DCs.

CORPORATE IMPLICATIONS:

Financial Implications:

The execution of Early Payment Agreements under Section 27 of the Act would allow the City to collect 100% of the DCs earlier and earn interest on it, thereby lowering the short-term borrowing requirements.

STRATEGIC FOCUS AREA:

This report supports the Strategic focus area of Government and Leadership by promoting service excellence through continuous improvement to business processes.

CONCLUSION:

Staff recommend that Council adopt the recommendation as contained in this report.

Authored by:

Reviewed by:

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Finance

Nash Damer
Treasurer
Finance

Approved by:

Approved by:

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Marlon Kallideen
Chief Administrative Officer

Attachments:

- Appendix 1 – General terms and conditions to early or late payment agreements authorized by Section 27 of the Development Charges Act, 1997
- Appendix 2 – Amendment to the Administrative Authority By-law