



Report
Staff Report
The Corporation of the City of Brampton
7/10/2024

Date: 2024-07-04

Subject: **Approval of the 2024 Development Charges Background Study and By-laws**

Contact: Nash Damer, Treasurer, Finance
Raghu Kumar, Manager, Capital and Development Finance

Report number: Corporate Support Services-2024-339

RECOMMENDATIONS:

1. That the report from Raghu Kumar, Manager, Capital and Development Finance to the Council Meeting of July 10, 2024, re: **Approval of the 2024 Development Charges Background Study and By-laws**, be received;
2. That Council approve the 2024 Development Charges Background Study, prepared by Hemson Consulting Ltd., dated April 19, 2024, which was presented to Council on May 29, 2024;
3. That the development charges rates included in this staff report be approved for the City of Brampton;
4. That Council approve the policy changes as outlined in this report;
5. That Council adopt the growth-related capital program included in the 2024 Development Charges Background Study, subject to an annual review through the City's normal capital budget process;
6. That Council determine that no further public meeting is required, pursuant to Section 12 of the *Development Charges Act 1997*, as amended;
7. That Council confirm its intention to ensure that the increase in the need for services attributable to growth will be met, recognizing that specific projects and project timing as contained in the study may be revised from time to time at the discretion of Council;
8. That Council confirms its intention that the future excess capacity identified in the 2024 Development Charges Background Study shall be paid for by development charges or similar charge;

9. That Council gave due consideration to the use of area-specific charges and determined that the charges should be calculated on a City-wide basis;
10. That Council adopt the planned level of service for transit, as set out in the 2024 Development Charges Background Study;
11. That the effective date for the application of the new DC By-laws be August 2, 2024;
12. That the new DC By-laws, with the exception of City of Brampton Development Charges By-law for By-Law Enforcement Services, 2024, City of Brampton Development Charges By-law for Development-Related Studies, 2024, and City of Brampton Development Charges By-law amending General Government By-law 129-2019, include two rate schedules to extend the current rates till January 1, 2025 with the new rates coming into effect on January 2, 2025; and
13. That Council enact the following by-laws, which are attached as Attachments 1-9 to this report:
 - a. City of Brampton Development Charges By-law for By-Law Enforcement Services, 2024;
 - b. City of Brampton Development Charges By-law for Development-Related Studies, 2024;
 - c. City of Brampton Development Charges By-law for Fire Services, 2024;
 - d. City of Brampton Development Charges By-law for Library Services, 2024;
 - e. City of Brampton Development Charges By-law for Public Works, 2024;
 - f. City of Brampton Development Charges By-law for Recreation Services, 2024;
 - g. City of Brampton Development Charges By-law for Roads Services, 2024;
 - h. City of Brampton Development Charges By-law for Transit Services, 2024;
 - i. City of Brampton Development Charges By-law amending General Government By-law 129-2019.

OVERVIEW:

- **The DC Study was made available to the public for review on April 19, 2024.**
- **The Public Meeting staff report and accompanying presentation provided a comprehensive overview of the DC Background Study and proposed policies.**
- **Consultations with Building Industry and Land Development Association has resulted in a reduction of 7% to residential rates, 6% to non-residential rates and 9% on Office rates presented to Council on May 29, 2024.**

- **The newly enacted bylaws will be updated within three years.**
- **Exemptions for Major office developments and conversions from industrial to non-industrial will encourage employment generation and the repurposing of unused industrial facilities.**
- **The new DC By-laws be passed on July 10, 2024, and come into effect on August 2, 2024.**
- **The new DC By-laws will implement the new DC rates starting January 2, 2025, while the current rates, without indexing, will remain in effect until January 1, 2025, in support of the City's efforts to incentivize the housing supply in Brampton.**

BACKGROUND:

Development charges (DC) is 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 residents in the form of increased property taxes and/or user fees. DCs help to ensure that municipalities have funding to invest in the necessary infrastructure in order to maintain service levels as the City grows.

The DC Study, prepared pursuant to the prescriptive methodology was made available to the public for review on April 19, 2024

This was followed by a statutory public meeting held on May 29, 2024, which provided an opportunity for Council, industry stakeholders and members of the public to ask questions and offer comments with respect to the findings of the DC Study, draft DC by-laws and proposed DC rates.

Council was also apprised of the potential impacts of Bill 185, the Cutting Red Tape to Build More Homes Act, 2024 that received Royal Assent on June 6, 2024. The Bill allows for the inclusion of development related studies as a DC eligible cost and the retraction of the phase in provisions that was introduced through Bill 23. The proposed reinstatement of Development related studies as a DC eligible expense will permit the recovery of \$16 million from future development charges and rescinding of the phase-in clause which will mitigate a potential revenue loss of \$180 million over a period of 5 years.

CURRENT SITUATION:

The Public Meeting staff report provided a comprehensive overview of the DC Background Study and proposed policies.

The report was accompanied by a presentation to Council by Hemson Consulting that highlighted that over a ten-year capital planning horizon for general services, roughly \$1.6 billion is recoverable through DCs. For roads infrastructure, approximately \$2.3 billion is eligible for DC recovery to 2041. These large DC recovery amounts can be attributed to significantly expanded transit services and a revised roads capital program that incorporates active transportation and other sustainable elements in place of the traditional lane expansions.

There has been a reduction to the rates presented to Council on May 29, 2024

There were no formal delegations made at the statutory public meeting on May 29, 2024. However, the following written submissions were provided to the Clerk:

1. Letter from the Building Industry and Land Development Association (BILD) dated May 28, 2024.
2. Letter from James Stevenson, Vice-President of Planning & Development, HBNG Holborn Group, dated May 27, 2024.
3. Letters from Kevin Freeman, Director, Planning & Development, Kaneff Group, dated May 13, 2024, and May 30, 2024.
4. Letter from Elaine Sui, Director of Development, First Gulf, dated May 28, 2024.

Staff's continued dialogue with external stakeholders after the public meeting and their feedback has resulted in a reduction of 7% in residential rates, 6% in non-residential rates, and 9% in Major office rates, as summarized in the Table 1 below.

Table 1: Final Rates Vs Rates presented on May 29, 2024

Category	Final rates	Rates presented on May 29,2024	% change
Single/Semis	\$65,404	\$70,000	-7%
Towns	\$51,596	\$55,222	-7%
Large Apartments	\$36,989	\$39,588	-7%
Small Apartments	\$22,763	\$24,363	-7%
Industrial	\$114.19	\$120.94	-6%
Non-Industrial	\$206.54	\$225.26	-6%
Office*	\$435.57	\$394.08	-9%

* Discounted to zero per Council resolution C068-2024

A transition provision is being provided to incentivize the housing supply.

The new DC By-laws will implement the new DC rates starting January 2, 2025, while the current rates, without indexing, will remain in effect until January 1, 2025, in support of the City's efforts to incentivize the housing supply in Brampton. This period will also provide an opportunity for staff to review the implications of a possible three-year DC rate freeze requirement to access the Canada Housing Infrastructure Fund.

The current rates without indexing will continue for all existing services till January 1, 2025.

The new rates for the following services will take effect on January 2, 2025:

- By-Law enforcement Services
- Development-Related Studies
- Roads services
- Fire services
- Library services
- Recreation services
- Public works services
- Transit services

The General Government By-law 129-2019 will be extended through an amending by-law, which will be repealed on Jan 2, 2025, as it will no longer be required thereafter.

The newly enacted bylaws will be updated within the next three years.

The forecasts used does not include the housing pledge targets assigned by the Province stemming from the recommendations of Housing Affordability Task force. Consequently, a two phased approach is being adopted, with an update to the current by-law to be conducted within three years that will include updated infrastructure plans needed to service the additional housing pledge units and other downloaded regional services.

Staff have also received feedback from the Heritage Heights Landowners Group in regard to infrastructure in the Heritage Heights Secondary Plan area. As the Plan is currently under appeal and before the Ontario Land Tribunal, it is difficult to be precise about growth-related DC projects and associated costs in that area. Once a final plan has been approved by the OLT, staff will be in a position to update the growth-related DC projects and associated costs for that area, leading to an update of the City's DC work and by-law which will be undertaken within the next 3 years.

Further exemptions under the proposed policy changes are intended to encourage employment generation and the repurposing of unused industrial facilities.

Council has approved a city-wide development charges exemption for speculative, mixed use and purpose-built office developments that support key sectors of economic activity and is consistent with the Brampton Plan to support its long-standing commitment to

bringing good jobs to the community and making Brampton “open for business”. A summary of the proposed changes is provided in the Table 2 below:

Table 2: Proposed policy changes

Policy Issue	Proposed Change in 2024 DC By-law
Major office exemption	<p>Office uses are exempt from the payment of development charges if they are constructed as free-standing or as part of mixed-use building, provided there is a minimum total floor area of 20,000 square feet of office space.</p> <ul style="list-style-type: none"> (a) Eligible office space can be speculative, or purpose built (b) Eligible office space can be office space that supports research and lab space, advanced manufacturing, food and beverage processing, health and life sciences, innovation and technology, and professional services (c) Accessory uses that are part of or attached to the primary office use that cater to research and lab space, advanced manufacturing, food and beverage processing, health and life sciences, innovation and technology
Change of use exemption	<p>Exempt change of use conversions from DCs (i.e. industrial to commercial conversions) where the original building was constructed prior to 2004.</p>
Amend the definition of a “Canopy” to include shade structures	<p>“canopy” means a canopy as defined in the Building Code Act and includes a shade structure or gazebo and a free-standing roof-like structures constructed</p>

on lands used for a gas bar or service station.

Developer reimbursements

Developer reimbursements for infrastructure projects that is currently capped at the amount identified in the DC background study, will be indexed based on the Statistics Canada Quarterly, Non-residential Building Construction Price Index to the rates prevalent at the time of reimbursements for all sub-division agreements executed after August 2, 2024.

Staff is recommending that the 2024 DC By-laws be passed on July 10, 2024, and come into effect on August 2, 2024

The passing of the By-laws on July 10, 2024, will provide an effective transition period for businesses to adjust to the newly calculated DC rates.

CORPORATE IMPLICATIONS:

Financial Implications:

DCs remain the most important revenue tool for the City to fund growth-related infrastructure.

Existing statutory constraints limit municipalities' ability to fully recover growth-related costs from DCs and a portion of the cost of growth is required to be funded from the City's property tax base and user fees.

The reinstatement of development related studies and retraction of the phase-in provisions through Bill 185, Cutting Red Tape to Build More Homes Act, 2024 is a positive development and a testament of successful advocacy efforts by municipalities.

The approval of the DC background Study and passage of the new DC bylaws will help the City recoup the updated growth-related infrastructure costs of \$3.9 billion and mitigate potential revenue losses.

The exemptions proposed in this report will have to be funded from the tax base, but they are intended to incent employment growth and encourage the repurposing of unused industrial facilities which will help in creating a well-balanced community.

STRATEGIC FOCUS AREA:

This report supports the Strategic focus area of Government and Leadership by ensuring financial sustainability and accountability in adequately planning for the City's growth.

CONCLUSION:

The endorsement of the 2024 DC Background Study and enactment of the associated DC By-laws will help the City recoup the updated infrastructure costs required to service growth and fulfill the legislated requirements to update its DC bylaws prior to the expiry of the current ones.

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Attachments:

- Attachment 1 – DC Bylaw By-law Enforcement Services
- Attachment 2 – DC Bylaw Development-Related Studies
- Attachment 3 – DC Bylaw Fire Services
- Attachment 4 – DC Bylaw Library Services
- Attachment 5 – DC Bylaw Public Works
- Attachment 6 – DC Bylaw Recreation Services
- Attachment 7 – DC Bylaw Roads Services
- Attachment 8 – DC Bylaw Transit Services
- Attachment 9 - DC By-law amending General Government By-law 129-2019