

Development Charges in the City of Mississauga

*A Revenue Tool to Fund
Municipal Infrastructure and Services*



Agenda

Presentation – 15 minutes

Discussion – 60 minutes

Our Future Mississauga



Strategic Plan

Our Vision for the Future:

“Mississauga will inspire the world as a dynamic and beautiful global city for creativity and innovation, with vibrant, safe and connected communities; where we celebrate the rich diversity of our cultures, our historic villages, Lake Ontario and the Credit River valley. A place where people choose to be.”

Services in the City of Mississauga

Service-delivery supports Our Vision for the Future:



Meadowvale Library



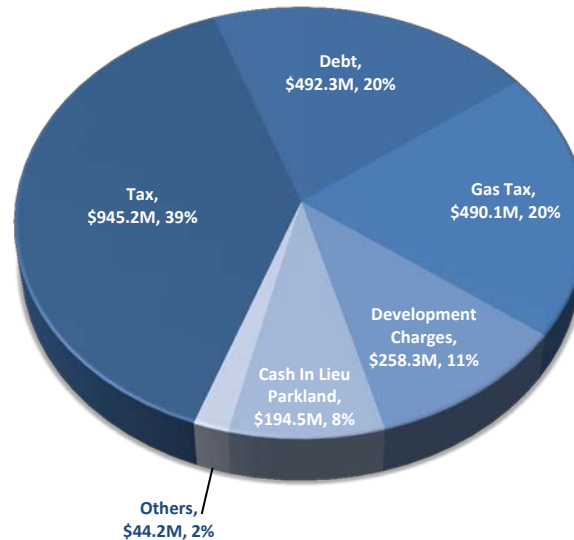
MiWay Transit



Garry W. Morden Fire Training Centre

How Services are Funded

Capital infrastructure costs are funded by various sources of revenue 2018-2027:



Mississauga is a Growing City

By 2041:

- The population is forecasted to grow to 878,000 people and 552,000 jobs

Population and job growth impact municipal service delivery:

- The City needs additional capital infrastructure to support new residents and jobs
- In Mississauga, a city-wide approach is used to ensure new residents and businesses receive services at the same levels as existing residents and businesses

Funding a Growing City

Principle: “growth” should pay for itself

- **1950s – 1989 Ontario Planning Act**
 - Allowed for the collection of development levies from subdivisions to fund municipal services
- **1989 Development Charges Act**
 - Standardized the approach and methodology for collecting charges for land development to fund growth-related capital costs
- **1997 Development Charges Act**
 - Established further rules and regulations on services that can be funded by DCs

Development Charges Act, 1997

The Act prescribes:

- **Type of municipal costs that can be funded by DCs:** capital costs required to extend existing service levels to new residents and employment space (“growth”)
- **Types of municipal services that can be funded by DCs:** Roads, Fire, Transit, Recreation, Library, etc.
- **Basis for calculating rates:** tied to 10-year growth-related capital forecast
- **Methodology for calculating DC rates:** very prescribed
- **Treatment of DC exemptions, waivers, and credits:** funds that are not collected must be made up from taxes
- **Mandatory 5-year review of DC by-law**
- **Ontario Regulation 82/98:** contains additional rules and procedures
- **Bill 73:** various changes (e.g. transit now forward-looking service)



In 2015, Bill 73 amended the DC Act, 1997

Calculating Development Charges

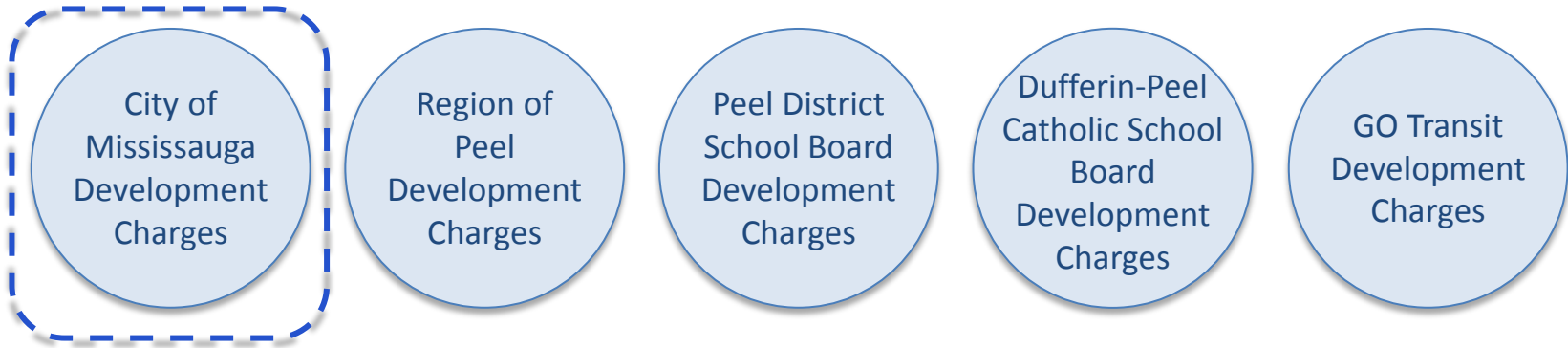
The DC Act, 1997 sets out the formula for calculating the charge:

$$\text{Development Charge} = \frac{\text{growth-related capital costs}}{\text{forecasted growth in housing units and employment space}}$$

 growth-related capital costs are subject to various restrictions under the DC Act

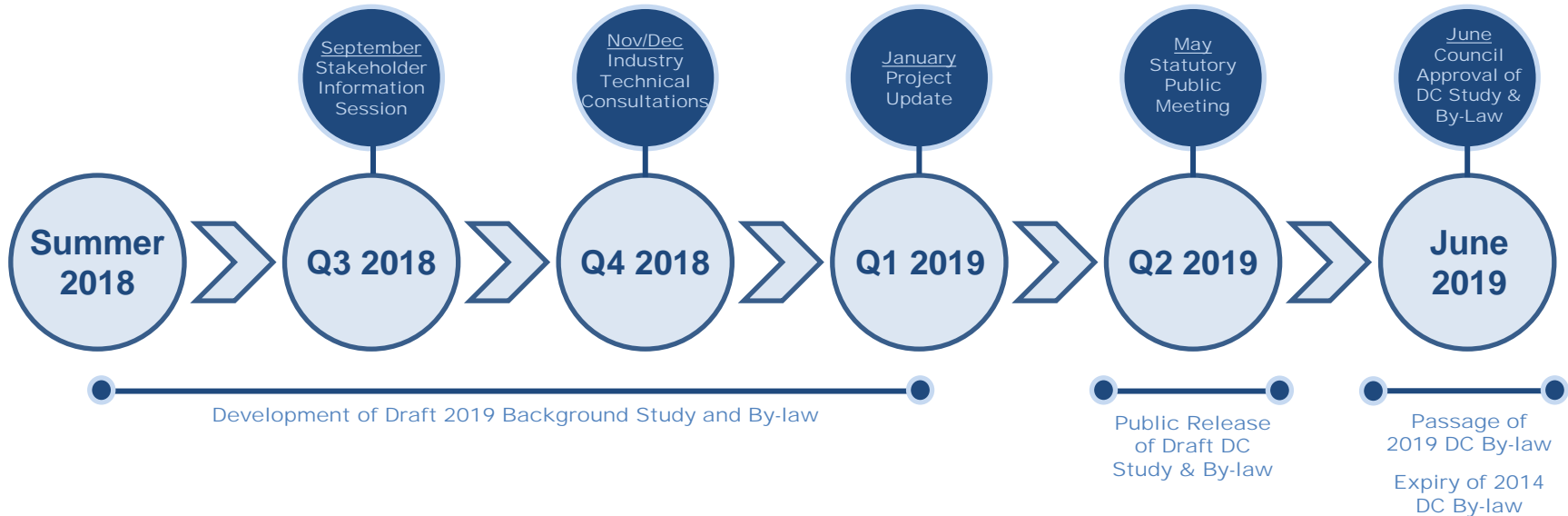
2019 Development Charges Background Study & By-law

Scope of Development Charges Review

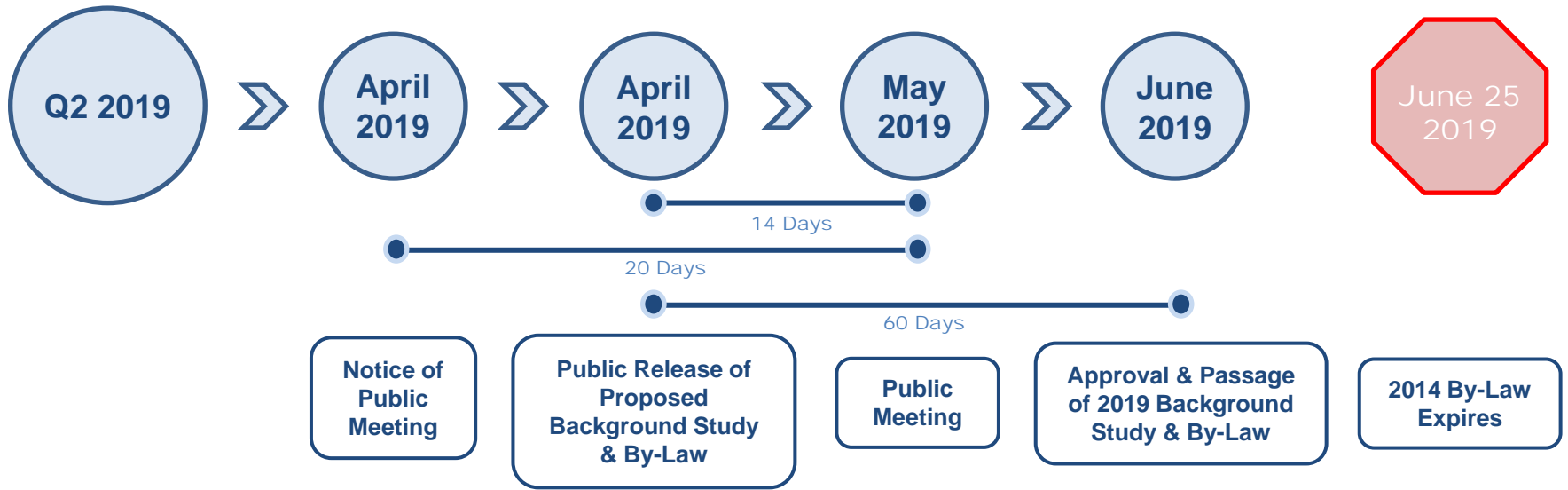


★ The City is involved with the Region of Peel's Growth Management Strategy and is aligning policies with the Region where applicable and feasible

Project Timeline



Statutory Timelines



Stakeholder Engagement

Goals

1. Build knowledge and understanding of the function of DCs & their impact on municipal infrastructure and service delivery
2. Understand the experiences of property developers with the current DC by-law and related policies
3. Incorporate feedback, where applicable, into the development of the 2019 DC Background Study and By-law

Survey Feedback – Who We Heard From

**“Somewhat familiar”
“Knowledgeable”**

All respondents identified as having at least some knowledge of DCs

Most respondents were Property Developers:



Property Developers represented a diversity of development types:

Residential					Non-Residential	
Singles/Semis	Townhouses	Apartments > 700 sq. ft.	Apartments < 700 sq. ft.	Second Suites	Commercial	Industrial
✓	✓	✓	✓	X	✓	✓

Survey Feedback – What We Heard

Development Charge Expenditures

Development Charge Categories

City & Regional *Apartments* Criteria

Tax Burden of Growth

Exemptions/Credits

Housing Affordability

More Information about DCs

Stay Informed

Visit our website:

www.mississauga.ca/portal/residents/developmentcharges

Important Dates:

- **January 2019** – Project Update
- **April 2019** – Public Release of Draft Background Study & By-law
- **May 2019** – Statutory Public Meeting
- **June 2019** – Passage of 2019 DC By-law

Provide Your Feedback

Fill out our DC survey:

<https://app.keysurvey.com/f/1306121/30f0>

Survey will be available until September 30th for comments

Questions?

Information Contact:

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Discussion

DC Funded Services

The City constructs and acquires capital infrastructure to support service delivery:



Transit



Recreation
& Parks



Public
Works



General
Gov.



Fire



Library



Parking



Roads



DC Storm
Water



LAC Debt

Current City DC Rate Categories

Residential			Non-Residential	
Small Unit	Apartment	Other Residential	Industrial	Non-Industrial
<i>GFA of 700 sq.ft. or less</i>	<i>GFA greater than 700 sq.ft., includes 'horizontal multiples'</i>	<i>Includes single-detached, semi-detached, townhouse, row house, etc.</i>	<i>Intended for primary use by the manufacturing industry (accessory office/commercial permitted)</i>	<i>Commercial, institutional, other uses that are neither residential nor industrial.</i>
\$13,224.69/unit	\$19,376.16/unit	\$29,099.10/unit	\$86.78/m² GFA	\$106.77/m² GFA
PLUS \$99,877.25/hectare storm water management charge				
 	  			 

Topics For Discussion

Development Charge Expenditures

Development Charge Rate Categories

Tax Burden of Growth

Industrial vs. Commercial

Housing Affordability

Exemptions/Credits

Small Unit Rate

Small Unit Size

Change in Use

Speculative Use

Development Charge Expenditures

- Development Charges are collected to recover growth-related capital costs
- Development Charges can only be recovered and spent on eligible services
- Development Charges collected are spent on growth-related capital projects

Tax Burden of Growth

- Development Charges are collected from the construction of new residential buildings and employment space
- Development Charges enable the City to collect funds from development projects to help pay for the capital costs of servicing growth
- Principle: “growth” pays for “growth” – new residential and employment developments pay a development charge to construct growth-related infrastructure that supports the delivery of services in the City

Industrial vs. Commercial

- Non-Residential rate structure is currently separated into *Industrial* and *Non-Industrial*
- The basis of this distinction is differing service needs between Industrial and Commercial developments
- Should the City have one uniform Non-Residential rate?

Small Unit Rate & Size

- The City's current Small Unit category is based on a size criteria of under 700 sq. ft. (65m²)
- The Region of Peel also has a Small Unit DC rate category: under 750 sq. ft. (70m²)

Exemptions/Credits

- Certain types of development are exempt from paying Development Charges (e.g. hospitals, schools, universities and colleges, etc.)
- Redevelopment projects where older buildings are demolished and rebuilt are eligible for Development Charge credits/reductions
- The DC Act provides a 50% industrial expansion credit for existing industrial buildings to offset Development Charges payable as a result of a building expansion

Change in Use & Speculative Use

- The City currently does not collect the difference in Development Charges payable when an Industrial building changes its use to a Non-Industrial use
- The City secures Letters of Credit when an Industrial building has not yet identified a tenant(s) at building permit issuance (“speculative use”) to minimize financial risk to the City

Housing Affordability

- Development Charges only apply to new construction of residential and employment space
- The City understands the importance of affordability in the document called “Making Room for the Middle”.

Thank You for Attending!

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