



AGENDA

SESSION 10

SPECIAL MEETING OF

THE COUNCIL OF

THE CORPORATION OF THE CITY OF MISSISSAUGA

(www.mississauga.ca)

WEDNESDAY, JUNE 18, 2014 – 9:00 A.M.

COUNCIL CHAMBER
300 CITY CENTRE DRIVE
MISSISSAUGA, ONTARIO L5B 3C1

Contact: Carmela Radice, Legislative Coordinator, Office of the City Clerk
Telephone: 905-615-3200 Ext. 5426; carmela.radice@mississauga.ca



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1. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **DECLARATIONS OF CONFLICT OF INTEREST**

4. **DEPUTATIONS**

5. **PUBLIC QUESTION PERIOD – 15 Minute Limit**

(in accordance with Section 36 of the City of Mississauga Procedure By-law 0139-2013 - Council may grant permission to a person who is present and at Council and wishes to address Council on a matter on the Agenda. Public Question Period is limited to a total of 15 minutes. Persons addressing Council with a question should limit preamble to a maximum of two statements sufficient to establish the context for the question. For any other matter, leave must be granted by Council to deal with a matter not on the agenda).

6. **INTRODUCTION AND CONSIDERATION OF CORPORATE REPORTS**

R-1 Report dated June 13, 2014, from the Commissioner of Corporate Service and Chief Financial Officer re: **2014 Development Charges Background Study and By-Law –Information Update.**

NOTE: This report was not available for issuance with the agenda and will be distributed prior to the meeting.

7. **UNFINISHED BUSINESS**

UB-1 Report dated June 3, 2014, from the Commissioner of Corporate Service and Chief Financial Officer re: **2014 Development Charges Background Study and By-law.**

Recommendation

1. That the following recommendations be approved by Council:
 - a. That the present practices regarding the collection of development charges and by-law administration continues to the extent possible, having regard to the requirements of *Development Charges Act, 1997* and its Regulations ("collectively referred to as the *Act*").
 - b. That the City continues its reporting policies consistent with the requirements of the *Act*.
 - c. That as required under the rules of the *Act*, the application of the by-law and the exemptions are codified within the Development Charge By-law proposed for adoption.

- d. That the increase in the need for service is derived from the identification of growth and related need for services as set out in the City's official plan, capital forecasts and various City master plan documents, and as permitted in accordance with the rules of the *Act*.
 - e. That the Development Charges By-law permits the payment of a development charge in either cash or through the provision of services-in-lieu agreements, subject to City approval.
2. That Council adopt the growth-related capital forecast for City Services included in the Development Charges Background Study-2014 and its companion documents, subject to an annual review through the City's normal capital budget process and that the City of Mississauga Development Charges Background Study-2014 prepared by Hemson Consulting Ltd. be approved.
3. That the adoption of the growth related capital forecast signifies Council's intention to ensure that the increase in services attributable to growth will be met as required under the *Development Charges Act, 1997 s.5(1)3.*, recognizing, however, that specific projects and project timing as contained in the study forecast may be revised from time to time at the discretion of Council.
4. That for lands which are the subject of existing agreements, development charges shall be levied at the rates in effect when building permits are issued, less any credits recognized under the procedures described in Ontario Regulation 82/98, Section 17.
5. That Council has determined the changes in the proposed by-law following the public meeting in order to address stakeholder concerns, do not require a further public meeting prior to the enactment of the City of Mississauga Development Charges By-law.
6. That a transitional provision in the 2014 DC By-law, whereby a complete building permit application be submitted to the City by June 30, 2014 and a building permit is issued by November 11, 2014 to be eligible for the payment of development charges under the 2009 By-law indexed rate schedules be approved.

7. That Council approve the following proposed policy changes:
 - a. The size of a small unit is defined as a unit consisting of GFA of 65 m² (700 sq. ft.).
 - b. Horizontal multiple dwellings be removed from apartment definition.
 - c. A demolition credit have a 4 year life span for residential and a 10 year life span for a non-residential.
 - d. Definition of agricultural use will exclude the cultivation of medical marihuana.
 - e. Property previously owned by DC exempt entities shall be required to pay DC's when redeveloped for new use.
 - f. Hotel and motel be included in the definition of non-industrial.
 - g. A mechanism to monitor DC costs and revenues to determine if a full DC review is necessary.
8. That the City of Mississauga Development Charges By-law, 2014 be enacted.

Motion

8. NOTICE OF MOTION

- (a) That a transitional provision in the 2014 Development Charges by-law be approved, where a complete building permit application be submitted to the City by September 2, 2014 and a building permit is issued by November 11, 2014 to be eligible for the payment of development charges under the 2009 Development Charges By-law indexed rate schedules.

Motion

9. MOTIONS

- (a) To receive the 2014 Development Charges Background Study and By-Law – Information Update.

Corporate Report R-1

- (b) To approve the present practices regarding the collection of development charges and by-law and to approve the following proposed policy changes and to enact the development charges by-law.

Unfinished Business UB-1

10. INTRODUCTION AND CONSIDERATION OF BY-LAWS

B-1 A by-law to provide for the payment of Development Charges and to repeal By-law 0342-2009.

Unfinished Business UB-1

11. CONFIRMATORY BILL

A by-law to confirm the proceedings of the Council of The Corporation of the City of Mississauga at its meeting held on June 18, 2014.

12. ADJOURNMENT



Corporate Report

Clerk's Files

Originator's
Files

R-1

DATE: June 16, 2014

COUNCIL AGENDA
JUN 18 2014

TO: Mayor and Members of Council
Meeting Date: June 18, 2014

FROM: Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

SUBJECT: **2014 Development Charges Background Study and By-law –
Information Update**

RECOMMENDATION: That the report entitled “*2014 Development Charges Background Study and By-law – Information Update*” dated 16th June, 2014, from the Commissioner of Corporate Services and Chief Financial Officer be received for information.

**REPORT
HIGHLIGHTS:**

- Council considered the 2014 Development Charges Background Study and By-law on June 11, 2014 and requested further information.
- A total of eight options in addition to the original recommendation for transition provisions were discussed at the Council meeting.
- An analysis of the options was undertaken from a financial perspective and feasibility for timely processing by the Planning and Building Department.
- Three options are considered as potentially feasible by Planning and Building staff, who cannot guarantee that due to the various complexities of building permit applications, all applications would be approved during the transitional period decided by Council.

These are:

- Option A -Building permit application submitted by 31-Jul-14 and building permit issued by 30-Nov-14
- Option B -Building permit application submitted by 1-Aug-14 and building permit issued by 12-12-14; and
- Option C -Building permit application submitted by 30-Jun-14 and building permit issued by 11-Nov-14.
- Further information was also requested for demolition credits and the Floor Space per worker calculation.

BACKGROUND:

At the June 11, 2014 Council Meeting, Council considered the approval of the report entitled "*2014 Development Charges Background Study and By-law*". Members of Council discussed the transition period being recommended and the impact on applications currently moving through the planning process in their wards. Council requested that a listing of applications currently in the planning system be provided to Council to assist in determining the most appropriate transition period.

Several transition periods were discussed at the meeting and staff was requested to provide financial implications of extending the transition period in which applications could be submitted and building permits are issued.

Council also discussed the length of time to provide demolition credits and asked staff to assess a lifespan of five (5) years for residential demolition credits. It was noted that through discussion with stakeholders, their main concern was for non-residential brownfield development and staff suggested a ten (10) year life span for non-residential demolition credits, which seemed acceptable.

Mr. John Keyser, representing one of his clients disagreed with the language included in the DC By-law Section 10 subsection (5) and (6) which recommended that if there is a redevelopment that includes a change of use in all or part of the building and development charges had never been previously paid that no reduction against the development charges payable shall be given. The Mayor requested

information to be provided to Council indicating how other municipalities were handling redevelopment sites where no development charges had been previously paid and what reductions to the development charges payable were available.

The purpose of this report is to provide the information requested by Council.

COMMENTS:

The original recommendation for the implementation of the 2014 Development Charges By-law was June 12, 2014 with no transitional provisions being given to building permit applications contained within the planning process. It was never staffs intention that site plan applications would be included as part of a transitional period as this has not been part of the City's past practice.

Further discussion with the stakeholders and correspondence received urged City staff to reconsider this position and provide a reasonable transition period for applications currently within the system.

Transition Provisions

Staff reviewed the request and its past practices for providing transitional periods in migrating from one DC By-law to a new DC-By-law. Applying a transitional period for site plan applications has never been part of past City practices. However, staff did recommend transitional measures for building permit applications submitted by June 30, 2014 and issued by November 11, 2014 in consultation with Planning and Building staff, to allow for an appropriate period of time for staff to process the applications, a period of 19 weeks. The financial impact for providing this transition period was approximately \$4 to \$6 million if approved by Council.

In general, the intention of providing a transition period in the DC By-law is to allow building permit applications contained within the system to be processed rather than entering the planning system.

In response to the various transition periods discussed by Council, there has been concern raised by Planning and Building staff that the longer period of time given for building permit applications to be submitted puts pressure on the building permit approval process. In addition, depending on the complexity of the application, there are no

guarantees it can be processed by the transition end date. Bill 124 of the *Ontario Building Code* requires that once an application has been submitted that comments must be provided to applicants within 20 working days. This does not imply that a permit will be issued, only that comments will be provided.

The following table provides a breakdown of the proposed transition periods discussed at Council, input from Planning and Building as to the feasibility of processing building permits within the suggested or proposed timeframe and the financial impact on the 2014 DC forecast revenue collection.

Transition Period Options				
Options	Application for Building Permit	Building Permit Issue Date	Feasibility of Processing Building Permit within Time Frame	Financial impact (millions)
Option A	31-Jul-14	30-Nov-14	Yes	\$ 7.69
Option B	1-Aug-14	12-Dec-14	Yes	\$ 8.05
Option C	30-Jun-14	11-Nov-14	Yes	\$ 5.97
Option D	10-Nov-14	1-Feb-15	No	\$ 14.60
Option E	15-Aug-14	12-Dec-14	No	\$ 8.96
Option F	2-Sep-14	11-Nov-14	No	\$ 9.66
Option G	1-Aug-14	11-Nov-14	No	\$ 7.29
Option H	1-Sep-14	30-Nov-14	No	\$ 10.06
Option I	15-Sep-14	30-Nov-14	No	\$ 10.97

In addition, at the request of Council a listing of building permit applications and site plan applications have been forwarded to Councillors for their information.

As noted in the table above, Planning and Building considers the options A, B and C as the most feasible options that may allow sufficient time to process building permit applications within the dates so long as there are no unforeseen complications that arise during the building permit process as mentioned earlier.

Subsequent to the Council meeting, staff were requested to include information from Brampton and Caledon, who are also currently updating their Development Charges By-law.

Brampton are scheduled to approve their bylaw on June 18th also, with the new rates being effective August 1st, a few days prior to the expiry of their old by-law. It is staffs' understanding that BILD is in agreement with the rates with no transition provisions.

We further understand that Caledon is set to approve its new by-law on June 24th and at this time there are no transition provisions provided in the draft by-law.

**Demolition Credits
When No Previous
Development Charge
Payments Have Been
Made**

The City has included in its Development Charge By-law that in cases of redevelopment when there is a change of use on an exempt site, no DC credits should be given to reduce the development charges payable.

As part of City Councils approved "steady" growth forecast, a portion of future population growth will be attributable to redevelopment. This redevelopment is also captured in the DC forecast revenues that will be used to support construction of additional infrastructure. Staff were concerned that DC exempt land parcels such as surplus school properties could be sold for high density redevelopment placing additional pressure on existing infrastructure without the benefit of development charge revenues.

A survey of other development charges by-laws indicates this practice is also contained within the City of Markham, Town of Oakville and Town of Clarington DC By-laws where previously exempt sites receive no reduction against future development charges.

Adjustments to the proposed by-law in section 10(5) and 10(6) have been made to clarify the language in the by-law to make reference to

properties with existing structures that were constructed by entities that are considered "exempt" under the *DC Act* and that no reduction to development charges payable will be given. This should clarify the concerns raised by Mr. Keyser.

Floor Space Per Worker The summary of floor space per worker (FSW) calculations contained in the DC Background Study are related to all buildings for which there are building permit records for the period 2002 to 2013 (resulting in additional building space) in the City of Mississauga and for which there were employment counts provided by City staff to Hemson Consulting.

The data range is over a ten year period ranging from 2002 to 2013 and summarized as follows:

Number of Observations:	175
Total Number of Employees	12,926
Total Floor Space (m2)	1,423,081

This data yields a FSW of 110.8 m² per worker. Adjusting for the Mississauga-specific observation of "no usual place of work" from 2011 the National Household Survey (13.1%) results in an adjusted FSW of 96 m² per worker.

It is important to stress that when determining FSW for the purpose of forecasting, the use of historical data is only one factor and when selecting FSW, the City also considered:

- Is the value consistent with Growth Plan, Regional Official Plan and City planning policies and principals?
- Has a reasonable effort been made to examine recent developments using a consistent data source?
- Does the value not only reflect recent trends but overall industrial development possible during the DC planning period out to 2041?
- Does the value consider no fixed place of work employment (e.g. contracted truck drivers)?
- Does the value reasonably consider the increased need for services arising from development?

Hemson Consulting and the City are confident that the allocation of 96m² FSW is the appropriate measure which has been used in the 2014 DC Background Study.

FINANCIAL IMPACT: There is a financial impact to development charge revenues in providing a transitional period. Although the 2009 DC By-law does not technically expire until November 11, 2014 the *Act* does not place any restriction on the passage of a new DC by-law before the expiry of its predecessor.

Growth forecasts have been developed using information approved under the “steady” growth forecast and consequently DC revenues have been forecast based on these estimates. Therefore, the longer the transition period, the increased impact on future DC revenues. Also, it is not uncommon for a surge of building permit applications to occur prior to the increase in rates for a new DC By-law thereby lessening the potential for growth forecasted to be recovered in the following year. The following financial impacts associated with each feasible transitional option are as follows:

Option	Transition Period	Financial Impact \$ millions
1. Option A	31-Jul-2014 to 30-Nov-2014	\$7.69
2. Option B	01-Aug-2014 to 12-Dec-2014	\$8.05
3. Option C	30-Jun-2014 to 11-Nov-2014	\$5.97

From a financial perspective, the transition period with the least amount of impact is under Option C, followed then by Option A and lastly Option B.

As noted in previous reports and presentations, City staff will monitor DC revenues and capital expenses to ensure that DC rates are recovering costs under the fullest extent permissible under the *DC Act*. Any large deviations found during the monitoring process may result in an update to the DC background Study and By-law prior to the

maximum 5 year life span as per the DC legislation.

CONCLUSION:

As requested at the June 11, 2014 Council meeting considering the 2014 Development Charges Background Study and By-law, additional information has been provided to Council regarding transition provisions, demolition credit recognition and information about the floor space per worker calculation used in the 2014 DC Study.

Development charges revenues are necessary to ensure that capital infrastructure can be built in order to service growth to the fullest extent allowable under the *DC Act*.



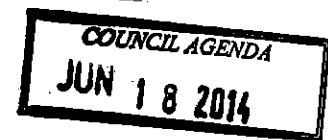
Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

Prepared By: Susan Cunningham, Senior Policy Analyst



Corporate Report

UB-1



DATE: June 3, 2014

TO: Mayor and Members of Council
Meeting Date: June 11, 2014

FROM: Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

SUBJECT: 2014 Development Charges Background Study and By-law



- RECOMMENDATION:**
1. That the following recommendations be approved by Council:
 - a. That the present practices regarding the collection of development charges and by-law administration continues to the extent possible, having regard to the requirements of *Development Charges Act, 1997* and its Regulations ("collectively referred to as the *Act*").
 - b. That the City continues its reporting policies consistent with the requirements of the *Act*.
 - c. That as required under the rules of the *Act*, the application of the by-law and the exemptions are codified within the Development Charge By-law proposed for adoption.
 - d. That the increase in the need for service is derived from the identification of growth and related need for services as set out in the City's official plan, capital forecasts and various City master plan documents, and as permitted in accordance with the rules of the *Act*.
 - e. That the Development Charges By-law permits the payment of a development charge in either cash or through the provision of services-in-lieu agreements, subject to City approval.
 2. That Council adopt the growth-related capital forecast for City Services included in the Development Charges Background Study-2014 and its companion documents, subject to an annual

review through the City's normal capital budget process and that the City of Mississauga Development Charges Background Study-2014 prepared by Hemson Consulting Ltd. be approved.

3. That the adoption of the growth related capital forecast signifies Council's intention to ensure that the increase in services attributable to growth will be met as required under the *Development Charges Act, 1997 s.5(1)3.*, recognizing, however, that specific projects and project timing as contained in the study forecast may be revised from time to time at the discretion of Council.
4. That for lands which are the subject of existing agreements, development charges shall be levied at the rates in effect when building permits are issued, less any credits recognized under the procedures described in Ontario Regulation 82/98, Section 17.
5. That Council has determined the changes in the proposed by-law following the public meeting in order to address stakeholder concerns, do not require a further public meeting prior to the enactment of the City of Mississauga Development Charges By-law.
6. That a transitional provision in the 2014 DC By-law, whereby a complete building permit application be submitted to the City by June 30, 2014 and a building permit is issued by November 11, 2014 to be eligible for the payment of development charges under the 2009 By-law indexed rate schedules be approved.
7. That Council approve the following proposed policy changes:
 - a. The size of a small unit is defined as a unit consisting of GFA of 65 m² (700 sq. ft.).
 - b. Horizontal multiple dwellings be removed from apartment definition.
 - c. A demolition credit have a 4 year life span for residential and a 10 year life span for a non-residential.
 - d. The implementation of a single uniform non-residential rate.
 - e. Definition of agricultural use will exclude the cultivation of medical marihuana.
 - f. Property previously owned by DC exempt entities shall be required to pay DC's when redeveloped for new use.
 - g. Hotel and motel be included in the definition of non-

UB-1(b)

industrial.

- h. A mechanism to monitor DC costs and revenues to determine if a full DC review is necessary.

8. That the City of Mississauga Development Charges By-law, 2014 be enacted.

**REPORT
HIGHLIGHTS:**

- Development charge revenues form an important component of the City's capital budget for the construction of growth related infrastructure.
- Development charges fund the construction of libraries, community centres, fire stations, the widening of existing and construction of new roads, park development, trails, transit expansion, fleet equipment and storm water management.
- Council has repeatedly called for reform of the *DC Act* to ensure that growth pays for growth, most recently on December 11, 2013.
- According to the Development Charges consultation guide released in October 2013 the Ministry of Municipal Affairs and Housing indicated that 5-7% of the cost of a new home is attributable to the City portion of development charges in Mississauga.
- Hemson Consulting and City Staff believe that the methodology used is within the confines of the *DC Act* and is appropriate to be used in the City's DC background study and DC By-law.
- Post implementation of the 2014 DC rates, Mississauga's rates will remain competitive with other GTA municipalities.
- This particular DC process has included significantly more interaction with the development stakeholder community than has been conducted in previous DC By-law updates.
- A total of five stakeholder engagement sessions have been held since January 25, 2014 and the feedback received from building industry representatives are incorporated into the report for Council to consider. Discussion focused on the following issues:
 1. Transitional period request for the payment of DC rates from the 2009 DC By-law and the Council approval of the 2014 DC By-law;
 2. Reduction in the size of small units from 70m² to 60m² (750 sq. ft. to 645 sq. ft.);
 3. Definition of Apartment – amended to delete reference to Multiple Horizontal Dwelling;

4. The introduction of a 4 year (48 month) time limit in which the value of a demolition credit can be used to offset future development charges payable; and
 5. Migration to a single uniform non-residential development charge rate from the existing industrial and non-industrial rate structure.
- Factors affecting DC rate increases includes continued investment in the refurbishment of existing facilities using non-DC revenues, higher construction costs, additional infrastructure requirements and changes in the household occupancy factors.
 - Staff has received all input, conducted further analysis and has modified recommendations for some issues. These are:
 1. Providing a transitional period from 2009 DC By-law rates to 2014 DC By-law rates.
 2. Small unit size to be defined as a unit of 60m² or 700 sq. ft.
 3. A residential demolition credit will have a lifespan of four (4) years and a non-residential demolition credit will have a ten (10) year lifespan.
 - The City has been put on advance notice from BILD that the use of this alternate method in the 2014 DC Study will be met with an appeal of the City's 2014 DC By-law.
 - The current 2009 DC By-law is still under appeal
 - A single non-residential DC rate is recommended to attract future office development.
 - Migration to a single non-residential rate will likely result in an appeal by industrial development members; which could result in decreased revenues of \$3.6 million over five years should the City be unsuccessful at the OMB.
 - The 2009 DC By-law will expire on November 11, 2014 and requires Council adopt a new by-law prior to its expiry to ensure the uninterrupted collection of development charge revenues.

BACKGROUND:

A public meeting was held on May 14, 2014 to provide information to the public regarding the City's proposed 2014 Development Charge (DC) Background Study and By-law as required by the *Development Charges Act, 1997*.

Hemson Consulting Ltd. (Hemson) provided a presentation to Council and members of the public in attendance. The DC public meeting presentation included the following highlights:

UB-1(d)

- Overview of the “steady” growth related development forecast approved by Council;
- Services included in the DC Study and By-law;
- Recovery of \$222.2M over ten years for growth related capital for Fire and soft services such as recreation, transit, and library etc.;
- Recovery of \$765M from DCs for growth related capital for Storm Water Management, Roads and related transportation requirements;
- Overview of the calculated residential and non-residential DC rates;
- Comparisons with other municipalities of existing or proposed DC rates for residential and non-residential development;
- Factors affecting DC rate increases; and
- Review of policy changes being proposed in the 2014 DC By-law.

Following the Hemson presentation, questions raised by the Mayor and Members of Council were answered by the consultant and city staff. Two deputations had registered with the Clerk's Office prior to the public meeting to provide input on the DC background study and by-law. A representative from the Building Industry and Land Development association (BILD) and Argo Development Corporation made deputations before Council and some members in the audience spoke on issues concerning development charges. In addition, several pieces of correspondence were received prior to and following the public meeting on May 14, 2014. Correspondence has been received from:

1. The Erin Mills Development Corporation, F. Gasbarre
2. Orlando Corporation, Blair Wolk, MBA, P.Eng., Vice President (two letters)
3. BILD, Paula J. Tenuta, MCIP, RPP, Vice President, Policy & Government Relations
4. Pemberton Group and Daniels Corporation, Marc Muzzo and Niall Haggart
5. Oxford Properties Group, John Filipetti, Vice President Development
6. Daniels Corporation, Niall Haggart

A summary of issues raised by stakeholders is contained within this report and provides an explanation of the stakeholder issue, the staff rationale for the change and the recommended action.

COMMENTS:

Development charge revenues form an important component of the City's capital budget for the construction of growth related infrastructure. Development charge revenues will fund 26% or \$42.2 million contained in the 2014 capital budget. Over the 10 year capital planning horizon (2014-2023), development charges revenues will fund 14% (\$244.9M) of the total \$1.78 billion capital program. Once these assets have been constructed the eventual replacement or rehabilitation will require funding from the tax base to maintain and deliver the services necessary for those who work and/or live in the City.

For these reasons it is important that development charge revenues are collected to reduce the initial impact on existing residents as they will be largely impacted by way of property taxes when these assets reach the end of their useful life. This is why Council has been requesting for many years that the Province make changes to the existing *Development Charges Act, 1997*. The current legislation does not adhere to the principle that "growth pays for growth" and places an unfair burden on existing property taxpayers in determining the amount that can be recovered from new development.

On December 11, 2013, Council endorsed a report to the Province calling for the following three specific changes to the Development Charges:

- Removal of the requirement to reduce capital costs by 10%;
- Change the historic method of calculating the average service levels, allowing municipalities to adopt forward looking service levels and providing greater flexibility in determining the basis for service levels including allowing broader service categories; and
- The elimination of the "ineligible services" categories to allow municipalities to determine what services are required to meet the needs of growth in their communities.

The City provided its submission to the Province on January 6, 2014 with the expectation positive changes to the DC Act would occur in conjunction with the release of the 2014 Provincial Budget. However, with the upcoming Provincial Budget election on June 12, 2014 the status of any changes to the *DC Act, 1997* are unknown.

In the meantime, the City must update its Development Charge By-law in 2014, a process that began in July 2013; to ensure that a new by-law would be in place prior to the expiry of the 2009 DC By-law.

The 2014 DC Background Study and By-law is prepared with the goal of recovering the maximum amount of revenue allowable within the confines of the DC legislation for the construction of capital related infrastructure.

Process

The development charge background study process involves the selection of a consultant via the RFP process, significant departmental interactions to compile inventories, updating of replacement cost estimates, the submission of a ten year capital forecast for soft and fire services, and a capital program for storm water management and roads and related transportation services over a planning horizon out to 2041. This information is compiled to calculate the updated DC rates and prepare the DC Background Study and DC By-law for release to Council and the public.

Stakeholder Engagement

In the past DC By-law updates, typically one or two meetings were held prior to the release of the background study that provided an overview of the growth forecast, service level calculations, the growth related capital program for all services and the draft proposed rates. The background study would be released to the public and a public meeting was held two weeks after the stakeholder engagement meetings. Correspondence received from industry stakeholders would be consolidated and each issue addressed in a corporate report for Council prior to the approval of the DC Background Study and DC By-law. More interactive discussions would take place with industry stakeholders following the receipt of appeal applications to the City Clerk's Office.

This particular DC process has included significantly more interaction with the development stakeholder community than has been conducted in previous DC By-law updates.

For the 2014 DC By-law update, invitations were sent to development stakeholders prior to the Christmas break in 2013 with the first meeting being held on January 28, 2014. At this meeting, the City's consultant Hemson Consulting Ltd. provided an overview of the entire development charge process and a synopsis of the Council approved "steady" growth forecasts for residential and non-residential development. Inventory and service level data was supplied to the stakeholders subsequent to the initial meeting and submissions for clarification of material contained in the inventories and service levels were submitted by BILD in mid February 2014. The City provided responses to the list of questions at the beginning of April 2014.

The second stakeholder meeting was held on March 24, 2014 and provided an overview of the capital programs submitted by departments that would be required to construct growth related infrastructure. Draft 2014 DC rates were provided in addition to an overview of policy changes being proposed in the 2014 DC By-law. This was significantly earlier than had been done in previous DC updates. Detailed capital program information was sent to stakeholders and requests for further information concerning capital programs were due to the City in late April. The City provided responses to BILD's inquiries on the capital program in the week following the DC public meeting.

A third stakeholders meeting was held on April 25, 2014 and BILD requested that specific agenda items dealing with the transit adjustment factor and the alternate methodology be addressed at the meeting. This was the last meeting prior to the release of the background study and By-law to the public on April 29, 2014 and the DC public meeting held at Council. Correspondence was received from stakeholders just prior to and following the third meeting concerning various policy changes being purposed in the 2014 DC By-law. Many of the concerns were addressed within the 2014 Development Charge Public Meeting corporate report considered by Council on May 14, 2014.

As follow-up to the Public Meeting and issues raised in correspondence before and after the Council meeting, staff scheduled two additional stakeholder meetings to address concerns. The fourth meeting held on May 23, 2014 included an overview of the City's financial condition and its limited resources through which infrastructure can be funded; along with a robust discussion related to methodology and the rationale behind proposed policy changes in the recommended 2014 DC By-law including the following:

Methodology Issues

1. Alternate service levels; and
2. Transit adjustment factor.

Policy Issues

1. Transitional provisions;
2. Reduction in the size of a small unit from 70m² (750 sq. ft.) to 60m² (645 sq. ft.);

UB-1(h)

3. Removal of the "horizontal multiple dwelling" from the definition of an apartment in the DC By-law;
4. Demolition credit sunset period; and
5. Migration to a single uniform non-residential rate.

A fifth stakeholder meeting was scheduled on May 30, 2014 to follow-up from the previous week's meeting and discuss material submitted to BILD/Altus from their inquiries regarding the inventories and capital program contained in the 2014 DC Background Study.

Alternate Methodology

The 2014 Development Charges Background Study and By-law have been prepared using an alternate methodology which is different than the industry wide accepted approach of using the net population (actual growth) methodology as a basis for calculating the ten year historical average service level and maximum permissible funding envelopes. The alternate methodology employed in the City's DC Study and By-law serves to include the use of the net population plus households to calculate the ten year average historic service levels and maximum permissible funding envelopes.

The alternate methodology recognizes that the delivery of services is driven by population and that planning for services must also recognize the importance of the location of facilities in proximity to existing and future population. The importance of proximity and reasonable access, ties together with the notion of developing complete communities. The introduction of households into the calculation of the historic levels and the determination of the maximum permissible DC funding envelopes includes the importance of location of development.

During deputations, it was noted in remarks to Council by BILD that the use of the alternate methodology in the City's background study is not a valid basis for calculating the ten year average historical service levels and funding envelopes. The main premise for this assertion is based on the OMB decision in favour of BILD in the case between BILD and the Town of Orangeville. The gross methodology was used by the Town of Orangeville in the preparation of their development charge background study and by-law. The OMB decision was specific to the Town of Orangeville case and gross methodology has not been used in the preparation of the City's 2014 DC study. The *DC Act* does not specify that the use of the net population methodology is the only calculation method that is acceptable under the Act but is instead the

one that is the most familiar in the industry. Municipalities have had to examine the current construct of their DC calculations and had to explore new methods to ensure that the building of growth infrastructure is being borne by the development industry in the manner that the *DC Act* intended.

The City has been put on advance notice from BILD that the use of this alternate method in the 2014 DC Study will be met with an appeal of the City's 2014 DC By-law.

**Transit Adjustment
Factor**

Input from the stakeholder group indicates that the inclusion of a transit adjustment factor is not in accordance with the requirements contained in the *DC Act* and should not be included as part of the maximum allowable funding envelope in the City's development charge background study.

The inclusion of a transit adjustment factor has been part of the City's DC By-law since being first introduced in 2004, to acknowledge the importance of maintaining service levels for transit in servicing future growth. The transit adjustment factor is under appeal as part of the 2009 DC By-law.

Further information has been requested by BILD as part of the 2014 interactive stakeholder process. It has been recommended by the Legal division that due to the outstanding appeal of the 2009 DC By-law it would be more appropriate to provide this information during the City's submission of documents to the OMB at the 2009 DC By-law hearing. The case has been scheduled at the OMB to be heard in late 2014 to resolve any outstanding items beyond the methodology issue.

In terms of the overall DC rate, the transit adjustment amount represents approximately \$5.2 million over ten years or 0.3% of the residential and 0.8% of the non-residential DC rate. The City uses the transit adjustment factor to account for additional transit vehicles required to maintain historical service levels, which would continue to erode due to additional traffic on the roadways

Stakeholder Policy Issues

The following section of the report will discuss each of the main stakeholder issues to provide Council with the stakeholder's position, the rationale used by City staff for the change, and other information, for Council's consideration.

Stakeholder Issue 1: Transitional provisions and enactment date of November 11, 2014 be granted for building permits currently submitted and be allowed to pay DC rates under the 2009 DC By-law upon issuance of the building permit

Policy Change Rationale By not implementing new DC rates immediately following the approval of the DC By-law there will be foregone revenue due to the difference between the current and the new rates. This will impact the City's ability to apply any additional revenues from the rate changes towards growth related infrastructure projects requiring either the supplementing of funding through other sources or the deferral of capital projects in the back end of the ten year program due to insufficient funds available from development charges.

Based on recent information from Planning and Building there are potentially 42 building permit applications that could benefit from a transitional period if adopted by Council. Based on reasonable assumptions that the building permits being issued by November 11, 2014, the City would forego approximately \$4 million to \$6 million in DC revenue to be funded from other sources by adopting transitional provisions instead of implementing the 2014 DC rates on June 12, 2014.

Other Information Council has approved transitional provisions for building permit applications contained in the system in the past when migrating from an existing DC By-law to a newly adopted DC By-law.

In 2009 Council approved a development charge by-law 0197-2009 on June 24, 2009.

- Transitional provisions required an application for building permit under the *Building Code Act, 1992*, to be submitted to the City's Chief Building Official before June 24, 2009 and where the building permit is issued on or before December 23rd, 2009 (182 days).

Later in 2009, it was determined that a revision to the DC background study and by-law was necessary and Council repealed DC by-law 0197-2009 and adopted DC By-law 0342-2009 on November 11, 2014.

- Transitional provisions contained in the new by-law required a building permit application to be submitted by December 4, 2009 and a building permit had to have been issued by April

30, 2010 (approximately 140 days) later to qualify for the rates contained in the 2004 DC Bylaw.

In the transition period from the 1999 DC By-law rate to the 2004 DC By-law rate:

- A building permit application was required to be submitted to the City the day prior to the adoption of the 2004 DC By-law and a building permit had to have been issued by December 23, 2004 (approximately 170 days) later to pay 1999 DC rates.

Council may implement a transitional period for building permit applications currently within the City planning system to be eligible to continue to pay the rates under the 2009 DC By-law if a building permit is obtained by a specific date.

Council has never provided transitional provisions for site plan applications undergoing the site plan process in the past. City Staff do not recommend that site plan applications in the planning system should be granted any grandfathering or transitional provisions because it can take many years for a project to complete the site plan process. This would result in building permits being eligible to pay under the 2009 DC By-law up until the next DC By-law update in 2019. It is not financially prudent for the City to adopt this practice.

There are no restrictions under the DC Act when a new DC By-law can be approved by Council. The *DC Act, 1997* requires that the maximum life of a DC By-law not exceed five years.

As noted earlier, two DC By-laws were approved in 2009. The first By-law 0197-2009 was adopted on June 24, 2009 it was then repealed and replaced by By-law 0342-2009 on November 11, 2009. The adoption of the 2014 DC By-law in June 2014 would return the DC update process to its normal schedule and allows for the planning of DC revenues as part of the capital planning process.

Staff Recommendation: The provision of a transition period for building applications currently within the building process by Council has been a long held practice in previous DC By-law updates. After discussions with stakeholders, Staff is recommending a transitional provision allowing for the submission of a building permit application by June 30, 2014 and the issuance of a building permit by November 11, 2014 for the payment of development charges to be calculated based on the indexed rates under the 2009 DC By-law.

It is recommended that the 2014 DC By-law be approved on June 11, 2014.

Stakeholder Issue 2 Reduction in the size of a small unit from 70m² (750 sq. ft.) to 60m² (645 sq. ft.). Stakeholder members request the existing size of a small unit remain unchanged.

Policy Change Rationale: The size of a small unit was established in 1999 based on information available at that time. Recent building trends reflect the construction of a larger number of smaller units than originally anticipated, along with the achievement of population forecast targets being achieved while DC revenue forecast fell short, which dictated that an analysis of small unit sizes be taken. Analysis of small unit using existing small unit parameters indicated that the number of persons per unit were greater than intended when the original unit size of 70m² (750 sq. ft.) was established. This determination was confirmed as part of the 2011 Census data contained in the National Household Survey.

Other Information The proposed size of small units being reduced to 60m² or 645 sq. ft. was discussed at length during the fourth stakeholder's meeting held on May 23, 2014. Stakeholders were shown a table outlining a sample of 2,425 units by bedroom types that have been built in the last four years.

Unit Types	Number of Units	Average Unit Size		Number of Units < 70m ² (750 sq. ft.)	Number of Units < 60m ² (645 sq. ft.)	Number of Units < 65m ² (700 sq. ft.)
		m ²	Sq. Ft.			
Studio Apartments	31	43.82	471.70	100%	100%	100%
1 Bedroom Apartments	1,080	58.76	632.47	95%	93%	95%
1 Bedroom + Den Apartments	210	69.72	750.46	68%	9%	48%
2 Bedroom Apartments	836	85.4	919.21	12%	0%	0%
2 Bedroom + Den Apartments	107	116.13	1,249.96	0%	0%	0%
3 Bedroom Apartments	159	125.47	1,350.54	0%	0%	0%
3 Bedroom + Den Apartments	2	226.11	2,433.50	0%	0%	0%
Total Units	2,425					

The data indicates that 100% of studio apartments and 95% of one bedroom apartments were paying the small unit rate. This is consistent with the intention for the establishment of the small unit DC rate. Furthermore, 68% of one bedroom plus a den units and 12% of two bedroom apartments are 70m² (750 sq. ft.) or less and qualified for the payment of the small unit DC rate. As a result, 12% of the two bedroom apartments built in the last four years paid 48% less (\$1.6 million) in development charge fees that could have been used towards the construction of growth related capital infrastructure. In the situation where a den was used as an additional bedroom in a one bedroom apartment plus den, would have resulted in \$2.3 million in additional revenue, had the units been charged the apartment DC rate.

Stakeholders raised concerns with the staff assumption that units containing one bedroom plus a den, the den is not permitted to be a used as an additional bedroom under the *Building Code Act, 1992* since a den does not have a natural light source. Staff questioned whether purchasers were informed of this as part of the sales marketing. Industry members indicated that dens could have pull out couches that could be used for occasional overnight guests. In addition, it was stipulated that there is no monitoring after sale to ensure that the den is not being used as a fulltime additional bedroom.

Further discussion, revealed that a small unit size of 65m² or 700 sq. ft. would be more acceptable to the stakeholder members, as it would be more equitable and continues to reflect the appropriate persons per unit noted in the DC background study. Analysis indicates that 48% of one bedroom plus a den unit would be eligible for the payment of

DC's under the small units rate as opposed to 68% under the existing 70m² or 750sq. ft. and that 100% of two bedroom apartments would be required to pay the apartment DC rate.

Staff Recommendation: After recent discussions with the stakeholder group City staff conducted some further analysis on the impacts of implementing a small unit size of 65m² (700 sq. ft.) or less. It was determined that it is possible to achieve the desired objectives with the size of a small unit defined as 65m² or 700 sq. ft. It would be the staff's intention to continue to monitor development trends in the future to ensure that the original principle for establishing a small unit rate is being reflected in actual developments. It is possible that staff could recommend a further reduction to the size of a small unit in the next DC update if deemed necessary based on actual development.

Stakeholder Issue 3 Removal of the horizontal multiple dwelling from the apartment definition in the 2014 DC By-law.

Policy Change Rationale The apartment definition in the DC By-law has always been based on the premise of containing three or more units served by an enclosed principle entrance which is in conformity with the City's Zoning By-law. The Zoning By-law was changed in 2007 and was not reflected in the 2009 DC By-law. A number of the units built during the last five years brought to light the inconsistency between the City's Zoning By-law and the DC By-law. Units that do not meet the conditions of this definition are considered "other residential" unless they fall within the parameters of the small unit definition (70m² or 750 sq. ft. or less).

Other Information Analysis of a sample of 423 horizontal multiple units indicated that 151 units met the current 2009 definition of a small unit and were less than 70m² or 750 sq. ft. The area of the remaining 272 units identified as horizontal multiple housing units ranged from approximately 95.4 m² to 168 m² (1,027 sq. ft. to 1,996 sq. ft.), which included two to three bedroom units and would have paid the "apartment rate" instead of the "other residential rate" a difference of \$3,900 per unit.

The removal of the horizontal multiple dwelling from the apartment definition would also bring the City into alignment with the Region of Peel's DC By-law.

Staff Recommendation	Horizontal multiple dwellings that do not meet the apartment definition as contained in the City's Zoning By-law should be classified as "other residential" unless a unit meets the definition of a small unit as defined in the 2014 DC By-law. In addition, the City's official plan does not recognize horizontal multiple dwellings as apartments but as medium density dwellings. The provision for the payment of DC rates for horizontal multiple dwellings that are less than or equal to that of a small unit should continue in practice.
Stakeholder Issue 4	Demolition credits having a lifespan of 48 months (4 years).
Policy Change Rationale:	<p>The current 2009 DC By-law provides for the recognition of demolition credits existing since 1991. As the following comparisons with other municipalities reveals, the recognition of demolition credits usually has a limited lifespan:</p> <ul style="list-style-type: none"> • Two Peel school boards -3 years for residential, 10 years non-residential; • City of Brampton and Region of Peel –demolitions recognized since 1991 • Towns of Clarington and Oakville -5 years • City of Barrie – 5 years • Cities of Markham and Vaughan -4 years • Town of Caledon –recommending 2 years in 2014 DC By-law <p>After reviewing the benchmarking of municipalities, the City staff chose to recommend a 48 month (4 year) life span for demolition credits in the 2014 DC By-law.</p>
Other Information	<p>At stakeholder meetings, industry members indicated that a 10 year demolition period for both residential and non-residential development should sufficiently deal with their concerns regarding the remediation of brownfield sites and allow sufficient time to receive building permits.</p> <p>Taking into consideration issues raised by both Members of Council at the public meeting and input gathered through the stakeholder meetings staff believe that a compromise can be achieved.</p>
Staff Recommendation	Staff recommends that a limitation should be placed on the recognition of demolition credits consistent with the bench marking done with other municipalities. That a compromise of four (4) years for

residential demolition and ten (10) years for non-residential demolition is a suitable solution towards achieving the City's goal to limit the lifespan of demolition credits and provide sufficient time for the redevelopment of brownfield sites.

Stakeholder Issue 5: Establishment of a uniform non-residential DC rate

Policy Change Rationale City staff has proposed to migrate from the two differentiated non-industrial DC rates (industrial and non-industrial) to a single non-residential DC rate. This decision has taken into consideration; growth forecast indicators which suggest that 60% of future development will occur in the office sector; and, Council's direction to encourage office development in the downtown core.

Other Information During discussions at the Stakeholder's meeting held on May 23, 2014 industrial stakeholders made it clear that they would appeal the application of a uniform non-residential to industrial development. In their opinion, the use of the uniform rate applied to the industrial sector was considered unfair as the services required by industrial users can be differentiated from services required by the commercial and institutional types of business. In addition, the issue of the value (96m²) used in the study for floor space per worker (FSW) was raised. The use of 96m² FSW forms a fundamental part of determining the growth forecast to 2041 for industrial development. The FSW value is consistent with the *Employment Trends and Forecast Study* undertaken by Hemson for the Region of Peel. Requests for information by the industry are being dealt with concurrently as the DC By-law continues towards Council for adoption on June 11, 2014.

With regard to a uniform rate being applied to office development, it was indicated that the office sector is more capable of absorbing increases from development charges than the industrial sector. Also, should the City proceed with a uniform non-residential rate, that an appeal would be filed against the City's 2014 DC By-law on the basis that the requirement for services is different between the two business types and the rates had not be calculated in the appropriate manner.

The following charts provide a comparison of the current DC rates to the migration to a single non-residential rate, maintaining the existing two rate structure and comparing the 2014 single uniform rate versus the 2014 two non-residential rates.

Proposed Single Uniform Non-Residential Rate Comparison					
Non-Residential	Current Rates valid until Passage of New DC By-law		2014 Draft DC Rates		% Change
	(\$/m ²)	(\$/sq. ft.)	(\$/m ²)	(\$/sq. ft.)	
Non-Industrial	\$ 67.89	\$ 6.31	\$ 89.76	\$ 8.34	32.2%
Industrial	\$ 55.20	\$ 5.13	\$ 89.76	\$ 8.34	62.6%
Maintaining Two Non-Residential Rates Comparison					
Non-Residential	Current Rates valid until Passage of New DC By-law		2014 Draft DC Rates		% Change
	(\$/m ²)	(\$/sq. ft.)	(\$/m ²)	(\$/sq. ft.)	
Non-Industrial	\$ 67.89	\$ 6.31	\$ 95.48	\$ 8.87	40.6%
Industrial	\$ 55.20	\$ 5.13	\$ 77.62	\$ 7.21	40.6%
Single Uniform Rate versus Two Non-Residential Rates Comparison					
Non-Residential	Single Uniform Rate		Two Non-Residential Rates		% Change
	(\$/m ²)	(\$/sq. ft.)	(\$/m ²)	(\$/sq. ft.)	
Non-Industrial	\$ 89.76	\$ 8.34	\$ 95.48	\$ 8.87	6.4%
Industrial	\$ 89.76	\$ 8.34	\$ 77.62	\$ 7.21	-13.5%

The City has had a separated non-industrial DC rate and industrial DC rate since the negotiated settlement that occurred during the appeal of the 1999 DC By-law.

As explained previously in the report to Council for the public meeting, there is an associated risk with the adoption of a uniform non-residential DC rate should the 2014 DC By-law be appealed to the OMB. The OMB does not have the ability to increase a DC rate but can determine whether the rate charged by the municipality is appropriate or should be reduced based on the evidence provided during the hearing. Analysis of potential revenue loss due to an OMB decision that a uniform DC rate should not be applied to industrial type development may result in a reduction of approximately \$3.6 million over five years.

It should be noted that implementing a single uniform non-residential rate, would still make Mississauga competitive with other municipalities in the GTA. The 2014 DC rate calculated for Mississauga is currently less than the non-industrial DC rates being charged in the City of Brampton, Milton and Oakville for non-industrial development and one of the lowest in the GTA.

For industrial development Mississauga remains competitive and is in the middle of the pack against other municipalities such as Markham, Oakville and Richmond Hill. In addition, other municipalities such as Oakville maintain a single uniform non-residential rate.

Staff Recommendation

Office development will comprise 60% of the City's non-residential future growth and Council's direction to encourage office development in the City Centre staff recommend the migration to a single uniform DC rate for non-residential development in the 2014 DC By-law.

Housing Affordability

One of the reoccurring themes brought up in discussions with members of the stakeholders group is the issue surrounding housing affordability. The continued increase in development charge rates affect the ability for people to afford new homes.

According to the Development Charges consultation guide released in October 2013 the Ministry of Municipal Affairs and Housing indicated that 5-7% of the cost of a new home is attributable to the City portion of the development charges rates. It is clear from discussions held at Regional and Mississauga Council's that the factors affecting housing affordability is a complex issue and cannot be placed solely on the calculation of development charges alone.

At the municipal level the City has been undertaking an affordable housing strategy, Housing Choices, as identified in the Belong Pillar of the Strategic Plan. A crucial area of the housing strategy is the need to protect existing rental housing and encourage new rental development.

A rental housing protection study will review supply issues, propose policy amendments to protect the existing stock and to consider by-laws to prevent the demolition and conversion of existing stock without providing for replacement units. A subsequent incentives study will examine the barriers towards the creation of new affordable housing including rental housing.

The affordability of new housing is beyond the purview of the *Development Charges Act, 1997*. It involves significant interaction from all levels of government and cannot be exclusively remedied at the municipal level. Municipalities are required to provide growth related infrastructure within the confines of the *Development Charges Act, 1997* and supplement the 10% related discounted portion from tax

related funds.

FINANCIAL IMPACT: In order to ensure the City is recovering the maximum allowable development charge revenue within the confines of the *DC Act, 1997*, a 2014 Development Charges By-law must be approved. The following rates are contained in the Development Charges Background Study 2014 prepared by Hemson Consulting Ltd. and are being proposed in the City's 2014 Development Charge By-law for adoption on June 11, 2014.

**City of Mississauga
Development Charges - Residential**

Service	Residential Charge By Unit Type			Percentage of Total
	Small Units	Apartments Units	Other Residential	
General Government	\$95.69	\$140.20	\$211.28	0.8%
Library Services	\$452.53	\$663.02	\$999.12	3.8%
Fire Services	\$852.19	\$1,248.59	\$1,881.52	7.2%
Recreation	\$4,358.37	\$6,385.68	\$9,622.68	36.9%
Transit	\$685.71	\$1,004.68	\$1,513.97	5.8%
Public Works	\$272.82	\$399.72	\$602.34	2.3%
Parking	\$130.58	\$191.32	\$288.30	1.1%
LAC Debt	\$67.16	\$98.39	\$148.27	0.6%
Roads	\$4,910.90	\$7,195.23	\$10,842.61	41.5%
Total Charge	\$11,825.95	\$17,326.83	\$26,110.09	100.0%

Development Charges - Non-Residential

Service	Uniform Non-Residential Charge		Percentage of Total
	Charge per Square Metre of Total Floor Area	Charge per Square Foot of Total Floor Area	
General Government	\$0.54	\$0.05	0.6%
Library Services	\$0.00	\$0.00	0.0%
Fire Services	\$3.42	\$0.32	3.8%
Recreation	\$0.00	\$0.00	0.0%
Transit	\$9.58	\$0.89	10.7%
Public Works	\$3.79	\$0.35	4.2%
Parking	\$1.82	\$0.17	2.0%
LAC Debt	\$0.00	\$0.00	0%
Roads	\$70.61	\$6.56	78.7%
Total Charge	\$89.76	\$8.34	100.0%

Stormwater Management Development Charges

Residential \$89,313.65 per net hectare, or \$36,144.74 per net acre

Non-Residential \$89,313.65 per net hectare, or \$36,144.74 per net acre

The collection of development charges is vital to ensure that the necessary growth related capital infrastructure is in place to service future residents of the City of Mississauga.

Implications to existing residents via property taxes will occur in the case where the collection of development charge revenues are not fully maximized to the fullest extent permitted under the legislation

CONCLUSION:

The *Development Charges Act, 1997* requires that municipalities pass a development charges by-law every five years in order to continue collecting development charge revenues from developers for building growth-related infrastructure.

As required under the legislation, the City of Mississauga DC Background Study and draft By-law has been released to the public on April 29, 2014; an advertisement of the DC Public Meeting was placed in the Mississauga News on April 16th and 23rd, 2014; and a

DC Public Meeting was held in Council Chambers on May 14th, 2014 -which are all the steps required to comply with the regulations and legislation contained in the *Development Charges Act, 1997*.

In addition, five stakeholder meetings were held to receive input from development stakeholders and this input has been considered for certain issues and reflected in the recommendation presented in this report to Council for adoption.

Council is being asked to adopt the 2014 Development Charges Background Study and its accompanying documents along with a 2014 Development Charges By-law on June 11, 2014. The last day for appeal of the City's 2014 DC By-law is July 21, 2014.

It is imperative that the City collect development charges for growth related capital costs. The collection of these revenues is used to construct infrastructure vital to the City of Mississauga's growth from a greenfield community to the mature urban city. As greenfield development diminishes it will become abundantly more important to ensure that growth related revenues are maximized to emplace growth related infrastructure at the service levels enjoyed by previous growth related communities.

ATTACHMENTS:

- Appendix 1: 2014 Development Charges Public Meeting report dated April 29, 2014
- Appendix 2: 2014 Development Charges Public Meeting Presentation Dated May 14, 2014
- Appendix 3: Stakeholder Correspondence
- Appendix 4: Updated Municipal DC Rate Comparisons June 3rd 2014



Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

Prepared By: Susan Cunningham, Senior Policy Analyst

UB-1(v)



Corporate Report

Clerk's Files

Originator's
Files

DATE: April 29, 2014

TO: Mayor and Members of Council
Meeting Date: May 14, 2014

FROM: Gary Kent
Commissioner of Corporate Services and Chief Financial Officer

SUBJECT: 2014 Development Charges Public Meeting

RECOMMENDATION: That the report dated April 29, 2014 from the Commissioner of Corporate Services and Chief Financial Officer, entitled "2014 Development Charges Public Meeting" be received for information.

**REPORT
HIGHLIGHTS:**

- The *Development Charges Act, 1997* requires that a public meeting be held prior to the passage of a development charge by-law.
- Legislative requirements for a public notice of the public meeting and release of the Development Charges (DC) Background Study and proposed by-law have been met.
- Hemson Consulting Ltd. will present development charges information to the Mayor, Members of Council and the public.
- Three stakeholder engagement sessions have been held and feedback has been received from building industry representatives concerning the draft 2014 Development Charges Study and proposed policy changes including:
 - Migration to a single uniform non-residential development charge rate from the existing industrial and non-industrial rate structure;

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April 29, 2014

- The continued recognition of existing Section 14 credits
- Request confirmation that the City will continue to apply the 2009 DC By-law provisions for speculative buildings that were constructed under the 2009 By-law;
- No provision for a transitional period for the payment of DC rates from the 2009 DC By-law and the Council approval of the 2014 DC By-law;
- Reduction in the size of small units from 70m² to 60m² (750 sq. ft. to 645 sq. ft.);
- The introduction of a 4 year (48 month) time limit in which the value of a demolition credit can be used to offset future development charges payable; and
- Definition of Apartment – amended to delete reference to Multiple Horizontal Dwelling.

BACKGROUND:

The *Development Charges Act, 1997* requires the following steps be completed prior to the approval of the new Development Charge By-law:

- Council must hold a Public Meeting;
- Public notice of the Public Meeting must be given at least twenty days before the meeting; and
- A Development Charges Background Study and proposed by-law must be released to the public at least two weeks before the public meeting.

In addition to meeting the requirements of the DCA, staff have held three stakeholder engagement sessions with members of the development industry (Appendix 1). Presentations were provided by Hemson Consulting Ltd. outlining calculations of the ten year historical service levels (calculated within the confines of the *Development Charges Act, 1997*), proposed growth related capital forecast programs, draft development charge rates and proposed policy changes to be included in the 2014 Development Charge By-law. The feedback received from the building industry stakeholders is contained within this report and in Appendix 2.

COMMENTS:

The 2009 Development Charge By-law, which allows the City of Mississauga to collect development charges to fund growth related capital infrastructure expires on November 11, 2014. Taking into

consideration that 2014 is an election year and a new Council will not be sworn into office until December 2014, the scheduled approval for a new development charge by-law by Council has been advanced to June 11, 2014. The May 14, 2014 Development Charges Public Meeting fulfills one of the requirements necessary to comply with the *Development Charges Act, 1997*.

In accordance with the requirements of the *Development Charges Act, 1997*, on April 16th and 23rd, 2014 the City has placed notices in the Mississauga News advising the public of the Development Charges Public Meeting, the release date of the Background Study and proposed Development Charge By-law. A notice has also been posted on the City's website.

The proposed By-law and the Development Charges Background Study (prepared by Hemson Consulting Ltd.) were made available to the public on April 29th, 2014, which is in excess of two weeks prior to the public meeting. The documents were made available on the City's website and in hard copy at the Office of the City Clerk.

At the public meeting on May 14th, 2014, Hemson Consulting Ltd. will present development charges information to the Mayor, Members of Council and the public. Any person who wishes to address the Mayor or Members of Council may do so at that time. A summary of the proposed rates are contained in the financial impact section of this report.

Staff will prepare a Corporate Report to respond to any public feedback received. This report will be presented to the Mayor and Members of Council on June 11th, 2014, to be followed by Council's consideration of the Development Charges Background Study and By-law on the same day.

If the development charges by-law is approved by Council, the City Clerk will be required to provide written notice of the passing of the by-law, and indicate the last day available for appealing the by-law.

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Council

April 29, 2014

Stakeholder Engagement

At the last stakeholder engagement meeting held on April 25, 2014 members of the building industry expressed their concern with certain policy changes being proposed in 2014 Development Charges Background Study and By-law. Items of particular concern included:

- Migration to a single uniform non-residential development charge rate from the existing industrial/non-industrial rate structure;
- The continued recognition of existing Section 14 credits;
- Request confirmation that the City will continue to apply the 2009 DC By-law provisions for speculative buildings that were constructed under the 2009 By-law;
- No provision for a transitional period for the payment of DC rates from the 2009 DC By-law and the Council approval of the 2014 DC By-law;
- Reduction in the size requirement for the small unit charges from 70m² to 60m² (750 sq. ft. to 645 sq. ft.);
- The introduction of a 48 month time limit in which the value of a demo credit can be used to offset future development charges payable; and
- Definition of Apartment – amended to delete reference to Multiple Horizontal Dwelling.

Migration to Single Uniform Non-Residential DC Rate

City staff has proposed to migrate from the two differentiated non-industrial DC rates (industrial and non-industrial) to a single non-residential DC rate. This decision has taken into consideration; the rapidly decreasing number of viable vacant land parcels available for industrial development; growth forecast indicators which suggest that 60% of future employment will occur in the office sector; and, Council's direction to encourage office development in the downtown core.

Moving to a uniform non-residential rate would not negate the industrial expansion credit legislative requirement under the *Development Charges Act, 1997*. A credit of up to 50% of the gross floor area of an existing industrial building is applied to the development charges payable in connection with the first building permit to expand the building.

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April 29, 2014

The following table provides an overview of the rate changes as proposed in the draft 2014 DC Background Study and By-law:

Table 1

Proposed Single Uniform Non-Residential Rate Comparison

Non-Residential	Current Rates valid until Passage of New DC By-law		2014 Draft DC Rates		% Change
	(/m ²)	(/sq. ft.)	(/m ²)	(/sq. ft.)	
Non-Industrial	\$ 67.89	\$ 6.31	\$ 89.76	\$ 8.34	32.2%
Industrial	\$ 55.20	\$ 5.13	\$ 89.76	\$ 8.34	62.6%

The percentage change in the DC rate of moving to a uniform non-residential rate has a larger impact on future industrial development than on future non-industrial developments. Whereas, if the City were to maintain its existing two rate non-residential rate structure the draft 2014 DC rates would be as follows:

Table 2

Maintaining Two Non-Residential Rates Comparison

Non-Residential	Current Rates valid until Passage of New DC By-law		2014 Draft DC Rates		% Change
	(/m ²)	(/sq. ft.)	(/m ²)	(/sq. ft.)	
Non-Industrial	\$ 67.89	\$ 6.31	\$ 95.48	\$ 8.87	40.6%
Industrial	\$ 55.20	\$ 5.13	\$ 77.62	\$ 7.21	40.6%

Maintaining the two rate approach would shift a larger portion of the proposed increase to non-industrial (\$95.48/m² vs. \$89.76/m² or \$8.87/sq. ft. vs. \$8.34/sq. ft.). Input received through the stakeholder engagement process from industrial development members indicates their preference to maintain the two rate non-residential DC rate. At the time of drafting this report, non-industrial development members have not provided any comments. From the City's perspective, the expected revenues would be the same under either alternative; however, a proposed single uniform non-residential rate aligns with the City's development stage and with Councils objective to attract major office development.

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April 29, 2014

Table 3

Single Uniform Rate versus Two Non-Residential Rates Comparison

Non-Residential	Single Uniform Rate		Two Non-Residential Rates		% Change
	(/m ²)	(/sq. ft.)	(/m ²)	(/sq. ft.)	
Non-Industrial	\$ 89.76	\$ 8.34	\$ 95.48	\$ 8.87	6.4%
Industrial	\$ 89.76	\$ 8.34	\$ 77.62	\$ 7.21	-13.5%

It is important to note that the migration to a single uniform non-residential rate has some risk associated with this policy change. While the *Development Charges Act, 1997* does not prescribe that non-residential DC rates be further identified as industrial and non-industrial rate types, this has been the City's practice since the 1999 DC By-law. As a result, there is a risk of appeal to the Ontario Municipal Board (OMB).

The OMB does not have the power to increase a DC rate but only confirm that a rate charged is either appropriate or a value less than that rate provided for in a municipal by-law. If the OMB determines that the single non-residential is not appropriate for industrial type development and a lower rate is applicable, the OMB cannot increase the rate payable for non-industrial type of development as indicated in Table 3.

In keeping with the City's strategic objectives to encourage future office development staff maintains its preference with a single uniform non-residential DC rate.

Recognition of Existing Section 14 Credits

The recognition of Section 14 credits under the old *Act* was required as part of the Ontario Regulations to the *Development Charges Act, 1997*. The City complied with the requirements and recognized all valid applications for credit that were filed within the time period set out in the Provincial Regulation.

The Section 14 credits will continue to run "with the land" as they have in the City's previous 1999, 2004 and 2009 Development Charge By-laws. Recognized Section 14 credits will continue to be applied to future development charges until the credit is exhausted as required by the *DCA* legislation.

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Letters of Credit for Speculative Buildings

Under the 2009 Development Charge By-law development charges for a "speculative" non-residential building, where the final use of the building was unknown, could be paid at the lower industrial rate. The owner was required to provide the City with a letter of credit to secure the difference between the industrial and non-industrial DC rate for a period of thirty-six months. Upon the determination of the use of the building, upon occupancy, the letter of credit would be returned if the building was deemed to be industrial. The owner would be required to pay the additional current non-industrial DC's if the building were to be used for non-industrial purposes.

Under the proposed single rate structure, this provision would no longer be required. However, there are properties that have outstanding letters of credit agreements under the current by-law. A transitional provision has been incorporated into the draft 2014 DC By-law to maintain the rules as they exist in the 2009 DC By-law until the determination of the use or until these agreements expire, for any remaining speculative buildings for which a building permit was issued under the 2009 DC By-law is complete. Letters of credit will either be returned or drawn upon at the time the type of final non-residential use has been determined by the City.

No Transitional Provisions Included in New DC By-law

The draft 2014 Development Charges By-law does not propose any transitional provisions. If approved, building permits issued following Council's adoption of the 2014 Development Charge By-law would be subject to the DC rates as provided for in the by-law.

The *Development Charges Act, 1997* requires municipalities to update their DC by-laws every five years. There is no minimum term requirement under the *Act* for a DC by-law which provides the flexibility for a municipality to repeal an existing by-law and approve a new one at any time. Industry representatives should not rely on the expiry dates provided in five year increments to secure development charge rates through a transitional period.

Notices have been posted on the Planning and Building Department website since August 2013 advising the industry that the City was beginning its 2014 Development Charges Study Update including

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notification that a new DC By-law would be brought before Council for approval in June of 2014.

This is sufficient notice to the industry for making allowances in their financial costing estimates in setting appropriate sales prices prior to building permit approval. Since most municipalities use a five year cycle to update their DC by-laws some larger municipalities began updating their by-laws in 2013 and early 2014; it is reasonable to assume that some allowances have already been estimated in their cost estimates. Therefore, the requirement for a transitional period is not really relevant in determining whether a particular project will hinge on the increase in the development charge payable.

Historically, the City has either agreed to a transitional provision as part of a negotiated settlement or has included in the By-law, at Council's direction, provisions to apply the rates of the former by-law where a complete building permit application is submitted to the Planning and Building Department the day prior to the passage of the DC By-law and the building permit is issued by a specific date (usually within 90 – 120 days).

It is anticipated that any delay, through the introduction of a transitional period, in the implementation of 2014 DC By-law rates will reduce the City's ability to collect revenues to the fullest extent permissible under the *Development Charges Act*. It is however, Council discretion to provide a phase in period should it chooses to.

Reduction in the Size of a Small Unit

A recommendation has been put forward by stakeholders that the proposed policy to pay development charges based on the small unit size of 60m² (645 sq. ft.) should apply only to new building permit applications and not to those applications which are currently being processed by the City.

Development charges for all building permits containing small units that are issued prior to the enactment of the 2014 DC By-law will continue to be based on a unit size of 70m² (750 sq. ft.).

When as part of the regular monitoring of DC revenues it came to light that DC revenues were not meeting forecast projections although population growth targets were being achieved, a significant analysis

was undertaken regarding the amount of development charges collected under the apartment versus the small unit rates. The original intent for the creation of a small unit charge was to reflect units being constructed that were one-bedroom or studio type units. It was determined, based on a review of building permit applications at the time; an area of 70m² (750 sq. ft.) would encompass all one-bedroom and studio type units but would not include one bedroom plus a den or two bedroom units, which have higher person per unit factors.

With the trend towards the construction of much smaller units, a review of recent and current building permit applications indicates that a significant number of two-bedroom apartment units have a floor area of less than 70m² (750 sq. ft.), resulting in the payment of the significantly lower "small unit" rate instead of the apartment rate. Due to the shift of building permits from "apartments" to small units it is estimated that over the past 5 years approximately \$3.8 million has been foregone in DC revenue for the funding of growth related capital infrastructure required to service the population in these types of units. Reducing the size of a small unit from 70m² to 60m² (750 sq. ft. to 645 sq. ft.) is in keeping with the original argument presented by the development industry to recognize the lower person per unit factors of one bedroom and bachelor/studio type units. To continue to apply the small unit rate to units having an area up to 70m² (750 sq. ft.) current building permit applications would serve to further increase the foregone DC revenue that is required to fund growth related capital infrastructure for new residents.

Introduction of a 4 Year (48 Month) Life Span for Demolition Credits

The City of Mississauga is one of a few municipalities in the GTA that does not currently have a specific time limit for the recognition of demolition credits. Currently, the City provides a demolition credit for all structures that have been demolished since 1991.

In other municipalities demolition credits expire within 3 years to 10 years, depending on the type of development. Both the City of Brampton and the Region of Peel recognize the demolition of buildings or structures that have occurred since 1991 and those credits can be applied to a future redevelopment to reduce the value of the development charges payable. The Peel School Boards have a 3 year residential and 10 year non-residential time limit for the recognition of demolition credits. The Towns of Clarington and Oakville have a 5 year limit for either type of development and both the City of

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Markham and Vaughan have a 4 year (48 month) time limit for demolition credits.

It is recommended that the City of Mississauga establish a 4 year (48 month) time limit for the recognition of demolition credits based on municipal best practices in Ontario and to promote land redevelopment within a reasonable period of time.

Definition of Apartment – amended to delete reference to Multiple Horizontal Dwelling

The definition of an apartment in the City's current development charges by-law includes a Multiple Horizontal Dwelling. The inclusion was based on the definition of a Multiple Horizontal Dwelling in the City's former Zoning By-law 5500, which provided that access to all units must be provided from a common corridor at ground level only. This definition was similar to that of an apartment and as a result Multiple Horizontal Dwellings were included in the apartment definition of the DC by-law. The City's current Zoning By-law 0225-2007 amended the definition of Horizontal Multiple Dwelling to delete the requirement for a shared entrance at ground level and instead each unit is now permitted to have an independent entrance. As a result, many builders are building Horizontal Multiple Dwellings, which are commonly referred to as stack townhouses and are paying the apartment rate and not the "other residential" rate, which includes townhouses.

Staff were not aware of the change that was made to the definition in the Zoning By-law at the time the City's 2009 DC By-law was prepared and the oversight has relatively recently come to light due to an increasing number of building permit applications for multiple horizontal dwellings. The Region of Peel's development charge by-law does not include multiple horizontal dwellings in its apartment definition. Units having an area of 60m² (645 sq. ft.) or less will pay the small unit DC rate.

FINANCIAL IMPACT: To continue the uninterrupted collection of development charges, a 2014 Development Charges By-law must be approved before the 2009 Development Charges By-law expires on November 11, 2014.

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No transitional rate provisions are being recommended by staff as it would serve to reduce the total amount of DC revenues collectible in 2014 for the purpose of constructing growth related capital infrastructure.

The following tables provide a summary of the proposed rates in the 2014 Background Study for residential and non-residential development charges:

Summary of Residential DC Rates Proposed in the 2014 DC Background Study

Service	Residential DC Rate (1)		
	Small Units	Apartment	Other Residential
General Government	\$ 95.69	\$ 140.20	\$ 211.28
Library	\$ 452.53	\$ 663.02	\$ 999.12
Fire	\$ 852.19	\$ 1,248.59	\$ 1,881.52
Recreation	\$ 4,358.37	\$ 6,385.68	\$ 9,622.68
Transit	\$ 685.71	\$ 1,004.68	\$ 1,513.97
Public Works	\$ 272.82	\$ 399.72	\$ 602.34
Parking	\$ 130.58	\$ 191.32	\$ 288.30
LAC Debt	\$ 67.16	\$ 98.39	\$ 148.27
Roads	\$ 4,910.90	\$ 7,195.23	\$ 10,842.61
Total 2014 Proposed Charge Per Unit	\$ 11,825.95	\$ 17,326.83	\$ 26,110.09
(1) Based on Persons per Unit of:	1.58	2.31	3.48

Current DC Rates	\$ 6,777.04	\$ 13,030.81	\$ 16,931.05
Percentage Change	74.5%	33.0%	54.2%

Summary of Non-Residential DC Rates Proposed in the 2014 DC Background Study

	Single Uniform Non-Residential Rate		Current Rates valid until Passage of New DC By-law		% Change
	(/m ²)	(/sq. ft.)	(/m ²)	(/sq. ft.)	
Non-Industrial	\$ 89.76	\$ 8.34	\$ 67.89	\$ 6.31	32.2%
Industrial	\$ 89.76	\$ 8.34	\$ 55.20	\$ 5.13	62.6%

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CONCLUSION:

As part of the legislated requirements set out in the *Development Charges Act, 1997* a public meeting must be held prior to the passage of a new development charge by-law. The City will have met this requirement following the development charges public meeting which is to be held in the Council Chamber on May 14th 2014.

Feedback received as part of the public meeting will be consolidated and a report will be prepared in response to issues raised. This report will be presented to Council on June 11, 2014 prior to the consideration of the 2014 Development Charges Background Study and 2014 Development Charge By-law.

ATTACHMENTS:

Appendix 1: Stakeholder Engagement Members

Appendix 2: Correspondence from Erin Mills Development and Orlando Corporation



Gary Kent

Commissioner of Corporate Services and Chief Financial Officer

Prepared By: Susan Cunningham, Senior Policy Analyst

UB-1(chh)

Members of Development Charges Stakeholders Group Appendix 1
Building Industry Representatives

Full Name	Company
Frank DaSilva	Amacon
David Hunwicks	Amacon
Fabio J. Mazzocco	Argo Development Corporation
Wayne Barrett	Barrett Architect Inc.
Alana De Gasperis	Building Industry and Land Development Association (BILD)
Paula Tenuta	Building Industry and Land Development Association (BILD)
Remo Agostino	Daniels Corporation
Alvaro DiBlasio	DiBlasio Corporation
Frank Gasbarre	Erin Mills Development Corporation
Travis Nolan	FRAM Building Group
Robert Howe	Goodmans
Dennis Teodoro	Great Gulf Homes
Michael Crabtree	J.D. Rogers and Associates
Sheldon Leiba	Mississauga Board of Trade
Blair Wolk	Orlando Corporation
Mark Bales	Pinnacle International
Kelly des Tombe	Pinnacle International
Don Meola	Pinnacle International
Gabriel Haz	RAND Engineering -For Argo Developments
John Anderton	Rogers Real Estate
Mark Reeve	Urban Capital Property Group

City of Mississauga Development Charges Steering Committee

Name	Business Title
Patti Elliott-Spencer	Director, Finance & Treasurer
Raj Sheth	Director, Facilities & Property Management
Andy Harvey	Director, Engineering & Construction
Wendy Alexander	Director, Transportation and Infrastructure Planning
Laura Piette	Director, Parks and Forestry
Howie Dayton	Director, Recreation
Rose Vespa	Director, Library Services
Heather A MacDonald	Director, Policy Planning
Kevin Duffy	Deputy Chief, Emergency Mgmt., Prevention, Fleet, Finance & Facilities
Geoff Wright	Director, Transportation Project Office & Business Services
Geoff Marinoff	Director, Transit
Mary Ellen Bench	City Solicitor
Kelly Yerxa	Deputy City Solicitor

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Appendix 2



THE ERIN MILLS DEVELOPMENT CORPORATION

April 22, 2014

VIA EMAIL

Susan Cunningham
DC Project Co-ordinator, Finance
City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Dear Susan,

**Re: City of Mississauga
2014 Development Charges Study
March 24th, 2014**

Further to the 2014 Development Charges Study Stakeholder's Meeting held on Monday March 24th, 2014, we have reviewed the material distributed at the meeting and have the following comments:

Single Non-Residential

One of the comments in the March 24th, 2014 presentation made by Staff was that "**there isn't much industrial development remaining**" in the City of Mississauga. Granted this may be true, but for decades, The Erin Mills Development Corporation along with other large industrial developers have been developing industrial business parks and contributing to the industrial tax base in the City of Mississauga.

Each of our industrial business parks are planned on paper, on the sites and on the balance sheet. The proposed increases were never envisioned, especially at the time these developments were given the approvals to proceed.

The buildings in our industrial parks are "industrial" as defined in the current Development Charges By-law. To simply lump industrial in with office and commercial is unfair.

RECOMMENDATION: If there are so few industrial lands remaining, allow projects that are currently in the site plan process to be completed under the present development charge by-law.

Section 14 Credits: Residential and Industrial

There was no mention of how existing credits were to be handled under the new Development Charges By-law. Will the Section 14 Credits continue to be assigned to "land" and carried over to the new by-law? What will happen to existing buildings where development charges are secured by Letters of Credit, ie: difference between industrial vs non-industrial and the 36 month occupancy period?

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Appendix 2



RECOMMENDATION: Allow projects which are in the system to be completed under the current development charge by-law.

Transitional Period

There was no mention of a Transitional Period (or Grandfather Clauses) as part of the new By-law. How do projects proceed which are currently under site plan review or which have received site plan approval or where building permits are being applied or have been applied for? These projects should be developed under the current by-law. As stated above, these are projects which have been planned and may have secured offers to lease which may now be in jeopardy.

RECOMMENDATION: All Developments residential, commercial or industrial which have commenced under the current by-law and are at the site plan and building permit stage should be allowed to be completed under the current by-law.

Reduction in Size of Small Apartment Units 70 sq.m. => 60 sq.m.

The site plan process is a lengthy one as you know. Projects currently under site plan review can be in the queue for a number of years. Unit sizes were designed based on criteria in place at that time. Changing the area of a "small unit" has serious design implications and these applications should be permitted to be constructed under the existing by-law. The change from 70 m2 to 60 m2 can be adjusted at the initial design stage however it is much more difficult once structural, mechanical, plans etc. have been prepared.

RECOMMENDATION: The New Development Charges By-law should apply to NEW development applications and not those that are nearing the final approval stage.

Yours very truly,
THE ERIN MILLS DEVELOPMENT CORPORATION

F. Gasbarre

cc: Mayor McCallion

Councillor Tovey, Ward 1
Councillor Mullin, Ward 2
Councillor Fonseca, Ward 3
Councillor Dale, Ward 4
Councillor Crombie, Ward 5
Councillor Starr, Ward 6

Councillor Iannicca, Ward 7
Councillor Mahoney, Ward 8
Councillor Saito, Ward 9
Councillor McFadden, Ward 10
Councillor Carlson, Ward 11

UB-1(KK)

Appendix 2

**ORLANDO CORPORATION**

6205 Airport Road, Mississauga, Ontario L4V 1E3 Telephone: (905) 677-5480 Fax: (905) 677-2824

April 24, 2014

via e-mail: susan.cunningham@mississauga.ca

City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Attention: Susan Cunningham, DC Project Co-ordinator, Finance

Re: 2014 Development Charge Policy Proposal

Thank you for the opportunity to participate in the City of Mississauga's Development Charge Stakeholder's meeting on March 24, 2014. We have had a chance to go back over the presentation material and wish to provide feedback on the direction staff have taken with respect to two policy changes presented.

Generally speaking, the spirit of our comments is in the context of the intent of the Development Charges Act. The Act says a Municipality may "impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development". The fundamental principal of the *increased needs for service* are especially important when considering policy changes that effect the competitiveness of certain types of development and whether that change is fair and reasonable in that context.

The City of Mississauga presented two policy changes during the March 24th meeting which offends the intent of the Act, namely, the merging of the industrial and non-industrial DC rate and the introduction of a sunset period for development charge credits resulting from demolition of an existing, serviced property. We are of the opinion that these two changes are neither fair nor reasonable.

Merging of the Industrial and Non-Industrial Development Charge

While the Act does not prescribe how to treat different types of development, it is reasonable to assume there are differing needs for services depending on the type or use of that development. Changing this policy to a blended rate effectively means the City is assuming there is the same level of service required whether it is for one square foot of office, one square foot of retail or one square foot of an industrial building. However, we know each square foot of each of these developments has different service requirements.

Canada's Premier Landlord of Industrial & Commercial Properties

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Appendix 2

City of Mississauga – 2014 Development Charges Policy Proposal
April 24, 2014
Page 2



For example, an office building on average can have anywhere from 200-300 sq. ft. per employee. Whereas new industrial buildings being built in the City of Mississauga are predominantly warehouse-distribution centres with a ratio of anywhere from 1,000-10,000 sq. ft. per employee. A retail centre will have differing ratio's falling somewhere between the two. Clearly, each of these uses will have different service needs.

This is no different than creating different housing categories to collect DC's based on the number of people generally occupying a unit type. Apartments pay less than single family homes. Similarly, lower density non-residential uses should have a lower charge per square foot of development than a higher density use.

As such, the proposed policy change of charging the same rate per sq. ft. for all types of non-residential growth is neither fair nor reasonable and does not meet the requirements of the Act which is to charge development based on the additional need to service that growth.

Introduction of Demolition Credit Sunset Period

Using the same analogy of the increased need for service, applying a development charge against replacement GFA, if it is a similar type of development, is neither fair nor reasonable regardless of the timeframe because there is no additional servicing required. It is understandable that given the ever increasing cost to create additional capacity, a municipality would want to utilize existing capacity prior to paying for new capacity. However, there are several issues that need to be considered prior to implementing this policy change.

Whether a building is being demolished for public safety reasons or if it is part of a larger, long-term cleanup strategy, a new building will only be built once there is market demand to support it. For example, Orlando started a three year rehabilitation program of the Streetsville quarry in 2005. Our first building permit could only be issued upon completion of the clean-up works. Given the market conditions in the early part of 2008, our first building permit was issued that year. However, if we had started the clean-up in 2006 and completed in 2009, we would have likely only pulled a permit in 2010 or later given the economic conditions during this time period.

Under this scenario, and given the proposed policy change, the demolition credit would have expired prior to utilizing it for replacement growth.

It is neither fair nor reasonable to burden these types of development with a sunset to the demolition credit. Rather the municipality should be creating incentives to promote more infill or brownfield work to better utilize existing infrastructure.

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Appendix 2

City of Mississauga – 2014 Development Charges Policy Proposal
April 24, 2014
Page 3



Given the aforementioned comments, it is our respectful submission the City of Mississauga reconsiders its proposed policy changes and maintain status quo with respect to the existing development charge policy framework for these two items.

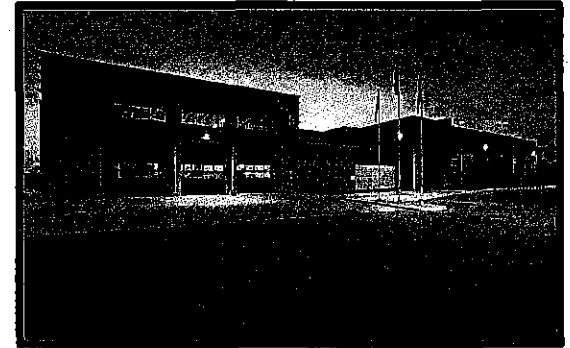
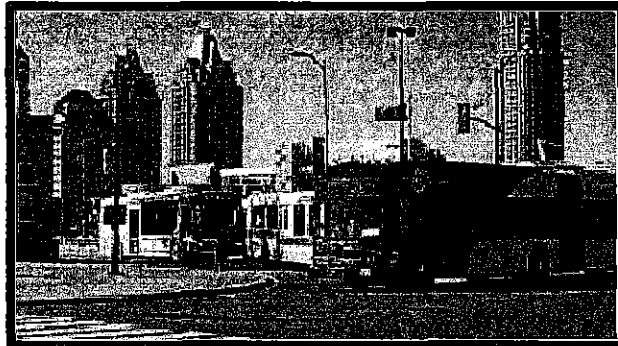
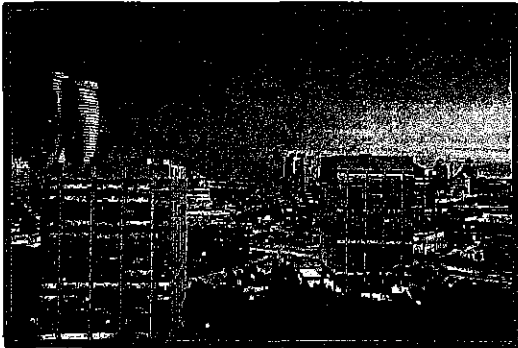
Yours truly,

ORLANDO CORPORATION

Blair Wolk, MBA, P.Eng.
Vice President

cc: Clerk's Office, City of Mississauga
Mayor and All Councillors, City of Mississauga
Patti Elliott- Spencer, City of Mississauga
John Murphy, City of Mississauga

City of Mississauga Development Charges Study Public Meeting



Wednesday, May 14th, 2014

HEMSON
Consulting Ltd.

 **MISSISSAUGA**
Leading today for tomorrow

UB-1 (en)

Study Context

- DC Study initiated in July 2013
- 3 meetings held with stakeholders to date
- 1 education session with Council
- 2014 DC background study and by-law released on April 29
- DC Background Study and by-law to Council for approval on June 11

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Services Included in DC Study

100% Cost Recovery

- Fire
- Roads
- Stormwater Management

90% Cost Recovery

- General Government (Studies)
- Library
- Recreation
- Transit
- Public Works
- Parking
- LAC Debt

Development Forecast

- DC forecast based upon Council-approved “Long-Range Forecasts, 2011-2051”
 - Consistent with Schedule 3 of Amendment 2 to *Growth Plan*
- DC forecast follows the “Steady” growth scenario
 - Scenario based on achieving higher intensification within the Region and greater shares of the GTAH high density residential and office markets

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Development Forecast

	2014-2023 Growth	2014-2041 Growth
Census Population	39,700	121,500
Dwelling Units		
Ground-related	4,400	11,600
Apartments	<u>14,100</u>	<u>38,300</u>
Total Units	18,500	49,900
Employment	46,700	90,900
Non-Res. Building Space		
Population-Related	717,700	1,425,300
Major Office	709,200	1,454,300
Employment Land	<u>890,400</u>	<u>1,276,800</u>
Total Square Metres	2,317,300	4,156,400

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\$222 Million Will Be Recovered Through DCs for Fire & Soft Services

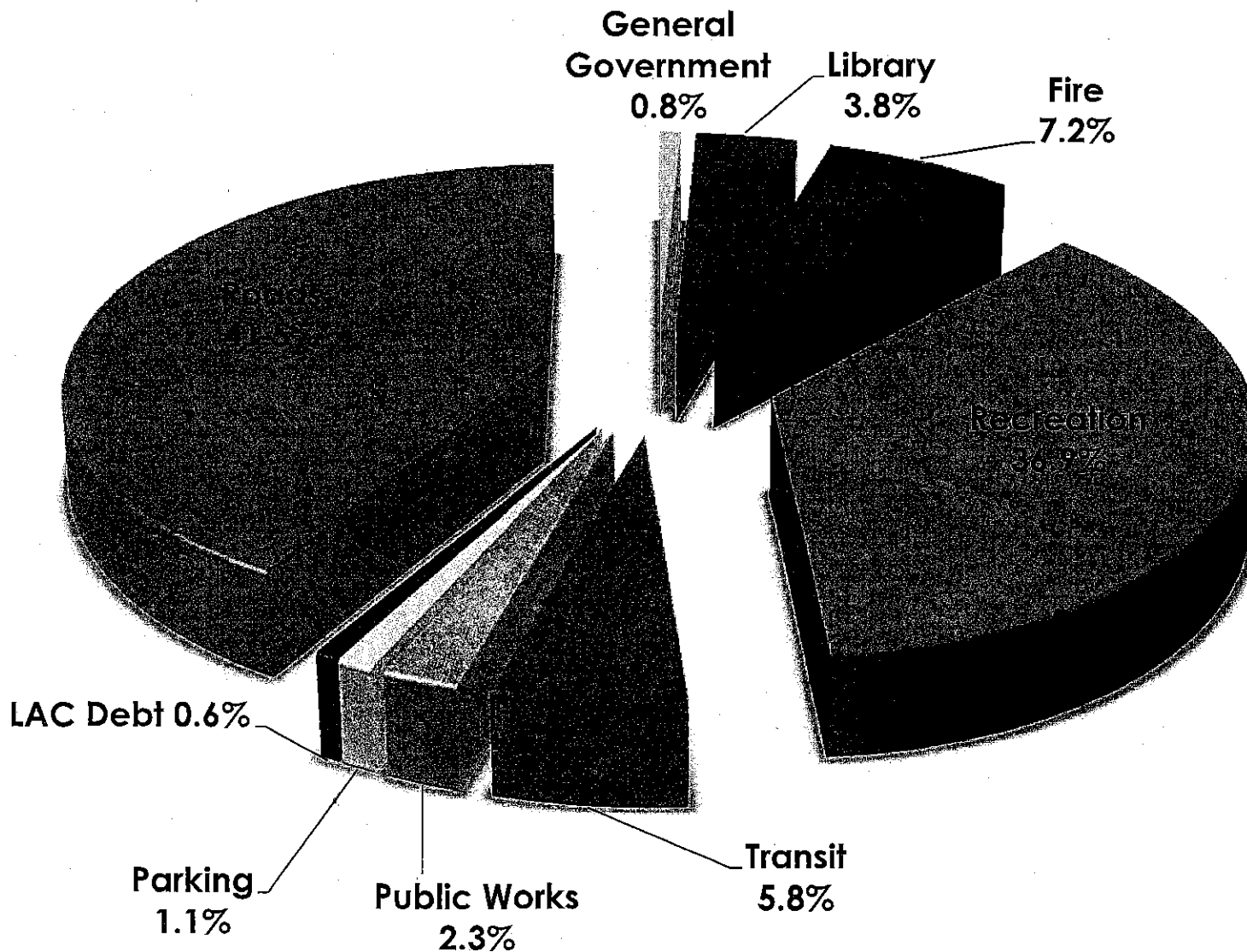
Total Gross Cost (\$millions)	\$ 327.6
Less: Grants & Subsidies	\$ 13.1
Less: Benefit to Existing Share	\$ 19.7
Less: 10% Discount	\$ 25.3
Less: Available Reserve Funds	\$ 15.6
Less: Post-2023 Benefit	<u>\$ 31.7</u>
DC Eligible Share	\$ 222.2

UB-1(CSS)

\$765 Million Will Be Recovered Through DCs for Roads & Storm

Total Gross Cost (\$millions)	\$1,246.4
Less: Developer Contributions	\$ 23.4
Less: Benefit to Existing Share	\$ 363.0
Less: 10% Discount	\$ 0.0
Less: Available Reserve Funds	\$ 94.7
Less: Post-2041 Benefit	<u>\$ 0.0</u>
DC Eligible Share	\$ 765.3

Calculated Residential Charge



Small Unit
\$11,826

Apartments
\$17,327

Other
Residential
\$26,110

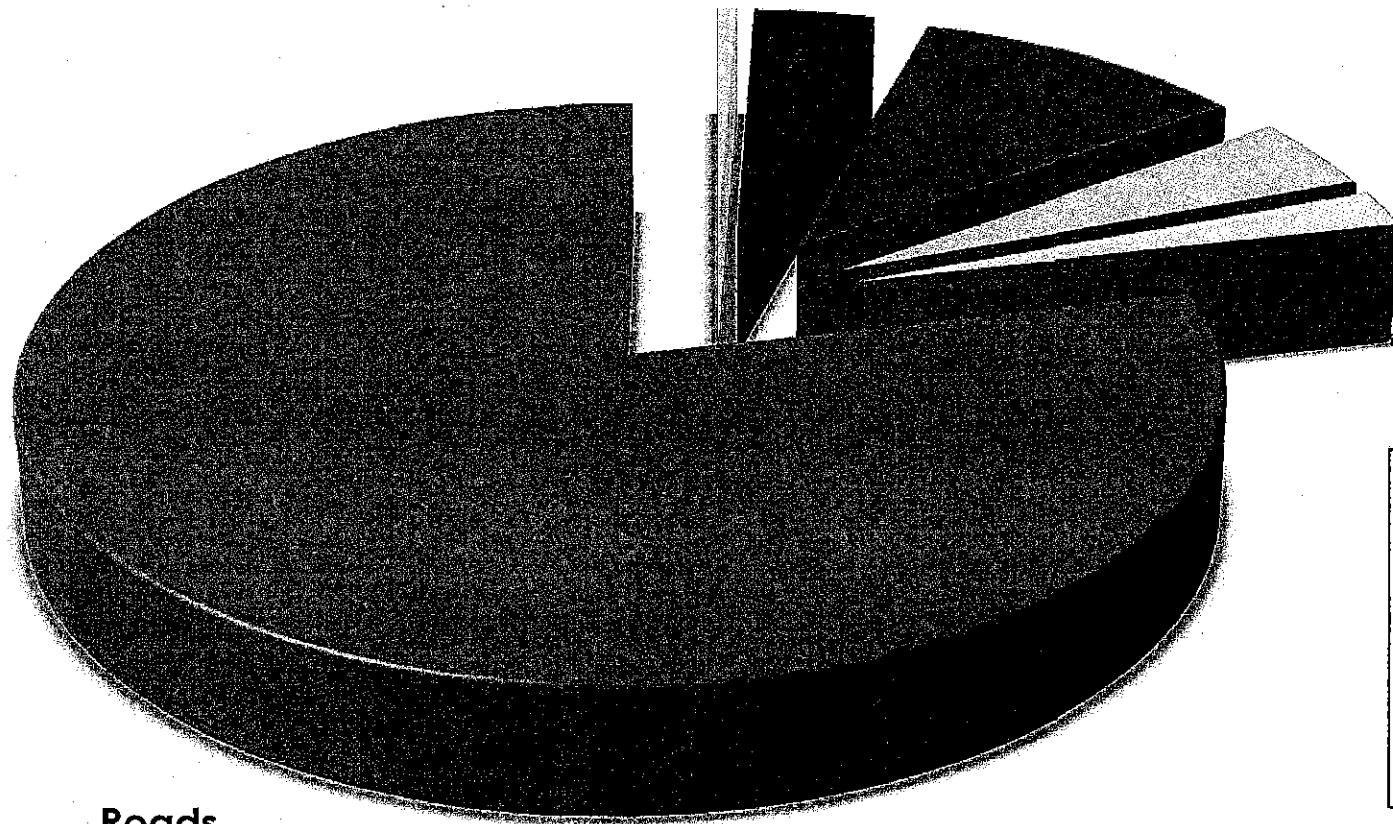
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Calculated Non-Residential Charge

General Government 0.6%
Fire 3.8%
Transit 10.7%
Public Works 4.2%

Parking
2.0%



Roads
78.7%

Non-Residential
Charge per
Square Metre

\$89.76

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Calculated Development Charges

Development Type	Calculated Charge	Current Charge	\$ Change	% Change
Residential (per unit)				
Small Unit	\$11,826	\$6,777	\$5,049	75%
Apartments	\$17,327	\$13,031	\$4,296	33%
Other Residential	\$26,110	\$16,931	\$9,179	54%
Non-Residential (per square metre)				
Non-Industrial*	\$89.76	\$67.89	\$21.87	32%
Industrial*	\$89.76	\$55.20	\$34.56	63%
Storm Water Management (per ha)	\$89,314	\$80,985	\$8,329	10%

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*A uniform non-residential rate has been calculated

HEMSON

Factors Affecting Rate Increases

- Higher service levels
 - Continued investment in refurbishment of existing facilities using non-DC revenues
 - Leads to higher funding envelopes
- Robust roads capital program:
 - Higher construction costs
 - Additional infrastructure requirements
- Alternate service level methodology
- Changes in household occupancy factors

Moving Towards a Uniform Non-Residential Charge

- Advantages of a uniform rate:
 - Results in a lesser rate increase for major office development
 - Will eliminate interpretation challenges related to claims being “industrial” vs. non-industrial
- Objections to a uniform rate:
 - City has a history of a differentiated non-residential charge
 - The industrial development stakeholders have raised concerns over policy change
- Each scenario is revenue neutral to the City

UB-16yy

Major Policy Changes

- Movement to a single non-residential rate
- Reduction in the size qualifying for the small unit rate
 - Change from 70m² to 60m² (750 sq. ft. to 645 sq. ft.)
- Horizontal multiple dwellings removed from definition of “Apartment”
- Demolition credits limited to a 48 month life span (4 years)

Major Policy Changes

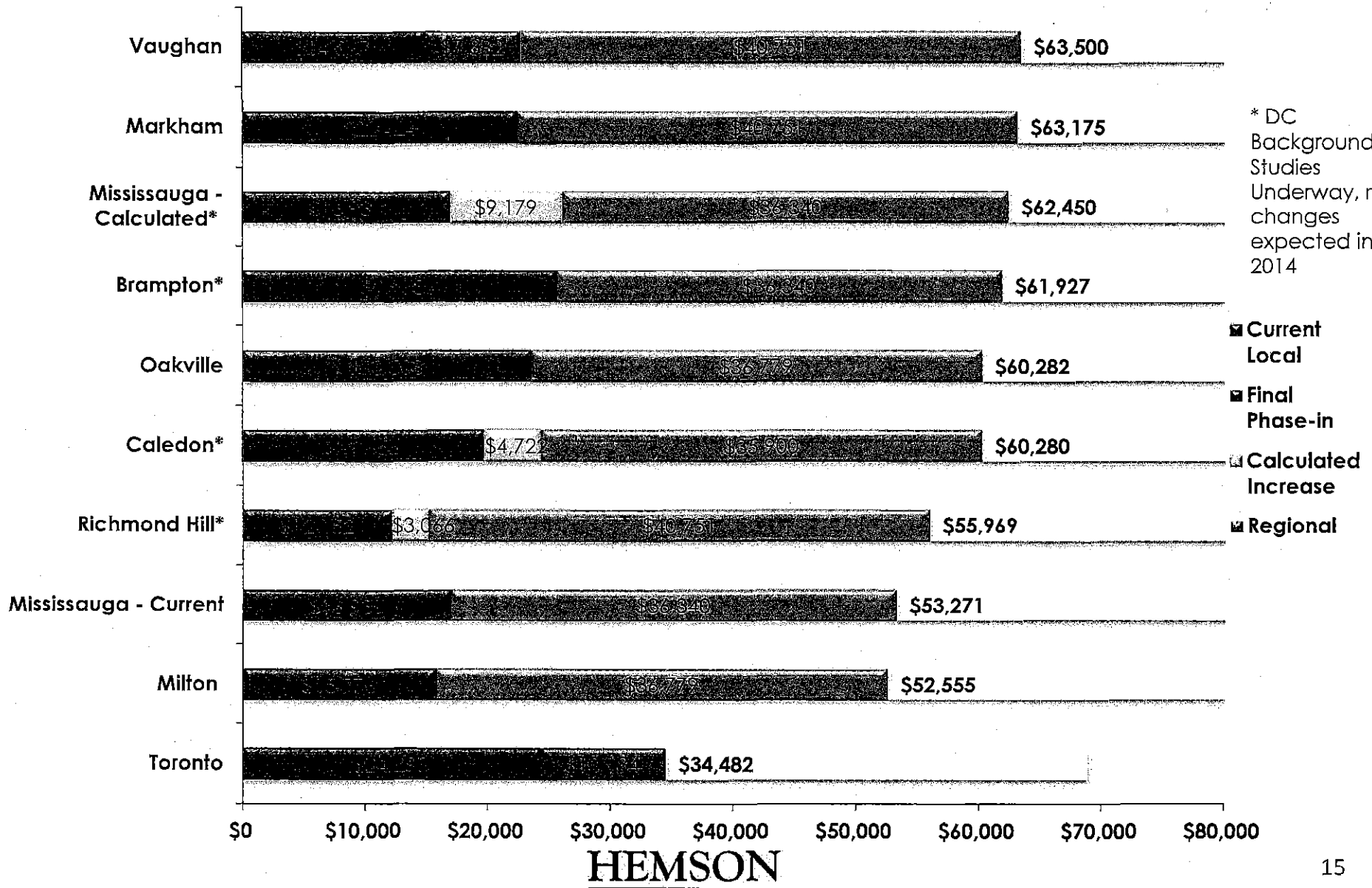
- New rates to take effect on June 12, 2014
- New residential construction including purpose built secondary units qualify for small unit rate
- Remove deferral for the payment of the City portion of DC's at the foundation to roof permit stage
- Mechanism to trigger DC Study Review

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Minor Policy Changes

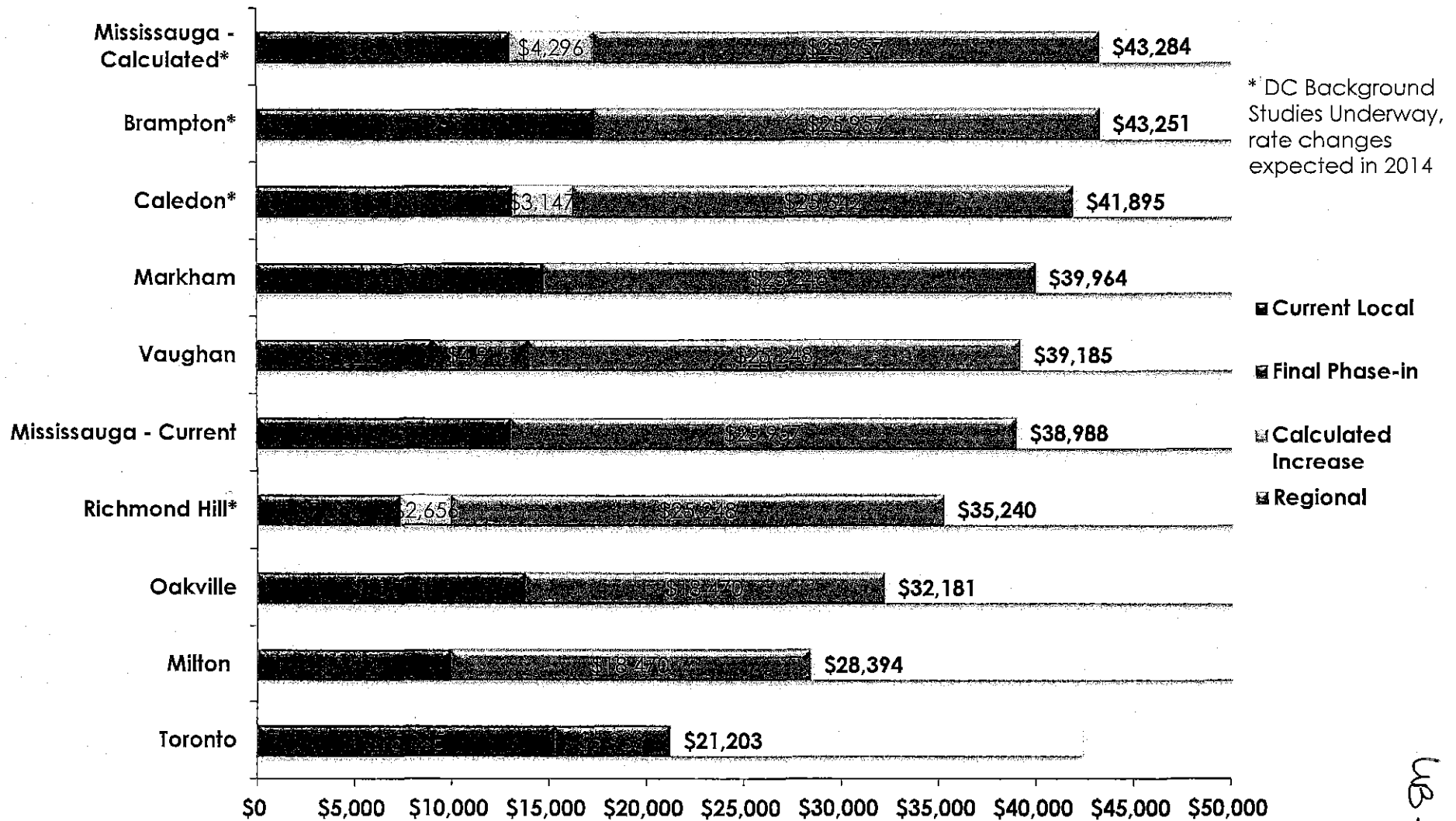
- Definition of “Agricultural Use” will exclude the cultivation of medical marihuana
- Property previously owned by DC exempt entities shall be required to pay DC’s when redeveloped for a new use
- Inclusion of “hotel and motel” in the definition of non-industrial

DC Rate Comparison: Single & Semi-Detached Units



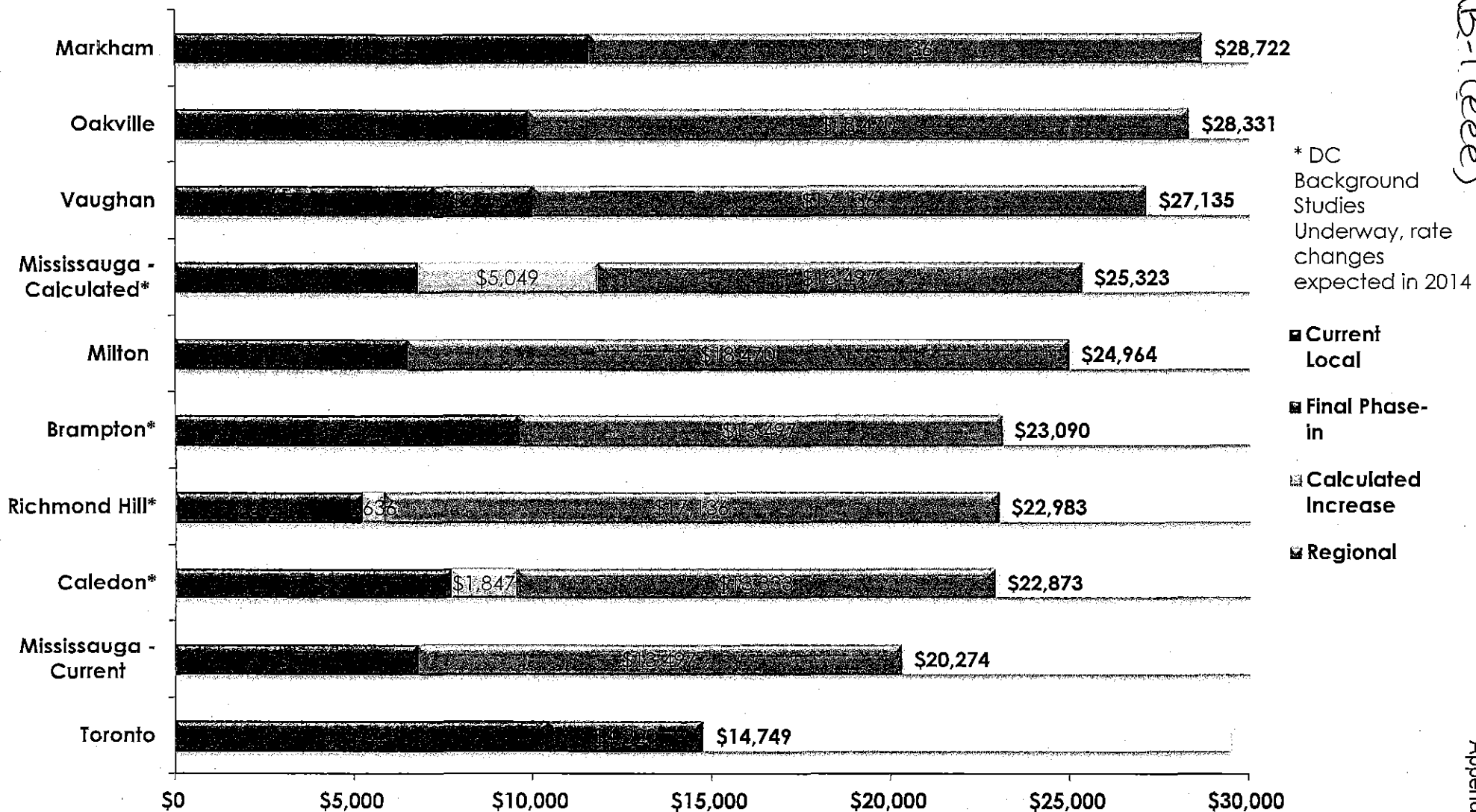
UB-1(ccc)

DC Rate Comparison: Large Apartments



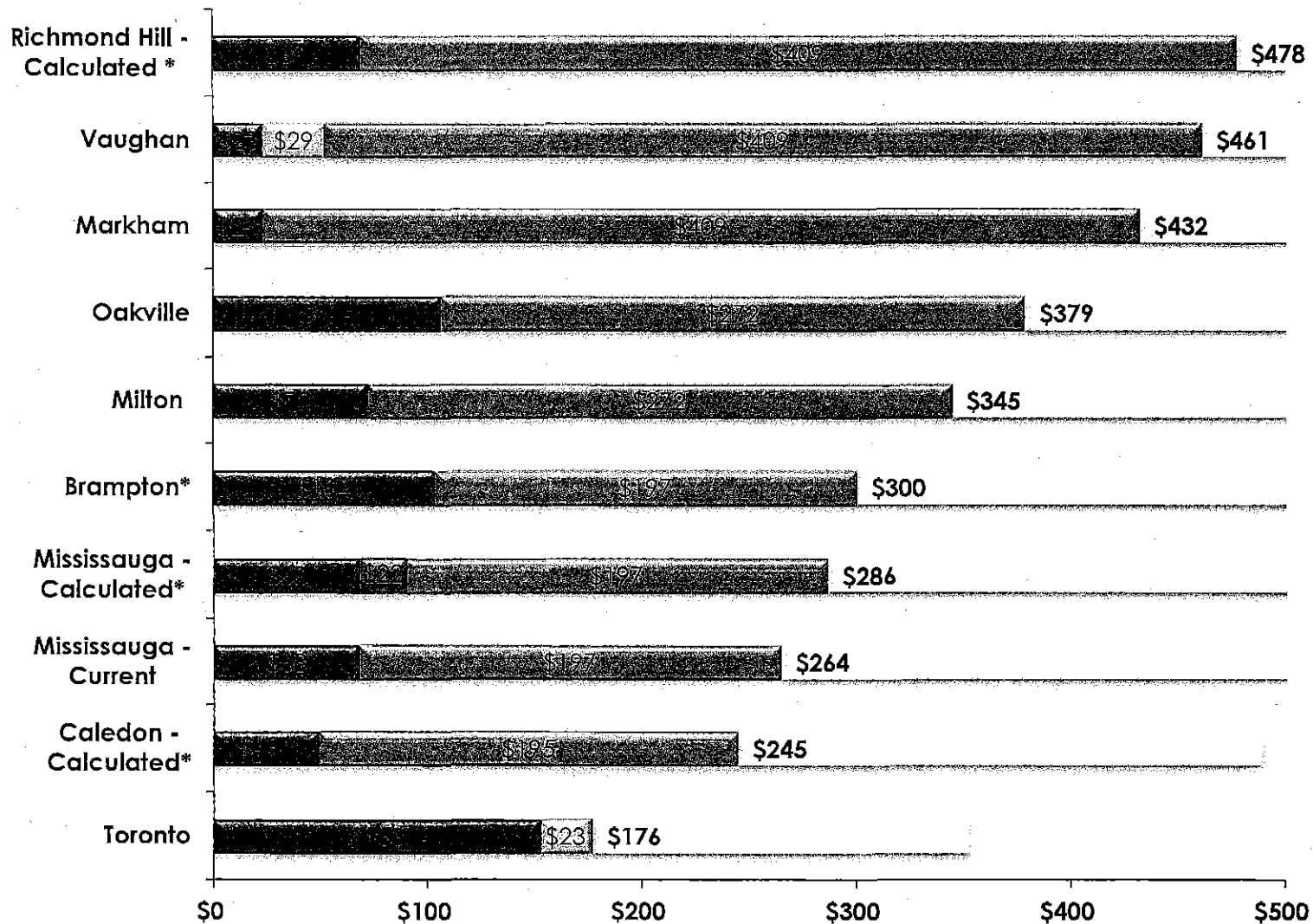
HEMSON

DC Rate Comparison: Small Apartments



HEMSON

DC Rate Comparison: Non-Industrial



* DC Background Studies Underway, rate changes expected in 2014

■ Local

■ Final Phase-in

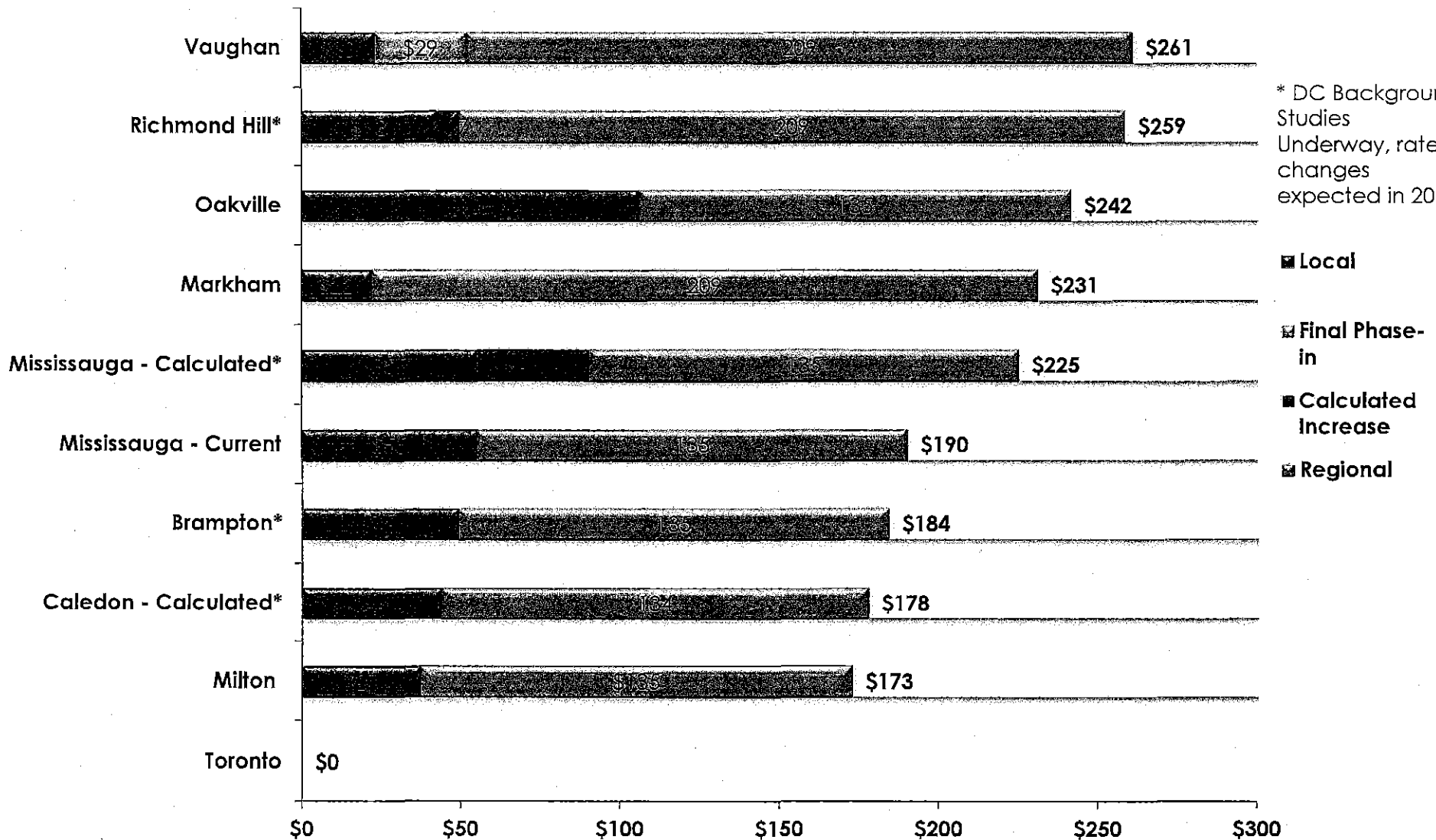
■ Calculated Increase

■ Region

HEMSON

UB-1 (444)

DC Rate Comparison: Industrial



HEMSON

UB-14999

Timelines

- Continued dialogue with stakeholders
- June 11 – DC Study and by-law to Council for approval
- July 21 – Last day to appeal DC by-law

HEMSON

QUESTIONS?

UB-1(c)(1)



BUILDING A GREATER GTA
Building Industry and Land
Development Association

UB-1(jjj)

December 4, 2013

Janice M. Baker FCPA, FCA
Chief Administrative Officer
City of Mississauga
300 City Centre Drive
Mississauga, ON
L6Y 4S2

Dear Ms. Baker,

Re: 2014 City of Mississauga Development Charges Background Study

The Building Industry and Land Development Association (BILD) understands that the City of Mississauga has commenced its review of Development Charges By-law 0342-2009. Although set to expire on November 11, 2014, the City has advanced the 2014 DC update for approval by Council in June 2014, due to the upcoming municipal election.

As interested and affected stakeholders, we look forward to being engaged and formally consulted in the DC review process and offer the following comments:

BILD acknowledges that the City of Mississauga has retained Hemson Consulting as the consultant to produce the background study for the upcoming review of the current development charges background study. As you are aware, BILD has appealed the City of Mississauga's current DC By-law (2009), in addition to several Greater Toronto Area development charges by-laws that adopted the new methodology employed by Hemson Consulting, which uses gross population to calculate development charge rates.

In a decision of the Ontario Municipal Board (OMB) in 2010 regarding a development charge by-law proposed by the Town of Orangeville, in respect of which a motion for leave to appeal was dismissed by the Divisional Court, the appropriateness of the gross population methodology to calculate soft service development charges was assessed. In the Orangeville case, the Board, (confirmed by the Court), decided that a methodology calculating development charge eligible costs using estimates of the gross population in new units does not conform to three separate provisions in the Development Charges Act, namely section 2(1), section 5(1)4 and section 5(1)5. The Board held that the use of estimates of the net increase in population in the municipality to calculate soft service development charge does conform to the requirements of the Act.

Given the strength of this precedent and the fact that this methodology is currently being contested at the OMB, BILD formally requests that the City of Mississauga refrain from using a methodology which uses gross population to calculate development charges, or any related alternative-hybrid. The legal precedent and the DC Act clearly states that the net methodology is the appropriate methodology



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UB-1(KKK)

to calculate the development charge. In the spirit of transparency, any deviation from the net methodology will be met with the potential for an appeal to the OMB, which would be mutually unfortunate and not in our collective benefit. As such, **BILD requests that the City direct Hemson Consulting to use the net methodology in the City's upcoming review development charges background study.**

Once again, we trust that we will be participating in the development charge review process and all discussions with staff, in order to reach a mutually agreeable development charges framework that benefits the City and its existing and future residents.

Please feel free to contact the undersigned should you have any comments or questions.

Sincerely,

Paula J. Tenuta, MCIP, RPP
Vice President, Policy & Government Relations

Cc: Susan Cunningham, Senior Policy Analyst, City of Mississauga
Robert D. Howe, Goodmans LLP
Darren Steedman, BILD Peel Chapter Chair

UB-1(ell)



THE ERIN MILLS DEVELOPMENT CORPORATION

April 22, 2014

VIA EMAIL

Susan Cunningham
DC Project Co-ordinator, Finance
City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Dear Susan,

Re: **City of Mississauga**
2014 Development Charges Study
March 24th, 2014

Further to the 2014 Development Charges Study Stakeholder's Meeting held on Monday March 24th, 2014, we have reviewed the material distributed at the meeting and have the following comments:

Single Non-Residential

One of the comments in the March 24th, 2014 presentation made by Staff was that "**there isn't much industrial development remaining**" in the City of Mississauga. Granted this may be true, but for decades, The Erin Mills Development Corporation along with other large industrial developers have been developing industrial business parks and contributing to the industrial tax base in the City of Mississauga.

Each of our industrial business parks are planned on paper, on the sites and on the balance sheet. The proposed increases were never envisioned, especially at the time these developments were given the approvals to proceed.

The buildings in our industrial parks are "industrial" as defined in the current Development Charges By-law. To simply lump industrial in with office and commercial is unfair.

RECOMMENDATION: If there are so few industrial lands remaining, allow projects that are currently in the site plan process to be completed under the present development charge by-law.

Section 14 Credits: Residential and Industrial

There was no mention of how existing credits were to be handled under the new Development Charges By-law. Will the Section 14 Credits continue to be assigned to "land" and carried over to the new by-law? What will happen to existing buildings where development charges are secured by Letters of Credit, ie: difference between industrial vs non-industrial and the 36 month occupancy period?

UB-1 (mm)



RECOMMENDATION: Allow projects which are in the system to be completed under the current development charge by-law.

Transitional Period

There was no mention of a Transitional Period (or Grandfather Clauses) as part of the new By-law. How do projects proceed which are currently under site plan review or which have received site plan approval or where building permits are being applied or have been applied for? These projects should be developed under the current by-law. As stated above, these are projects which have been planned and may have secured offers to lease which may now be in jeopardy.

RECOMMENDATION: All Developments residential, commercial or industrial which have commenced under the current by-law and are at the site plan and building permit stage should be allowed to be completed under the current by-law.

Reduction in Size of Small Apartment Units 70 sq.m. => 60 sq.m.

The site plan process is a lengthy one as you know. Projects currently under site plan review can be in the queue for a number of years. Unit sizes were designed based on criteria in place at that time. Changing the area of a "small unit" has serious design implications and these applications should be permitted to be constructed under the existing by-law. The change from 70 m2 to 60 m2 can be adjusted at the initial design stage however it is much more difficult once structural, mechanical, plans etc. have been prepared.

RECOMMENDATION: The New Development Charges By-law should apply to NEW development applications and not those that are nearing the final approval stage.

Yours very truly,

THE ERIN MILLS DEVELOPMENT CORPORATION

F. Gasbarre

cc: Mayor McCallion

Councillor Tovey, Ward 1

Councillor Mullin, Ward 2

Councillor Fonseca, Ward 3

Councillor Dale, Ward 4

Councillor Crombie, Ward 5

Councillor Starr, Ward 6

Councillor Iannicca, Ward 7

Councillor Mahoney, Ward 8

Councillor Saito, Ward 9

Councillor McFadden, Ward 10

Councilor Carlson, Ward 11

UB-1(cnnn)



ORLANDO CORPORATION

6205 Airport Road, Mississauga, Ontario L4V 1E3 Telephone: (905) 677-5480 Fax: (905) 677-2824

April 24, 2014

via e-mail: susan.cunningham@mississauga.ca

City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Attention: Susan Cunningham, DC Project Co-ordinator, Finance

Re: 2014 Development Charge Policy Proposal

Thank you for the opportunity to participate in the City of Mississauga's Development Charge Stakeholder's meeting on March 24, 2014. We have had a chance to go back over the presentation material and wish to provide feedback on the direction staff have taken with respect to two policy changes presented.

Generally speaking, the spirit of our comments is in the context of the intent of the Development Charges Act. The Act says a Municipality may "impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development". The fundamental principal of the *increased needs for service* are especially important when considering policy changes that effect the competitiveness of certain types of development and whether that change is fair and reasonable in that context.

The City of Mississauga presented two policy changes during the March 24th meeting which offends the intent of the Act, namely, the merging of the industrial and non-industrial DC rate and the introduction of a sunset period for development charge credits resulting from demolition of an existing, serviced property. We are of the opinion that these two changes are neither fair nor reasonable.

Merging of the Industrial and Non-Industrial Development Charge

While the Act does not prescribe how to treat different types of development, it is reasonable to assume there are differing needs for services depending on the type or use of that development. Changing this policy to a blended rate effectively means the City is assuming there is the same level of service required whether it is for one square foot of office, one square foot of retail or one square foot of an industrial building. However, we know each square foot of each of these developments has different service requirements.

UB-1(000)

City of Mississauga – 2014 Development Charges Policy Proposal
April 24, 2014
Page 2



For example, an office building on average can have anywhere from 200-300 sq. ft. per employee. Whereas new industrial buildings being built in the City of Mississauga are predominantly warehouse-distribution centres with a ratio of anywhere from 1,000-10,000 sq. ft. per employee. A retail centre will have differing ratio's falling somewhere between the two. Clearly, each of these uses will have different service needs.

This is no different than creating different housing categories to collect DC's based on the number of people generally occupying a unit type. Apartments pay less than single family homes. Similarly, lower density non-residential uses should have a lower charge per square foot of development than a higher density use.

As such, the proposed policy change of charging the same rate per sq. ft. for all types of non-residential growth is neither fair nor reasonable and does not meet the requirements of the Act which is to charge development based on the additional need to service that growth.

Introduction of Demolition Credit Sunset Period

Using the same analogy of the increased need for service, applying a development charge against replacement GFA, if it is a similar type of development, is neither fair nor reasonable regardless of the timeframe because there is no additional servicing required. It is understandable that given the ever increasing cost to create additional capacity, a municipality would want to utilize existing capacity prior to paying for new capacity. However, there are several issues that need to be considered prior to implementing this policy change.

Whether a building is being demolished for public safety reasons or if it is part of a larger, long-term cleanup strategy, a new building will only be built once there is market demand to support it. For example, Orlando started a three year rehabilitation program of the Streetsville quarry in 2005. Our first building permit could only be issued upon completion of the clean-up works. Given the market conditions in the early part of 2008, our first building permit was issued that year. However, if we had started the clean-up in 2006 and completed in 2009, we would have likely only pulled a permit in 2010 or later given the economic conditions during this time period.

Under this scenario, and given the proposed policy change, the demolition credit would have expired prior to utilizing it for replacement growth.

It is neither fair nor reasonable to burden these types of development with a sunset to the demolition credit. Rather the municipality should be creating incentives to promote more infill or brownfield work to better utilize existing infrastructure.

UB-1 (APP)

City of Mississauga – 2014 Development Charges Policy Proposal
April 24, 2014
Page 3



Given the aforementioned comments, it is our respectful submission the City of Mississauga reconsiders its proposed policy changes and maintain status quo with respect to the existing development charge policy framework for these two items.

Yours truly,

ORLANDO CORPORATION

Blair Wolk, MBA, P.Eng.
Vice President

cc: Clerk's Office, City of Mississauga
Mayor and All Councillors, City of Mississauga
Patti Elliott- Spencer, City of Mississauga
John Murphy, City of Mississauga



BUILDING A GREATER GTA
Building Industry and Land
Development Association

UB-1(999)

May 1, 2014

Janice M. Baker FCPA, FCA
Chief Administrative Officer
City of Mississauga
300 City Centre Drive
Mississauga, ON
L6Y 4S2

Dear Ms. Baker,

Re: 2014 City of Mississauga Development Charges By-law Review

On behalf of the Building Industry and Land Development Association (BILD) and members of the Peel Chapter, we appreciate having been given the opportunity to participate in the Development Charges Stakeholder Meetings and have a dialogue with staff regarding the 2014 City of Mississauga Development Charges By-law Review.

As a follow up to the City of Mississauga's Development Charges Study Stakeholder's Meeting #3 on April 25, 2014, BILD continues to have some serious concerns with the City's proposal. As interested and affected stakeholders, BILD would like to offer the following comments:

"Alternate" Soft Service Methodology:

BILD would like to reiterate its position that the proposed alternate methodology to calculate the soft service development charges using a combination of population and households is not reasonable or in conformity with the requirements of the *Development Charges Act* and regulations, or the decision of the Ontario Municipal Board in the *Town of Orangeville vs. Orangeville and District Home Builders' Association*. Library and Recreation Services are city-wide services available to all residents, of which the demand for these soft services is created by residents and not houses. Simply adding residents and houses together in the calculation, results in the use of an artificial number that does not result in a legitimate measure of need for service or level of service.

The effect of co-mingling residents and houses for the purposes of the calculation is to inflate the maximum allowable funding envelopes, and in turn increase the development charge, above that which would be calculated using the net increase in residents. That is the obvious purpose of the "alternate" methodology. In doing so, the calculation is not based on the actual increase in need for service. It does not appropriately account for excess capacity arising from the decline in population in existing housing, and it results in the development charge funding levels of service that exceed the legitimate 10-year historic average. These are all contrary to the decision of the Board and the Superior Court in the Orangeville case.

UB-1 (corr)



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Based on this information, **BILD does not support the “alternative” soft service methodology and requests that the calculation of the soft service development rates be revised by using a methodology that reflects the decision of the Ontario Municipal Board in the Town of Orangeville vs. Orangeville and District Home Builders’ Association.**

Traffic Adjustment Factor:

BILD does not support the use of a transit adjustment factor, as it is not supported by the *Development Charges Act*, which requires that the maximum allowable funding envelope does not exceed the 10-year average level of service. There does not appear to be sufficient information presented in the City’s DC Background Study to assess how Hemson reached a 33% adjustment factor. **BILD is requesting more information as to how the traffic adjustment factor was calculated.**

Merging of the Industrial and Non-Industrial Development Charge Rate:

The City has proposed to combine both the industrial and the non-industrial development charge to create one non-residential rate. The proposed policy change is assuming that the same level of service is required for all types of non-residential. This is clearly not the case, as every square foot of office, retail and industrial buildings has very different service requirements.

Considering that the Region of Peel has three separate categories for non-residential development (Industrial, Office and Other Non-Residential), and the City is trying to implement policy items to “align with the Region of Peel DC By-law” (as noted within the DC Stakeholder’s Meeting presentation – March 24, 2014), BILD is requesting proper justification from staff for this proposed policy change.

The proposed policy change of charging the same rate per sq. ft. for all types of non-residential growth has no reasonable justification and in BILD’s opinion, does not meet the requirements of the *Development Charges Act*, which is to charge development based on additional need to service that growth. **BILD is requesting that the City maintain the existing Non-residential Development Charge categories – Industrial and Non-Industrial.**

Introduction of Demolition Credit Sunset Period:

The City has proposed a policy change in that demolition credits should be limited to a 48 month life span (4 years). It is BILD’s opinion that applying a development charge against replacement GFA of a similar type of development is neither fair nor reasonable regardless of the time frame, as there is no additional servicing required for the development. The City should be creating incentives to promote more infill or brownfield redevelopment, rather than making it more difficult by adding financial risk to the developer. **BILD is requesting that the City maintain the existing policy as it relates to demolition credits.**



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Development Association

UB-1 (SSS)

Removal of Horizontal Multiple Dwellings from Definition of "Apartment":

The City has proposed a change in the DC policy, which removes horizontal multiple dwellings/stacked townhouses from the definition of "Apartment" in the DC By-law. BILD would like to reiterate that in prior discussions with the City of Toronto on the consideration of stacked/back-to-back townhouses in the "Apartments" definition, BILD referred to the City of Mississauga's current development charge categories as an example to follow. In that discussion, the argument was being put forward on the basis of density, referencing how Statistics Canada defines units. Extracting definitions of *row houses* and *apartments in buildings that have fewer than 5 storeys*, the persons per unit by unit type are based entirely on Statistics Canada's definition:

3. Row house – One or three or more dwellings joined side by side (or occasionally side to back), such as a town house or garden home, but not having any other dwellings either above it or below.

6. Apartment in a building that has fewer than five storeys – A dwelling unit attached to another dwelling units, commercial units, or other non-residential space in a building that has fewer than five storeys.

BILD is disappointed that the City has proposed this policy change, which changes the definition of horizontal multiple dwellings/stacked townhouses, as it is neither warranted nor supportable given the Statistics Canada definition. ***BILD is requesting that the City maintain the existing policy as it relates to the inclusion of horizontal multiple dwellings in the definition of "Apartment."***

Affordability:

The industry strongly believes that growth must pay for growth, but it is very important that Staff and Council understand how the increased development charge rates will impact future development in the City.

Although it was noted by Staff in Stakeholder Meeting #3 that no formal review of the economic impact of the increase in DC's was undertaken, BILD's members with projects in the ground strongly believe that the proposed increase in the DC's will have a significant impact on future affordability of new home ownership in the City. This is especially the case for the most "affordable" unit types (Apartments and Small Units) because generally, all government imposed costs incurred by developers are transferred on to the purchasers/future residents through the cost of a new home.

If the policy changes are adopted as is, it must also be made clear to Council that the policy changes have the potential to render many residential and non-residential development projects in the queue non-developable.

Additionally, the non-residential sector is already losing tenant interest, as a result of project delays due to uncertainties and the ability for the City to attract new companies to the area is effectively being diminished as a result of the proposed blended non-residential rate and the introduction of a sunset period for demolition credits.

UB-1 (C+++)



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Building Industry and Land
Development Association

DC Timeline, Transition & Enactment Date:

Considering the above concerns with the proposed DC policy and to acknowledge the development applications that are in process:

BILD respectfully requests a deferral of the consideration of the City's proposed DC by-law to a later Council date than the proposed June 11, 2014 date, so that additional time is granted to the industry to complete the review of BILD's issues and findings.

BILD respectfully requests that the enactment date of the 2014 DC by-law be the date in which the current DC by-law expires. The viability of the industry's projects depends on predictable DC update intervals and projects should not be negatively impacted because the by-law is being approved early as this is an election year. BILD understands the logic behind advancing the 2014 DC update as a result of the municipal election on October 27, 2014, but there is no reason why the DC By-law cannot be approved by Council prior to the summer, but take effect in November, after the expiry of the current DC by-law.

Lastly, BILD respectfully requests that reasonable transition provisions and grandfathering accompany the 2014 DC by-law. BILD firmly believes that applications currently under review should not be subjected to the proposed development charge increases, especially given the City's decision to advance the review of its development charges well before the timeframe required by the *Development Charges Act* and the magnitude of the proposed DC increase. We would be happy to discuss the terms of these provisions at an additional stakeholder meeting.

Concluding Remarks:

Moving forward, being your partners in building complete communities, BILD members are committed to working with staff and Council to reach a mutually agreeable development charges framework. We trust that you will take our comments under serious consideration.

Please feel free to contact the undersigned should you have any comments or questions.

Sincerely,

Paula J. Tenuta, MCIP, RPP
Vice President, Policy & Government Relations

Cc: Susan Cunningham, Senior Policy Analyst, City of Mississauga
Robert D. Howe, Goodmans LLP
Darren Steedman, BILD Peel Chapter Chair
Alana De Gasperis, BILD



BUILDING A GREATER GTA
Building Industry and Land
Development Association

May 13, 2014

Mayor McCallion and Members of Council
City of Mississauga
300 City Centre Drive
Mississauga, ON
L6Y 4S2

Dear Mayor McCallion and Members of Council,

Re: May 14th Public Meeting - City of Mississauga Development Charges By-law

The Building Industry and Land Development Association (BILD) submitted a detailed letter to City of Mississauga staff on May 1, 2014 outlining the industry's concerns with the City's development charge by-law proposal. It has been about two weeks and BILD and its member companies have not yet received a response back from staff on the matters contained within the May 1st letter (enclosed).

We at BILD always prefer to work through our consultation channels with municipal staff to create mutually beneficial outcomes and solutions, but it is unfortunate that City staff have not worked with BILD and its members to address any of the industry's concerns and issues.

As such, ***BILD respectfully requests a deferral of the consideration of the City's proposed DC by-law to a later Council date than the proposed June 11, 2014 date, so that additional time is granted to the industry to complete the review of BILD's issues and findings.***

BILD CONTESTS THE CITY OF MISSISSAUGA'S DEVELOPMENT CHARGE METHODOLOGY:

As you are aware, BILD has appealed the City of Mississauga's current DC By-law (2009), in addition to several Greater Toronto Area development charges by-laws that adopted the new methodology employed by Hemson Consulting, which uses gross population to calculate development charge rates.

Given the strength of the the *Town of Orangeville vs. Orangeville and District Home Builders' Association* Ontario Municipal Board (OMB) precedent and the fact that this methodology is currently being contested at the OMB, BILD had formally requested that the City of Mississauga refrain from using a methodology which uses gross population to calculate development charges, or any related alternative-hybrid (December 4, 2013 letter attached). The legal precedent and the *Development Charges Act* clearly state that the net methodology is the appropriate methodology to calculate the development charge.

In the spirit of transparency, any deviation from the net methodology will be met with an appeal to the OMB, which would be mutually unfortunate and not in our collective benefit. This is not BILD's preferred course of action, and as such, we hope Council will postpone the approval of the new development charge by-law to allow for additional time to discuss a fair resolution.



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Building Industry and Land
Development Association

UB-1(vvvv)

BILD'S OUTSTANDING ISSUES:

Once again, as noted within BILD's May 1st letter to the City, the industry remains significantly concerned with the following:

- Traffic Adjustment Factor;
- Merging of the Industrial and Non-Industrial Development Charge Rate;
- Introduction of Demolition Credit Sunset Period;
- Removal of Horizontal Multiple Dwellings from Definition of "Apartment";
- The impact of the proposed DC increases on future affordability of new home ownership in the City.

BILD recommends Council review these outstanding issues in detail in the enclosed May 1st BILD letter.

TRANSITION & ENACTMENT DATE OF THE BY-LAW:

BILD has requested that reasonable transition provisions and grandfathering accompany the 2014 DC by-law. BILD firmly believes that development applications currently under review should not be subjected to the proposed development charge increases, especially given the City's decision to advance the review of its development charges well before the timeframe required by the *Development Charges Act* and the magnitude of the proposed DC increase. BILD is requesting that Council consider implementing a reasonable DC transition.

BILD has requested that the enactment date of the 2014 DC by-law be the date in which the current DC by-law expires. The viability of the industry's development projects depends on predictable DC update intervals and projects should not be negatively impacted because the by-law is being approved early as this is an 'election year'. BILD understands the logic behind advancing the 2014 DC update as a result of the municipal election on October 27, 2014, but there is no reason why the DC By-law cannot be approved by Council, but take effect in November after the expiry of the current DC by-law.

We trust that you will take our comments under serious consideration. Please feel free to contact the undersigned should you have any comments or questions.

Sincerely,

Paula J. Tenuta, MCIP, RPP
Vice President, Policy & Government Relations

Cc: Janice M. Baker, Chief Administrative Officer, City of Mississauga
Patricia Elliott-Spencer, Director of Finance, City of Mississauga
Susan Cunningham, Senior Policy Analyst, City of Mississauga
Robert D. Howe, Goodmans LLP
Darren Steedman, BILD Peel Chapter Chair

UB-1 (www)

Daniels
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May 13, 2014

COUNCIL AGENDA

MAY 14 2014

Members of Council:

Re: Development Charges By-Law Review

The undersigned represent two significant landowners and developers of residential and mixed-use lands within the City of Mississauga.

Together, we currently employ hundreds of workers, tradespeople, professional consultants, residents and manufacturers whose livelihood is directly driven by the development sector.

We are writing to formally go on record as opposing the significant development charge increases to all development sectors.

The City has received a detailed communication from the industry's representative, BILD citing a number of issues with the methodologies used by City staff and their consultants to justify this significant increase.

Each of the undersigned have projects currently going through the approvals process that will be put into economic jeopardy, as the predictable development charge review process has seemingly been tossed aside. The City's Development Charge by-law does not expire until November 2014, yet City staff is looking to implement significant increases within the next month.

However, it is City Council that makes these decisions and not City staff.

We are respectfully requesting that Council defer this matter until September 2014, at the earliest, to allow us and the industry time to work with City staff to achieve viable increases.

We are direct drivers of economic development, City employment and growth. We request Council to continue to work with us, and not impose on us, rapid increases that will cause significant economic harm to the City and its development industry.

Respectfully submitted,

Marc Muzzo,
Pemberton Group

Mall Haggart,
The Daniels Corporation

Copy: Paula J. Tenuta/Darren Steedman, BILD
Patti Elliot-Spencer, Director of Finance, Mississauga

UB-1(xxx)

Oxford Properties Group
 Royal Bank Plaza, North Tower
 200 Bay Street, Suite 900
 Toronto, ON M5J 2J2

T/ 416 865-5359
 F/ 416 865-8307
 jfilipetti@oxfordproperties.com

May 16, 2014

Janice M. Baker FCPA, FCA
 Chief Administrative Officer
 City of Mississauga
 300 City Centre Drive
 Mississauga, ON
 L6Y 4S2

RE: 2014 City of Mississauga Development Charges By-law Review

Dear Ms. Baker,

On behalf of the owners of Square One and adjacent land, we would like to offer the following comments regarding the City's proposed Development Charges By-law.

"Alternate" Soft Service Methodology:

Oxford believes that the proposed alternate methodology to calculate the soft service development charges using a combination of population and households is not reasonable or in conformity with the requirements of the *Development Charges Act* and regulations, or the decision of the Ontario Municipal Board in the *Town of Orangeville vs. Orangeville and District Home Builders' Association*. Library and Recreation Services are city-wide services available to all residents, of which the demand for these soft services is created by residents and not houses. Simply adding residents and houses together in the calculation results in the use of an artificial number that does not provide a legitimate measure of need for service or level of service.

The effect of co-mingling residents and houses for the purposes of the calculation is to inflate the maximum allowable funding envelopes, and in turn increase the development charge, above that which would be calculated using the net increase in residents. In doing so, the calculation is not based on the actual increase in need for service. It does not appropriately account for excess capacity arising from the decline in population in existing housing, and it results in the development charge funding levels of service that exceed the legitimate 10-year historic average. These are contrary to the decision of the Board and the Superior Court in the Orangeville case.

Based on this information, Oxford does not support the "alternate" soft service methodology and requests that the calculation of the soft service development rates be revised by using a methodology that reflects the decision of the Ontario Municipal Board in the *Town of Orangeville vs. Orangeville and District Home Builders' Association*.

UB-1(444)



Introduction of Demolition Credit Sunset Period:

The City has proposed a policy change in that demolition credits should be limited to a 48 month life span (4 years). It is Oxford's opinion that applying a development charge against replacement GFA of a similar type of development is neither fair nor reasonable regardless of the time frame, as there is no additional servicing required for the development. The City should be creating incentives to promote more infill or brownfield redevelopment, rather than making it more difficult by adding financial risk to the developer. Oxford is requesting that the City maintain the existing policy as it relates to demolition credits.

Affordability:

Oxford strongly believes that growth must pay for growth, but it is very important that Staff and Council understand how the increased development charge rates will impact future development in the City.

If the policy changes are adopted as is, it must also be made clear to Council that the policy changes have the potential to render some planned development projects unfeasible.

Additionally, these proposed development charge rate increases will make Mississauga less competitive with other municipalities. For office uses in particular, higher development charges drive rents for new office developments to higher levels, and office space users are often financially motivated in choosing a business location. The resulting higher rents act as a disincentive for office users to locate in Mississauga relative to other office nodes in the GTA.

DC Timeline, Transition & Enactment Date:

Considering the above concerns with the proposed DC policy and to acknowledge the development applications that are in process, Oxford respectfully requests a deferral of the consideration of the City's proposed DC by-law to a later Council date than the proposed June 11, 2014. This will allow additional time to complete the review of the issue raised by us and by others in the development industry.

Oxford respectfully requests that the enactment date of the 2014 DC by-law be the date in which the current DC by-law expires. The viability of the industry's projects depends on predictability DC update intervals and projects should not be negatively impacted because the by-law is being approved early as this is an election year. Oxford understands the logic behind advancing the 2014 DC update as a result of the municipal election on October 27, 2014, but there is no reason why the DC By-law cannot be approved by Council prior to the summer, but take effect in November, after the expiry of the current DC by-law.

Lastly, Oxford respectfully requests that reasonable transition provisions and grandfathering accompany the 2014 DC by-law. Oxford firmly believes that applications currently under review should not be subjected to the proposed development charge increases, especially given the

UB-1(222)



City's decision to advance the review of its development charges well before the timeframe required by the *Development Charges Act* and the magnitude of the proposed DC increase. We would be happy to discuss the terms of these provisions at an additional stakeholder meeting.

Oxford is committed to working with staff, Council and other industry groups to reach a mutually agreeable development charges framework.

Please feel free to contact the undersigned should you have any comments or questions.

Sincerely,
OXFORD PROPERTIES GROUP

A handwritten signature in black ink, appearing to read "John Filipetti".

John Filipetti
Vice President, Development

CC: Jeffrey Hess, Oxford Properties Group

UB-1 (aaaa)

May 28, 2014

Gary Kent
 Commissioner of Corporate Services and
 Chief Financial Officer
 City of Mississauga
 300 City Centre Drive
 Mississauga, Ontario
 L6Y 4S2

Dear Sir,

Re: 2014 Development Charges By-Law Review

Thank you for hosting meeting number 4 last Friday to review the on going concerns of the development industry.

We thought it would be useful to make a formal submission highlighting some of the concerns expressed, specifically by our company during last week's meeting.

Reduction in the Size of Small Units

Your April 29, 2014 Corporate Report references "recent and current trends" of two bedroom apartment units with a floor area of less than 750 sq. ft. As mentioned at the meeting, Daniels Corporation has built approximately 2,400 condominium apartment units within Mississauga City Center over the past eight years. Below is a chart showing the size ranges of all two-bedroom apartment we have constructed.

	<u>Min 2 Bed (sf)</u>	<u>Max 2 Bed (sf)</u>
The Capital	822	1,452
One Park Tower	795	961
Chicago	729	1,056
Limelight	837	961

You will see that, with the exception of one unit within our Chicago project, all of our two bedroom units significantly exceed the current 750 sq. ft. unit size.

We believe that City staff's proposal to reduce the Small Unit Size to 645 sq. ft. will NOT capture second bedroom units with higher person per unit factors.

We suggest that City staff look at increasing the Small Unit Size to more accurately reflect two bedroom market units.

UB-1 (b6,b7)

Removal of Horizontal Multiple Dwelling from Definition of Apartment

Mississauga has long been a leader in promoting innovative housing forms and unit types. For over 10 years, Daniels has been building (and has been nominated for Mississauga urban design awards) stacked and back-to-back units. Such units have utilized the above definition to help achieve a level of affordability for many first time homebuyers.

Unit sizes for our stacked and back-to-back product range from 626 sq. ft. (one bed) to 1,305 sq. ft. (two and three bed). Daniels has built approximately 1,500 of these unit types in the City of Mississauga.

The proposal to eliminate the Horizontal Multiple Dwelling unit definition will result in the above units paying the same development charge rate as a single family detached units. Increasing the Development Charge component by such a quantum, virtually overnight, will severely affect housing affordability and Mississauga will no longer be a leader in promoting innovative housing types, as called for by your Official Plan.

We suggest that Mississauga keep the Horizontal Multiple Dwelling Unit Definition. We also suggest that you look at how the City of Brampton has handled this issue, as they have utilized a minimum density provision (60 Units Per Hectare) that, if achieved, stacked and back-to-back units meet the Apartment definition.

Demolition Credit Sunset Period

As mentioned during the meeting, the City needs to give regard for the time it takes to remediate or otherwise clean-up brownfield development sites. While this process is generally governed by the Ministry of the Environment (MOE), it can take many years to achieve a clean record of site condition to allow development to proceed. The Demolition sunset credit period will need to accommodate for such a process, as warranted.

Methodology – Alternate Approach

Daniels would like to go on record as supporting the BILD position to work more collaboratively with City staff on the City's growth projection models. The development Industry needs more time and supporting materials so that City staff and the industry can work together on the important issue of the City's growth rate and the required development charge increase to support this rate.

Transitional Provisions and Grandfathering

As you heard many industry representatives express at this meeting, the predictable development charge review process has changed, and investment decisions have been thrown into jeopardy due to significant increases resulting from the contemplated policy changes referenced within this letter.

While City staff can point to a notice of their (development charge) review being posted in the summer of 2013, it wasn't until meeting number 3, held on March 24, 2014, just two months ago, when the Industry was given details of the contemplated changes.

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As stated in our meeting, Daniels Corporation is currently under construction with a 324 unit purpose-built market rental housing building in Erin Mills. The increased development charge fee will result in over \$2 million dollars and will directly affect the economic viability of this long term investment.

To be clear, had we known that the City was contemplating such significant development charge increases, to be approved on an accelerated schedule, it is highly unlikely we would have proceeded into construction on this building.

It is absolutely imperative that the City agrees to transitional provisions for development charge grandfathering for projects that have made a site plan application (i.e.: unit sizes have been fixed) and for those projects that have made a building permit submission, like our Erin Mills building. This position is consistent to what is being advanced by BILD.

We welcome the opportunity to meet with you and City staff this Friday, May 30 to discuss the specific points raised by us, and those points raised by others during our last meeting.

Yours very truly,

Niall Haggart
Executive Vice President

Copy: Darren Steedman and Alana De Gasperis, BILD
Remo Agostino, Daniels Corporation

**ORLANDO CORPORATION**

6205 Airport Road, Mississauga, Ontario L4V 1E3 Telephone: (905) 677-5480 Fax: (905) 677-2824

UB-1 (dold)

May 29, 2014

via email: gary.kent@mississauga.ca

**City of Mississauga
300 City Centre Drive
Mississauga, ON
L6Y 4S2**

**Attention: Gary Kent
Commissioner of Corporate Services & CFO**

Re: 2014 City of Mississauga Development Charge By-Law Review

As a follow-up to the stakeholders meeting held on May 23, 2014, this letter serves to formally notify the City of Mississauga of Orlando's position with respect to the Floor Space per Worker (FSW). At the time our previous submission was made (April 24th), the Development Charge Background Study (DCBS) had not been released by the City for public review and as such were unable to provide comments on the FSW.

The FSW is used to determine the denominator of the development charge calculation and as such has a direct impact in the ultimate charge. The FSW should reflect marketplace realities in terms of what should be expected from future growth, upon which the development charge will be collected.

The Region of Peel recently released a study completed by Hemson Consultants (the same consultant working on this file for the City of Mississauga) which presents results inconsistent with their assumption in the Mississauga Development Charge Background Study. Mississauga's DCBS assumes employment land developments will have an average FSW of 96 m²/employee whereas Peel's report presents an FSW since 2007 of 125 m²/employee.

Our consultants' research results in a post-2005 average FSW of 158 in Mississauga. We continue to witness ever increasing FSW's beyond what has been recorded in the Peel report. We believe this trend will continue into the future as manufacturing jobs continue to decline with improved manufacturing efficiencies and increased offshore production of goods.

UB-1 (eeee)

City of Mississauga 2014 DC By Law Review
 May 29, 2014
 Page 2



An FSW which is too low has the effect of not capturing the true amount of GFA required to provide an adequate amount of GFA for the projected amount of employment growth. It also has the effect of artificially increasing the DC rate and unfairly penalizes this form of development.

Combining a low FSW with the blending of the major office and employment lands rate as proposed in the City's DCBS creates an environment which effectively has employment land development subsidizing other types of non-residential development.

We fundamentally disagree with this methodology and respectfully request the City reconsider the assumed FSW and adjust it to be more in-line with market realities of expected growth in the City of Mississauga.

Yours truly,

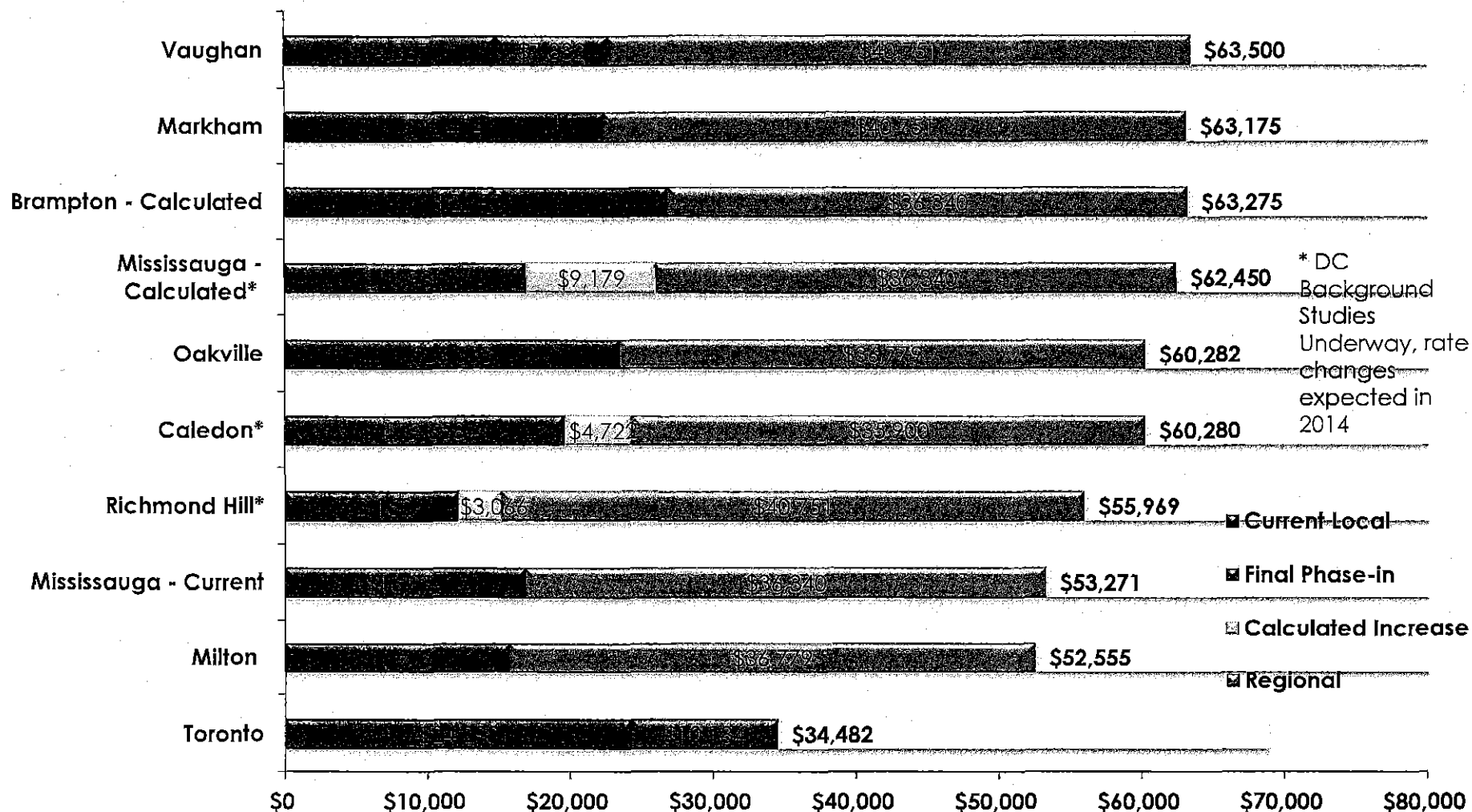
ORLANDO CORPORATION

Blair Wolk, MBA, P.Eng.
 Vice President

BW/lds

cc: Clerk's Office, City of Mississauga
 via email: kathryn.lockyer@peelregion.ca
 Susan Cunningham, Senior Policy Analyst, City of Mississauga
 via email: susan.cunningham@mississauga.ca
 Darren Steedman, BILD Peel Chapter Chair
 via email: dsteedman@metrusdev.com
 Alana De Gasperis, BILD, via email:
 via email: adegasperis@bildgta.ca

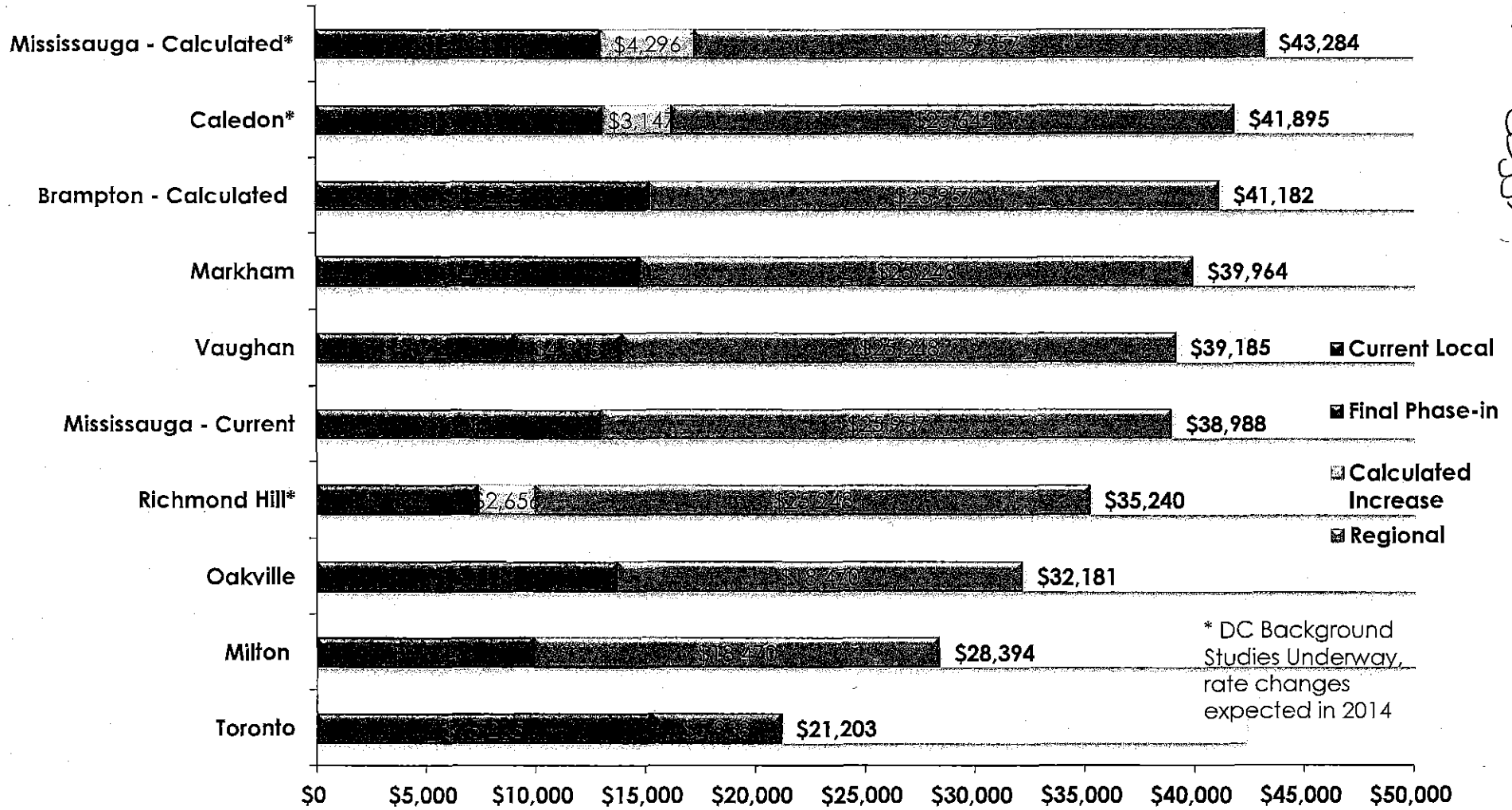
DC Rate Comparison: Single & Semi-Detached Units



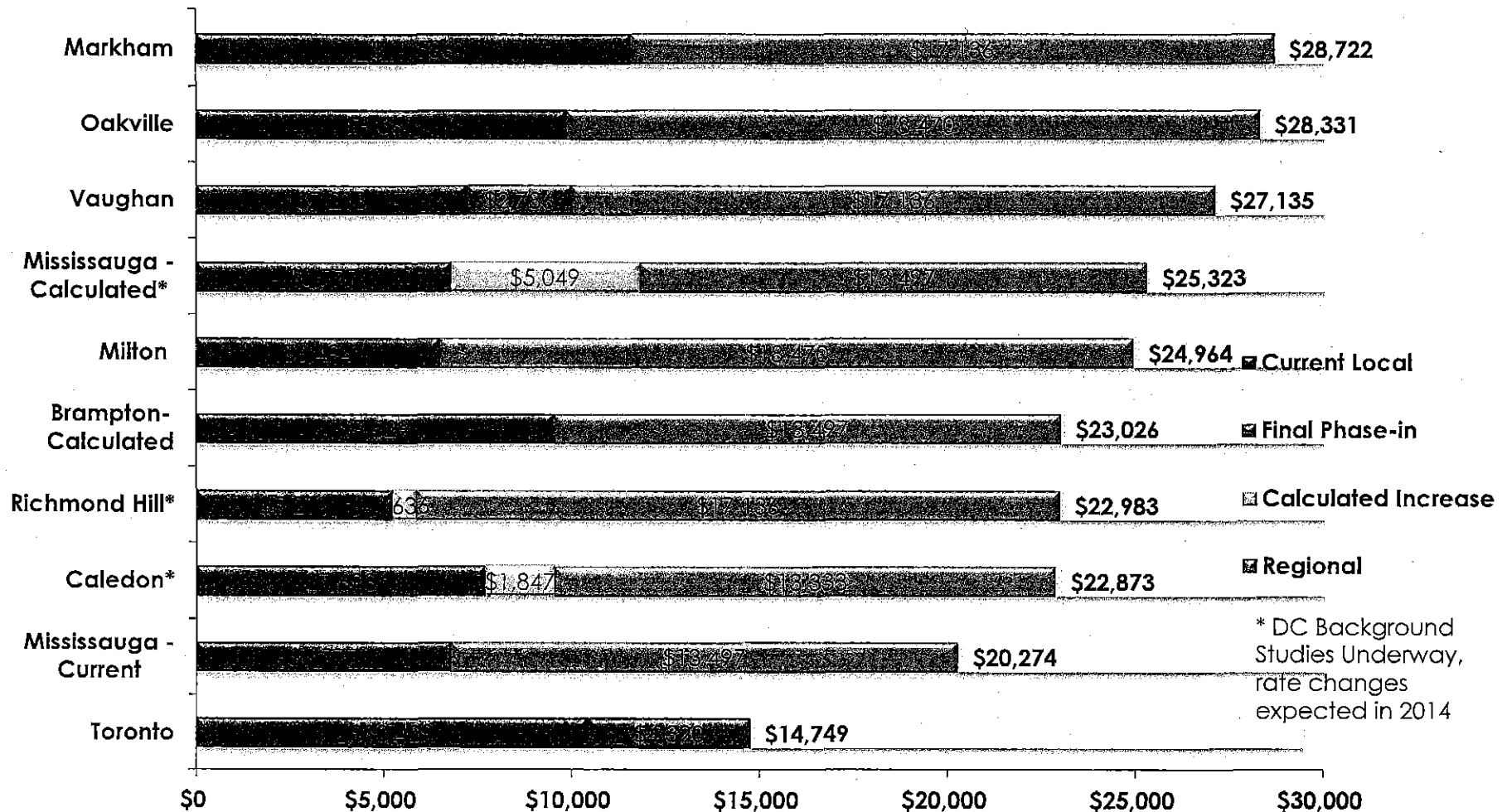
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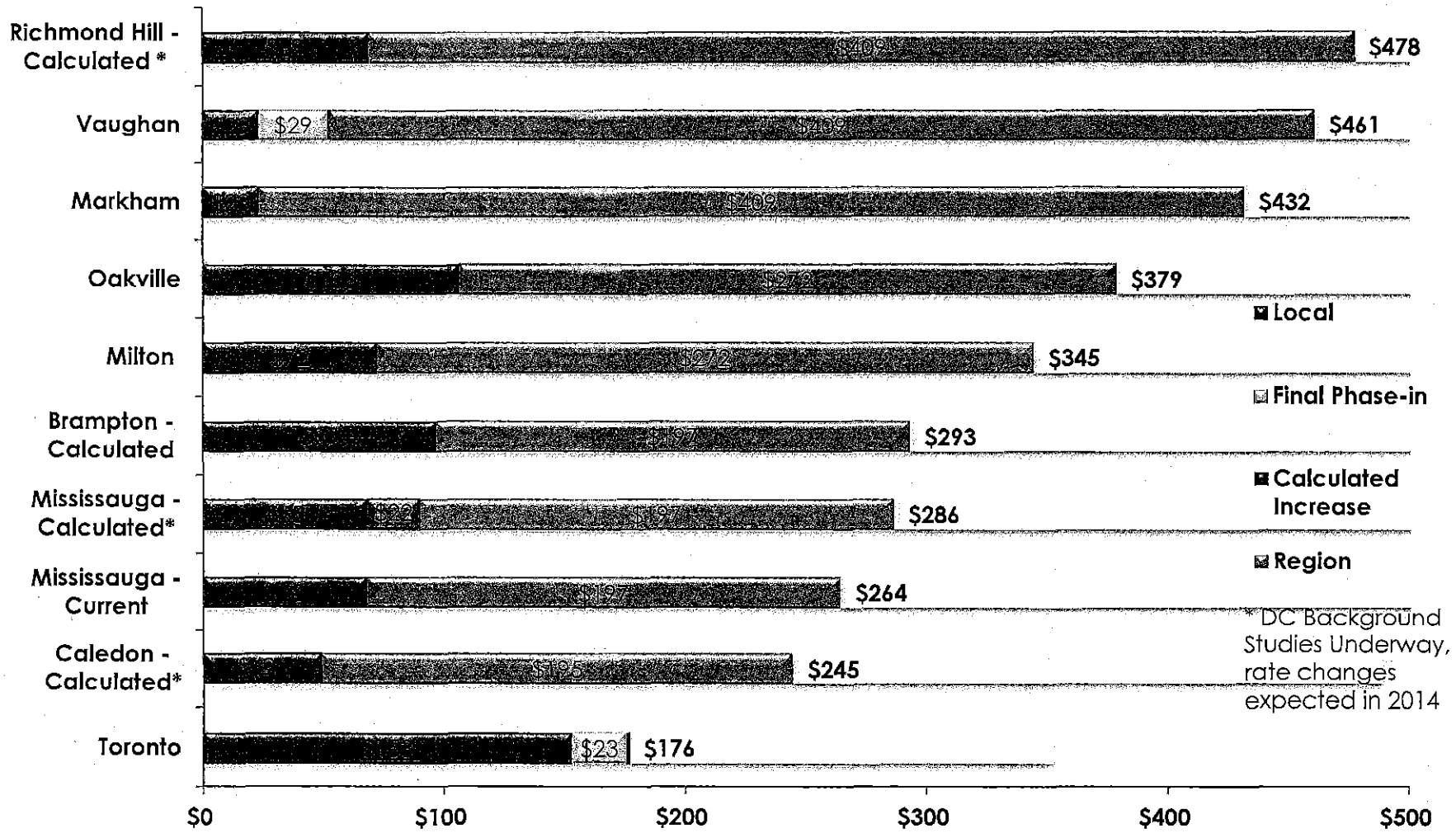
DC Rate Comparison: Large Apartments



DC Rate Comparison: Small Apartments



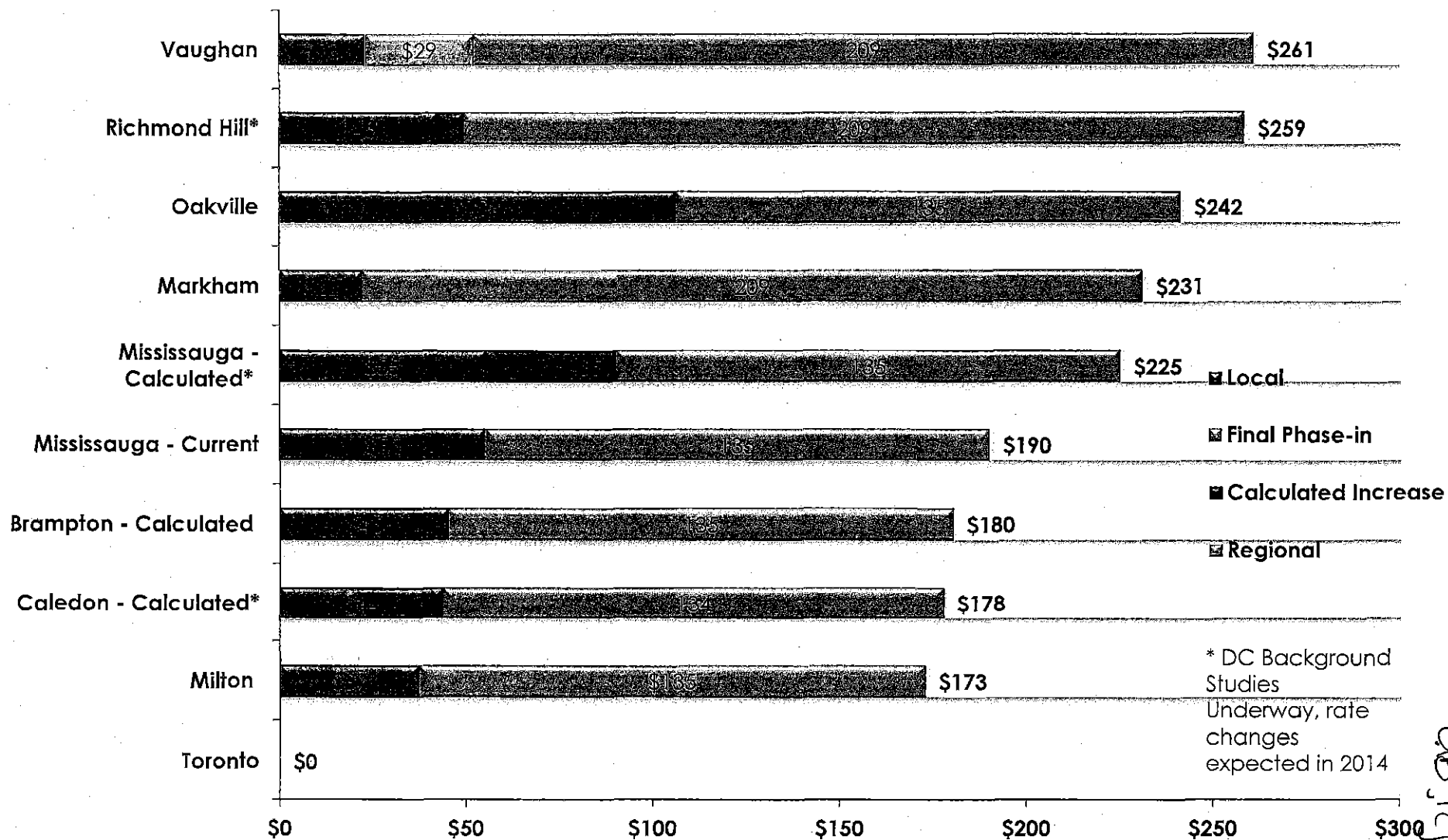
DC Rate Comparison: Non-Industrial



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DC Rate Comparison: Industrial



HEMSON

NOTICE OF MOTION



THEREFORE BE IT RESOLVED that a transitional provision in the 2014 DC By-law, whereby a complete building permit application be submitted to the City by September 2, 2014 and a building permit is issued by November 11, 2014 to be eligible for the payment of development charges under the 2009 By-law indexed rate schedules be approved.

A handwritten signature in cursive script, appearing to read "M. Fadden".

June 13, 2014