Apartment Definition

Background

Disagreement over whether specific developments should be charged DCs as apartments or townhouses had become a relatively common occurrence in recent years particularly when the Regional and area municipal apartment definitions differ.

Desired Outcomes

Staff reviewed alternative approaches for residential DC rate structuring, and residential category definitions with the view to accomplish the following objectives;

- Eliminate confusion and disagreements around apartment and townhouse definitions
- Is clear and easy to administer
- Increases harmonization of DC policies amongst the Region and the three area municipalities

Potential to Standardize Within Peel – Apartment Definitions

The current apartment definitions used by the Region and the local municipalities in their DC Bylaws are included in the below table:

Table 1: Current Apartment Definitions in Peel Local Municipalities' DC By-laws

Region of Peel	Caledon	Brampton	Mississauga
1) A dwelling unit in a duplex, triplex, or double duplex 2) A dwelling unit in a mixed used building not exceeding three stories in height 3) A dwelling unit in a building that exceeds three storeys in height where such dwelling unit is served by an enclosed principal entrance from the street level which is common to three or more dwelling units **4)** A dwelling unit in a special care/special needs facility	Means a dwelling unit in a building containing seven or more dwelling units where the dwelling units are connected by an interior corridor and shall include stacked townhomes	Means a dwelling unit in a duplex, triplex, double duplex or in a mixed-use building having a floor area of more than 750 square feet; and; v. a unit in a stacked townhouse dwelling having a floor area of more than 750 square feet and a dwelling unit in a building where such dwelling unit is served by a principal entrance from the street level and the occupants of which have the right to use common elements.	(1) a unit in an apartment, a duplex, triplex and a stacked townhouse; (2) a building or part thereof, containing more than three dwelling units, and with a shared entrance and exit facilities through a common vestibule(s).

Of the four definitions the Town of Caledon's is the most unique. The requirement for at least 7 dwelling units to be in a building to qualify for apartment status is consistent with the multi-residential definition in the Assessment Act.

The Region, Brampton and Mississauga have apartment definitions that have similar attributes.

All three identify the following dwelling units as being apartments;

- Duplexes
- Triplexes
- Those in mixed use buildings
- Ones with an entrance common to 3 or more other dwelling units

The City of Mississauga and the Region both explicitly identify that units in a special care/special needs facility are considered apartments.

The City of Brampton is unique within the Region in that it identifies that any stacked or back to back townhouse units developed on a block approved at a minimum density of 60 units per hectare would be considered apartments units for DC rate purposes. City of Mississauga included stacked town house units in its apartment definition in its 2019 DC by-law.

The Region cannot harmonize the definition with all three local municipalities if all three municipalities have different approaches. It would likely make the most sense to try and harmonize apartment definitions with the municipality expecting the most apartment construction over the planning horizon which is the City of Mississauga.

The development community has been indicating through the consultation process that stacked townhouses should be considered as apartments, given the average persons per unit (PPU) assumptions for this type of development is more consistent with apartments PPU. Staff further reviewed the issue in consultation with Watson and has determined that it would be appropriate to include stack townhouses in the apartment category. This would also align with Mississauga and Brampton approach in principle.

Place of Worship Exemption

Background

Although some municipalities choose to exempt places of worship from paying development charges (DCs) in Ontario, such exemptions are not a mandatory requirement of the *Development Charges Act, 1997 ("Act")*. At the time that a DC by-law is approved, Council can consider options ranging from modifying the exemption criteria, to eliminating the exemption entirely. Recently, disagreements have arisen over what portion of a place of worship building or structure should be exempt from paying DCs.

Presently, the Region and the local municipalities of Mississauga, Brampton and Caledon exempt places of worship on some level, however the definition of the eligible exempt area and the manner in which the exemption is administered differs in each municipality.

Desired Outcomes

This discussion paper will examine alternative approaches for the payment of DCs in places of worship that strive to accomplish the following objectives;

- Eliminates confusion and disagreements around what portion of a place of worship building is used for worship.
- Is fair to all types of religions, and the different building requirements which may exist.
- Is clear and easy to administer.
- Increases harmonization of DC policies between the Region and the three area municipalities

Regional Council 2017 Discussion

The issue of the proposed changes to the places of worship development at 135 Sun Pac Boulevard, Brampton was discussed at the City of Brampton Council on November 15th, 2017. Council passed a motion requesting the Region take a look at its current by-law as it relates to exemptions for places of worship.

Based on the discussion the following Brampton Council motion was unanimously carried (CW405-2017):

1. That the Region of Peel be requested to review discrepancies with respect to the treatment and exemption provisions for "Places of Worship" within the Regional development charges by-law and the development charges by-laws of the three area municipalities; and

2. That the Council of the Region of Peel be requested to give direction to Regional staff to investigate and report on possible immediate relief provisions for "Places of Worship" applications subject to the Regional development charges by-law, until such time as the review with respect to discrepancies has been completed and considered by Regional Council.

High Level Opportunities and Challenges

An opportunity exists for the Region to try and bring some level of harmonization to places of worship exemption within Peel.

Some approaches to minimize instances of dispute around determination of the worship area within a place of worship could include:

- adopt the exemption policy in the Brampton DC by-law which gives a broad exemption except for some specific uses which are not exempt;
- adopt the exemption policy that was enacted by Mississauga in their 2019 by-law;
- exemptions could be eliminated entirely;
- or a maximum gross floor area could be determined as exempt, and any floor area greater than the maximum would be charged DCs. This would require GFA data for recently built worship areas to enable an evidence-based decision which would be fair for all types of religions.

Based on staff's analysis, one approach that could best achieve the objectives of the review would be to provide an exemption based a percentage of the total floor area in new places of worship.

High Level Financial Impact of Place of Worship Exemptions

The Region has exempted approximately $3.3 million in DCs for places of worship between 2007 and 2019. A future forecast is difficult to predict as places of worship development is not specifically forecasted in the DC Background Study. Assuming the current annual average places of worship development of 6,480 s.m., and exemption of 25 per cent of the total floor area would be approximately $400,000 annually based on current rates.

Proposed Direction

Based on an analysis of places of worship data between 2000 and 2019, staff recommend that new floor space for POWs receive DC relief for 25 per cent of the total floor area of their buildings or approximately $400,000 annually based on current estimates. Staff also recommends that this relief of DCs be based on a tax or utility rate funded grant. This approach would align, in principle with Mississauga's current approach that was enacted in their 2019 development charges by-law.

Demolition Credit Time Limit Requirements

Issue Background

When buildings are demolished and redeveloped on the same land, a redevelopment credit based on the original use(s) of the demolished structure is commonly granted at the time of redevelopment to offset the development charges (DCs) for the redevelopment. If the redevelopment credit is the same or greater than the DCs for the redevelopment no DCs are payable at that time. Excess credits can be used to offset against DCs on future redevelopments on the same land. In cases where the DCs for the redevelopment are higher than the available credits, the difference is payable.

The Region of Peels DC By-law has no time limit on how long these DC redevelopment credits can be held until they expire. Consequently, if a building is demolished today, the land it was on could sit vacant for an unlimited time and still receive a redevelopment DC credit when a new building was constructed.

This discussion paper will suggest an approach that tries to accomplish the following objectives;

- Promote the development of lands that become vacant and discourage leaving developable serviced lands underutilized
- Acknowledge that capacity utilized by pre-existing buildings is available for use by other development once buildings are demolished
- Make the Region of Peel's approach regarding time limits on redevelopment credits more consistent with other DC charging jurisdictions in the area to help alleviate builder confusion

Environmental Scan

The following table summarizes the approaches of other jurisdictions for demo credits.

DC Charging Jurisdiction	Approach to Redevelopment Credit Expiration
Region of Peel	No expiry of redevelopment credits
Town of Caledon	Expiry 10 years after demolition for residential and 15 years after demolition for non-residential
City of Brampton	Expiry 5 years after demolition for residential and 10 years after demolition for non-residential
City of Mississauga	Expiry 5 years after demolition for residential and 10 years after demolition for non-residential
Peel Board of Education & DPCDSB	Expiry 3 years after demolition for residential and 10 years after demolition for non-residential
Region of Halton	Expiry 3 years after demolition
Region of York	Expiry 4 years after demolition

The Region of Peel is in the minority by having no time limit established for the use of redevelopment credits.

Proposed Approach

The feasibility of pursuing a common approach for the time limits on redevelopment credits has been discussed among staff from the Region of Peel and the 3 area municipalities. There is general agreement that all the municipalities would like to promote a more common set of rules for DC administration. Based on a review of other municipalities' approach, staff recommend that time limits on redevelopment credits of five (5) years and ten (10) years for residential and non-residential developments respectively, be included in the 2020 by-law.