

November 30, 2020

Gavin Bailey, BILD Peel Chapter Co-chair
Katy Schofield BILD Peel Chapter Co-chair
Building Industry and Land Development Association
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Public Works

10 Peel Centre Dr.
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Dear Gavin Bailey and Katy Schofield,

Re: Response to October 8th, 2020 BILD submission letter on the Region of Peel Development Charges Review – Public Meeting

At the October 8, 2020 Statutory Public Meeting for the 2020 Region of Peel Development Charge By-law Update, the Building Industry and Land Development Association (BILD) submitted a letter to the Regional Chair and Members of Regional Council outlining outstanding concerns and comments requiring further discussion with Regional staff and members of the development industry.

The BILD submission identified several areas of concern with the draft Development Charge Background study. In response to these matters, Regional staff held several meetings with BILD and their consultants to review and discuss the technical merits of the Regions methodology and assumptions, including a technical response document on the Water and Wastewater Capital Plan (dated November 13, 2020). The following summary outlines the Regional staff response to the concerns identified by BILD in the submission letter.

Large Apartment Rate Increase

The Regions consultants presented the baseline data and assumptions utilized in the Development Charges Background Study to support the large apartment rate increase including background census persons per unit (PPU) data which is one of the drivers of the rate increase.

Further to the technical methodology matter, staff noted that the Region provides supports for affordable housing through the Housing Master Plan, the recently approved Development Charge Interest Rate Policy (i.e. zero percent DC deferral interest rate), and the Affordable Housing Incentives Pilot Program which will provide targeted Regional funding to support development of purpose built rental housing with an emphasis on larger units. The incentive pilot program will be implemented in 2021 and additional Regional funding to support the program will be requested in the 2021 Budget. Targeting affordable larger rental apartments through the Affordable Housing Financial Incentives Pilot Program and other Regional programs is seen as a more efficient use of limited Regional funding than a broad program applied to larger apartments

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through a less focused program administered through the Development Charges By-law.

Cost of Regional Official Plan Amendment Appeals

Regional staff have removed the \$4.8 Million ROPA Appeal cost from the 2020 Development Charge Background Study as per BILD's recommendation.

Property Acquisition Costs and Benefit to Existing (BTE)

The land acquisition costs previously included as a single line item in the capital listing have been split into the following two separate categories:

- Property – New Roads: \$95,938,000
- Property – Road Widening and Intersection Improvements: \$138,970,000

A benefit-to-existing deduction of \$6,948,500 has been applied to the road widenings and intersection improvements resulting in a reduction of the net capital costs related to property acquisition.

Contingencies in Cost Estimating Framework

Regional staff, BILD and project consultants met to discuss contingencies and fees in the cost estimating framework. Discussions focused on development engineering cost estimates in various parts of the Region which indicate that there are cases where additional constraints and construction challenges that were unforeseen at a master plan level drive up project costs and can exceed a basic cost estimating framework estimate. As complexity of a project increases, the potential for cost escalation increases. Regional staff continue to support the proposed methodology on project contingencies, which is applied as follows:

- 10% Low complexity
- 15% Moderate complexity
- 25% high complexity

Wastewater Main Project Cost Increases

Upon reviewing the item, the costing methodology was updated for the 2020 Master Plan to allow for increased flexibility in the different cost components that make up the overall cost, based on project specific conditions. Regional staff continue to support these costs increases as appropriate in that they improve the accuracy and transparency of the overall costs and better reflect the structuring of construction tenders.

Project Cost for G.E. Booth and Clarkson Plant Expansion

The Region clarified that several new projects have been added to the G.E Booth and Clarks Wastewater Treatment Plants since 2017. These projects were identified to support growth to 2041, with the ability to support some post 2041 growth. In doing so, the liquid/ hydraulic projections and capacity, as well as solid loadings projections and capacity were reviewed. The OBL and BTE

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percentages reflect benefit to existing and post period benefits on the basis of these projections.

Regional staff would like to take the opportunity to thank BILD, the Development Industry Working Group (DIWG), and their consultants for their participation in reviewing the 2020 Development Charges By-law and Background Study. The stakeholder expertise provided is an important contribution to the Region's work.

We look forward to our continued engagement through the Growth Management Program to support planning and managing growth in the Region.

Sincerely,



Stephanie Nagel, BBA, CPA, CGA, MPA
Treasurer and Director
Corporate Finance



Adrian Smith, MCIP, RPP
Acting Chief Planner and Director
Regional Planning and
Growth Management

CC: Maggie Wang, Manager Financial Policy and Development Finance
Duran Wedderburn, Acting Growth Management Strategist
Joe Avsec, Strategist Transportation Planning
Miriam Polga, Program Planning and Compliance Water and Wastewater



October 8, 2020

Chair Iannicca and Members of Council
Region of Peel
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October 7, 2020

REGION OF PEEL
OFFICE OF THE REGIONAL CLERK

Dear Chair Iannicca and Members of Council,

Re: Region of Peel Development Charges Review – Public Meeting

On behalf of the members of our Peel Chapter, the Building Industry and Land Development Association ('BILD') would like to take this opportunity to thank your staff and your consultant team, Watson and Associates, GM BluePlan and IBI Group, for meeting with the Development Industry Working Group (DIWG) over the last few months to review the proposed policy and rate changes to the Region's Development Charges (DC) by-law. As directly affected stakeholders and your community-building partners, we very much value and appreciate the engagement.

We are currently completing our assessment of the *2020 Development Charges Background Study* released on September 18th and additional capital program materials released on October 1st, alongside the DIWG and our consultants from Altus Group, RJ Burnside and Associates, and BA Group.

The DC Background Study proposes an average estimated increase of 16% for residential rates, and 6% to non-residential rates. Of the new proposed changes to the DC rates, the current large apartment charge of \$32,752.38 shows a significant 34% increase (or additional \$11,079). At this time, we would like to note that we do not support the proposed DC increases and believe changes of this magnitude undermine government efforts, at all levels, to deliver additional housing choice.

We recognize that we have reached a significant milestone in this review as the materials are now being presented at this Public Meeting. Nevertheless, we underscore our concern with the substantial 34% increase to the large apartment housing category. It is our understanding that the average percentage change for the data underpinning the large apartments is inconsistent with the 34% increase. Large apartments are recognized as forms of housing that provide a more affordable choice for middle-income households, first-time homebuyers and seniors. As such, BILD and its members continuously encourage our regional partners to enable the timely delivery of these types of units. Most importantly, we ask regions to ensure that the charges associated with these units reflect their share of growth-related services and are categorized in a fair and equitable way that supports the region's affordable housing objectives. We look forward to better understanding this item as we look to continue our discussions with your staff and consultants.

Further to our comments above, there are also a number of assumptions in the DC background calculations that we are in a disagreement with and believe warrant further discussions with the Region.

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Outlined below are a few of the concerns we have previously shared with staff, and hope to continue to work through: .

- Property is identified as a single \$234.3 million line item in the program, with no benefit to the existing community. Our understanding is that this reflects all of the property acquisition required for the entire roads program - our position remains that the property acquisition costs should be ascribed a BTE reduction.
- Concerns regarding the application of various contingencies and fees in the cost estimating framework - base unit rates for construction may be elevated anywhere from 45.5% to 102%.
- In 2017, the Region presented a wastewater treatment strategy to BILD regarding the expansion of the Booth and Clarkson plants. Based on our review it seems that the cost of the projects has increased since that time, and the calculated OBL and BTE have been reduced in the 2020 Capital Plan.
- Seeking clarification as to why most wastewater main projects are seeing their costs increase from the 2015 DC study by 100-300%.
- Costs for ROPA appeals (with a gross cost of \$4.8 million) are currently being included in the DC study. BILD believes that this item should be removed from the DC Study.

Lastly, in light of COVID-19 we urge Council to also consider the negative ramifications of an increase to the viability of development projects in a state of a recession, and its impact on the local economy. Business plans and operations have been disrupted by this pandemic, along with how individuals and households make future decisions on housing. The development and building industry is no exception. Many of our members have expressed challenges with planning future projects and securing the necessary labour and construction material - both of which have been significantly constrained during this period and are expected to continue to be in the foreseeable future. It is important that this review take into account the effects of the pandemic based on what is known today and request Council to give consideration for this.

We look forward to our continued, open dialogue on this subject. If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,



Jennifer Jaruczek
Planner, Policy and Advocacy BILD

CC: Gavin Bailey, BILD Peel Chapter Co-Chair
Katy Schofield, BILD Peel Chapter Co-Chair
Paula Tenuta, BILD SVP Policy & Advocacy
Peel Chapter Members