

2003 DEVELOPMENT CHARGES

Recommendation

The Commissioner of Finance & Corporate Services in consultation with the City Manager, the Senior Management Team and the Director of Reserves & Investments recommends:

That the presentation be received

That the Development Charges Background Study be approved and the appropriate by-laws be forwarded to the Council meeting of September 22, 2003 for adoption;

That Council adopt the 10-year growth related capital forecast included in the Background Study subject to the maintenance of service levels and the availability of funding;

That exemptions be expanded to include publicly funded hospitals; and

That the proposed Development Charges be effective November 2003

Purpose

To update the Members of Council on the status of the City's Development Charges Background Study and get approval of proposed development charge rates.

Background - Analysis and Options

A public meeting as required under the Development Charges (DC) Act was held on June 23, 2003. Discussions have taken place with the development industry since the public meeting. Issues were identified, reviewed, resolved and the Development Charges Background Study has been revised accordingly. The development industry represented at the discussions is supportive of the Background Study and resulting rates.

DC Background Study Detail

The Background Study provides Council, the development industry and staff with the understanding of the capital infrastructure required to service growth and its related implications. Total growth related costs excluding Engineering over the 10-year period totals \$198,690,300. Engineering costs allocated over ultimate growth total \$231,722,300.

The Legislation requires that the Background Study include the anticipated impact on municipal operating costs. The net operating cost impact for the City over the 10-year forecasted period is estimated to be an increase of \$16.9 million as a result of the maintenance and operations of the additional infrastructure. In addition, the impact of the 10% co-funding contribution from taxation towards these capital projects is \$18.9 million. Total costs to the City of \$35.8 million over the next 10 years.

Growth Related Forecast

The growth forecast covered all anticipated development in the City, including growth in OPA 600 lands, as well as growth in OPA 19 (Regional), the Vaughan Corporate Centre and other lands designated for development.

Given the historical growth within Vaughan, the development industry questioned the growth forecast.

The initial growth forecast was based on OPA 600 which was adopted by both the Region and the City in 2000 based on data available in 1999 and the 1996 Census. For the period 1999-2002, growth has been much more rapid in Vaughan than had been anticipated by the forecast contained with OPA 600 and the York Regional Plan. Given that the short-term build out was sooner than anticipated and given that the latest information provided from the 2001 Census, Hemson Consulting revisited the growth forecast. As a result, this new forecast prepared by Hemson Consulting represents a more current outlook for growth in Vaughan.

Planning staff stated changes in forecast are expected and the OPA's are revisited at least every 5 years and revised, if necessary, based on the most current information available.

Hemson Consulting reviewed the revised forecast with the development industry and the City's planning staff and all concur with the results.

Growth Related Capital Forecasts

The growth forecast and the related capital forecast required to support development provides the foundation on which the development charges rates are based.

The capital forecast included in the study was provided by senior staff in these respective departments. Information provided included the identification of growth related projects, location where possible, costing and the timing of construction to coincide with development and available funding. Provincial regulations require that there must be a demonstrated commitment by Council to continue to emplace facilities or infrastructure in the future in order to include them in the capital forecast.

Ontario Regulation 82/98 5.3 states that:

"For the purpose of paragraph 3 of subsection 5(1) of the Act, the Council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the Council and the plan, forecast or similar expression of the intention of the Council has been approved by the Council."

Should Council concur with the capital forecast provided in the Background Study, then, Council should endorse the growth related capital forecast included in the Background Study subject to the maintenance of service levels and the availability of funding.

From their initial submission the Library Board has advanced the timing of the construction of their third resource library to coincide with the construction of the new Civic Centre. The libraries 10 year capital plan should be reviewed if the project does not proceed as part of the Civic Centre.

Development Charge Policies

The City has had a number of associated development charges policies to assist in the administration of the development charges by-law. The Development Charges Act requires that these policies be clearly documented and incorporated into the DC By-law. The intent is to continue with the current policies where possible. The following is an overview of the major policy areas.

Exemptions

From time to time the City has been requested to provide an exemption from development charges. The following exemptions are provided for this proposed By-law.

- a) A local board;
- b) The City of any local board thereof and, without limiting the generality of the foregoing, including land leased from the Crown in right of Canada or Ontario located within the Parkway Belt Planning Area as defined in Regulation 744 paragraph 16 of the Revised Regulations of Ontario 1990, provided the same is used for institutional use purposes of a not-for-profit nature;
- c) The Regional Municipality of York or any local board thereof;
- d) Any area municipality within the Regional Municipality of York; and
- e) A public hospital receiving aid under the Public Hospitals Act.

Staff recommend that the exemptions be expanded to include a public hospital as noted above. The Region exempts publicly funded hospitals.

Lot Levies Paid Prior to Development Charges

Prior to the introduction of development charges, developers paid lot levies. During the 1999 Development Charge deliberations, staff developed a policy which provided a pre-development charge credit for residential and non-residential development. Upon application for a building on a vacant lot or block, the owner is entitled to a credit for a lot levy actually paid equivalent to the value of the services contained in the proposed City of Vaughan Development Charges By-law 2002. If the application for a building permit on a lot or block which is not vacant, then the permit will be subject to the Development Charge rate in effect at the time of building permit issuance without credit.

The August 1999 policy is in effect until December 31, 2003. After December 31, 2003 no credits shall be applicable regardless of the provisions in any agreements.

Staff recommend that the policy for pre-development charge credits for residential and non-residential development remain in effect until December 31, 2003 and not be extended.

Development Charges Rates

The Development Charges Background Study is consistent with the provisions of the Development Charges Act 1997 and its related regulations (Ontario Regulation 02/98).

The calculation of the City of Vaughan Development Charges has two components, a City-Wide component and an Area Specific charge component.

Attached are the residential and non-residential development charges based on the Background Study.

Residential Rate

Attachment 1 shows that the residential rates in the City of Vaughan have increased slightly for all types of dwelling units.

Non-Residential Rates

Committee of the Whole at its Working Session of June 9, 2003, adopted the following

That staff provide an alternative option for separate development charge rates for Commercial, Industrial and Retail;
That staff report back on opportunities to reduce the industrial development charge component.

Historically, the City has one non-residential rate for industrial, retail and commercial development. Given the proposed increase in the non-residential rate, the development industry indicated their preference to maintain one non-residential rate, as has been practice in the past.

As the proposed increase in the non-residential rate is acceptable to the development industry, phasing in the increase or other measures were not considered necessary.

Term of Development Charge By-law

Committee of the Whole at its Working Session of June 9, 2003, adopted the following

"That staff be directed to explore and report back on the feasibility of a phase-in or 4 year term Development Charges By-law similar to the Region."

The Development Charges Act permits a development charge by-law not to exceed a term of five (5) years.

The term of the Region DC By-law is four years to coincide with the 4-year phase in to accommodate substantial increases in non-residential development charges due to the impact of transit. Once again, as the proposed increase in non-residential is acceptable to the development industry, changing the term of the development charge was not considered necessary.

Council has the option to decide at any time to review the by-law in advance of the five (5) years

Development Industry Review and Input

Copies of the draft Development Charge Background Study have been provided to the development industry. Several meetings were held with representatives of the development industry to review and discuss issues and comment on the material included in the Background Study. Development industry representatives represented a cross section of the industry as well as and the Greater Toronto Home Builders' Association (GTHBA). The discussions were very useful and resulted in issues being clarified and resolved.

The development industry has provided letters in support of the proposed development charges rates. These letters are attached.

Conclusion

Staff and the development industry have worked closely to address questions and resolve issues. Outstanding issues have been resolved and the development industry representatives have endorsed the proposed development charge rates being proposed by the City of Vaughan.

Attachments

Attachment 1 – Proposed Residential & Non-Residential Development Charge Rates

Attachment 2 – Proposed Area Specific Development Charge Rates

Attachment 3 – City of Vaughan Development Charges Background Study

Attachment 4 – Correspondence from the Development Industry

Report prepared by:

Ferrucio Castellarin, CGA

Director of Reserves & Investments, ext. 8271

Respectfully submitted,

Clayton D. Harris, CA

Commissioner of Finance & Corporate Services

City of Vaughan
 Proposed City Wide Development Charge Rates
 Charge by Dwelling Type (Residential)
 And Per Sq M (Non-Residential)

| | Rate Jun 22/03 <u>With Transit</u> | Current Rate (*) | Proposed Rate | Rate Increase |
|----------------------------------|--|---------------------|------------------|------------------|
| <u>Residential DC</u> | | | | |
| Single/Semi Detached | \$7,819 | \$7,555 | \$7,922 | 4.86% |
| Multiple Unit | \$6,812 | \$6,582 | \$6,791 | 3.18% |
| Apartment | \$4,402 | \$4,253 | \$4,414 | 3.79% |
| <u>Non-Residential DC</u> | | | | |
| Per square metre of GFA | \$14.03 | \$12.56 | \$13.71 | 9.16% |

(*) Current rate without Transit effective June 23, 2003

**City of Vaughan
Proposed Special Area Development Charge Rates**

| Service | <u>Area</u> | Proposed Rate <u>Per Ha</u> |
|---|-------------|-----------------------------------|
| <u>Carry-Forward Special Areas</u> | | |
| Clarence Street Sanitary Trunk Sewer | D - 2 | \$7,662 |
| Pressure District 6 Watermain - Residential | D - 3 | \$5,681 |
| Pressure District 6 Watermain - Non-Residenti | D - 3 | \$7,556 |
| Western Maple Subtrunk Sanitary Sewer -Keele St to Maple Collector | D - 4 | \$566 |
| Western Maple Subtrunk Sanitary Sewer - Rutherford Rd to Keele St | D - 5 | \$2,045 |
| Rainbow Creek Drainage Works | D - 8 | \$5,570 |
| Langstaff Road Watermain - Vaughan Mills to Martin Grove | D - 11 | \$6,123 |
| <u>New Special Areas</u> | | |
| Pressure District 5 West - Woodbridge Watermain | D - 15 | \$6,984 |
| Concord Truck Extension - Segment One | D - 16 | \$4,334 |
| Concord Truck Extension - Segment Two | D - 17 | \$11,453 |
| Pressure District 6 West - Major MacKenzie Drive Watermain | D - 18 | \$2,694 |
| Pressure District 6 East - Rutherford Road Watermain | D - 19 | \$4,953 |
| Pressure District 7 Watermain West | D - 20 | \$11,752 |
| Dufferin / Teston Sanitary Sewer - OPA 332 Ultimate Outlet | D - 23 | \$8,695 |
| Ansley Grove Sanitary SubTrunk | D - 24 | \$1,857 |



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FAX TRANSMISSION

To: City of Vaughan Finance Dept Fax No. 905 832 8566 X

Attention: Clayton Harris Date: 5-Sep-03

From: Fraser Nelson

Re: City of Vaughan Proposed Development Charges

No. of Pages 2 (Including this Page.)

Comments

Attached is UDI York Chapters endorsement of the 28 August DC proposal.

FAXED
09/05/03

Copies to: Mike DeAngellis Fax No. 905 832 6080 ✓
~~8143~~

Maurice Stevens Fax No. 905 731 3481 ✓

Paula Tenuta Fax No. 416 391 2118 ✓

Fax No.

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Urban Development Institute / Ontario York Chapter

September 5, 2003

City of Vaughan
Finance Department
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

Attention: Mr. Clayton Harris, Commissioner of Finance

Dear Sir:

Re: City of Vaughan Development Charge Proposal

We have been asked by the developers who have been negotiating the new Vaughan development charge to comment on the proposal made by Vaughan staff on August 28, 2003. UDI York Chapter has canvassed its members and can report that the proposed residential and non-residential rates are acceptable. We also confirm that there is consensus to have only one non-residential rate, avoiding a split rate between industrial/commercial and retail.

We trust you find these comments of assistance and look forward to Vaughan council finalizing this matter.

Yours very truly,
URBAN DEVELOPMENT INSTITUTE / ONTARIO
YORK CHAPTER


Fraser L. Nelson, P. Eng.
Chapter Chair

fin/del

c.c. Mr. Mike DeAngelis, CAO





Greater Toronto Home Builders' Association
Paula J. Tenuta, Municipal Government Advisor
 20 Upjohn Road, Suite 100
 North York, Ontario
 M3B 2V9
 416-391-3438 direct ph & fax

FAX Memorandum

Please report any facsimile transmission errors to 416-391-3449

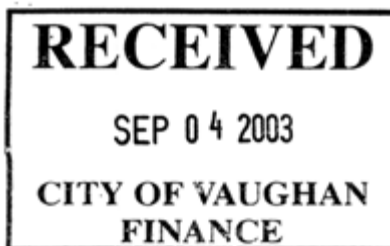
TO: Clayton Harris 905.832.8566
 Maurice Stevens 905.731.3481
 Liz Sawicki 905.850.6166
 Michael Naiberg 905.669.2134
 Daniel Belli 905.669.0444
 Randy Grimes 416.596.0644
 Fraser Nelson 905.669.2134

DATE: September 4, 2003
PAGES: 2 (including cover)

FROM: Paula J. Tenuta, Municipal Government Advisor

RE: City of Vaughan Proposed Development Charges

FYI - Final correspondence





**Greater Toronto
Home Builders'
Association**

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M3B 2V9

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Email gthba@newhomes.org
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September 4, 2003

Mr. Clayton Harris
Commissioner of Finance & Corporate Services
The City of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

RE: City of Vaughan Proposed Development Charges

As proposed by Finance staff at the August 28th meeting, GTHBA would support the following rates being presented to Council:

| | | | |
|-----------------|-----------------|------------------|--|
| Residential | single and semi | \$7,922/ unit | |
| | multiple | \$6,791/ unit | |
| | apartment | \$4,414/ unit | |
| Non-residential | | \$13.71/ sq. mtr | |

While GTHBA is pleased with the relatively small percentage increase, and while we appreciate the open review process, it should be noted that when the proposed municipal development charge is combined with those collected by the Region, GO Transit, and the school boards, Vaughan's rate is the highest in the GTA, and among the highest in Canada. By way of example, a recent study by CMHC shows that Vaughan's charges are three times more on a dollar basis than those collected in Calgary, Alberta.

Such increases have an effect on the building and development industry's ability to provide affordable and high quality housing, since the cumulative regional and municipal taxes, fees and charges represent a substantial burden on new housing.

The development charges review has been a beneficial process for all parties, reinforcing the need for continued dialogue on such significant industry matters. We look forward to future discussions and maintaining progressive working relationships with staff.

Sincerely,

Joe Valela
President

CC. Mr. Fraser Nelson, Chair, UDI York Chapter
Mr. Randy Grimes, IBI Group
Members of the Developer/Homebuilder DC Working Group

Building Confidence

FAX TRANSMISSION

September 4, 2003Project No: TO-0840

To

Mr. Clayton HarrisFAX No: 905 832-8566Mr. Maurice Stevens905 731-3481Ms. Liz Sawicki905 850-6166Ms. Ornella RichichiMr. Michael NaibergMr. Daniel BelliRandy Grimes

Sent By:

Darla DayExtension No: 820

No. of Pages:

Face + 2

COMMENTS

Re: Vaughan DC

Attached please our letter on behalf of the developers/homebuilders team on the proposed 2003 DC.

Regards,

Randy



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September 3, 2003

Mr. Clayton Harris
 Commissioner of Finance & Corporate Services
 The City of Vaughan
 2141 Major Mackenzie Drive
 Vaughan, Ontario
 L6A 1T1

Dear Mr. Harris

2003 City of Vaughan Development Charges By-law

I am writing on behalf of the developers/homebuilders who were involved in the negotiations for the 2003 City of Vaughan Development Charges By-law.

We were asked to express the appreciation of the developers/homebuilders team to the efforts of your staff and consultants involved in the negotiation process. We were pleased not only by the outcome of the discussions, but also by the professional and practical attitude taken during our meetings.

In light of these, the developers/homebuilders involved in the negotiations support the following development charges proposed by staff in our August 28 meeting:

| | | |
|-----------------|-----------------|----------------|
| Residential | Single and Semi | \$7,922/Unit |
| | Multiple | \$6,791/Unit |
| | Apartment | \$4,414/Unit |
| Non-Residential | | \$13.71/Sq. M. |

Given the non-residential charge has increased slightly over its existing level, we believe that it is not necessary to consider splitting retail from non-retail uses within the non-residential category.

Should you have any questions, please do not hesitate to give me a call.

Yours truly,

IBI GROUP

Randy M. Grimes
 Director

RMG/dd

Mr. Clayton Harris

- 2 -

September 3, 2003

cc: Maurice Stevens, Castlepoint Investments Inc.
Liz Sawicki, Landtactix Inc.
Ornella Richichi, First Pro Shopping Centres
Michael Naiberg, Metrus Development Inc.
Daniel Belli, Greenpark / Armland Group
Paula Tenuta, GTHBA

2896 South Sheridan Way, Suite 100
Oakville, Ontario L6J 7G9
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**Lynda J. Townsend Renaud
Law Office**

Fax

| | |
|---------------------------|--|
| To: Clayton Harris | From: Lynda J. Townsend Renaud |
| Fax: 905 303 2036 | Pages: 2 |
| Phone: | Date: September 4, 2003 |
| Re: | CC: Ornella Richichi 416 493 0329 Frank Clayton 416 699 2252 |

Urgent For Review Please Comment Please Reply Please Recycle

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THE LAW OFFICE OF LYND J. TOWNSEND RENAUD

September 4, 2003

The City of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

Attention: Mr. Clayton Harris
Commissioner of Finance & Corporate Services

Dear Mr. Harris:

Re: 2003 City of Vaughan Development Charges By-law

Please be advised that I represent Firstpro Shopping Centres with respect to development charge matters. On June 20, 2003 I wrote to the Mayor and Members of Council with respect to the background study and I expressed my client's interest in this document.

We have subsequently been advised through UDI and the GTHBA that discussions have now concluded with respect to the methodology and other elements of the background study. We understand that the non-residential charge is proposed to be recommended at \$13.71 per m^2 . I wish to advise on behalf of my clients that we take no issue with respect to the proposed and recommended charge and that we support the use of a single non-residential charge regardless of the type of non-residential development.

We wish to take this opportunity to thank you for having consulted with the developers and home builders over the course of the summer. We believe this has been a productive exercise.

Yours truly,
LYNDA J. TOWNSEND RENAUD
LAW OFFICE



Lynda J. Townsend Renaud

cc: Omella Richichi
Frank Clayton