

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 22, 2008**

Item 1, Report No. 46, of the Special Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on September 22, 2008, as follows:

***By receiving the memorandum from the Deputy City Manager/Commissioner of Finance and Corporate Services, the Commissioner of Engineering and Public Works, the Director of Reserves and Investments, and the Director of Development/Transportation Engineering, dated September 18, 2008;***

***By receiving the memorandum from the Deputy City Manager/Commissioner of Finance and Corporate Services, dated September 19, 2008; and***

***By receiving the written submission from Mr. Fred Darvish, Liberty Developments, 505 Highway 7 East, Suite 303, Thornhill, L3T 7T1, dated September 18, 2008.***

**1        DEVELOPMENT CHARGES BACKGROUND STUDY AND PROPOSED BY-LAW**

The Special Committee of the Whole recommends:

- 1) That the recommendation contained in the following report of the City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, the Senior Management Team and the Director of Reserves & Investments, dated September 15, 2008, be approved;
- 2) That the presentation from Hemson Consulting Ltd., and presentation material submitted, be received; and
- 3) That the following written submissions be received and referred to staff for a report:
  - a) Mr. Peter W. Murphy, Project Manager, Metrus Development Inc., 1700 Langstaff Road, Suite 2003, Concord, L4K 3S3, dated September 15, 2008; and
  - b) Mr. Sam Speranza, Director of Developments, ZZEN Group, 100 Zenway Boulevard, Woodbridge, L4H 2Y7, dated September 15, 2008.

**Recommendation**

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

- 1) That the presentation be received;
- 2) That the input from the public be received;
- 3) That the 2008 Development Charges Background Study, subject to input from the public and appropriate by-laws incorporating the development charge rates in:

Attachment 1 – Non-Residential Use Development Charges  
Attachment 2 – Special Service Area Development Charges  
Attachment 3 – Phase-in Residential Development Charges

be forwarded to the Council meeting of September 22, 2008 for adoption;

- 4) 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 or subject to Council policies; and

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5) That the proposed Development Charges be effective November 1, 2008.

#### **Economic Impact**

The capital cost of growth related “soft services” over the next 10 years is estimated at \$226.2M. There is a requirement for 10% municipal co-funding of \$17.2M over the same period.

Growth related engineering services “hard services” to service growth to ultimate build-out is estimated to be \$233.8M.

The operating cost of the growth related capital plan over the next year period is \$23.9M.

The 2008 Development Charges Background Study proposes calculating the development charge rates based on a gross population instead of net population forecast. This change in methodology impacts indoor recreation, parks development & facilities and Library capital costs and provides the City with an additional \$31.9M in development charges over the 10 years growth period.

#### **Communications Plan**

The notice requirement under the Development Charges Act (DCA) for the September 15, 2008 public meeting was advertised in the City page August 21, 2008. Notice was also posted on the City website under public meetings.

Subsequent to Council approval of the Development Charges Background Study and the Development Charges by-laws, appropriate notices will be advertised as prescribed by the Development Charges Act-1997.

#### **Purpose**

The purpose of this meeting is to provide the public with an opportunity to comment on the development charge background material that supports the development charge calculation and the proposed development charge rates.

#### **Background - Analysis and Options**

The public meeting is a requirement under the Development Charges Act (DCA) and it was advertised as required under the DCA on August 21, 2008. The Background Study was made available to the public on September 2, 2008 in advance of the public meeting.

The City of Vaughan Development Charges Background Study has been prepared to form the basis of the statutory public meeting in order to enact a new Development Charges By-law as per the Development charges Act-1997.

#### **Development Charges Background Study**

The purpose of the Development Charges Background Study is to provide Council, the development community and staff with an understanding of the capital infrastructure required to service growth. This serves as the basis for a 10 year capital plan for growth related services in the municipality. Total growth related costs, excluding Engineering over the 10 year period total \$226.2M. There is a corresponding 10% co-funding contribution of \$17.2M that will be required from taxation over this same period.

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The legislation permits growth related engineering costs to be collected beyond the 10 year growth forecast. They can be collected over growth to ultimate build-out. Engineering costs which are allocated over growth to the year 2031 total \$233.8M.

The forecast is based on maintaining service levels in the future to the extent permitted under the legislation. The legislation also requires that the Background Study include the anticipated impact on municipal operating costs for the capital infrastructure identified within the ten year plan. The net operating cost impact for the City over the ten (10) year forecasted period is estimated to be an increase of \$23.9M as a result of the maintenance and operation of the additional infrastructure. It does not include life cycle costing, i.e. funding their replacement. This is in addition to the taxation impact of the 10% co-funding contribution referred to previously for a total of \$41.1M over the next 10 years.

#### Development Charge Rates in the Background Study

The Development Charges Background Study is consistent with the provision of the Development Charges Act 1997 and its related regulations. The calculation of the City of Vaughan's development charges has two components; a City Wide component and an Area Specific component. Attachment 1 details the City Wide residential and non-residential rates based on the Background Study and Attachment 2 details the special service area development charge rates based on the Background Study.

#### Development Charge Administration

The administration of development charges is documented and incorporated into the Development Charge By-laws. The intent is to continue with the current administration including the following exemptions.

##### 1) Exemptions

The following exemptions are provided for in the draft By-law:

- a) local boards;
- b) the City of any local board thereof and, without limiting the generality of the foregoing including land leased from the Crown is right of Canada or Ontario located within the Parkway Belt Planning Area as defined in Regulation 744, paragraph 16 of the revised Regulation 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) the two Regional District Schools Boards;
- e) a public hospital receiving and under the Public Hospitals Act;
- f) any area municipality within the Regional Municipality of York;
- g) temporary use permitted under a zoning by-law enacted under Section 39 of the Planning Act RSO 1990; and
- h) an accessory use and without restricting the generality of the foregoing including a tent or awning used on a temporary or seasonal basis.

#### Deferral of Development Charges

Council at its meeting of June 27, 2005 approved the City of Vaughan City Wide Development Charges Deferral Policy to provide a deferral of City Wide Development Charges to non-profit organizations that provide services that would otherwise be provided by the City of Vaughan, the Regional Municipality of York or the two Regional School Boards.

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#### Development Industry Review and Input

Copies of the draft Development Charges Background Study had been provided to the development industry. The City consulted with the development industry; specifically, the Building Industry and Land Development Association (“BILD”). BILD appointed industry representatives from the BILD York Chapter. The consultative process has resulted in the BILD York Chapter, providing a letter of support (Attachment 4) for the proposed update of the City of Vaughan Development Charges Background Study and By-laws.

#### Development Charge Rates Proposed Phase-In

The process and methodology in the preparation of the Background Study has been consistent with previous development charge studies with one exception, the methodology of using a Gross population forecast rather than a Net population forecast for the per capita calculation.

The Development Charges Background Study now uses the Gross population forecast rather than the Net population forecast. This change only impacts the residential rate calculations for Indoor Recreation, Parks Development and Library Services. Using the gross methodology the municipality is able to collect additional development charges.

This change in methodology is being proposed in other municipalities and it has been appealed by the development industry. Recognizing that there is a change in methodology and that it has been appealed, staff believe that a transition period is appropriate.

Although the Background Study has been developed using the gross population forecast, staff recommend a phase-in of the transition.

The proposed phase-in reflects the following:

- 1) Recognizes the methodology has been appealed in another municipality and the appeal is outstanding;
- 2) Recognizes that it is not desirable to retro-actively provide refunds or collect additional funds on building permits already issued once the appeal is resolved;
- 3) Acknowledges the change will further increase Development Charge rates at a time when there are signs of a slowing down of the economy;
- 4) Provides an opportunity for the industry to adapt to the new rates; and
- 5) Structured to avoid an appeal of Vaughan’s Development Charge By-law.

The development industry is supportive of the proposed phase-in, the details of which are provided in the following paragraph.

The development charge for the period November 1, 2008 to October 31, 2009 will continue to be calculated and collected on the Net population basis. For the period November 1, 2009 to October 31, 2010, the development charge will be increased by 50% of the difference between the Net and Gross population calculated as at November 1, 2008. Beginning November 1, 2010 and thereafter the full development charge rate using the Gross population methodology will apply. All rates will be subject to normal indexing as prescribed in the development charge by-laws. Attachment 3 illustrates the proposed phase-in of rates to reflect the transition to the new methodology that has been negotiated.

The “gross versus net population” methodology for development charges is being challenged by the development industry in another municipality. The development charges bylaw shall be amended to comply with the first final Decision on the challenge, and the attached rate schedule

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will be amended as required to implement the Decision. There shall be no retroactive application of the Decision and no development charges paid shall be returned or refunded, and no additional payments shall be required from the date the By-laws as amended, comes into effect.

**Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

**Regional Implications**

Not applicable.

**Conclusion**

Staff and the representatives of the development industry have worked closely to address questions and resolve issues and the development industry has provided a letter of support for the update of the City of Vaughan Development Charge By-law.

Subject to public input, staff recommend the approval of the Development Charge Background Study with the proposed phase-in of the residential Development Charge rates detailed in Attachment 3, which reflects the transition to the new methodology.

**Attachments**

Attachment 1 - Residential, Non-Residential City Wide Development Charge Rates  
Attachment 2 – Proposed Special Service Area Development Charge Rates  
Attachment 3 – Proposed Phase-in of Residential Development Charge Rates  
Attachment 4 – Correspondence from the Development Industry

**Report prepared by:**

Clayton D. Harris, CA  
Deputy City Manager/  
Commissioner of Finance & Corporate Services

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)