

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF May 3, 2011**

Item 1, Report No. 11, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on May 3, 2011.

**1                    DEVELOPMENT CHARGES BY-LAW 230-2008 AMENDMENT**

**The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Reserves & Investments, dated April 18, 2011:**

**Recommendation**

The Commissioner of Finance/City Treasurer and the Director of Reserves & Investments, in consultation with the Commissioner of Legal and Administrative Services, recommend:

1. That this report be received.

**Contribution to Sustainability**

Not Applicable

**Economic Impact**

The City of Vaughan's 2008 Development Charge by-law utilized a new methodology which provided the City with an additional \$32.1M in development charges over the ten (10) year (2008 – 2017) growth period. The increase to the new rate was phased-in from 2008 to 2010, generating an additional \$2.4M in development charges collected.

As a result of the first final Decision of the new development charge calculation methodology (the "gross" versus "net" population methodology) in favour of the Development Industry, the economic impact to the City of Vaughan is the loss of \$32.1M (partially offset by the \$2.4M collected) in development charges (DC) over the ten year (2008 – 2017) growth period. The capital plans for the affected service categories will be impacted, with reductions for Indoor Recreation (\$17.3M), Parks Development (\$11.3M) and Library (\$3.5M), partially offset by the \$2.4M collected.

Due to the development industry's support of the City of Vaughan's approach to the new "gross" methodology, the City's DC By-law was not appealed to the OMB, the City was able to collect additional charges from 2009 to early 2011, and the City will not be required to refund any of the additional development charges collected up to the date of the first final Decision.

**Communications Plan**

The City will advise the development industry.

**Purpose**

The purpose of this report is to provide Council with an update on the first final Decision of the "gross" versus "net" population forecast methodology in favour of the Development Industry.

**Background – Analysis and Options**

The 2008 City of Vaughan Development Charges Background Study was adopted by Council September 22, 2008. The 2008 Background Study calculated the development charges based on a new methodology utilizing gross population instead of a net population forecast. The change in methodology favourably impacted costs eligible to be collected through development charges for

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF May 3, 2011

#### Item 1, Finance Report No. 11 – Page 2

indoor recreation, parks development and library capital and provided the City with an additional \$32.1M in development charges over the ten (10) year (2008 – 2017) growth period. The new methodology only impacted the residential rate calculation.

Recognizing at the time the new City of Vaughan Development Charge By-law was approved that the use of the new methodology had been appealed by the development industry in another municipality and that it would be appropriate to phase-in a change in methodology that increases rates, staff proposed a phase-in approach of the development charge rates from the net to the gross calculation over a two year period. The development industry was supportive of the proposed phase-in and provided a letter of support (Attachment 1) subject to the condition that, in the event that the use of the “gross” methodology was successfully challenged by the development industry, the City’s DC by-law would be amended to comply with the first final Decision on the challenge. No matter the outcome, the rates remain subject to regular indexing.

The Town of Orangeville’s development charge by-law was appealed to the Ontario Municipal Board based on the use of the “gross” population method. The new methodology used in the Town of Orangeville’s development charge by-law was successfully challenged at the OMB in September 2010, potentially negatively affecting all municipalities using this methodology. Following the OMB decision, the Town of Orangeville Council determined that they wished to seek leave to appeal the OMB decision to the Divisional Court.

On March 21, 2011 the Divisional Court refused leave to the Town of Orangeville to appeal the OMB decision. For the purposes of Vaughan’s Development Charges By-law, that constitutes the first final Decision.

By-law 230-2008, section 5 provides as follows:

“in the event of a challenge to the gross versus net population methodology for development charges imposed by this by-law, this by-law shall be amended to comply with the first final Decision on the challenge and Schedules B-1, B-2 and B-3 shall 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-law, as amended, come into effect.”

The Divisional Court ruling triggers Council’s previous decision, reflected in section 5, to amend the Development Charges by-law accordingly. Therefore Schedules B-2 and B-3 are deleted from By-law 230-2008.

#### **Relationship to Vaughan Vision 2020/Strategic Plan**

This report is consistent with the priorities set forth in Vaughan Vision 2020.

#### **Regional Implications**

Not applicable

#### **Conclusion**

The Town of Orangeville decision in favour of the development industry is the first final Decision on the gross versus net methodology. Based on this outcome and Council’s previous decision, reflected in By-law 230-2008, section 5, staff advise that Schedules B-2 and B-3 of By-law 230-2008 are deleted.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF May 3, 2011**

Item 1, Finance Report No. 11 – Page 3

**Attachments**

Attachment 1 – BILD Letter dated September 3, 2008

**Report prepared by:**

Ferrucio Castellarin, CGA  
Director of Reserves & Investments  
Ext. 8271

(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.)



## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF May 3, 2011

#### Item 2, Finance Report No. 11 – Page 2

The work plan for a new Development Charges Background Study will include review and any additional updating of the City's inventory of assets relating to libraries, fire services, indoor recreation, parks and public works, in order to establish the City's 10 year average service level in each of these areas. Additionally, the updated Master Transportation and Master Servicing Studies (anticipated to be completed fall 2011) are required in order to calculate the city wide development charges for these services.

During the preparation of the last three (3) Development Charges Background Studies (1999, 2003, 2008), the City engaged the services of Hemson Consulting Ltd. to assist the City. Historically the City collected the maximum development charges permitted under the legislation without appeals in the past. The City's success can be attributable to the extensive consultative approach taken by the City, the positive working relationship with the development industry and the retention of a firm that has credibility with all stakeholders in the development process.

Retaining the services of Hemson Consulting Ltd. has the advantage of continuity and efficiency given Hemson's familiarity with the City's growth related data. Hemson also completed the City's "Housing Analysis and Employment Land Needs" study in April of 2010, which is data that will be transferred to the DC Background study. Should Council approve the selection of Hemson Consulting Ltd. as the preferred supplier to update the 2008 Development Charges Background, Hemson expects to complete the update to the Development Charges Background Study no later than the spring of 2012.

#### **Relationship to Vaughan Vision 2020/Strategic Plan**

This report is consistent with the priorities set forth in Vaughan Vision 2020.

#### **Regional Implications**

The City's growth forecast must be coordinated with that of the Region; however there are no direct regional implications.

#### **Conclusion**

The current Development Charges Background Study and associated by-laws were approved in September 2008. In order to maintain continuity and efficiency which should make the update process smoother and assist the City in meeting the Spring 2012 timeframe, staff recommend retaining the services of Hemson Consulting Ltd. to work with the various City departments to prepare the update to the 2008 Development Charges Background Study.

#### **Attachments**

Attachment 1 - Proposed Workplan – Hemson Consulting

#### **Report prepared by:**

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