

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

**Recommendation**

The Commissioner of Finance & Corporate Services recommends:

That the Development Charges Background Study and presentation be received;

That the input from the public be received and taken into consideration when further reviewing the Background Study;

That the Development Charges By-law 299-99 be amended to remove the appropriate Transit component from the development charges effective June 24, 2003; and

That the Development Charges Background Study be forwarded to a future Committee of the Whole Working Session for further consideration.

**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 Development Charges By-law.

**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 June 3, 2003. As required under the DCA, the Background Study was made available to the public on June 9, 2003 two weeks in advance of the meeting.

The City of Vaughan Development Charges 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 (DCA). The Background Study has been undertaken by Hemson Consulting Ltd. and coordinated by Finance with the direct involvement of City senior staff in those departments that provided growth information, service standards, capital forecasts and costing information. The Background Study looks at growth over the next ten (10) years and to ultimate build out. The growth related services and their cost for the majority of services is restricted to a 10-year period; however some services such as roads, water and sewer are permitted to be cost shared over ultimate development.

Development charges are imposed to recover growth related capital costs from development, which causes an increased demand for services. The objective is to maintain service levels and have growth pay for growth.

**Background Study**

The purpose of the Background Study is to provide Council, the development community and staff with an understanding of the capital infrastructure required to service growth and the related implications. It serves as a 10-year capital plan for growth related services in the municipality. Total growth related costs, excluding Engineering over the 10-year period total \$165,902,700. Engineering costs which are allocated over growth to 2027 total \$221,539,421. The forecast is based on maintaining service levels in the future to the extent permitted under the legislation.

The legislation requires that the Background Study include the anticipated impact on municipal operating costs. The operating cost implications for the capital infrastructure within the ten-year plan are required for all growth related capital projects. The net operating cost impact for the City over the ten (10) year forecasted period is estimated to be an increase of \$15.7M as a result of the maintenance and operation of the additional infrastructure. In addition, the impact of the 10% co-funding contribution towards these capital projects must also be identified. This amount is a further \$15.6M for a total of \$31.3M over the next 10 years.

### Development Charge Rates

The calculation of the City of Vaughan's development charges has two components, a City-wide component and an area specific charge component. Attached are the residential, non-residential and area specific development charge rates based on the Background Study.

The proposed City-Wide residential and non-residential charges represent an increase from the current charges, reflecting a more comprehensive analysis of engineering services, the City's experience in project costs and higher historical average service levels.

Historically the City has had one nonresidential rate for industrial, retail and commercial development. Staff have been requested by Council to undertake the following:

1. That staff provide an alternative option for separate development charge rates for Commercial, Industrial and Retail;
2. That staff report back on opportunities to reduce the Industrial development charge component;
3. That staff be directed to explore and report back on the feasibility of a phase-in, or 4-year term Development Charge By-law similar to the Region.

### Development Charge Policies

The City has development charge exemption, deferral, and lot levies credit policies to assist the administration of the development charges by-law. The intent is to continue with the current policies.

### Development Industry Review and Input

Copies of the draft Development Charge Background Study have been provided to the development industry. The development industry is represented through the Urban Development Institute – York Chapter, and the Greater Toronto Home Builders' Association (GTHBA).

Discussions have taken place between the City and the development industry. Staff will continue to work with the development industry to address questions and resolve issues prior to bringing the By-law forward for approval.

### Transit Development Charge

The Region of York Council at its meeting of May 22, 2003 passed a Development Charges By-law that becomes effective June 23, 2003. Included in this new Region of York Development Charges By-law is a transit component.

Prior to the assumption of transit by the Region from the area municipalities on January 1, 2001, area municipalities providing transit services included a development charge for transit growth related capital. At that time, the area municipalities agreed to continue to collect transit development charges after transit was transferred to the Region and forwarded these collections

to the Region. Once the Region amended its Development Charge By-law to include transit, the area municipalities would repeal its component of the transit development charge.

As the Region of York has enacted a revised Development Charges By-law incorporating transit and to avoid double charging the development industry for transit services, the City of Vaughan will be amending the City of Vaughan Development Charges By-law 299-99 effective June 24, 2003. The impact is as follows:

	<u>From</u>	<u>To</u>
<b><u>Residential (Dwelling Type)</u></b>		
Single/Semi Detached	\$7,819	\$7,555
Multi Unit	\$6,812	\$6,582
Apartment	\$4,402	\$4,253
<b><u>Non-Residential</u></b>		
Per Square Metre of GFA	\$14.03	\$12.56

### **Conclusion**

Staff will take the comments from the public meeting into consideration and will continue to work closely with the development and building industry to address questions and resolve any issues.

### **Attachments**

- Attachment 1: Draft Residential, Non-residential DC Rates
- Attachment 2: Draft Area Specific Development Charge Rates

### **Report prepared by:**

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Respectfully submitted,

Clayton D. Harris, CA  
Commissioner of Finance & Corporate Services

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

	<u>Current Rate</u>	<u>Draft Rate</u>	<u>Rate Increase</u>
<b><u>Residential DC</u></b>			
Single/Semi Detached	\$7,819	\$8,944	14.39%
Multiple Unit	\$6,812	\$7,702	13.07%
Apartment	\$4,402	\$5,217	18.51%
<b><u>Non-Residential DC</u></b>			
Per square metre of GFA	\$14.03	\$18.62	32.72%

## Notes:

- 1) The transit charge is included in the current rate.
- 2) These rates are subject to change as a result of the ongoing review process

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

<b>Service</b>	<b><u>Area</u></b>	<b><u>Draft Rate Per Ha</u></b>
<b><u>Carry-Forward Special Areas</u></b>		
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
<b><u>New Special Areas</u></b>		
Pressure District 5 West - Woodbridge Watermain	D - 15	\$6,984
Concord Truck Extension - Segment One	D - 16	\$4,483
Concord Truck Extension - Segment Two	D - 17	\$11,848
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

Note: These rates are subject to change as a result of the ongoing review process.