

DEVELOPMENT CHARGES BY-LAW UPDATE

Recommendation

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

- 1) That the presentation by Hemson Consulting be received;
- 2) That the following report based on the material from the Development Charges Background Study be received for information purposes;
- 3) That Council provide feedback so that their comments can be taken into consideration;
- 4) That Council authorize staff to meet with representatives of the development industry to review the Background Study and obtain input; and
- 5) That Council confirm September 15, 2008 at 5:00 pm for a Public meeting as required under the Development Charges Act.

Economic Impact

This report as written has no economic impact.

Communications Plan

Subsequent to Council approval, the Development Charges Background Study will be forwarded to representatives of the Development community for input.

Purpose

To update the members of Council concerning the update of the City's Development Charges By-law and provide Members of Council an opportunity for input prior to the meeting with the development industry and the Public meeting.

Background - Analysis and Options

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. The background study has been undertaken by Hemson Consulting Ltd. and coordinated by Finance with the direct involvement of the senior staff in those departments that provided growth information, service standards, capital forecasts and costing information. The background study focuses on growth over the next ten (10) years and growth to ultimate build out where permitted under legislation. The growth related services and the cost recovery for the majority of services is restricted to a ten (10) year period, however some services such as transportation, 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 to the extent permitted under the Legislation.

Council approved the current City of Vaughan Development Charges Background Study in September 2003. The maximum term of the current Development Charges By-law is five (5) years and expires September 2008. The updating of the 2003 Background Study included reviewing all growth related projects, identifying new projects, a review of inflation or other cost

adjustments to those works included in the previous background study, consideration of additional lands that have been designated for development and a review of population, employment and non-residential growth forecasts.

Background Study Detail

The Background Study is a growth related capital plan for the City of Vaughan for the next ten (10) years. It identifies projects, their costs and the anticipated timing of construction over the next 10 years. The Study includes a forecast of residential and non-residential development anticipated by the City. The average service level provided in the City over the 10 year period preceding the preparation of the proposed 2008 background study. Based on this information, the 10 year capital plan for the City is prepared to provide the services for the anticipated development in the City.

The requirement of the Background Study provides Council, staff and the development industry with a better understanding of the capital infrastructure required to service growth.

Development Charge 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's development charges has two components, a City Wide component and Area Specific component.

The City Wide average cost approach is used to calculate development charges for general Government, Indoor Recreation, Parks development and Facilities, Fire, Library, Public works yards, Fleet and Roads. This approach results in uniform charges throughout the City. It reflects the fact that service standards apply equally across the City and that the residents and businesses in Vaughan have access to services regardless of location.

The second component are area specific development charges called Special Area Development Charges calculate for water, wastewater, and storm drainage services. The area specific approach aligns costs and benefits for services where benefits are more localized and can be certified.

Development Charges Policies

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

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 School Boards;
- e) a public hospital receiving and under the Public Hospitals Act; and
- f) any area municipality within the Regional Municipality of York.

2. Deferral of Development Charges

Council at its meeting of June 27, 2005 approved the City of Vaughan City-Wide Development Charges Deferral Policy (Attachment 1) 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.

3. Development Industry Dialogue

Copies of the draft 2008 Development Charge Background Study upon Council approval will be circulated to the Development Committee composed of City staff and representatives from BILD (Building Industry and Land Development Association). Meetings will be scheduled to review the Development Charges Background Study prior to the statutory Public meeting. Staff will work closely with the development community to address questions and resolve any issues prior to the statutory Public meeting proposed for September 15, 2008.

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

The material presented is intended to provide Members of Council with a sense of the direction that staff are recommending in a number of areas prior to discussion with the development industry. Input from Members of Council is appreciated.

Attachments

Attachment 1 – City of Vaughan City-Wide Development Charges Deferral Policy

Report prepared by:

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Respectfully submitted,

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City-Wide Development Charges Deferral Policy

Purpose

A policy setting out the qualifying criteria enabling all qualifying applicants to receive a deferral of the City of Vaughan City-Wide Development Charges.

Definitions:

Non-profit Organization - any organization that is a registered charity pursuant to Section 248 of the Income Tax Act.

Private/Parochial School – as defined by the Education Act - an educational institution operated on a non-profit basis excluding any dormitory or residence accessory to such private/parochial school that is used primarily for the instruction of students in course of study approved or authorized and registered by the Ministry of Education.

Qualifying Criteria to Determine Eligibility for a Deferral of City of Vaughan City-Wide Development Charges

1. **Deferrals for Private / Parochial Schools must meet all of the following criteria:**
 - i) A non-profit organization; and
 - ii) Lands are owned by the non-profit organizations or are leased lands where the land owner has consented to register the deferral agreement on title and agrees to pay the deferred amount, if required;
 - iii) That all other consents that are determined necessary by the City are obtained;
 - iv) Registered, in good standing, as a charity with the Canada Customs and Revenue Agency; and
 - v) Registered, in good standing, as an educational institution with the Ministry of Education.

2. **Deferrals for Services/Uses Provided by the City of Vaughan or the Regional Municipality of York or any local Board thereof must meet all of the following criteria:**
 - i) A non-profit organization; and,
 - ii) Services/uses that would otherwise be provided by the City of Vaughan (other than seniors housing) or the Regional Municipality of York or any local board thereof; and,
 - iii) Lands are owned by the non-profit organizations or are leased lands where the land owner has consented to register the deferral agreement on title and agrees to pay the deferred amount, if required;

- iv) That all other consents that are determined necessary by the City are obtained;
- v) Registered, in good standing, as a charity with the Canada Customs and Revenue Agency;
- vi) Registered in good standing, where required, with appropriate Province of Ontario Ministries; and
- vii) The service is available to the general public.

3. Ending Deferral

- i) The deferral of the development charges will end when the use no longer meets the criteria outlined in this policy;
- ii) The rate to be paid is the rate in effect at the time of the deferral.

4. Previous Deferrals

- i) Deferrals previously granted will be grandfathered under the terms and conditions the deferral was originally granted.

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Process for the Administration of Deferral Agreements

- 1) Applicant to provide a written request to the Commissioner of Finance & Corporate Services, prior to the issuance of a building permit, for the partial or full deferral of City of Vaughan City-Wide Development Charges.
- 2) The Director of Reserves & Investments will require the following information in order to process the request.
 - i) why the deferral is requested,
 - ii) a footprint of building,
 - iii) proposed building uses,
 - iv) proof of registration with Canada Customs and Revenue Agency; and
 - v) proof, where applicable, of registration with appropriate Province of Ontario Ministry.
- 3) Where a facility has shared uses (more than one use), the common areas within the facility will be prorated among the proposed user. The total identified gross floor area attributed to a use that is for services/uses provided by the City of Vaughan or the Regional Municipality of York, the two Regional School Boards or any local board therefore will be considered for deferral of City of Vaughan development charges.

- 4) The Director of Reserves & Investments will determine the nature of deferral request and forward the request to the appropriate Commissioner of the City of Vaughan or Regional Municipality of York who determine if the uses provided by the applicant are uses provided by either the City of Vaughan or the Regional Municipality of York.
- 5) Upon review, the respective Commissioner of the City of Vaughan or Regional Municipality of York will provide confirmation in writing whether or not the proposed uses to be provided by the applicant are services provided by either the City of Vaughan or the Regional Municipality of York.
- 6)
 - a) If the proposed uses are deemed to be services/uses provided by the City of Vaughan (other than seniors housing), Regional Municipality of York and are eligible for the City-Wide Development Charges deferral, Reserves & Investment staff will determine the deferral amount. The Legal Department will prepare a standard deferral agreement, obtain the necessary consents and register of the deferral agreement on land title.
 - b) For the Private/Parochial School deferral requests, Reserves & Investment staff will confirm that all the criteria for deferral are met. Reserves & Investment staff will determine the deferral amount. The Legal Department will prepare a standard deferral agreement, obtain the necessary consents and register of the deferral agreement on land title.
- 7) Deferrals must be authorized by the Commissioner of Finance & Corporate Services.
- 8) Commissioner of Finance & Corporate Services will advise the Clerks department if the deferral agreement can be executed.
- 9) In the event that a building permit is ready to be issued for an applicant that qualifies for a deferral and the deferral agreement is not signed and/or registered on land title, the applicant is required to pay the development charges amount in full. Once the deferral agreement is signed and registered on land title, the City will refund the agreed to deferred amount to the applicant.
- 10) In the event the applicant is not satisfied with the result of their deferral request, the applicant may appear before Council and appeal staff's decision. Council will give the applicant an opportunity to make representation why the deferral request should be considered. At such time, Council may either dismiss or confirm the deferral request. Council's decision is final and binding.
- 11) Each applicant, that qualified for a deferral, must annually no later than September 30 of each year after the signing of the deferral agreement provide the City of Vaughan – Reserves and Investments Department evidentiary proof that the non-profit organization remains in good standing with the Canada Revenue Customs and Revenue Agency and with the respective Province of Ontario Ministries. Reserves & Investment staff will verify the information provided and request that the appropriate staff that performed the initial review of the deferral request perform a site visit to verify that the land use has not changed. If a change in use occurs that is not covered by the deferral policy, the development charges registered on land title that were deferred become applicable and must be paid in full.