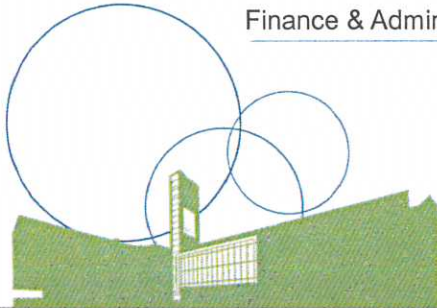


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F&A
May 6/13
Item 1

5/3/2013

2013 DEVELOPMENT CHARGE REVIEW

Finance & Administration Committee – May 6, 2013



1. Contributors to the DC Process

Internal/External Stakeholders and Consultant advice considered

- Development Industry (Represented by BILD)
- Individual Developers
- Vaughan Public Library Staff
- City of Vaughan Departmental Staff
- Hemson Consulting Ltd. (DC Study)
- Fabian Papa & Partners (TMP Study)



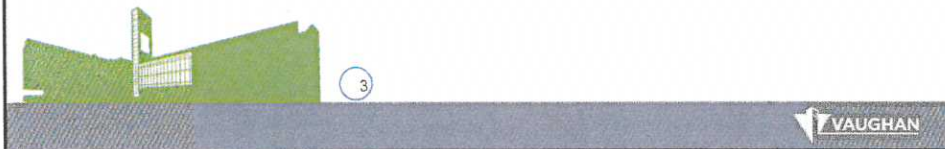
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2. City Wide DC Rate Summary

Major Contributing Factors to City Wide Rate Increase

- Urban boundary expansions and VMC infrastructure have increased the road related capital program from \$366M in 2008 to \$700M in 2012
- New water main related infrastructure was collected as Special Area Charges in 2008 and is now collected under the City Wide rate (\$84M)
- Costs of infrastructure have generally been increasing at a greater rate than the legislated DC index



2. Proposed City Wide DC Rate Summary

Service	2013 Proposed (Fully Effective by March 21, 2015)	2008 DC Per Unit (Indexed to January 1, 2013)	% Change
Residential (Per Unit)			
Single/Semi Detached	\$22,703	\$12,715	79%
Rows (Townhouses)	\$19,335	\$10,763	80%
Large Apartments	\$13,909	\$7,548	84%
Small Apartments	\$9,979	\$7,548	32%
Non-Residential (Per Sq.M.)			
Non-Residential	\$52.15	\$20.33	157%
Mid-High Density Mixed Use	\$44.79	\$20.33	120%



3. Special Area Development Charges (SACs)

Charges are based on specific costs and specific benefiting areas

- One (1) modification to an existing SAC (Zenway/Fogal Sanitary Sub-Trunk) and two (2) new SACs (Huntington Road Sewer – from Tradevalley to Rutherford and Black Creek and Related VMC SWM Works) have been proposed with the release of the Background Study
- All other existing SACs are proposed to continue (with the exception of Ansley Grove Sanitary Sub-Trunk, which has been closed out)
- All future SACs will be enacted upon completion of the infrastructure over the 5 year by-law period
- Council will be required to pass a new SAC By-law every time potential SAC infrastructure is completed to the satisfaction of the City, but the process for these SAC enactments is expected to be less onerous than the full by-law review process



3. Special Area Development Charges (SACs)

New Black Creek and Related VMC SWM Works SAC

- Four projects for which costs require recovery:

▪ Jane/7 SWMP retrofit	\$6.9M
▪ Black Creek flood improvement works	\$21.7M
▪ Black Creek land acquisitions	\$14.7M
▪ Black Creek erosion improvement works	<u>\$0.9M</u>
	\$44.2M
- 6 Geographic areas have been identified within the VMC area that will pay in different proportions to each of these 4 projects based on the relative benefit they receive from the infrastructure
- The charges range from \$3,471 to \$3,605,417 per hectare
- The high end of the charge largely represents Black Creek land acquisition charges attributed to Sub-Area 3, who will receive reclaimed developable lands as a result of the channel works



4. Minor Policy Issues

Actions on several minor policy issues have been proposed

- Differentiated rates for Small and Large Apartments – Recommended
- Exemption for above grade non-commercial parking structures – Recommended
- Discount for Office Development – Recommended to be investigated in an Economic Development context and separate from DC by-laws (**Potential Brownfield Redevelopment incentive also being investigated**)
- Differentiated rate for High Density Mixed Use (Non-Residential space) in one building – **Recommended (with revision from April 15, 2013 Definition):**

"mid-high density mixed-use means a building or structure used, designed or intended for residential uses, where:

- a) The non-residential uses comprise a maximum of 50% of the G.F.A. of the building;
- b) The non-residential uses comprise a minimum of 5% of the G.F.A. of the building;
- c) The residential portion of the building or structure is over 5 storeys in height."



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5. Economic Impact of Increase

A large one-time increase may have a short term adverse effect

- A full 79% increase on residential and 157% increase on non-residential DCs may adversely effect the development environment
- New homeowners and potential tenants (in non-residential) will be heavily impacted
- Many developers have commitments based on existing rate structure
- The development industry currently, among other things, contributes to the Vaughan economy in the following ways:
 - Construction job creation
 - Development of non-residential space, which serves to create jobs
 - Purchase of local services/materials



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6. Transition Measures

Measures have been proposed to mitigate impact of large increase

Effective date of By-laws

- ✓ Moved from May 14, 2013 to September 21, 2013

Phase-in of proposed rate increase

- ✓ Phased-in over 18 months beginning on September 21, 2013 (rate increase every 6 months)

Approximate 2 year freeze on Engineering "top-ups"

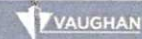
- ✓ Top-up freeze begins on September 21, 2013 and ends on March 21, 2015

Pre-payment agreements

- ✓ Available for developments meeting specific criteria to pre-pay DCs at current rates to avoid large impacts to new homeowners / tenants of non-residential



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2013 Development Charge Review

Thank-you
& Questions?



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