

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 10, 2013

Item 5, Report No. 17, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on December 10, 2013, as follows:

By approving the following:

That the recommendation set out in Communication C10 from the Acting Commissioner of Finance & City Treasurer, Commissioner of Planning and Director of Development Finance & Investments, dated December 10, 2013, be approved as follows:

- 1. That the Mayor be requested to sign a letter substantially in the form of Attachment 1, setting out Council's position on Development Charges, Land Use Planning and Appeal System Reform;***
- 2. That Council endorse Attachment 2 as the City's official position on matters related to Development Charges, Land Use Planning and Appeal System Reform; and***
- 3. That to meet the Provincial Consultation deadline, the City Clerk forward such correspondence and documentation, prior to January 10, 2014, to the Premier, local Members of Provincial Parliament, the Minister of Municipal Affairs and Housing, Regional Municipality of York and York Region Municipalities.***

**5 PROVINCIAL CONSULTATIONS: DEVELOPMENT CHARGES, LAND USE PLANNING
AND APPEAL SYSTEM REFORM**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Acting Commissioner of Finance & City Treasurer, Commissioner of Planning and Director of Development Finance & Investments, dated December 2, 2013:

Recommendation

The Acting Commissioner of Finance & City Treasurer, Commissioner of Planning and Director of Development Finance & Investments, in consultation with the Director of Legal Services, Director of Parks Development and Manager of Policy Planning, recommend:

1. That a copy of this report and any associated communications containing a response on Planning Reform and Development Charges Reform be forwarded to the Province of Ontario and Region of York before January 10, 2014.

Contribution to Sustainability

Sustainability by its definition refers to maintaining an action over time. The objective of the Development Charges Act is to fund and construct new public infrastructure to support population growth, while maintaining community service levels. Current legislation attempts to support the "growth pays for growth" principle, but falls short due to a number of key quality of life related service restrictions and ineligibilities, co-funding requirements and other elements. These implications are costly to municipalities and place financial pressure on the existing taxpayers to support growth related servicing, cultural requirements, hospital requirements, etc. The topic of Development Charge reform is an opportunity for the City to voice its position to ensure that changes to the Act and related regulations improve the City's ability to sustain growth.

Changes to the Planning Act and Development Charges Act and related regulations and guidance documents can impact the City's ability to implement Green Directions Vaughan.

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Economic Impact

Development Charges are the largest source of funding for growth related infrastructure. The 2013 Development Charge background study estimates that the total development charge related capital program (for general services to 2021 and engineering to 2031) is approximately \$1.3 billion. After various legislated deductions, based on the current Development Charges Act, only 63% of this can be funded from future development charge collections. Some of the deductions mandated are consistent with the principle that “growth pays for growth” (e.g. deduction for existing Development Charge reserve balances) while others are not (e.g. 10% co-funding).

Any consultation process that seeks amendments to the Development Charges Act or Section 37 and Parkland Dedication sections of the Planning Act could have a positive or negative economic impact on the City of Vaughan. The impact could come in many forms, but in most cases would be affected by the following types of amendments:

- Removal/modification to the 10% co-funding requirement on soft services, primarily funded by property taxation
- Changes to service level calculation methodology, which impacts the maximum allowable to be collected through Development Charges
- Modifying inclusions/exclusions to the development charge eligibility list (e.g. hospitals, waste collection, municipal administrative buildings and arts/culture facilities are all currently excluded)
- Establishing an explicit definition in the legislation of “benefit to existing”
- Aligning development charges with other provincial planning objectives, such as promoting increased intensification
- Modifying calculation methodology of Cash-in-lieu of Parkland Dedication

All of the above examples are included in the consultation process and depending on the outcome of the review may have a future economic impact on the City.

Targeted changes to the Planning system, if implemented, would help to increase available revenue for municipalities and reduce the staff time and expense involved in defending Ontario Municipal Board appeals in the future.

Communications Plan

The Ministry of Municipal Affairs and Housing has invited municipalities to share comments and ideas on the above reform topics by January 10, 2014. In addition to providing informal communication through ministry led consultation sessions, staff, under tight timelines are endeavoring to provide Council with a position communication for consideration. Upon approval, an official submission will be presented to the Ministry of Municipal Affairs and Housing with copies to local MPPs, York Region and surrounding communities.

The Ministry is also consulting with the development industry and other stakeholders. The development industry, as well as any other interested parties, are also working towards the January 10, 2014 deadline to submit their own comments on the review of the legislation.

Purpose

The purpose of this report is to inform Council of the recently announced provincial consultations on Developments Charges, Land Use Planning and Appeal System reform. In order to accommodate the provincial set timelines staff will be submitting a more detailed communication to the City Council meeting of December 10, 2013 with the recommended position on the consultation and reform topics.

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Background

The provincial government recently announced that through the Ministry of Municipal Affairs and Housing a consultation process would take place on Development Charge, Land Use Planning and the Appeal System reform in Ontario. Their broad mandate of the consultation process is to “ensure that the land use planning and appeal systems, and the development charges system are predictable, transparent and cost effective.”

The City has been given a narrow window to provide input in to the process

The time from announcement (October 24, 2013) to deadline for input (January 10, 2014) is a very narrow window and therefore staff have prepared this report to provide an overview of the consultation with further communication to be brought forward to Council on December 10, 2013. In order to meet the input deadline of January 10, 2014, a Council resolution is required on December 10th, given that the next Council meeting falls after the deadline.

Two consultation papers were released by the province in late October. One paper addresses the development charge system as well as Section 37 and Parkland Dedication, and the second paper addresses the land use planning and appeal systems. Both papers pose questions/issues to municipalities, the development industry and other stakeholders for feedback. In addition, consultation workshops at the staff level have been scheduled. Provincial consultation workshops were scheduled for mid to late November and hence the need to bring a final communication directly to Council with recommended positions on the topics.

The first review of the Development Charges Act in 16 years

The Development Charges Act, 1997 lays out Ontario's regulatory and legislative framework which municipalities must follow to collect Development Charges and enact related by-laws. This legislation resulted from negotiations with municipalities and developers and is based on the core principle that Development Charges are a primary tool in ensuring that “growth pays for growth”.

Over the life time of this legislation, municipalities have repeatedly cited concerns that the framework does not go far enough to address the principle of “growth paying for growth” and that reform was required. This concept has been of special interest in light of several transit funding issues identified in Metrolinx's “The Big Move” regional transportation plan. Conversely, the development industry have cited concerns that the legislation has allowed Development Charges to rise steadily affecting housing affordability and working against intensification policies.

The province's consultation on Development Charges involves addressing questions and issues surrounding the following themes:

- The Development Charge Process
- Development Charge Eligible Services
- Development Charge Reserve Funds Reporting
- Section 37 (Density Bonusing) and Parkland Dedication
- Voluntary payments
- Growth and Housing Affordability
- High Density Growth objectives

While Section 37 and Parkland Dedication are rooted in the Planning Act, rather than the Development Charges Act, these consultations have been grouped with Development Charges to reflect the commonality between these tools to fund growth related municipal capital infrastructure.

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Detailed recommended positions on all three topics will be provided in the communication to Council on December 10, 2013.

The review on Land Use Planning and the Appeal System is not an overhaul of the system

There have been a number of changes to the planning system in Ontario over recent years and both municipalities and the development industry alike have continued to raise concerns. As a result, the current consultation process will not represent an overhaul to the system, but rather is focused on the following four themes:

- Achieve more predictability, transparency and accountability in the planning/appeal process and reduce costs
- Support greater municipal leadership in resolving issues and making local land use planning decisions
- Better engage citizens in the local planning process
- Protect long-term public interests, particularly through better alignment of land use planning and infrastructure decisions, and support for job creation and economic growth

The Ministry is providing the following guiding principles in any feedback provided by consulted parties:

- The public is able to participate, be engaged and have their input considered
- The system is led by sound policies that provide clear provincial direction/rules and is also led by up-to-date municipal documents that reflect matters of both local and provincial importance
- Communities are the primary implementers and decision-makers
- The process should be predictable, cost-effective, simple, efficient and accessible, with timely decisions
- The appeal system should be transparent; decision makers should not rule on appeals of their own decisions

The Ministry has also specifically ruled out the following as topics of discussion through the consultation:

- Elimination of the OMB
- The OMB's operations, practices and procedures
- Removal of the provincial government's approval role
- The restriction of the provincial government's ability to intervene in matters
- Matters involving other legislation, unless housekeeping changes are needed.

Some of the areas where input is being requested are not relevant for Vaughan. For example, the Province is requesting input on whether pre-consultation would be helpful. However, in Vaughan pre-application consultation has been mandatory for several years and is working well to achieve a greater understanding from proponents of information requirements associated with applications. In contrast, many of the issues raised through the consultation process could directly impact the City's ability to efficiently legally enact the Vaughan Official Plan 2010 and mitigate against ineffective aspects of the current appeal system. Some initial City perspectives would include requesting changes to:

- Provide more support for implementation of official plans that align with Provincial policies
- New policies to address intensification issues such as compact schools and parkland standards

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- Minimize the “whole plan” appeal process
- Adjust timeframes related to appeals of official plan amendments and zoning by-law amendments
- Differentiated Official Plan review deadlines for Regional and Local plans
- Adjust timeframes for appealing development applications

Several other positions, as well as further detail on the issues stated above, will be provided in the communication to Council on December 10, 2013.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the Strategic Goal of Organizational Excellence. The future ability to collect Development Charges and to help ensure that “growth pays for growth” is an integral part of “Ensuring Financial Sustainability”. This consultation process provides the City with an opportunity to help shape the future of the legislation that provides an important source of revenue to build growth related infrastructure and therefore to sustain the pace of growth currently being experienced by Vaughan.

The report also speaks to the Organizational Excellence theme of “Managing Growth and Economic Well Being” as the planning and appeals system in Ontario directly affect the City’s ability to bring the City’s Official Plan to fruition.

Regional Implications

The Region of York is also preparing responses for this consultation process. City staff has been in contact with Region staff and every effort will be made to ensure that consistent response themes are provided to the province and that both the upper and lower tier municipal perspective is presented. Given the very short timeframe for consultation it is not anticipated that one fully coordinated response approved by both City and Regional Council will occur in time for the January 10, 2014 input deadline.

Conclusion

The province has announced a consultation process on reform to the Development Charge, Land Use Planning and Appeal systems in Ontario that will last from late October 2013 to early January 2014. City staff will be preparing positions on the issues raised through the consultation papers and will bring this in the form of a communication to Council on December 10, 2013.

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