

C 2  
COMMUNICATION  
FAA - May 7/2018  
ITEM - 2

**DATE:** May 7, 2018

**TO:** Honourable Mayor and Members of Council

**FROM:** Laura Mirabella, Chief Financial Officer and City Treasurer

**RE:** **ITEM #2 – FINANCE, ADMINISTRATION AND AUDIT COMMITTEE MEETING – MAY 7, 2018 – 2018 CITY-WIDE AND AREA SPECIFIC DEVELOPMENT CHARGE BACKGROUND STUDY AND BY-LAWS REVIEW**

---

### **Purpose**

The purpose of this communication is to seek Council's approval of the final staff recommendations related to the enactment of the Development Charge (DC) by-laws.

### **Recommendations**

1. That the Draft 2018 Development Charges Background Study, be approved subject to the inclusion of the changes detailed in this communication;
2. That the City-Wide Development Charge By-law and all Area Specific Development Charge By-laws incorporating the development charge rates, as set out in the attachments accompanying this memorandum, be approved, and that the by-laws come in to force on September 21, 2018;
3. That the Draft Local Service Policy included with the March 9, 2018 release of the Development Charge Background Study, as amended to include the changes detailed in this communication, and other policy changes as outlined in the April 3, 2018 report to Finance, Administration and Audit Committee, titled "2018 City-Wide and Area Specific Development Charge Background Study and By-Laws Review Highlight Report", be approved;
4. That the 10-year growth-related capital forecast for general services and the growth-related capital forecast to 2031 for engineered services, included in the Background Study, subject to maintenance of service levels, the availability of funding, and Council policies, be approved;
5. That staff be authorized to close the Area Specific Development Charge reserves that have been deemed to be substantially completed, as outlined in this report, and that any remaining balances within the reserves that are not required for further developer

reimbursement be transferred to the City-Wide Engineering Development Charge reserve;

6. That staff be authorized to merge the City-Wide Park Development DC reserve and the City-Wide Recreation DC reserve to create a new reserve titled "City-Wide Community Services DC Reserve" to bring the reserves into alignment with the 2018 DC Background Study;
7. That the proposed transition measures as outlined in April 3, 2018 report to Finance, Administration and Audit Committee, titled "2018 City-Wide and Area Specific Development Charge Background Study and By-Laws Review Highlight Report", be approved;
8. That staff be directed to cease collecting the difference between Engineering Development Charges paid at registration of a subdivision, and those owing, calculated at rates in effect at building permit issuance, on the same registered units;
9. That the City Treasurer and City Solicitor be delegated joint authority to execute Development Charge Pre-Payment Agreements, under Section 27 of the Development Charges Act and in accordance with the criteria set out in this report and any additional administrative and legal criteria deemed necessary by the City Treasurer and City Solicitor to protect the interests of the City, and such authority be limited to the period beginning on May 24, 2018 and ending on September 20, 2018;
10. That Council commit to funding the future operating costs associated with the growth-related capital forecast contained in the Development Charge Background Study, which is estimated to reach \$32.9 million for general services and \$6.3 million for City-Wide Engineering Services by 2027;
11. That Council commit to funding the full life-cycle costs associated with the growth-related capital forecast contained in the Development Charge Background Study, which are estimated to reach \$10.2 million by 2028 for general services, \$24.8 million by 2032 for city-wide engineering services, and \$1.7 million for related assets covered by the Area-Specific Development Charges;
12. That Council commit to funding the capital costs that require funding from non-development charge sources associated with the growth-related capital forecast contained in the Development Charge Background Study, which is estimated to be a total of \$77.5 million over the next ten years;

13. That staff be directed to establish a work plan from the enactment of the 2018 DC by-laws to the enactment of the next DC-by-laws, which will include an internal review of the City's DC rate calculation practices and DC related policies;
14. That Council confirm that no further public meetings pursuant to the Development Charges Act, 1997 are required prior to the enactment of the new Development Charge by-laws; and
15. That notice of adoption of the by-laws be given as required under the Development Charges Act, 1997.

## **Background**

### ***Communications***

Since September 2017, a total of seven (7) workshops and two (2) technical meetings have taken place with the development industry, represented by members of a Sub-Committee of the Building Industry and Land Development Association (BILD). On March 8, 2018, the City received a letter from BILD stating that if all proposals as generally outlined in the report of the April 3, 2018 Finance Administration and Audit Committee are adopted, then they do not intend to appeal the City-Wide DC By-law to the Local Planning Appeal Tribunal. This does not, however, preclude any individual member or non-member from appealing, nor does it preclude Council from assuming a different position than what is proposed by staff in this communication.

A Public Statutory Meeting was held concurrent to the Finance, Administration and Audit Committee on April 3, 2018. One (1) deputation and two (2) communications were received from the following interested parties who were not involved in the workshops with the aforementioned BILD Sub-Committee:

- Deputation from Ian Andres, Goodmans LLP, on behalf of SmartCentres
- Communication from Jay Claggett, IBI Group, on behalf of Quadreal Property Group and Toromont Industries Ltd.
- Communication from Matthew A. Di Vona, Di Vona Law Professional Corporation, on behalf of The Milani Group

## **Analysis and Options**

### ***Revised City-Wide Engineering Program***

Subsequent to the Public Statutory Meeting, staff have further consulted with each of the interested parties. Through further consultation and review, staff have refined the City-Wide Engineering Program, predominantly where more detailed information was available to update the road network, particularly within the southwest quadrant of the VMC. This has resulted in a reduction of the overall program cost by \$4.2 million.

The following projects and/or assumptions have been amended in the Draft 2018 DC Background Study:

- Revised upsizing factor assumption – increased width right-of-way divided by new ultimate right-of-way
- Edgeley Boulevard – Interchange Way to Exchange Avenue
- Interchange Way – Highway 400 to Jane Street
- Commerce Way – Commerce St to Exchange Avenue
- Vaughan Healthcare Precinct Streetscape – Adjustment to protect timing
- Woodbridge Avenue Construction (Streetscape) – Adjustment to project timing
- Ortona Court – 340M South Rivermede to 490M South Rivermede
- Ortona Court – 490M South Rivermede to Highway 7

The following projects have been added or removed in the Draft 2018 DC Background Study as a result of a more detailed review of the project list:

- Removed Concord GO EW at Grade Crossing
- Removed CN Rail Pedestrian Connection / Overpass (Yonge Steeles Corridor)
- Added Riverrock Gate – Jane Street to Caldari (related to Caldari Road project)

### ***Revised Residential Rates***

The changes to the City-Wide Engineering Program have resulted in a slight decrease to the proposed City-Wide DC rates. Figure 1 below reflects the revised residential rates as they compare to the rates proposed at the April 3<sup>rd</sup>, 2018 Finance, Administration and Audit meeting.

*Figure 1: City-Wide Residential DCs (Single/Semi by Service, Other types by total)*

Service	<b>Revised 2018 Proposed DC Per Unit</b>	2018 Proposed DC Per Unit as at April 3, 2018 FAA
General Government	<b>\$1,026</b>	\$1,026
Library Services	<b>\$1,390</b>	\$1,390
Fire & Rescue Services	<b>\$998</b>	\$998
Community Services	<b>\$13,319</b>	\$13,319
Public Works: Buildings & Roads Fleet	<b>\$1,036</b>	\$1,036
Sub-Total General Services	<b>\$17,769</b>	\$17,769
City-Wide Engineering	<b>\$31,536</b>	\$31,539
<b>Total City-Wide Charge Single/Semi</b>	<b>\$49,305</b>	<b>\$49,308</b>
Total Charge – Towns & Multiples	<b>\$40,669</b>	\$40,671
Total Charge – Large Apartments	<b>\$30,069</b>	\$30,071
Total Charge – Small Apartments	<b>\$21,673</b>	\$21,674



### ***Revised Non-Residential Rates***

The changes made to the City-Wide Engineering Program have also caused a slight reduction in the non-residential DC rates. Figure 2 presents the revised 2018 proposed rates as compared to the rates proposed at the Finance, Administration and Audit Committee meeting on April 3, 2018.

*Figure 2: City-Wide Non-Residential DCs*

Service	<b>Revised 2018 Proposed DC Per Sq.M.</b>	2018 Proposed DC Per Sq.M. as at April 3, 2018 FAA
General Government	<b>\$4.38</b>	\$4.38
Library Services	-	-
Fire & Rescue Services	<b>\$4.28</b>	\$4.28
Community Services	-	-
Public Works: Buildings & Roads Fleet	<b>\$4.46</b>	\$4.46
Sub-Total General Services	<b>\$13.12</b>	\$13.12
City-Wide Engineering	<b>\$130.80</b>	\$130.88
<b>Total City-Wide Charge Non-Residential</b>	<b>\$143.92</b>	\$144.00

### ***Revised Area Specific Development Charges***

After further review with affected landowners, it was determined that the Area Specific Development Charges in the VMC that are based on dwelling unit and GFA should be adjusted slightly to account for the average floor space index permissions within the VMC Secondary Plan as construction on the ground to date has surpassed the minimum permissions in the area. This has resulted in a change to the population and jobs per hectare figure from 200 to approximately 250. The adjustments to the rates are shown in Figure 3 below.

*Figure 3: VMC ASDCs based on Dwelling Unit and GFA*

Service	Ref. Code	Rate	2018 Proposed Charge – Singles and Semis	2018 Proposed Charge – Townhouse & Multiples	2018 Proposed Charge – Large & Small Apartments	2018 Proposed Charge – Per M <sup>2</sup> Non-Residential GFA
VMC West - Interchange Sanitary Sewer Improvements	D-34	<b>Revised 2018 Proposed</b>	\$514	\$424	Lg - \$313 Sm - \$226	\$4.96
		Proposed at April 3, 2018 FAA	\$705	\$581	Lg - \$430 Sm - \$310	\$6.80
VMC SE Doughton Sanitary Sewer Improvements	D-35	<b>Revised 2018 Proposed</b>	\$765	\$631	Lg - \$467 Sm - \$336	\$7.39
		Proposed at April 3, 2018 FAA	\$948	\$782	Lg - \$578 Sm - \$417	\$9.15

### ***Local Service Policy***

Through further review and consultation, staff have amended the Draft Local Service Policy to provide more clarity regarding the ineligibility of DCs for parkland dedicated to the City.

**Conclusion**

The proposed rate is increasing by 97% for a single/semi detached home and 151% for non-residential development. A draft of the draft 2018 DC Background Study was made available to the public on March 9, 2018 and a Public Statutory Meeting was held on April 3, 2018 in accordance with the DC Act requirements.

Staff have consulted with the development industry and reviewed policies and transition measures to ensure that Council is presented with a by-law that is fiscally responsible and protects existing taxpayers, but also responds to the evolving economy surrounding the development industry.

***Next Steps***

The following are key dates regarding the passage of the 2018 DC by-laws:

- |              |  |
|--------------|--|
| May 23, 2018 | City Council Meeting: Council to enact new DC by-laws (effective as of September 21, 2018)   |
| July 3, 2018 | Last Day to Appeal: Shortly after this date, Council will be provided with an update regarding any appeals filed with the Local Planning Appeal Tribunal regarding to the new DC by-laws |

Additionally, through the update of the 2018 DC Background Study and By-laws, staff have identified a need to undertake a more thorough review of the policies and practices associated with the methodology used to allocate costs across the Development Charge rate structure, to ensure equitability and fairness across the various types of development. As part of the review process, staff will continue consultations with the development industry, consider the extent of the use of ASDCs, and determine whether the current rate structure is aligned to the City's strategic objectives. This review will support the update of the next DC Background Study and By-laws, which is anticipated to occur in advance of the 5-year statutory requirement.

***Attachments***

- Attachment 1: City Wide Residential and Non-Residential Development Charges
- Attachment 2-A: Area Specific Development Charges Based on Net Developable Hectare
- Attachment 2-B: Area Specific Development Charges Based on Dwelling Unit and GFA



**Attachments (under separate cover):**

Attachment 3: 2018 Development Charge Background Study  
Attachment 4: City-Wide DC By-Law  
Attachment 5: Area Specific Development Charge By-Laws and associated maps  
Attachment 6: Local Service Policy

Members of the public can access the Development Charges Background Study, Local Service Policy and all DC By-laws on the City's website.

Sincerely,



Laura Mirabella  
Chief Financial Officer and City Treasure

Copy to: Daniel Kostopoulos  
City Manager

Stephen Collins  
Deputy City Manager, Public Works

Jason Schmidt-Shoukri  
Deputy City Manager, Planning and Growth Management

Mary Reali  
Deputy City Manager, Community Services

Michael Toshakovski  
Director, Legal Services

Rita Selvaggi  
Interim Director, Financial Planning & Development Finance

Andrew Pearce  
Director, Development Engineering

Vince Musacchio  
Director, Infrastructure Planning & Corporate Asset Management

**Attachment 1**
**City of Vaughan City Wide Development Charges<sup>1</sup>**

Effective from September 21, 2018

<b>Residential Use Development Charges</b>			
	<b>Engineering Services<sup>2</sup></b>	<b>General Services<sup>3</sup></b>	<b>Total Per Unit Development Charge</b>
Single & Semi-Detached Dwellings	\$31,536	\$17,769	\$49,305
Multiple Unit Dwellings	\$26,013	\$14,656	\$40,669
Large Apartments	\$19,233	\$10,836	\$30,069
Small Apartments	\$13,862	\$7,811	\$21,673
<b>Non-Residential Use Development Charges<sup>4</sup></b>			
	<b>Total Per Square Metre of GFA</b>		
Non-Residential	\$143.92		

<sup>1</sup> All rates subject to normal indexing - rates shown are current as of May 23, 2018

<sup>2</sup> Engineering Services portion of Residential Development Charge paid at Subdivision Agreement execution

<sup>3</sup> General Services portion of Residential Development Charge paid at Building Permit issuance

<sup>4</sup> Total Non-Residential Development Charges paid at Building Permit issuance

**Attachment 2-A**

**City of Vaughan Area Specific Development Charges<sup>1</sup>**  
**Based on Net Developable Hectare**  
(Effective from September 21, 2018)

Service	Reference Code	2018 Proposed Charge Per Hectare
Rainbow Creek Drainage Works	D-8	\$2,809
Pressure District 5 West Woodbridge Watermain	D-15	\$8,033
Pressure District 7 Watermain West	D-20	\$2,788
Highway 27 South Servicing Works	D-26	\$172,589
Zenway/Huntington Road Sanitary Sub-Trunk	D-25	\$11,213
Huntington Road Sanitary Sewer (Trade Valley to Rutherford)	D-27	\$8,805
Block 55 Sanitary Pumping Station & Forcemain Works	D-29	\$106,755
VMC - Interchange SWM Pond Retrofit Works	D-30	\$718,253
Steeles West Sanitary Sewer Improvement Works	D-31	\$60,583
Steeles West SWM Works	D-32	\$944,982
Woodbridge Avenue Sanitary Sewer Improvements	D-33	\$12,357

<sup>1</sup> All rates subject to normal indexing – rates shown are current as of May 23, 2018

**Attachment 2-B**

**City of Vaughan Area Specific Development Charges<sup>1</sup>**  
**Based on Dwelling Unit and GFA**  
(Effective from September 21, 2018)

Service	Reference Code	2018 Proposed Charge			
		Singles and Semis	Townhouses & Multiples	Large & Small Apartments	Per M <sup>2</sup> Non-Residential GFA
VMC West - Interchange Sanitary Sewer Improvements	D-34	\$514	\$424	Lg - \$313 Sm - \$226	\$4.96
VMC SE Doughton Sanitary Sewer Improvements	D-35	\$765	\$631	Lg - \$467 Sm - \$336	\$7.39
Pine Valley North SPS and Forcemain (Block 40) – Area 1	D-36-1	\$3,400	\$2,805	Lg - \$2,074 Sm - \$1,495	\$19.10
Pine Valley North SPS and Forcemain (Block 40) – Area 2	D-36-2	\$4,927	\$4,064	Lg - \$3,005 Sm - \$2,166	\$27.68
Pine Valley North SPS and Forcemain (Block 40) – Area 3	D-36-3	\$3,836	\$3,164	Lg - \$2,339 Sm - \$1,686	\$21.55
Pine Valley North SPS and Forcemain (Block 40) – Area 4	D-36-4	\$3,534	\$2,915	Lg - \$2,156 Sm - \$1,554	\$19.85
Pine Valley North SPS and Forcemain (Block 40) – Area 5	D-36-5	\$4,778	\$3,941	Lg - \$2,914 Sm - \$2,100	\$26.84

<sup>1</sup> All rates subject to normal indexing – rates shown are current as of May 23, 2018