

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 20, 2016

Item 11, Report No. 9, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 20, 2016.

**11 DEFERRAL OF DEVELOPMENT CHARGES - VAUGHAN METROPOLITAN CENTRE (VMC)
YMCA CENTRE OF COMMUNITY, CITY LIBRARY AND RECREATION SPACE
WARD 4**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer, dated September 6, 2016:

Recommendation

The Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer, in consultation with the City Solicitor and the Chief Corporate Initiatives & Intergovernmental Relations Officer recommend:

1. That a by-law be enacted to authorize the Mayor and the City Clerk to execute an agreement under Section 27 of the Development Charges Act between Penguin-Calloway (Vaughan) Inc. and The Corporation of the City of Vaughan, with content satisfactory to the Chief Financial Officer and form satisfactory to the City Solicitor, deferring the payment of City of Vaughan City-Wide Development Charges for the proposed space associated with the YMCA Centre of Community, City Library and Recreation to be located within the VMC Penguin-Calloway (Vaughan) Inc. mixed-use building, to the earlier of the date on which the VMC YMCA space is designated as a Municipal Capital Facility or the date on which the last site plan security is released.

Contribution to Sustainability

The development of the VMC YMCA Center of Community, City Library and Recreation space (VMC YMCA space) supports the following objectives in Green Directions Vaughan:

4.1.4. Through creative urban design, as to be described in the new Official Plan, enhance social cohesion by creating more: (1) common indoor and outdoor public spaces; (2) public art; (3) parks and open space; and (4) central, accessible hubs for arts, culture and creation.

4.1.6. Provide more partnership opportunities for existing non-profit and volunteer groups to meet the community's social, cultural and recreational needs.

4.2. Ensure that the City of Vaughan attracts businesses and investment that will result in well-paying jobs for Vaughan citizens, a sustainable tax base and continuing prosperity into the 21st Century

Communication Plan

Not applicable.

Economic Impact

The estimated City-wide Development Charge (DC) of \$573,542 for the VMC YMCA space will be deferred temporarily, as this space is proposed to be declared a Municipal Capital Facility (MCF) upon substantial completion of construction. After being declared a MCF the space will become exempt from DCs until such time as the use of the space changes from a municipal type service.

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Purpose

The purpose of this report is to request Council approval to defer the City of Vaughan City-wide DCs for the VMC YMCA space that is proposed to be declared a MCF.

Background – Analysis and Options

At the Committee of the Whole Working Session on February 9, 2016 (Item 3, Report No. 10), staff received approval to initiate the appropriate process to have the VMC YMCA Centre of Community, City Library and Recreation Space be declared a MCF.

Section 110 of the Municipal Act, 2001 allows municipalities to enter into agreements for the provision of municipal capital facilities. Section 110 (7) specifically identifies that public libraries, community centres and facilities used for cultural, recreational or tourist purposes may be exempt from DCs. Specific parameters are required to qualified.

The YMCA has requested the VMC YMCA space be declared a MCF as the space would be providing recreation services to the VMC community in place of a traditional City building and will be leasing library space to Vaughan Public Libraries. A MCF would also be exempt from paying property taxes which also enhances the project's financial sustainability. A MCF designation with exemption for DCs and Property Taxation is a standard arrangement between municipalities in Ontario and the YMCA.

From a timing perspective, VMC YMCA space can only be declared a MCF once the project is substantially complete and a by-law enacted. Until the VMC YMCA space is declared a MCF, the DCs pertaining to this space would be due at building permit issuance. The City-Wide DCs would be approximately \$573,542. To avoid the administrative and financial burden of collecting the City DCs, and subsequently reimbursing the charge once it is declared a MCF, it is being proposed that the City-Wide DCs be deferred in accordance with provisions of the DC Act.

This DC deferral agreement would expire at the earlier of when:

- 1 – A Municipal Capital Facility by-law comes into effect
- 2 – The last Site Plan security is released

The above expiry conditions reflect the temporary nature of the agreement, but are required due to the potential length in time as to when the VMC YMCA will be constructed and declared a MCF. The agreement will also contain provisions for the agreement to become void should a change in ownership or change in the use of space occur. In this event the City-Wide DCs would become due and payable to the City.

The City currently has a DC Deferral Policy, however, to qualify for a deferral under the Policy the lands must be owned by a non-profit organization. The lands are currently owned by Penguin-Calloway (Vaughan) Inc. and therefore do not meet the qualifying criteria set out in the Policy. The authority to enter in to this agreement, therefore, is derived directly from the DC Act and not the City's Policy on DC Deferrals. Before a MCF designation is provided, it is expected and necessary, that the stratified title that comprises the VMC YMCA space will be fully owned by the YMCA, which is a non-profit organization. Region of York staff have confirmed that they will also be providing a DC deferral through delegated authority within their by-law

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report is aligned with the term of council priorities and the service excellence strategic initiatives presented in the Term of Council Service Excellence Strategy Map to facilitate the development of the VMC, to attract investment and create jobs and support and promote arts, culture, heritage and sports in the community.

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Regional Implications

There are Regional implications associated with this report, in that it is expected that the Region will follow the City's lead and provide a deferral on Regional DCs. City staff will continue to work closely with Regional staff throughout the development process.

Conclusion

The deferral of the City-Wide DCs for the proposed VMC YMCA space would be a temporary measure until such time that the space is declared a MCF as permitted by the Municipal Act. The currently proposed deferral would simplify the administration of the DCs for this development avoiding a need for future reimbursement.

Attachments

None

Report prepared by:

Terry Liuni, Manager, Development Finance
Nelson Pereira, Senior Financial Analyst, Development Finance
Rita Selvaggi, Manager, Financial Planning and Analysis

**DEFERRAL OF DEVELOPMENT CHARGES - VAUGHAN METROPOLITAN CENTRE (VMC)
YMCA CENTRE OF COMMUNITY, CITY LIBRARY AND RECREATION SPACE
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Attachments

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Report prepared by:

Terry Liuni, Manager, Development Finance
Nelson Pereira, Senior Financial Analyst, Development Finance
Rita Selvaggi, Manager, Financial Planning and Analysis

Respectfully submitted,

Laura Mirabella-Siddall, CPA, CA
Chief Financial Officer and City Treasurer

Lloyd Noronha, CPA, CMA
Director, Financial Planning and Development Finance & Deputy City Treasurer