

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 14, 2013

Item 1, Report No. 18, of the Special Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on May 14, 2013, as follows:

By receiving the following Communications:

- C15. Mr. Antony Niro, dated May 14, 2013; and**
C19. Mr. Fred Darvish, Liberty Development, Steelcase Road West, Markham, dated May 10, 2013.

1 2013 DEVELOPMENT CHARGE BY-LAW – STATUTORY PUBLIC MEETING

The Special Committee of the Whole recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance & City Treasurer and the Director of Development Finance & Investments, dated April 23, 2013, be approved;**
- 2) That the following deputations and Communication be received:**
 - 1. Mr. Chris Atkins, Smart Centres, Applewood Crescent, Vaughan, and Communication C1, dated April 23, 2013;**
 - 2. Mr. Adam Ribeiro, Cole Engineering Group Ltd., Valleywood Drive, Markham; and**
 - 3. Mr. Michael Pozzebon, BILD, Floral Parkway, Concord; and**
- 3) That the presentation material titled “2013 Development Charge Review” be received.**

Recommendation

The Commissioner of Finance & City Treasurer and the Director of Development Finance & Investments recommend:

- 1) That the following report be received; and**
- 2) That the input from the public at the Statutory Public Meeting of April 23, 2013, be received.**

Contribution to Sustainability

The objective of Development Charges (DCs) collection is to fund and construct new public infrastructure for new growth population, sustaining the same level of service experienced by that of the existing population.

Economic Impact

The 2012-2021 growth related capital program for general services including General Government, Library, Fire & Rescue, Indoor Recreation, Parks Development & Facilities, and Public Works Buildings & Fleet, totals \$536.7 million.

The City-wide Engineering net capital program totals an additional \$784 million. This amount is estimated to provide for growth-related infrastructure required to 2031 and beyond.

The Development Charges Act, 1997 (DCA) requires that municipalities reduce the growth related net capital costs associated with the “soft services” (general services) by 10%.

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Additionally, infrastructure that is emplaced that will provide benefits to the existing population must also be funded from a source other than DCs. This is commonly known as a “benefit to existing” apportionment. Typically, both the “soft service” reduction and “benefit to existing” are funded through property tax revenues. Combined, tax-supported funding of \$96.4 million will be required over the 2012-2021 period to support the growth-related capital program.

As the planned infrastructure within the growth-related capital program comes in to service the City will also face increased operating costs associated with maintaining or providing service through that infrastructure. Based on the Background Study provided by Hemson Consulting Ltd., servicing this new infrastructure will amount to an approximate increased tax-supported funding requirement of \$12 million by the year 2021.

The Background Study identifies a proposed increase in DCs of 79% on a single detached home and 156% per square metre on non-residential space. From an economic perspective, the impact of the magnitude of this increase on the development industry and prospective new home owners or non-residential owners/tenants, may be construed as detrimental to the development environment in the short term. Furthermore, given the contribution of the development industry to the overall economy in terms of construction job creation, purchasing of construction materials and the eventual job creation induced by non-residential growth, it is important to place context around the effects of such an increase on an already slowly recovering economy. In recognition of these issues, staff have proposed a number of transition measures, detailed later in this report, to ensure that development “in-process” is not hindered to a great extent by the large increase in rates.

Communications Plan

Legislative Communication Requirements

The DCA has mandatory communication requirements around advertising of at least one public meeting and the Clerk is mandated to carry out such advertising at least 20 days in advance of the meeting date. The Public Statutory Meeting is scheduled for April 23, 2013 and was advertised in the Vaughan Citizen on March 27, 2013 and the Thornhill Liberal on March 28, 2013. Furthermore, advertising of the meeting as well as pertinent information to the by-law review was also posted to the City’s VOL beginning on March 8, 2013.

Subsequent to Council approval of the DC Background Study and the DC by-laws, appropriate notices will be advertised as prescribed by the DCA.

Stakeholder Communications

Two stakeholder workshops have taken place with the development industry:

1. Workshop #1 - April 4, 2012
2. Workshop #2 - January 25, 2013

The workshops included members of the Building Industry and Land Development Association (BILD) as well as representatives from SmartCentres. Before, in between, and after those workshops several correspondences, extensive exchange of detailed background data, and several meetings took place to discuss the technical aspects of the draft calculations.

Purpose

The purpose of this report is to provide a summary for Members of Council and members of the public of the proposed DC rates and Transition Measures for purposes of hearing Public input on April 23, 2013. A more fulsome discussion of all issues was provided in the April 15th report to Finance & Administration Committee.

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Background

Proposed City Wide DC Rates

Residential Rates

For Residential Developments, the DC for a Single/Semi Detached home is proposed to increase by 79%. Figure 1 presents the 2013 proposed rates as compared to the 2008 rates (indexed to January 1, 2013).

Figure 1: City Wide Residential DCs (Single/Semi by Service, Other Types by Total)

Service	2013 Proposed DC Per Unit	2008 DC Per Unit (Indexed to January 1, 2013)	% Change
General Government	\$321	\$310	3%
Library Services	\$956	\$774	24%
Fire & Rescue Services	\$617	\$339	82%
Indoor Recreation	\$4,553	\$3,865	18%
Park Development & Facilities	\$3,468	\$2,676	30%
Public Works: Buildings & Fleet	\$512	\$340	50%
Sub-Total General Services	\$10,427	\$8,305	26%
City Wide Engineering	\$12,276	\$4,410	178%
Total City Wide Charge – Single/Semi	\$22,703	\$12,715	79%
<u>Other Unit Types</u>			
Total Charge - Rows	\$19,335	\$10,763	80%
Total Charge – Large Apartments	\$13,909	\$7,548	84%
Total Charge – Small Apartments	\$9,979	\$7,548	32%

Non-Residential Rates

Non-Residential rates per square metre are proposed to increase by 157% owing mainly to the larger impact that engineering services has on the overall charge. Services for libraries, indoor recreation and parks development are not included in the non-residential rate and therefore the mitigating impacts they have on the residential rates are not seen on the non-residential rate. Figure 2 presents the 2013 proposed rates as compared to the 2008 rates (indexed to January 1, 2013).

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Figure 2: City Wide Non-Residential DCs

Service	2013 Proposed DC Per Sq.M.	2008 DC Per Sq.M. (Indexed to January 1, 2013)	% Change
General Government	\$1.22	\$0.78	56%
Library Services	\$0.00	\$0.00	0%
Fire & Rescue Services	\$2.54	\$0.91	179%
Indoor Recreation	\$0.00	\$0.00	0%
Park Development & Facilities	\$0.00	\$0.00	0%
Public Works: Buildings & Fleet	\$2.07	\$1.39	49%
Sub-Total General Services	\$5.83	\$3.08	89%
City Wide Engineering	\$46.32	\$17.25	169%
Total City Wide Charge – Non-Residential	\$52.15	\$20.33	157%
<u>Specific Type</u>			
High Density Mixed Use	\$44.79	\$20.33	120%

Proposed Special Area Charge DC Rates

All existing SACs are proposed to continue (with the exception of Ansley Grove Sanitary Sub-Trunk, which has been closed out). Collection continues in each of the existing benefiting areas to recover the cost of the front ended infrastructure. A new SAC is proposed to be enacted for the recovery of funds related to the Huntington Road sewer from Tradevalley to Rutherford Road. The affected landowners have reviewed the SAC, including both the cost and the net benefiting area. A six “tier” SAC within the VMC has been proposed to pay in different proportions to four storm water related projects based on their relative benefit (these details can be found in the Background Study). Figure 3 presents the proposed SAC rates.

Figure 3: Proposed SAC rates

Service	Reference Code	2008 Charge Per Hectare (Indexed to January 1, 2013)	2013 Proposed Charge Per Hectare
Rainbow Creek Drainage Works	D-8	\$8,440	\$2,286
Pressure District 5 West (Woodbridge Watermain)	D-15	\$7,023	\$9,134
Pressure District 6 West (Major Mackenzie Drive Watermain)	D-18	\$3,714	\$3,531
Pressure District 6 East (Rutherford Road Watermain)	D-19	\$6,823	\$7,676
Pressure District 7 Watermain West	D-20	\$16,192	\$11,577
Dufferin/Teston Sanitary Sewer (OPA 332 Ultimate Outlet)	D-23	\$11,980	\$11,980
Zenway/Fogal Sanitary Sub Trunk	D-25	\$8,504	\$10,040
Highway 27 South Servicing Works	D-26	\$178,634	\$172,589

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Huntington Road Sewer (Tradevalley to Rutherford)	D-27	N/A	\$9,655
Black Creek and Related VMC SWM Works	D-28.0		
Sub-Area 1 (VMC Secondary Plan Tributary to Jane/7 SWMP)	D-28.1	N/A	\$379,350
Sub-Area 2 (SE Quadrant of VMC)	D-28.2	N/A	\$172,575
Sub-Area 3 (Net Reclaimed Lands SE Quadrant of VMC)	D-28.3	N/A	\$3,605,417
Sub-Area 4 (External Black Creek Watershed NE)	D-28.4	N/A	\$172,575
Sub-Area 5 (External Black Creek Watershed SW)	D-28.5	N/A	\$3,471
Sub-Area 6 (Remainder of VMC)	D-28.6	N/A	\$3,471

Proposed Transition Measures

Proposed Effective Date of By-laws

As a part of the transition measures to aid developments already in progress, staff are recommending that although the new by-laws may be passed on May 14, 2013, the effective dates of the by-laws (both city wide and SACs) be set as September 21, 2013 to coincide with the 5-year passage date of the previous by-law in 2008. The rates passed on May 14, 2013 would still be subject to indexing, as per normal practice, on July 1, 2013 and would come in to force on September 21, 2013, subject to phasing explained below. Until that time, the current rates will apply (inclusive of indexing).

Phase-in Proposal

The phase-in proposal has been set-up so that the General Service increase comes in to effect on September 21, 2013 and one third of the Engineering Services increase comes in to effect at the end of each of the next 6 months thereafter. Figure 4 shows the effects of the phase-in increase for a Single Detached Home and a square metre of non-residential development.

Figure 4a: Effect on a Single Detached Home

Date	Type of Increase	% of Total Rate Increase
May 14, 2013 (<i>By-law Enactment</i>)	No Increase	0%
September 21, 2013	General Service Increase	21%
March 21, 2014	1/3 of Engineering Increase	26%
September 21, 2014	1/3 of Engineering Increase	26%
March 21, 2015	1/3 of Engineering Increase	26%
Total		100%

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Figure 4b: Effect on Non-Residential

Date	Type of Increase	% of Total Rate Increase
May 14, 2013 (By-law Enactment)	No Increase	0%
September 21, 2013	General Service Increase	9%
March 21, 2014	1/3 of Engineering Increase	30%
September 21, 2014	1/3 of Engineering Increase	30%
March 21, 2015	1/3 of Engineering Increase	30%
Total		100%

Freeze on “Engineering Top-ups”

The City’s current practice is to charge a “top-up” to Engineering Services DCs at Building Permit issuance that were paid at registration for subdivisions. Staff are proposing a freeze on Engineering Service DC “top-ups” until March 21, 2015, at which time the full rate will come in to effect. At that point in time the City’s normal practice of collecting top-ups at building permit issuance will resume.

Pre-Payment Agreement Proposal

Staff are recommending that Council enter in to pre-payment agreements with landowners who meet certain criteria and achieve certain milestones in the development process as described below.

The criteria for qualifying for and maintaining status under the pre-payment agreement is proposed as follows:

Criteria applicable to all pre-payments:

- Pre-pay on estimated units / square footage
- No refunds – If Overestimation is made then dollar based credit will apply against new square footage/units at the rates current as of Building Permit issuance on the same Site Plan or Plan of Subdivision, as applicable
- Letter of intention to pre-pay is received by the City by August 20, 2013
- Pre-payment agreement is executed and applicable pre-payment is received, together within 30 calendar days after the City sends the agreement to the applicant (*The City will initiate the agreement upon receipt of letter of intent*)
- Fees associated with registering the agreement on title shall be borne by the owner/applicant and are considered to be over and above the administration fees stated below

Additional Criteria for Residential Developments by Subdivision:

- Pre-payment only applies to Engineering portion of DC
- Pay \$1,500 administration fee
- Signed and dated M-Plan received by August 20, 2013
- Registration achieved by June 22, 2014

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Additional Criteria for Non-High Density Residential Developments by Site Plan:

- Pre-payment only applies to Engineering portion of DC
- Pay \$1,500 administration fee
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement or Letter of Undertaking (as applicable) by June 22, 2014
- Building Permit Issuance by September 20, 2014

Additional Criteria for Non-Residential Developments:

- Pre-payment applies to Total DC
- Pay \$1,500 administration fee
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement or Letter of Undertaking (as applicable) by June 22, 2014
- Building Permit Issuance by September 20, 2014

Additional Criteria for High Density Residential, Mixed-Use High Density Residential and High Density Office Developments:

- Pre-payment applies to Total DC
- Pay \$1,500 administration fee
- Pre-pay 25% and secure 75% (75% to be paid 18 months after BP issuance; at the rate applicable as of the pre-payment date)
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement by June 22, 2014
- Building Permit Issuance by September 20, 2014

Deferral Agreement Proposal

An unintentional side effect of delaying the effective date of both the city wide and SAC DC by-laws is that for Small Apartments and certain SACs, the rate applicable from May 14, 2013 to September 21, 2013 will be greater than the rate applied as of September 21, 2013. This is due to a drop in the DC rate for these particular categories. For Small Apartments the rate will eventually increase over and above the current rate, but because of the phase-in proposal, the rate as of September 21, 2013 is lower than the current single apartment rate applied to both Small and Large Apartments.

In order to ensure that landowners paying DCs in the interim period are not assessed a higher charge thereby possibly delaying development until September 21, 2013 (at which time they would be assessed a more favourable rate), it is recommended that the City Treasurer and City Solicitor be delegated authority to enter in to a DC Deferral Agreement under the DCA under these specific circumstances and provide any conditions necessary within the agreement to protect the City's financial and legal interests.

Relationship to Vaughan Vision 2020/Strategic Plan

N/A

Regional Implications

N/A

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Conclusion

The proposed rate for a Single Detached Home is increasing by 79% and the tentative rate for non-residential space is increasing by 157%. Council and the public were presented with the draft Development Charge Background Study on April 5, 2013. A further report will be brought to Finance & Administration Committee on May 6, 2013, subsequent to the Statutory Public Meeting on April 23, 2013, providing final recommendations for by-law passage. The development industry has been consulted with and BILD has provided a letter stating that they will not appeal the city wide by-law based on Council adopting the proposals found within the April 15th Finance & Administration Committee report. Various policy and transition measure issues have been considered in further depth to ensure that Council is presented with a by-law that is fiscally responsible protects existing taxpayers, but that also responds to the evolving environment and economy surrounding the development industry.

Report Prepared By:

Lloyd Noronha
Director of Development Finance & Investments
Ext. 8271

Subject:

FW: Report No. 18 Item #1 2013 DEVELOPMENT CHARGE BY-LAW - W

C	15
Item #	1 / 1
Report No.	18 / 7
(SP CW)	(F&A)
Council - May 14/13	

From: Antony Niro P.Eng. [mailto:antony.niro@gmail.com]

Sent: Tuesday, May 14, 2013 8:22 AM

To: Bevilacqua, Maurizio; Schulte, Deb; DeFrancesca, Rosanna; Rosati, Gino; Shefman, Alan; Racco, Sandra; Di Biase, Michael; Palermo, Angela; Carella, Tony; Iafrate, Marilyn; Clerks@vaughan.ca

Cc: Tim Kelly

Subject: Report No. 18 Item #1 2013 DEVELOPMENT CHARGE BY-LAW – What Happened to Kirby?

Dear Members of Council,

I recently read the communication posted online that mentions Kirby Rd on the Development Charge By-Law. I cross referenced the balance of the Development Charge By-Law mentioned in the communication and concluded of the approximate \$759 Million Capital Expenditures the City Engineering Department requires to invest into the City by 2031, roughly \$100 Million has been removed as “post period benefit”. Of this \$100 Million that has now been removed, approximately \$85 Million (85%) of it is located in the Countryside Areas of Vaughan, mainly Kirby Side Road improvements.

I missed the correspondence that states all development in the countryside of Vaughan (blocks 27 and 41 for example) has been postponed to 2031. If this is not the case how can we further develop our countryside without infrastructure? Residents throughout Vaughan are furious with the traffic congestion in this city. What is occurring here is a clear illustration of why we have traffic congestion in the first place, build 10,000 homes then in 10 or so years maybe improve the roads to accommodate the traffic. Oh, and I liked the part about passing the buck to the region who is less accountable to the residents of Vaughan than our own city council. This is poor leadership from both the ward councillor and the city staff providing recommendations.

This illustrates once again where the residents of the Vaughan countryside are neglected, underrepresented and ignored. I heard, at great length, this Council suggesting they “feel” residents of the countryside are well served and therefore there is no need for an additional Councillor to represent them exclusively. It's clear this is not the case.

The developers should pay their fair share of the infrastructure improvements as needed and as justified. Infrastructure first, then development. Stop pandering to the developers, if they feel they cannot afford to absorb the costs of development then don't develop. It should not come on the backs of the countryside residents with congestion and the backs of all Vaughan residents with higher taxes when the road inevitably needs to be improved and paid for. We have suffered and been ignored long enough.

Set the charges fairly. If we (City and developers) cannot afford to build, we don't build until we can. Raising taxes so developers can increase their profits is unacceptable!

Please be advised that I disagree with this position as outlined in the current Development Charge By-Law and background reports. Any services that are required pursuant to the Vaughan Official Plan or Transportation Master Plan or any other approved plan, should be in the Development Charge By-Law, budgeted and collected accordingly. Any exclusions or inclusions that are not justified as part of those reports, should consequently be amended.

-Antony.

Antony Niro P.Eng.

416-846-6476

Resident of the Vaughan Countryside



LIBERTY *for all*

May 10, 2013

Phone: 905-832-2281

Email: Clerks@vaughan.ca

Vaughan City Hall
Level 100, 2141 Major Mackenzie Drive
Vaughan L6A 1T1

Dear City Clerk:

**RE: 2013 City of Vaughan Development Charges Background Study and By-law
Public Meeting April 23, 2013**

AND RE: VMC Special Area Charges Meeting May 9, 2013

We are writing in our capacity at Liberty Development Corporation for project owners and projects we have under management or development. We have reviewed the proposed Development Charges Background Study and By-law, and hereby indicate, for our affected landowners, that we have some concerns for the support of the proposed By-law and related changes to the development charges regime proposed by the City. While details can be provided in due course, the salient points of difference can be accounted for in the following points:

A. Calculation of Office Charges

We have previously advised, including in prior By-law reviews, that if the Region genuinely wishes to have an established and successful Centres and Corridors development, and transit oriented developments, that an adequate mix of products among residential and office is necessary. In order for office to proceed, there cannot exist disincentives. Since DC rates for Office have risen nearly 700% since 2004, the pace of office has decreased in proportion to other products. It may be that office development has stagnated because of this large charge being a major factor, despite the offsetting revenue the municipalities would garner by its assessment base increasing. The DC charges, existing and proposed, are too high and will impede the proper and effective development of 'true mixed-use' in the Centres and Corridors, and Key Development Areas, especially the city centre of Vaughan, the VMC.

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Item #	1
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Council - May 14/13	

7 (F&A)

B. VMC Special Area Charges

When we agreed with our landowners to help develop property in the VMC it was always our understanding that the VMC was the 'city centre' of Vaughan. In such case, over the past year, the Special Area Charges for certain components in the VMC have gone from 'city wide' to SAC, while at the same time SAC developments are paying for infrastructure that is well outside of their geographic jurisdiction, such as road widening and water expansions. However, in an effort to maintain cooperativeness with the City, but clearly with an eye to ensure the developments can proceed, we have to repeat as we have in initial comments on the DC review that the Benefit to Existing should be further reviewed to ensure that any improvements that benefit existing users pay their fair share. For example, for the Stormwater Management and Floodplain Improvement construction and land acquisitions associated with the Black Creek Channel process would appear to benefit all 800 hectares of the Regional Floodplain catchment area so perhaps those costs should be spread over local improvement charges or other taxes among the entire larger area and not just the small new VMC developments who are proposing to go vertical on otherwise existing historical asphalt based development. Consideration for Regional support in its own financing for water crossing on Hwy. 7 might also be considered.

C. General Magnitude Increase

As you know, the proposed increase to Transit Oriented Development and Centres and Corridors housing, the precise type of development you are asking to be developed to facilitate growth in the Region under Places to Grow requirements, is slated to jump by a double digit figure again. We do not believe that new buyers can continue to absorb an increase of double digits each time the by-law is reviewed. If we wish to have an effective, competitive York Region and City of Vaughan, the only municipality with a Subway outside of Toronto, and attract employers who believe that they can have access to nearby employees who can afford housing (of varying product types), then we must do something to slow the rate of these increases.

For our project land owners, we respectfully reserve our right to modify or supplement these comments.

Sincerely,



Fred Darvish

.cc Barb Cribbitt, Commissioner of Finance
Lloyd Norhona and Andrew Pearce



SmartCentres

700 Applewood Crescent, Vaughan, ON, L4K 5X3

Telephone (905) 760-6200 Fax (905) 760-6201

c 1
Communication
SP cw: Apr 23/13
Item: 1

April 23, 2013

Ms. Barbara Cribbett
City of Vaughan
Vaughan Civic Centre
2141 Major Mackenzie Drive
Vaughan, Ontario, L6A 1W8

Dear Ms. Cribbett

**Re: 2013 Development Charge By-law Review – Statutory Public Meeting
City of Vaughan**

The following comments are submitted further to the report prepared by the City of Vaughan with respect to the 2013 Development Charge By-law Review dated April 23, 2013;

1. Further to correspondence dates February 8, 2013 (attached) we continue to urge the City of Vaughan to consider policies under the implementation of the development charge by-law that will encourage office development in the VMC. Such policies may offset the significant financial challenges presented with successfully developing corporate office in the VMC and enable the VMC to be a competitive location for the placement of this use when considering other locations in the GTA.
2. In regard to the special area charges proposed with respect to the revitalization of the Black Creek and the City of Vaughan storm water pond located on the north east side of Highway 7 and Jane Street, City staff have identified to SmartCentres on several occasions that this City of Vaughan owned facility has not been adequately maintained and/or upgraded for a decade or more. We object to the proposal that landowners within the northern half of the VMC are to absorb all of the costs associated with maintaining and enhancing this facility. Given the lack of maintenance/enhancement of this facility we believe the City and upstream landowners should also be subject to some cost. The benefits to the enhancement of this facility far outweigh the individual landowners within the VMC as approximately 82% of flows are from outside the VMC. The positive effects of this work will be felt throughout the Black Creek catchment area.
3. SmartCentres acknowledge the City's forward thinking in including the proposed transition measures (phase-in proposal and pre-payment agreement) within the 2013 Development Charges By-law and support the implementation of these measures.

We respectfully request that the City explore other policies within the development charge by-law that will attract office tenants to the VMC and reinforce the vision of the City to create a successful and vibrant downtown. We also request that the City explore policies that create a equitable split in special area charges for the maintenance and enhancement of the Black Creek.

Sincerely,

A handwritten signature in black ink, appearing to be 'CA' with a stylized flourish.

Chris Atkins
Land Development Associate
SmartCentres



Smart!Centres

700 Applewood Crescent, Vaughan, ON, L4K 5X3

Telephone (905) 760-6200 Fax (905) 760-6202

February 8, 2013

Ms. Barbara Cribbett
Commissioner of Finance and City Treasurer
City of Vaughan
City Hall
2141 major Mackenzie Drive
Vaughan, ON L4A 1T1

Dear Ms. Cribbett:

Thank you again for providing us with the information on the proposed City of Vaughan Development Charges By-law to be renewed in June 2013 and the opportunity to voice our comments and concerns on the proposal.

We urge the City of Vaughan to consider policies under the implementation of the development charge by-law that will encourage office development in the VMC. The VMC is poised to be the most important Urban Growth Node within the Province due to the significant infrastructure investment for the Spadina York Subway Extension. VMC is projected to be home to over 25,000 residents and 12,000 jobs in the coming decades. The development opportunities presented by the arrival of the subway in Vaughan cannot be overstated; however, even with this consideration, there are significant financial challenges that make corporate office developments in the VMC less competitive when comparing them to opportunities in other GTA municipalities.

The urban nature of the proposed VMC development, in conjunction with the utilization of various modes of rapid transit, are both reasons we feel the City of Vaughan should give consideration to unique DC policies for the VMC. The form and function of development within the VMC will be significantly different from development in other parts of Vaughan. We do not feel that the background study adequately takes this into consideration.

When analyzing current market rents for office buildings in Vaughan in conjunction with consideration of the cost of construction (including significant development charges) in the VMC, it will be extremely challenging to achieve a positive return from office development in the VMC. It is to be noted that unlike residential models, whereby DCs are passed onto the buyer, office developments models are structured such that development charges are a cost absorbed by the project and cannot be passed onto commercial tenants, thus diminishing the success and viability of a project.

We respectfully request that you explore other policies within the development charge by-law that will attract office tenants to the VMC as opposed to the proposed development charge by-law which will be an almost insurmountable barrier to attracting major office tenants to Vaughan's exciting new downtown.

Sincerely,

Paula Bustard
Senior Director, Land Development

c.c Mayor Maurizio Bevilacqua and Council

2013 DEVELOPMENT CHARGE BY-LAW REVIEW – STATUTORY PUBLIC MEETING

Recommendation

The Commissioner of Finance & City Treasurer and the Director of Development Finance & Investments recommend:

- 1) That the following report be received; and
- 2) That the input from the public at the Statutory Public Meeting of April 23, 2013, be received.

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Communications Plan

Legislative Communication Requirements

The DCA has mandatory communication requirements around advertising of at least one public meeting and the Clerk is mandated to carry out such advertising at least 20 days in advance of the meeting date. The Public Statutory Meeting is scheduled for April 23, 2013 and was advertised in the Vaughan Citizen on March 27, 2013 and the Thornhill Liberal on March 28, 2013. Furthermore, advertising of the meeting as well as pertinent information to the by-law review was also posted to the City's VOL beginning on March 8, 2013.

Subsequent to Council approval of the DC Background Study and the DC by-laws, appropriate notices will be advertised as prescribed by the DCA.

Stakeholder Communications

Two stakeholder workshops have taken place with the development industry:

1. Workshop #1 - April 4, 2012
2. Workshop #2 - January 25, 2013

The workshops included members of the Building Industry and Land Development Association (BILD) as well as representatives from SmartCentres. Before, in between, and after those workshops several correspondences, extensive exchange of detailed background data, and several meetings took place to discuss the technical aspects of the draft calculations.

Purpose

The purpose of this report is to provide a summary for Members of Council and members of the public of the proposed DC rates and Transition Measures for purposes of hearing Public input on April 23, 2013. A more fulsome discussion of all issues was provided in the April 15th report to Finance & Administration Committee.

Background

Proposed City Wide DC Rates

Residential Rates

For Residential Developments, the DC for a Single/Semi Detached home is proposed to increase by 79%. Figure 1 presents the 2013 proposed rates as compared to the 2008 rates (indexed to January 1, 2013).

Figure 1: City Wide Residential DCs (Single/Semi by Service, Other Types by Total)

Service	2013 Proposed DC Per Unit	2008 DC Per Unit (Indexed to January 1, 2013)	% Change
General Government	\$321	\$310	3%
Library Services	\$956	\$774	24%
Fire & Rescue Services	\$617	\$339	82%
Indoor Recreation	\$4,553	\$3,865	18%
Park Development & Facilities	\$3,468	\$2,676	30%
Public Works: Buildings & Fleet	\$512	\$340	50%

Sub-Total General Services	\$10,427	\$8,305	26%
City Wide Engineering	\$12,276	\$4,410	178%
Total City Wide Charge – Single/Semi	\$22,703	\$12,715	79%
Other Unit Types			
Total Charge - Rows	\$19,335	\$10,763	80%
Total Charge – Large Apartments	\$13,909	\$7,548	84%
Total Charge – Small Apartments	\$9,979	\$7,548	32%

Non-Residential Rates

Non-Residential rates per square metre are proposed to increase by 157% owing mainly to the larger impact that engineering services has on the overall charge. Services for libraries, indoor recreation and parks development are not included in the non-residential rate and therefore the mitigating impacts they have on the residential rates are not seen on the non-residential rate. Figure 2 presents the 2013 proposed rates as compared to the 2008 rates (indexed to January 1, 2013).

Figure 2: City Wide Non-Residential DCs

Service	2013 Proposed DC Per Sq.M.	2008 DC Per Sq.M. (Indexed to January 1, 2013)	% Change
General Government	\$1.22	\$0.78	56%
Library Services	\$0.00	\$0.00	0%
Fire & Rescue Services	\$2.54	\$0.91	179%
Indoor Recreation	\$0.00	\$0.00	0%
Park Development & Facilities	\$0.00	\$0.00	0%
Public Works: Buildings & Fleet	\$2.07	\$1.39	49%
Sub-Total General Services	\$5.83	\$3.08	89%
City Wide Engineering	\$46.32	\$17.25	169%
Total City Wide Charge – Non-Residential	\$52.15	\$20.33	157%
Specific Type			
High Density Mixed Use	\$44.79	\$20.33	120%

Proposed Special Area Charge DC Rates

All existing SACs are proposed to continue (with the exception of Ansley Grove Sanitary Sub-Trunk, which has been closed out). Collection continues in each of the existing benefiting areas to recover the cost of the front ended infrastructure. A new SAC is proposed to be enacted for the recovery of funds related to the Huntington Road sewer from Tradevalley to Rutherford Road. The affected landowners have reviewed the SAC, including both the cost and the net benefiting area. A six “tier” SAC within the VMC has been proposed to pay in different proportions to four storm water related projects based on their relative benefit (these details can be found in the Background Study). Figure 3 presents the proposed SAC rates.

Figure 3: Proposed SAC rates

Service	Reference Code	2008 Charge Per Hectare (Indexed to January 1, 2013)	2013 Proposed Charge Per Hectare
Rainbow Creek Drainage Works	D-8	\$8,440	\$2,286
Pressure District 5 West (Woodbridge Watermain)	D-15	\$7,023	\$9,134
Pressure District 6 West (Major Mackenzie Drive Watermain)	D-18	\$3,714	\$3,531
Pressure District 6 East (Rutherford Road Watermain)	D-19	\$6,823	\$7,676
Pressure District 7 Watermain West	D-20	\$16,192	\$11,577
Dufferin/Teston Sanitary Sewer (OPA 332 Ultimate Outlet)	D-23	\$11,980	\$11,980
Zenway/Fogal Sanitary Sub Trunk	D-25	\$8,504	\$10,040
Highway 27 South Servicing Works	D-26	\$178,634	\$172,589
Huntington Road Sewer (Tradevalley to Rutherford)	D-27	N/A	\$9,655
Black Creek and Related VMC SWM Works	D-28.0		
Sub-Area 1 (VMC Secondary Plan Tributary to Jane/7 SWMP)	D-28.1	N/A	\$379,350
Sub-Area 2 (SE Quadrant of VMC)	D-28.2	N/A	\$172,575
Sub-Area 3 (Net Reclaimed Lands SE Quadrant of VMC)	D-28.3	N/A	\$3,605,417
Sub-Area 4 (External Black Creek Watershed NE)	D-28.4	N/A	\$172,575
Sub-Area 5 (External Black Creek Watershed SW)	D-28.5	N/A	\$3,471
Sub-Area 6 (Remainder of VMC)	D-28.6	N/A	\$3,471

Proposed Transition Measures

Proposed Effective Date of By-laws

As a part of the transition measures to aid developments already in progress, staff are recommending that although the new by-laws may be passed on May 14, 2013, the effective dates of the by-laws (both city wide and SACs) be set as September 21, 2013 to coincide with the 5-year passage date of the previous by-law in 2008. The rates passed on May 14, 2013 would still be subject to indexing, as per normal practice, on July 1, 2013 and would come in to force on September 21, 2013, subject to phasing explained below. Until that time, the current rates will apply (inclusive of indexing).

Phase-in Proposal

The phase-in proposal has been set-up so that the General Service increase comes in to effect on September 21, 2013 and one third of the Engineering Services increase comes in to effect at the end of each of the next 6 months thereafter. Figure 4 shows the effects of the phase-in increase for a Single Detached Home and a square metre of non-residential development.

Figure 4a: Effect on a Single Detached Home

Date	Type of Increase	% of Total Rate Increase
May 14, 2013 (<i>By-law Enactment</i>)	No Increase	0%
September 21, 2013	General Service Increase	21%
March 21, 2014	1/3 of Engineering Increase	26%
September 21, 2014	1/3 of Engineering Increase	26%
March 21, 2015	1/3 of Engineering Increase	26%
Total		100%

Figure 4b: Effect on Non-Residential

Date	Type of Increase	% of Total Rate Increase
May 14, 2013 (<i>By-law Enactment</i>)	No Increase	0%
September 21, 2013	General Service Increase	9%
March 21, 2014	1/3 of Engineering Increase	30%
September 21, 2014	1/3 of Engineering Increase	30%
March 21, 2015	1/3 of Engineering Increase	30%
Total		100%

Freeze on "Engineering Top-ups"

The City's current practice is to charge a "top-up" to Engineering Services DCs at Building Permit issuance that were paid at registration for subdivisions. Staff are proposing a freeze on Engineering Service DC "top-ups" until March 21, 2015, at which time the full rate will come in to effect. At that point in time the City's normal practice of collecting top-ups at building permit issuance will resume.

Pre-Payment Agreement Proposal

Staff are recommending that Council enter in to pre-payment agreements with landowners who meet certain criteria and achieve certain milestones in the development process as described below.

The criteria for qualifying for and maintaining status under the pre-payment agreement is proposed as follows:

Criteria applicable to all pre-payments:

- Pre-pay on estimated units / square footage
- No refunds – If Overestimation is made then dollar based credit will apply against new square footage/units at the rates current as of Building Permit issuance on the same Site Plan or Plan of Subdivision, as applicable
- Letter of intention to pre-pay is received by the City by August 20, 2013
- Pre-payment agreement is executed and applicable pre-payment is received, together within 30 calendar days after the City sends the agreement to the applicant (*The City will initiate the agreement upon receipt of letter of intent*)

- Fees associated with registering the agreement on title shall be borne by the owner/applicant and are considered to be over and above the administration fees stated below

Additional Criteria for Residential Developments by Subdivision:

- Pre-payment only applies to Engineering portion of DC
- Pay \$1,500 administration fee
- Signed and dated M-Plan received by August 20, 2013
- Registration achieved by June 22, 2014

Additional Criteria for Non-High Density Residential Developments by Site Plan:

- Pre-payment only applies to Engineering portion of DC
- Pay \$1,500 administration fee
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement or Letter of Undertaking (as applicable) by June 22, 2014
- Building Permit Issuance by September 20, 2014

Additional Criteria for Non-Residential Developments:

- Pre-payment applies to Total DC
- Pay \$1,500 administration fee
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement or Letter of Undertaking (as applicable) by June 22, 2014
- Building Permit Issuance by September 20, 2014

Additional Criteria for High Density Residential, Mixed-Use High Density Residential and High Density Office Developments:

- Pre-payment applies to Total DC
- Pay \$1,500 administration fee
- Pre-pay 25% and secure 75% (75% to be paid 18 months after BP issuance; at the rate applicable as of the pre-payment date)
- Submit a Complete Site Plan Application by September 20, 2013
- Execute a Site Plan Agreement by June 22, 2014
- Building Permit Issuance by September 20, 2014

Deferral Agreement Proposal

An unintentional side effect of delaying the effective date of both the city wide and SAC DC by-laws is that for Small Apartments and certain SACs, the rate applicable from May 14, 2013 to September 21, 2013 will be greater than the rate applied as of September 21, 2013. This is due to a drop in the DC rate for these particular categories. For Small Apartments the rate will eventually increase over and above the current rate, but because of the phase-in proposal, the rate as of September 21, 2013 is lower than the current single apartment rate applied to both Small and Large Apartments.

In order to ensure that landowners paying DCs in the interim period are not assessed a higher charge thereby possibly delaying development until September 21, 2013 (at which time they would be assessed a more favourable rate), it is recommended that the City Treasurer and City Solicitor be delegated authority to enter in to a DC Deferral Agreement under the DCA under these specific

circumstances and provide any conditions necessary within the agreement to protect the City's financial and legal interests.

Relationship to Vaughan Vision 2020/Strategic Plan

N/A

Regional Implications

N/A

Conclusion

The proposed rate for a Single Detached Home is increasing by 79% and the tentative rate for non-residential space is increasing by 157%. Council and the public were presented with the draft Development Charge Background Study on April 5, 2013. A further report will be brought to Finance & Administration Committee on May 6, 2013, subsequent to the Statutory Public Meeting on April 23, 2013, providing final recommendations for by-law passage. The development industry has been consulted with and BILD has provided a letter stating that they will not appeal the city wide by-law based on Council adopting the proposals found within the April 15th Finance & Administration Committee report. Various policy and transition measure issues have been considered in further depth to ensure that Council is presented with a by-law that is fiscally responsible, protects existing taxpayers, but that also responds to the evolving environment and economy surrounding the development industry.

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Respectfully submitted,

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