

Report for Public Consultation

Prepared by Hemson for the City of Vaughan

Community Benefits Charge Strategy

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List of Acronyms

ACT Planning Act (Ontario), R.S.O. 1990, c. P.13

BTE Benefit to Existing

CBC Community Benefits Charge

DC Development Charges

DCA Development Charges Act, 1997

GFA Gross Floor Area

PPU Persons Per Unit

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Executive Summary

A. Purpose of 2022 CBC Strategy

i. What is a Community Benefits Charge?

A Community Benefits Charge (CBC) is a new growth-funding tool (GFT) under the Planning Act (Act) that allows municipalities to levy a charge against certain forms of higher density development to fund associated development-related capital infrastructure needs. The CBC provisions replace the former section 37 height and density bonusing in the Act, subject to transition rules. A CBC can be levied in addition to development charges (DCs) and collections under Section 42/51 of the Planning Act under the provisions and restrictions of the Act.

Municipalities can use CBCs to fund a wide-range of capital costs, of any public service, that are related to the needs associated with new growth if those costs are not already recovered from development charges and parkland provisions. A CBC can be used to fund services provided for under a DC by-law, and for parkland acquisitions, as long as there is no duplication of recovery of the same capital costs under another GFT.

ii. Legislative Context

The City of Vaughan 2022 Community Benefits Charge Strategy (herein referred to as the “CBC Strategy”) is presented as part of the process to lead to the approval of a CBC By-law in compliance with the *Planning Act*, 1990 (the “Act”). The report is prepared in accordance with the Act and associated Ontario Regulations 509/20 (O.Reg. 509/20), including the amendments that came into force on September 18, 2020.

iii. CBCs Levied on Higher Density Residential Development

A CBC can only be levied against higher density residential development, limited by the Act to developments that are:

- Five or more storeys, **and**
- Contain 10 or more residential units.

Note that a mixed-use development, a building that contains both residential and non-residential uses, can be subject to a CBC if it meets the above criteria.

The regulations to s.37 of the Act, O. Reg. 509/20, also provide for a number of statutory exemptions from the payment of a CBC, namely:

- Long-term care & retirement homes;
- Colleges, universities and post-secondary indigenous institutes;
- Royal Canadian Legion;
- Hospice for end of life care;
- Non-profit housing.

iv. CBC Strategy

Subsection 37(32) of the Planning Act prescribes that the maximum permitted charge that can be levied is four per cent of land value for a development with five or more storeys and ten or more residential units on the day before issuance of the building permit. Several key steps must be undertaken in order to levy CBCs. They include:

- Preparing a development (growth) forecast;
- Determining the increased need arising from development;
- Determining how these costs are attributed to CBC development;
- Identifying any excess capacity that exists; and
- Estimated benefit to existing shares, grants, subsidies or other contributions.

B. Development Forecast

Over the ten-year planning period from 2022 to 2031, the City is anticipated to grow by approximately 10,500 occupied dwelling units in buildings which would be subject to a community benefits charge. As set out in Section 3 of O.Reg. 509/20 the maximum permissible CBC is capped at four per cent. At the four per cent cap, a high-level estimate of the CBC revenue potential associated with these units is approximately \$18.9 million. Additional details are provided in Section 5.

C. CBC Capital Needs Exceed Revenue Forecast

The estimated net CBC eligible costs of the growth-related capital program totals \$85.9 million. The CBC eligible costs exceed the amount that can be funded under the four per cent cap.

D. Application of CBCs

The City of Vaughan will levy CBCs as a per cent of land value of the development prior to the issuance of a building permit, or the first permit if the development requires multiple permits. The charges will be applied on a City-wide basis to all eligible developments notwithstanding statutory exemptions in subsection 37 (4) (e) of the Act and the City's CBC By-law.

1. Introduction

A. Introduction and Background

The City of Vaughan Community Benefits Charge Strategy is presented as part of a process to lead to the approval of a new community benefits charge by-law in compliance with the Planning Act, 1990 (Act).

Subsection 37(9) of the Act and section 2 of O. Reg. 509/20 require that a community benefits charge strategy shall:

- (a) include estimates of the anticipated amount, type and location of development and redevelopment with respect to which community benefits charges will be imposed;
- (b) include estimates of the increase in the need for facilities, services and matters attributable to the anticipated development and redevelopment to which the community benefits charge by-law would relate;
- (c) identify the excess capacity that exists in relation to the facilities, services and matters referred to in clause (b);
- (d) include estimates of the extent to which an increase in a facility, service or matter referred to in clause (b) would benefit existing development;
- (e) include estimates of the capital costs necessary to provide the facilities, services and matters referred to in clause (b); and
- (f) identify any capital grants, subsidies and other contributions made to the municipality or that the council of the municipality anticipates will be made in respect of the capital costs referred to in clause (e).

This strategy presents the estimated CBC development-related net capital costs attributable to CBC eligible development that is forecast to occur in the City.

The Act requires that municipalities consult with the public. Accordingly, the City will make this CBC Strategy and the draft CBC by-law available for public comment before Council's passage of the by-law. A number of industry information and engagement sessions were held prior to Council's consideration of the CBC Strategy and by-law and a public meeting is proposed to be held May 10, 2022. Following completion of this consultation process, Council will review the strategy, the comments received regarding this report and any other information brought to Council's attention regarding the proposed rate. Finally, Council will pass a new Community Benefits Charge by-law for the City.

The remainder of this strategy report sets out the information and analysis upon which the proposed charge is based.

B. Legislative Context & Regulatory Requirement

The community benefits section of the Planning Act has replaced what was previously referred to as section 37 "Increased Density." This change was introduced through the COVID-19 Economic Recovery Act, 2020 and previous versions in the More Homes, More Choice Act, 2019 as well as the Plan to Build Ontario Together Act, 2019. The new section 37 enables municipalities to impose community benefits charges against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the municipality.

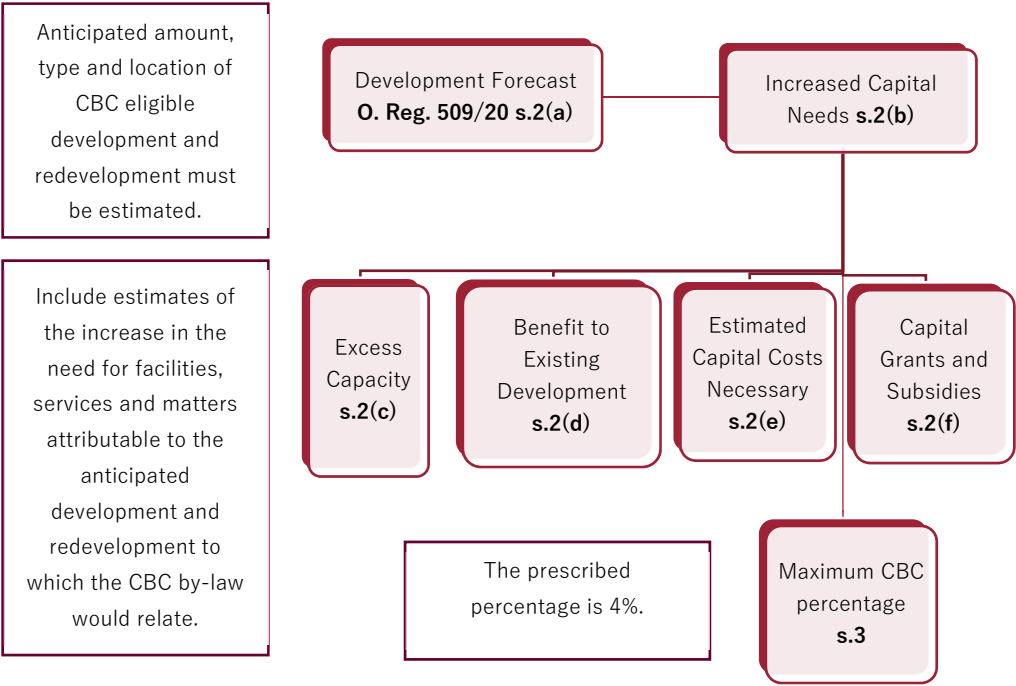
The new section 37 sets out the relationship between community benefits charges and other growth-related funding tools, including the development charges levied under the *Development Charges Act, 1997*.

2. Purpose of the 2022 Community Benefits Charge Strategy

A. Key Steps in Determining CBCs

As shown in Figure 1, the CBC Strategy needs to include various components to validate the applied charge. In the case of the City of Vaughan, the charge is levied on a land value basis not exceeding the legislated maximum of four per cent.

Figure 1. Key Steps in Determining CBCs



B. Proposed Methodology & Approach

The Community Benefits Charges legislation does not specify the method by which a CBC is levied. Various options could be applied by a municipality, such as charges based on a per cent of land value, a per-unit charge, or a charge based on gross floor area of development. It is proposed the City use the first option, based on four per cent of land value at the time of building permit issuance, for the collection of CBCs levied on a City-wide basis. This approach adjusts for variability in land values across City geographies and building typologies. An area specific approach is not necessary as the per cent of land value rate structure will account for variable land values across the City.

The CBC capital program, summarized in the section below and in Section 4 of the Strategy, was developed with City staff and relies on previous work completed for the 2022 capital budget, 2022 DC Background Study, Vaughan's Parkland Dedication Guidelines and the previous use of Section 37 contributions.

As required by legislation, all CBC collections shall be paid into a special account. Furthermore, subsection 37 (47) of the Act directs that a minimum of 60 per cent of the monies in the special account must be allocated or spent annually. A process outside of this CBC Strategy will be established to outline the details for determining priorities for spending, as approved by Council.

C. CBC Capital Program

The total gross capital program identified for recovery from CBCs is \$436.5 million. The entire gross capital cost is not eligible to be funded by CBCs and a series of legislated deductions have been made including consideration for excess capacity, replacement or benefit to existing shares and shares to be funded from other growth-funding tools.

As no grants and subsidies have been identified, there is no deduction to the gross program and the net municipal cost remains at \$436.5 million.

Replacement or benefit to existing shares are removed from the eligible recovery costs and totals \$7.2 million and relate to heritage preservation and beautification projects within the community facilities and amenities service category. This yields a total development related cost of \$429.3 million.

A share totaling \$154.4 million that is intended to be funded through development charges has been removed from the CBC eligible costs. Of the remaining \$274.9 million, \$85.9 million is considered to relate to developments that are five or more storeys and contain 10 or more residential units, and as such, eligible for recovery from CBCs. The remaining amount of approximately \$189.0 million may be considered for funding from future development charge studies or for funding from other sources.

The capital program is based on service levels planned for and provided by the City. These service levels are not exclusively tied to a time horizon. The capital facilities set out herein are a snapshot of what the City currently needs to fund to maintain those service levels during the ten-year planning period. As projects are completed, the City will continue with additional capital projects to provide the same or similar service levels, and therefore the capital facilities listed will continue to evolve. The capital program is summarized in Table 1 below.

Table 1. Summary of CBC Capital Program (\$000s)

Service	Gross Program	Grants Subsidies/Other Contributions	Net Cost	Replacement & BTE	Total Development Related Cost	2022 DC Study Share*	Remaining Development Related	Total CBC Related Costs
1.0 PUBLIC ART AND CULTURE	\$39,596	\$0	\$39,596	\$0	\$39,596	\$0	\$39,596	\$28,240
2.0 COMMUNITY FACILITIES & AMENITIES	\$392,867	\$0	\$392,867	\$7,176	\$385,691	\$154,421	\$231,270	\$56,576
3.0 PARKING	\$3,500	\$0	\$3,500	\$0	\$3,500	\$0	\$3,500	\$576
4.0 CIVIC ADMINISTRATION/ STUDIES	\$500	\$0	\$500	\$0	\$500	\$0	\$500	\$500
TOTAL COST	\$436,462	\$0	\$436,462	\$7,176	\$429,286	\$154,421	\$274,866	\$85,892

**Note: Related to the in period (2022-2031) development charge recoverable shares identified from the 2022 DC Study.*

Note: Values have been rounded.

3. Development Forecast

This section describes the basis and results of the development forecast that forms the basis of the capital program. The development forecast is based on estimates of growth occurring within approved Official Plan designated urban areas and is consistent with the 2022 DC Background Study. The results of the housing unit and population forecast are in line with the requirements of O.Reg. 509/20 s.2(a).

A. Proposed 10-Year Planning Horizon

The City establishes capital budgets on a 10-year basis and the CBC Strategy capital programs are in line with the internal City capital planning time-frame. In addition, the time frame aligns with the 2022 DC Background Study as some capital projects are funded using both growth funding tools. The time-frame for the development forecast and the capital programs in this CBC Strategy is 2022-2031.

B. Consistent with the DC Development Forecast

The forecast for the CBC Strategy was based on the forecast used in the City's 2022 DC Background Study (DC Study) and are based on the 2031 targets for the City as identified in the Region of York's 2017 Development Charges Background Study, which reflects a 45 per cent intensification scenario as approved by Regional Council.

Based on discussions with City staff reviewing current development pipeline data, it is estimated that approximately 80-90 per cent of apartment units over the 2022 to 2031 period will meet the CBC criteria of being five or more storeys and containing 10 or more residential units. As shown in Table 2, the total forecast of units in the City totals about 29,700 as included in the 2022 DC Background Study.

Table 2. Forecast of Annual Housing Units – City-Wide

Year	Single/Semi	Row	Apartment	Total
2022	976	391	1,222	2,589
2023	990	403	1,295	2,688
2024	1,003	416	1,372	2,791
2025	1,017	429	1,454	2,900
2026	1,031	442	1,541	3,014
2027	1,370	701	896	2,967
2028	1,394	735	926	3,054
2029	1,419	770	956	3,145
2030	1,444	807	987	3,239
2031	1,470	846	1,020	3,336
Total 2022-2031	12,114	5,940	11,669	29,723

As shown in Table 3, the total forecast of units subject to CBCs is approximately 10,500 apartment units over the 2022 to 2031 period. The figure used in the analysis represents the top-end range to meet the CBC criteria; being 90 per cent of the total 10-year forecast of apartment units or 35 per cent of all unit types.

Table 3: Forecast of Annual Housing Units – Units Subject to CBCs

Year	Single/Semi	Row	Apartment	Total
2022	0	0	1,100	1,100
2023	0	0	1,165	1,165
2024	0	0	1,235	1,235
2025	0	0	1,309	1,309
2026	0	0	1,387	1,387
2027	0	0	807	807
2028	0	0	833	833
2029	0	0	860	860
2030	0	0	889	889
2031	0	0	918	918
Total 2022-2031	0	0	10,502	10,502

Table 4 shows the calculation of persons in units subject to CBCs as a percentage of persons in all new units. This calculation uses the occupancy factors or “persons per unit” (PPU) assumptions established as part of the 2022 DC Background Study. The average apartment unit PPU is 1.91 and this, when applied to the total 10-year CBC unit start forecast (10,500), results in an estimate of 20,100 persons. This represents 24 per cent of the overall 10-year forecast of people in all unit starts (82,600). This 24 per cent figure is used to inform the CBC-eligible percentage of projects that are anticipated to benefit all residential and mixed-use development, as shown in Section 4. It is noted that in certain cases, a potential non-residential benefit is recognized resulting in a CBC-eligible share lower than 24%.

Table 4. Forecast of Persons in New Units, 2022-2031

	Single/Semi	Row	Apartment	Total
Units Subject to CBC	0	0	10,502	10,502
All Units	12,114	5,940	11,669	29,723
PPU Assumptions	3.55	2.92	1.91	
Persons in New Units Subject to CBC	0	0	20,059	20,059
Persons in All New Units	42,962	17,318	22,288	82,568
% of Persons in Units Subject to CBC				24%

For determining shares of capital costs related to growth in CBC-eligible development where a project benefits both residential and non-residential developments a non-residential allocation is presented in Table 5. The ten year, 2022 to 2031, forecasted population in new dwelling units plus place of work employment totals about 121,800. Of this total growth, 16 per cent is anticipated to occur in CBC-eligible developments.

Table 5. Summary of Shares of Total Population Employment Development vs CBC Eligible Population Growth, 2022-2031

Population in New Dwellings (a)	82,568
Place of Work Employment (b)	39,244
Population and Employment (a+b=c)	121,812
CBC Eligible Units Population (d)	20,059
Share of CBC Eligible Pop. Vs Total City-Wide Pop. & Emp. (%) (d)/(c)	16%

4. CBC Capital Program

A. Facilities, Services and Matters Considered

Before passing a CBC by-law, the Act requires municipalities to prepare a CBC Strategy that identifies the facilities, services and matters that will be funded with community benefits charges. The Act does not prescribe the specific facilities, services or matters to which CBC funding may be allocated.

In Section 5, it is evident that there is not sufficient CBC revenue anticipated to be collected under the four per cent cap to meet the increased needs arising from CBC-eligible development. As such, through the work with City staff, a priority list of service categories have been identified. The list is based on projects that have lost eligibility for DC funding, projects previously funded through Section 37 Bonus Zoning, where DC legislation limits funding due to historical service level restrictions and others. The following services have been included as related to developments subject to the CBC:

- Public Art and Culture;
- Community Facilities and Amenities;
- Parking; and
- Civic Administration/Studies.

Under each of these services, the City anticipates development-related project costs to arise, fully or partially driven by mid- to high-density residential and mixed-use development, to which CBCs will apply. The identified CBC-eligible project costs for these services are beyond the costs anticipated to be funded through other growth funding tools, including development charges and parkland dedication. It is noted that the CBC capital program is a point-in-time analysis of the needs anticipated over the

2022-2031 planning period. It is recognized that these needs may change over time through the City's normal annual budgeting processes. While certain projects, and types of projects, are listed within the CBC capital program, the identified capital project listings within each of the service categories do not preclude the City from assigning CBC funds to another facility or project under that service.

Each service area covers the following matters:

- Service Description;
- Service Delivery and Service Levels Consideration;
- Estimate of Need;
- Consideration of Excess Capacity;
- Capital Cost;
- Identification of any Anticipated Capital Grants, Subsidies or Other Contributions;
- Consideration of Benefit to Existing;
- Relation to funding from DCs (if applicable);
- Share of Net Capital Costs related to CBC Eligible Developments.

Table 6 below includes the details by service of the capital needs associated with the forecasted CBC eligible developments in the City over the ten-year period 2022 to 2031. The capital costs included in this Strategy are point in time for this framework but the need for the services is estimated to continue beyond the ten-year period relative to the amount of CBC development. Also, the CBC capital project list includes select library and community centre development projects, although, other indoor and outdoor recreation related projects can be considered for inclusion if deemed necessary through further reviews and the consultation period.

**TABLE 6
CITY OF VAUGHAN
CBC DEVELOPMENT-RELATED CAPITAL PROGRAM**

Project Description	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	BTE (%)	Replacement & BTE (\$)	Total Development Related Costs	2022 DC Study Share (\$)*	Remaining Development Related	CBC Share (%)	Total CBC Related Costs
1.0 PUBLIC ART AND CULTURE										
1.0.1 Public Art Installations - VMC	\$11,412,000	\$0	\$11,412,000	0%	\$0	\$11,412,000	\$0	\$11,412,000	100%	\$11,412,000
1.0.2 Public Art Installations - Secondary Plan Areas	\$13,183,606	\$0	\$13,183,606	0%	\$0	\$13,183,606	\$0	\$13,183,606	100%	\$13,183,606
1.0.3 VMC Cultural & Performing Arts Space/Facility	\$15,000,000	\$0	\$15,000,000	0%	\$0	\$15,000,000	\$0	\$15,000,000	24%	\$3,644,111
TOTAL PUBLIC ART AND CULTURE	\$39,595,606		\$39,595,606		\$0	\$39,595,606	\$0	\$39,595,606		\$28,239,717
2.0 COMMUNITY FACILITIES & AMENITIES										
Facilities, Heritage and Beautification										
2.0.1 Vaughan Healthcare Centre Precinct District	\$10,000,000	\$0	\$10,000,000	0%	\$0	\$10,000,000	\$0	\$10,000,000	16%	\$1,646,724
2.0.2 Heritage Preservation	\$7,818,000	\$0	\$7,818,000	75%	\$5,863,500	\$1,954,500	\$0	\$1,954,500	24%	\$474,828
2.0.3 Beautification Strategy - Enhanced Garden Displays	\$1,750,000	\$0	\$1,750,000	75%	\$1,312,500	\$437,500	\$0	\$437,500	24%	\$106,287
2.0.5 Heritage Facilities - Relocations	\$1,000,000	\$0	\$1,000,000	0%	\$0	\$1,000,000	\$0	\$1,000,000	100%	\$1,000,000
Library Facilities										
2.1.1 Woodbridge Library Renovation	\$375,000	\$0	\$375,000	0%	\$0	\$375,000	\$0	\$375,000	100%	\$375,000
2.1.2 Yonge and Steeles Library	\$1,907,367	\$0	\$1,907,367	0%	\$0	\$1,907,367	\$0	\$1,907,367	24%	\$463,377
2.1.3 Block 27 Library	\$15,028,127	\$0	\$15,028,127	0%	\$0	\$15,028,127	\$4,713,693	\$10,314,434	24%	\$2,505,796
2.1.4 Vaughan Mills Library (Block 31)	\$16,761,555	\$0	\$16,761,555	0%	\$0	\$16,761,555	\$10,944,014	\$5,817,541	24%	\$1,413,318
Community Service Facilities										
2.2.1 Weston and 7 Community Hub	\$59,135,802	\$0	\$59,135,802	0%	\$0	\$59,135,802	\$0	\$59,135,802	24%	\$14,366,496
2.2.2 Yonge & Steeles Community Centre	\$78,630,982	\$0	\$78,630,982	0%	\$0	\$78,630,982	\$0	\$78,630,982	24%	\$19,102,670
2.2.3 Block 41 Community Centre	\$147,770,457	\$0	\$147,770,457	0%	\$0	\$147,770,457	\$99,424,630	\$48,345,827	24%	\$11,745,172
2.2.4 Vaughan Mills Community Hub (Block 31)	\$52,514,544	\$0	\$52,514,544	0%	\$0	\$52,514,544	\$39,338,557	\$13,175,987	24%	\$3,200,984
Fitness Equipment										
2.3.1 Fitness Equipment	\$175,000	\$0	\$175,000	0%	\$0	\$175,000	\$0	\$175,000	100%	\$175,000
TOTAL COMMUNITY FACILITIES & AMENITIES	\$392,866,834	\$0	\$392,866,834		\$7,176,000	\$385,690,834	\$154,420,894	\$231,269,940		\$56,575,651

TABLE 6
CITY OF VAUGHAN
CBC DEVELOPMENT-RELATED CAPITAL PROGRAM

Project Description	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	BTE (%)	Replacement & BTE (\$)	Total Development Related Costs	2022 DC Study Share (\$)*	Remaining Development Related	CBC Share (%)	Total CBC Related Costs
3.0 PARKING										
3.0.1 VMC Parking Strategy - Phase 2	\$700,000	\$0	\$700,000	0%	\$0	\$700,000	\$0	\$700,000	16%	\$115,271
3.0.2 Parking Related Works	\$2,800,000	\$0	\$2,800,000	0%	\$0	\$2,800,000	\$0	\$2,800,000	16%	\$461,083
TOTAL PARKING	\$3,500,000		\$3,500,000		\$0	\$3,500,000	\$0	\$3,500,000		\$576,353
4.0 CIVIC ADMINISTRATION/STUDIES										
4.0.1 CBC Studies and Implementation	\$500,000	\$0	\$500,000	0%	\$0	\$500,000	\$0	\$500,000	100%	\$500,000
TOTAL CIVIC ADMINISTRATION	\$500,000		\$500,000		\$0	\$500,000	\$0	\$500,000		\$500,000
TOTAL CBC CAPITAL PROGRAM	\$436,462,440	\$0	\$436,462,440		\$7,176,000	\$429,286,440	\$154,420,894	\$274,865,546		\$85,891,722

* Note: Related to the in-period (2022-2031) Development Charges recoverable shares identified from the 2022 DC Study.

i. Public Art and Culture

a) Service Description

This service area includes items within Public Art and Culture services in the City. Included in the capital program are various public art installations and a provision for a VMC Cultural and Performing Arts Space/Facility.

These types of infrastructure improvements are very important in areas of redevelopment and medium-to-high-density areas to create a diverse and purposeful City as it fosters community engagement and gives a sense of belonging, involvement, and local experiences. It is important to note that some facilities are not eligible for DC funding, notably theatres, art galleries, public art and other cultural facilities. CBCs can assist in funding a share of development-related community facility needs that are not eligible for other growth-funding tools.

The City has used the previous *Planning Act* s.37 density bonusing provisions to secure and fund a range of Public Art ventures in the past and it intends to continue to do so using CBCs moving forward.

b) Service Delivery and Service Level Consideration

The City has been delivering Public Art and Culture services funded from the old Section 37.

c) Estimate of Need

The need included in the CBC Strategy for recovery from CBC eligible developments is based on the VMC Culture and Public Art Framework, the Vaughan City-Wide Public Art Program, discussions with staff, the City's 2022 capital budget and past Section 37 collections.

The Public Art and Culture CBC capital program is a point-in-time estimate of the 2022-2031 CBC-eligible project needs. However, similar service levels are anticipated to continue to be provided beyond the ten-year planning horizon.

d) Consideration of Excess Capacity

Available excess capacity is considered as part of the City's budget and planning processes. The costs included in the CBC strategy relate to incremental needs arising from development and are net of excess capacity.

e) Capital Cost

The total gross cost of the program is about \$39.6 million which includes public art installations at the VMC and other secondary plan areas as well as a provision for a VMC Cultural and Performing Arts Space that is required due to development occurring City-wide.

f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions

No grants, subsidies or other contributions have been identified for the projects included in the capital program.

g) Consideration of Benefit to Existing

All of the projects included in the Public Art and Culture capital program are entirely related to growth and therefore no BTE shares have been identified.

h) Relation to funding from DCs (if applicable)

The projects included will not be funded through any in-period DC shares.

i) Share of Net Capital Costs related to CBC Eligible Developments

The majority of projects under Public Art and Culture are deemed 100 per cent CBC eligible. Specifically, the public art installations are related to the need driven only by CBC eligible developments and are therefore eligible to be fully funded from CBC developments.

A portion of the works pertaining to the provision for the VMC Cultural and Performing Arts Space/facility is considered to be CBC eligible. It has been identified to have a CBC eligibility of 24 per cent which is based on a share of growth of population in new high-density units relative to total units. The remaining amount of \$11.4 million may be considered for funding from other sources.

ii. Community Facilities and Amenities

a) Service Description

The Community Facilities and Amenities service area encompasses a variety of facilities available to residents of Vaughan. Community Facilities and Amenities include heritage facilities and preservation, beautification projects, and growth-works associated to the Vaughan Healthcare Centre Precinct District. The program also includes various library facility related works: Woodbridge, Yonge & Steeles, Block 27 and Vaughan Mills (Block 31). Finally, the program also includes community service facilities and related works: Weston and 7 Community Hub, Yonge & Steeles Community Centre, Block 41 Community Centre, Vaughan Mills Community Hub (Block 31) and fitness equipment. The projects generally include provisions for land, studies and design, building construction and furniture and equipment

The City of Vaughan is a vibrant city with a wide range of community facilities. As the City continues to grow, largely through redevelopment and intensification, there is a need to construct new community facilities and/or expand existing facilities. Some of these needs are funded from development charges, such as library and community centre development and expansion, but the DCA has limitations. The capital costs included as CBC-eligible in the CBC Strategy are those above the calculated funding envelope (limited by historical services levels). The amounts that exceed this historical service level are required to meet the additional demand and costs arising from higher density residential and mixed use development.

b) Service Delivery and Service Level Consideration

Community facilities and amenities, to the extent permitted under the DCA, have been paid for in part through DCs, property taxes, old Section 37 contributions, grants and other sources.

The existing service level for the major library and community facilities is included in the DC Community Services and DC Library services capital programs as part of the 2022 DC Study. It is also important to note that the

portions of these projects are directly associated to costs beyond service level restrictions through these respective development charge related services. The amounts that exceed this historical service level are required to meet the additional demand and costs arising from population growth.

Recognizing the CBC capital program is a point-in-time estimate of the 2022-2031 CBC-eligible project needs, similar service levels are anticipated to continue to be provided beyond the ten-year planning horizon.

c) Estimate of Need

The need for community facilities and amenities is driven by CBC developments is partly based on previous Section 37 contributions, planned capital projects, and costs ineligible for in-period funding in the 2022 DC by-law but deemed development-related.

The costs brought forward for possible CBC funding are net of any anticipated DC shares.

d) Consideration of Excess Capacity

Available excess capacity is considered as part of the City's budgeting and planning processes. The costs included in the CBC strategy relate to incremental needs arising from development over the ten-year planning horizon and are net of any excess capacity.

e) Capital Cost

The capital cost included in the CBC Strategy totals \$392.9 million. This amount is made up of:

- \$20.6 million which includes Vaughan Healthcare Centre Precinct District, heritage preservation, Beautification Strategy and Heritage Facility relocations.
- \$34.1 million related to the Woodbridge, Yonge & Steeles, Block 27 and Vaughan Mills (Block 31) libraries. The projects include

provisions for land, studies and design, building construction, library resources, furniture and equipment.

- \$338.2 million related to the Weston and 7 Community Hub, Yonge & Steeles Community Centre, Block 41 Community Centre, Vaughan Mills Community Hub (Block 31) and fitness equipment. The facility projects include provisions for land, studies and design, building construction, furniture and equipment

f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions

No grants, subsidies or other contributions have been identified for the projects included in the capital program.

g) Consideration of Benefit to Existing

Benefit to existing shares are identified at 75 per cent for Heritage Preservation works and the Beautification Strategy, which totals \$7.2 million. This amount has been removed from the growth-related eligible funding and is based on net population growth over the 10-year planning period relative to the existing population.

h) Relation to funding from DCs (if applicable)

DCs are anticipated to fund \$154.4 million of the identified project costs, leaving \$231.3 million in remaining development-related costs. This DC share is included in the DC in-period recoverable share of costs which is intended to be funded through the 2022 DC by-law.

i) Share of Net Capital Costs related to CBC Eligible Developments

The net capital cost associated with CBC eligible developments is \$56.6 million. With the exception of the relocation of Heritage Facilities, Woodbridge Library renovations and fitness equipment, the majority of projects considered are not entirely CBC eligible. Certain projects identified have a CBC eligibility of 24 per cent which is based on a share of growth of population in new medium-high density units relative to total units - these projects are considered to benefit only the residential sector. The projects

with a 16 per cent CBC eligible share are based on total forecasted population in new units and employment growth over the planning period and the population in new units anticipated to occur in CBC eligible developments in the same period. The remaining amount of approximately \$174.7 million may be considered for funding from future development charge studies or for funding from other sources.

iii. Parking

a) Service Description

The service area of Parking includes capital costs related to the second phase of the VMC parking strategy and various parking related works throughout the City. Investment in parking infrastructure improvements is very important to maintain accessibility and usability of the transportation network particularly in denser neighbourhoods. Under the previous legislative regime, parking was a service included in the City's Development Charges (DC) through the City-wide engineering capital program.

b) Service Delivery and Service Level Consideration

The 2018 DC Study included parking related works as part of the City-wide engineering capital programs. The costs proposed for recovery are expected to be consistent with service levels already provided by the City.

c) Estimate of Need

On-street City provided parking as well as parking structures are required as the City continues to grow. Despite mandatory parking standards, the City continues to experience greater demand for additional parking arising from development occurring.

d) Consideration of Excess Capacity

There is no excess capacity available within the City's parking facilities and the costs included the CBC strategy are related to incremental needs arising from development.

e) Capital Cost

The gross capital cost associated with the parking program is \$3.5 million, which accounts for Phase 2 of the VMC Parking Strategy as well as various parking related works.

f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions

No grants, subsidies or other contributions have been identified for this service.

g) Consideration of Benefit to Existing

No benefit to existing shares have been allocated to these projects as they are entirely driven by development needs.

h) Relation to funding from DCs (if applicable)

Provision of parking is now ineligible for funding from development charges, therefore, the projects included in this program will not be funded through any DCs collected (these costs are not included in the 2022 DC by-law update).

i) Share of Net Capital Costs related to CBC Eligible Developments

The total CBC eligible cost is approximately \$576,400 or 16 per cent of the development related costs. The cost allocation to CBCs assumes the projects also relate to the non-residential sector. Therefore, the CBC attributable share is based on total forecasted population in new units and employment growth in the City from 2022 to 2031 and the population in new units anticipated to occur in CBC eligible developments in the same period. As only 16 per cent of costs are eligible for CBCs, the residual \$2.9 million may be recovered from other sources.

iv. Civic Administration/Studies

a) Service Description

The cost of the CBC Strategy itself is eligible under the Act and included in this service category is the implementation of the strategy. Therefore, costs

related to supporting the administration of the CBC Strategy and By-law are included.

b) Service Delivery and Service Levels Consideration

Inclusion of the CBC Strategy and implementation does not increase the level of service provided to existing residents as the CBC Strategy and implementation is undertaken solely in response to growth-related needs.

c) Estimate of Need

Included in the cost is a CBC Strategy as well as the cost of other works related to the implementation of the strategy and by-law.

d) Consideration of Excess Capacity

No excess capacity exists for this service.

e) Capital Cost

The gross cost included in the capital program totals \$500,000 over the ten-year planning period.

f) Identification of any Anticipated Capital Grants, Subsidies or Other Contributions

No grants, subsidies or other contributions have been identified for this service.

g) Consideration of Benefit to Existing

No benefit to existing has been identified as these costs relate entirely to CBC eligible development.

h) Relation to funding from DCs (if applicable)

The project included will not be funded through any in-period DC shares.

i) Share of Net Capital Costs related to CBC Eligible Developments

The entire cost of \$500,000 is eligible for recovery from CBC developments. The need for this is solely driven by CBC eligible development and so no shares are netted off for other residential and non-residential growth in the City.

5. CBC Revenue Analysis & Rate Structure

A. CBC Capital Needs Greater than Projected CBC Revenue

As described above in Section 4, the net CBC eligible cost of the capital program is \$85.9 million. However, as the total forecasted revenue identified is approximated at \$18.9 million based on the 4 percent cap, it is evident that the capital needs cannot be fully funded by potential CBC revenues.

For the purposes of projecting CBC revenues under the four per cent cap, the forecast of apartment units subject to CBCs was broken down by two geographies, with the total shown in Table 7. Based on current City development data, a sample of potential CBC eligible developments was utilized and current market land values were estimated based on the City's appraisers. It is noted, that land values at the time of building permit can vary considerably across, and within, geographies and the land values used to the revenue forecast represent those in the VMC and non-VMC areas.

Applying the legislated four per cent cap, it is anticipated that the average unit will contribute approximately \$1,800 in CBCs. This results in a high-level estimate of potential CBC revenues of approximately \$18.9 million for the City over the 2022-2031 period.

As discussed in Section 4, the total cost of the CBC-eligible capital program over the same 2022-2031 period is \$85.9 million. As such, it is evident that the capital needs cannot be fully funded by potential CBC revenues.

Table 7. Estimate of Potential CBC Revenues, 2022-2031

Area	# of CBC Eligible Units	4% of Land Value per Unit	CBC Revenue (rounded)
Total Units	10,502	\$1,800	\$18,900,00

B. Proposed Rate Structure is as a Percentage of Site Land Value

It is proposed that the CBC levy rate will be based on a uniform 4 per cent of land value across the city. Developments that meet the criteria set out in Section 37 (4) of the Act will be subject to the charge excluding those listed as exempt under O.Reg. 509/20.

C. Land Appraisal Process

Individual CBC obligations will be calculated based on the market value of the site on the day before issuance of the first building permit. Payment is required prior to the issuance of a building permit by the City. In accordance with subsection 37 (44) of the Act. If the developer considers the charge is higher than four per cent of land value, they submit a payment under protest and must submit an alternate appraisal within 30 days. The City then has 45 days to provide the appraisal upon which the charge was based.

E. CBC Special Account

i. Existing Reserves

Existing reserves to be transferred to the CBC Special Account include any unspent or unallocated portions of the existing funds in the legacy Section 37 bonus zoning reserve less any prior commitments.

ii. CBC Reserve

Subsection 37 (45) of the Act requires that a single CBC special account be established. This is unlike DC reserves which are dedicated to specific service areas as defined in the DC by-law. The funds in the CBC reserve will include all CBC monies collected.

Annually, the City must allocate or spend 60 per cent of the funds in the special account to CBC-eligible projects and the following information shall be provided to the public each year in the respect of the preceding year:

1. Statements of the opening and closing balances of the special account and of the transactions relating to the account.
2. In respect of the special account referred to in subsection 37 (45) of the Act, statements identifying,
 - i. facilities, services and matters acquired during the year with funds from the special account;
 - ii. details of the amounts spent; and
 - iii. for each facility, service or matter mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
3. In respect of the special account referred to in subsection 42 (15) of the Act, statements identifying,
 - i. land and machinery acquired during the year with funds from the special account;
 - ii. buildings erected, improved or repaired during the year with funds from the special account;
 - iii. details of the amounts spent; and

- iv. for each asset mentioned in subparagraphs i and ii, the manner in which any capital cost not funded from the special account was or will be funded.
- 4. The amount of money borrowed from the special account and the purpose for which it was borrowed.
- 5. The amount of interest accrued on any money borrowed from the special account.

D. Statutory Exemptions

O.Reg. 509/20 includes the following statutory exemptions:

- 1. Development or redevelopment of a building or structure intended for use as a long-term care home within the meaning of subsection 2 (1) of the Long-Term Care Homes Act, 2007.
- 2. Development or redevelopment of a building or structure intended for use as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010.
- 3. Development or redevelopment of a building or structure intended for use by any of the following post-secondary institutions for the objects of the institution:
 - i. a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - ii. a college or university federated or affiliated with a university described in subparagraph i,
 - iii. an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017.

4. Development or redevelopment of a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion.
5. Development or redevelopment of a building or structure intended for use as a hospice to provide end of life care.
6. Development or redevelopment of a building or structure intended for use as residential premises by any of the following entities:
 - i. a corporation to which the Not-for-Profit Corporations Act, 2010 applies that is in good standing under that Act and whose primary object is to provide housing,
 - ii. a corporation without share capital to which the *Canada Not-for-profit Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing,
 - iii. a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act. O. Reg 509/20, s. 1, 8.

6. Implementation & Administration

A. Consultation

The Act requires that a municipality consult with such persons and public bodies as the municipality considered appropriate. Subsection 37 (10) indicates that, at the discretion of the City, consultation shall be conducted. For this 2022 CBC Strategy, the City has met with the development industry on a few occasions in early 2022 and has provided the industry with information for public review:

- Preliminary working draft capital programs were provided to industry stakeholders in mid-February 2022
- An information meeting was held with the development industry on March 1, 2022.
- Technical meetings were held with industry representatives in Q1/Q2 of 2022 and further meetings are expected until passage.
- The draft CBC Strategy is expected to be posted on the website on April 12th, 2022, in advance of a formal public meeting. The by-law will be made available at a later date.
- A formal public meeting is anticipated to be held on May 10th, 2022, ahead of the by-law being presented to Council for passage.

B. By-Law Passage, Notice and Appeal Provisions

The CBC By-law is anticipated to be passed in June 2022. The commencement of the by-law will be on the date the by-law is passed or the specified in the by-law, whichever is later in accordance with subsection 37 (11) of the Act.

A notice of passage is required to be provided no later than twenty days after passage, subsection 37 (13) of the Act. Furthermore, O.Reg. 509/20

subsection 4(2) states that a notice shall be given to every owner of land in the area to which the by-law applies, every person and organization that has written request for the notice, upper-tier municipalities, school boards and by publication in a newspaper of sufficient general circulation.

A CBC by-law may be appealed to the Ontario Land Tribunal within forty days of passage by filing with the clerk of the City. The Tribunal is limited in its ability to amend the CBC By-law including not being able to increase the amount of CBCs that will be payable in any particular case, add, remove or reduce the scope of an exemption, change a provision for a phasing in so as to make the charges payable earlier and change the date the by-law will expire.

C. Treatment of In-Kind Contributions

The City may allow developers to pay CBCs in part or in whole with in-kind contributions. Such contributions will be evaluated on a case-by-case basis.

Paragraphs 6-8 of subsection 37 of the Act guide the legislative framework for the consideration of in-kind contributions:

In-kind contributions

(6) A municipality that has passed a community benefits charge by-law may allow an owner of land to provide to the municipality facilities, services or matters required because of development or redevelopment in the area to which the by-law applies. 2020, c. 18, Sched. 17, s. 1.

Notice of value of in-kind contributions

(7) Before the owner of land provides facilities, services or matters in accordance with subsection (6), the municipality shall advise the

owner of land of the value that will be attributed to them. 2020, c. 18, Sched. 17, s. 1.

Deduction of value of in-kind contributions

(8) The value attributed under subsection (7) shall be deducted from the amount the owner of land would otherwise be required to pay under the community benefits charge by-law. 2020, c. 18, Sched. 17, s. 1.

The CBC by-law will provide for the potential acceptance of CBC in-kind contributions consistent with the legislative requirements.

D. CBC Payment Dispute Mechanism

Developers may dispute the CBC charge by submitting a payment in protest and submitting an alternate appraisal. If the appraisals (City and developer) are within 5 per cent of each other the City must refund the difference. However, if the appraisal difference is greater than 5 per cent, the City will request the developer to select one of three appraisers from a City list. That will be the final appraisal and if it results in a lower CBC rate than paid, the City must refund the difference. Figure 2 provides a summary of the appraisal and dispute process.

Figure 2: Payment Dispute Mechanism

Step	Planning Act	Timing	Action	Outcome
Charge as set by City	37(44)	Building permit	Developer pays	Payment received – process complete
			Developers pays under protest	New appraisal required
Payment under protest	37(33)	30 days	Developer submits appraisal to City	City reviews new appraisal or accept value
City disputes developer's value	37(35)	45 days	City submits appraisal to applicant	Joint review - if less than 5 percent difference, use higher value
Arbitrated value	37(38)	60 days	Applicant picks appraiser from City roster	New appraisal sets value
In-kind contribution	37(7)	Before providing service / facility	City to advise applicant of in-kind value	No appeal process. Value is deducted from charge

Appendix
Draft CBC By-law
(To Be Made Available
Under Separate Cover)