

**COMMUNICATION C1.  
ITEM NO. 1  
COMMITTEE OF THE WHOLE (2)  
May 10, 2022**

# **Development Charges and Community Benefits Charges Study: Public Meeting**



CITY OF VAUGHAN  
Tuesday, May 10<sup>th</sup>, 2022



# Purpose of Today's Meeting

- Statutory Public Meeting required by Section 12 of the *Development Charges Act, 1997*
- Primary purpose is to provide the public with an opportunity to make representation on the 2022 Development Charges Background Study and By-laws
  - DC Study includes City-wide rates and ASDCs (10 carry-forward and 2 new areas) <sup>(1)</sup>
- Meeting is also indented to form part of the consultation requirement under the *Planning Act* for the CBC Strategy
- DC Background Study and CBC Strategy was made publicly available on **April 12<sup>th</sup>, 2022** <sup>(2)</sup>
- Proposed 2022 DC By-laws were made publicly available on **April 26<sup>th</sup>, 2022**

*Note 1: ASDCs recently completed in 2021 are not being reviewed.*

<sup>1</sup> *Note 2: The DC Background Study went public on the City website on April 12<sup>th</sup> 2022 following City Council direction to release the study publicly. The date on the DCBS is March 29<sup>th</sup> 2022*

# Background

- The City has retained Hemson to complete:

1. Development Charges  
(DC) Background Study +  
Draft By-law  
(Hemson) <sup>(1)</sup>

2. Community Benefits  
Charge (CBC) Strategy +  
Draft By-law  
(Hemson)

By-laws to be passed  
2<sup>nd</sup> Quarter of 2022.

Alternative Parkland  
Dedication Rate:  
(Hemson only in the Capacity  
to review costs to ensure  
consistency with DC and CBC)

2 Note 1: DC Study intended as “interim” update and another update will be undertaken with the completion of the Official Plan Review.

# Industry Consultation Program to Date

- Hemson and City staff have been in consultation with BILD and a sub-working committee since project initiation
  - Materials had been circulated to the industry to facilitate technical discussions
  
- A total of two workshops and two technical meetings have taken place with the development industry thus far:
  1. Workshop #1 – January 20<sup>th</sup>, 2022
  2. Technical Meeting #1 – February 25<sup>th</sup>, 2022
  3. Workshop #2 – March 1<sup>st</sup>, 2022
  4. Technical Meeting #2 – March 18<sup>th</sup>, 2022
  5. Technical Meeting #3 – April 25<sup>th</sup>, 2022
  6. Workshop #3 – May 9<sup>th</sup>, 2022
  
- Several additional meetings are expected over the coming months
  - May 20<sup>th</sup> and May 30<sup>th</sup> meetings have already been scheduled

# DC Capital Program

- Future capital costs must be identified, and Council must express intent to undertake capital works
- DC Capital Project list has been developed in consultation with City staff
  - Project list has synergies with 2018 DC Study
- Regulations identify soft services are now fully recoverable (no longer a 10% reduction on any service)
- A few minor changes to the capital program have taken place since the release of the DC Study to reflect ongoing discussions with the industry and City staff

# DC Capital Program Overview: 2022 - 2031 (\$ Millions)

Service Category	Overview of Projects	Gross Capital Program <sup>(1)</sup>	Ineligible Costs (BTE)	DC Eligible (with reserve) (2022-2031) <sup>(2)</sup>	Other Development Related <sup>(3)</sup>
Library Services	<ul style="list-style-type: none"> <li>- Provision for 6 New Libraries</li> <li>- Resources, F&amp;E and other hardware required</li> <li>- Principal Payments associated with new VMC Library <sup>(4)</sup></li> <li>- Residual costs for Carville Library</li> </ul>	\$93.9	\$0.0	\$63.5	\$30.4
Fire Services	<ul style="list-style-type: none"> <li>- Construction of 4 New Stations</li> <li>- Top-up funding for current station</li> <li>- New equipment and vehicle purchases associated with each station</li> </ul>	\$79.8	\$18.5	\$52.7	\$8.6
Community Services	<ul style="list-style-type: none"> <li>- Construction of 7 New Facilities</li> <li>- Residual costs for Carville Library</li> <li>- Principal payments associated with VMC C.C <sup>(4)</sup></li> <li>- New Parkland Development, Playing fields, playgrounds and trails</li> <li>- North Operations Centre (parks share) and non-roads fleet and equipment</li> </ul>	\$858.7	\$7.3	\$561.3	\$290.1
Development-Related Studies	<ul style="list-style-type: none"> <li>- Various Studies over the planning period</li> </ul>	\$44.2	\$4.6	\$39.6	\$0.0
Public Works	<ul style="list-style-type: none"> <li>- North Operations Centre (PW Share)</li> <li>- Roads Fleet and Equipment</li> </ul>	\$59.7	\$0.5	\$53.3	\$5.9
City-wide Engineering	<ul style="list-style-type: none"> <li>- Capital project list generally consistent with 2018 Study</li> <li>- Updated project costs and timing</li> </ul>	\$2,974.0	\$0.0	\$2,129.8	\$844.2
<b>TOTAL DC PROGRAM (updated from March 29<sup>th</sup> 2022 DCBS)</b>		<b>\$4,110.3</b>	<b>\$30.9</b>	<b>\$2,900.2</b>	<b>\$1,179.2</b>

1: Gross Program includes commitments for all soft services. Transportation program shown is net of commitments and grants/subsidies have already been netted off the gross program

2: DC Eligible in-period costs include the amount being funded from DC Reserves

3: Projects that exceed the funding envelope or identified to benefit development beyond 2031. Can be funded from future DCs or other growth-funding tools (i.e. CBCs)

4: Principal payments included in the capital program. Interest costs are included in the cash-flow for recovery

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# Calculated City-Wide DC Rates

Service	Residential Charge by Unit Type				Non-Residential (\$/m <sup>2</sup> )
	Singles & Semis	Townhouses & Multiples	Large Apartments (≥ 700 sq.ft.)	Small Apartments (< 700 sq.ft.)	
Development-Related Studies	\$1,014	\$835	\$630	\$454	\$4.28
Library Services	\$2,240	\$1,843	\$1,392	\$1,003	\$0.00
Fire and Rescue Services	\$1,432	\$1,178	\$890	\$641	\$6.04
Community Services	\$18,294	\$15,051	\$11,368	\$8,193	\$0.00
Public Works	\$1,465	\$1,205	\$910	\$656	\$6.20
City-wide Engineering	\$59,564	\$49,003	\$37,014	\$26,677	\$251.32
<b>Total City-Wide Charge (\$/unit or \$/m<sup>2</sup>)</b>	<b>\$84,009</b>	<b>\$69,115</b>	<b>\$52,204</b>	<b>\$37,624</b>	<b>\$267.84</b>

6 DC Rates have been updated since the DCBS (Dated: March 29<sup>th</sup> 2022) released on April 12<sup>th</sup> 2022



## Comparison of Current vs. Calculated

Service	Current* Residential Charge / SDU	Calculated Residential Charge / SDU	Difference (\$ and %)
Development-Related Studies	\$1,274	\$1,014	-\$260 (or -20%)
Library Services	\$1,726	\$2,240	\$514 (or 30%)
Fire and Rescue Services	\$1,239	\$1,432	\$193 (or 16%)
Community Services	\$16,536	\$18,294	\$1,758 (or 11%)
Public Works	\$1,286	\$1,465	\$179 (or 14%)
City-wide Engineering	\$39,154	\$59,564	\$20,410 (or 52%)
<b>Total City-Wide Res. Charge per SDU</b>	<b>\$61,215</b>	<b>\$84,009</b>	<b>\$22,794 (or 37%)</b>

Service	Current* Non-Residential Charge per m <sup>2</sup>	Calculated Non-Residential Charge per m <sup>2</sup>	Difference (\$ and %)
<b>All Services</b>	<b>\$178.69</b>	<b>\$267.84</b>	<b>\$89.15 (or 50%)</b>

7 \*Current rates as of January 1<sup>st</sup> 2022



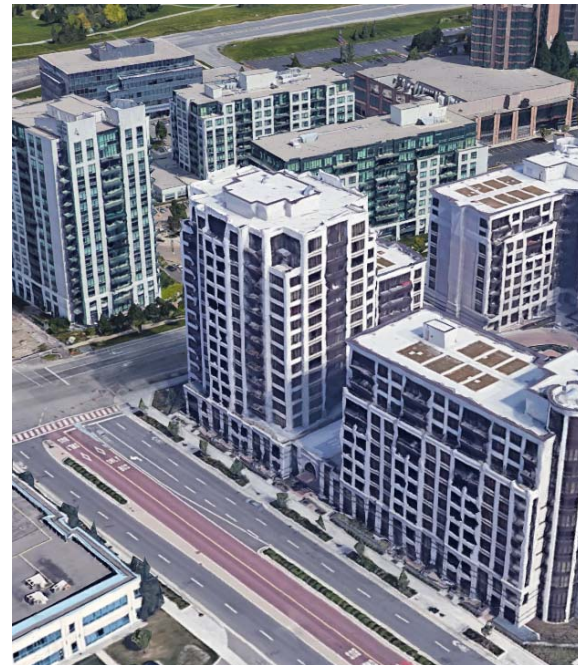
# Comparison of March 29<sup>th</sup> DCBS vs. Revised Calculated Rates

Service	Calculated: March 29 <sup>th</sup> DCBS* Residential Charge / SDU	Revised Calculated: Residential Charge / SDU	Difference (\$ and %)
Development-Related Studies	\$1,014	\$1,014	-
Library Services	\$2,238	\$2,240	\$2 (or 0.1%)
Fire and Rescue Services	\$1,432	\$1,432	-
Community Services	\$18,294	\$18,294	-
Public Works	\$1,465	\$1,465	-
City-wide Engineering	\$61,590	\$59,564	(\$2,026) (or -3%)
<b>Total City-Wide Residential Charge per SDU</b>	<b>\$86,033</b>	<b>\$84,009</b>	<b>(\$2,024) (or -2%)</b>
Service	Calculated: March 29 <sup>th</sup> DCBS* Non-Residential Charge per m <sup>2</sup>	Revised Calculated: Non-Residential Charge per m <sup>2</sup>	Difference (\$ and %)
<b>All Services</b>	<b>\$276.36</b>	<b>\$267.84</b>	<b>(\$8.52) (or -3%)</b>

\*The DC Background Study went public on the City website on April 12<sup>th</sup> 2022 following City Council direction to release the study publically. The date on the DCBS is March 29<sup>th</sup> 2022

# Planning Act: Community Benefits Charges (CBCs)

- Height/density “bonusing” under s.37 of Planning Act now gone
- Replaced by CBC for growth-related capital—projects can be co-funded from DCs and CBCs
- In-kind contributions permitted (credits given)



Source: Google Earth Pro, 2020

# Planning Act Legislative Basics

- Imposed by by-law
- Only local municipalities can charge
- Can only be levied against higher density development
  - 5 or more storeys, and
  - 10 or more residential units
- Requires a “strategy”
- Legislation does not prescribe CBC rate structure

Regulation sets cap at **4%** of land value the day before a building permit is issued



Source: Google Earth Pro, 2020

Land value should reflect zoning and density permissions

# CBC Capital Program Overview: 2022 - 2031 (\$ Millions)

Service Category	Overview of Projects	Gross Program	CBC Eligible Program <sup>(1)</sup>
<b>Community Facilities &amp; Amenities</b>	<ul style="list-style-type: none"> <li>- Library &amp; Community Service Projects</li> <li>- Vaughan Healthcare Centre Precinct District</li> <li>- Heritage Preservation</li> <li>- Beautification Strategy</li> <li>- Select projects that exceed DC funding envelope (Yonge and Steeles Library, Block 27 Library, Weston and 7 Community Hub, Yonge and Steeles Community Hub)</li> </ul>	<b>\$392.9 M</b>	<b>\$58.2 M</b>
<b>Public Art and Culture</b>	<ul style="list-style-type: none"> <li>- Public Art Installations associated to high-density developments</li> <li>- Provision for VMC Cultural and Performing Arts Space</li> </ul>	<b>\$39.6 M</b>	<b>\$28.2 M</b>
<b>Parking</b>	<ul style="list-style-type: none"> <li>- VMC Parking Strategy</li> <li>- Various parking related works to support high-density development</li> </ul>	<b>\$3.5 M</b>	<b>\$0.6 M</b>
<b>Studies and Administration</b>	<ul style="list-style-type: none"> <li>- CBC Strategy and Implementation Process</li> </ul>	<b>\$0.5 M</b>	<b>\$0.5 M</b>
<b>Total CBC Program (updated from March 29th 2022 CBC Strategy)</b>		<b>\$436.5 M</b>	<b>\$87.5 M</b>

*1: CBC Eligible program represents the share related to high-medium density developments.*

*Note: Minor adjustments to the capital program have been made since the CBC Strategy (dated: March 29th 2022) was released*

# CBC Capital Program and Rate Structure

- CBC eligible expenditures over the 10-year period (to 2031) amounts to \$87.5 Million
- Capital Program funding to be capped at 4% of land value
  - Servicing needs arising from buildings with 5 or more storeys and 10 or more residential units
  - Charge to be levied on land area of proposed development (i.e. land-based)
- Important consideration: CBC payable cannot exceed 4% of land value for each specific development
  - Complex rules where there is disagreement in valuation

## Implementation and Next Steps

- Two-year transition period to conform to the changes (deadline: September 18<sup>th</sup> 2022) – Parkland (if using alternative rate) and CBCs
  - CBC By-law will come into force upon passage (use of S.37 will be discontinued upon passage of CBC)
  - City-wide DC by-law does not expire until 2023 but it is anticipated that a new by-law still passed in 2022
- Schedule moving forward:
  - Continue discussions with the industry (Technical working group and broader BILD Group)
  - June 21<sup>st</sup>, 2022 – COW seek approval of by-law(s)