

Committee of the Whole (2) Report

DATE: Tuesday, May 10, 2022

WARD(S): ALL

TITLE: CITY-WIDE DEVELOPMENT CHARGES AND AREA SPECIFIC DEVELOPMENT CHARGES PUBLIC STATUTORY MEETING AND COMMUNITY BENEFITS CHARGE STRATEGY UPDATE

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: FOR INFORMATION

Purpose

This report is to present the Draft 2022 City-wide and Area Specific Development Charges (“DC”) Background Study and By-Laws and to seek feedback from Council, the general public, and the development industry and to provide an update on the status of the Community Benefits Charge (“CBC”) Strategy.

Report Highlights

- The Draft Development Charges Background Study and CBC Strategy were released publicly on April 12, 2022
- This public statutory meeting is being held in accordance with the *Development Charges Act, 1997 (“DCA”)*
- Consultation with the development industry is ongoing
- Some minor changes have been made to the DC Background Study resulting in a slightly lower rate than what was presented to Committee of the Whole (2) on April 12, 2022
- The CBC capital plan has been adjusted slightly, but the recommended approach of charging at 4% of land value remains unchanged

Recommendations

1. That the following report be received; and
2. That a report be brought to the June 21, 2022 Committee of the Whole (2) meeting summarizing and addressing, as necessary, the deputations received at the May 10, 2022 public statutory meeting and to recommend the approval of the 2022 Development Charges Background Study and By-Laws and the CBC Strategy and By-Law.

Background

On June 6, 2019, *Bill 108, More Homes, More Choice Act, 2019* received royal assent and outlined several changes to the *Development Charges Act* (“**DCA**”) and the *Planning Act, R.S.O., 1990* (“**Planning Act**”). These changes were further amended by *Bill 138, Plan to Build Ontario Together Act, 2019* and by *Bill 197, COVID-19 Economic Recovery Act, 2020*. These bills received royal assent on December 10, 2019 and July 21, 2020 respectively.

In addition to changes to the DCA, *Bill 108* included changes to municipal authority whereby Section 37 of the *Planning Act*, height and density bonusing was repealed and replaced with a CBC that is to be applied to new mid to high-density developments. This charge would be used to fund the initial round of capital cost for projects (or shares of projects) that are not already funded through development charges or for services that are growth-related but ineligible for DC funding. This could include capital such as public art, parkland enhancements, and other items that would have been previously funded through Section 37.

The Development Charges Background Study and By-Law Updates were initiated in mid-2021 and consultation is ongoing

The DCA, as amended, provides Ontario municipalities with the authority to recover for growth related capital costs. Typically, this includes infrastructure such as watermains, sewers, roads, recreation centres, libraries and fire stations. This is a vital financial tool for many municipalities to help fund their capital plans related to growth.

The City of Vaughan’s current Development Charge By-law 083-2018 expires on September 21, 2023. Although By-law 083-2018 will not expire until 2023, the Development Charge Background Study and By-law update began in mid-2021 in order to ensure cohesiveness between the DC, CBC and Parkland Dedication studies that are underway and to allow for adjustments to be made in alignment with new legislation. The preliminary rates were shared with external stakeholders on March 1, 2022 and further refined through the first half of March.

On April 12, 2022, the Draft Development Charges Background Study was released publicly to allow Council, the general public and the development industry an opportunity to review the material in advance of this public statutory meeting.

Height and density bonusing has been repealed and replaced with CBCs which require a CBC Strategy before a by-law can be passed to impose CBCs.

Section 37 of the *Planning Act* was a planning tool that permitted the City to authorize increases to height and/or density through a site-specific zoning by-law in return for community benefits such as specified facilities, services or other matters from landowners. As a part of Bills 108/138/197, the *Planning Act* was revised, and the original Section 37 provisions were repealed and replaced by the Community Benefits Charge which allows a municipality to impose CBCs against land to pay for the first-round capital costs of facilities, services and matters required because of the development or redevelopment in the area to which the by-law is applied.

The amendments to the DCA and *Planning Act* as they relate to the CBC received royal assent in June 2019, but a two-year transitional period was provided following the proclamation of the amendments in September of 2020. As such municipalities have until September 18, 2022 to develop their CBC Strategies and pass a CBC By-law after which time the ability to pass by-laws in reliance of the traditional Section 37 provision of the *Planning Act* (which have since been repealed) will cease to exist.

Although a public statutory meeting is not required prior to passage of a CBC Strategy and By-Law, staff will continue to present the two documents together as they are complimentary studies. This will also allow for ample public consultation as the *Planning Act* does require some form of public consultation.

Staff have convened workshops and technical meetings with the development industry to discuss the DC updates and the CBC Strategy.

A total of two (2) workshops and three (3) technical meetings have taken place with the development industry:

1. Workshop #1 – January 20th, 2022
2. Technical Meeting #1 – February 25th, 2022
3. Workshop #2 – March 1st, 2022
4. Technical Meeting #2 – March 18, 2022
5. Technical Meeting #3 – April 25, 2022

The workshops included members of the Building Industry and Land Development Association (“**BILD**”). In between these workshops several correspondences, including the exchange of detailed supporting background information, and three technical meetings took place to discuss the technical aspects of the draft calculations. It is anticipated that ongoing correspondence, meetings and collaboration will continue until the finalization of the new by-laws.

Previous Reports/Authority

City-Wide Development Charges Background Study and By-law Update, April 13, 2021
<https://pub-vaughan.escrimemeetings.com/filestream.ashx?DocumentId=65218>

City-Wide Development Charges Update and CBC Strategy, April 12, 2022
<https://pub-vaughan.escrimemeetings.com/filestream.ashx?DocumentId=102949>

Analysis and Options

Minor Changes have been identified and addressed in the City-Wide Development Charges Background Study

After receiving feedback from the development industry stakeholder group regarding the City-Wide Development Charges Background Study some minor adjustments were identified that resulted in a slight reduction to the rates.

Within the City-Wide engineering program, it was identified that a large project associated with the McNaughton GO railway crossing should have had a portion of its cost identified to be funded by Metrolinx rather than through City-Wide DCs. This resulted in a net reduction of approximately \$63.5 million to the overall engineering capital program. Additionally, some minor adjustments were made to the libraries capital plan.

Table 1 below presents the 2022 revised proposed rates as compared to the 2018 rates as indexed to January 1, 2022.

Table 1: Residential Rate Comparison

Unit Types	Current	Calculated	Difference (\$)	Difference (%)
Singles & Semis	\$ 61,215	\$ 84,009	\$22,794	37%
Townhouses & Multiples	\$ 50,493	\$ 69,115	\$18,622	37%
Large Apartments	\$ 37,333	\$ 52,204	\$14,871	40%
Small Apartments	\$ 26,907	\$ 37,624	\$10,717	40%

The non-residential rates have also come down slightly from what was initially presented at Committee of the Whole (2) on April 12, 2022. Table 2 below presents the 2022 revised proposed rates as compared to the 2018 rates as indexed to January 1, 2022.

Table 2: Non-Residential Rate Comparison

Service	Non-Residential (\$/Square Metre)			
	Current Non-Res Charge*	Calculated Non-Res Charge	Difference in Charge	
Development-Related Studies	\$5.44	\$4.28	(\$1.16)	-21%
Library Services	\$0.00	\$0.00	\$0.00	0%
Fire And Rescue Services	\$5.31	\$6.04	\$0.73	14%
Community Services	\$0.00	\$0.00	\$0.00	0%
Public Works: Buildings And Fleet	\$5.54	\$6.20	\$0.66	12%
Subtotal City Wide General	\$16.29	\$16.52	\$0.23	1%
City Wide Engineering	\$162.40	\$251.32	\$88.92	55%
Total City Wide Non-Residential	\$178.69	\$267.84	\$89.15	50%

No further changes are recommended to the area specific development charges at this time

At the April 12, 2022 Committee of the Whole (2) meeting, staff presented twelve area specific development charges (“ASDCs”), including updates to ten existing ASDCs and the addition of two new ASDCs. These rates remain unchanged from what was previously presented.

Several existing ASDCs are proposed to continue. Collection continues in each of the existing benefiting areas to recover the cost of the infrastructure. Variations in the rates are shown in Table 3 and are attributable to modifications in net developable

area remaining within the individual benefiting areas and adjustments to costs as better information has been made available. For the purposes of this DC update, the Black Creek Channel and Edgeley Pond ASDCs and VMC West Interchange Sanitary Sewer have been excluded as these were just established in June and December of 2021.

Table 3: Area Specific Development Charge Rate Comparison

Area Specific Development Charge Works	Current Rates*	2022 Proposed Charge Per Net Developable Ha
Rainbow Creek Drainage Works	\$3,487	\$4,290
PD5 West Woodbridge Watermain	\$9,974	\$8,082
Zenway Huntington Sanitary Sub-Trunk	\$13,921	\$10,580
Hwy 27 South Servicing Works	\$214,280	\$172,589
Huntington Sanitary Sub-Trunk (Trade Valley to Rutherford)	\$10,932	\$8,571
VMC Interchange Stormwater Management Works	\$891,758	\$1,512,542
Steeles West Sanitary Sewer Improvements	\$75,218	\$71,695
Steeles West Stormwater Management Works	\$1,173,257	\$1,234,757
Woodbridge Avenue Sanitary Sewer Improvements	\$15,342	\$29,991
New Rainbow Creek / Milani Blvd Sanitary Sub-Trunk		\$3,166

*Current as of January 1, 2021

The remaining proposed ASDCs are based on dwelling unit and square meters of gross floor area (“**GFA**”) and are listed in Table 4 below.

Table 4: Area Specific Development Charges Calculated by Per Unit and Sq. M.

Area Specific Development Charge Works	Singles & Semis	Townhouses & Multiples	Large Apartments (>= 700 sf.)	Small Apartments (>700 sf.)	Non-Residential (\$/M ²)
VMC SE Doughton Sanitary Sewer Improvements	\$709	\$584	\$441	\$318	\$6.98
New VMC Jane Street Sanitary Trunk Sewer Improvements	\$345	\$284	\$214	\$154	\$3.81

Minor adjustments were made to the CBC capital plan in response to adjustments to the City-Wide DC Background Study, but the proposed rate of 4% of land value remains unchanged

As identified in the April 12, 2022 Committee of the Whole (2) staff report, a CBC can only be levied against medium and higher density residential development if it meets the two following criteria:

- Five or more storeys; and
- Contains 10 or more residential dwelling units

A mixed-use development can also be subject to a CBC charge if the development meets the above criteria.

Subsection 37(32) of the *Planning Act* provides that there is a maximum permitted charge that can be levied which is prescribed within O.Reg 509/20 as being four percent of the land value for sites that meet the criteria above on the day before building permit issuance.

Over the 10-year planning period from 2022 – 2031, the City is anticipating to grow by approximately 10,500 units in buildings that would be subject to the CBC charge. As the maximum upset limit of the charge is 4% of land value, the CBC revenue potential was estimated at a high-level using this assumption which indicates that approximately \$18.9 million, or approximately \$1,800 per unit, could be generated from these units.

After some minor adjustments to the library facility amounts identified in the CBC capital plan resulting from some adjustments to the DC Background Study, the CBC capital plan has grown slightly from \$85.9 million to \$87.5 million. As this has no impact on the potential revenue collections, staff are still recommending that the CBC rates be calculated at the maximum legislative upset limit of 4 percent of land value.

Next Steps

Over the next month staff will continue to engage with the development industry and continue to make further refinements to the DC Background Study and CBC Strategy until final approval which will be sought on June 21, 2022.

The material associated with this report including the City-Wide DC Background Study and CBC Strategy and associated by-laws have been made available on the City's website. Updated studies that are reflective of the changes to the rates described in this report will be included in an update to the DC Background Study and CBC Strategy as a part of the report brought forward to Committee of the Whole in June, along with any additional recommendations or adjustments that result from the feedback received from this public statutory meeting and any additional consultation sessions held with the development industry.

Financial Impact

All funding for the 2022 DC Background Study Update and CBC Strategy have been approved within the Financial Planning and Development Finance capital budget (projects BU-2554-20 & BU-2560-20).

The outcome of these projects will impact the entire corporation as the 2022 Development Charges Background Study and CBC Strategy will be used in future fiscal planning and decision making.

Broader Regional Impacts/Considerations

Regional Council is also in the process of updating their Development Charge By-law and intend to implement new rates that will come into effect on June 17, 2022. City staff provided feedback throughout the course of their Study development. In addition to these meetings, City staff has engaged with Regional staff during the City-Wide DC By-law update to ensure coordination and cohesiveness between the approach of the Region and the City. Only local municipalities can enact a CBC by-law.

Conclusion

The overall objective of the DC Study Update and the creation of a CBC Strategy is to achieve the fullest cost recovery allowable under legislation. Completion of the 2022 DC Background Study, ASDCs, CBC Strategy and related by-laws and policies is a vital step towards ensuring long term financial sustainability for the City of Vaughan by ensuring that growth-related revenue collections are in line with anticipated growth pressures to be experienced by the City.

For more information, please contact: Brianne Clace, Project Manager, Financial Sustainability at ext. 8284 or Nelson Pereira, Manager of Development Finance at ext. 8393

Attachments

N/A

Prepared by

Brianne Clace, Project Manager of Development Finance, ext. 8284

Approved by



Michael Coroneos, DCM, Corporate Services, City Treasurer and CFO

Reviewed by



Nick Spensieri, City Manager