

COMMUNICATION C1.
ITEM NO. 1
COMMITTEE OF THE WHOLE (2)
April 12, 2022

Development Charges and Community Benefits Charges Study: Council Information Session



CITY OF VAUGHAN

Tuesday, April 12th, 2022

HEMSON

Agenda

- Overview of Background and Study Objectives
- Summary of Development Forecast
- Development-Related Capital Programs (DC/CBC Studies)
- Calculated DCs and CBC Rate Structure
- Implementation and Next Steps

Background

- The City has retained Hemson to complete:

1. Development Charges
(DC) Background Study +
Draft By-law
(Hemson) ⁽¹⁾

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

By-laws to be passed
2nd Quarter of 2022.

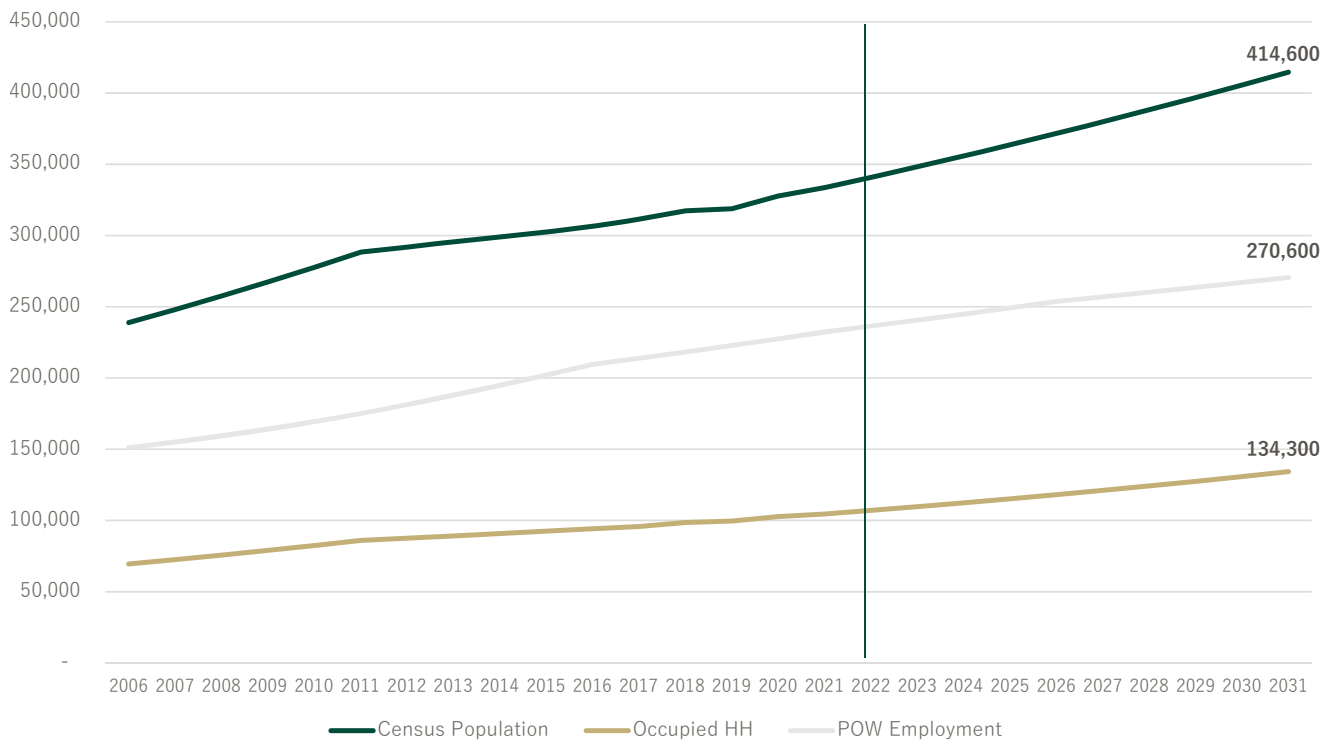
Alternative Parkland
Dedication Rate:
(Hemson only in the Capacity
to review costs to ensure
consistency with DC and CBC)

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 20th, 2022
 2. Technical Meeting #1 – February 25th, 2022
 3. Workshop #2 – March 1st, 2022
 4. Technical Meeting #2 – March 18th, 2022
- Several additional meetings are expected over the coming months

Summary of DC Study Forecast



Source: York Region 2017 DC Study (45% Intensification Scenario), Hemson Consulting 2022

- 10-Year Planning Horizon for all Services (2022-2031)
- Forecasts of Population, Households and Employment are based on the 2031 Targets for the City
 - Reflects 45 per cent intensification scenario as approved by Regional Council (similar forecast to 2018 DC Study)
- Represents a continued transition to more high-density development

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)

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

Service Category	Overview of Projects	Gross Capital Program ⁽¹⁾	Ineligible Costs (BTE)	DC Eligible (2022-2031) ⁽²⁾	Other Development Related ⁽³⁾
Library Services	<ul style="list-style-type: none"> - Provision for 6 New Libraries - Resources, F&E and other hardware required - Principal Payments associated with new VMC Library ⁽⁴⁾ - Residual costs for Carville Library 	\$93.9	\$9.7	\$63.5	\$20.7
Fire Services	<ul style="list-style-type: none"> - Construction of 4 New Stations - Top-up funding for current station - New equipment and vehicle purchases associated with each station 	\$79.8	\$18.5	\$52.7	\$8.6
Community Services	<ul style="list-style-type: none"> - Construction of 7 New Facilities - Residual costs for Carville Library - Principal payments associated with VMC C.C ⁽⁴⁾ - New Parkland Development, Playing fields, playgrounds and trails - North Operations Centre (parks share) and non-roads fleet and equipment 	\$858.7	\$7.3	\$561.3	\$290.1
Development-Related Studies	<ul style="list-style-type: none"> - Various Studies over the planning period 	\$44.2	\$4.6	\$39.6	\$0.0
Public Works	<ul style="list-style-type: none"> - North Operations Centre (PW Share) - Roads Fleet and Equipment 	\$59.7	\$0.5	\$53.3	\$5.9
City-wide Engineering	<ul style="list-style-type: none"> - Capital project list generally consistent with 2018 Study - Updated project costs and timing 	\$3,037.5	\$0.0	\$2,193.3	\$844.2
TOTAL DC PROGRAM		\$4,173.8	\$40.6	\$2,963.7	\$1,169.5

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

Calculated DC Rates

Service	Residential Charge by Unit Type				Non-Residential (\$/m ²)
	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	\$2,238	\$1,841	\$1,391	\$1,002	\$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	\$61,590	\$50,670	\$38,273	\$27,584	\$259.84
Total City-Wide Charge (\$/unit or \$/m²)	\$86,033	\$70,780	\$53,462	\$38,530	\$276.36

Comparison of Current vs. Calculated

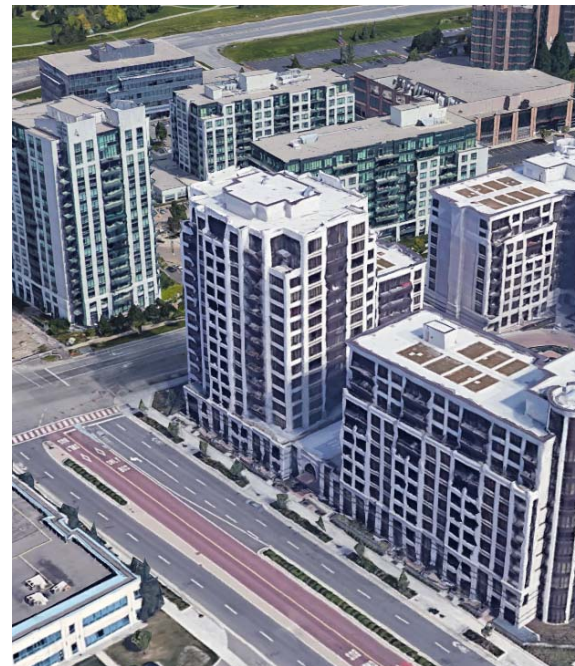
Service	Current* Residential Charge / SDU	Calculated Residential Charge / SDU	Difference (\$ and %)
Development-Related Studies	\$1,274	\$1,014	-\$260 (or -20%)
Library Services	\$1,726	\$2,238	\$512 (or 30%)
Fire and Rescue Services	\$1,239	\$1,432	\$193 (or 16%)
Community Services	\$16,536	\$18,294	\$1,758 (or 11%)
Public Works	\$1,286	\$1,465	\$179 (or 14%)
City-wide Engineering	\$39,154	\$61,590	\$22,436 (or 57%)
Total City-Wide Residential Charge per SDU	\$61,215	\$86,033	\$24,818 (or 41%)

Service	Current* Non-Residential Charge per m ²	Calculated Non-Residential Charge per m ²	Difference (\$ and %)
All Services	\$178.69	\$276.36	\$97.67 (or 55%)

*Current rates as of January 1st 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 ⁽¹⁾
Public Art and Culture	<ul style="list-style-type: none"> - Public Art Installations associated to high-density developments - Provision for VMC Cultural and Performing Arts Space 	\$39.6 M	\$28.2 M
Community Facilities & Amenities	<ul style="list-style-type: none"> - Heritage Preservation - Library & Community Service Projects - Beautification Strategy - Vaughan Healthcare Centre Precinct District - Select Tier 2 projects that exceed DC funding envelope (Yonge and Steeles Library, Block 27 Library, Weston and 7 Community Hub, Yonge and Steeles Community Hub) 	\$392.9 M	\$56.6 M
Parking	<ul style="list-style-type: none"> - VMC Parking Strategy - Various parking related works to support high-density development 	\$3.5 M	\$0.6 M
Studies and Administration	<ul style="list-style-type: none"> - CBC Strategy and Implementation Process 	\$0.5 M	\$0.5 M
Total CBC Program		\$436.5 M	\$85.9 M

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

CBC Capital Program and Rate Structure

- CBC eligible expenditures over the 10-year period (to 2031) amounts to \$85.9 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 all the changes – DCs, 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
- Continue discussions with the industry (Technical working group and broader BILD Group)
- Schedule moving forward:
 - April 12th, 2022 - DC Study & CBC Strategy released for public consultation
 - May 10th, 2022 – Statutory Public Meeting
 - June 21st, 2022 – COW seek approval of by-law(s)