

THE CORPORATION OF THE CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: DEVELOPMENT CHARGES REIMBURSEMENT AND CREDIT

POLICY NO.: 12.C.18

Section:	Finance & Budgets		
Effective Date:	December 1, 2024	Date of Last Review:	Click or tap to enter a date.
Approval Authority:	Policy Owner:		
Council	DCM, Corporate Services, City Treasurer & Chief Financial Officer		

POLICY STATEMENT
A policy governing development charge credits and/or reimbursements to a Developer with respect to eligible infrastructure being designed and constructed on the City’s behalf in advance of the City’s timing to deliver.
PURPOSE
This Policy sets out the City’s guidelines for the efficient application and administration of development charge credits and/or reimbursements related to certain eligible City infrastructure that is front-ended by a Developer [“Works” or “Project(s)”]. The terms, conditions, and restrictions governing development charge credits and/or reimbursements detailed herein are implemented through agreements with the City and seek to mitigate the City’s exposure to potential risks and liabilities arising from such arrangements.
SCOPE
This Policy applies to landowners, builders, developers and developer groups carrying out private development within the City of Vaughan which require certain City infrastructure to be designed and constructed in advance of the City’s timing to deliver same to permit the private development to proceed. All City staff facilitating agreements between the City and aforementioned parties must adhere to this Policy.
LEGISLATIVE REQUIREMENTS
1. <i>Development Charges Act, 1997, S.O. 1997, c.27, as amended.</i>

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DEFINITIONS

- 1) **Act:** *The Development Charges Act, 1997, S.O. 1997, c.27*, as amended, revised, re-enacted, or consolidated from time to time, and any successor statute.
- 2) **Area Specific Development Charges (ASDC):** A charge imposed with respect to growth-related net capital costs against a defined land area or per unit for specified services under the applicable by-law.
- 3) **Developer:** A person, corporation, group of persons and/or corporations, or trustee that has submitted an application pursuant to the *Planning Act* to the City of Vaughan for approval.
- 4) **Development:** The construction, erection or placing of one or more buildings or structures on land, or the making of an addition or alteration to a building or a structure that has the effect of substantially increasing the size or usability thereof and includes redevelopment.
- 5) **Development Charges (DC):** A charge imposed against land with respect to growth-related net capital costs under the City's Development Charges By-Law.
- 6) **Development Charges By-Law:** Municipal by-law under the Act that imposes development charges against land to pay for increased capital costs required because of increased needs for services arising from the development of the area to which the by-law applies.
- 7) **DCM/CFO:** Deputy City Manager of Corporate Services, City Treasurer and Chief Financial Officer.
- 8) **Planning Act:** *The Planning Act, R.S.O. 1990, c. P.13*, as amended.

POLICY

1) REQUIREMENTS

City staff are required to use the following criteria in considering the eligibility of development charge credits and/or reimbursements for Projects that have been identified in the City-Wide DC or ASDC By-laws:

- a) The subject Development and Works must comply with the Local Service Policy 12.C.01 and/or the Developer Build Parks Policy 07.2.05, as amended from time to time, where applicable.
- b) This Policy shall neither override nor substitute any requirements, restrictions, or guidelines set out in the Local Service Policy 12.C.01 and the Developer

Build Parks Policy 07.2.05, as amended from time to time, or any conditions set out in an agreement between the City and a Developer.

- c) To receive a credit or reimbursement pursuant to this Policy, the Developer shall carry out the following steps prior to commencement of the design and construction of any Works seeking reimbursement and/or credit pursuant to this Policy:
 - i) Submit a request to the City's Infrastructure Development Department, unless the City initiates a request that the Developer undertakes Works on behalf of the City as a part of a Development application; and
 - ii) Enter into an agreement with the City, which contains provisions regarding the details of the Works, amount and process of credit and/or reimbursement, and to establish the Developer's obligations regarding the front-ending of design, construction, maintenance and delivery of the Works, to the satisfaction of the City.
- d) Credit and/or reimbursement is subject to the terms of an agreement to be entered into between the Developer and the City pursuant to section 1.c.ii. of this Policy, and there is no entitlement to a credit and/or reimbursement prior to such agreement.

2) CONDITIONS

Credit and/or reimbursement is subject to the following conditions:

- a) The Developer shall assume all risks, including those associated with any changes to provincial legislation specific to Development Charges, when entering into an agreement with the City.
- b) Any indirect costs incurred by the Developer in relation to entering into an agreement with the City which are not directly capital costs required because of growth-related need for services in the area to which the DC or ASDC By-law applies (e.g., legal, consultation, study fees, etc.) shall not be reimbursed by the City.
- c) Payment by the Developer of the City's fees and charges as provided for in the Fees and Charges by-law, as amended from time to time.
- d) Temporary infrastructure is not reimbursable and shall not be included in a credit and/or reimbursement amount.
- e) Any expenditures incurred after the approved Project is deemed to be complete shall not be eligible for credit and/or reimbursement.

- f) All Works eligible for credit and/or reimbursement shall be constructed to the City's standards and satisfaction and in accordance with the latest municipal and provincial standards, specifications, applicable policies, approved engineering plans, and priorities identified in the City's Official Plan, Transportation Master Plan, and Integrated Urban Water Master Plan.
- g) The Developer shall be required to design and construct the Works to a standard as determined by and to the satisfaction of the City, acting reasonably, regardless of what has been detailed in the City's DC or ASDC Background Study and By-law.
- h) Prior to the issuance of a credit and/or reimbursement, the Developer shall provide, to the satisfaction of the City, all supporting documentation, including but not limited to, invoices verifying as-built construction costs.
- i) Any other and further conditions as deemed appropriate by City Council.

3) DEVELOPER REIMBURSEMENT OR CREDIT

- a) Reimbursements or credits are only eligible if the Works are within the City's DC or ASDC By-laws and approved capital program.
- b) Reimbursements or credits may only be issued after all Works have been substantially completed, as defined in the agreement, to the City's satisfaction.
- c) The reimbursement or credit amount shall be the lesser of:
 - i) The estimated Project cost, included in the DC or ASDC By-law; and
 - ii) The Developer's actual total Project costs, having an upset limit of the approved estimated Project cost as stipulated in the related agreement.

4) REIMBURSEMENT PAYMENT PROCESS

- a) A reimbursement payment will be issued by the City to a Developer as follows:
 - i) For Works that are City-wide infrastructure Projects: A reimbursement payment will be made to the Developer only when the Project is both complete and included in an approved capital budget. The reimbursement payment shall adhere to the restrictions set in section 3.b. of this Policy. The City in its sole discretion may provide either installment payments in amounts and intervals which shall be at the City's sole discretion, acting reasonably, or alternatively a lump sum payment.

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- ii) For Works that are City ASDC infrastructure Projects: A reimbursement payment will be made once the City confirms that there are sufficient funds collected through the related ASDCs and when the Project is included in an approved capital budget. The reimbursement payment amount will adhere to the restrictions set out in section 3.b. of this Policy. The City in its sole discretion may provide either installment payments in amounts and intervals which shall be at the City's sole discretion, acting reasonably, or alternatively a lump sum payment.
- iii) If there is more than one Developer who is seeking reimbursement for the same DC eligible capital project, the first Developer to submit the completed submission package pursuant to the terms of the agreement will be paid first. All other Developers will be placed in queue based on when their complete request is received by the City.
- iv) The City will use reasonable efforts to make payments to the Developer every year on the anniversary of the first installment payment date and until the approved reimbursement amount is paid in full.
- v) In a year with no related ASDC collections, payment shall not be made by the City to the Developer.
- vi) Under no circumstance shall the City be obligated to make fixed-yearly reimbursement payments to the Developer.
- vii) At the sole discretion of the City, the City may agree to pay the Developer a specific percentage of the total approved reimbursement amount at certain development/design milestones to facilitate the construction of more expensive City-wide infrastructure Projects. This shall only apply to City-wide infrastructure Projects included in the approved capital budget.
- b) If the Project cost exceeds the amount estimated within the DC or ASDC background study, then the City shall not be obligated in any way to reimburse the Developer for any portion or all of the excess cost. Notwithstanding, the City may use reasonable efforts to update future DC or ASDC background studies to include the difference and reimburse the Developer at a later date, subject to approval and requirements set in section 1.b. of this Policy.
- c) The reimbursement amount shall not be indexed for City wide DC projects, and the City shall not be responsible for compensating the Developer any interest.
 - i) Notwithstanding section 4.c, the City may apply interest on reimbursement payments for ASDC related works, subject to 3.c.iii., where:

- (1) The works have been deemed substantially complete by the Developers consulting engineer;
 - (2) The payment submission package, including an invoice, as per the applicable agreement requirements for the works has been submitted to and accepted by the City; and;
 - (3) The City has determined that the payment cannot be made in a single payment installment.
 - (4) The applicable interest rate shall be identified in the applicable agreement and shall be the lower of the City's Current City-Wide DC Background Study interest rate on positive balances, or the City's four year rolling weighted average return on the City's investment funds.
- ii) Interest shall only be applicable on future new ASDC by-laws for Works contemplated after the effective date of this Policy. Interest shall not apply to any of the following Works:
- [Rainbow Creek Drainage Work \(D8\)](#)
 - [Pressure District 5 West \(Woodbridge Watermain\) \(D15\)](#)
 - [Zenway/Huntington Road Sanitary Sub-trunk \(D25\)](#)
 - [Highway 27 South Servicing Works \(D26\)](#)
 - [Huntington Road Sanitary Sewer \(Trade Valley to Rutherford\) \(D27\)](#)
 - [Edgeley Pond and Park and Black Creek Channel Works \(D28\)](#)
 - [VMC-Interchange SWM Pond Retrofit Works \(D30\)](#)
 - [Steeles West Sanitary Sewer Improvement Works \(D31\)](#)
 - [Steeles West SWM Works \(D32\)](#)
 - [Woodbridge Avenue Sanitary Sewer Improvements \(D33\)](#)
 - [VMC West Interchange Sanitary Sewer Improvements \(D34\)](#)
 - [VMC SE Doughton Sanitary Sewer Improvements \(D35\)](#)
 - [VMC Jane Street Sanitary Trunk Sewer Improvements \(D37\)](#)
 - [Rainbow Creek Sanitary Sub-Trunk \(D36\)](#)
- iii) The interest amounts shall be limited to amounts within the same ASDC reserve. Any portion exceeding the reserve balance will be ineligible for reimbursement and interest, to avoid placing any financial burden on property taxation.
- iv) Interest applied to the reimbursement amount, will accrue from the date the ASDC works are deemed substantially complete and will be limited to a maximum of 15 years from that date.
- v) Any amount outstanding once the ASDC developable lands are fully developed shall not be eligible for reimbursement and the City shall not be

obligated to fund this amount. To clarify, the City will be released from the obligation to provide any outstanding reimbursement payment once all ASDC developable lands are deemed to be fully developed, at the City's discretion, and the Developer shall acknowledge same in an agreement with the City with respect to an ASDC reimbursement. The City may attempt to include any outstanding amount in a future ASDC background study.

- vi) This Policy shall not apply to agreements entered into prior to the effective date of this Policy. Such agreements shall remain in effect and the terms of that agreement shall continue to apply.
- d) Agreements containing reimbursement or credit clauses which have been entered into following the effective date of this Policy shall be subject to the terms and conditions of this Policy.

5) ROLES AND RESPONSIBILITIES

- a) The role and responsibility for reviewing and approving reimbursement payments shall be pursuant to the City's signing authority framework set out in the Supplier Master File Policy 12.A.20.
- b) DCM Corporate Services, City Treasurer and Chief Financial Officer
 - i) Maintains administrative authority and responsibility for the implementation of this Policy.
- c) Director, Financial Planning and Development Finance
 - i) Approves department operating procedures and processes under this Policy.
- d) Manager, Development Finance, Financial Planning and Development Finance and Designates
 - i) Leads updates or revisions to this Policy.
 - ii) Prepares reimbursement payments as requested by the City's Development Engineering department.
- e) Director of Infrastructure Planning and Capital Asset Management and Designates

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- i) Reviews Development agreements including provisions identifying eligible development charge Works and reimbursement or credit provisions associated with eligible development charge Works.
- f) Director of Development Engineering and Designates
 - i) Prepares Development agreements containing provisions related to eligible development charge Works and reimbursement or credit provisions.
 - ii) Signs off on reimbursements or credits after the completion of review, verification of inspections and as-built construction costs.
 - iii) Reviews as-builts and prepares reimbursement payment memos.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	5 Years <small>If other, specify here</small>	Next Review Date:	December 1, 2029
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Related Policy(ies):	12.C.01 – Local Service, 07.2.05 – Developer Build Parks 12.A.20 – Supplier Master File
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Related By-Law(s):

Procedural Document:

Revision History

Date:	Description:
Click or tap to enter a date.	
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