

Committee of the Whole (2) Report

DATE: Tuesday, February 11, 2025

WARD(S): ALL

**TITLE: CITY-WIDE AND AREA SPECIFIC DEVELOPMENT CHARGES
AND COMMUNITY BENEFITS CHARGE STRATEGY UPDATE**

FROM:

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

ACTION: DECISION

Purpose

To complete and update to the City-Wide Development Charges (DC) Background Study and By-law as well as all Area Specific Development Charges (ASDCs) and the Community Benefits Charge (CBC) Strategy Update. These updates will require the procurement of Hemson Consulting Ltd. to assist in the modelling and rate calculations.

Report Highlights

- Staff will begin a review and update of the City-Wide DC and ASDC Background Study and By-laws, Edgeley Pond and Park and Black Creek Channel Works ASDC and CBC Stratgy with a target completion of Q2 2026.
- It is recommended that Hemson Consulting Ltd. be retained through a single source consulting contract to complete the necessary works.

Recommendations

1. That Council approve a single source contract to Hemson Consulting Ltd. in the amount of \$295,000 in order to complete the studies outlined within this report.

Background

There are several aspects of work that have been identified as a part of the work plan to update the City's DC and CBC rates including an update to the City-Wide DC and

ASDC Background Study and By-laws, the Edgeley Pond and Park and Black Creek Channel Works Financial Strategy and associated ASDCs and the CBC Strategy.

City-Wide DC Background Study and By-Law Update

The current City-Wide DC Study was completed in 2022 and the Development Charges Act (DCA) only requires the study to be updated every ten (10) years but does not preclude a municipality from completing an update sooner. Due to the high DC rates in Vaughan, and the current affordability crisis of homes in Vaughan, in September 2024, the Council passed a motion requesting that City Staff be directed to report back to Council with options to amend the current Development Charges By-Law to help make housing in Vaughan more affordable.

In November 2024, Council approved substantial reductions to the residential DC rates and paused DC interest until the later of November 19, 2029 or the passage of a new City-Wide DC Background Study and By-law and they also directed staff to undertake an update to the City-Wide DC Background Study and By-law with a target approval date of Q2 2026.

This update will include a review and update of the historical growth-related capital program, by reserve, in alignment with the changes to Provincial legislation created through Bill 23, updates to population and employment data, updates to the growth-related capital program with a focus on an overall reduction of DC rates. The local service policy and other necessary DC related policies will be reviewed and updated to support this objective.

This work will include all legislative requirements around consultation with stakeholders including workshops, a public statutory meeting, and required advertisements as well as significant consultation with Mayor and Members of Council leading to the approval.

Area Specific DC Updates (Existing)

In addition to, and in alignment with the City-Wide DC Update work, there are several ASDCs that are existing and included in the current 2022 DC Background Study as well as new ASDCs that have been identified for inclusion in the next City-Wide DC Update.

In 2020, the City initiated the City-Wide Integrated Urban Water Master Plan (IUWMP) to support projected growth to 2051. This plan was finalized in June 2024 and includes a comprehensive listing of capital expenditure requirements for new and expanded water, wastewater and stormwater infrastructure.

As a result of this work, along with 2025 City budget discussions, staff have begun to identify existing ASDCs that may need to be adjusted for cost increases as well as

infrastructure that will require the passage of new ASDC by-laws in the immediate term due to rapid growth, particularly in areas such as the VMC.

The work associated with updating and creating ASDCs will occur in tandem with the City-Wide DC Study Update. The majority of the ASDCs will be included for approval as an attachment to the City-Wide DC Background Study with the exception of the Edgeley Pond and Park and Black Creek Channel Works, which will have a stand-alone Background Study. Each ASDC will be supported by their own individual By-law. All ASDCs have a targeted completion date of Q2 2026 in alignment with the City-Wide DC Study Update and will be included as a part of the scope and timeline for the City-Wide DC Update.

Edgeley Pond and Park and Black Creek Channel Works ASDC (EPPBC)

In May 2016, through an extensive consultation process with the development industry, a Black Creek Financial Strategy (BCFS) was approved. This strategy developed a complex funding model for the Black Creek and Edgeley Pond infrastructure works in the VMC and involved the creation of three new Area Specific Development Charges (ASDCs) as well as the identification of costs to be allocated to City-Wide Development Engineering DCs, ASDCs, and the Storm Water reserve. In 2021, this Financial Strategy was updated and the EPPBC ASDC By-laws were refreshed using updated Edgeley Pond and Parks costs as the design had advanced to final stages. Since enactment of the 2021 ASDC By-law update the city has significantly advanced the design of the Black Creek Channel works with construction scheduled to begin in 2025.

The Development Charges Act, 1997 (DCA) requires that a DC By-law be updated at a minimum of every 10 years, but the Edgeley Pond and Park and Black Creek Channel Works By-law is set to expire on December 10, 2026, and requires an update to be completed before this time.

Unlike the other existing ASDCs included within the City-Wide DC Background Study, this ASDC was established through the development of a complex financial model. Therefore, this ASDC will have an independent background study prepared. The development of this ASDC will occur concurrent to the City-Wide DC Background Study and certain data inputs will be shared across both studies, but this ASDC and related background study will require a specific group of subject matter experts from the VMC and Infrastructure Delivery teams and will require a separate consultation process, external stakeholder group and timeline variations that will fall outside of the City-Wide DC Study consultation process. Reporting and status updates for this Background Study will be held separately from the City-Wide DC Update to allow for the appropriate level of attention to be provided to both studies.

Community Benefits Charge Update

The CBC Strategy and the City-Wide DC Study require a great deal of interdepartmental participation. In order to create the capital plans in the DC Study departments prepare master plans which outline their departments capital requirements typically over a 10-year time horizon. These master plans are a critical input into the City-Wide DC Study and will also be a critical component in the development of the capital plan for the CBC Strategy.

The main areas of interest for the CBC update will be the land value analysis and reverification of the 4% of land value charge for all eligible developments. The capital program will be expanded to include any parks development projects that are no longer funded due to restrictions that have been put in place through the Provincial Bill 23 on the collection of CIL of Parkland.

It is important that the CBC Strategy be updated in conjunction with the City-Wide DC Study to ensure that there is no overlap between the fundings sources with regards to funding the capital plans within each study. The CBC Strategy will be presented with its own background study, independent of the City-Wide DC Study and may follow a slightly expedited timeline as the update will be somewhat less involved than the City-Wide DC Study.

Previous Reports/Authority

[Development Charges Reduction Options – Response to Member’s Resolution](#),
November 12, 2024

Analysis and Options

Hemson Consulting Ltd. has extensive knowledge of the City’s development charge program and related studies as they have been the successful consulting candidate for the preparation of previous City-Wide DC Studies, CBC Strategy and various ASDC Studies. As such, Hemson Consulting Ltd. has extensive historical knowledge of the City’s capital plans, policies and practices as it relates to development charges.

To meet the Council directed timelines for study completion in Q2 2026, and to ensure cohesiveness between the previous iteration of the existing studies into the next updates, staff recommend that Hemson Consulting be retained as a single source contract for the development of the studies outlined within this report. In accordance with the City’s Procurement Policy, the Director of Procurement Services is satisfied that a Single Source Procurement is warranted given that the Supplier has special knowledge, skills, expertise or experience and there is a need for compatibility with previously acquired services. Given the amount of the anticipated award, Council authorization is required.

Financial Impact

The cost of consulting services for all aspects of work outlined within this report has been estimated at \$295,000. The funds are approved and available within capital budget BU- 2554-20.

Broader Regional Impacts/Considerations

The Region of York is considered a stakeholder with regards to the studies outlined within this report. Regional staff will be included as a part of the consultation on an ad hoc basis with regards to the capital plans and by-law development.

Conclusion

Updates to the 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: Nelson Pereira, Manager of Development Finance, ext. 8393.

Attachments

N/A

Prepared by

Brianne Clace, Project Manager, Financial Planning and Development Finance