

Committee of the Whole (2) Report

DATE: Tuesday, December 10, 2019

WARD(S): ALL

**TITLE: 2018 DEVELOPMENT CHARGE PRE-PAYMENT
AGREEMENTS– REQUEST TO AMEND DATES**

FROM:

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

ACTION: DECISION

Purpose

To seek authorization to amend the Development Charge Pre-Payment Agreements entered into pursuant to the Council resolution of May 23, 2018 to align the dates for which building permits must be issued for all remaining agreements.

Report Highlights

- The original report established different criteria for four scenarios: (1) residential development by subdivision; (2) non-high density residential by site plan; (3) non-residential; and (4) high-density residential, mixed-use high density residential, and high-density office.
- Two owners entered into DC pre-payment agreements under both scenario (1) residential development by subdivision and scenario (2) non-high density residential by site plan, and the milestone dates included in the agreements conflict and cannot be met.
- Requests have been made to extend the milestone dates.
- The remaining DC pre-payment agreements should be amended so that the dates for which a building permit must be obtained is consistent among all the agreements (as is the date for which certain agreements must be executed).

Recommendations

1. That the City Treasurer and Deputy City Manager, Administrative Services and City Solicitor be delegated joint authority to execute Amending Development Charge Pre-Payment Agreements under Section 27 of the *Development Charges Act* and in accordance with the criteria set out in this report and any additional administrative and legal criteria deemed necessary by the City Treasurer and City Solicitor, and that such authority be limited to the period beginning on December 17, 2019 and ending on January 31, 2020.
2. That the date for which a building permit be issued be consistent among all four scenarios, such that the remaining DC pre-payment agreements can be amended to require that a building permit be issued on or before the earlier of September 20, 2021 or the date a new City-Wide DC By-law comes into effect.
3. That the expiry date established in the agreements be amended to align with the dates referenced in Recommendation 2.

Background

On May 23, 2018, Council approved the updated 2018 DC Background Study, by-laws and associated transition measures. One transition measure permitted developers and landowners to enter into DC pre-payment agreements to pre-pay development charges at the rate that was in effect at the time, avoiding the increase in rates that would come into effect on September 21, 2018.

The original report established criteria for four scenarios, being as follows:

1. Residential Developments approved by Draft Plan of Subdivision;
2. Non-High Density Residential Development approved by Site Development Application;
3. Non-Residential Development; and
4. High Density Residential, Mixed-Use High-Density Residential and High Density Office Development.

Each scenario has its own set of criteria and milestone dates. Scenario 2: Non-High Density Residential Development approved by Site Development Application, has the shortest timeframe and requires that the Owner execute a Site Plan Agreement or Letter of Undertaking (as applicable) by December 20, 2019 and that a building permit be issued by March 20, 2020. Scenario 1: Residential Developments approved by Draft Plan of Subdivision has the longest timeframe and requires that the Owner register an executed Subdivision Agreement by March 20, 2020 and that a building permit be issued by September 20, 2021. The expiry date set for Scenario 2 is December 20, 2019 (the date a SPA or LOU is required to be executed) and the expiry date

established for Scenario 1 is March 20, 2020 (the date by which the owner must register an executed Subdivision Agreement).

Previous Reports/Authority

http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance_0507_18_2.pdf

Analysis and Options

Several requests and inquiries have been made about extending the expiry dates within the DC pre-payment agreements. In one example, there is an Owner who entered into both a Residential Subdivision DC pre-payment agreement for single detached homes on a site (Scenario 1) and a Non-High Density Residential DC pre-payment agreement for townhouses (Scenario 2) located on the same site. The DC pre-payment agreements for Residential Developments approved through a Draft Plan of Subdivision have timelines that surpass those of residential developments by Site Development Application, causing a conflict and resulting in a townhouse development that will not meet the timelines set out in the agreement, resulting in its expiry as of December 20, 2019.

In order to simplify the management and processing of the remaining DC pre-payment agreements staff is recommending that these agreements be amended to re-align the expiry and milestone dates to one date for all, being the earlier of September 20, 2021 or the enactment of a new City-Wide DC by-law.

If the DC pre-payment agreements are not amended, the Owners of the developments who are expecting not to meet the dates set out in the existing agreements (due to external factors) would be required to pay a top-up of their development charges to the current rates.

Currently the expiry and milestone dates within the DC pre-payment agreement for the various scenarios are as follows:

Scenario	Expiry Date	Deadline for Building Permit Issuance
1 – Residential by Subdivision	March 20, 2020	September 20, 2021
2 – Non-High Density Residential by Site Plan	December 20, 2019	March 20, 2020
3 – Non-Residential by Site Plan	June 20, 2020	December 20, 2020
4 – High-Density Residential, Office or Mixed Use by Site Plan	June 20, 2020	December 20, 2020

If this approach was taken the timelines for all Scenarios would be revised to align the expiry dates with the deadline date for which a building permit would need to be issued, being the earlier of September 20, 2021, or the date a new City-wide DC By-law comes into effect.

Financial Impact

The impact to extending these dates results in a missed opportunity to collect additional development charges at the time of building permit issuance for those developments that would have otherwise been unable to achieve the milestone dates contained within their existing agreements.

Broader Regional Impacts/Considerations

There are no broader regional impacts or considerations associated with this report as the Regional development charges are not subject to our pre-payment agreements.

Conclusion

Staff are recommending the remaining DC pre-payment agreements be amended to align the milestone and expiry dates to the earlier of September 20, 2021, or the date a new City-Wide DC By-law would come into effect. One consistent approach would serve as an answer to the numerous requests City staff have received to amend the DC pre-payment agreements, and would allow those who are having issues meeting the established deadlines more time to advance their respective development applications and benefit from the lower City DC rates that the pre-payment agreements allowed (which were originally paid to the City in 2018).

For more information, please contact: Nelson Pereira, Manager Development Finance, ext. 8393.

Prepared by

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