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REQUEST FROM VAUGHAN MILLS HOTEL TO PAY DEVELOPMENT CHARGES AT THE RATES PRIOR TO JUNE 18, 2008

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, October 21, 2008, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that the request from the Vaughan Mills Hotel for consideration to pay development charges at the rate in effect prior to June 18, 2008, received by Regional Council on June 19, 2008, be denied.

2. PURPOSE

The purpose of this report is to provide information on the timing of payment of development charges for the request received by Council, and to receive instruction from Council regarding the Regional response to the request received by Council.

3. BACKGROUND

Regional Development Charges Increase on June 18, 2008

On May 24, 2007 Regional Council approved the 2007 Development Charges (DC) By-law, with an enactment date of June 18, 2007. This process required a review of all costs to be included in the DC By-law and shift toward full cost recovery of all growth related infrastructure costs. Due to the substantial increase in the non-residential portion of the Regional DC, Council approved a phase in of the non-residential development charge rate over the term of the DC By-law.

On June 18, 2008 the Regional DC rates increased by 7.2% and the non-residential rate underwent an increase in the phasing toward full cost recovery. This resulted in an increase in the Industrial/Office/Institutional rate increasing from \$4.74 per sq. ft. to \$7.42 per sq. ft. and the retail rate increasing from \$11.16 per sq. ft. to \$23.13 per sq. ft.

4. ANALYSIS AND OPTIONS

Deputation received by Regional Council on June 19, 2008

On June 19, 2008 the Region received a written request to appear as deputant at the Regional Council meeting from Vaughan Mills Hotel Inc. requesting Regional Council to

authorize staff to accept payment of the development charges at the rates in effect prior to June 18, 2008. As directed by Council, these matters were deferred, and to be considered at the September 4, 2008 Finance and Administration Committee meeting. At that meeting, Committee members requested that staff report back with a further report addressing the concerns raised by the deputant. A private memorandum dealing with the Vaughan Mills Hotel Inc's request has been prepared for consideration by Committee members.

The *Development Charges Act* gives the payer of development charges the right to pursue a complaint to the Ontario Municipal Board ("OMB") on a number of grounds, including whether the development charge was incorrectly determined, or whether the municipality made an error in applying its development charge by-law. The Requestors may pursue this remedy to the OMB if their requests are denied.

5. FINANCIAL IMPLICATIONS

The June 2008 rate increase was clearly identified when the new Development Charge By-law was approved in May, 2007. Staff are not aware of any delays caused by the Region that would have created a delay in being able to obtain permits prior to June 17, 2008 and thus receive the lower rate. Accordingly, staff recommends that the applicant pay the rates in effect at the time building permits are issued.

Based on the rates in effect prior to June 18, 2008, the total amount due by Vaughan Mills Hotel Inc. would have been \$784,000 as opposed to \$1,626,000 the total based on current rates.

Development charges finance the major portion of growth-related capital infrastructure. Any foregoing of Regional development charges would have a negative impact on the funding of these growth-related capital projects and would result in the burden being borne by either the tax levy or water and wastewater user rates.

6. LOCAL MUNICIPAL IMPACT

The developments for which the payment of DCs at rates prior to June 18, 2008 is being considered are located within the City of Vaughan.

7. CONCLUSION

On June 19, 2008, Regional Council received a deputation from Vaughan Mills Hotel requesting that staff be authorized to accept payment of their development charges at the rates in effect prior to June 18, 2008. On September 4, 2008 Regional staff prepared a report detailing the deputant's request. At that meeting Committee members elected to

defer the report and request an additional report be prepared detailing the legal consideration of this request. The reason for the request is a result of the increases in the Regional non-residential development charge moving toward full cost recovery. The Vaughan Mills Hotel has now (October 14, 2008) received all its approvals from the City of Vaughan, the Vaughan Mills Hotel has not received a building permit and has not paid any Regional development charges.

For more information on this report, please contact Kelly Strueby, Director Business Planning & Budgets at ext. 1611 or Fabrizio Filippazzo at ext. 1696.

The Senior Management Group has reviewed this report.

(The private attachment referred to in this clause was received by the Committee [Solicitor-Client] and forwarded to Council for consideration in Private Session at its November 20, 2008 meeting.)