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REGIONAL DEVELOPMENT CHARGE EXEMPTION/DEFERRAL POLICY

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

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

The purpose of the report is to provide Regional Council with information regarding Region's Development Charge (DC) Exemption/Deferral Policy and the City of Vaughan's new City Wide Development Charges Deferral Policy.

3. BACKGROUND

In June 1998, the Region of York enacted a revised Development Charges By-law. As a result of requests from local municipalities, the Region adopted a policy where certain facilities would be exempt from the payment of development charges, provided the area municipality did not collect development charges for the facility. The purpose of the policy was to recognize that these developments provide a service that the area municipality, Region or school board would otherwise provide. Therefore, the area municipality would not have to spend funds on similar services.

On June 27, 2005 the City of Vaughan approved the City-Wide Development Charge Deferral Policy. The deferral policy pertains to the payment of development charges on facilities that are used for a community use owned by a non-profit corporation: non-profit private/parochial school; and non-profit long term care facilities and lands owned/leased on the basis that they reduce demand for municipal services and if the City of Vaughan provides a similar recreational service are eligible to qualify for a deferral of development charges. One of the recommendations of the report was to advise the Region of York of the policy and to encourage the Region to participate in the deferral policy established by the City of Vaughan.

4. ANALYSIS AND OPTIONS

4.1 Regional Exemptions

Section 3.5.1 of the Regional Development Charges By-law No. DC-0005-2003-050, states that the Region does not impose development charges with respect to:

a) the relocation of a heritage house;
b) a building or structure used for community use owned by a non-profit corporation;
c) land owned by and used for the purposes of a private school that is exempt from taxation under the *Assessment Act*;
d) lands, buildings or structures used or to be used for the purposes of a cemetery or burial ground exempt from taxation under the *Assessment Act*:
e) non-residential uses permitted pursuant to section 39 of the *Planning Act*;
f) the issuance of a building permit not resulting in the creation of additional non-residential gross floor area;
g) agricultural uses;
h) development creating or adding an accessory use or structure not exceeding 100 square metres of gross floor area;
i) a public hospital receiving aid under the *Public Hospitals Act*.

However, subsections a), b) or c) are exempt from the payment of development charges only if the area municipality in which the development is to be located does not collect development charges with respect to that type of development. In other words, the area municipality must not collect development charges for those items in subsections a), b) or c) in order for the Region to provide an exemption.

4.2 Vaughan City Wide Deferral Policy

The City does not exempt, it defers to protect municipalities in case there is a change in the land use. Currently, the City of Vaughan's Council considers deferral requests on an individual basis, and now have developed a Deferral Policy. The Policy is intended to provide a consistent process for the deferral of the City of Vaughan's development charges to non-profit organizations that provide services that would otherwise be provided by the City of Vaughan, the Regional Municipality of York or the two Regional School Boards.

Deferrals of City of Vaughan's City-Wide Development Charges are for:

a) Private/Parochial Schools; and
b) Services/Uses provided by the City of Vaughan or the Regional Municipality of York or any local Board of Education.

Private/Parochial School is defined by the *Education Act*, and a non-profit organization is any organization that is a registered charity pursuant to Section 248 of the *Income Tax Act*.

The request for deferral of development charges requires that the applicant provide a written request to the City of Vaughan's Commissioner of Finance & Corporate Services. City staff will review the request and forward the request to the Regional Commissioner of Finance. The Regional Commissioner of Finance will review the request and provide written confirmation the request meets the criteria for deferral of development charges. Subsequently, the City of Vaughan and the applicant would enter into a deferral agreement for the City's portion of the development charges. Once the City of Vaughan has agreed not collect its DC portion, the Region and the applicant will enter into a deferral agreement to defer the Regional development charge portion.

4.3 Comparison of Deferral Policies

The City of Vaughan has entered into agreements between developers and the Region of York in order to defer City and Regional development charges. In the past these deferral agreements were triggered by application made to the City of Vaughan. Once these requests were considered by Vaughan Council, and upon receipt of the Council resolution approving the deferral request, the Region enters into separate development charge deferral agreements. These agreements are held in perpetuity, until such time as the land use changes and/or the new land use does not meet the Region's criteria for deferral. For other development charge exemption requests, the local municipality will continue to liaise with the Region to ensure that the request for exemption of development charges meet Regional criteria.

The qualifying criteria established by the City of Vaughan City-Wide Development Charges Deferral Policy are similar to the Region's exemption criteria as described in the Region's Development Charges By-law No. DC-0005-2003-050. Therefore, there is no change required to the Regional Development Charges By-law.

5. FINANCIAL IMPLICATIONS

There are no negative financial implications to the Region, as the proposed DC deferral policy is consistent with the Region's exemption policy as set out in the Region's Development Charges By-law No. DC-0005-2003-050.

6. LOCAL MUNICIPAL IMPACT

The City of Vaughan's City-Wide Development Charges Deferral Policy will stream line the deferral process and provides clear direction to applicants requesting the deferral of City-Wide development charges.

7. CONCLUSION

The City of Vaughan has developed criteria that will enable qualifying applicants to receive a deferral of the City of Vaughan's City-Wide development charges. The deferral of the City of Vaughan's development charges is for non-profit organizations that provide services that would otherwise be provided by the City of Vaughan, the Regional Municipality of York or the two Regional School Boards. The premise is that this would then reduce the requirement of providing such services by the City of Vaughan, the Region of York and the boards of Education service that would otherwise provide these services.

The Region of York currently has an exemption policy for Regional development charges. An exemption of Regional development charges is provided only if the applicant meets criteria set out in the Regional Development Charges By-law. The City of Vaughan and the Region's criteria for deferral of development charges are similar in that they provide relief for non-profit organizations that relieves the requirement for the area municipality, Region or school boards to provide that service. However, in order to qualify for a Regional exemption of development charges the area municipality must not collect their portion of the development charges for the particular development.

The Senior Management Group has reviewed this report.