4

REQUEST FROM CRYSTAL CORPORATE CENTRE INC. 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 16, 2008, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that the request from the Crystal Corporate Centre Inc. for consideration to pay development charges at the rate in effect prior to June 18, 2008, received by the Finance and Administration Committee on September 4, 2008, be denied.

2. PURPOSE

The purpose of this report is to provide further information regarding the information contained in Crystal Corporate Centre Inc.'s letter dated July 3, 2008 (see Attachment 1) and to receive instruction from Regional Council regarding the Regional response to the request received.

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 Finance and Administration on September 4, 2008

On July 3, 2008 the Region received a written request for consideration by Regional Council to authorize staff to accept payment of the development charges at the rates in effect prior to June 18, 2008. The matter was brought forward to the Finance and Administration Committee meeting for consideration on September 4, 2008. At that meeting, Committee members requested that staff report back with additional information addressing the concerns raised by the deputant in their letter.

Regional staff contacted City of Vaughan staff to determine if the information provided by the applicant was correct and therefore could merit a consideration for payment at the rate in effect prior to June 18, 2008. Subsequently, City of Vaughan staff provided a letter detailing the information contained in their files along with a “chronology of events” (see Attachment 2). According to the information provided by the City of Vaughan, the delays incurred by the applicant were not a result of the City of Vaughan staff as indicated in the deputant’s letter.

Additionally, it is important to note that application contained three buildings each of which are subject to Regional Development Charges at the Industrial/Office/Institutional rate in effect at building permit issuance. The City of Vaughan has issued all three building permits and the Regional development charges have been collected, at the rate post June 18, 2008, in accordance with the Regional DC By-law.

Deputant’s Rights under the Development Charges Act

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 either the City of Vaughan and 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 this application pay the rates in effect at the time building permits were issued.

Based on the rates in effect prior to June 18, 2008, the total amount due by Crystal Corporate Centre Inc. would have been $359,626 as opposed to $563,535 the amount paid, for a difference of $203,909 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 development charges at rates prior to June 18, 2008 is being considered are located within the City of Vaughan.

7. CONCLUSION

On September 4, 2008, the Regional Finance and Administration Committee received a deputation from Crystal Corporate Centre Inc. requesting that staff be authorized to accept payment of their development charges at the rates in effect prior to June 18, 2008. At that meeting Committee members requested that a report be prepared detailing the circumstances for the delay as described by the applicant in their letter. City of Vaughan staff confirmed through written correspondence that the delays experienced by the applicant were not a result of City of Vaughan staff.

The reason for the request is a result of the increases in the Regional non-residential development charge moving toward full cost recovery. Crystal Corporate Centre Inc. has received all the necessary approvals for building permit issuance from the City of Vaughan and paid all the applicable Regional development charges at the rate in effect post June 18, 2008.

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 attachment referred to in this clause was included in the agenda for the November 6, 2008 Committee meeting.)