

THE CORPORATION OF THE CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: DEVELOPMENT CHARGES REIMBURSEMENT AND CREDIT

POLICY NO.: 12.C.18

Section:	Finance & Budgets		
Effective Date:	December 1, 2024	Date of Last Review:	Click or tap to enter a date.
Approval Authority:	Policy Owner:		
Council	DCM, Corporate Services, City Treasurer & Chief Financial Officer		

POLICY STATEMENT

A policy governing development charge credits and reimbursements to a Developer with respect to eligible infrastructure being designed and constructed on the City's behalf in advance of the City's timing to deliver same.

PURPOSE

This policy sets out the City's guidelines for the efficient application and administration of development charge credits and reimbursements related to certain Works. The terms, conditions, and restrictions governing development charge credits and reimbursements detailed herein are implemented through agreements with the City and seek to mitigate the City's exposure to potential risks and liabilities arising from such arrangements.

SCOPE

This policy applies to landowners, builders, Developers and developer groups carrying out private development within the City of Vaughan which require certain City infrastructure to be designed and constructed in advance of the City's timing to deliver same to permit the private development to proceed.

All City staff facilitating agreements between the City and aforementioned parties must adhere to this Policy.

LEGISLATIVE REQUIREMENTS

1. *Development Charges Act, 1997, S.O. 1997, c.27, as amended.*

DEFINITIONS

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- 1) **Act:** The *Development Charges Act, 1997*, S.O. 1997, c.27, as amended, revised, re-enacted, or consolidated from time to time, and any successor statute.
- 2) **Area Specific Development Charges (ASDC):** A fee or charge imposed with respect to growth-related net capital costs against a defined land area or per unit for specified services under the applicable by-law.
- 3) **DCM/CFO:** Deputy City Manager of Corporate Services, City Treasurer and Chief Financial Officer.
- 4) **Developer:** A person, corporation, group of persons and/or corporations, or trustee that has submitted an application pursuant to the *Planning Act* to the City of Vaughan for approval.
- 5) **Development:** The construction, erection or placing of one or more buildings or structures on land, or the making of an addition or alteration to a building or a structure that has the effect of substantially increasing the size or usability thereof and includes redevelopment.
- 6) **Development Charges (DC):** Fees collected from Developers to help to pay for the cost of infrastructure required to pay for municipal services to new Development as prescribed by the Act.
- 7) **Development Charges By-Law (DC By-Law):** A municipal by-law under the Act that imposes development charges against land to pay for increased capital costs required because of increased needs for services arising from the development of the area to which the by-law applies.
- 8) **Index Rate Table:** Statistics Canada's Building Construction price indexes, by type of building and division, as updated quarterly.
- 9) **Planning Act:** The *Planning Act*, R.S.O. 1990, c. P.13, as amended.
- 10) **Works:** DC eligible City infrastructure that is front ended by a Developer on behalf of the City.

POLICY

1) ELIGIBILITY REQUIREMENTS

City staff shall use the following criteria in considering the eligibility of DC credits and/or reimbursements for Works that have been identified in the City-Wide DC By-Law or ASDC by-laws:

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- a) The subject Development and Works must comply with the Local Service Policy 12.C.01 and the Developer Build Parks Policy 07.2.05, as amended from time to time, where applicable.
- b) This policy shall neither override nor substitute any requirements, restrictions, or guidelines set out in the Local Service Policy 12.C.01 and the Developer Build Parks Policy 07.2.05, as amended from time to time, or any conditions set out in an agreement between the City and a Developer.
- c) To receive a credit or reimbursement pursuant to this policy, the Developer shall carry out the following steps prior to commencement of the design and construction of any Works for which they seek reimbursement and/or credit pursuant to this policy:
 - i) Submit a request to the City's Infrastructure Development department, unless the City initiates a request that the Developer undertakes Works on behalf of the City as a part of a Development application; and
 - ii) Enter into an agreement with the City which contains provisions regarding the details of the Works, amount and process of credit and/or reimbursement and indexing, and to establish the Developer's obligations regarding the front-ending of design, construction, maintenance and delivery of the Works, to the satisfaction of the City.
- d) Credit and/or reimbursement is subject to the terms of an agreement to be entered into between the Developer and the City pursuant to section 1.c.ii. of this policy, and there is no entitlement to a credit and/or reimbursement prior to such agreement.

2) CONDITIONS

Credit and/or reimbursement of DC to the Developer is subject to the following conditions:

- a) The Developer shall assume all risks, including those associated with any changes to provincial legislation specific to Development Charges, when entering into an agreement with the City.
- b) Any indirect costs incurred by the Developer in relation to entering into an agreement with the City which are not directly capital costs required because of growth-related need for services in the area to which the DC By-Law or ASDC by-law applies (e.g., legal, consultation, study fees, etc.) shall not be reimbursed or credited by the City.

- c) Payment by the Developer of the City's fees and charges as provided for in the Fees and Charges By-law, as amended from time to time.
- d) Temporary infrastructure is not reimbursable and shall not be included in a credit and/or reimbursement amount.
- e) Any expenditures incurred after the approved Works are deemed to be complete shall not be eligible for credit and/or reimbursement.
- f) All Works eligible for credit and/or reimbursement shall be constructed to the City's standards and satisfaction and in accordance with the latest municipal and provincial standards, specifications, applicable policies, approved engineering plans, and priorities identified in the City's Official Plan, Transportation Master Plan, and Integrated Urban Water Master Plan, as may be amended from time to time.
- g) The Developer shall be required to design and construct the Works to a standard as determined by and to the satisfaction of the City, acting reasonably, regardless of what has been detailed in the City's DC By-Law, ASDC by-law, or DC background Study.
- h) Prior to the issuance of a credit and/or reimbursement, the Developer shall provide, to the satisfaction of the City, all supporting documentation, including but not limited to, invoices verifying as-built construction costs.
- i) Any other and further conditions as deemed appropriate by City Council.

3) DEVELOPER REIMBURSEMENT OR CREDIT

- a) Works are only eligible for reimbursements or credits if they are within the City's DC By-Law or ASDC by-laws and approved capital program.
- b) Reimbursements or credits may only be issued after all Works have been substantially completed, as defined in the agreement under section 1.c.ii of this policy, to the City's satisfaction.
- c) The reimbursement and/or credit amount shall be the lesser of:
 - i) The estimated cost of the Works, included in the DC By-Law or ASDC by-law; and
 - ii) The Developer's actual total costs of the Works, having an upset limit of the approved estimated cost of the Works as stipulated in the related agreement under section 1.c.ii of this policy.

4) REIMBURSEMENT PAYMENT PROCESS

- a) Upon meeting the eligibility requirements and satisfying the conditions within this policy, a reimbursement payment will be issued by the City to a Developer as follows:
- i) For City-wide infrastructure Works: A reimbursement payment will be made to the Developer only when the Works are both complete and included in an approved capital budget. The reimbursement payment shall adhere to the restrictions set in section 3 of this policy. The City, in its sole discretion, may provide either installment payments in amounts and intervals which shall be at the City's sole discretion, acting reasonably, or alternatively a lump sum payment.
 - ii) For City ASDC infrastructure Works: A reimbursement payment will be made once the City confirms that there are sufficient funds collected through the related ASDC and when the Works are included in an approved capital budget. The reimbursement payment amount will adhere to the restrictions set out in section 3 of this policy. The City, in its sole discretion, may provide either installment payments in amounts and intervals which shall be at the City's sole discretion, acting reasonably, or alternatively a lump sum payment.
 - iii) If there is more than one Developer who is seeking reimbursement for the same DC or ASDC eligible capital Works, the first Developer to submit the completed submission package pursuant to the terms of the agreement under section 1.c.ii will be paid first (subject to availability of ASDC funds, where applicable). All other Developers will be placed in queue based on when their completed request is received by the City, and will be paid sequentially based on the priority order in the queue (subject to availability of ASDC funds, where applicable).
 - iv) Where the City provides a Developer with reimbursement through installment payments, the City will use reasonable efforts to make payments to the Developer every year on the anniversary of the first installment payment date and until the approved reimbursement amount is paid in full.
 - v) In a year with no related ASDC collections, payment shall not be made by the City to the Developer.
 - vi) Under no circumstance shall the City be obligated to make fixed-yearly reimbursement payments to the Developer.

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vii) At the sole discretion of the City, the City may agree to pay the Developer a specific percentage of the total approved reimbursement amount at certain development/design milestones to facilitate the construction of more expensive City-wide infrastructure Works. This shall only apply to City-wide infrastructure Works included in the approved capital budget.

b) If the cost of the Works exceeds the amount estimated within the DC or ASDC background study, then the City shall not be obligated in any way to reimburse the Developer for any portion or all of the excess cost. Notwithstanding, the City may use reasonable efforts to update future DC or ASDC background studies to include the difference and reimburse the Developer at a later date, subject to approval and requirements set in section 1 of this policy.

c) The reimbursement amount shall not be indexed for City-wide DC Works, and the City shall not compensate the Developer any interest on reimbursements for any City-wide DC Works.

i) Notwithstanding section 4.c above, the City may index reimbursement payments for ASDC-related Works, subject to the provisions of this policy, where all of the following conditions are met:

(1) The Works have been deemed substantially complete by the Developer's consulting engineer;

(2) The Developer's payment submission package, including an invoice as per the applicable agreement requirements under section 1.c.ii of this policy, for the Works has been submitted to and accepted by the City;

(3) The City has determined that the reimbursement payment cannot be made in a single payment installment;

(4) The method of determining the applicable index rate percentage shall be identified in the applicable agreement under section 1.c.ii of this policy and shall be the formula set out below:

$$\text{index rate percentage} = \frac{(A-B)}{B} \times 100$$

Where "A" is the applicable Index Rate Table value in effect at the time that the Developer provides an invoice to the City, as per the applicable agreement requirements under section 1.c.ii of this policy;

and where "B" is the applicable Index Rate Table value in effect at the time the applicable ASDC by-law came into effect.

The index rate percentage shall not be less than zero (0);

(5) Indexing will not be applied retroactively on reimbursement payments that have been made prior to the effective date of this policy.

- ii) Reimbursement and indexing payment amounts shall be limited to amounts within the same ASDC reserve attributed to the Works. Any portion exceeding the reserve balance will be ineligible for reimbursement and indexing, to avoid placing any financial burden on property taxation.
- iii) Any amount outstanding once the developable lands within an ASDC by-law area are fully developed shall not be eligible for reimbursement or indexing and the City shall not be obligated to fund this amount. To clarify, the City will be released from the obligation to provide any outstanding reimbursement or indexing payment once all developable lands within an ASDC by-law area are deemed to be fully developed, at the City's discretion, and the Developer shall acknowledge same in an agreement with the City under section 1.c.ii of this policy with respect to an ASDC reimbursement. The City may attempt to include any outstanding amount in a future ASDC background study.
- iv) This policy shall not apply to agreements entered into prior to the effective date of this policy. Such agreements shall remain in effect and the terms of those agreements shall continue to apply, unless amended.
- d) Agreements containing DC reimbursement or credit clauses which have been entered into following the effective date of this policy shall be subject to the terms and conditions of this policy.

5) ROLES AND RESPONSIBILITIES

- a) The role and responsibility for reviewing and approving reimbursement payments shall be pursuant to the City's signing authority framework set out in the Supplier Master File Policy 12.A.20.
- b) DCM/CFO
 - i) Maintains administrative authority and responsibility for the implementation of this policy.
- c) Director, Financial Planning and Development Finance
 - i) Approves department operating procedures and processes under this policy.

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- d) Manager, Development Finance, Financial Planning and Development Finance and Designates
 - i) Leads updates or revisions to this policy.
 - ii) Prepares reimbursement payments as requested by the City's Development Engineering department.
 - iii) Prepares credit reconciliation statements as requested by the City's Development Engineering and Infrastructure Planning and Corporate Asset Management departments.
- e) Director of Infrastructure Planning and Corporate Asset Management and Designates
 - i) Reviews Development agreements including provisions identifying eligible Development Charge Works and reimbursement or credit provisions associated with eligible Development Charge Works.
- f) Director of Development Engineering and Designates
 - i) Prepares Development agreements containing provisions related to eligible Development Charge Works and reimbursement or credit provisions.
 - ii) Authorizes reimbursements or credits after the completion of review, verification of inspections and as-built construction costs.
 - iii) Reviews as-built drawings and prepares reimbursement payment memos.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	5 Years <small>If other, specify here</small>	Next Review Date:	December 1, 2029
Related Policy(ies):	12.C.01 – Local Service, 07.2.05 – Developer Build Parks 12.A.20 – Supplier Master File		
Related By-Law(s):			
Procedural Document:			
Revision History			
Date:	Description:		

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19-Nov-24	Approved at Council. Report No. 39 Item No.1 Effective December 1, 2024
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