



TO: MAYOR J. LEHMAN AND MEMBERS OF GENERAL COMMITTEE **FILE: F21-DEV**

FROM: S. NAYLOR, M.E.S., M.C.I.P., R.P.P., DIRECTOR OF PLANNING SERVICES

NOTED: R. FORWARD, MBA, M.Sc., P. ENG.
GENERAL MANAGER OF INFRASTRUCTURE & GROWTH MANAGEMENT 
C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RE: COLLECTION OF DEVELOPMENT CHARGES – EXISTING PLANS OF SUBDIVISION

DATE: SEPTEMBER 15, 2014

The purpose of this memorandum is to provide Council information regarding the timing of the payment of Development Charges for existing Plans of Subdivisions that are Draft Plan approved and are now ready for registration.

The new Development Charge By-law was adopted on August 25, 2014. Under the new by-law Development Charges for hard services for Plans of Subdivision are due to be paid at the time of Plan registration as opposed to the Building Permit stage as previously required under the old by-law.

Through the transition to the new by-law it has come to staffs' attention that there are 3-4 Plans of Subdivision that were developed under the old rules that are being registered this fall under the new by-law. As such, the requirement to pay development charges at Subdivision registration creates an inconsistency in the business model originally created by the developers. For example, one of the developers has pre-sold lots in a proposed subdivision at a sale price that does not reflect the new financial obligations. Given that the change occurred so late in their process the developers have no ability to change their financial model.

As a result, it is appropriate to permit these developers to enter into a Section 27 Deferral Agreement under the Development Charges Act to permit payment of Development Charges at the time of Building Permit. Section 27 of the Development Charges Act provides that a municipality "may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable."

Given that these developers have progressed significantly through the approval process i.e. these plans will be registered prior to December 1, 2014, staff believes that this "exemption" is similar to the exemption contained in Section 10 of the new by-law. The Section 10 exemption permits payment of the old rate where a complete application was received before August 1, 2014 and the Building Permit is issued before December 1, 2014. These Deferral Agreements will require payment at the applicable rate, but will only apply to those plans that are registered on or before December 1, 2014.

This decision applies to a limited number of applications and will result in a financial trade-off for the City. Deferring collection of DCs will negatively impact the City's cash flow in the short term. However, the DCs that will now be paid at building permit will be collected at a higher rate if the permit is issued after December 1, 2014, which is to the financial benefit of the City. It should be noted that depending on the developers schedule building permits may be issued prior to December 1, 2014 whereby the old (lower) development charge rate would apply. Taking these trade-offs into account, staff do not anticipate any significant adverse financial implications for the City from this decision.


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