
TO: GENERAL COMMITTEE

SUBJECT: DEVELOPMENT CHARGE DEFERRAL REQUEST

WARD: ALL

PREPARED BY AND KEY CONTACT: A. GALLANT, SUPERVISOR OF DEVELOPMENT CHARGES, EXTENSION #4503
M. JERMEY, DEPUTY TREASURER, EXTENSION #4407

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

GENERAL MANAGER APPROVAL: P. ELLIOTT-SPENCER, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the request for a Development Charge deferral agreement for a building project at 203 Coxmill Road, attached as Appendix "A" to Staff Report FIN011-16, be denied.

PURPOSE & BACKGROUND

2. Staff received a letter dated August 17, 2016 from Maria and Domenic Spalvieri regarding a proposed development at 203 Coxmill Road. The letter outlines a request for:
 - a) Reassessment and deferral of development charges (DCs);
 - b) Approval and issuance of a conditional building permit;

In addition, the letter asserts the following charges have been duplicated:

- c) Educational development charges (EDCs);
 - d) Parkland Dedication; and,
 - e) Administration fees.
3. The proposed development at 203 Coxmill Road is an 8 unit apartment building. During the site plan application process, the applicants were advised of the amounts they would owe for DCs, EDCs, and the Parkland Dedication Fee. DCs were calculated at \$207,808.00, less a redevelopment credit for the demolition of a single family dwelling unit, resulting in a net charge of \$165,678.00.
4. The City is permitted to enter into deferral agreements pursuant to section 27(1) of the *Development Charges Act, 1997* which states: "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".

5. The City adopted a Development Charge Deferral Policy in 2015 (FIN-001-2015), attached to this staff report as Appendix "B". This policy sets out the criteria under which staff have delegated authority to enter into a four year DC Deferral Agreement. The eligibility criteria relate to affordable housing and industrial use. The policy also states that "Any application requests that do not meet the eligibility criteria will be submitted to General Committee for consideration through a staff report". The proposed development at 203 Coxmill Road does not appear to meet the eligibility criteria in the Policy. As such, the application request is being brought forward for consideration through this staff report.

ANALYSIS

6. Development Charges are critical in supporting the City's intensification plans within the built boundary, and the Salem and Hewitt's Secondary Plan Areas. In order to support the anticipated growth within the prescribed timelines, new financing tools have been put in place, including receiving payment of DCs earlier in the development process, to avoid shifting the burden to the taxpayers.
7. Notwithstanding the point above, it has been recognized that there could be opportunities or developments that the City considers strategic in nature, and align with the City's overall Strategic Plans or Policies. Consequently, Development Charge Deferral Policy FIN-001-2015 was developed and endorsed by Council. This policy granted delegated authority for staff to enter DC deferral agreements for eligible developments. This authority was limited to developments providing affordable housing and specific types of Industrial development. The proposed development at 203 Coxmill Road does not align with the eligibility criteria, as the development is not for industrial use, and no assertion of use for affordable housing has been made.
8. Staff are not recommending a deferral agreement under the City's Development Charge Deferral Agreement Policy. However, the planned development may be eligible for programs under the proposed Build Boundary Community Improvement Plan, which is being considered by General Committee on September 26, 2016 (staff report PLN016-16).
9. As a point of clarification, the letter indicates there were duplicating charges within the fee invoice for EDCs, Parkland Dedication, and Administration. These fees are not in fact duplicates. EDCs are collected on behalf of school boards, while the other two fees are collected under separate City By-laws (89-341 and 2016-011 respectively).
10. The applicant is working with the Building Services Department to complete their submission requirements, and is not yet in a position to receive a building permit. Staff have advised the applicant to discuss the conditional permit requirements with the Building Services Department, as there may be options available to them. For example they may be able to obtain a conditional permit for works below grade without a required Development Charge payment.

ENVIRONMENTAL MATTERS

11. There are no environmental matters related to the recommendation.

ALTERNATIVES

12. The following alternative is available for consideration by General Committee:

Alternative #1

General Committee could choose to approve the deferral request, with the terms and conditions of payment as outlined under the City's Development Charge Deferral Policy

This alternative is not recommended as the proposed development does not specifically align with the eligibility criteria identified in the City's Development Charge Deferral Policy (see appendix B). Also, if needed, the applicant may be able to secure more favourable financing rates through private lending institutions.

FINANCIAL

13. DC deferrals, although temporary in nature, may result in the need for the deferral or alternative funding sources for growth capital projects.

LINKAGE TO 2014-2018 STRATEGIC PLAN

14. The recommendation included in this Staff Report supports the following goal identified in the 2014-2018 Strategic Plan:

- Responsible Spending

APPENDIX "A"

Correspondence Received from Maria and Domenic Spalvieri

Maria and Domenic Spalvieri
2417170 ON Ltd. · 203 Coxmill Road development

Mr. Craig Millar
Director of Finance · City of Barrie · Box 400 · Barrie ON L4M 4T5

August 17 2016

Dear Mr. Millar;

Re: Request for reassessment and deferral of Development Charges for building project at 203 Coxmill Road Barrie ON.

We would like to request that the City of Barrie reassess and defer the development charges for the 8-plex rental unit building project at 203 Coxmill Road Barrie ON.

Development charges:

Schedule B-5 of the bylaw provides a breakdown of the DC's and included services associated with that charge; our building consists of eight 2-bedroom units at a cost of \$25,140.00 per unit for a total of \$201,120.00 less the credit for demolishing a single dwelling residence \$40,773 for a total of **\$160,347**. We were provided with a fee invoice to be submitted with our site plan of \$222,720.29 prior to granting the approval.

We noted that there were duplicating charges:

- EDC Separate and Public - these are routinely included in the annual tax base.
- Parkland dedication additional charge of \$ 33,427.45
- Administration \$ 540.00

These costs are already listed as part of the services included in the calculation of the DC's set out in Schedule B-5. Further to Section 4b) of the by-law, "there will only be one charge per service designated upon any land", therefore these separate charges should be removed.

In addition, this project is located on an existing footprint; in a well-established neighborhood, therefore the need to secure funds for new city infrastructure would be minimal.

APPENDIX "A" (Continued)

Conformance:

The City of Barrie Official Plan states that medium and high density residential development shall be encouraged to locate in the Intensification Nodes and Corridors and generally directed towards areas:

- i) That are adjacent to arterial and collector roads;
- ii) In close proximity to public transit and facilities such as schools, parks, and accessible commercial development; and
- iii) Where planned services and facilities such as roads, sewers and watermains or other municipal services are adequate.

The location of the project is consistent with the Official Plan goal of planning for new development in the medium and high density categories which encourage mixed use and high quality urban design within the Intensification areas while continuing to support the integrity of stable neighborhoods.

We request that the City of Barrie consider including this project inside the intensified zone as it aligns perfectly with the goal and would be subject to receive a 25% discount on the DC's for which a building permit is issued.

We understand that DC's are necessary to ensure future reserves for potential costs to infrastructure in built areas, however these expected DC's will cause an added financial hardship for us at a time when all our funding is required to build this project.

We are asking for your assistance in finding a mutually agreeable resolution to alleviate this financial hardship by reassessing, reducing and deferring these DC's until such time that the new building is completely occupied and generating a self-sustaining income.

We would also greatly appreciate if you would approve and issue a conditional building permit as soon as possible in order that we may commence building the unit while we await your final decision on amending the DC's.

Thank you for your time and consideration in this matter.

We await a favorable reply at your earliest convenience.

Kindest Regards

Maria Spalvieri

APPENDIX "A" (Continued)



P.O. BOX 400
BARRIE, ONTARIO
L4M 4T5

FAX TRANSMITTAL RECORD

TO:
FROM: Tim Bergman, CBCO PHONE NUMBER: (705) 739-4220, Ext. 4350
Plans Examiner II FAX NUMBER: (705) 739-4240
DATE: July 26, 2016
No. of Pages (incl. cover page):
NOTES: 203 Cox Mill Road BP#16-2590 for three storey apartment building

Please see below comments that will be required prior to the issuance of your permit. Note that this is a preliminary review only as this was an incomplete application

Provide Complete Energy Efficiency Design Summary	OBC reference
• Provide heat loss/gain calculation	12.1.1.
• Duct work layout	Building By-Law
Please complete building Data Matrix for occupant load	9.9.1.3.(1)
Please complete building Data Matrix for spatial separation	9.10.15
Footings do not appear to meet minimum width requirements	9.15.3.4.(2)
Service room (elec room) to be separated from remainder of building by fire separation having a rating not less than 1 hour	9.10.10.3.
How will beams/floor system be separated for above item	Clarity
Does closure door of service room require a fire resistance rating?	9.10.9.3.→9.10.13.
Second floor stair 2 what is lintel/header over window?	9.23.12.3.
Please provide complete truss package	Building By-Law
Please provide electrical drawings	Building By-Law
Please provide floor truss drawings	Building By-Law
Please address door from access ladder that swings into public corridor	9.9.6.1.
Fees	Other Applicable Law
Building Permit fee \$ 10,761.84 \$16161.84 – \$5400 (deposit)	
DCA \$ 165,678.00	
EDC Public \$ 9,177.00	
EDC separate \$ 3,136.00	
DCA admin \$ 540.00	
Parkland dedication \$ 33,427.45	
Total \$ 222,720.29	

Note that fire Department review has not been complete as of today

Conclusion

Sorry, but until the above noted information has been received and approved by our office, we cannot issue the building permit for this project at this time. As noted above this is a preliminary review. Please call or email back if you need further clarification.

Thanks in advance.

Tim Bergman, CBCO
Plans Examiner II

APPENDIX "A" (Continued)



APPENDIX "B"
Development Charge Deferral Policy



Corporate Policy
June 22, 2015

TITLE: DEVELOPMENT CHARGE DEFERRAL POLICY
NUMBER: FIN-001-2015
CATEGORY: DEVELOPMENT CHARGES
DATE: JUNE 22, 2015
REFERENCES: STAFF REPORT FIN 013-15
BY-LAW #

PURPOSE

The Development Charge Deferral Policy establishes guidelines related to applications for, and the administration and issuance of, development charge deferrals to applicants.

BACKGROUND

The City's intensification plans for both its built boundary and the annexed lands will be achieved with the innovative financing tools identified in the City's Fiscal Impact Analysis (FIA). These tools include receiving payments of DC's earlier in the development process, entering front end financing agreements with developers, and receiving voluntary contributions to cover costs not recoverable through the *Development Charges Act (DCA)*. This strategy, seeking to collect DCs as early in the development process as possible, has been accepted by members of the development community who have signed a Memorandum of Understanding (MOU) accepting these principles.

Notwithstanding the potential for the financial challenges noted above, there may be opportunities or developments that the City considers strategic in nature, and align with the City's overall Strategic Plans or policies. Such opportunities can be considered for deferral payment agreements under Section 27 of the *DCA*, which states:

"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. 1997, c. 27, s. 27 (1)".

POLICY DETAILS

Agreements to defer the payment of development charges shall be based on the following terms:

1. Together, the General Manager of Community and Corporate Services, the General Manager of Infrastructure & Growth Management, the Executive Director of Invest Barrie, and the Director of Finance/Treasurer may approve up to a four year deferral for an eligible development based on the following criteria:
 - a) Affordable Housing:
 - i) Will be considered under the Affordable Housing Development Charge Deferral Policy, or if policy is not in existence will be considered directly by Council.
 - b) Industrial use:
 - i) The development meets the definitions of Industrial uses as per the City's Development Charge By-law.

APPENDIX "B" (Continued)

- c) In relation to paragraph b) above, only those applications that support employment opportunities associated with the following industrial categories be considered:
 - i) Advanced Manufacturing as a core operation;
 - ii) Research and Development;
 - iii) Target Industries including; Life Sciences, (Medtech, Medical Devices, Pharmaceuticals), Food Processing, and Technology (Data Centres, Technology Hardware, Software Development).
 - d) Total development charges eligible for deferral must not be less than \$50,000 and to a maximum of \$1,000,000.
2. Notwithstanding the aforementioned eligibility criteria, a deferral request may be refused if actual Development Charge revenues collected to date are 20 per cent or more below the revenues forecasted in the City's Development Charge Background study.
 3. Any application requests that do not meet the eligibility criteria will be submitted to General Committee for consideration through a staff report.
 4. Payments are to be amortized over a period not to exceed four years at the prime lending rate of the City's bank, plus one per cent.
 5. Equal Payments will be made quarterly with the first payment due at the issuance of a building permit.
 6. The owner agrees to pay an administration fee, to cover legal and finance costs, in the amount of \$1,000 (plus HST) payable upon application. This fee will be reviewed annually with all other City fees and is subject to change as outlined in the City's Fees Bylaw.
 7. The owner must provide securities in the amount of the applicable development charges plus interest amounts. The owner will post an irrevocable Letter of Credit issued by a financial institution.
 8. The agreement will be registered on title.
 9. If the owner requires a building permit issued prior to the completion of the Deferral Agreement process, the owner must provide a Certified Cheque or irrevocable Letter of Credit with a financial institution, acceptable to the Director of Finance/Treasurer. The Certified Cheque or Letter of Credit will be returned to the owner once the Agreement has been fully executed and finalized.
 10. Any late payment would deem the agreement in default and the amount unpaid would be recovered by either drawing on the Letter of Credit or adding the amount to the property tax roll and collected in the like manner as taxes.

ADMINISTRATION PROCESS

1. Applicant to provide written request to the Director of Finance/Treasurer, prior to the issuance of a building permit, for partial or full deferral of the City's Development Charges.
2. The Director of Finance/Treasurer will require the following information in order to process the request:
 - a) Why the deferral is requested;
 - b) A footprint of the building;
 - c) Proposed building uses and timing of occupancy;
 - d) Where applicable, proof of registration with Canada Customs and Revenue Agency;
 - e) Where applicable, proof of registration with appropriate Province of Ontario Ministry.

APPENDIX "B" (Continued)

REPORTING

The Director of Finance/Treasurer will report to General Committee advising of all the approved applications as part of the annual Development Charge Report.

POLICY REVIEW

The earlier of each new term of Council or the next Development Charge By-law update.