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Communication		
COUNCIL:	<u>Dec 17/19</u>	
<u>CW</u>	Rpt. No. <u>41</u>	Item <u>1</u>

**DATE:** December 13, 2019

**TO:** Hon. Mayor and Members of Council

**FROM:** Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and CFO

**RE:** Item No. 1, Report No. 41,  
Committee of the Whole (2), December 10, 2019  
2018 Development Charge Pre-Payment Agreements -  
Request to Amend Dates

### **Purpose**

To provide additional information to the Mayor and Members of Council at the Council meeting on December 17, 2019 in relation to the Committee of the Whole (2) of December 10, 2019, 2018 Development Charge (DC) Pre-payment Agreements - Request to Amend Dates report.

### **Background**

At the December 10 Committee of the Whole, a motion was passed requesting the financial impact related to collecting additional DCs as a result of extending the deadline for building permit.

On September 20, 2018, the City collected \$167.6 million in DCs as part of the pre-payment agreement transition measures when the new DC by-law was approved by Council. City staff recently received several requests to amend the dates within the DC pre-payment agreements due to several factors;

1. An unforeseen administrative conflict between the dates relating to the Residential Subdivision pre-payment agreements and the Non-High Density Residential by Site Plan where a DC pre-payment agreement was entered into under both scenarios. The conflict of dates would result in a townhouse development that will not meet the timelines set out in the agreement.
2. Market conditions relating to industrial building have turned less favourable since 2018.

In addition, there have also been other requests to amend the dates of the DC pre-payment agreements for various reasons. In order to avoid any perceived unfairness, staff recommended that all agreements be realigned as that would also resolve the complexity of administering the various agreements and building permit dates contained within the various DC pre-payment agreements.

At the time the City entered into the DC pre-payment agreements, it was not contemplated that the City would be collecting any additional DCs. The thinking at that time was that all pre-payment agreements would be satisfied within their respective milestone dates.

### **Financial Impact**

The requests to amend the dates within the DC pre-payment agreements primarily came from the Non-High Density Residential by Site Plan developments as they contained the shortest of the required milestone dates. Below is a summary of the financial impacts on extending the pre-payment agreement dates.

	Pre-Payment DC Dollars (millions)	DC % of Total	Potential Top-Up DC Dollars (millions)
City DCs collected at Pre-Payment	\$167.6		
Total Scenario 2 Developments	\$28.8	17.2%	\$20.7
Two Owners under Scenario 2	\$1.9	1.1%	\$1.7
Remaining Owners under Scenario 2	\$26.9	16.1%	\$19

There were also subsequent requests to amend the dates for the non-residential developments, however to maintain fairness across all DC pre-payment agreements staff recommend that all the pre-payment agreements be amended to align the dates to one single date.

### **Conclusion**

The alignment of the dates within the various DC pre-payment agreements will allow the Owners to continue their developments aligned with the approved DC transition measures. Since the signing of the original pre-payment agreements, unforeseen issues have arisen – administrative and market related, causing challenges for the building community to adhere to the original deadlines for development. Extending the deadline to December 2021 has no imminent financial impact as the contemplated \$167.6 million of pre-paid DC's has been collected by the City.

However, if the original pre-payment transition dates were adhered to without amendment, the delta between the pre-payment DC rate and 'top-up' to the new DC rate would be approximately \$20.7 million. It should be noted that this mathematical exercise does not account for the potential positive economic impacts associated with advancing municipal tax assessment and economic activity related to labour and employment.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael Coroneos". The signature is fluid and cursive, with the first name "Michael" and last name "Coroneos" clearly distinguishable.

Michael Coroneos  
Deputy City Manager, Corporate Services, City Treasurer and CFO