

Clause 11 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 19, 2018.

11

Prepaid Development Charge Credit Agreement for 19th Avenue  
in the Town of Richmond Hill

Committee of the Whole recommends adoption of the following recommendations contained in the report dated March 8, 2018 from the Commissioner of Finance:

1. Council authorize staff to negotiate a prepaid development charge credit agreement with the North Leslie Landowners Group to accelerate the widening of 19th Avenue, between Bayview Avenue and Leslie Street in the Town of Richmond Hill, based on the principles identified in this report.
2. Council authorize staff to add the improvements to 19th Avenue from Bayview Avenue to Leslie Street funded by this agreement to the Region's 10-year capital plan.
3. The Regional Chair and Clerk be authorized to execute this agreement.

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Report dated March 8, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. Council authorize staff to negotiate a prepaid development charge credit agreement with the North Leslie Landowners Group to accelerate the widening of 19<sup>th</sup> Avenue, between Bayview Avenue and Leslie Street in the Town of Richmond Hill, based on the principles identified in this report.
2. Council authorize staff to add the improvements to 19<sup>th</sup> Avenue from Bayview Avenue to Leslie Street funded by this agreement to the Region's 10-year capital plan.
3. The Regional Chair and Clerk be authorized to execute this agreement.

## 2. Purpose

The purpose of this report is to seek authority to enter into a prepaid development charge credit agreement with the North Leslie Landowners Group based on the principles outlined in this report.

## 3. Background

The North Leslie Secondary Plan was approved in 2012

The North Leslie Secondary Plan was approved by the Ontario Municipal Board on February 2, 2012. The subject lands include an area of approximately 620 hectares, generally bounded by Bayview Avenue to the west, Highway 404 to the east, Elgin Mills Road East to the south and generally 19<sup>th</sup> Avenue to the north. The Secondary Plan is for approximately 6,250 housing units with a population of 19,300 people and 3,200 jobs at full build out.

A transportation study identified several road improvements that will be required to complete full build-out of the secondary plan

A transportation study was prepared to support the North Leslie Master Environmental Servicing Plan. The study identified the need to widen 19<sup>th</sup> Avenue between Leslie Street and Bayview Avenue by 2021 in order to achieve full build-out. The community design also identified the need for four new intersections between Bayview Avenue and Leslie Street that would be included as part of the 19<sup>th</sup> Avenue road widening project.

The 19<sup>th</sup> Avenue road widening project is not in the Region's current 10-year capital plan, but it is required in order for landowners to register their plans of subdivision.

## 4. Analysis and Implications

The North Leslie Landowners Group has proposed to advance the timing of 19<sup>th</sup> Avenue road works

The landowners within the North Leslie Secondary Plan area are now seeking to register their plans of subdivision (see Attachment 1). A condition of draft plan approval requires that the landowners west of Leslie Street enter into a cost-sharing agreement for the widening of 19<sup>th</sup> Avenue between Bayview Avenue and Leslie Street.

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The North Leslie Landowners Group represents approximately 90% of the proposed development in the subject lands. To meet the conditions of draft plan approval, these landowners are proposing to provide the funding needed to advance the timing of the required infrastructure through the use of a prepaid development charge credit agreement.

The 19<sup>th</sup> Avenue road widening project will be delivered by the Region

The Region determines the most appropriate method of delivery for more complex projects that are being considered for advancement. In this case, Transportation Services will be delivering this project over a period of approximately 5 years after receipt of all the necessary funding.

The proposed agreement aligns with the Council approved Development Charge Credit Policy

The Region undertakes Master Plan studies and other long-term needs forecasts to help inform the delivery timing for its major capital infrastructure projects. There are instances where, in order to build out a development, a developer or group of developers need certain infrastructure earlier than the Region has planned for it. In these circumstances, Council has approved a policy where developers who paid to advance the timing of Regional infrastructure are provided development charge credits.

The Development Charge Credit Policy is designed to protect the Region from risk. In order to qualify for an agreement and receive development charge credits, key principles of the policy must be satisfied. The key principles state that the application for prepaid development charge credits will only be considered if the works are included in the Development Charge Bylaw, the advancement of the project does not result in a negative impact to the Region's Annual Repayment Limit and the service-specific development charges generated by the development associated with the capital works are at least twice the value of the works for which the credit/reimbursement is being requested. Once the project is qualified, the developer would be entitled to recover 100% of the eligible costs. The rate of recovery is 50% of the service-specific development charge payable per unit until the eligible amount is recovered.

In this case, the North Leslie Landowners Group has agreed to defer its recovery of the development charge credits to 2035, the date the works are currently planned, with a possibility of recovering credits beginning in 2028 if certain conditions are met.

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Advancing infrastructure through development charge credits is indicative of a responsive government, a priority area in the 2015 to 2019 Strategic Plan

The Region undertakes long range Master Plan studies that inform the ten-year capital plan. The capital plan identifies the timing and cost of growth-related capital infrastructure, and how it is expected to be funded. The development charge credit policy addresses instances where a developer requires Regional infrastructure earlier than the Region had planned.

In 2013, Council endorsed a revised Development Charge Credit Policy, which is designed to ensure that the development charges needed to support system-wide costs are protected, and to protect the Region from potential financial risks associated with advancing infrastructure. The issuance of development charge credits is in accordance with the [Region's 2017 Development Charge Bylaw](#) (No. 2017-35) and the Region's [Development Charge Credit Policy \(2013\)](#).

Finally, working with stakeholders in the development community to advance infrastructure they require contributes to a strengthened economy and is indicative of a responsive and efficient public service, both of which are strategic priority areas in York Region's 2015 to 2019 Strategic Plan.

## 5. Financial Considerations

The North Leslie Landowners Group has agreed to provide the necessary funding to advance the timing of the 19<sup>th</sup> Avenue road works.

Subject to the receipt of all necessary planning approvals, staff propose that the following principles be used for the prepaid development charge credit agreement between the Region and the North Leslie Landowners Group:

### **Roads Infrastructure**

1. All parties acknowledge that the estimated cost of the road widening from Bayview Avenue to Leslie Street is \$20 million.
2. The North Leslie Landowners Group will be responsible for funding 100% of the actual cost of the works.
3. The North Leslie Landowners Group will post security of \$20 million in the following manner:
  - a. The North Leslie Landowners Group will provide a certified cheque of \$10 million prior to execution of the agreement;

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- b. The balance, estimated at \$10 million, will be provided prior to award of the tender for the works; and
  - c. The Region will recognise eligible costs incurred to date by the developer group and those costs, in the amount of \$715,000, will be deducted from the required security amount.
4. The North Leslie Landowners Group undertakes to provide any additional funding required for this project within 15 days of a written request by the Region, and conversely, will be refunded any project savings once the project has been completed to the satisfaction of the Region.
5. Should the tendered cost exceed the estimated cost specified in Clause 1 by more than 10%, the Region may terminate the agreement and the Region may reassess the delivery method for the 19<sup>th</sup> Avenue road widening project.
6. York Region will ensure that 19<sup>th</sup> Avenue will be constructed on or before year end 2023.
7. If York Region determines that an alternative solution could assist and/or reduce the project cost, it may alter the proposed delivery method and/or provision of the infrastructure.
8. The North Leslie Landowners Group will be entitled to recover the 90% growth component of the road works cost, estimated to be \$18 million, by way of a development charge reimbursement by 2035.
9. If 90% of the lands associated with the North Leslie Landowners Group have been registered, the Region may, at its sole discretion, advance the timing of the reimbursement of the roads component of the development charges over a five year period commencing in 2028.
10. The North Leslie Landowners Group will be responsible for the 10% non-growth cost of the works, estimated to be \$2 million.
11. All parties acknowledge that the total road development charge credit will not be indexed.

**General Principles**

12. The North Leslie Landowners Group agrees to pay for the Region's legal costs (external and internal) associated with the preparation of the agreement.
13. A fee equal to 0.5% of the capital cost of the works will be payable by the North Leslie Landowners Group for the administration of the agreement.

## 6. Local Municipal Impact

The advancement of the road widening of 19<sup>th</sup> Avenue between Bayview Avenue and Leslie Street and related intersection improvements will facilitate the build-out of the plans of subdivisions within the North Leslie Secondary Plan area. It is the responsibility of the Town of Richmond Hill to allocate water and wastewater capacity to the landowners in the North Leslie area.

## 7. Conclusion

To advance the construction of 19<sup>th</sup> Avenue between Bayview Avenue and Leslie Street and to permit the full build-out of the North Leslie Secondary Plan area, the North Leslie Landowners Group has expressed an interest in entering into a prepaid development charge credit agreement based on the principles outlined in this report.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

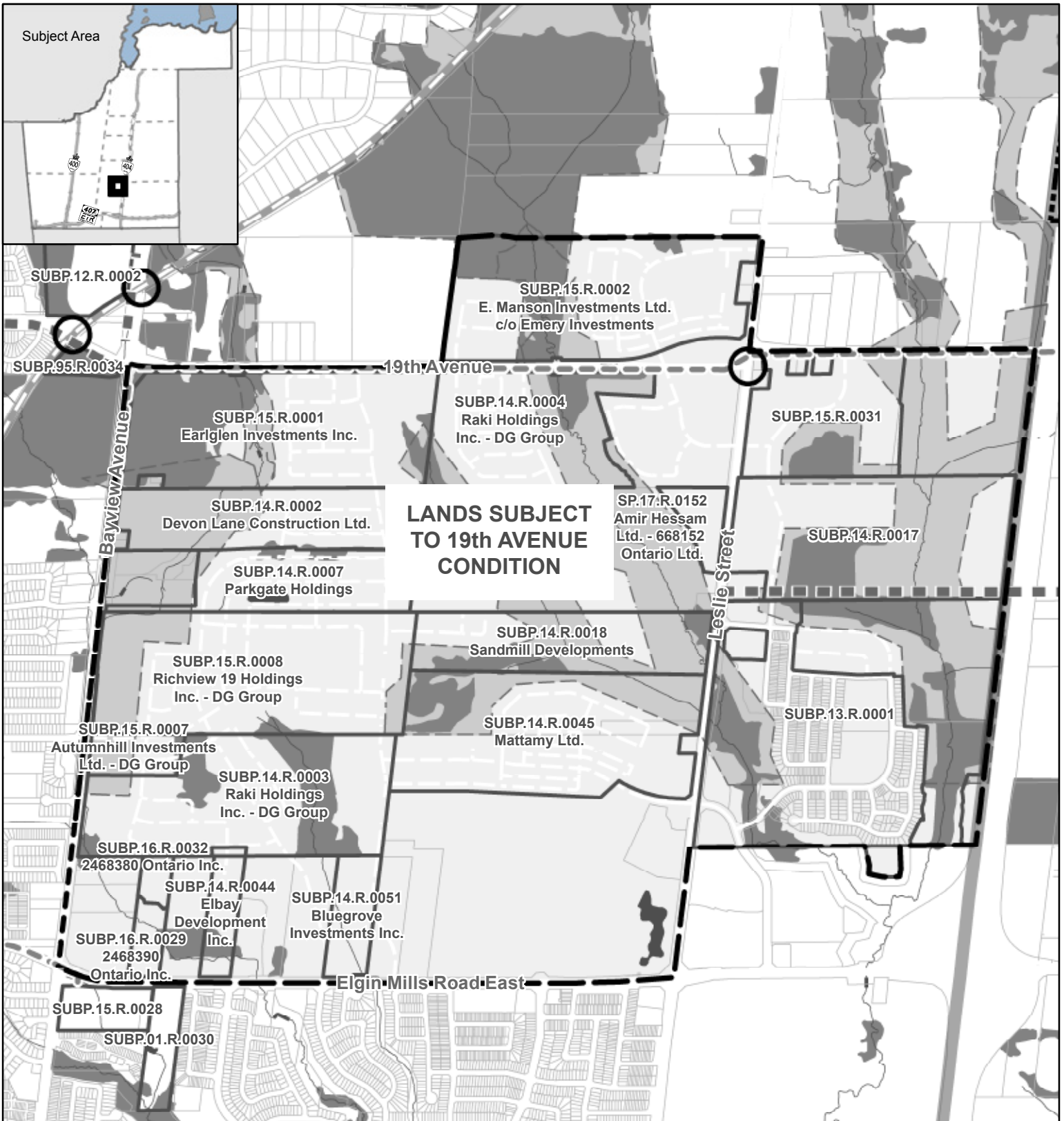
The Senior Management Group has reviewed this report.

March 8, 2018

Attachments (1)

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Accessible formats or communication supports are available upon request

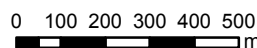


### Plans of Subdivision

Prepaid Development Charge Credit Agreement  
Principles for 19<sup>th</sup> Avenue in the Town of  
Richmond Hill - March 22, 2018

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The Regional Municipality of York  
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Corporate Services Department  
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2003-2018



- Intersection/Bridge Construction
- Roads Construction
- Subdivision Plan Area
- Future Water Facilities Construction
- North Leslie Secondary Plan
- Forest
- Natural Heritage System