

Clause No. 5 in Report No. 12 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 26, 2014.

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TRANSITIONAL DEVELOPMENT CHARGE CREDIT REQUESTS

Committee of the Whole recommends adoption of the recommendation contained in the following report dated June 4, 2014 from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize development charge (“DC”) credits in the amount of \$5,938,495 for the growth-related component (development charges) and a payment of \$568,962 for the non-growth component (tax levy) of the road works and intersection improvements completed to the satisfaction of the Commissioner of Transportation and Community Planning, as shown in *Attachment 2*.
2. The Regional Solicitor be authorized to include the development charge credit provisions in the development charge agreements for the subdivisions identified in *Attachment 3* of this report, with credits to be funded from future Regional road DCs otherwise payable at the time of subdivision registration or building permit issuance.
3. The Regional Treasurer be authorized to fund the growth component of development charge credits totalling \$2,501,571 from Regional Roads DC reserves, for those developers identified in *Attachment 4*.

2. PURPOSE

This report seeks authority to provide development charge credits to those developers who undertook works on behalf of the Region and submitted development charge credit applications before the Region enacted a revised development charge credit policy.

3. BACKGROUND

The Region adopted a Development Charge Credit Policy in 1996

At its May 9th and May 23rd, 1996 meetings, Regional Council approved a DC credit policy to reimburse developers for capital works undertaken by them in advance of the planned capital program (subsequently amended June 18, 2007 as part of the passing of Regional DC By-law No. DC-0007-2007-040).

A revised Development Charge Credit Policy was approved in November 2013

When the 2012 update to the Region's DC Bylaw was being prepared, the York Chapter of the Building and Land Development Association ("BILD") flagged issues with the proposed new development charge credit policy. In an effort not to delay the approval of the 2012 DC Bylaw, it was agreed that the Region would undertake a separate review of the DC Credit policy. Developers requested that approval of DC Credit requests already submitted be deferred until a revised policy was approved.

On November 21, 2013, Council approved the changes to the Development Charge Credit Policy. The revised Development Charge Credit Policy contains provisions to protect the Region from potential financial risks associated with advancing infrastructure and providing development charge credits.

Council also approved a transition policy allowing applications received before November 21, 2013 to proceed by way of the old DC Credit policy.

4. ANALYSIS AND OPTIONS

The report addresses seventeen transitional DC Credit requests totalling \$9.96 million

To proceed with the development of their lands, seventeen developers were required to undertake road and intersection improvements in advance of the Region's planned reconstruction program at a total cost of \$9,957,825. *Attachment 1* identifies the developers and describes their road and intersection works.

A total of \$6.6 million is eligible for DC Credit

The residential subdivisions benefiting from the roads and intersection works have approximately 3,800 units. The non-residential subdivisions benefiting from the roads and intersection works have 15 developable acres. These subdivisions will result in Regional development charges of approximately \$121 million, including \$39 million for the roads component of the charges.

The Transportation and Community Planning Department has reviewed the requests submitted by the developers, and has determined that \$6,598,326 is eligible for DC credit (*see Attachment 2*).

If the development has remaining phases when DC Credits are approved, DC Credits are provided at subdivision registration

A total DC credit of \$3,436,924 will be provided at subdivision registration for the growth-related component of the works to those developers noted in *Attachment 3*. They will be reimbursed \$339,470 for the non-growth component of the works.

The DC credit is to be funded through a reduction of Regional roads development charges otherwise payable at the time of subdivision registration, subject to completion of the intersection works to the satisfaction of the Commissioner of Transportation and Community Planning. In order to apply the DC credit at subdivision registration, it is recommended that the Regional Solicitor be authorized to include the DC Credit (growth component) in the subdivision agreements for these developments.

If the development is already built out when DC Credits are approved, developers are paid directly

Since these requests were deferred, some subdivisions proceeded and have been built out. As a result, the road DCs for these subdivisions have been paid in full. It is recommended that the growth-related component of the DC credit totalling \$2,501,571 for those developers noted in *Attachment 4* be funded from the Regional Road DC reserves. It is also proposed that the non-growth component of these works totalling \$229,492 be reimbursed from the Regional tax levy.

Developers can also recover part or all of the non-growth portion of their costs

Developers are eligible to recover all or part of the non-growth related cost of the works in two situations: (1) the works are identified in the Region's 10 Year Capital Plan, or (2) the works are not planned by the Region for the foreseeable future, but are nevertheless built to the ultimate location (i.e., the Region will not need to alter the works in the future). The recoverable portion of the non-growth component is discounted to reflect the cost to the Region of funding the works ahead of the planned capital expenditure. In total, seven developers advanced works that resulted in the discounting of the non-growth component of their DC credit request by \$90,869 as shown on *Attachment 2*.

When the works are identified in the Region's master plans but are not included in the 10 Year Capital Plan, developers are not entitled to recover any portion of the non-growth component of the works.

In total, \$568,962 (\$339,470 + \$229,492) is eligible for recovery by the developers for the non-growth component of the works (see *Attachment 2*).

There are an additional 20 development projects remaining for development charge credits under the old DC Credit request policy

Under the previous DC Credit practice, developers were permitted to submit their engineering drawings for approval, secure the estimated cost and start construction of the intersection works prior to submitting a DC Credit request and determining an amount eligible for DC credit. This process enabled the developer to proceed with construction, confirm actual costs and then submit a completed DC Credit request for consideration. The developer assumed the risk that they might not receive full DC Credits if they proceeded in this manner.

Staff has determined that there are 20 development projects remaining under the previous DC Credit policy, as they received approval of their engineering drawings prior to November 21, 2013 and are in various stages in the DC credit process. It is estimated that the total value of these works would be approximately \$10 million. The potential non-growth component of these works would total \$1 million and would be reimbursed from the Regional tax levy. Staff will request Council approval of these DC Credits at the appropriate time.

Link to key Council-approved plans

Collection of development charges is consistent with York Region's 2011 to 2015 Strategic Plan objective to practice sound fiscal management.

5. FINANCIAL IMPLICATIONS

Development charge credit approvals totalling \$6.5 million will require payments totalling \$2.5 million from road DC reserves, \$0.6 million from tax levy and future DC Credits of \$3.4 million

Table 1 summarizes the funding required to provide the DC Credits proposed in this report.

Table 1
Summary of the Proposed DC Credit Reimbursements

DC Credits	DC Payment (Roads DC Reserve)	Tax Levy Payment	Total DC Credits
\$3,436,924	\$2,501,571	\$568,962	\$6,507,457

6. LOCAL MUNICIPAL IMPACT

The roads and intersection works benefit the municipalities in which they are constructed.

7. CONCLUSION

The DC credit requests submitted have been reviewed in accordance with the prior DC Credit Policy. Consistent with the prior policy, it is proposed that development charge credits in the amount of \$6,507,457 be approved, subject to the completion of the works to the satisfaction of the Commissioner of Transportation and Community Planning.

For more information on this report, please contact Warren Marshall, Director, Controllership Office, at Ext. 71601.

The Senior Management Group has reviewed this report.

Attachment (4)

List of Transitional Intersection Credit Requests May 2014

Ref #	Developer	Road and Intersection Location	Municipality	File Number	DC Credit Requested (\$)
1	DiPoce Management Inc.	Highway 27 & Dr. Kay Drive	Township of King	D19.08.003.K	803,338
2	Heritage at Victoria Square, Monarch Corporation	Elgin Mills Road, West of Woodbine Avenue	City of Markham	D19.06.007.M	1,245,038
3	Diagram North Phase 1 & 2	Donald Cousens Parkway	City of Markham	D19.11.004.M	281,533
4	Greensborough Phase 3	Donald Cousens Parkway and Delray Drive	City of Markham	D19.10.002.M	102,720
5	Town of Newmarket - Stickwood Walker Farm	Mulock Drive & College Manor Drive	Town of Newmarket	D19.05.003.N	170,062
6	Mattamy (Newmarket) Limited	Davis Drive West	Town of Newmarket	D19.06.004.N	257,284
7	559975 Ontario Inc - Humber Ridge	Bathurst Street and Verdi Road	Town of Richmond Hill	D19.11.008.R	69,645
8	Oak Ridge Co Tenancy, Ph 3	Yonge and Silver Maple	Town of Richmond Hill	D19.04.004.R	276,644
9	Ventana Homes Inc.	West side of Dufferin Street, north of Teston	City of Vaughan	D19.08.008.V	799,995
10	Block 39 (Northwest) Developers Group	Pine Valley Drive at Davos Road	City of Vaughan	D19.07.006.V	332,607
11	Block 39 (Northwest) Developers Group	Major Mackenzie Drive West and Via Campanile	City of Vaughan	D19.07.018.V	494,180
	Block 39 (Northwest) Developers Group	Major Mackenzie Drive West and Vellore Avenue	City of Vaughan	D19.07.018.V	360,844
12	York Major Holdings Inc.	Dufferin Street and Teston Road, east of Dufferin Street	City of Vaughan	Sp-V-007-09	201,628
13	York Major Holdings Inc.	Major Mackenzie Drive and Hill Street	City of Vaughan	D19.10.012.V	638,793
14	Block 11 Properties Inc.	Various Intersections along Rutherford	City of Vaughan	D19.05.001.V	885,024
15	Block 11 Properties Inc.	Various Intersections along Major Mackenzie	City of Vaughan	D19.05.018.V	1,088,428
16	Dufferin Street Road Improvements (Block 11, 12,18)	Major Mackenzie Drive to north of Sir Benson Drive	City of Vaughan	D19.08.004.V	1,830,116
17	Geranium Homes Limited - Phase 1	Ninth Line and John Davis Gate	Town of Whitchurch-Stouffville	D19.11.001.W	119,946
					<u>9,957,825</u>

Breakdown of Eligible Costs Considered Through the DC Credit Process

Ref #	Developer	Municipality	DC Credit Requested (\$)	Non-Eligible/ Developer Cost (\$)	Eligible For DC Credit (\$)	Growth Component (\$)	Non-Growth Component (\$)	
							Developer Recoverable	Developer Non-recoverable
1	DiPoce Management Inc.	Township of King	803,338	106,804	696,534	626,880	69,654	
2	Heritage at Victoria Square, Monarch Corporation	City of Markham	1,245,038	439,325	805,713	725,142	80,571	
3	Diagram North Phase 1 & 2	City of Markham	281,533	64,896	216,637	194,974	21,663	
4	Greensborough Phase 3	City of Markham	102,720	22,502	80,218	72,196	8,022	
5	Town of Newmarket - Stickwood Walker Farm	Town of Newmarket	170,062	36,467	133,595	120,236	13,359	
6	Mattamy (Newmarket) Limited	Town of Newmarket	257,284	15,886	241,398	217,258	24,140	
7	559975 Ontario Inc - Humber Ridge	Town of Richmond Hill	69,645	16,168	53,477	48,129	5,348	
8	Oak Ridge Co Tenancy, Ph 3	Town of Richmond Hill	276,644	87,359	189,285	170,356	18,929	
9	Ventana Homes Inc.	City of Vaughan	799,995	343,960	456,035	410,432	45,603	
10	Block 39 (Northwest) Developers Group	City of Vaughan	332,607	47,565	285,042	256,538		28,504
11	Block 39 (Northwest) Developers Group	City of Vaughan	494,180	178,764	315,416	283,874	27,594	3,948
	Block 39 (Northwest) Developers Group	City of Vaughan	360,844	117,395	243,449	219,104	21,297	3,048
12	York Major Holdings Inc.	City of Vaughan	201,628	119,126	82,502	74,252	6,106	2,144
13	York Major Holdings Inc.	City of Vaughan	638,793	288,896	349,897	314,908	27,688	7,301
14	Block 11 Properties Inc.	City of Vaughan	885,024	517,356	367,668	330,901	30,084	6,683
15	Block 11 Properties Inc.	City of Vaughan	1,088,428	489,995	598,433	538,590	59,843	
16	Dufferin Street Road Improvements (Block 11, 12,18)	City of Vaughan	1,830,116	449,344	1,380,772	1,242,695	98,836	39,241
17	Geranium Homes Limited - Phase 1	Town of Whitchurch-Stouffville	119,946	17,691	102,255	92,030	10,225	
			<u>9,957,825</u>	<u>3,359,499</u>	<u>6,598,326</u>	<u>5,938,495</u>	<u>568,962</u>	<u>90,869</u>

DC Credits to be Provided at Subdivision Registration For Future Development Phases

Ref #	Developer	DC Credit Requested (\$)	Non-Eligible for recovery/Developer Cost (\$)	Eligible For DC Credit (\$)	Growth Component (\$)	Recoverable Non-growth Component (\$)	Non-Recoverable Non-Growth (\$)
1	DiPoce Management Inc.	803,338	106,804	696,534	626,880	69,654	
4	Greensborough Phase 3	102,720	22,502	80,218	72,196	8,022	
6	Mattamy (Newmarket) Limited	257,284	15,886	241,398	217,258	24,140	
10	Block 39 (Northwest) Developers Group	332,607	47,565	285,042	256,538		28,504
11	Block 39 (Northwest) Developers Group	494,180	178,764	315,416	283,874	27,594	3,948
	Block 39 (Northwest) Developers Group	360,844	117,395	243,449	219,104	21,297	3,048
14	Block 11 Properties Inc.	885,024	517,356	367,668	330,901	30,084	6,683
15	Block 11 Properties Inc.	1,088,428	489,995	598,433	538,590	59,843	
16	Dufferin Street Road Improvements (Block 11, 12,18)*	1,830,116	449,344	1,380,772	891,583	98,836	39,241
		<u>6,154,541</u>	<u>1,945,611</u>	<u>4,208,930</u>	<u>3,436,924</u>	<u>339,470</u>	<u>81,424</u>

*Note: A portion of the DC Credit is recommended for reimbursement as roads development charges in amount of \$351,112.02 has been paid by the benefitting area since 2011. The balance of the growth component in the amount of \$891,583 (\$1,242,695.00 growth component of DC Credit - \$351,112.02 amount to be reimbursed) shall be used as a DC Credit at subdivision registration.

DC Credit Requests Recommended for Reimbursement

Ref #	Developer	Total Eligible for Reimbursement (\$)	Growth Component (\$)	Recoverable Non-growth Component (\$)
2	Heritage at Victoria Square, Monarch Corporation	805,713	725,142	80,571
3	Diagram North Phase 1 & 2	216,637	194,974	21,663
5	Town of Newmarket - Stickwood Walker Farm	133,595	120,236	13,359
7	559975 Ontario Inc - Humber Ridge	53,477	48,129	5,348
8	Oak Ridge Co Tenancy, Ph 3	189,285	170,356	18,929
9	Ventana Homes Inc.	456,035	410,432	45,603
12	York Major Holdings Inc.	80,358	74,252	6,106
13	York Major Holdings Inc.	342,596	314,908	27,688
16	Dufferin Street Road Improvements (Block 11, 12,18)*	351,112	351,112	
17	Geranium Homes Limited - Phase 1	102,255	92,030	10,225
		2,731,063	2,501,571	229,492

*Not A portion of the DC Credit is recommended for reimbursement as roads development charges in amount of \$351,112.02 have been paid by the benefitting area since 2011. The balance of the growth component in the amount of \$891,583 (\$1,242,695.00 growth component of the DC Credit - \$351,112.02 amount to be reimbursed) shall be used as a DC Credit at subdivision registration.