

Reference Committee Report



To: Finance and Responsible Governance Committee

Subject and Ward(s): Development Charge Deferral Request – Harvie and Beacon Roads (Ward #6)

Date: April 9, 2025

Department Head Approval: C. Smith, Interim Director of Finance

Executive Management Approval: J. Schmidt, General Manager of Community and Corporate Services

CAO Approval: M. Prowse, Chief Administrative Officer

Recommendation(s):

1. That the request for deferral of development charges not be granted.
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Executive Summary:

The purpose of this Report is to provide members of Committee with information related to a request for development charge (DC) deferral for a residential development fronting onto the future extension of Beacon Road. ASA Developments Inc. is currently proposing to construct a total of twelve (12) single detached homes in addition to sixty-seven (67) townhomes and a fifty-two (52) unit apartment complex on the above noted parcels of land.

For this type of development, the *Development Charges Act (DC Act)* and the City's *Development Charges by-law* require that development charges (DCs) be paid before building permits are issued. The Applicant is requesting that DCs for the twelve (12) Single Detached homes be deferred until the "closing of the lots", rather than at the time of building permit issuance.

DCs for the development of these twelve (12) homes are estimated to be \$1,319,964.

Key Findings:

The DC Act and the City's DC by-law provides for the deferral of DCs for two types of development: Rental Housing and Institutional. For these two types of development, DCs are paid in six (6) annual installments over five (5) years, incur interest at the average prime rate plus 1%, with the first payment being due at the time of occupancy. The development being proposed does not meet the requirements for this deferral.

In addition, the proposed development does not meet the requirements for the City's Housing Community Improvement Plan (CIP). The CIP provides further opportunities for the deferral of DCs from Building Permit issuance to prior to the issuance of the final Occupancy Permit for high-density residential and mixed-use building developments.

While this development does not meet the requirements for any deferral of DCs under the City's by-law or a CIP agreement, Section 27 of the DC Act, allows a municipality to enter into an agreement with a person who is required to pay a development charge to be paid before or after it would otherwise be payable and further allows the municipality to charge interest, should it wish to do so.

There are some risks and logistical issues involved in accommodating and managing Section 27 agreements over the time that they are in place including:

- The Applicant is requesting that DCs be collected at the "closing of the lots" which staff interpret to mean the point at which title of the properties is transferred to a new buyer. As DCs are applied to a property and not a person, there could be significant risks that the liability for deferred DCs could be transferred to a buyer without their prior knowledge and understanding.
- Section 27 Agreements may have different terms and conditions applied to them for different developments. Tracking and following up on these agreements is a manual process that increases the risk of error and staff time and costs to monitor.

In most cases, the City is paid DCs prior to a building permit being issued. As a result, there is typically no risk of not collecting the necessary fees.

Conclusion:

The City currently provides for the deferral of DCs through the DC by-law and the Community Improvement Plan. The use of Section 27 of the *DC Act* should be limited based on the risks identified in this report.

Financial Implications:

There are no financial implications for the Corporation resulting from the proposed recommendation.

Alternatives:

The following alternatives are available for consideration by Finance and Responsible Governance Committee:

Alternative #1 – Finance and Responsible Governance Committee could enter into a Section 27 Agreement with the Applicant that would require full payment of Development Charges on the day following the first passed occupancy inspection in the entire development. Interest to be accrued at a rate of average Prime plus 1% from the date that the Building Permit is issued to the date that payment of DCs is made.

This alternative is not recommended as this development does not meet the requirements for such incentives in either the legislation or the City’s comprehensive CIP and introduces some logistical issues and risks as noted in this Report.

Alternative #2 - Finance and Responsible Governance Committee could request staff review the City’s CIP program to ensure that the incentives provided to certain types of developments are aligned with Council’s goals. Although this alternative is available, modifying the CIP that was implemented in 2024 would require additional time to implement.

Alternative #3 - Finance and Responsible Governance Committee could request that City staff bring back a report to Committee for consideration that would include options for a DC Deferral Policy for developments that do not meet the requirements of other programs. Although this alternative is available, developing a policy, changing the City’s multi-departmental processes and developing appropriate safeguards to protect the City’s interest would require some additional time to implement.

Strategic Plan Alignment:

Affordable Place to Live		
Community Safety		
Thriving Community		
Infrastructure Investments		
Responsible Governance	X	Financial stewardship

Additional Background Information and Analysis:

Not Applicable.

Consultation and Engagement:

There was no public consultation required in relation to this Report.

Environmental and Climate Change Impact Matters:

There are no environmental and/or climate change impact matters related to the recommendation.

Appendix:

Not Applicable.

Report Author:

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File #:

C11

Pending # (if applicable):

Not Applicable.