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**TO:** GENERAL COMMITTEE

**SUBJECT:** DEVELOPMENT CHARGE DEFERRAL REQUEST

**WARD:** 8

**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

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**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 FIN015-16, be denied.

**PURPOSE & BACKGROUND**

2. At the General Committee meeting on September 26, 2016, Council recommended "that Staff Report FIN011-16 regarding a Development Charges Deferral Request be referred back to staff in the Finance Department for further consideration" (Motion 16-G-216).
3. The deferral request pertains to a letter received from Maria and Domenic Spalvieri dated August 17, 2016 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;
4. The letter also asserts that Educational development charges (EDCs), Parkland Dedication, and Administration fees were duplicated within their application. An explanation of the fees and confirmation that the fees were not in fact duplicates, was included in Staff Report FIN011-16 and therefore will not be addressed in this staff report.
5. The proposed development at 203 Coxmill Road is an 8 unit apartment building. The applicable 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.
6. It has been recently noted that the DCs for the proposed development were paid on September 13, 2016.
7. With respect to the applicants' request to have the DCs reassessed, the *Development Charges Act, 1997* (DCA), outlines the scenarios in which DCs may be disputed, and the process for doing so. It is recommended that the applicants refer to the DCA should they wish to proceed with this request.

8. 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”.
9. The City adopted a Development Charge Deferral Policy in 2015 (FIN-001-2015). 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 primarily to industrial use, with an additional criteria indicating that affordable housing should be considered under its own deferral policy should one exist. 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, and no policy exists for affordable housing at this time. As such, the application request was brought forward for consideration through staff report FIN011-16, and the current staff report.
10. On October 2, 2016 Council approved the Built Boundary Community Improvement Plan (staff report PLN016-16) as a mechanism to provide incentives for affordable rental housing. Under this plan, applicants may receive a grant upon meeting various eligibility requirements. This is described in more detail below.

#### **ANALYSIS**

11. 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.
12. 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 specific types of Industrial development and affordable housing developments, should an affordable housing deferral policy exist. The proposed development at 203 Coxmill Road does not align with the eligibility criteria, as the development is not for industrial use. Also, staff cannot ascertain whether the proposed development falls into the affordable housing category.
13. 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 Built Boundary Community Improvement Plan. Under this Plan, approved applicants are entitled to a grant upon 50% occupancy, subject to meeting the eligibility requirements for affordable rental housing. The grant is equivalent to a portion of the applicable DCs, building permit, and planning fees. Should the applicant wish to provide affordable housing, they are encouraged to submit an application in order to determine their eligibility.
14. The calculation of the applicable DCs for this development is based on the 2016 rates in the current DC By-law 2014-108. The *Development Charges Act, 1997* explains the process.
15. The 2016 Business Plan identified \$719 Million in capital expenditures required over the next five years, of which approximately \$409 Million is to be funded from DCs. The timing of DC revenues is critical in ensuring the City has the necessary cash flow to fund the capital plan.

#### **ENVIRONMENTAL MATTERS**

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

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**ALTERNATIVES**

17. 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. Also, if needed, the applicant may be able to secure more favourable financing rates through private lending institutions. Furthermore, approving a DC deferral request of this nature would set a precedent which could result in additional financial pressures.

**FINANCIAL**

18. DC deferrals, although temporary in nature, may result in the need for the deferral or alternative funding sources for growth capital projects. As indicated in the capital plan, approximately \$409 Million is required in DCs to fund growth related projects over the next five years. Deferring the receipt of DC revenues restricts the City's cash flow and challenges the City's ability to fund the capital plan.

**LINKAGE TO 2014-2018 STRATEGIC PLAN**

19. 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.

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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: Ian Malcolm  
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	
<b>Total</b> <b>\$ 222,720.29</b>	

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)

