

Clause 6 in Report No. 18 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on November 19, 2015.

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Development Charge Credit Requests Road Works and Intersections

Committee of the Whole recommends adoption of the following recommendations contained in the report dated October 28, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council authorize development charge (“DC”) credits of \$2,957,047 for the growth-related component (DCs) and a payment of \$170,695 for the non-growth component (tax levy) of the road works and intersection improvements shown in Attachment 2.
2. The Regional Solicitor be authorized to include the DC credit provisions in the DC agreements for the subdivisions identified in Attachment 3 of this report, with credits totalling \$606,124 to be funded from future Regional road DCs otherwise payable at the time of subdivision registration or building permit issuance.
3. The Commissioner of Finance be authorized to fund the growth component of DC credits totalling \$2,350,923 from Regional Roads DC reserves for developers identified in Attachment 4.
4. The Commissioner of Finance be authorized to fund the non-growth component of DC credits totalling \$170,695 from the tax levy for developers identified in Attachment 2.

2. Purpose

This report seeks authority to provide DC credits for road and intersection works to developers who undertook those works on behalf of the Region and submitted DC credit applications before the Region enacted a revised DC credit policy. Road and intersection improvement DC Credit requests that are proceeding

under the old DC Credit Policy need to be approved by Regional Council, as there is no delegated authority to staff to approve these credits under the old policy.

3. Background

The Region adopted a DC Credit Policy in 1996

At its May 9 and May 23, 1996 meetings, 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 Bylaw No. DC-0007-2007-040).

A revised DC Credit Policy was approved in November 2013

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

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

On June 26, 2014 Council approved seventeen transitional DC credits totalling \$6.5 million. At that time, staff indicated that there were future DC credit requests that would proceed under the transitional policy.

Additional development projects are expected to be eligible for DC credits under the old DC Credit request policy

Under the previous DC Credit policy, developers were permitted to submit their engineering drawings for approval and start construction of the works prior to submitting a DC Credit request and determining the 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.

It is anticipated that there may be additional development projects remaining under the previous DC Credit policy. Staff will request Council approval of these DC Credits at the appropriate time.

4. Analysis and Options

A total of \$3.3 million is eligible for DC Credit

To proceed with the development of their lands, eight developers were required to undertake road and intersection improvements in advance of the Region’s planned reconstruction program at a total cost of \$4,736,170. Attachment 1 identifies the developers and describes their road and intersection works.

The residential subdivisions benefiting from the roads and intersection works have approximately 3300 units. These subdivisions will result in Regional DCs of approximately \$110.8 million, including \$34.5 million for the roads component of the charges.

The Community Planning and Development Services Branch of the Corporate Services Department has reviewed the requests submitted by the developers and has determined that \$3,285,607 is eligible for DC credit (see Attachment 2).

Table 1 summarizes the total credits requested and the total DC credits for approved costs.

Table 1
Summary of the Breakdown of Approved Costs through DC Credit Process

DC Credit Requested	Approved DC Credit	Growth Component Repayment	Growth Component DC Credits	Recoverable Non-Growth	Non-Recoverable Non-Growth
\$4,736,170	\$3,285,607	\$2,350,923	\$606,124	\$170,695	\$157,865

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

The DC credit is to be funded through a reduction of Regional Roads DCs otherwise payable at the time of subdivision registration, subject to completion of the intersection works to the satisfaction of the Region. A total DC credit of \$606,124 will be provided at subdivision registration for the growth-related component of the works to those developers identified in Attachment 3.

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.

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

Some subdivisions where developers applied for DC credits prior to November 2013 have been built. 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 \$2,350,923 for these developers be funded from the Roads DC reserves (see Attachment 4).

Developers 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, but are nevertheless built to the ultimate location (i.e., the Region will not need to alter the works in the foreseeable 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, five developers advanced works that resulted in the discounting of the non-growth component of their DC credit request by \$13,372.

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. Two developers are not eligible to recover any of the non-growth component of their DC request, totaling \$144,493, as shown in Attachment 2.

In total, \$170,695 (\$59,091+\$111,604) is eligible for recovery by the developers for the non-growth component of the works (see Attachment 2).

[Link to key Council-approved plans](#)

Provision of DC credits is consistent with the 2015 to 2019 Strategic Plan's priority area of Good Government.

5. Financial Implications

Eligible DC credits will require payments from road DC reserves, from tax levy, and future DC credits

Table 2 summarizes the funding required to provide the DC Credits and reimbursements proposed in this report.

Table 2
Summary of the Proposed DC Credits and Reimbursements

Future DC Credits	DC Repayment (Roads DC Reserve)	Tax Levy Payment	Total DC Credits
\$606,124	\$2,350,923	\$170,695	\$3,127,742

The developers have been contacted and are in agreement with their credit amounts.

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 DC credits in the amount of \$3,127,742 (of which \$2,957,047 is for the growth component and \$170,695 is for the non-growth component of the works) be approved.

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

The Senior Management Group has reviewed this report.

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October 28, 2015

Attachments (4)

eDocs # 6368592

Accessible formats or communication supports are available upon request

List of Transitional Intersection Credit Requests July 2015

Ref #	Developer	Road and Intersection Location	Municipality	File Number	DC Credit Requested (\$)
1	Upper Unionville Inc. - Phase 1	16th Avenue and William Berczy Boulevard	City of Markham	D19.11.002.M	585,148
2	Upper Unionville Inc. - Phase 2	16th Ave. and William Berczy Blvd., 16th Ave. and Harbord St., Kennedy Rd. and Beckett Ave., Kennedy Rd. and Wilfred Murison Ave. Intersections	City of Markham	D19.12.004.M	1,600,443
3	Wykland Estates Inc. (Cornell)	16th Avenue and Country Glen, 16th Avenue and Black Creek and 16th Avenue and Bur Oak Avenue Intersections	City of Markham	D19.03.008.M	705,108
4	Casa East - Metrus Developments Inc.	Bayview Avenue opposite of Bayview Park Lane	Town of Richmond Hill	D19.12.002.R	298,937
5	Duke of Richmond Developments Inc.	Bathurst Street and Collin Court	Town of Richmond Hill	D19.08.010.R	795,062
6	Block 11 Properties Inc.	NW Corner of Major Mackenzie and Bathurst	City of Vaughan	D19.05.020.V	22,136
7	Nine-Ten West Ltd. (Block 18 Spine Services)	Rutherford Road at Grand Trunk Avenue	City of Vaughan	D19.05.017.V	207,991
8	Nine-Ten West Ltd. Block 18 Property Inc.	Northwest Corner of Rutherford Road and Dufferin Street	City of Vaughan	D19.04.023.V	521,345
					4,736,170

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	Upper Unionville Inc. - Phase 1	City of Markham	585,148	294,995	290,153	261,138		29,015
2	Upper Unionville Inc. - Phase 2	City of Markham	1,600,443	445,660	1,154,783	1,039,305		115,478
3	Wykland Estates Inc. (Cornell)	City of Markham	705,108	193,087	512,021	460,819	46,315	4,887
4	Casa East - Metrus Developments Inc.	Town of Richmond Hill	298,937	137,487	161,450	145,305	12,776	3,369
5	Duke of Richmond Developments Inc.	Town of Richmond Hill	795,062	139,385	655,677	590,109	65,568	
6	Block 11 Properties Inc.	City of Vaughan	22,136	1,548	20,588	18,529	1,629	430
7	Nine-Ten West Ltd. (Block 18 Spine Services)	City of Vaughan	207,991	12,380	195,611	176,050	17,694	1,867
8	Nine-Ten West Ltd. Block 18 Property Inc.	City of Vaughan	521,345	226,021	295,324	265,792	26,713	2,819
			4,736,170	1,450,563	3,285,607	2,957,047	170,695	157,865

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 (\$)
3	Wykland Estates Inc. (Cornell)	705,108	193,087	512,021	460,819	46,315	4,887
4	Casa East - Metrus Developments Inc.	298,937	137,487	161,450	145,305	12,776	3,369
		<u>1,004,045</u>	<u>330,574</u>	<u>673,471</u>	<u>606,124</u>	<u>59,091</u>	<u>8,256</u>

DC Credit Requests Recommended for Reimbursement

Ref #	Developer	Total Eligible for Reimbursement (\$)	Growth Component (\$)	Recoverable Non-growth Component (\$)
1	Upper Unionville Inc. - Phase 1	290,153	261,138	0
2	Upper Unionville Inc. - Phase 2	1,154,783	1,039,305	0
5	Duke of Richmond Developments Inc.	655,677	590,109	65,568
6	Block 11 Properties Inc.	20,588	18,529	1,629
7	Nine-Ten West Ltd. (Block 18 Spine Services)	195,611	176,050	17,694
8	Nine-Ten West Ltd. Block 18 Property Inc.	295,324	265,792	26,713
		2,612,136	2,350,923	111,604
		2,612,136	2,350,923	111,604