



Staff Report for Committee of the Whole Meeting

Date of Meeting: May 22, 2018

Report Number: SRCFS.18.020

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.18.020 Local Improvement, Special Assessment for Demaine Crescent, Alsace Road and Ashlar Road**

Purpose:

The purpose of this report is to establish By-law No. 50-18 to authorize the amounts to be charged to benefiting property owners for the reconstruction of the subject road. This report also seeks approval for the annual per meter frontage rate to be used for calculating the amount to be paid over ten (10) years for property owners who do not wish to prepay the special charge.

Recommendation(s):

- a) That the special charges allocated to each lot as set out and certified in Schedule "A" Local Improvement Roll, to draft By-law 50-18, attached as Appendix 'A' to SRCFS.18.020 for the reconstruction of Demaine Crescent, Alsace Road and Ashlar Road be authorized;
- b) That properties exempt from property taxation continue to be liable for special charges relating to Local Improvement Projects;
- c) That the Local Improvement rate be set at \$152.67 per meter frontage for lump sum payments or an annual payment of \$17.33 per meter frontage per year paid over ten (10) years; and
- d) That draft By-law 50-18 be enacted.

Contact Person:

Cedric Stone, Manager, Revenue Services, ext.3627

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

Page 2

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

Page 3

Background:

On November 28, 2011, Council approved the continuation of the Local Improvement process as a means of partial funding for reconstruction projects that relate to the upgrade of roads by charging the approved annually indexed per meter property frontage rates to properties that benefit from the upgrades.

On October 29, 2015, Richmond Hill circulated a notice to all 116 property owners advising of the intent to reconstruct Demaine Crescent, Alsace Road and Ashlar Road as a Local Improvement project. Property owners were provided with approximate costs, along with a deadline and instructions for filing an objection. None of the property owners objected. Fifty percent plus one objection is required to prevent the project.

As the proposed project had not been sufficiently petitioned against, Council approved the road reconstruction project at its meeting held on January 25, 2016 under the authority provided for within Ontario Regulations 586/06, which authorized the reconstruction of Demaine Crescent, Alsace Road and Ashlar Road as a Local Improvement project. This means that a portion of the costs of reconstruction relating to the upgrade of the road are charged to the properties that benefit from the upgrade, based on the assessable portion of their total frontage.

The reconstruction is now substantially complete which enables the municipality to begin levying the special charges to the benefiting property owners as set out in the Local Improvement Roll.

Notices of special charges were issued to benefiting property owners on March 8, 2018 and a Committee of Revision Hearing was not required as no objections were received that met the criteria set out in Ontario Regulation 586/06. Therefore, there were no changes made to the Local Improvement Roll.

Local Improvement on Tax Exempt Properties

Occasionally, properties which front a local improvement project may be exempt from paying annual property taxes. Such properties could include schools, hospitals, other public sector owners and places of worship.

O.Reg 586/06 provides municipalities with the option of exempting these properties from paying the special charges for local improvements that are exempt from property taxation. Under these circumstances, the special charges would still be calculated for the frontage of the exempt property. However, the municipality would assume the responsibility for the payment of them.

At this time there is one exempt Town owned property on the Local Improvement Roll. In addition to the aforementioned property, assessment appeals or change in use of a property may result in additional exempt properties during the ten year annual payment period. If such a change in the assessment of a property happens, staff recommends that these properties continue to be liable for special charges for local improvements as

Page 4

owners of these properties will receive the benefit of the upgrade in the road standard from rural to urban and will also benefit from the increased property value when the property is sold.

Financial/Staffing/Other Implications: Project Costing

When the Notice of Intention to Pass a Local Improvement Charges By-law was circulated, the benefiting taxpayers were informed that the special charge to be levied on the assessable portion would be \$152.67 per meter frontage. This has been established by By-law No. 4-16. The property owners and Richmond Hill are therefore responsible for:

| Project | Property Owners | Richmond Hill | Total |
|---|-----------------|---------------|-------------|
| Anzac Road from Axminster Drive to Taylor Mills Drive South | \$41,880 | | |
| Demaine Crescent, Alsace Road and Ashlar Road | \$192,891 | | |
| Total | \$234,771 | \$2,966,510 | \$3,201,281 |

Payment Options:

The certified Local Improvement Roll for the project indicating those affected properties and related charges is attached as Schedule A.

The Taxpayer has two options for the repayment of special charges to Richmond Hill:

- 1) Lump sum payment
- 2) Annual payments over 10 years

Property owners have been given until May 7, 2018 to make the lump sum payment. If a lump sum payment is not received by this date, the first of ten (10) annual payments will be added to the 2018 Final Property Tax Bills. The annual charge over ten (10) years will be \$17.33 per meter frontage. This rate is based on an interest rate of 2.37% (same as 10 years Government of Canada Bond Yield on February 15, 2018). As an example, a homeowner having 15.24 meters (50 feet) frontage will pay under option:

- 1) Lump sum payment (\$152.67 per meter frontage) \$2,326.69
- 2) Annual payment for 10 years (\$17.33 per meter frontage) \$264.10

Page 5

In accordance with By-law No. 047-03, a By-law regarding the commutation of annual payments, property owners who choose to pay the special charges over 10 years may choose to pay the remaining balance at any time. The amount payable will be equal to the remaining principal plus interest since the last annual payment was applied to the account.

Relationship to the Strategic Plan:

This approach of financing road reconstruction and improvement projects reinforces Richmond Hill's commitment to maintaining sound fiscal management.

Conclusion:

By-law 50-18 must be enacted to authorize the levying of a special charge as set out in the Local Improvement Roll to allow for the collection from the benefiting property owners of their portion of the Local Improvement Project Costs.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.

- Appendix A - Draft By-law 50-18
- Schedule A - Local Improvement Roll to Draft By-law 50-18

Page 6

Report Approval Details

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|----------------------|---|
| Document Title: | SRCFS.18.020 Local Improvement Demaine, Alsace Ashlar.docx |
| Attachments: | - LI Roll Demaine_Alsace_Ashlar signed 2018.04.24.pdf - LI By-law Demaine_Alsace_Ashlar 50-18.docx |
| Final Approval Date: | Apr 27, 2018 |

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Apr 25, 2018 - 12:54 PM

MaryAnne Dempster - Apr 25, 2018 - 1:09 PM

Neil Garbe - Apr 27, 2018 - 9:53 AM