



Staff Report for Committee of the Whole Meeting

Date of Meeting: July 3, 2018

Report Number: [SRCFS.18.025]

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.18.025 Update on Development Charges
Redevelopment Exemption Policy**

Purpose:

To provide Council with an update on the Town's Development Charges Redevelopment Exemption Policy.

Recommendation(s):

- a) That staff report SRCFS.18.025 regarding the Development Charges redevelopment exemption policy be received; and
- b) That a tiered development charge redevelopment exemption approach for derelict buildings and structures be implemented as part of the 2019 DC By-law Update, as outlined in SRCFS.18.025.

Contact Person:

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Gigi Li, Manager, Capital and Development Financing, ext. 6435

Report Approval:

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

Approved by: Neil Garbe, Chief Administrative Officer

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.

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Background:

At the February 5, 2018 Committee of the Whole meeting, Council passed a motion in respect to demolished homes incurring development charges, that it be referred to staff to provide Council with additional information, including any potential financial impact on the Town and health and safety issues, be reported back to a future Committee of the Whole meeting no later than July 2018.

Development Charges Redevelopment Exemption

Under Development Charges Act, 1997 section 2(1), The Council of a municipality may by by-law impose development charges (DC) against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies, including redevelopment. Some municipalities opt to provide redevelopment exemptions with the intent to encourage redevelopment in a timely manner by providing a credit to the total development charges applicable.

Currently, the Town of Richmond Hill's Development Charges By-laws provide a development charges exemption for redevelopment when the building permit for the new building or structure is issued within four years from the earlier of the date demolition commenced or the date on which a demolition permit was issued. Full DCs are applicable when the four year period lapses. The Town collects Regional and Education development charges, on behalf of the Region and Boards of Education. The four year full exemption policy is consistent for both the Town and the Region of York, while the Boards of Education allow up to five years. The redevelopment exemption / credit is not created to be a revenue tool for the municipalities or penalize those that don't meet the time limit but rather to provide an incentive to redevelop the property within a reasonable time frame.

Comparison with other municipalities revealed the time limit for redevelopment exemptions and credits range between four months to ten years with the average between four and five years. All municipalities that were part of the benchmarking have a maximum time limit for redevelopment to be exempt from development charges. There are no municipalities with indefinite time limit for redevelopment exemption. Appendix 1 provides a summary of the benchmarking completed.

The Regional Municipality of York has a unique clause allowing derelict buildings or structures to have an extended exemption period on a sliding scale at a prorated rate. Any building or structure deemed derelict is eligible for development charge credits if a building permit is issued for a building or structure on the lands previously occupied by the deemed derelict residential building or structure within 120 months or less of the issuance of demolition permit for the deemed derelict building or structure. The development charge credit is calculated as set out below.

The redevelopment credit will be 100% up to year 4 and then prorated from year 5 to year 10 at 25% reduction every 2 years, as shown in Table 1.

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Table 1	
Time Frame	% of redevelopment credit for derelict building
Up to and including Year 4	100%
Year 5 to Year 6	75%
Year 7 to Year 8	50%
Year 9 to Year 10	25%
Beyond Year 10	0%

In accordance with the Region's Development Charges By-law, any building or structure, that is determined to be derelict, or the equivalent of derelict by the municipal council of the area municipality in which the building or structure is located, is eligible for this development charge credit structure.

The Region's redevelopment credit policy is still aimed to encourage redevelopment however it also recognizes the nature of the derelict buildings, and allows additional time for the said properties to redevelop at a reduced rate.

Staff recommend adopting York Region's redevelopment credit policy on derelict buildings. In doing so, the Town's DC redevelopment exemption policy will be more in line with that of the Region's, adding consistency and ease of administration while providing financial relief to this unique type of redevelopment.

However, as per the Development Charges Act, a public process is required to pass or amend a Development Charges By-law where notice is provided to the public, followed by public consultation and a public meeting. Given the process required to implement such a change, which requires, among other things, a public meeting and the 2019 Development Charges By-law Update process is currently underway for June 2019 implementation, staff recommend the tiered development charge redevelopment exemption approach for derelict buildings and structures be implemented as part of the 2019 DC By-law Update, and incorporate into the consultation process with key stakeholders in 2019.

While staff support the change, there is not enough time to make the DC By-law amendment necessary in advance of the election recess in October.

Derelict Buildings and Structures

The Town does not currently have a formal policy regarding derelict buildings and structures. Site visits and inspections on vacant or unoccupied properties are conducted on a complaint basis by Town staff. Staff would work with the property owners towards compliance with the Town's Property Standards By-laws. These properties are visited on a routine basis to ensure safety to the public. Staff recommend that a formal policy on vacant/unoccupied/derelict buildings and structures be established as part of the 2019 DC By-law Update process.

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Financial/Staffing/Other Implications:

There is no direct financial implication from the recommendations in this report. Should Committee of the Whole proceed with the removal of the four year redevelopment exemption period and provide an indefinite redevelopment time frame, future development charge revenues would be lost. The current development charge rate for a single and semi-detached residential home is \$17,841.

Relationship to the Strategic Plan:

Proceeding in the manner recommended by this report reflects responsible municipal management and demonstrates Goal Four – Wise Management of Resources in Richmond Hill.

Conclusion:

The main goal for municipalities to offer redevelopment exemption/credits is to promote redevelopment in a timely manner. After benchmarking with other municipalities, best practice would be to move to a policy in line with York Region's redevelopment policy on derelict buildings and structures as part of the 2019 Development Charges By-Law Update.

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 1 – Municipal Benchmark on Redevelopment Exemptions/Credits

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Report Approval Details

Document Title:	SRCFS.18.025 Update on Development Charges Redevelopment Exemption Policy.docx
Attachments:	- 18.025 Appendix.docx
Final Approval Date:	Jun 21, 2018

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

David Dexter - Jun 20, 2018 - 7:32 AM

MaryAnne Dempster - Jun 20, 2018 - 4:19 PM

Neil Garbe - Jun 21, 2018 - 2:20 PM