



Staff Report for Committee of the Whole Meeting

Date of Meeting: July 2, 2019

Report Number: SRCFS.19.033

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.19.033 - Proposed Amendments to the Parker Land Developers Inc. Subdivision Agreements (19T-13004)

Purpose:

To request that Council authorize an amendment of the subdivision agreements with Parker Land Developments Inc. to facilitate City contributions (funded by development charges) for the oversized services that the developers provided.

Recommendation:

That upon the written recommendation of the City Treasurer, the Mayor and Clerk be authorized to execute an amending agreement to the Parker Land Developments Inc. Subdivision Agreement (19T-13004) to facilitate a City contribution towards development charge services in the amount of \$114,056.82.

Contact Person:

David Dexter, Director, Financial Services & Treasurer, Corporate & Financial Services, Extension 2484

Ilan Treiger, Financial Management Advisor, Long Range Financial Planning & Policy, Extension 2415

Report Approval:

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

Approved by: Neil Garbe, City Manager

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

Page 2

Background:

In order for a new subdivision or site plan to be developed, it is often a requirement that certain public works have to be constructed to allow the development to commence. In some cases, a developer may carry out the construction of public works to advance the infrastructure necessary for private development to proceed. Where feasible, the City will allow the developer to perform work that relates to a service in the Development Charges By-laws and agree to give a credit towards the works. These credits would be used to reduce the amount of development charges to be paid by the developer. Development charge credits occur when the costs of these works exceed the development charges payable. These excess development charge credits would normally be recovered from others who eventually build in that same development area i.e. other benefiting developers.

When a developer carries forward “excess credits”, the responsibility for finding a mechanism to relieve those credits in the future lies with the developer. There are essentially two mechanisms:

- a. Acquire additional lands within the applicable development area; or
- b. Find another land owner within the applicable development area and assign or transfer credits to that owner.

Where developers carry forward excess credits and they do not have any other lands within the applicable development area (the first mechanism above), it is the preference of the City that they use credit transfer agreements (the second mechanism above). This is usually effective in satisfying both the front-ender and other developers, and also results in the City not receiving development charge monies and the development charge reserve fund not accumulating funds. Nevertheless, the timing of future developments often impacts when these credits are relieved. Some developers have expressed concerns that they hold significant excess credits for potentially long periods of time.

If, for whatever reason, a development charge reserve fund does accumulate funds, it is the City's practice to make contributions towards future development charge services as part of agreements entered into for those services. However, this does not function to reduce any “excess credits” already carried forward by developers which have already entered into agreements. Those must utilize the two mechanisms set above.

Development Charge Excess Credit in the Oak Ridges– Lake Wilcox - Overall Area Specific Development Charges Area

Parker Land Developers Inc. (“Parker”) developed the lands within 65M-4572 in 2017 and, in doing so, provided creditable services for the oversizing portion of Collector Road covered by the Oak Ridges – Lake Wilcox - Overall ASDC By-law No. 56-14. The total oversizing cost of the creditable service was \$252,942.

Page 3

Although some benefiting development has proceeded before the works were constructed. At the time of execution of the subdivision agreement, the City did not have sufficient funds in the applicable DC reserve fund and therefore a City contribution was not provided to the developer for the creditable service.

Excess credits represent public works put in place by developers to advance the infrastructure necessary for private development to proceed. These are indexed annually by the construction price index in the same manner as the City's development charge rates. As of July 2, 2019, the total outstanding excess credit is approximately \$114,056.82.

Over the years, the City has been successful in facilitating a credit transfer agreement with one other developer in the area to reduce to the current excess credit amount.

It is the City's practice to facilitate credit transfer agreements based on timing of when the excess credit was established on a first-in-first-out basis.

Analysis on Releasing Excess Credits

During the 2019 Development Charge Update process, staff have identified that the City had collected sufficient development charges in the Oak Ridges – Lake Wilcox – Overall ASDC to facilitate the necessary public works in the area, including boundary road and storm sewer and appurtenances works.

Thereby the City did not update the Oak Ridges – Lake Wilcox – Overall ASDC By-law No. 56-14, and allowed it to expire on June 9th 2019. Due to the fact that the City will no longer collect development charges in the area, it will no longer be able to facilitate credit transfer agreements with other developers in order to meet the City's obligation to Parker.

At the present time Parker is the only developer in Oak Ridges – Lake Wilcox – Overall ASDC with a development charges credit balance, in the amount of \$114,056.82. Given that there were no front-end agreements in place when these funds were collected, the only way to allocate these funds back to Parker is to amend the subdivision agreements to facilitate a City contribution. The effective result of the amendments would be that the credits owing to Parker would be fully settled.

The remaining balance of the Oak Ridges – Lake Wilcox – Overall ASDC Reserve Fund will be \$4,283,565 post repayment, sufficient to provide for the boundary road and storm sewers and appurtenances works.

While staff do not recommend repayment of credit carry-forwards as a standard practice, it is reasonable in this situation to allow for these City contributions for the reasons as set out above.

Page 4

Financial/Staffing/Other Implications:

Given that these funds are generated from development charges and that there would appear to be sufficient development charges in the reserve fund, there is no direct financial impact upon the City.

Relationship to the Strategic Plan:

Proceeding in the manner recommended by this report reflects the goal of wise management of resources in the City of Richmond Hill.

Conclusion:

This report provides an overview of the development charge excess credit in the Oak Ridges – Lake Wilcox - Overall Area Specific Development Charge area. It is reasonable and in the best interest of all parties to provide for amendments to the subdivision agreements to facilitate City contribution payments in the amount of \$114,056.82 to be made to Parker Land Developers Inc. to resolve the excess credits.

Page 5

Report Approval Details

Document Title:	SRCFS.19.033 Proposed Amendments to the Parker Land Developers Inc. Subdivision Agreements (19T-13004).docx
Attachments:	
Final Approval Date:	Jun 19, 2019

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

David Dexter - Jun 19, 2019 - 12:38 PM

MaryAnne Dempster - Jun 19, 2019 - 12:53 PM

Neil Garbe - Jun 19, 2019 - 1:39 PM