

Report PDR-PCD-10-15

To: Chair Wright and Members of the Planning and Community Development Committee

From: Randy Scherzer, Director of Planning and Development
Kevin Wepler, Director of Finance

Meeting Date: February 17, 2015

Subject: **Development Charges Deferral Request**

Status: Recommendation adopted by Committee (Option 2) per Resolution PCD32-15; County Council directed that the development charge payment for each residential unit be due at the time of the occupancy permit for each unit per Resolution CC44-15 March 3, 2015;

Recommendation(s)

WHEREAS subsection 15(2) of By-laws 4744-12 and 4745-12 being the County's Development Charges By-laws provides that a development charge shall be payable in full on the date the first building permit is issued in relation to a building or structure on land to which the development charge applies;

AND WHEREAS the County has received a request from a developer (Graham Design and Construction) to defer development charge payments for each residential unit upon issuance of an occupancy permit for a development in the City of Owen Sound known as 'Pottawatomie Gardens' which is a proposal to construct 12 life lease residential units within the Alpha Street Medical Arts Building with each unit price expected to be sold for less than \$200,000;

AND WHEREAS Section 27 of the Development Charges Act, 1997, provides that a municipality may enter into an agreement to provide for a deferral of the development charge;

AND WHEREAS the City of Owen Sound has agreed to defer City development charges until occupancy permits have been issued;

NOW THEREFORE BE IT RESOLVED THAT Report PDR-PCD-10-15 be received;

AND THAT Council directs that the development charge payments for each residential unit be due at the time of building permit (Option 1), occupancy permit (Option 2) or a maximum period of X months from issuance of the building permit, or whichever occurs first (Option 2a);

AND THAT staff be directed to prepare a development charges deferral agreement with Graham Design and Construction for the 'Pottawatomni Gardens' development for Council's consideration;

AND FURTHER THAT staff be directed to prepare a development charges deferral program for Council's consideration which would outline when the deferral of development charges would be considered for certain types of development on a go forward basis.

Background

The County's Development Charge By-laws being By-laws 4744-12 and 4745-12 were approved by County Council on January 3, 2012. Development charge by-laws are to be reviewed every 5 years and therefore the review of the current By-laws is scheduled to commence in 2016. Subsection 15(2) of the County's Development Charges By-laws provides that a development charge shall be payable in full on the date the first building permit is issued in relation to a building or structure on land to which the development charge applies.

The County has received a request from Graham Design and Construction to defer development charge payments as they relate to a development known as 'Pottawatomni Gardens' located in the City of Owen Sound. The request is to defer the payment of development charges for each residential unit until an occupancy permit has been issued by the City. The developer notes that by deferring the development charge collection until the time of occupancy permit, it reduces their upfront costs on the development. The developer is proposing to construct a total of 12 life lease residential units in the former Alpha Street Medical Arts building. The developer is proposing to sell the units for less than \$200,000 each with the units ranging in size from 716 square feet to 1050 square feet.

Section 27 of the Development Charges Act allows a municipality to enter into an agreement with a person to provide for a deferral of the development charge to be paid before or after it would otherwise be payable. The City of Owen Sound has agreed to defer the City development charges until occupancy permits have been issued for the development in question.

Based on the request, Council could defer the payment of development charges for each residential unit until an occupancy permit is issued or take no action and require payment of the development charges at the time that building permits are issued as per the current By-laws. If Council agrees to defer the payments, Council could also include a maximum period of time for the development charges to be paid. For example, the deferral could be upon issuance of an occupancy permit or for a period of time (e.g. 18 months) from issuance of the building permit, or whichever occurs first.

Should Council agree to defer the payment of development charges as permitted under the Development Charges Act, staff would prepare a deferral agreement based on the deferral period as directed by Council and bring this forward for Council's consideration.

Staff could also prepare a development charges deferral program for Council's consideration which would outline when the deferral of development charges would be considered for certain types of development on a go forward basis.

Financial / Staffing / Legal / Information Technology

Considerations

Should Council decide to defer the development charges for this development, the development charges revenue would be collected eventually but would be delayed for the specified period of time as directed by Council. Should Council approve a new development charges by-law in 2017, there is the possibility that the development charges for this development could either increase or decrease depending upon any changes made to the development charges by-law. For example, should the redevelopment clauses be changed or clarified to allow consideration of credits to be provided in these circumstances (i.e. converting an existing building), the development charges could decrease or be eliminated entirely. Alternatively, should the clauses remain the same and should further growth related initiatives be identified in the development charges background study, the development charges could increase. The development charges for this development would be \$41,620.92 based on the 2015 rates.

The current draft 2015 budget includes \$50,000 as a grant-in-lieu for proposed affordable housing developments. Should Council approve this budget item, staff will be bringing forward a report outlining the criteria that would be used to determine eligibility for applying for the grant-in-lieu. The grant-in-lieu program would be on a first come first serve basis. Should this development meet the criteria, the developer could then apply for a grant-in-lieu of development charges. Until the criteria have been

considered by Council, it is difficult to determine at this stage whether or not the proposed development would be eligible.

Link to Strategic Goals / Priorities

The draft Economic Development Action Plan encourages the County, municipal and community partners to be more “open for business”. Deferring development charges for certain types of developments could be considered an ‘open for business’ initiative as it could encourage further growth opportunities which is beneficial for the local economy.

Respectfully submitted by,

Randy Scherzer
Director of Planning and Development

Kevin Weppler
Director of Finance

From: [Weppler, Kevin](#)
To: [Morrison, Heather](#); [Scherzer, Randy](#)
Cc: [Warder, Tara](#)
Subject: RE: Pottawatomi Gardens
Date: Friday, February 13, 2015 8:45:56 AM

From: Richard Graham
Sent: Thursday, February 05, 2015 12:51 PM
To: Eccles, Kevin
Cc: Wright, Arlene; Weppler, Kevin
Subject: Pottawatomi Gardens

Hi Kevin

Arlene Wright suggested I contact you about the affordable adult lifestyle project we are doing here in Owen Sound.

This project is the redevelopment of the old Alpha Street Medical building into 12 over 55 Life Lease units. It has been quite a journey to get the project to this stage. It all started a year and a half ago with the Conservation Authority who had effectively frozen the site to any development. After many months of negotiation they agreed to the development we have designed now. (see attached)

Recognizing that there is a need for affordable housing for seniors, this project has been developed to keep the cost down so the units prices are all below the \$200,000 mark (you can see what we are doing at www.soundlifestyles.com)

Because this is a redevelopment of an existing site & building, the City of Owen Sound has a formula that reduces the Development Charges (basically cuts them in half) We now have a signed Site Plan Agreement with the City that not only reduces the DC's but also delays payment until the Occupancy Permit is applied for.

Last November I asked Arlene for her help and she and Kevin have been discussing how the County could do something similar to what the City has done. At the very least if the County could delay payment of the DC's until time of occupancy like the City, that would be a big help.

We have submitted our application for Building Permit, but have asked that it not be processed until we know about the County development charges. We are planning to start construction in the next week or two, so we are asking that the County instruct the City to delay the collection of the County DC's to coincide with the Cities DC fee collection.

This would give you time to review the possibilities of a reduction and still allow us to proceed. This helps us because it reduces the financing cost on the DCs (\$41,000) over the time of construction and on these low budget project every little thing helps.

I greatly appreciate you taking the time to deal with this concern.

Regards

Richard D Graham

President

Graham Design & Construction

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