



Report to: General Committee

Meeting Date: May 30, 2016

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<b>SUBJECT:</b>	Revised Development Charge Credit and Reimbursement Process
<b>PREPARED BY:</b>	Kevin Ross, Manager, Development Finance (ext. 2126) Ron Blake, Senior Development Manager (ext. 2600)

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**RECOMMENDATION:**

- 1) That the report entitled “Revised Development Charge Credit and Reimbursement Process” be received;
- 2) THAT the Development Charge Credit and Reimbursement Policy, as amended, in Appendix A and noted in this report, be received and adopted by Council;
- 3) That Council delegate authority to Development Services Committee to approve development charge credits and/or reimbursements recommended to Committee through Recommendation Reports for development applications;
- 4) And that staff be authorized and directed to do all things necessary to give effect to this resolution.

**EXECUTIVE SUMMARY:**

Not applicable

**PURPOSE:**

The purpose of this report is to seek Council’s approval of recommended changes to the Development Charge Credit and Reimbursement Policy and process.

**BACKGROUND:**

The Development Charge Credit Policy was first approved by Council on June 23, 2008 and had its most significant amendment approved by Council on June 22, 2010. The June 2010 amendment resulted in a revision to the name of the policy to the Development Charge Credit *and Reimbursement* Policy, and also included changes to: (1) expand its coverage to include reimbursements to developers, (2) provide authority for the termination or amendment of existing Credit and Reimbursement Agreements, and (3) permit development charge credits through site plan agreements.

Development Charge (“DC”) credits and reimbursements allow developers who construct public works on the City’s behalf to receive compensation through credits and/or reimbursement, based on specified criteria. To improve the process, staff are recommending a change whereby the approval for DC credits and/or reimbursements will be obtained in tandem with a development’s approval through Development Services Committee (“DSC”) (e.g.: site plan/subdivision). By granting authority to provide DC credits/reimbursement at the time of development approval, the process will be

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streamlined and more efficient, as the current requirement for a separate DC report regarding the DC credits will be eliminated. This change will also enable the City to identify early in the process the infrastructure to be built on its behalf, and provide a holistic picture of a development, the infrastructure requirement, and the costs involved.

The fundamentals of the Development Charge Credit and Reimbursement Policy (“Policy”) will remain intact where the City (1) receives and utilizes actual construction costs in determining compensation, (2) caps the credit/reimbursement at the cost included in the DC Background Study and, (3) receives security to cover the cost of the works until constructed and assumed, in accordance with municipal requirements.

### **OPTIONS/ DISCUSSION:**

The Policy establishes guidelines for the application, administration, issuance and approval of DC credits and/or reimbursements. The approval authority provided in the Policy is as follows:

- The Treasurer will have approval authority where the credit and/or reimbursement request is equal to or less than the indexed cost of the component set forth in the Development Charge (“DC”) Background Study, and the amount being claimed is less than \$500,000; and
- Council will have approval authority where the credit and/or reimbursement request is equal to or less than the indexed cost of the component set forth in the DC Background Study, and the amount being claimed is \$500,000 or greater.

The Policy also provides guidance on the quantum of DC credits and/or reimbursements that can be provided, by capping the amount based on the infrastructure cost included in the Council-approved DC Background Study. The cap limits the developer’s recovery of costs for infrastructure constructed on the City’s behalf to the *lesser of* the actual cost or, the cost included in the DC Background Study.

### **Current Process**

Under the current process, developers typically request DC credits during the construction of their site, that is, after all the requisite development approvals (e.g. site plan, subdivision, building permit etc.) have been obtained. If the developer is eligible for credits in excess of \$500,000, staff are required to write a report to Council recommending approval of the credits. This process results in Council being requested to approve credits for infrastructure works related to a subdivision or site plan, which has already received DSC or Council approval.

To improve and streamline the process, staff are recommending a revision whereby the approval of DC credits and/or reimbursements will be obtained in tandem with the

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development approval by DSC or Council, thereby eliminating the requirement to seek approval of DC credits for a development that has already been approved.

#### Recommended Process

In order to streamline and expedite the approval of development charge credits and/or reimbursements, it is recommended that the current process of approving credits/reimbursements by way of the Treasurer or Council based on a quantum (i.e. less than or greater than \$500,000), be amended in favour of a process which integrates this authorization into the development approval process, where possible. This advances the point at which authorization is received and improves the efficiency of the process by eliminating the requirement for an additional Council approval request.

The other approval requirements contained in the Policy will remain unchanged, including a cap on credits based on the amount included in the DC background study and all other current Policy requirements pertaining to eligibility, security, post-construction follow up, fees and agreement termination. See the Policy attached in Appendix A; changes are highlighted for ease of reference.

Development applications obtain approval in various ways which are dependent upon the proposal and whether approval of an official plan amendment, zoning by-law amendment, draft plan of subdivision, and/or site plan are required. These approval categories are shown below, in conjunction with the recommended timing of the DC credit and/or reimbursement approval.

#### **a) Site Plans with Delegated Staff Approval**

Many applications for site plans that require no official plan amendment, zoning by-law amendment or draft plan of subdivision approval are delegated to the Director of Planning and Urban Design for approval, and do not require Council approval. These types of applications include:

- Additions to existing buildings or minor changes to previously approved site plans
- New Townhouse development
- New multi-storey residential development, under four (4) storeys in height
- New Industrial development
- New Institutional development, provided the development does not front onto a Provincial highway, arterial road, or major collector road as designated in the Official Plan
- New Retail and Commercial development, provided the total GFA is less than 4,700m<sup>2</sup>.

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If a delegated site plan includes a DC eligible project, these works will be flagged at the pre-consultation or circulation stage by the Engineering Department, and the credit and/or reimbursement approval will be based on current limits as follows:

- If the cost is under \$500,000, a memo to the Treasurer to approve the DC credits/reimbursement will be prepared and approved prior to agreement execution so the credits can be addressed in the agreement
- If the cost is \$500,000 or greater, a report to General Committee will be prepared to obtain Council approval for the DC credits and/or reimbursement. The credits will then be addressed in the agreement.

Based on previous DC credits and reimbursements approved, it is not anticipated that many approvals will be required for these types of developments.

**b) Site Plans with Development Services Committee Approval**

Some applications for site plan approval that do not require accompanying official plan amendments and zoning by-law amendments, are not delegated to staff; these are approved by DSC. No Council approval is required for these applications, but Council does receive the DSC resolution for information purposes.

If a non-delegated site plan agreement application includes a DC eligible project, the works will be flagged at the pre-consultation or circulation stage by the Engineering Department. A recommendation for DC credit and/or reimbursement approval will be included in the final staff report submitted to DSC requesting approval for the site plan agreement. The DC credit and/or reimbursement will then be incorporated in the site plan agreement.

It is recommended that Council delegate the specific authority to approve the DC credits to DSC, along with the already delegated authority to approve site plan applications, in this category.

**c) Development Applications that Require Council Approval**

Applications for subdivision are approved by Council.

If a subdivision includes a DC eligible project, the works will be flagged at the pre-consultation or circulation stage by the Engineering Department. A recommendation for DC credit and/or reimbursement approval will be included in the staff report submitted to DSC and Council, recommending approval for the subdivision. The DC credit and/or reimbursement will be incorporated in the subdivision agreement.

**d) Transition for Current Requests**

Staff are currently reviewing requests for DC credits and/or reimbursements from developers that are related to site plan and subdivision agreements that were previously

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approved by Council. Staff recommend approval for these requests based on the current Policy limits as follows:

- If the cost is under \$500,000, a memo to the Treasurer to approve the DC credits/reimbursement will be prepared. The approved amount will be addressed in a credit/reimbursement agreement, as necessary.
- If the cost is \$500,000 or greater, a report to Council will be prepared to obtain approval for DC credits/reimbursements. The approved amount will then be addressed in a credit/reimbursement agreement, as necessary.

Staff memorandums and reports recommending DC credits/reimbursements will include general information regarding infrastructure related to the development application, as well as the cost (as included in the DC Background Study) for which DC credit/reimbursement is being requested. DC credits/reimbursements will be granted in accordance with the Policy and will be capped based on the cost included in the DC Background Study.

If a request for a development charge credit and/or reimbursement is made subsequent to a development application approval, for legitimate reasons verifiable by staff, the Treasurer will approve claims for less than \$500,000 and Council will approve claims for \$500,000 or greater. This is consistent with the current process.

#### Disbursement and Post-Construction Follow-Up

Developers who receive approval for DC credits and/or reimbursement will initially receive credits for 80% of the estimated cost of the works (as included in the DC Background Study), with the balance up to the remaining 20% to be provided when the City receives final certification and information on the actual cost of the infrastructure.

Following an assessment of the final (actual) cost by the Engineering Department, the remaining 20% will be provided based on the lesser of the actual cost and the cost included in the DC Background Study for the infrastructure. If the cost to be credited is greater than the 80% initially provided, the developer will receive the remainder of the credits on future development applications or through DC reimbursements. If the cost to be credited is less than the 80% initially provided (this may be unlikely based on past credit applications), the City will request reimbursement of the differential (80% less actual credits) which will then be secured through the Engineering letter of credit being held for construction of the public works. If the City is not reimbursed for the excess DC credits provided through advancing the initial 80%, the amount will be drawn from letters of credit being held for the development, once the obligations under the agreement are reduced.

All other aspects of the Development Charge Credit and Reimbursement Policy will remain in force.

Summary of Recommended Approval Process

- a) **Site Plans with Delegated Staff Approval** – Treasurer to approve development charge credits and/or reimbursement claims for less than \$500,000 and Council to approve claims for \$500,000 or greater.
- b) **Site Plans with Development Services Committee Approval** – Council to provide delegated authority for DSC to approve development charge credits and/or reimbursement included in staff reports, submitted to DSC for approval.
- c) **Development Applications that Require Council Approval** – Council to authorize development charge credits and/or reimbursement included in staff recommendation reports submitted to DSC and Council.
- d) **Transition for Current Requests** – Treasurer to approve development charge credits and/or reimbursement claims for less than \$500,000 and Council to approve claims for \$500,000 or greater.

**FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The proposed revision has no financial impact. Application and administration fees will continue to be collected.

**ENVIRONMENTAL CONSIDERATIONS:**

Not applicable

**ACCESSIBILITY CONSIDERATIONS:**

Not applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

The Engineering, Planning and Legal departments have reviewed this report and their comments are incorporated.

**RECOMMENDED BY:**

16/05/2016

X 

Alan Brown  
Director, Engineering

24/05/2016

X 

Biju Karumanchery  
Director, Planning & Urban Design

24/05/2016

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Joel Lustig  
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Commissioner, Corporate Services

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Jim Baird  
Commissioner, Development Services

Attachments:

[Appendix A – Development Charge Credit and Reimbursement Policy](#)