



Municipality of North Grenville

To:	COUNCIL	Meeting Date: 2020/11/17
Subject:	Pre-Payment of Development Charges Agreements	Report No: PD-034-2020
Prepared by:	Amy Martin, Acting Director of Planning and Development	File No: C7-PD

RECOMMENDATION(S)

THAT Council enters into separate agreements with 1504107 Ontario Inc. (carrying on business as "Lockwood Brothers Construction"), 7766351 Canada Inc. and 2220544 Ontario Inc. to pre-pay their development charges ahead of the development charges rate increase November on 19th, 2020 and that the Mayor and Clerk be authorized to execute the agreements on behalf of the Municipality.

THAT Council authorize the Chair and Clerk to execute agreements on behalf of the Municipality with respect to any further agreements to prepay development charges received prior to November 19, 2020 provided that such agreements are in accordance with the Municipality's standard form of agreement.

EXECUTIVE SUMMARY

Purpose

- To authorize the Municipality to enter into separate agreements with three developers to pre-pay their development charges prior to the November 19th, 2020 rate increase.

Key Findings

- Council passed the most recent Development Charges Rate By-law on November 19th, 2019. A phased in fee increase model was adopted to lessen the impact of the increase in development charges.
- Development Charges are collected at the time a building permit is issued.
- The Development Charges By-law allows for a developer to enter into an agreement with the Municipality to pre-pay development charges prior to the issuance of a building permit.

Financial Implications

- The current rate for single detached dwellings in the rural area is \$8,554. As of November 19th, 2020 this rate will increase to \$11,009, a difference of \$2,455. The current rate for a single detached dwelling in Urban Service Area 1 is \$10,108. The increased rate as of November 19th, 2020 will be \$25,872, for a difference of \$15,764.
- The total value of the Development Charges today amounts to \$351,484 for all three developers. After November 19th, 2020, this amount increases to \$529,538. This equates to a difference of

\$178,054. Most of the request for pre-payment of development charges pertains to single detached dwelling in the Rural Service Area.

BACKGROUND

Development Charges are collected at building permit issuance and are intended to offset the capital costs associated with development driven growth. Every five years, the Municipality undertakes a review of their development charges through a background study to determine the rates to be charged. The Municipality adopted the most recent Development Charges By-law on November 19, 2020 and opted to phase in the increase over the period of a year, with the final increase taking effect on November 19th, 2020.

ANALYSIS

The Municipality has received three separate requests to enter into agreements to pre-pay development charges ahead of the November 19th, 2020 rate increase.

Section 11.1(3) of the Development Charges By-law allows for the pre-payment of development charges before building permit issuance. This must be done so by entering into an agreement with the Municipality.

The Municipality received requests the following requests:

1. 766351 Canada Inc. - pre-pay for 18 single detached dwellings in the Rural Area;
2. 1504107 Ontario Inc. – pre-pay for 16 single detached dwellings in the Rural Area and 1 single detached with an apartment dwelling in Urban Service Area 1; and
3. 2220544 Ontario Inc. – prepay for 5 single detached dwellings in the Rural Area.

The current rate for single detached dwellings in the rural area is \$8,554. As of November 19th, 2020 this rate will increase to \$11,009, a difference of \$2,455. The current rate for a single detached dwelling in Urban Service Area 1 is \$10,108. The increased rate as of November 19th, 2020 will be \$25,872, for a difference of \$15,764.

The total value of the Development Charges today amounts to \$351,484 for all three developers. After November 19th, 2020, this amount increases to \$529,538. This equates to a difference of \$178,054. Most of the request for pre-payment of development charges pertains to single detached dwelling in the Rural Service Area.

The agreements will stipulate that if a building permit is not issued within one year from the signing date of the agreement, the difference in the development charge rate will be payable upon building permit issuance.

Strategic Alignment

Strategic Focus Area 3: Collaborative Leadership (Goal 4: Fiscal Responsibility)

- Outcome: To responsibly manage the resources and tax base of North Grenville in a transparent manner by entering into an agreement for the pre-payment of development charges as permitted under the Development Charges By-law.

COMMENTS

None.

EXISTING POLICY/BY-LAW

Development Charges By-law 104-09.

FINANCIAL IMPACT

This item has been identified in the current budget: Yes **X** No ☐ N/A ☐

This item is within the budgeted amount: Yes **X** No ☐ N/A ☐

Staffing implications, as they relate to implementing Council's decision on this matter, are limited to the existing staff complement and applicable administrative policies as approved by Council.

Each budget year the Municipality provides an estimate in the Development Charges Revenue that will be collected. The pre-payment of development charges will see a reduction in revenue of \$103,822.

PUBLIC INPUT

No public consultation was required on this.

INTERNAL/EXTERNAL CONSULTATION

The Director of Legislative Services/Municipal Solicitor was consulted on the agreements.

CONCLUSION

Council can enter into an agreement with the three developers who have brought forward individual requests to allow for the pre-payment of development charges. These agreements would equate to a reduction in development charges revenue of \$103,822. Should building permits not be issued for any of the lots identified within each individual agreement, the difference in the development charge fee would become due when a permit is used.

SIGNATURE

Prepared by:

Original Signed By

Name: Amy Martin

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Reviewed by:

Original Signed By

Name: Heather Babcock-Cormier

Title: Director of Legislative Services/Municipal Solicitor

Submitted for

Council consideration by:

Original Signed By

Name: Gary Dyke

Title: Chief Administrative Officer

ATTACHMENTS

None.