
TITLE:	DEVELOPMENT CHARGE DEFERRAL POLICY
NUMBER:	FIN-001-2015
CATEGORY:	DEVELOPMENT CHARGES
DATE:	JUNE 22, 2015
REFERENCES:	STAFF REPORT FIN 013-15
	BY-LAW #

PURPOSE

The Development Charge Deferral Policy establishes guidelines related to applications for, and the administration and issuance of, development charge deferrals to applicants.

BACKGROUND

The City's intensification plans for both its built boundary and the annexed lands will be achieved with the innovative financing tools identified in the City's Fiscal Impact Analysis (FIA). These tools include receiving payments of DC's earlier in the development process, entering front end financing agreements with developers, and receiving voluntary contributions to cover costs not recoverable through the *Development Charges Act (DCA)*. This strategy, seeking to collect DCs as early in the development process as possible, has been accepted by members of the development community who have signed a Memorandum of Understanding (MOU) accepting these principles.

Notwithstanding the potential for the financial challenges noted above, there may be opportunities or developments that the City considers strategic in nature, and align with the City's overall Strategic Plans or policies. Such opportunities can be considered for deferral payment agreements under Section 27 of the *DCA*, which states:

"A municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable. 1997, c. 27, s. 27 (1)".

POLICY DETAILS

Agreements to defer the payment of development charges shall be based on the following terms:

1. Together, the General Manager of Community and Corporate Services, the General Manager of Infrastructure & Growth Management, the Executive Director of Invest Barrie, and the Director of Finance/Treasurer may approve up to a four year deferral for an eligible development based on the following criteria:
 - a) Affordable Housing:
 - i) Will be considered under the Affordable Housing Development Charge Deferral Policy, or if policy is not in existence will be considered directly by Council.
 - b) Industrial use:
 - i) The development meets the definitions of Industrial uses as per the City's Development Charge By-law.

- c) In relation to paragraph b) above, only those applications that support employment opportunities associated with the following industrial categories be considered:
 - i) Advanced Manufacturing as a core operation;
 - ii) Research and Development;
 - iii) Target Industries including; Life Sciences, (Medtech, Medical Devices, Pharmaceuticals), Food Processing, and Technology (Data Centres, Technology Hardware, Software Development).
 - d) Total development charges eligible for deferral must not be less than \$50,000 and to a maximum of \$1,000,000.
2. Notwithstanding the aforementioned eligibility criteria, a deferral request may be refused if actual Development Charge revenues collected to date are 20 per cent or more below the revenues forecasted in the City's Development Charge Background study.
 3. Any application requests that do not meet the eligibility criteria will be submitted to General Committee for consideration through a staff report.
 4. Payments are to be amortized over a period not to exceed four years at the prime lending rate of the City's bank, plus one per cent.
 5. Equal Payments will be made quarterly with the first payment due at the issuance of a building permit.
 6. The owner agrees to pay an administration fee, to cover legal and finance costs, in the amount of \$1,000 (plus HST) payable upon application. This fee will be reviewed annually with all other City fees and is subject to change as outlined in the City's Fees Bylaw.
 7. The owner must provide securities in the amount of the applicable development charges plus interest amounts. The owner will post an irrevocable Letter of Credit issued by a financial institution.
 8. The agreement will be registered on title.
 9. If the owner requires a building permit issued prior to the completion of the Deferral Agreement process, the owner must provide a Certified Cheque or irrevocable Letter of Credit with a financial institution, acceptable to the Director of Finance/Treasurer. The Certified Cheque or Letter of Credit will be returned to the owner once the Agreement has been fully executed and finalized.
 10. Any late payment would deem the agreement in default and the amount unpaid would be recovered by either drawing on the Letter of Credit or adding the amount to the property tax roll and collected in the like manner as taxes.

ADMINISTRATION PROCESS

1. Applicant to provide written request to the Director of Finance/Treasurer, prior to the issuance of a building permit, for partial or full deferral of the City's Development Charges.
2. The Director of Finance/Treasurer will require the following information in order to process the request:
 - a) Why the deferral is requested;
 - b) A footprint of the building;
 - c) Proposed building uses and timing of occupancy;
 - d) Where applicable, proof of registration with Canada Customs and Revenue Agency;
 - e) Where applicable, proof of registration with appropriate Province of Ontario Ministry.

REPORTING

The Director of Finance/Treasurer will report to General Committee advising of all the approved applications as part of the annual Development Charge Report.

POLICY REVIEW

The earlier of each new term of Council or the next Development Charge By-law update.