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**Subject:** Regional Development Charges Deferral Policy

**Report to:** Corporate Services Committee

**Report date:** Wednesday, October 9, 2019

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## Recommendations

1. That the Regional Development Charges Payment Deferral Policy as included as Appendix 1 of CSD 43-2019, **BE APPROVED**.
2. That the authority to execute payment deferral agreements in compliance with the Regional Development Charge Payment Deferral Policy **BE DELEGATED** to the Director, Legal & Court Services and Commissioner, Corporate Services (or their respective designates in writing) jointly.

## Key Facts

- The purpose of this report is to formalize the Region's process for providing deferral agreements for Regional Development Charges (RDC) as permitted under section 27 of the Development Charges Act, 1997 (DCA).
- Section 27 (1) of the (DCA) provides that 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 after it would otherwise be payable.
- Through CSD 63-2017- Regional Development Charges and Proposed By-law, Regional Council previously provided the Director, Legal & Court Services and Commissioner, Enterprise Resource Management Services the authority to execute development charge deferral agreements, however, the report did not establish criteria whereby a RDC deferral agreement would be warranted and was generally only intended for the transitional period between RDC by-laws.
- This report seeks Council's approval on the formalized Regional Development Charges Payment Deferral Policy as included under Appendix 1.

## Financial Considerations

Deferral agreements can be considered a useful tool that can be utilized to reduce the administrative burden of both the Region and developers under certain circumstances (i.e., collecting RDC when it is known that a refund will be issued via grant or consideration of a municipal capital facility designation by Council). These agreements also act as an incentive to generate developments that are deemed a Region's priority (i.e., affordable housing).

However, deferring the collection of RDC may result in a loss of interest revenue to be allocated to the development charges reserves as a result of the delayed payment which will reduce the funds available for growth related projects. To compensate, staff are proposing to include a minimum interest rate that would apply to the amount of development charges deferred. The minimum interest rate for the purposes of the policy and associated agreements is the bank of Canada rate.

All applications for a RDC deferral agreement must be accompanied by an application fee as included in the rate and fees by-law to ensure cost recovery for processing of these agreements.

## **Analysis**

Through CSD 63-2017 - Regional Development Charges and Proposed By-law dated October 5, 2017, Regional Council delegated the authority to execute deferral agreements under section 27 of the Development Charges Act, 1997 jointly to the Director, Legal & Court Services and the Commissioner, Enterprise Resource Management Services. At the time when report CSD 63-2017 was approved by Council, there was no formalized policy enacted to guide Regional staff when executing deferral agreements as the delegated authority was primarily intended to address the transitional period between RDC by-laws. Staff have relied on this previous delegation of authority to execute deferral agreements which have mainly been limited to deferrals for affordable housing (as per By-law 2017-98, s. 11(f)).

As a means of formalizing the RDC payment deferral process, Regional staff have developed a policy for Council's consideration and approval which has been included as Appendix 1 of this report. The Policy has been developed in collaboration with the Region's Finance, Legal, Planning and Economic Development staff. This Policy has been created with the intent of clarifying:

- Development types eligible for payment deferrals (Affordable housing, developments pending RDC grant approvals as outlined in the procedure document, and developments subject to a future Municipal Capital Facility agreement);
- The application process and administrative fee requirement;
- Financial security requirements of the Region; and
- Roles and responsibilities.

At the Committee of the Whole meeting held on September 5, 2019, Council endorsed four main categories of incentives that will be implemented starting 2020 (i.e., Affordable housing, brownfield remediation, employment growth and quality of life). This Policy has been developed with those areas of focus in mind.

Staff will also develop a Procedure document to accompany the Policy once approved by Council. The Procedure will be approved by the Commissioner, Corporate Services.

Staff also reviewed the need to develop a RDC pre-payment agreement policy but it was determined to not be warranted at this time. Requests for pre-payment agreements (which are also permitted pursuant to section 27 of the DC Act) have primarily been limited to periods immediately preceding the passing of an updated RDC By-law (which generally occurs ever 5 years). Staff are proposing that Council's approval of any pre-payment agreements be obtained at the time of an updated RDC By-law only.

### **Alternatives Reviewed**

1. That the authority to execute Regional development charges deferral agreements be reverted back to Regional Council to be dealt with on an ad hoc basis. The alternative is **NOT RECOMMENDED**. By continuing to delegate the authority to execute deferral agreements in compliance with the policy to staff, it will create efficiencies from the perspective of developers and builders.
2. That Council not formalize a Regional development charges deferral agreement policy. This alternative is **NOT RECOMMENDED**. A policy would ensure consistency in application and execution of Regional development charges deferral agreements.

### **Relationship to Council Strategic Priorities**

Pending the development of Council's new Strategic Priorities.

### **Other Pertinent Reports**

[CSD 63-2017](#) Regional Development Charges and Proposed By-law

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*This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy, and reviewed by Helen Chamberlain, Director, Financial Planning & Management/Deputy Treasurer and Donna Gibbs, Director, Legal & Court Services.*

## **Appendices**

Appendix 1      Regional Development Charges Payment Deferral Policy