

Date: 2022-06-09

Subject: (Supplementary Report) Request for a Development Charges Deferral from Umbria Developers Inc. for a Residential Townhouse Development

Contact: Nash Damer, Treasurer
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Report Number: Corporate Support Services-2022-653

Recommendations:

1. That the report titled: **Request for a Development Charges Deferral from Umbria Developers Inc. for a Residential Townhouse Development**, to the Council meeting on June 15, 2022, be received; and
2. That Council deny the request for the deferral of development charges as the project is part of a for-profit development, does not contribute to a strategic goal of the City, does not provide for an overall public benefit, and would set a precedent for all future development applications.

Overview:

- At its meeting on June 1, 2022 City Council received a supplementary delegation from Umbria Developers Inc. (“Developer”) requesting a deferral of a portion of the payment of development charges (“DCs”) for a five month period.
- The Developer is a privately owned, for-profit, land development company and is in the process of constructing a 148-unit stacked townhouse development on its land.
- This type of request for a DC deferral is rare, given that the project is a for-profit residential townhouse development.
- Historically, Council has only provided DC deferrals to projects that provide some form of public benefit (e.g. – long term care home provided

by Holland Christian Homes, affordable rental building provided by the Bramalea Christian Fellowship).

- The estimated DCs, based on current information available at the time of writing this report, amounts to roughly \$3,825,000. Deferring the payment of the City's DCs to the above-ground permit would delay receipt of DC revenues, providing a financial benefit to this developer at a cost of \$88,000 annually to the City due to loss of DC investment income on these revenues.

Background:

Umbria Developers Inc. ("Developer") is a privately owned, for-profit, land development company. The Developer submitted a site plan application to City to construct a stacked townhouse development on Sheard Avenue consisting of 148 stacked townhouse units. The Developer provided a supplementary delegation to City Council on June 1, 2022 to request a deferral of a portion of the payment of development charges ("DCs") for a five month period, based on the square footage of the underground parking garage that has already been excavated. In their delegation, the Developer recognized that there would be investment income lost, due to the deferral and indicated that they would be open to bear any such losses by providing a financial contribution to the City.

It should be noted that the same request was brought forward for Council's consideration in 2021 for another stacked townhouse development, in which Council had denied their request.

The delegation and report from June 1, 2022 was referred back to staff to investigate details of a potential partial deferral of development charges to the June 15, 2022 meeting of Council.

Current Situation:

The Developer has already been issued the excavation and shoring permit and awaits the issuance of the footings and foundation permit to begin constructing the underground parking garage. The underground parking garage serves as the foundation for the stacked townhouse residential dwelling units and therefore this permit will trigger the payment of DCs and cash-in-lieu of parkland ("CIL Parkland"). Following the footings and foundation permit would be the above-grade superstructure permit.

The City's DC by-law allows for developers to enter into a late payment agreement pursuant to section 27 of the *Development Charges Act*, providing for all or part of the DCs to be paid

before or after it would otherwise be payable. In that event, the terms of a DC Deferral Agreement shall then prevail over the provisions of the DC By-law.

In regards to the Developer bearing any investment income losses by providing a financial contribution to the City, the City is not legally entitled to receive this contribution as the City can only levy and collect DCs per the policies and rates in the DC By-law.

Corporate Implications:

Financial Implications:

Granting the request to the Developer would effectively result in the City providing subsidized financing to a for-profit developer, which is more appropriately negotiated between the developer and the banking industry.

The estimated DCs, based on current information available at the time of writing this report, amounts to roughly \$3,825,000. Deferring the payment of the City's DCs to the above-ground permit would delay receipt of DC revenues, providing a financial benefit to this developer at a cost to the City of \$88,000 annually due to loss of DC investment income on these revenues.

Furthermore, granting this request would establish a precedent for future developments and hinder the City's ability to collect DCs on a timely basis. It is the opinion of Finance staff, and supported by our Legal Department, that it is poor practice to provide this deferral in an inconsistent manner.

It should be noted that the development charges payable to the Region of Peel (\$7 million) and School Boards (\$675,000) are due and payable upon issuance of the foundation permit, as well as the City's cash-in-lieu of parkland fee (\$1.13 million). There is no provision in the *Planning Act* for the late payment of CIL parkland.

Legal Implications:

Section 27 of the DC Act allows 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 before or after it would otherwise be payable.

It is the preference of Legal staff that deferrals be applied in as consistent manner as possible.

Term of Council Priorities:

This report achieves the Term of Council Priority of Brampton as a Well-run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

Staff recommend that Council deny the request for the deferral of development charges for the reasons as set out in the report.

Authored by:

Reviewed by:

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Nash Damer, Treasurer

Approved by:

Cynthia Ogbarmey-Tetteh,
Commissioner, Corporate Support
Services (Acting)

Paul Morrison, Chief Administrative
Officer (Interim)

Attachments:

Appendix A: Delegation request form from Umbria Developers Inc., at the June 1, 2022
City Council meeting

Appendix B: Staff Report – Request for a Development Charges Deferral from Umbria
Developers Inc. for a Residential Townhouse Development, at the June 1, 2022
City Council meeting