

The Corporation of the City of Kawartha Lakes
Council Report

Report Number EA2019-008

Date: April 23, 2019
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: Ward 7

Title: Request by Michael Redmond to Enter into an Interim Development Charges Agreement

Description: This report appries Council of the request by Michael Redmond to enter into an interim development charges agreement with the City for the purpose of securing a redevelopment credit attached to his property located at 396 County Road 36, Lindsay, Ontario.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-008, **Request by Michael Redmond to Enter into an Interim Development Charges Agreement**, be received; and

That pursuant to By-Law 2015-224, the Mayor and City Clerk be authorized to enter into an interim development charges agreement with Michael Redmond in order to secure the redevelopment credit attached to Mr. Redmond's property located at 396 County Road 36, Lindsay, Ontario (OPS CON 7 PT LT 22 & RP 57R10416 PART 1) for a period ending on March 31, 2020.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

Michael Redmond proposes to erect a commercial development on his property located at 396 County Road 36, Lindsay, Ontario (OPS CON 7 PT LT 22 & RP 57R10416 PART 1). To facilitate this endeavor, Mr. Redmond has retained the services of Clark Consulting Services (“Clark”) of Port Hope, Ontario. The site plan approval process for the proposed development is ongoing with the City and is proceeding normally.

The proposed development constitutes a redevelopment of a site on which a former occupiable structure (St. Dave’s Diner) existed until it was destroyed by fire on May 3, 2016. As such, the development charges (DCs) in respect of the proposed development are, pursuant to subsection 6.05 of By-Law 2015-224 (A By-Law to Impose Development Charges in the City of Kawartha Lakes) subject to a redevelopment credit according to the location, scale and type of existing development the former structure constituted.

Pursuant to subsection 6.06 of the DC By-Law, however, the redevelopment credit is obtainable only if, on or before May 3, 2019, the DCs in respect of the proposed development become payable or are made subject to an agreement governing the time they are calculated and made payable. Pursuant to subsection 6.06, the default period during which a redevelopment credit is obtainable in connection with a structure that was demolished or is otherwise unoccupiable is the 3-year period after the structure ceased to exist or be occupiable, as the case may be.

According to both Planning Division and Clark, the planning approval process for Mr. Redmond’s proposed development will arrive at the site plan agreement stage well after May 3, 2019. As such, the redevelopment credit presently attached to Mr. Redmond’s property will become unobtainable unless the City enters into an interim DC agreement with Mr. Redmond prior to May 3, 2019. This report apprises Council of Mr. Redmond’s request, made on his behalf by Clark, for such an agreement, and outlines the rationale for the recommendation by staff that this request be granted.

Rationale:

As mentioned above, the default period during which a redevelopment credit is obtainable is limited to 3 years if the structure to which the redevelopment credit is tied has ceased to exist or is otherwise unoccupiable. In pursuance to subsection 6.06 of the DC By-Law, the redevelopment credit in such a case is obtainable only if one of the following events occurs within 3 years after the structure ceased to exist or be occupiable, as the case may be:

1. The DCs in respect of the proposed development become payable; or

2. Pursuant to paragraph (b) of subsection 5.06 of the DC By-Law, the owner enters into an agreement with the City governing the time the DCs in respect of the proposed development become payable.¹

The latter provision is intended to provide flexibility, at the City's discretion, regarding the securing of redevelopment credits in situations where:

1. An owner proposes to develop a site that has attached to it a redevelopment credit tied to a demolished or otherwise unoccupiable structure; and
2. The owner of the site is productively engaged in the planning approval process with the City to develop the site, or otherwise demonstrates a commitment to developing the site in the near future, especially if the site is encumbered by pollution, ruins or a derelict structure or is, in its unimproved state, otherwise negatively impactful on neighbouring properties or the public realm such that there is a municipal interest in the timely improvement of the site; and
3. The default 3-year period during which the redevelopment credit is obtainable is expected to expire prior to the execution of a development agreement (e.g. site plan agreement) that would govern the time DCs in respect of the proposed development are calculated and made payable.

Regarding his proposed development, which is well into the planning approval process and will improve a site on which a previous structure was destroyed by fire, Mr. Redmond is in such a situation. On Mr. Redmond's behalf, Clark has requested the City to enter into an interim DC agreement to secure the redevelopment credit for such a reasonable period as may be required for Mr. Redmond to enter into a site plan agreement with the City for the proposed development. To this end, Clark has proposed March 31, 2020 as a reasonable date by which to have the site plan executed.

As Mr. Redmond continues to work productively with the City to complete the planning approval process and improve the fire-ruined site in a timely fashion, Mr. Redmond's situation is of the sort contemplated by subsection 6.06 of the DC By-Law. As such, and finding the proposed extension of the redevelopment credit eligibility period to March 31, 2020 reasonable, staff recommends Council grant Mr. Redmond's request.

¹ As Council will recall, the section 27 of the *Development Charges Act* and subsection 5.06 of the DC By-Law authorizes the City to enter into agreements governing the time DCs are calculated and made payable.

Other Alternatives Considered:

The only alternative is to deny Mr. Redmond's request. Staff does not recommend this approach as Mr. Redmond's situation is of the sort contemplated by subsection 6.06 of the DC By-Law.

Financial/Operation Impacts:

Based on the location of the subject property, the estimated gross floor area of the former St. Dave's Diner and the applicable 2019 commercial DC rate, the current estimated value of the redevelopment credit attached to Mr. Redmond's property is \$115,915. Without the recommended interim DC agreement, this credit will expire on May 3, 2019. As Mr. Redmond's proposed development is less in gross floor area than was the former St. Dave's Diner, it is expected the redevelopment credit, if secured, will result in Mr. Redmond owing no net DCs to the City.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations of this report align with the following strategic goals identified in the Corporate Strategic Plan: (i) Vibrant and Growing Economy and (ii) Healthy Environment.

Consultations:

Chief Building Official
Manager of Planning
City Solicitor
Clark Consulting Services

Department Head E-Mail: jrojas@kawarthalakes.ca

Department Head: Juan Rojas, Director of Engineering and Corporate Assets