



Council Report

Report Number: CA2021-006

Meeting Date: November 16, 2021

Title: **Request by Community Care for Relief from Development Charges**

Description: This report appries Council of a special request by Community Care of the City of Kawartha Lakes for relief from development charges in connection with the redevelopment of 21 Angeline Street North, Lindsay.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2021-006, **Request by Community Care for Relief from Development Charges**, be received.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

On October 28, 2021, the CAO received a letter from Community Care of the City of Kawartha Lakes (hereinafter, "Community Care") requesting the City to grant it relief from development charges (DCs) in connection with the redevelopment of 21 Angeline Street North, Lindsay. That letter is attached hereto as Appendix A.

The former occupant of the subject site was the Kawartha Lakes Detachment of the Ontario Provincial Police (OPP). In the course of redeveloping the site, Community Care demolished the OPP's structure to make way for a new facility referred to as the Community Health Centre. The new facility will enable Community Care to consolidate much of its services, and thus exit premises in several facilities throughout Lindsay. After application of the redevelopment credit in recognition of the former structure occupying the site, construction of the Community Health Centre gives rise to DCs owing to the City in the amount of \$167,919.

As a non-profit community organization, Community Care's use is defined as institutional under the City's DC by-law (DCB). That by-law and related policy make no provision for exemptions from DCs applicable to Community Care, staff has no policy framework in which to process requests for such exemptions, and does not have the delegated authority to grant them. By bringing the matter of Community Care's request for relief from DCs to Council, this report aids Council in making an informed decision on the matter and directing staff accordingly.

Rationale:

The Development Charges Act (DCA) legislates certain exemptions from DCs, and it permits municipalities to layer on top of these discretionary exemptions through their DCBs. The only institutional uses to which the legislated exemptions apply are those of municipalities and school boards. As per Section 5.04 of the City's DCB, discretionary exemptions are provided only for the following uses and cases:

- (a) a place of worship, non-profit hospice, public hospital, cemetery, burial site or crematorium as defined in the Assessment Act;
- (b) an industrial building or structure that is not electricity generation development;
- (c) the first 2,500 square metres of gross floor area of any single commercial building or structure;
- (d) an agricultural building or structure;

- (e) a park model trailer; or
- (f) a municipal housing dwelling unit.

In both legislated and discretionary cases, therefore, Community Care is not legally entitled to an exemption from DCs. With that said, the City is still permitted, under the Municipal Act, to grant such an exemption because Community Care is a non-profit organization.

Regardless of the legal basis on which the City provides an exemption from DCs, the DCA requires that the resulting shortfall in the DC reserve must be fully compensated from a source outside the DC reserve. That is, municipalities in Ontario are not permitted to raise DC rates in order to fund exemptions from DCs. That means municipalities must fund such exemptions from non-DC revenues (e.g. tax levy, user fees etc.) or reserves (e.g. economic development reserve, contingency reserve etc.). In the City's case, the tax-supported operating budget carries an expense line for compensating the DC reserve for Council-approved exemptions. For 2021, that line item has been budgeted at \$300,000. Treasury Division advises that, of this amount, approximately \$173,000 has been spent or committed to date through transfers to the DC reserve.

Other Alternatives Considered:

If Council resolves to grant Community Care's request, staff recommends Council adopt a resolution similar to the following, where "X" stands for the amount of DC relief in dollars (up to \$167,919):

That the City pay "X" in development charges to the Development Charges Reserve Fund on behalf of Community Care in connection with the redevelopment of 21 Angeline Street South, Lindsay;

That the payment be distributed across the various accounts of the Development Charges Reserve Fund according to their appropriate share of the payment; and

That the payment be funded by the development charges exemptions expense line in the 2021 tax-supported operating budget.

Alignment to Strategic Priorities

The recommendations of this report support responsible financial and asset management, and hence align with the strategic priority of "Good Government" identified in the City's 2020-2023 Strategic Plan.

Financial/Operation Impacts:

The operating budget contains a line item that, in part, is intended to support unique and important projects led by non-profits that deliver a necessary community function or service.

Staff have no concerns from a financial perspective should Council opt to grant Community Care's request. This will not negatively impact the City's financial position.

Consultations:

Community Care
CAO
City Treasurer

Attachments:

Appendix A: Letter by Community Care Regarding Relief from Development Charges
Dated October 28, 2021



Letter by Community
Care Regarding Relief

Department Head email: jrojas@kawarthalakes.ca

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