



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 14, 2015
SUBJECT/REPORT NO:	Request to Extend Development Charges Demolition Credit 184 Kensington Ave N (FCS15056) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marcin Zukowski (905) 546-2424 Ext. 2790 Lindsay Gillies (905) 546-2424 Ext. 2790
SUBMITTED BY:	Mike Zegarac General Manager Finance & Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the request to extend the Development Charges (DC) Demolition Credit for the former single family dwelling at 184 Kensington Ave N be denied; and
- (b) That the matter respecting “Request to Extend Development Charges Demolition Credit 184 Kensington Ave N” be considered complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

EXECUTIVE SUMMARY

A letter from Bruno Gratta requesting an extension of the DC Demolition Credit for the former single family dwelling at 184 Kensington Ave N was received by Council at its May 27, 2015 meeting as item 5.1. Council directed staff to report back to Audit, Finance & Administration Committee. The letter has been included as Appendix “A” to Report FCS15056.

Mr. Gratta purchased the vacant lot at 184 Kensington Ave N in 2015. The former single family home was demolished in 1997 related to lack of compliance with Property Standard By-law 94-185 and the property has been taxed as a vacant lot since that time.

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Development Charge By-law 14-153 allows for a demolition credit to be applied where redevelopment occurs within 5 years of the demolition permit; the credit has expired.

A decision to extend the DC demolition credits has a city wide impact since the funds collected through DC's are used to fund the growth related portions of projects throughout the City.

Staff have reviewed the request, along with the City's Development Charge By-law and past precedent, and are recommending that the request to extend the DC demolition credit related to 184 Kensington Ave N be denied.

The City is responsible for collecting Education DC's on behalf of the School Boards, but does not have the authority to extend credits for Education DC's. As a result, there are no recommendations, nor is there further mention of Education DC's contained within this report.

Alternatives for Consideration – See [Page 4](#)

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial:

The value of a DC demolition credit is dependent on the current DC rates. Effective July 6, 2015 the value of a DC demolition credit for a single family home under Council's control is \$35,698 (\$35,465 in City DC's and \$233 in GO Transit DC's).

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

- | | |
|-----------|--|
| 1997 | Former house was demolished related to lack of compliance to the Property Standard By-law 94-185. |
| May 2015 | The current owner/developer purchased 184 Kensington Ave N. |
| June 2015 | The current owner/developer requested to Council that the DC Demolition Credit from the 1997 demolition be extended. |

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None – the staff recommendation is consistent with the DC By-law (14-153)

RELEVANT CONSULTATION

Building Division staff provided information related to the demolition of the former single family home.

ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

The owner/developer requested an extension the DC Demolition Credit for the former single family dwelling at 184 Kensington Ave N. The request has been included as Appendix “A” to Report FCS15056.

The owner/developer states that “to [his] understanding fees are supposed to be waived”. Staff are unaware of where this understanding came from as the 5 year limit on DC demolition credits has been included in the DC By-laws since 2004 and the owner purchased the lot in 2015.

The 5-year limit on DC demolition credits serves a couple of purposes. First, it recognizes that when preparing the DC Background Study, the City must assess the available capacity within the system (in particular, water, wastewater and stormwater) and make existing capacity available to new development. If the redevelopment of a demolished property doesn’t occur within 5 years, its capacity will have been absorbed back into the system for the purposes of calculations in the DC Background Study. Another benefit of the 5-year limit is that it discourages vacant, undeveloped lots where buildings used to stand.

The former single family dwelling was demolished in 1997, 18 years ago; therefore, the excess capacity has long since been absorbed back into the system for DC background study calculations.

Precedent exists for extending DC demolition credits by two years for a large scale mall redevelopment through the approval of Report FCS14054 and FCS15041 which extended the DC demolition credits for The Centre on Barton redevelopment and Mountain Plaza Mall redevelopment respectively.

In 2013, through FCS13012, the General Manager (GM) of Finance and Corporate Services was provided authority to make the decision to extend a DC demolition credit where there has been extenuating circumstances beyond the control of the developer,

such as OMB appeals, preventing the redevelopment of the property. This property does not meet the criteria to extend the DC demolition credit under the GM's authority.

Precedent for denying a request to provide relief where a former single family home had been demolished and sat vacant for an extended period of time was set through Council's approval of FCS14063 (and FCS14063(a)) regarding the request at 50 Keith Street (demolition by fire in 1983).

After reviewing the request, previous precedents, and the DC By-law, staff are recommending that the request to extend the DC demolition credit for the former single family home at 184 Kensington Ave N be denied.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Alternatively, Council could approve the request to extend the DC demolition credit for the former single family home demolished in 1997. This represents a value of \$35,698 as of July 6, 2015.

Pro: Providing the extension would provide financial relief to the owner/developer for property which has been vacant for 18 years and may see the property developed earlier than if the extension is not provided.

Con: Providing the extension would result in a loss of DC revenue, set precedent for future similar requests, and render the DC demolition credit limit in the DC By-law redundant.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS15056 – May 11, 2015 Letter Requesting Extension of DC Demolition Credit