



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 13, 2015
SUBJECT/REPORT NO:	Request to Extend Development Charges Demolition Credits 86 Augusta and 134 Catherine Street (FCS15072) (City Wide)(Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marcin Zukowski 905-546-2424 Ext. 2790
SUBMITTED BY:	Larry Friday Acting General Manager Finance & Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the request to extend the Development Charges (DC) Demolition Credit in the amount of \$23,725.20 for the former two single family dwellings at 86 Augusta and 134 Catherine Street be denied; and
- (b) That the matter respecting “Request to Extend Development Charges Demolition Credit at 86 Augusta and 134 Catherine Street” be considered complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

EXECUTIVE SUMMARY

A letter from Allan Buist, Diczenco & Associates dated July 28, 2015, on behalf of Augusta Street (Hamilton) Holdings Inc requesting an extension of the DC Demolition Credit for the two single family dwellings at 86 Augusta and 134 Catherine Street was received by Council at its meeting on September 14th, 2015 as item 4.1. Council directed staff to report back to Audit, Finance & Administration Committee. The letter has been included as Appendix “A” to Report FCS15072.

Augusta Street (Hamilton) Holdings Inc. purchased the land in 2005. The former two single family dwellings were demolished prior to 1999 and the land had been taxed as residential vacant land since that time.

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

A decision to extend the DC demolition credit 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.

The City is responsible for collecting Education DC's on behalf of the School Boards and does not have the authority to extend the DC demolition credit for Education DC's.

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 86 Augusta and 134 Catherine Street be denied.

Under current DC rates, Development Charges for the project total \$166,326 (\$154,782 for City charges, \$5,310 for Catholic School Education DC and \$6,234 Public School Education DC). The City DC's are subject to an 85% reduction in the amount of \$131,565 under the Downtown CIPA DC By-law Exemption. The total DCs of \$34,761.30 include net City DC's of \$23,217.30 and Education DC's of \$11,544 for this property.

The City DC demolition credit, if extended beyond five years, of \$71,396 is based on two single dwelling units using the current DC rates. City Council cannot extend Education DC demolition credits beyond five years. Therefore, if Council extends the DC demolition credit, the developer would only pay Education DC's of \$11,544.

Alternatives for Consideration – See Page 5

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

Financial:

The value of a DC demolition credit is dependent upon current DC rates. Effective July 6, 2015 the value of a City DC demolition credit for a single detached dwelling unit is \$35,698 (\$35,465 in City DC's and \$233 in GO Transit DC's).

The following Tables illustrate the DC liability and credit calculations for the proposed development at 86 Augusta and 134 Catherine Street.

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Table 1- DC Calculations - 86 Augusta / 134 Catherine

Charges	# of units	Rates \$	DC`s Total \$
Townhouses	6	25,630.00	153,780.00
GO Transit	6	167.00	1,002.00
City DC`s			154,782.00
CIPA exemption		85% -	131,564.70
City DC's			23,217.30
Catholic EDC	6	885.00	5,310.00
Public EDC	6	1,039.00	6,234.00
Education DC's			11,544.00
Total DC's			34,761.30

Table 2 - Demolition Credits – 86 Augusta / 134 Catherine (if extended)

Charges	# of units	Rates \$	DC`s Total \$
Single detached units	2	35,465.00	70,930.00
GO Transit	2	233.00	466.00
City demolition credit			71,396.00
City DC Liability from Table 1			23,217.30
Net City DC's after demolition credit application			-

Note: Education DC Demolition Credits are not included as the City Council cannot extend them beyond 5 years.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

Pre 1997 Demolition of two single-detached family dwellings took place.

June 2005 The current owner/developer purchased 86 Augusta and 134 Catherine Street lots.

December 2014 Building permit 14-136671 was applied for but has not been finalized.

July 2015 The current owner/developer requested to Council that the DC Demolition Credit to 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 was not able to provide the exact date of the demolition of the former two single detached dwelling due to current system's limited database. The system holds records starting 1999 onward. Therefore, the demolition had taken place over 16 years ago. In addition, building staff confirmed that a building permit has not been issued related to this development.

MPAC has indicated that they cannot find any information or comments in the assessment records that the property was previously improved with a structure or structures.

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 two single family dwellings at 86 Augusta and 134 Catherine Street. The request in the form of a letter dated July 28, 2015 has been included as Appendix "A" to Report FCS15072.

The 5-year limit on DC demolition credit 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 two single family dwelling were demolished prior to 1999, therefore, the excess capacity has long since been absorbed back into the system for DC background study calculations.

Precedent exists for extending DC demolition credit by two years for a large scale mall redevelopment through the approval of Report FCS14054 and Report FCS15041 which

extended the DC demolition credit for The Centre on Barton redevelopment and Mountain Plaza Mall redevelopment respectively.

In 2013, through Report 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 Report FCS14063 and Report 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 two single family dwellings at 86 Augusta and 134 Catherine Street 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 two single detached dwelling units.

Pro: Providing the extension would provide financial relief to the owner/developer for property which has been vacant for number of 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.

- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS15072 – Letter Requesting Demolishing Credit Extension from DiCenzo & Associates dated July 28, 2015.