



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
*Financial Planning, Administration and Policy Division*

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 8, 2017
<b>SUBJECT/REPORT NO:</b>	Development Charge (DC) Demolition Credit Extension Request from Urban Solutions, 849 Scenic Drive (Chedoke Browlands) (FCS17046) (City Wide) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Lindsay Gillies (905) 546-2424 Ext. 2790
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the request to extend the Development Charge (DC) demolition credit for 849 Scenic Drive be denied;
- (b) That the subject matter respecting “Urban Solutions request to extend the Development Charge (DC) demolition credit for 849 Scenic Drive” be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

**EXECUTIVE SUMMARY**

Audit, Finance and Administration Committee, at its meeting of March 6, 2017, approved as item 10.1, a motion directing staff to report back on an extension of the Development Charge (DC) demolition credits for 849 Scenic Drive.

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

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DC By-law 14-153 places a five year limitation on DC demolition credits to both discourage vacant, undeveloped lots where buildings used to be and to recognize that excess capacity is absorbed back into the system for DC background study calculations.

Valery Homes Inc. (Valery) purchased the property in 2012. At that time, the existing DC demolition credits were expired. Report FSC13012, approved in March 2013, extended the expired DC demolition credits to December 31, 2016 based on the former owner being in appeals with the Ontario Municipal Board (OMB) regarding a proposed development. At current rates, and as of the December 31, 2016 expiration, the DC demolition credits have a value of \$36,822.

The request to extend the DC demolition credits (attached as Appendix “A” to Report FCS17046) cites development challenges such as the Province’s Places to Grow Plan (2013), the Urban Hamilton Official Plan and more recent changes such as *Planning Act* changes in 2016. These changes are challenges faced by every developer in the City and are, therefore, not unique to the developer of 849 Scenic Drive.

While there are some extenuating circumstances in which the five year limit has been extended, specifically, when development proposals were finalized and ready for development at the time of demolition, the property at 849 Scenic Drive does not fall into any of these categories. To provide an extension for 849 Scenic Drive would render the five year limit in DC By-law 14-153 redundant.

For these reasons, staff is recommending denying the request for extension.

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

***Alternatives for Consideration – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Any future development at 849 Scenic Drive will be subject to the charges laid out in the DC By-law in effect at time of permit issuance.

Note that the applicant references the demolished building to be 7,600 square feet in Appendix “A” to Report FCS17046. City of Hamilton building staff pulled demolition permit 00-152509 which identifies 3,800 square feet.

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All references in Report FCS17046 are made using the 3,800 square feet as identified on the demolition permit.

At the current non-industrial DC rates, an equivalent 3,800 square feet non-industrial building would equate to City DCs owing of \$36,822 (\$9.69 per square foot for the first 5,000 square feet).

DC By-law 14-153 provides stepped rates for non-industrial development. The current full rate is \$19.38 per square foot and new non-industrial developments receive a 50% exemption on the first 5,000 square feet and a 25% exemption on the next 5,000 square feet. The stepped rates mean that included in the above estimate is an exemption of \$36,822. The maximum exemption for new non-industrial development, at the current stepped rates, is achieved at 10,000 square feet and equates to an exemption of \$72,700 (5,000 x \$9.69 + 5,000 x \$4.85).

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

### **849 Scenic Drive – Development/Demolition Chronology**

2000	Demolition permit issued for 3,800 square feet “West Pavilion Building” (Permit 00-152509).
2004	Five year DC demolition credit incorporated into the DC By-law. Building demolitions post 1990 are provided five years from the implementation date of the 2004 DC By-law to utilize the demolition credits.
2007	Deanlee purchases property. The expiration of the demolition credits is July 5, 2009 as per the provision in the 2004 DC By-law.
2010	Deanlee files an appeal to the OMB based on development applications not receiving Council decision.
June 2012	OMB decision reached approving development on the subject lands.

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October 2012 Request to extend the DC demolition credits to December 2016 is received from Deanlee.

December 2012 Property is sold to Valery.

March 2013 Extension of DC demolition credit approved to December 31, 2016 through Report FCS13012 on the basis that the delay was beyond the control of the developer (OMB appeal).

Report FCS13012 also delegates authority to the General Manager (GM) of Corporate Services for similar situations in an effort to control the volume of requests coming through Council.

2013 From Hamilton Mountain News article:  
Valery contemplates a 204 unit high-end development hoping that residents will be more supportive than Deanlee's previous proposal. OMB had approved 629 units proposed by Deanlee. Construction goal is said to be Summer 2014. The full article has been attached as Appendix "B" to Report FCS17046.

From the applicant:

"Valery Homes then assembled a project team of experts to satisfy the conditions of [OMB] approval where, through the preliminary investigations by each discipline on the project team, it became evident it was appropriate to further explore the developable land area of the site. Some of the specific conditions in question that relate to developable area included those regarding an erosion assessment, stormwater management, the sanitary sewer requirements, the Environmental Impact Study and ESAIG [Environmentally Significant Areas Impact Evaluation Group] process".

December 2016 Request to extend the DC demolition credits is made through staff. The request to staff is attached as Appendix "A" to Report FCS17046 with applicant's consent.

In the request, the applicant references the demolished building to be 7,600 square feet. City of Hamilton building staff pulled demolition permit 00-152509 which identifies 3,800 square feet. All references in Report FCS17046 are made using the 3,800 square feet as identified on the demolition permit.

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January 2017	Staff informs the applicant that the scenario at 849 Scenic Drive does not fall under staff's delegated authority.
February 2017	Delegation request submitted by Urban Solutions for a future meeting respecting the DC demolition credit extension at 849 Scenic Drive approved.
March 2017	<p>Motion to direct staff to prepare a report regarding the extension of DC demolition credits related to 849 Scenic Drive (Chedoke Browlands) is passed.</p> <p>Staff inquires with Urban Solutions about types of dwellings and units counts related to future development plans and anticipated timing of development. Staff is informed that the requested information is not currently available and an attempt will be made to bring the information to the Committee meeting when Report FCS17046 is being presented.</p>

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None – The staff recommendation is consistent with DC By-law 14-153.

**RELEVANT CONSULTATION**

Building staff provided a copy of the original demolition permit 00-152509.

Planning and Economic Development staff reviewed the request to staff and advised that there are no challenges being faced by this developer that every other developer in the City is not also facing.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

DCs are collected to recover the growth related costs associated with the capital infrastructure needed to service new or redevelopment. For example, increasing watermain sizes to accommodate growth in already developed areas.

The five 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 building doesn't occur within five years, its capacity will have been absorbed back into the system for the purposes of calculations in the DC background

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study. Another benefit of the five year limit is that it discourages vacant, undeveloped lots where buildings used to stand. The five year limit on DC demolition credits has been contained in the DC By-laws since 2004.

The General Manager, Finance and Corporate Services has delegated authority under DC By-law 14-153 to provide extensions of DC demolition credits in cases where the demolition was in a rural area and cases where, in the opinion of the General Manager, Planning and Economic Development, there were delays in the redevelopment that were beyond the control of the developer (OMB appeals for example). The original request from Deanlee in 2012 fell under these circumstances and was part of the report extending said delegated authority. The current request from Urban Solutions does not fall under either of the circumstances where Council has delegated authority.

The request to extend the DC demolition credits (Appendix “A” to Report FCS17046) at 849 Scenic Drive sites challenges such as the Province’s Places to Grow Plan (2013), the Urban Hamilton Official Plan and more recent changes such as *Planning Act* changes in 2016. These changes are challenges faced by every developer in the City.

While there are some extenuating circumstances in which the five year limit has been extended, specifically, when development proposals were finalized and ready for development at the time of demolition, the property at 849 Scenic Drive does not fall into any of these categories. To provide an extension for 849 Scenic Drive would render the five year limit in DC By-law 14-153 redundant.

Providing an extension of the redevelopment credit for circumstances outside those identified above or for challenges faced by every developer in the City, would make the five year limitation for DC demolition credits in the City’s DC By-law redundant.

Staff recommends that the request to extend the DC demolition credits be denied.

## **ALTERNATIVES FOR CONSIDERATION**

No alternatives are being presented since granting an exemption to the DC By-law for no clear or authorized reason would render the DC By-law redundant.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement & Participation**

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**Built Environment and Infrastructure**

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*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Letter to Staff Requesting an Extension of the Development Charge Demolition Credits for 849 Scenic Drive

Appendix “B” – Hamilton Mountain News Article on Subject Lands from 2013

LG/dt