

Mountain Plaza Mall, 651 – 677 Upper James Street

Development Charges Demolition Credit Extension Delegation to Audit, Finance & Administration Committee

Development Charges (DC) Demolition Credits

The City has a five-year limit on DC demolition credits. This five-year limit 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 five years, its capacity will have been absorbed back into the system for the purposes of calculations in the DC Background Study. The five-year limit on DC demolition credits has been contained in the DC By-laws since 2004.

Development Charges (DC) Demolition Credit Extensions

Precedent exists for extending DC demolition credits to a maximum of 10 years for a large-scale mall redevelopment through the approval of Report FCS16084 which extended the DC demolition credits for the Centre on Barton redevelopment and through the approval of Report FCS17008 which extended the DC demolition credits for Mountain Plaza Mall.

If approved by Council, the request at AF&A on October 22, 2020 by Mountain Plaza Mall would set precedent for a DC demolition credit extension to exist for more than 10 years after the related demolition permit.

Education DCs

The City is responsible for collecting Education DCs on behalf of the School Boards. The City does not have the authority to extend credits for Education DCs.

Development History

2009-2010	Demolition of former enclosed mall occurred for a combined total of 256,957.79 square feet demolished
2009-2012	Building Permits issued for six of the seven planned buildings utilizing 209,709.17 square feet of the DC demolition credits from the available 256,957.79 square feet
January 12, 2015	The unused DC demolition credits of 47,248.61 square feet expired
April 22, 2015	A five-year extension is requested on the expired DC demolition credits in anticipation of constructing the final seventh building
June 8, 2015	Council approves a two-year extension of the demolition credits (to January 12, 2017) through Report FCS15041

December 12, 2016	A request to extend the remaining demolition credits by an additional three years is received
March 8, 2017	Council approves a final three-year extension of the remaining 47,248.61 square feet (non-industrial class) demolition credits, to January 12, 2020, through Report FCS17008
2017	2,467.22 square feet of available demolition credits are utilized through two building permits (Taco Bell & Penguin Pick-up)
January 12, 2020	Expiry of remaining 44,781.40 square feet of non-industrial DC demolition credits

Value of unused Demolition Credits

As at January 12, 2020 there were 44,781.40 square feet of unused DC demolition credits which expired.

The value of those credits as of October 2020 is \$840,099.06 (44,781.40 square feet x \$18.76 per square foot).

If Council chooses to extend the DC demolition credits, the cost needs to be covered from other sources since the capacity would have been absorbed back into the calculation of DCs through the latest DC Background Study. Since an extension outside of the five-years contained in the DC by-law means that the DC reserves would not receive collections that would otherwise have been collected, the DC reserves need to be made whole through other funding source. Historically, the related service reserves and a tax reserve have provided the funding source for such extensions.

Service	Value	Sample funding source
Water Services	\$106,579.73	Reserve 108015 (Water)
Wastewater Services	\$212,263.84	Reserve 108005 (Sanitary)
Storm Services**	\$ -	Reserve 108010 (Storm)
Tax Services	\$521,255.50	Reserve 110046 (Tax Stabilization)
Total	\$840,099.06	

*** Note that since the development was a non-residential development in the City's Combined Sewer System there is no storm component applicable under DC by-law 19-142*

Property Taxes

The estimated municipal property taxes on the vacant land awaiting development totals \$13.5 K annually in 2020 dollars.

The estimated municipal property taxes if the vacant land had been developed into 45 K square feet of retail space is \$266.4 K annually in 2020 dollars. The increase in annual municipal property taxes would have been estimated at \$252.9 K in 2020 dollars.