

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Chair and Members Audit, Finance & Administration Committee	WARD(S) AFFECTED: Ward 11
COMMITTEE DATE: June 11, 2012	
SUBJECT/REPORT NO: Request for 5-year Extension of Development Charges and Parkland Dedication Demolition Credits – 6 Falcon Road (FCS12045) (Ward 11)	
SUBMITTED BY: Roberto Rossini General Manager, Finance & Corporate Services	PREPARED BY: Joseph Spiler 905-546-2424 Ext. 4519 Adam Smith 905-546-2424 Ext. 1434
SIGNATURE:	

RECOMMENDATION

- a) That no extension for both Development Charges and Parkland Dedication Demolition Credits be granted for the property located at 6 Falcon Road;
- b) That the retroactive transfer of the Development Charges and Parkland Dedication Demolition Credits to 4 Falcon Road not be granted;
- c) That staff be directed to develop and report back to the Audit, Finance & Administration Committee on a formal policy and process for the allocation of Development Charges credits and exemptions.

EXECUTIVE SUMMARY

On July 10, 2007 a demolition permit was issued for the demolition of a single detached dwelling unit at 6 Falcon Road in Stoney Creek. After the demolition, the parcel of land was severed into two (2) parcels, and the credit for the demolition of a single detached unit remained with the parcel that continued to use the municipal address of 6 Falcon Road (see Appendix “A” to Report FCS12045 for map showing property location). In 2010, 1775295 Ontario Inc. purchased the property at 6 Falcon Road, and the owners contacted the City to ensure the demolition credit belonged to their property.

On January 26, 2012, the City Of Hamilton received a written request from Marisa Marrazzo, the owner of 1775295 Ontario Inc., requesting that the demolition credits set to expire on July 9, 2012 be extended for five (5) years. Mrs. Marrazzo has included in her request (Appendix “B” to Report FCS12045) that she has not had time to prepare the necessary plans and afford the house to be built, and won’t before the credit expires in July. Mrs. Marrazzo has also noted that the additional costs of Development Charges and Parkland Dedication will cause the lot to continue to sit vacant for an extended period of time.

In the past, staff have recommended that demolition credits be extended for developments which met strategic economic goals of the City, and where the business case had significant positive economic impact (McMaster Innovation Park, 85 Robinson St (Former Thistle Club)). The current request is for a residential lot surrounded by green-field development where demand is significant. Granting this request would set a precedent whereby any developer could get a credit expiry extension which would make the Development Charges By-law clause dealing with credit expiries redundant.

Subsequent to being advised that staff would be recommending that no extension be granted, the Owner requested that consideration be given to allowing the credits to be transferred to the neighbouring property at 4 Falcon Road which had been severed off of 6 Falcon Road and has had building permits pulled and construction nearly complete on a new single detached home.

Staff are recommending against allowing the retroactive transfer of credits due to the fact that, unless otherwise requested at time of severance/development approval and approved by the City, demolition credits are deemed to remain with the original property.

Recommendation “c” to Report FCS12045 will allow staff to develop a formal policy and process for requesting that developers/owners allocate any credits or exemptions that may exist on a property which is to be severed, subdivided, merged, or otherwise altered so that it is clear how these issues are to be dealt with.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

	Current Value
City Development Charges	\$ 26,927
GO Transit Development Charges	\$ 215
Parkland Dedication (estimated)	\$ 30,000
Total Demolition Credits	\$ 57,142

Value of Credits

The value of the City DC Demolition Credit for a single detached unit is currently \$26,927, and the value of the GO Transit DC Demolition Credit is \$215, meaning that the value of the DC Credits requested to be extended is currently \$27,142.

Parkland Dedication is based on the appraised value of the land at the time of building permit issuance, so while the value of the Parkland Dedication Credit changes over time, it has been estimated to be upwards of \$30,000.

Recommendation “a” of Report FCS12045 ensures that City would collect these fees before the lot is built on.

Taxation

The property in question is currently a valuable vacant lot, and tax collections could potentially increase by five to six thousand (\$5,000-6,000) per year once a house is built and the property reassessed. This potential tax collection increase will be foregone until such a time as the lot is built on in the future.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

On July 10, 2007 a demolition permit was issued for the demolition of a single detached dwelling unit at 6 Falcon Road in Stoney Creek. Following the demolition, the parcel of land was severed into two (2) pieces, and the credit for the demolition of a single detached unit remained with the parcel that continued to use the municipal address of 6 Falcon Road, as it was the portion that the house sat on and kept the municipal

address. In 2010, 1775295 Ontario Inc. purchased the property at 6 Falcon Road. The owners contacted the City to ensure the demolition credits belonged to their property, and requested a letter confirming this along with the date the credits would expire. The owners were provided with a letter stating that the demolition credits would expire on July 9, 2012 – which is 5 years from the date of demolition permit issuance.

In January 2012, the owner of 1775295 once again contacted the City to infer about the process for requesting an extension for the credits as they felt like they were not yet in a position to move forward with building on the lot.

Staff advised the owner to send in a formal request to the City Clerks office, which would result in a staff recommendation report being generated, and the owners would then have an opportunity to plead their case when the report comes before the Audit, Finance & Administration Committee.

POLICY IMPLICATIONS

While in the past, the practise has been for staff to recommend providing extensions – those have been cases where the extension has made strategic economic sense for the City, and has been in pursuit of Council priorities, such as the extensions granted for McMaster Innovation Park, and for the former Thistle Club site.

While this precedent exists for extending demolition credits in circumstances where it makes strategic economic sense for the City, demolition credit extensions have not been granted in green-field areas. Providing an extension in this circumstance would effectively eliminate the City's ability to enforce the 5-year limit imposed by the DC and Parkland Dedication By-Laws going forward.

RELEVANT CONSULTATION

Planning & Economic Development – Agreement that parkland dedication credits should not be extended for the same rationale as noted above – that it would compromise the City's ability to enforce the 5-year limit on any future developments.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The following criteria were used to form the basis of the recommendation:

1. Likelihood of the property to be developed should the credits not be extended: It is believed that not extending the credits may cause the owners to submit a building permit application by July 9, 2012, otherwise, the lot may sit vacant for a few years, but it is believed it will ultimately be developed.
2. Demolition Credit Extension Precedent: No extensions have been granted for demolitions in green-field area's in the past – not a precedent the City wants to set going forward.
3. Transfer of the Demolition Credits would not only set a precedent for allowing credits to be transferred from one property to another, it would also not provide any incentive to expedite the development of the property at 6 Falcon Road (exclusive of any deals with the neighbours who would receive the credit).

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Alternative: That a two (2) year extension of both Development Charges and Parkland Dedication Demolition Credits be granted to the property located at 6 Falcon Road. The owners would have until July 9, 2014 to have a building permit issued (subject to transition policies in effect at the time).

Pros: Would provide the owner with additional opportunity to make use of a credit with a significant value (See Table 1 of report FCS12045), and may result in the lot being redeveloped sooner, resulting in the City realizing increased property tax collections.

A two (2) year extension would also limit the impact of setting a precedent to allow the extension of demolition credits in a green-field area.

Cons: If the building permit is applied for and pulled during the two (2) year extension, the City will have forgone Development Charges and Cash-in-Lieu of Parkland Dedication revenues worth almost \$60,000.

Staffing Implications: None

Legal Implications: None

Policy Implications: Would be seen as a precedent for any future requests, however limiting the extension to a two (2) year would minimize the impact of this precedent.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability,
3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development,
6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ A culture of excellence
- ◆ Council and SMT are recognized for their leadership and integrity

Financial Sustainability

- ◆ Financially Sustainable City by 2020
- ◆ Effective and sustainable Growth Management
- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner
- ◆ Full life-cycle costing for capital
- ◆ Address infrastructure deficiencies and unfunded liabilities
- ◆ Generate assessment growth/non-tax revenues

APPENDICES / SCHEDULES

Appendix “A” – Map outlining the location of 6 Falcon Road

Appendix “B” – Letter from Marisa Marrazzo/1775295 Ontario Inc.

Map of 6 Falcon Road, Stoney Creek



From: Marisa [REDACTED]
Sent: Friday, January 27, 2012 11:02 AM
To: Caterini, Rose; Rossini, Rob; McCabe, Tim; Johnson, Brenda; Spiler, Joseph
Subject: Re: Extension

Tuesday January 24, 2012

Attention: Rose Caterini, City Clerk

**Re: 6 Falcon Rd.
Tax Roll No: 2518.003.010.39000.0000
Legal Description of Property: RP 62R17969 Parts 1 TO 3**

My name is Marisa Marrazzo, owner of 1775295 Ontario Inc., which owns the property located at 6 Falcon Rd. I am writing to request an extension on the Parkland Dedication and Development Charges demolition credits. The credit is expiring on July 9, 2012 and I would like to request a 5 year extension on the Parkland Dedication and Development Charges demolition credits. The first 3 years I did not own the property, since I purchased the property I only had the balance of 2 years left on the 5 year credit. Having only 2 years credit, this did not give me enough time to prepare the necessary plans and afford the house to be built on this property. If the extension is not granted, the lot may continue to sit vacant for an extended/longer period of time due to the additional costs of Development Charges and Parkland Dedication.

I thank you in advance for your consideration in this matter and look forward to your response at you earliest convenience.

Yours truly,

Marisa Marrazzo
[REDACTED]

**Cc: Rob Rossini - General Manager Finance & Corporate Services
Tim McCabe – General Manager Planning & Economic Development
Councilor Brenda Johnson
Joe Spiler – Manager of Capital Budgets & Development**

-----Original Message-----

From: stoneycreekcollision [mailto:stoneycreekcollision@bellnet.ca]

Sent: Wednesday, April 25, 2012 6:28 PM

To: Smith, Adam

Subject:

We would also like to add that if we cannot get the extension of 2-5 years on the Parkland Dedication and Development Charges, I would like as a secondary option to transfer the Parkland Dedication and Development Charges to the adjacent lot which was part of the whole property.

Yours Truly

The Marrasso Family