



**CITY OF BELLEVILLE**  
**Karen Poste, Manager**  
**Economic and Strategic Initiatives**  
**Report No. ECDEV 2019-28**  
**August 12, 2019.**

APPROVAL BLOCK	
CAO	<i>AS</i>
DF	<i>AS</i>

**To: Mayor and Members of Council**

**Subject: Inter-Continental Holdings Request for Development Charge Deferral**

**Recommendation:**

**“THAT Report No. ECDEV 2019-28 regarding a request to defer the payment of development charges for development on land located at 20 College Street West be received, and further that staff be authorized to prepare an agreement with the land owner to defer the development charges until the occupancy permit for the building is issued, or for a maximum of 24 months, whichever is sooner, and further that the agreement be registered on title against the subject property.”**

**Strategic Plan Alignment:**

The City of Belleville’s Strategic Plan identifies nine strategic themes. The recommendation in this report will directly further the Residential Development theme by supporting and encouraging new residential development in a central, serviced area of the City. Encouraging the development of additional housing options in Belleville will support all the strategic objectives included in Council’s strategic plan.

**Background:**

Inter-Continental Holdings Corporation (IHC) is a development company from Toronto that is planning to construct two substantial residential developments in the City – one on College Street West (east of Quinte Gardens) and one at the corner of Coleman Street and Dundas Street West. The proposed Development Charge (DC) deferral request would apply to the property located on College Street West.

IHC is proposing the development of 95 luxury rental units (see attached plan) with construction to begin in 2020 and be completed in 2021. The estimated value of the project is approximately \$36 million. The development will include 32 one bedroom units and 63 two bedroom units and will also feature a roof top patio, common space, underground parking and many modern amenities. Based on 2019 values, the development charges will amount to approximately \$695,852. A site plan agreement

has been signed between the City and ICHC but it has not been registered on title. The deferred payment request would reflect the value of the DC payable at the time the fee is paid, not the value on the day the building permit is issued.

ICHC is requesting that the City defer the payment of the DC until an occupancy permit is issued for the property. It is anticipated that construction will take approximately two years to complete so the deferral would reflect that period of time.

The Development Charges Act does not prohibit the deferral of these fees and other communities have been deferring charges until a later date as a way of incenting new development. Similarly, in 2017, the City of Belleville signed an agreement with the Quinte Home Builders Association (QHBA) which allows for the deferral of the DC fee for 'single family, semi-detached, duplex and townhouse dwelling units'. The QHBA agreement also requires that the DC be paid within 180 days of building permits issuance.

Staff propose that this development be treated in a fashion similar to the way the City is handling DC's for smaller scale developments associated with the QHBA. One difference between the two agreements would involve the extension of the deferral time to up to 24 months from the date the permit is issued. Also consistent with the QHBA agreement, the deferred payment request would reflect the value of the DC at the time the fee is paid, not the value on the day the building permit is issued.

The challenge with providing a deferral for this development is that other large scale developments could request the same relief. Council should consider whether or not this deferral is an option they would consider allowing for future high density developments, if requested.

**Analysis:**

Housing has been identified as one of the key issues of concern in the City when it comes to social and economic barriers to growth and development. Housing in all price ranges and formats is required and the addition of this development will significantly impact the supply of housing in Belleville. Providing some relief to the developer in terms of the timing of the payment will go a long way toward supporting the financing of the construction of this project and could help this development get started sooner. The initial construction period is the most difficult financial period for any large project, and any cost deferral could help move the project forward at a faster rate. The risk of not supporting the deferral is that the development could be further delayed which will not support the creation of more housing units in the City.

**Financial:**

DC's are a very effective way for the City to finance growth related infrastructure projects and they allow new growth to pay for the additional services that will be needed. Reserve funds have been established and the deferral of these charges is not expected to impact the financing of any City projects identified under the DC background report. Sufficient safe guards are in place to ensure the charges are paid and the risk the City will not collect the required DC is minimal.

The City solicitor has confirmed that a formal agreement respecting the deferred payment should be registered on title against the property and they have confirmed that DC's can be collected like taxes, so should a default occur, the charges can be added to the tax bill for the property. Some risk is involved in approving the deferral but in the opinion of staff, it is minimal. To be consistent with the requirements of the QHBA, staff are recommending the inclusion of a specific date for payment of the fees. A clause which requires the payment prior to the issuance of an occupancy permit or 24 months after the building permit has been issued is suggested.

Safeguards are in place to ensure payment will be made, but there will be some extra effort on the part of staff in terms of tracking when the payments are to be made and ensuring permits are not issued before the DC's are fully paid. This additional effort is not expected to be significant but it will add one additional element to the building/payment process for development.

**Conclusion:**

In this particular instance, the deferral of the DC for this developer is significant because of the scale of the development. The upfront financing of this project can be difficult for many developers to carry when the project isn't expected to be complete for at least 18 - 24 months after the building permit is issued. Deferring this cost until revenue is anticipated could substantially assist the developer with getting the financing required to get the project started.

With consideration of the safe guards in place, the precedent and the critical need for new housing in the City, staff recommends that the proposed development charge deferral be approved and that an agreement with the property owner be prepared. Staff also recommend that Council encourage future deferral agreement requests for high density construction projects to further encourage housing development within the City of Belleville.

Respectfully submitted,



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.encl – site plan

