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DEFERRAL OF REGIONAL DEVELOPMENT CHARGES FOR HARBOR DEVELOPMENTS LTD. AND FRAM BUILDING GROUP LTD. TOWN OF RICHMOND HILL

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 6, 2010, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:

1. Regional Council authorize the execution of an agreement with Harbor Developments Ltd. and FRAM Building Group Ltd. upon completion with Harbor Developments Ltd. and FRAM Building Group Ltd. to defer the payment timing of the Regional development charges on the proposed 140-unit affordable housing apartment building to be owned and operated by Housing York Inc. upon completion of construction.

2. PURPOSE

The purpose of this report is to obtain Council's approval to defer the collection of Regional development charges for the proposed 140-unit affordable housing apartment building to be constructed by Harbor Developments Ltd. and FRAM Building Group Ltd. ("Harbor and FRAM") for two years following the execution of the agreement of purchase and sale referred to in Recommendation 1, or until such time as the building becomes the property of Housing York Inc. upon completion of construction, whichever is earlier.

3. BACKGROUND

Council took the opportunity to increase the supply of affordable housing and Harbor and FRAM were the successful RFP proponents

In the fall of 2008, the Region received \$53 million under the *Investing in Ontario Act, 2008* from the Province to fund regional infrastructure projects. Staff was directed to investigate using the funds to increase the affordable housing stock within the Region. A Request for Proposal ("RFP") was issued in June 2009 seeking proposals from the development industry to deliver new affordable housing units to be owned and operated by Housing York Inc. Harbor and FRAM was the successful proponent of that process.

There is an obligation for FRAM Building Group Ltd. to pay regional development charges

The Region's Development Charge By-law, By-law No. DC-0007-2007-040 as amended by the Ontario Municipal Board Orders dated May 4, 2009 and October 28, 2009 requires Harbor and FRAM to pay Regional Development Charges at Building Permit issuance. Regional Development Charges are not waived or exempted by the By-law for the construction of affordable housing units. However, if the Region was constructing the facility, it would not be obligated to pay development charges. In this case, since a third party is constructing with the intent to transfer ownership upon completion, development charges would be payable.

4. ANALYSIS AND OPTIONS

A deferral agreement is warranted and transfer of title is expected upon completion of construction

In light of the fact that the Region is expected to own and operate the affordable housing apartment building upon completion of construction, staff recommends that the Region enter into a Development Charge deferral agreement. Should title not transfer to the Region as expected upon completion and Harbor and FRAM retains ownership, they would be required to pay the Regional Development Charges at that time. Harbor and FRAM have advised that they consent to the Region registering a mortgage on title to the property in the amount of the development charges in question so that the Region would be secured in the event that the sale of the property does not close as anticipated.

5. FINANCIAL IMPLICATIONS

Estimated development charges are \$1,905,324

The current estimated Regional development charges for this project are \$1,905,324. Although Harbor and FRAM would be required to pay this amount, if the Region were to build the apartment building no Regional development charges would be payable.

6. LOCAL MUNICIPAL IMPACT

The Town of Richmond Hill is considering entering a deferral agreement for the Town development charges however have not yet confirmed whether or not it will proceed. The creation of affordable housing units with the Region contributes to its economic viability and provides stable housing for lower income households.

7. CONCLUSION

It is recommended that the Region enter into an agreement with Harbor Developments Ltd. and FRAM Building Group Ltd. to defer Regional development charges for the 140 unit affordable housing apartment building within the Town of Richmond Hill.

For more information on this report, please contact Kelly Strueby, Director Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.