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EXTENSION OF THE REGIONAL DEVELOPMENT CHARGES DEFERRAL AGREEMENT 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 June 11, 2012, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:

1. Council approve an extension of the Regional Development Charge Deferral Agreement between the Region, Harbor Developments Ltd. and FRAM Building Group Ltd., from August 31, 2012 to March 31, 2013, or until such time that the building is completed and transferred to Housing York Inc., whichever is earlier.

2. PURPOSE

This report requests a term extension for the Regional Development Charge Deferral Agreement between the Region and the Developer (Harbor Developments Ltd. and FRAM Building Group Ltd., collectively) relating to the construction of a 140 unit affordable housing development, known as Mackenzie Green, in the Town of Richmond Hill. The building is intended to be owned and operated by Housing York Inc. (Housing York) upon construction completion.

3. BACKGROUND

Request for proposal issued to increase the supply of affordable housing

In June 2009, the Region released a Request for Proposal (RFP) seeking submissions from the development industry to deliver new affordable housing units to be owned and operated by Housing York. Through adoption of the private report entitled, *Opportunities to Increase the Supply of Affordable Housing Request for Proposal Process*, on September 24, 2009, Council approved value engineering and contract negotiations with the Developer. In January 2010, the Region awarded the contract for the land and affordable housing building, to be built on a turnkey arrangement. This building, Mackenzie Green, is a nine-storey, 140 unit apartment building located on the southeast corner of Essex Avenue and Major Mackenzie Drive in the Town of Richmond Hill.

4. ANALYSIS AND OPTIONS

Council approved a Development Charge Deferral Agreement between the Region and the Developer for Mackenzie Green

On June 24, 2010, through the approval of Clause No. 4 of Report No.6 of the Finance and Administration Committee, Council authorized the execution of a Regional Development Charge Deferral agreement with the Developer in light of the fact that Housing York is expected to own and operate Mackenzie Green upon completion of construction. Should title not transfer to Housing York as expected, the Developer would be required to pay the Regional development charges. A mortgage has been registered on title to secure the obligation.

The current agreement expires August 31, 2012 and an extension is requested

The deferral agreement between the Region and the Developer was executed on January 31st, 2011. The agreement provided that Regional development charges would be deferred until such time as Mackenzie Green becomes the property of Housing York at construction completion or on August 31, 2012, whichever was earlier.

Construction was delayed due to local water table issues. As result, the Developer was required to prepare a peer-reviewed dewatering plan in order to receive a building permit. This took approximately 6 months to complete. Weather conditions further delayed the construction schedule, and the Developer is now trying to make up of some of the lost time by working overtime and weekends. Under the terms of the Deferral Agreement, Regional development charges would be payable after August 31, 2012. Staff is recommending that the deferral agreement be extended to March 31, 2013 to allow Mackenzie Green to be completed as an affordable housing project, as initially intended by Council.

Link to Key Council-approved Plans

The deferral of development charges would directly support the strategic objectives articulated in the Region's 2011 to 2015 Strategic Plan by supporting healthy communities and expanding housing choices through the creation of affordable housing units.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with the extension

The estimated value of the deferred Regional development charges for Mackenzie Green is \$1,905,324. Since the Region does not pay itself development charges, this amount will not be collected as long as the property is transferred to Housing York.

6. LOCAL MUNICIPAL IMPACT

The 140 units of affordable housing created with the development of Mackenzie Green will assist in alleviating some of the pressure for stable and affordable rental housing in the Town of Richmond Hill.

7. CONCLUSION

This report requests an extension of the Regional Development Charge Deferral Agreement between the Region and the Developer for Mackenzie Green in Town of Richmond Hill, from August 31, 2012 to March 31, 2013. Upon completion, the apartment building is intended to be owned and operated by Housing York.

For more information on this report, please contact Warren Marshall, Director, Controllershship Office at Ext. 1601.