Finance

# Development Charge Deferral Policy for Non-Residential Expansions

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**Branch:** Capital and Development Finance

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**Prepared By:** Capital and Development Finance

## 1.0 Policy Statement

The Development Charge Deferral Policy for Non-Residential Development establishes guidelines for the application, administration, and issuance of Development Charge deferrals for Expansions to existing Non-residential Developments within the Town of East Gwillimbury. The policy aims to provide a structured approach to deferring Town-wide Development Charges (DCs) under specified conditions while ensuring compliance with legislative requirements and promoting economic development in the Town.

## 2.0 Purpose

The purpose of this policy is to provide a form of financial relief on the payment of Town-wide Development Charges for the Expansion of existing Non-residential Developments by establishing conditions under which a deferral may be granted. Development Charges are collected pursuant to the Development Charges Act, 1997, and the Town's Development Charge By-law. The policy supports economic development and the established business community, while maintaining the financial sustainability of the Town.

The Town is permitted to enter into deferral agreements pursuant to subsection 27(1) of the Development Charges Act, 1997, which states: "*a municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable*."

## 3.0 Scope

This policy will apply to all landowners, developers, and builders who apply to the Town of East Gwillimbury for a deferral of Development Charges applicable to a proposed Expansion of existing Non-residential Development. The policy is intended to assist applicants to proceed with their proposed Development and ensure the appropriate provision of services that contribute to the strategic goals of the Town. An application for approval of a deferral request is required in accordance with this policy.

This policy only applies to Town-wide Development Charges, excludes area-specific Development Charges, and shall not apply to Community Capital Contribution Charges when a Community Capital Contribution Charges By-Law is in effect.

This policy applies to all Development Charge deferral applications received on or after the date that this policy becomes effective.

## 4.0 Definitions

| Term | Definition |
|---|---|
| *Act* | The Development Charges Act, 1997, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute. |
| *Development* | The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof from non-residential to residential or from residential to non-residential and includes redevelopment. |
| *Development Charges* | Charges imposed under the Town's Development Charges By-law. |
| *Expansion* | Addition to a Development by adding Gross Floor Area to an existing structure, either on the same lands or adjacent lands. |
| *Gross Floor Area* | As defined under the Town's Development Charges By-law. |
| *Non-Residential Building Construction Price Index* | A quarterly index published by Statistics Canada measuring changes in non-residential building construction. |
| *Non-Residential Development* | As defined under the Town's Development Charges By-law. |
| *Region* | The Regional Municipality of York. |
| *Town* | The Town of East Gwillimbury. |

## 5.0 Description

**Eligibility Requirements**

Deferral of Development Charges will be granted for Expansions to existing Non-residential Development, provided the following criteria are met:

- The application is for the Expansion of non-residential space to existing Non-residential Development.
- The Expansion to an existing Non-Residential Development results in additional Gross Floor Area being added, either on the same lands or adjacent lands as the existing Development.
- The Expansion will have the same purpose and ownership as the existing building or structure.
- The deferral application is submitted in accordance with the Town's processes outlined in this policy.
- Once approved, the deferral will come into effect at the time the Region approves a similar deferral for the proposed Development.

**Terms of the Deferral Policy**

Prior to the issuance of a building permit and upon receiving site plan approval, any developer or applicant seeking to defer Town-wide Development Charges for a non-residential building Expansion must submit a formal request for a Development Charge Deferral to the Town. A written request to the Town must be received a minimum of 60 days prior to the issuance of a building permit.

The Town will require the following information to process the request:

- evidence of compliance with eligibility criteria;
- proposed building uses;
- drawing of the Development, including existing and proposed Gross Floor Area; and
- an application/administration fee.

If the Development is deemed eligible for the Town-wide DC deferral, Development Finance staff will determine the deferral amount. The Treasurer will have the authority to execute the Deferral Agreement with the applicant. The Treasurer may impose any additional terms and conditions as are reasonable, in their sole discretion.

**Development Charges Deferral Agreement**

Any developer or applicant wishing to defer DCs for a non-residential Expansion to existing Development must enter into a Development Charges Deferral Agreement with the Town. The Deferral Agreement must be signed by both the applicant and the Town before any deferral is granted. The agreement will include provisions related to the payment schedule, and any potential penalties for non-payment.

A Development Charges Deferral Agreement shall only be executed by the Town provided that the developer or applicant can immediately upon execution of the agreement attain a building permit issued by the Town.

**Duration of the Deferral**

The deferral will last for a maximum of three years from the date of building permit issuance, after which full payment of the Development Charges as defined in this policy will be required.

**Development Charges Rates**

The Town-wide Development Charge rate shall be the amount determined under the applicable Town-wide Development Charge By-law on the date they are paid, which will occur prior to or at the end of the deferral period, in accordance with Section 26 of the Act.

**Development Charges Payable**

Development Charges deferred under this policy will be payable in full prior to or at the end of the deferral period, as defined in this policy.

The amount of Development Charges payable to the Town, as required under the Act, shall be based on the rates determined under this policy. Applicants will be given notice of the requirement of payment and will be given fifteen (15) days to provide payment in the form of certified cheque to the Town.

**Non-applicability**

Section 4 of the Act provides an exemption from the payment of Development Charges for the enlargement of the Gross Floor Area of an existing industrial building, provided that the Expansion does not exceed 50% of the Gross Floor Area of the existing structure. Any Expansions to existing industrial Development for which Section 4 of the Act applies does not qualify for a DC deferral under this policy.

Section 26.1 of the Act stipulates that Development Charges levied against rental housing and institutional development shall be paid in five annual installments beginning on the date of occupancy permit issuance. Any Non-residential Development to which Section 26.1 of the Act applies (institutional) and that opts to pay Town-Wide Development Charges in annual

installments in accordance with Section 26.1, shall not be entitled to also avail itself of the deferral under this policy.

**Application/Administration Fees**

An application/administration fee for each deferral request will be charged to the applicant to account for departmental costs relating to the review, preparation, and administration of the Development Charge deferral agreement. All applicable fees are in accordance with the Town's Fees and Charges By-law, as may be updated from time to time.

In instances where staff's costs to prepare and administer a deferral agreement exceed the fee mentioned above, such fees shall be separately quantified and invoiced to the applicant. The owner also agrees to pay all costs and expenses in connection with legal costs incurred by the Town in the event that it takes any legal action in response to any event of default, or as it may otherwise take to enforce the Town's rights under this policy.

## 6.0 Responsibilities

The Treasurer shall be responsible for:

- Approving or denying requests for deferral of development charges.
- Exercising authority to enter into Development Charges Deferral Agreements with applicants, ensuring all terms and conditions outlined in this policy are met.

The Capital and Development Finance Branch shall be responsible for:

- Administration of and future updates to this policy.
- Determining whether a request meets the deferral criteria.
- Tracking the status of approved Development Charge deferrals.
- Calculating the Development Charges due on the proposed Development.
- Ensuring that applicable Development Charge payments are paid, as per the agreement.

The Legal Services Department shall be responsible for:

- Preparing the deferral agreement and, if appropriate, including any necessary clauses within a subdivision, site plan or other development agreement.
- Register the deferral agreement on title, if possible and as appropriate.