

August 14, 2014

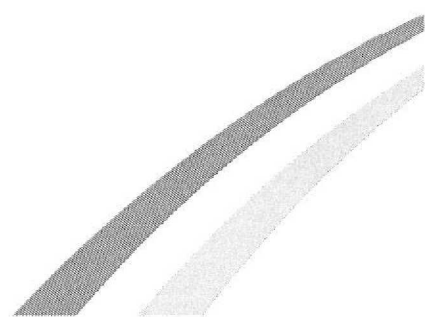
**JOINT PLANNING & BUILDING SERVICES, FINANCIAL SERVICES, AND LEGISLATIVE
SERVICES REPORT 2014-38**

TO: Committee of the Whole

SUBJECT: Development Charge Exemption and Request to Waive and Refund Fees for the
Proposed Hospice
Southlake Regional Health Centre Foundation
653 Queen Street
Planning File No.: D11-NP1313

ORIGIN: Requests Submitted to the Town

RECOMMENDATIONS

- a) **THAT joint Planning & Building Services, Financial Services, and Legislative Services Report 2014-38 dated August 14, 2014 regarding a Development Charges exemption and a request to waive Building Permit and Sign Permit fees and refund planning application fees be received and the following recommendations be adopted:**
- i. **THAT staff be provided with confirmation that the Hospice qualifies for the new Development Charges exemptions by By-law 2014-42, once it is in full force and effect;**
 - ii. **AND THAT the request from the Southlake Regional Health Centre Foundation for waived and refunded fees be denied;**
 - iii. **AND THAT staff be directed to undertake a review of the impacts of creating a policy to reduce fees for charitable foundations, community organizations, public agencies and other similar uses;**
 - iv. **AND THAT Dora Boylen-Pabst, Vice President, Philanthropy and Engagement, Southlake Regional Health Centre Foundation, 102-581 Davis Drive, Newmarket, L3Y 2P6, be notified of this action.**
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BACKGROUND

Southlake Regional Health Centre (SRHC) has submitted applications for Official Plan and Zoning By-law Amendments and Site Plan Approval for a proposed one-storey, 10 bed residential hospice with storage, offices and common rooms. It is proposed on the 0.272 hectare parcel of land of 649, 653 and 657 Queen Street. The Official Plan and Zoning By-law Amendments were approved in 2010. The Site Plan Approval process is on-going and nearing completion. A Building Permit application has not yet been made.

Request

The Southlake Regional Health Centre Foundation submitted letters to the Town dated July 2, 2014 and July 28, 2014 requesting:

1. That the Building Permit fees for the Hospice be waived;
2. That fees paid to date be refunded (specifically the Official Plan and Zoning By-law Amendment, the Site Plan Approval, and the Demolition Permit application fees); and
3. That the Sign Permit application fee related to two ground signs for the Hospice be waived.

The Official Plan and Zoning By-law Amendment application fees paid in March 2010 were \$37,889.86 (including GST). The Site Plan Approval application fee paid in June 2013 was \$12,295.26 (including HST). Two Demolition Permits were provided in 2014; the fees were \$650 (\$325 each). The Sign Permit application fee is \$400 and has not yet been paid.

As the Building Permit application has not yet been submitted staff have estimated the approximate amount of the fees. Based on the size of the proposed Hospice the Building Permit fee would be approximately \$18,000 to \$19,000.

COMMENTS

Planning Application Fees

At this time, staff do not support a refund of the planning application fees. The costs associated with processing the Official Plan and Zoning By-law Amendments is based on the Activity Based Costing Review of Development Application Approvals Process (DAAP), completed in 2005. The fees represent cost recovery for staff time spent on processing each application. The monetary amount of staff time has been spent processing the three applications.

In 2010, Council considered and denied a requested exemption from the Official Plan and Zoning By-law Amendment fees for the Hospice.

In 2003, Council reviewed a request to issue a grant which would reduce the levies collected for the Residential Care Village at 640 Grace St. This request was also denied; however, instead Council did not require the posting of a security for the development.

In 2000, Council provided Southlake with a grant to assist with the hospital expansion project. This resulted in approximately \$900,000 of fees and charges not collected. Council has also provided grants for planning application fees and other site plan approval related charges to another community focused development project.

Building Permit Fees

Staff do not support the refunding of the Demolition Permit fees nor the waiving of the Building Permit fees. It is noted that Newmarket's Building Permit fee for this type of facility is already one of the lowest in the province. Our fee is on average about 50% less than the typical fee collected for this type of facility in other municipalities. Both the Provincial *Building Code Act* and the Building Bylaw requires that fees be paid in order to obtain a Building Permit. In order to make changes to the manner in which fees are charged or collected, the *Building Code Act* requires certain notifications through a public process and/or an amendment to the Building By-law.

The Demolition Permit fee is relatively small (\$325 each) and is subsidized by other Permit categories. Any reduction, waiving or deferral of Building Permit fees would have an impact on other department revenue streams since these fees also include indirect costs.

The Chief Building Official advises the Building Permit fee structure is under review and as part of that process the consultant will be asked to include comments in respect to waiving, reducing or deferring Building Permit fees. This may result in a different approach to dealing with similar projects in the future.

Sign Permit Fee

Current Sign Permit fees came into effect on January 1, 2014 following a public consultation process on the Sign By-law which included outreach and input from various community and non-profit organizations. Governmental authorities (for example, the Federal and Provincial governments) are exempt from the provisions of the current Sign By-law, so would not be subject to Sign Permit fees. A hospital or hospice facility would not be exempt from the Sign By-law.

During the public consultation process for the current Sign By-law, alternate or no Sign Permit fees for hospitals, community, and non-profit organizations, was not specifically raised.

Like other fees, the Sign Permit fees are intended to recover costs associated with the review and administration of the permit and serves as an incentive for submitting a complete application, including any required documentation. For these reasons, staff do not support waiving Sign Permit fees entirely. Further review would be required for any potential reduced Sign Permit fees.

It should be noted that the Town has established a for-profit and non-profit fee structure for licensing fees associated with charitable donation bins.

Analysis

While denial of this specific request is recommended, it is further recommended that staff investigate developing a policy with regard to exemptions for these types of uses (i.e. charitable foundations, community organizations, public agencies, etc.). A policy would allow for fair and equitable application of any exemptions, grants, deferrals etc. The policy could be consistently applied to requests by all community organizations without the need for ongoing Council approval.

Investigating the policy would also allow staff the ability to understand the budget impacts of the loss of revenue. The policy would not be retroactive; it would be on a go-forward basis from the time the policy (if approved) came into effect.

It should be noted that by the time this proposal receives its building permit, it will be subject to the new Development Charges By-law (if no appeals to the By-law are received). The new DC By-law exempts "a public hospital receiving aid under the *Public Hospitals Act*". Should the Southlake Foundation provide documentation that the Hospice is receiving aid under the *Public Hospitals Act* they will be automatically exempt from the Town and the Region's Development Charges. Under the old Development Charges By-law the Town's portion of Development Charges would be \$35,125.10. The Region's Development Charges for a non-exempt institutional use of a building this size (1783sq.m) is \$375,214.52 (this exemption has been in place for some time). In essence they have been granted a savings of \$410,339.62 from the Town and the Region's institutional development charges.

Council has the ability to defer the payment of the Building Permit and Sign Permit fees over a defined period of time at a reduced interest rate. Staff is supportive of this project and would be willing to meet with the applicant and discuss some options to defer part of the fees, if Council so directs.

COMMUNITY CONSULTATION POLICY

If Council wishes to make any changes to the Fees and Charges By-law or the Building By-law, public consultation will be required.

HUMAN RESOURCE CONSIDERATION

Not applicable to this report.

BUDGET IMPACT (CURRENT AND FUTURE)

The following summarizes the requested fees which could be reduced, waived or refunded, a total of approximately **\$70,235.12**.

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| Official Plan and Zoning By-law Amendment fees: | \$37,889.86 |
| Site Plan Application fee: | \$12,295.26 |
| Demolition Applications fees: | \$650.00 |
| <i>Estimated</i> Building Permit fee: | \$19,000.00 |
| Sign Permit fee: | \$400.00 |
| Total: | \$70,235.12 |

As noted above, reducing or waiving fees could be problematic. The most straightforward manner in which to deal with this issue, should Council decide to provide some relief, would be to refund fees through a grant. This would maintain the cost and pricing integrity of the departments involved and would be the easiest option to implement. Council could direct staff to refund all or a portion of the fees with funding from a reserve. As there is no directly related reserve, the Rate Stabilization Fund would be the recommended source. There would be no immediate budget impact, but there would be fewer monies available for future uses.

CONCLUSION

Staff are recommending that an investigation into the creation of a policy regarding grants, exemptions, or reductions be undertaken with respect to uses similar to the proposed hospice.

It is recommended that the requests for a refund of fees paid and a waiving of fees still required to be paid be denied as the fees represent cost recovery for staff's time spent processing the applications.

CONTACT

For more information on this report, contact: Meghan White, Planner, at 905-953-5321, ext 2458; mwhite@newmarket.ca.



Commissioner, Development and Infrastructure
Services



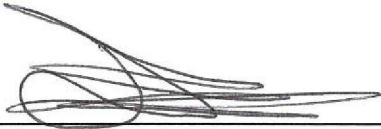
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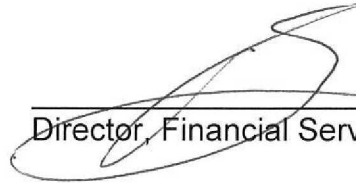
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Services



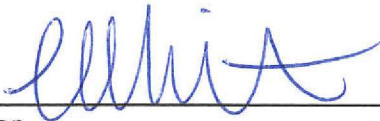
Director, Legislative Services/Town Clerk



Chief Building Official



Director, Financial Services/Treasurer



Planner