

City of Melfort Policy Manual

<i>POLICY TITLE:</i> Development of Land for Resale	<i>POLICY NUMBER:</i> 1.3.05	<i>EFFECTIVE DATE:</i> April 15, 2014
<i>ORIGIN:</i> Administration	<i>ADOPTED BY COUNCIL ON:</i> April 14, 2014	<i>DATE AMENDED:</i>

1. PURPOSE:

- 1.1 The purpose of this policy is to outline administrative procedures and establish general guidelines for City development of land for resale by the City of Melfort. The policy lists the distinction between assets held for resale, tangible capital assets, and off site levies and the administration of each type of cost and/or charge.

2. DEFINITIONS:

- 2.1 **Capital Cost:** The City's cost of providing construction, planning, engineering and legal services that are directly related to the matters for which development levies and servicing agreement fees are established. Carrying out of any building, engineering, mining or other operations in, on or over land or the making of any material change in the use of intensity of any building or land.
- 2.2 **Development:** Carrying out of any building, engineering, mining or other operations in, on or over land or the making of any material change in the use of intensity of any building or land.
- 2.2 **Net Development Area:** The total area of the undeveloped land and not to include buffers, walkways, roadways or municipal/school reserve.
- 2.3 **Service Agreement:** An agreement, executed by the City of Melfort and the developer of undeveloped land, that includes details regarding the municipal services that will be provided to undeveloped land, the terms of payment of off-site levies for the undeveloped land, an area contribution based on applicable storm water retention facilities and channels; an area contribution for parks and trail systems.
- 2.4 **Servicing Fee, Development Levy and Off Site Levy:** Levies charged on developments to recover City's capital costs for providing or upgrading the following services and /or facilities associated, directly or indirectly, with the proposed development or subdivision

2.5 **Tangible Capital Assets:** Non-financial assets having physical substance that:

- are held for use by the municipality in the production or supply of goods and services, for the rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

3. DEVELOPMENT COSTS:

3.1 Development costs are capital costs incurred in developing the net development area. Developmental capital costs that are eligible to be recorded in the land for resale assets are:

- (a) Planning and engineering design;
- (b) project management;
- (c) landfill;
- (d) open spaces;
- (e) water line hookup and water meter installation;
- (f) electrical distribution lines;
- (g) energy distribution lines;
- (h) legal surveys;
- (i) telephone services;
- (j) land acquisition and/or disposal costs;
- (k) financing and interest charges in developing the land; and
- (l) development incentives.

3.2 Developmental capital costs incurred in developing the net development area that must be recorded as Tangible Capital Assets are:

- (a) Road construction;
- (b) Curb, gutter, and sidewalks;
- (c) piped water and sewage lines;
- (d) storm sewer and/or culvert drainage works.

3.3 Servicing Fees, Development Levies and Off Site Levies as defined in the "Development Levy Bylaw" and/or the servicing agreement.

4. PRICING OF DEVELOPED LANDS:

4.1 Pricing of City developed lands will incorporate all development costs and development fees incurred by the City in the development. The City selling price must cover all costs pertaining to section 3; land for resale costs, tangible capital asset costs and servicing fees/development levies/off site levies.

4.2 Where the pricing of lots within the development do not cover all costs, a plan to recoup the funds or alternate funding must be presented and approved by Council to proceed in the development.

5. RECORDING OF CITY DEVELOPMENT COSTS AND LEVIES COLLECTED:

5.1 All costs associated with the development as listed in subsection 3.1. will be recorded in the cost of the land for resale asset, all costs as listed in subsection 3.2 will be recorded as tangible capital assets, and in accordance with the development levy bylaw, all development levies collected will be recorded as capital revenue labeled as a “development levy” and a transfer in the same amount will be recorded to the appropriate Development Levy Reserve.

6. COMPLETION OF CITY DEVELOPMENT LANDS:

6.1 Completion of the City development will be at the point when all costs in subsection 3.1 have been realized and after receiving clearance from the City engineers that the City standards have been met for these costs.

6.2 In the year of completion, any gain or loss incurred on the City development will be recorded in the completion year.

7. RESPONSIBILITIES:

7.1 Senior Management will review all City developments on a yearly basis in relation to level of completion, costs incurred to date and pricing to date and for the future years.