A. Recommendations

THAT Council receive Staff Report PDS.20.79, entitled “Request for Development Charge Exemption – Follow-Up Report (20 Alice Street, Thornbury)”;

AND THAT Council defer a decision on property-specific Development Charge exemption requests until attainable housing incentive programs are considered more fully through the Attainable Housing Community Improvement Plan project that is currently underway.

B. Overview

As directed by Council, this report is a follow-up to Staff Report FAF.20.106 regarding a request to council for relief from Development Charges for a proposed development located at 20 Alice Street in the Thornbury Settlement Area.

C. Background

On June 30, 2020, Ms. Susan Minn and Lauren Mintz, representatives of #2751912 Ontario Inc. provided a deputation to Committee of the Whole regarding their request for relief from development charges (please refer to Attachment #1). Their request was property specific and was related to a development proposal they are pursuing at 20 Alice Street in the Thornbury Settlement Area. On that same day, Committee of the Whole considered staff report FAF.20.106 (please refer to Attachment #2) which provided an analysis of the request and recommendations. The recommendations contained within the report were as follows:

THAT Council receive Staff Report FAF.20.106 entitled “20 Alice Street Redevelopment”;

AND THAT Council uphold the Development Charges By-law 2019-17 and levy the Development Charges as per the report;

AND THAT Council levy the 5% Cash-in-Lieu of Parkland.
Committee of the Whole September 8, 2020
PDS.20.79 Page 2 of 5

Upon consideration of the report, Committee of the Whole passed the following alternate resolution:

THAT Council receive Staff Report FAF.20.106 entitled “20 Alice Street Redevelopment”; AND THAT Council direct staff to provide a further staff report at the earliest opportunity, regarding the 20 Alice Street Development with consideration of options from the Planning Department and The Blue Mountains Attainable Housing Corporation.

D. Analysis

As directed by Council, Planning & Development Services staff, Finance Staff, and the Executive Director of the Blue Mountains Attainable Housing Corporation have met to discuss options and next steps.

The Town has retained WSP Canada to provide consulting assistance to complete a Community Improvement Plan (CIP) Project for the Town. The CIP Project is comprised of two major components:

1) Creation of a new Town-wide Attainable Housing Community Improvement Plan
2) Review and update of the Town’s existing Commercial Core Areas Community Improvement Plan (Thornbury, Craigleith, and Clarksburg).

As described the Town’s consultant, “A CIP is a tool afforded to municipalities under Section 28 of the Planning Act. It enables municipalities to administer focused financial incentive based programs to achieve desired revitalization goals within a defined area. Under a CIP, municipalities may facilitate the implementation of a range of community improvement goals and objectives, including, but not limited to:

- Establishing a vision, goals and objectives to direct community improvement;
- Establishing financial incentive-based programs available to land owners and tenants, typically administered as a grant, loan, or both;
- Provide or direct funds to facilitate the development of attainable housing;
- Encourage economic revitalization of traditional downtown areas.

Once adopted, a CIP provides a framework to guide community improvement within a municipality over the Plan’s intended horizon. A CIP typically includes various components to achieve this, including but not limited to a vision, goals and objectives, incentive programs, eligibility criteria, and administrative and monitoring policies.”

The Consultant has prepared a Background Report which will be release imminently and will be conducting targeted discussion meetings with select representatives of various stakeholder followed by an Open House with a larger group of stakeholders. With the information gathered through those processes, as well as comments received from members of the public, current project timelines project a statutory public meeting later this fall, with a project completion and Council adoption of an Attainable Housing CIP in November 2020.
Furthermore, the Executive Director for The Blue Mountains Attainable Housing Corporation has met with the representatives for the 20 Alice Street proposal. Based on discussions to date, providing a portion of units for the attainable rental program does not meet their proforma and a DC exemption is preferred by the developer group. However, subject to Council’s decision on this report further consideration may be given.

Staff acknowledge that financial incentives can play an important role to help address the need for near market and entry level market housing by increasing the affordability for private developers to thereby increase the supply. It is recommended that Council consider the full suite of incentives that it may wish to support attainable housing through the CIP Project process. Once the CIP has been adopted and funded, attainable housing development projects would be able to evaluate the incentives and identify the programs that meet their eligibility and provide a positive impact on their proposal. It is important to note that the development proposal is currently continuing through the public process under the Planning Act. A public meeting is forecasted to be held in early Fall 2020.

The recommendation of this report does not refuse the request. Rather, it suggests that this request, and other similar requests be dealt with after Council has more comprehensively considered incentives for attainable housing through the Attainable Housing Community Improvement Plan. The approach recommended by staff allows for the development application to continue through the planning approvals process, including an opportunity for the public to share their comments on the development plans for the property. It is not recommended that Council make a decision on providing financial support to a development proposal that has not yet gone through a public process or where Council has not made a decision on the application. Staff’s recommendation to work through the CIP process allows Council to consider how and what incentives it would like to use to assist with potential attainable housing development in a comprehensive manner, subject to fair and open eligibility criteria, and avoids making isolated decisions that are property specific. As noted earlier, it is anticipated that the CIP project and the related incentive programs will be concluded November 2020.

The Town’s current Development Charges By-law does not have credits or exemptions for this type of development. Without this, bonusing provisions under the Municipal Act would occur if the same Development Charge credit/exemptions are not given to all similar developments. As such, approval of the request is not currently permissible until the appropriate tools are implemented by the Town. Furthermore, a property-specific decision to simply defer development charges without any eligibility criteria or a framework guiding the long-term attainability of the development could create a precedent. Staff expect that other similar requests could be received in the future.

Considering the above, should Council wish to consider another option other than staff’s recommendation, Council may elect to pursue one of the following options:

**Alternative Recommendation** – Refuse this property-specific exemption request from local development charges and also the request to waive the 5% parkland dedication requirements.
E. The Blue Mountains Strategic Plan

Goal #2: Engage Our Communities & Partners
Objective #1 Improve External Communication with our Constituents
Objective #3 Strengthen Partnerships

Goal #3: Support Healthy Lifestyles
Objective #2 Increase the Range of Housing Choices and Promote Housing Affordability
Objective #3 Manage Growth and Promote Smart Growth

Goal #4: Promote a Culture of Organizational & Operational Excellence
Objective #4 To Be a Financially Responsible Organization
Objective #5 Constantly Identify Opportunities to Improve Efficiencies and Effectiveness

Goal #5: Ensure Our Infrastructure is Sustainable
Objective #4 Ensure that Infrastructure is Available to Support Development

F. Environmental Impacts

There are no direct environmental impacts associated with the recommendations of this report.

G. Financial Impact

Financial implications associated with staff’s recommendation will be determined at a later date through the CIP Project process.

The Town’s current Development Charges By-law does not have credits or exemptions for this type of development. Without this, bonusing provisions under the Municipal Act would occur if the same Development Charge credit/exemptions are not given to all similar developments.

The $106,935.40 is split $42,563.28 from Taxation, $34,856.72 for Water, and $29,515.40 for Wastewater. Development Charges are an important funding tool for the Town as it allows for growth related capital works to be funded by growth.

There are no negative financial implications to the Town associated with the Alternative Recommendation.

H. In consultation with

Sharon McCormick, Executive Director (Blue Mountains Attainable Housing Corporation)
Sam Dinsmore, Deputy Treasurer/Manager of Accounting & Budgets
Trevor Houghton, Manager of Community Planning
Ruth Prince, Director of Finance & IT
Will Thomson, Director of Legal Services
I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Nathan Westendorp, directorplanningdevelopment@thebluemountains.ca.

J. Attached

1. Attachment 1 -- Request for relief
2. Attachment 2 – Staff Report FAF.20.106

Respectfully submitted,

_______________________________
Nathan Westendorp, RPP, MCIP
Director of Planning and Development Services

For more information, please contact:
Nathan Westendorp
directorplanningdevelopment@thebluemountains.ca.
519-599-3131 extension 246
Subject: 20 Alice Street East
Pre Staff Report

This letter is to follow-up on Council’s discussion of May 19th when our group requested that development charges and cash-in-lieu of parkland be waived for our project. One of the items raised from a number of Councilors at that point, was our intended rental rate for the project, and whether it falls within the parameters of Attainable Housing.

Are we offering apartments at an Attainable rental rate?
Our intended goal when we started this project was to fill the void of rental product required by residents in the surrounding area in an effort to support the local businesses and economic growth of the Town. We recognized that rents were being driven up sharply by seasonal/recreational tenants, and wanted to provide reasonably priced long-term rental options. We are not sure if we fall within the range of “Attainable Housing” as defined by BAHC due in large part to the lack of visibility into what “market rent” is in Thornbury. While we believe we are providing small “a” attainable product, we are hesitant to commit ourselves to a specific number which, given the uncertainty of the current economic climate and the final cost to complete our project, might not be financially viable for our ownership group.

Over the past four months we have had to reexamine our budget and build in contingencies beyond the typical surprises that come with renovation and construction projects. We are hoping these factors do not come into play in a significant way, but have tried to account for:

a) Economic uncertainties due to Covid – what will economy/market look like when our project is complete. Will we be able to rent our units? What will be the additional logistical and operating expenses required to responsibly manage a rental property with 11+ residents?

b) Cost of capital – our project requires interim/construction financing, and we have been looking to different lenders (private and institutional) for favourable rates. While we were able to establish an understanding of our estimated cost to borrow pre-Covid, we expect that these rates will have risen due to today’s uncertainty.

c) Time Delays/Cost of Funds due to Delays - We have been appreciative of the Town’s efforts to move forward with business as usual in these times. In the meantime, we are factoring in the possibility of delays through the full cycle of the project from pre-construction (finalizing our ZBA/Site Plan approvals, public consultation, coordinating works to be completed), through construction execution. Inevitably, any delays in the project will result in additional costs to our budget as we continue to service the mortgage and construction financing debt through to occupancy.

The most significant line item in our budget, and the reason we are here today, is the value of the Development Fees/Cash-in-lieu of Parkland - Our assumption at the outset of
this project was that Development Charges ($31,933.00 x 8 units*) and Cash-In-Lieu of Parkland (5% of Purchase Price) would not apply to a conversion project in the same way that it applies to a greenfield development site. Even before the pandemic, once we learned that these fees might apply, this expense forced us to consider alternative options that are more financially viable for our team. We are hoping that the Town can sympathize with our position on this, and waive the $301,464.00 which would be financially prohibitive to achieving our intended goal for the site.

Thank you for your time and I am happy to address any questions you have about our project.

Thank you,
Susan Min

*We have confirmation from the Town that the first 3 units are exempt from charges as there is a credit for the existing unit +2 more apartments within the existing footprint.
Thornbury West DC fee of $31,933 per unit for 8 additional units = $255,464
County of Grey has confirmed that they will not be charging for the first 3 units either. They have also confirmed that they are willing to enter into a DC deferral agreement until they update their DC bylaw, at which time they expect residential apartments will not incur a DC charge.
A. Recommendations

THAT Council receive Staff Report FAF.20.106 entitled “20 Alice Street Redevelopment”;

AND THAT Council uphold the Development Charges By-law 2019-17 and levy the Development Charges as per the report;

AND THAT Council levy the 5% Cash-in-Lieu of Parkland.

B. Overview

At the May 19, 2020 Council meeting, Council received correspondence from Susan Min (Attachment #1) requesting the Development Charges for the development happening at 20 Alice Street East.

C. Background

At the May 19th Council meeting the following resolution was approved.

Moved by: Andrea Matrosovs                Seconded by: Paula Hope

THAT the Council directs staff to provide a report in response to the May 19, 2020 Deputation of Susan Min, Ownership Group Re: Conversion of 20 Alice Street E. into 11 Unit Rental Building, Request for Consideration for the Elimination of Development Charges Plus 5% Cash-in-lieu for Parkland;

AND THAT Council requests the Ownership Group to attend the meeting when the staff report is considered by the Committee of the Whole;
AND THAT Council direct staff to forward the Deputation material of Ms. Min to the Blue Mountains Attainable Housing Corporation for consideration,

Councillor Bordignon       Yay  
Councillor Hope             Yay  
Councillor Matrosovs        Yay  
Deputy Mayor Potter        Yay  
Councillor Sampson         Absent  
Councillor Uram            Yay  
Mayor Soever               Absent

The motion is \textit{CARRIED}.

D. Analysis

The building in question is currently a non-residential unit (commercial) with two single apartments on the upper floors. The developer is looking to convert the building into an 11 unit apartment building which is considered a redevelopment under the Development Charges By-law. When a previously constructed unit is going through a change of use, in this case non-residential to residential the Development Charges By-law factors that in and includes a credit for the current unit.

The credit for the current building is \$116,595.60 which will be deducted from the end Development Charges levy. With the building already having two apartment units those existing units will not be levied Development Charges. In addition, the Town’s Development Charge By-law allows for the addition of two additional residential units to a current residential development, therefore two more units will not be levied Development Charges. Therefore, the development will be levied for seven apartments in the Thornbury West Service Area ($223,531) less the credit of \$116,595.60 for a total Development Charges levy of \$106,935.40.

In reading through the correspondence received from Ms. Min, there was no mention of making these attainable units for rent. Although the built type is in demand within the Town, before giving credits, staff would recommend that the developer and the Town enter into a long-term agreement in which the rental rates are set as deemed attainable by the Blue Mountains Attainable Housing Corporation. A full process and procedure would need to be created before the Town could move forward with this approach so that all development would know what criteria were needed and whether they could utilize this agreement. Without an agreement of this nature, staff would recommend that full Development Charges and the 5% Cash-in-Lieu of Parkland be fully collected. At this time, staff cannot set the Cash-in-Lieu of Parkland as an appraisal must be completed close to the execution of the agreement to set that amount.

The Town’s current Development Charge By-law does not have credits or exemptions for this type of development and therefore for Council to consider this on a one-off basis runs the risk of offending the bonusing provisions under the Municipal Act if the same Development Charge credit/exemption is not given to all similar developments.
Another point for Council to consider is this development is allowed one STA unit as per the Zoning By-law and could be granted additional STA units through a Zoning by-law Amendment.

E. The Blue Mountains Strategic Plan

The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

Using a Person Per Unit Count and an Average Daily Consumption/Discharge calculation a comparison has been calculated for the before and after.

Current Use (Commercial with two apartments): 2,580L per day

Proposed Use (11 Apartments): 7.095L per day

G. Financial Impact

If Council wishes to grant the exemption as requested, the Town would need to fund the forgone Development Charges. The $106,935.40 would be split $42,563.28 from Taxation, $34,856.72 for Water, and $29,515.40 for Wastewater.

Development Charges are an important funding tool for the Town as it allows for growth related capital works to be funded by growth. In addition to the Development Charges collected for Soft Services (Library, Parks and Recreation, etc.) the Thornbury West Service Area has some major water and wastewater growth programs to bring that area up to the Town’s level of service. Without the Development Charges, the tax-payer or rate payer would have to fund these capital works.

The same thing applies with the Cash-in-Lieu of Parkland, this funding is used to buy additional properties to convert them into public shoreline, parks, and open space. Development Charges cannot be used to purchase Parks and Recreation land and that is where this funding source comes in. If this funding is not available than the tax-payer must fund these purchases.

H. In consultation with

Will Thomson, Director of Legal Services
Trevor Houghton, Manager of Community Planning
Travis Sandberg, Planner I
I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets at finance@thebluemountains.ca.

J. Attached

1. Correspondence from Susan Min

Respectfully Submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting and Budgets

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
Sam Dinsmore
finance@thebluemountains.ca
519-599-3131 extension 274
Councillors,

I am writing on behalf of an ownership group who have been full-time residents of the Town of Blue Mountains for the past 5 years. While we have enjoyed seeing the growth of our community to welcome more full-time residents and tourists, we keep hearing from business owners that there are significant challenges to hiring staff to support these new retailers, restaurants, and cafes. We have found that even established operations such as Blue Mountain Village and seniors’ long-term care centres have had difficulty recruiting the necessary service workers and care providers due to a shortage of housing. We experienced this first hand when two of our members who started a local business, had difficulty finding enough labourers to support demand.

Our team recently found a unique opportunity to convert what was formerly the Ferguson Funeral Home into an 11-unit rental apartment building. We have submitted our application to rezone the property, but are finding the DCs and other related charges to be prohibitive to our goals. While we recognize that the Town relies on tax dollars and fees from development charges to support the infrastructure required for growth, we are hoping that the Councillors can appreciate the following attributes of our project and consider waiving these charges:

1. We are limiting our conversion to the building footprint of the existing structure. Unlike greenfield developments, our project is not intended to put additional strain on the Town to build new hard services such as roads and sewers.

2. Our goal is to create a product that, based on our research, does not currently exist in Thornbury – 11 long-term rental apartment units (bachelors and 1 bedrooms) – which from our understanding, is a priority for the Councillors/Town.

3. We have spoken to businesses and members of the community about our plans and have received positive responses to bringing rental opportunities to the market.

We hope that the Councillors can appreciate the challenges of providing this type of product when the Town’s current development charge is approximately $32,000/unit. This does not factor in the Town’s park allocation, planning, engineering, and building permitting fees, or the County’s separate development charges. We have received notice that under consideration at the County, is the elimination of DCs for rental product in an effort to encourage this type of development. We are hoping that the Town will do the same. We are hoping that the value of the fees we will be paying the Town to complete our project (outside of DCs), will be deemed sufficient enough to waive the development charges altogether.

We are not “big developers” with deep resources. Our team is a group of young families who moved to the community because we appreciate the balance of nature, recreation, and the opportunity to support and create business opportunities. Our hope is that the Councillors can understand how the current fees will create financial strain on our project, and that the Councillors can appreciate that we are trying to provide a product to quickly meet the Town’s housing challenges.

Thank you for your time and consideration,

Susan Min