



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: June 30, 2020
Report Number: FAF.20.106
Subject: 20 Alice Street Redevelopment
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

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 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 then 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