

February 2, 2015

**Development and Infrastructure Services/Planning and Building Services–Planning Report 2015-03  
Clarification of Tools to Support Purpose Built Rental Pilot Project at 212 Davis Drive**

TO: Committee of the Whole

SUBJECT: Tools to Support Purpose Built Rental Pilot at 212 Davis Drive – Peer Review Fees and the Development Charges Credit for the Dedication of the Public Road

ORIGIN: Planning and Building Services

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**RECOMMENDATIONS**

THAT Development and Infrastructure Services/Planning and Building Services–Planning Report 2015-03 dated February 2, 2015 regarding Tools to Support Purpose Built Rental Pilot at 212 Davis Drive be received and the following recommendations be adopted:

- a) THAT the Town's Planning peer review fees be deferred for 36 months in the same manner as the Planning Application fees, and included in the deferral agreement between the Town and the applicant.
- b) AND THAT the Development Charges credit for dedication of the public road across the rear of 212 Davis Drive be equivalent to the value of the land area to be dedicated to the Town, as valued prior to the increase in density permitted by the Zoning By-law amendment i.e., at the time of the Zoning By-law amendment application.
- c) AND THAT the applicant be advised that if the land required for the future hydro infrastructure across the frontage of the property is secured through an easement, there is no compensation for the land, but if the land required, is dedicated to the Town, compensation would in the amount of 50 % of the parkland rate applied to the area required for the hydro infrastructure, as valued in accordance with Recommendation b) above.
- d) AND THAT the applicant Dan Berholz, of Green and Rose Developments Inc. be advised of this position.

**COMMENTS**

**Purpose of Report**

The purpose of this Report is to address whether:

- the Planning peer review fees (the fees paid to the Town's consultants with respect to noise, natural heritage impacts and the arborist review) would be deferred along with the Planning Application Fees with respect to 212 Davis Drive;

- to recommend that a Development Charges credit be approved for the dedication of the public road across the rear of the subject property; and
- to clarify that no compensation would be provided for the hydro easement across the frontage of the property and that some level of compensation may be considered for a dedication of the land required for future hydro infrastructure.

This report is in response to a request for clarification raised by the applicant and the results of this report would be incorporated into the appropriate Agreement with the applicant.

## BACKGROUND

As indicated in the attached Council resolution and Staff Report dated October 28, 2013, Council has agreed to a number of terms with respect to 212 Davis Drive with the intent of providing incentives for **purpose built affordable rental housing** in Newmarket in response to the current shortfall of available rental accommodation Town and Region wide. These incentives are in the form of a **pilot project** initiated jointly with the Region of York, and the Town's incentives include:

- deferral of the Town's Development Charges and Planning Application and Building Permit fees for a period of 36 months from the issuance of the Building Permit;
- deferral of the cash in lieu of parkland (at 5 % of the property value) for the same 36 months;
- a commitment on the part of the applicant that the apartment will remain rental for a minimum of 20 years;
- a Development Charges credit for the dedication of the future road right of way across the rear of the property to the Town for the Minor Collector identified in the Newmarket Urban Centre Secondary Plan. The attached Staff Report provides the full details of the agreement.

However, the following aspects have arisen through ongoing discussions with the applicant and were not originally included in the initial report considered by Council:

- Planning peer review fees;
- the amount to be applied to the Development Charges Credit for the public road dedication; or
- whether there should be compensation for the hydro easement/dedication required to provide for the future undergrounding of hydro and related infrastructure across the frontage of the property.

The following addresses these three aspects

## COMMENTS

### 1. Peer Review Fees

The applicant has requested that Planning peer review fees be similarly deferred along with the Planning Application fees for the 36 month deferral period.

The previous reports and/or Council direction did not address Planning peer review fees.

Planning peer review fees charged back to the Town to date are in the order of \$3,165.65 for the noise and natural heritage reviews conducted by the Town's consultants. The arborist's fee remains outstanding and is anticipated to be in the order of an additional \$1500, for a total of approximately \$4,665.65.

The Town has also agreed to waive the interest for the 36 months on the Planning Application Fees. This consideration would be equally applicable to the deferral of the Planning peer review fees.

Relative to the amount of the total deferral of the Town's Development Charges, the Planning Application Fees and the Building Permit Fees, the Planning peer review fees are relatively insignificant.

Therefore staff recommends that these fees be considered as part of the Planning Application fees and be subject to the 36 month deferral period.

## 2. Development Charges Credit for the Public Road

Although the agreement provided for a Development Charge credit for the dedication of the public road, no specific amount or percentage was specified in the staff report. The applicant has proposed a credit of \$247,000.

The credit should be based on the land value prior to the approval of the current zoning by-law approval and the applicant's proposed credit is appropriate in this regard and will be subtracted from the DC levy at the time of payment.

## 3. Hydro Easement/Dedication across the Frontage of the Property

The Newmarket Urban Centre Secondary Plan as adopted by Council June 2014 does not provide for any level of compensation for the underground hydro easement along Yonge Street or Davis Drive<sup>1</sup>. It does provide policy direction that indicates that the Town may provide an incentive to applicants where land is dedicated to the Town. The incentive that may be provided is not explicit, but the example of a "reduced parkland dedication," which to be contained in the Parkland Dedication By-law, is provided. The level of the reduced parkland dedication has not been determined to date and is intended to be addressed through the Parkland Dedication By-law, scheduled for consideration by Council this quarter.

Therefore, it is recommended that the applicant be advised that there is no compensation for the land required for the future hydro infrastructure across the frontage of the property if the land is secured through an easement, but if the land required, is dedicated to the Town, compensation would in the amount of 50 % of the parkland rate applied to the area required for the hydro infrastructure, as valued in accordance with Recommendation b) above. A simplified calculation based on a 3 m depth along the frontage of the property equates to approximately \$18-19,000. Since this space is linear and not usable parkland space, a 50 % reduction in value is reasonable in the context of this pilot project.

## **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

This report links to the Town's Well-equipped and managed key strategic direction by supporting fiscal responsibility and supporting varied housing types, affordability and densities.

## **CONSULTATION**

Consultation was conducted with Legal Services.

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<sup>1</sup> 13.3.4 x. The Town may provide incentives where land has been dedicated to the Town to accommodate the future burying of the hydro lines, including but not limited to reduced parkland dedication in accordance with the Parkland Dedication By-law.

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## **HUMAN RESOURCE CONSIDERATIONS**

Staffing levels are not impacted as a result of the recommendations in this report.

## **BUDGET IMPACT**

### **Operating Budget (Current and Future)**

This report has no direct impact on Operation Budget.

### **Capital Budget**

The impacts on the Capital Budget is addressed in Attachment 1 under Capital Budget indication that the application fees, Development Charges, etc., will be deferred for a period of 36 months from the issuance of the Building Permit.

## **CONTACT**

For more information on this report, contact Marion Plaunt, Senior Planner, Policy at 905 953-5300 x 2459 or at [mplaunt@newmarket.ca](mailto:mplaunt@newmarket.ca).



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Senior Planner – Policy  
Planning & Building Services



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Richard Nethery, B.E.S., MCIP, RPP  
Director of Planning & Building Services



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Jason Unger, B.E.S., M.PI, MCIP, RPP  
Assistant Director of Planning  
Planning & Building Services



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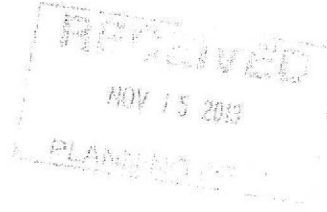
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November 13, 2013

Mr. Daniel Berholz  
Malter Holdings Ltd.  
156 Duncan Mill Road Suite 12  
Toronto, ON M3B 3N2



Dear Mr. Berholz:

**RE: Development and Infrastructure Services Report – Planning and Building Services  
2013-54 – Tools, Terms, Conditions – Pilot Project – 212 Davis Drive**

I am writing to advise that the above referenced report was considered at the Committee of the Whole meeting held on November 4, 2013.

Council, at the regular meeting held on November 12, 2013 adopted the following recommendations:

- a) THAT the Town of Newmarket approves, as a pilot project for 212 Davis Drive, the tools, terms and conditions as set out in Appendix 'A' to support rental housing;
- b) AND THAT the tools, terms and conditions as set out in Appendix 'A' form the basis for an update to the Tools for Intensification Policy as it relates to purpose-built rental and affordable rental housing in the Town;
- c) AND THAT the following be advised of this action: Mr. Daniel Berholz, Malter Holdings Ltd. 156 Duncan Mill Road, Suite 12, Toronto, ON M3B 3N2.

I have enclosed a copy of the report for your information.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Lisa Lyons'.

Lisa Lyons  
Deputy Clerk

LL:lm

copy: Mr. R. Nethery, Director of Planning and Building Services



DEVELOPMENT & INFRASTRUCTURE SERVICES/PLANNING & BUILDING SERVICES  
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October 28, 2013

DEVELOPMENT & INFRASTRUCTURE SERVICES/PLANNING & BUILDING  
SERVICES REPORT 2013-54

TO: Committee of the Whole  
SUBJECT: Tools to Support Rental Housing (Pilot Project) – Town of Newmarket Terms and Conditions  
ORIGIN: Planning & Building Services

**RECOMMENDATIONS**

THAT Development & Infrastructure Services/Planning & Building Services Report 2013-54 dated October 28, 2013 regarding the tools, terms and conditions related to a pilot project for a proposed rental housing development at 212 Davis Drive be received and the following recommendation(s) be adopted:

1. THAT the Town of Newmarket approves, as a pilot project for 212 Davis Drive, the tools, terms and conditions as set out in Appendix "A" to support rental housing.
2. AND THAT the tools, terms and conditions as set out in Appendix "A" form the basis for an update to the Tools for Intensification Policy as it relates to purpose-built rental and affordable rental housing in the Town.
3. AND THAT the following be advised of this action:
  - a. Mr. Daniel Berholz, Rose Corporation, 156 Duncan Mill Road, Suite 12, Toronto, ON, M3B 3N2

**COMMENTS**

**Background**

The Rose Corporation has approached the Town and Region with a request to consider applying financial tools on a pilot basis to support rental housing at 212 Davis Drive. Staff has met with the Rose Corporation and the Region of York on a number of occasions to discuss possible tools, terms, and conditions in response to this request, and staff is now in a position to recommend a specific course of action for a pilot project as it relates to financial tools and related terms and conditions only. Should Council adopt the recommendations of this report, the Owner will still be required to submit the necessary Planning applications and proceed through the normal and usual review process.



## DISCUSSION

In evaluating potential tools to support market rental and/or affordable rental development as a pilot project, staff's guiding principles have generally been:

- Consistency with York Region's approach
- Consistency with the Region's definition of affordable housing
- For market rental housing, support payment deferrals as opposed to waiving/reducing fees
- Consider reducing certain requirements for affordable rental housing only
- Ensuring a minimum rental term with the ability to recoup fees and payments should there be a conversion to condominium beyond the rental term
- Conditional on a building permit being issued within a defined timeframe
- For this site only as a pilot project, consider providing Development Charge credits for the provision of the road right-of-way as contemplated in the draft Secondary Plan

Accordingly, staff has outlined in Appendix "A" a recommended approach to be considered as a pilot project for 212 Davis Drive. The recommended approach makes a distinction between market rental units and affordable rental units, and provides tools, terms, and conditions related to Development Charges, Planning Application and Building Permit fees, cash-in-lieu of parkland, rental term agreements, building permit issuance and, in the case of affordable rental housing, certain requirements associated with the Town's servicing allocation policy.

Property tax relief options were also discussed, however it is staff's opinion that such an approach would be best considered at the Regional level. It is staff's understanding that there are legislative tools that would support tax relief programs for rental housing should the Region wish to consider such an approach.

Committee will also recall that staff has been directed to report back on a broader, Town-wide approach to supporting rental housing, and in this regard staff is preparing an update to the Tools for Intensification Policy which will address purpose built market rental housing and affordable rental housing on a Town-wide basis. It is expected that the tools, terms and conditions outlined in the Appendix to this report will form the basis of the amended policy, which will be brought back to Committee for approval either in 2013 or early 2014.

Staff is currently processing another rental development application (487 Queen Street), and has received other expressions of interest to construct rental housing in Town. It is expected that the current rental housing application and future applications would be eligible to take advantage of the updated Tools for Intensification as it relates to market rental or affordable rental housing once the amended policy has been approved by Council.

## BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links to the Town's Well-equipped and managed key strategic direction by supporting fiscal responsibility and supporting varied housing types, affordability and densities.

## CONSULTATION

Staff has met with Regional staff and the Rose Corporation on a number of occasions to discuss proposed and appropriate approaches to support rental housing.

#### HUMAN RESOURCE CONSIDERATIONS

Not applicable to this report.

#### BUDGET IMPACT

##### Operating Budget (Current and Future)

This report has no direct impact on the Operating Budget.

##### Capital Budget

Under the proposed approach for market rental housing the Town will receive the normal and usual Development Charges, Planning Application and Building Permit fees and cash-in-lieu of parkland, however receipt of this money will be deferred as set out in Appendix "A". While the Town will not hold a Letter of Credit (LC) or receive interest on the deferred money, the Town would be secured for the relevant fees through other means.

Under the proposed approach for affordable rental housing units, the Town may also forego some or all of the trail and public art contributions associated with the servicing allocation policy.

Under both scenarios, should the rental units be converted to condominium units beyond the agreed-to rental term, the Town would recoup any and all fees and charges previously owed to the municipality at that time.

#### CONTACT

For more information on this report, contact: Rick Nethery, Director of Planning & Building Services ([rnethery@newmarket.ca](mailto:rnethery@newmarket.ca)), or Rob Prentice, Commissioner of Development & Infrastructure Services ([rprentice@newmarket.ca](mailto:rprentice@newmarket.ca)) or by phone at 905-895-5193.

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Assistant Director of Planning

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Director of Planning & Building Services

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Commissioner, Development & Infrastructure Services



## **Appendix "A"**

### **Recommended Tools, Terms and Conditions Pilot Project – 212 Davis Drive**

#### **Purpose Built Market Rental Units**

##### **1. Development Charge, Planning Application and Building Permit Fee Deferral**

- deferral for a period of 36 months of 100 % of the Town's Development Charges and 100 % of the Planning Application and Building Permit Fees
- deferral shall be in effect from the issuance of the Building Permit
- no Letter of Credit required, with the value to be secured through other methods (e.g. mortgage; taxes)
- no interest on DC, Planning Application and Building Permit fee deferrals

##### **2. Cash-in-lieu of Parkland Dedication Deferral**

- parkland dedication will be taken as cash-in-lieu, with payment deferred for 36 months from issuance of Building Permit

##### **3. Rental Term Agreement**

- minimum 20 years
- Town of Newmarket Official Plan policies regarding conversion of rental properties to apply after rental term
- Town to be made whole for any fees and payments, etc., if rental is converted to condominium

##### **4. Development Charge Credits**

- Provide Development Charge credits for the provision of the road right-of-way as contemplated in the draft Secondary Plan

##### **5. Building Permit**

- Above terms are conditional on issuance of a Building Permit within 18 months

### Affordable Rental Units

#### **1. Development Charge, Planning Application and Building Permit Fee Deferral**

- deferral for a period of 36 months of 100 % of the Town's Development Charges and 100 % of the Planning Application and Building Permit Fees
- deferral shall be in effect from the issuance of the Building Permit
- no Letter of Credit required, with the value to be secured through other methods (e.g. mortgage; taxes)
- no interest on DC, Planning Application and Building Permit fee deferrals

#### **2. Cash-in-lieu of Parkland Dedication Deferral**

- parkland dedication will be taken as cash-in-lieu and will be calculated using the 5% of land value approach regardless of alternative calculations as may be identified in the parkland dedication by-law
- payment deferred for 36 months from issuance of the Building Permit

#### **3. Servicing Allocation**

- consider reducing voluntary contributions

#### **4. Rental Term Agreement**

- minimum 20 years
- Town of Newmarket Official Plan policies regarding conversion of rental properties to apply after rental term
- Town to be made whole for any fees and payments, etc., if rental is converted to condominium, including trail and public art contributions

#### **5. Development Charge Credits**

- Provide Development Charge credits for the provision of the road right-of-way as contemplated in the draft Secondary Plan

#### **6. Building Permit**

- Above terms are conditional on issuance of a Building Permit within 18 months