



COMMUNITY SERVICES – ECONOMIC DEVELOPMENT  
TOWN OF NEWMARKET  
395 Mulock Drive  
P.O. Box 328  
Newmarket, ON L3Y 4X7  
www.newmarket.ca  
info@newmarket.ca  
905.895.5193

May 16, 2016

**JOINT REPORT # 2016 - 13**

**COMMUNITY SERVICES REPORT – ECONOMIC DEVELOPMENT  
DEVELOPMENT AND INFRASTRUCTURE SERVICES – PLANNING  
CORPORATE SERVICES - FINANCE  
CAO – CORPORATE COMMUNICATIONS**

TO: Mayor Van Bynen  
Members of Council

SUBJECT: Recommended Approaches to Advance Corridor Intensification  
ORIGIN: Community Services – Economic Development  
Development and Infrastructure Services – Planning  
Corporate Services – Finance  
Office of the CAO – Corporate Communications

---

**RECOMMENDATIONS**

**THAT Community Services – Economic Development, Development and Infrastructure Services – Planning, Corporate Services – Finance, and CAO – Corporate Communications Joint Report # 2016 – 13 dated May 16, 2016 regarding Recommended Approaches to Advance Corridor Intensification be received and the following recommendation(s) be adopted:**

- 1. THAT, while recognizing there may be associated short-term financial/budgetary impacts, Council endorse the principle of the selective use of financial and non-financial incentives on a case-by-case basis, subject to Council approval, in order to stimulate development and accelerate intensification on our corridors;**
- 2. AND THAT Council authorize an expenditure up to \$75,000, funded from Economic Development reserves, to be used towards engaging consulting expertise through a Request for Proposal process for a Community Investment Brand and Targeted Marketing / Communications Strategy aimed at intensification.**

**COMMENTS**

Davis Drive and Yonge Street have benefited from substantial long term investment into rapid transit infrastructure. Davis Drive has already been transformed into a corridor ready to support the vertical growth targeted through the Secondary Plan. This preparedness has generated a number of positive results including a considerable increase in transit ridership since its opening, construction initiated on a purpose built rental project (212 Davis), and other residential and commercial applications working through the planning process at this time. In addition, York Region recently reported that Newmarket has achieved approximately 70% of its Secondary Plan target of 32,000 jobs within its urban centres. Completion of the

Yonge Street corridor coupled with recommendations within this report will contribute significantly to furthering employment opportunities along Newmarket's corridors.

Council expressed the desire to be proactive to see growth of residential and employment opportunities along the corridors. At its meeting of January 18, 2016, Council adopted the following recommendations from Community Services – Economic Development, Development and Infrastructure Services – Planning, and Corporate Services - Finance Joint Report 2016-01, dated December 17, 2015, regarding the advancement of a targeted marketing program for Davis Drive:

1. THAT an exploratory engagement process and utilization of existing incentives and associated budgets be initiated immediately with a 'to be identified' list of developers/land owners related to specific properties along Davis Drive;
2. AND THAT while this exploratory engagement process is ongoing, staff engage outside consulting expertise to address development approval processes, associated timelines/communication practices, and incentive funding mechanisms/approaches and report back within 120 days;
3. AND THAT NEDAC be consulted throughout this process;
4. AND THAT the development of Davis Drive be the subject of a future Economic Development Congress within 2016 where a cross section of stakeholders can come together to share ideas specific to advancing the implementation of the Secondary Plan and in keeping with the NEDAC Economic Development strategy re-fresh currently in development;
5. AND THAT the staffing related to fulfilling economic development initiatives continue at their current levels as indicated in the report with longer term staffing to be monitored and reviewed against specific needs related to the realization of Council's Strategic Priorities, implementation associated with the re-development of Davis Drive and to support NEDAC's economic development re-fresh; with a detailed staffing report to come to Committee of the Whole no later than Q3, 2016.

## **Background**

A number of Council discussions, directives and staff reports relating to Davis Drive intensification have transpired since the second quarter of 2015 in advance of the VivaNext rapid transit corridor, which has since opened. While the Secondary Plan laid the framework for the form and function of redevelopment on both the Davis Drive and Yonge Street corridors, transforming an approved planning document into "cranes on Davis Drive" requires further in-depth analysis of market and economic realities facing the development industry augmented by a comprehensive strategy that stimulates development along our corridors, all while promoting Newmarket as desirable investment location.

The October 26 Council workshop with Mark Conway from N. Barry Lyon Consulting provided excellent insight to the challenges/opportunities of intensified residential development in York Region and by extension, Newmarket. In his presentation, Mr. Conway outlined some of the financial challenges associated with condominium construction. Particular economic drivers include land costs, development



charges, cash in lieu of parkland, parking requirements, etc. For instance, relative condominium construction costs in Toronto and Newmarket are similar, however there are differences in items such as higher land costs and lower development charges in Toronto versus York Region. As well, Toronto developers can recover the approximately \$40,000 cost of an underground parking space by selling these separate from the condo unit whereas in York Region this is generally added to the unit price. They also have the ability to generate more revenue per square foot of unit sales because of a larger customer pool and resulting market demand. Collectively, these contribute to greater overall profit when comparing a similar Toronto development to one in Newmarket which in turn, influence the investment location business case.

Despite these challenges, development continues to make its way northward, with several condos built or under construction in communities such as Aurora. Developers indicate that rapidly increasing ground-related housing prices in Newmarket are improving market economics—i.e., the gap between prices for townhomes, for example, and potential newly-built condos are ever increasing—which will spur demand for affordable housing options for those entering the market as well as for those downsizing. This will ultimately drive development in Newmarket over the mid to long term. Our challenge is to find ways to accelerate development plans including the consideration of a carefully constructed incentive program to reduce market risk together with a sustained communications strategy that positions Newmarket top of mind.

A senior management internal task force chaired by the EDO was assembled in December and met several times throughout the first quarter of 2016. Its goal was to research the factors influencing intensification in Newmarket and subsequently propose financial and non-financial solutions to spark development.

### **Financial Instruments to Accelerate Growth**

The task force analysed the economic realities of intensification in Newmarket with an aim to pose solutions to facilitate development along the corridors. While development charges do represent a large cost to any developer, the initial analysis excluded waiving development charges. Options do exist to defer DCs in certain instances from both a Regional and local perspective while southern York Region communities are at various stages of investigation/implementation of local DC waivers to encourage development within their respective communities.

Tax increment financing (where increased taxes payable resulting from redeveloped properties are staged over a number of years) and parkland dedication fee standards are two instruments offering good potential to facilitate development. Some comments on both are outlined below:

- Tax increment financing, often called Tax Increment Equivalent Grants, or TIEGS, enable a developer to bridge the higher reassessed value of a redeveloped property. For example, assume the current value of a property is \$1 million and with redevelopment, this property's value increases to \$11 million. TIEGS permit the tax increase on this \$10 million assessment increase to be phased in over an extended period. Assuming 10 years, which is a common practice, 10% of the assessment increase would be realized in the first year, 20% in the second year, and so on until the full tax rate is applied in year 10. TIEGS are particularly attractive to single ownership developments such as commercial offices and apartment buildings, where the tax benefit is directly realized.



TIEGS also require a Community Improvement Plan (CIP) as the community's enabling policy document. Newmarket already has a provision for TIEGS (as well as other significant financial instruments) within its existing downtown CIP, which extends to a number of properties on the south side of Davis Drive between Niagara Street and Charles Street. In 2010, the CIP boundary was amended to include the Tannery Mall property on the north side of Davis Drive.

- Planning staff have been working with an outside consultant to determine a parkland dedication strategy within the Urban Centres. To date, a draft memorandum has been prepared which outlines a strategy that is more appropriate for parkland dedication in an urban context. This strategy involves three main elements: (i) reducing the amount of parkland required by the municipality, (ii) applying a cap on the amount of parkland conveyed to the municipality per application, and (iii) accepting more urban forms of parkland that previously would not have been accepted. Staff have reviewed the proposed strategy with representatives from the development industry (BILD) and have gained their support. Staff will base the parkland dedication by-law on this memorandum and seek Council endorsement, as well as direction to bring the draft by-law to the public for review and comment.

### **Non-Financial Instruments to Accelerate Growth**

The Urban Centres Secondary Plan, currently in full force and effect with the exception of a few ongoing site specific appeals, has the main objective to support the redevelopment and intensification of the Centres. It is the main planning tool that will transform the area to a higher density, mixed-use, vibrant community of 33,000 residents and 32,000 jobs. The Plan permits a mix of uses across the majority of the Plan area in an effort to support walkability and the development of a complete community. The Plan specifies height and density ranges that provide a clear vision of how intensification will unfold.

Planning staff have also expedited the process to develop an area-specific zoning by-law for the Urban Centres. A RFP was assembled and issued in February, 2016, the consultant selected in April, and the project kick-off meeting held during the first week of May. Both conventional and non-conventional forms of zoning are being examined by the consultant in an effort to ensure that the zoning by-law developed appropriately implements the Urban Centres Secondary Plan while encouraging development to occur.

Parking costs have a significant impact on the financial viability of developments. Planning staff have therefore requested that the Urban Centres Zoning By-law project include an early deliverable in the form of a background Parking Standard Study. This Study will assess the context of the Town's Urban Centres and recommend new parking standards based on either land use or building type. Consideration will be given to existing and planned Viva Rapidways and other transit improvements within the Centres.

Planning staff have also initiated a Mobility Hub Study in partnership with Metrolinx. These studies are commonly carried out throughout GTA communities that have been identified by Metrolinx as a Hub (Newmarket's GO Station was identified as a Gateway Hub). This study will refine the land uses and building heights and densities in the vicinity of the GO Station in an effort to attract transit-oriented development, as well as recommend ways to better integrate transit services. Currently, the Terms of Reference are being finalized and stakeholders identified and it is anticipated that the project will



commence in the summer, 2016. This study will proceed in parallel with the Urban Centres Zoning By-law project and information will be shared between the projects in order to maximize efficiencies.

Finally, Planning staff continually examine best practices in an effort to streamline the planning process and increase efficiencies. A previously adopted best practice was the creation of a “Development Coordination Committee”, which is a multi-department committee that successfully streamlined the review of Plan of Subdivision applications. A similar process is being considered for future planning applications within the Urban Centres. Staff are also examining the feasibility of a combined Zoning By-law Amendment /Site Plan approval process, and/or creating a “minor” vs. “major” Site Plan application stream. Additionally, new software is being considered that better tracks development applications through the approvals process, allows the quicker integration of comments from various departments, and is compatible with the Region’s development processing software.

### **The Need for a Community Investment Brand and a Targeted Marketing Communications Strategy**

Preliminary meetings with strategic property owners on Davis Drive are in progress. These are attended by the Mayor and/or Regional Councillor as well as various senior staff. The objectives of these exploratory meetings are to build strong relationships, share information, ascertain developer market understanding and perception of financial risk/reward of redevelopment in Newmarket, and identify methods of accelerating redevelopment of these strategic properties. This open dialogue will hopefully set the stage for further investigation and confirmation of the redevelopment business case, leading to new investment projects that support our intensification goals.

While individual property owner meetings are important, a broader communications strategy is also required to celebrate the story of Newmarket by promoting our many successes and advantages. Council has recognized the need to market our corridors through its directive to staff, and staff believe we must enhance our efforts under a consolidated Community Investment Brand and sustained Communications/Public Relations strategy. The objective is to grow our brand that will ultimately attract key stakeholders sharing our vision for growth on our corridors.

This is different than the Town corporate branding exercise completed in 2009. The focus must be on Newmarket’s business investment case which when implemented successfully, will drive new development to Town via our corridors. It should align with NEDAC’s three economic thrusts — innovation, collaboration and urbanization — while speaking to major stakeholders, including:

- The residential and office commercial development industry, primarily GTA-based
- Industrial, Commercial, and Institutional (ICI) Realtors
- Knowledge-based businesses seeking leasehold space in a growing and dynamic community
- The millennials we want to attract/retain, many of whom will live in the condominiums and work in the innovative businesses within the newly-built offices on the corridors

Finally, we must gain the support of existing residents, community partners and businesses as part of this extensive campaign. Our local stakeholders need to know the value of ultra-high speed, affordable broadband, the spirit of collaboration that differentiates us from our competitors and has led to new models supporting employment growth such as CreateITNow at Southlake and NewMakeIT.



A Communications and Public Relations plan to effectively raise the profile of Newmarket has also been endorsed by the Community Collaborative Ecosystem (CCE), a broad-based volunteer coalition of private and public sector business and community leaders that seeks innovative solutions to further Newmarket's economic growth. Together with Corporate Communications, several CCE members with extensive branding, marketing and communications experience have volunteered to sit on a community-based work team to investigate requirements and advise on an appropriate collaborative approach to maximize Newmarket's market profile. These subject matter experts will be joined by economic development/business development representatives to ensure the ingredients to facilitate developer interest are included. This "sizzle and steak" approach should ensure Newmarket's unique value proposition is firmly established and effectively communicated. The many stakeholders and target markets expected are highlighted in Figure 1.

An interesting example of the potential impact of a targeted public relations plan is the HollisWealth Story Pod. Through the architect's external public relations experts, the Story Pod (and Newmarket) received media exposure in more than 25 countries and 45+ publications while reaching 15+ million on Facebook and 4.5+ million on Twitter. The Story Pod page on the Town's website received more than a million hits in eight months – 700,000 being unique visitors.

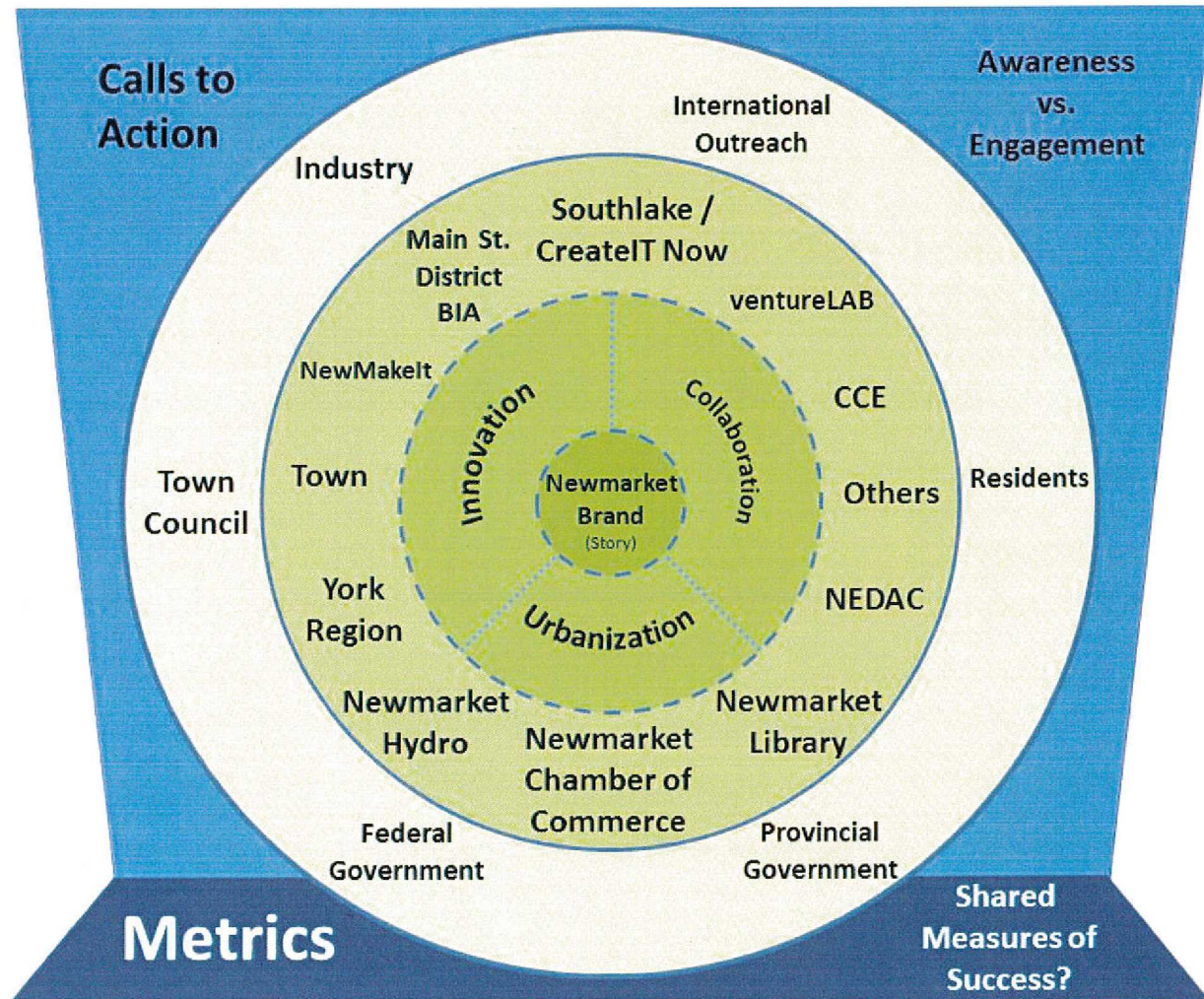
External resources will be required to support the development of the Community Investment Brand and identification of high-value Communication tactics to maximize target market penetration. The Community Work Team will work closely with a consultant selected through a RFP process to ensure that a robust brand and implementation strategy is delivered. We estimate an expenditure of approximately \$75,000 will be required to engage the specialized expertise required to meet our objectives, to be funded from Economic Development reserves.

The scope would include baseline research to understand our target market's needs and pre-existing filters i.e. (perceptions/brand associations). A targeted marketing communications plan and collateral would also be included in the scope, as well as a media monitoring and dissemination global intelligence data base service, as was used with Story Pod, to directly connect with key influencers on all media platforms and to measure success.

Where beneficial, Newmarket's messaging should align with the York Region Office Attraction Marketing and Communications Plan for the four main Regional Centres: Vaughan, Markham, Richmond Hill and Newmarket, in addition to the Regional corridors connecting these centres. This strategy is complete in draft format subject to Regional Council approval, and will include a twelve month detailed plan of execution to increase awareness of office market potential. While complementing the Region's messaging, Newmarket's Communications Plan must stand on its own, showcasing our uniqueness as an investment location for intensified development of both residential and office markets.



**Figure 1. Newmarket Branding and Communications Investment Model**



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

This report links with several of Newmarket's Council strategic priorities including:

*Economic Development* – creating a strategy for vibrant and livable corridors along Davis Drive and Yonge Street

*Community Engagement* – aligning ourselves with communications best practices.

The recommendations in this report also support the links to the Town's Strategic Plan:

*Well-Equipped and Managed* by implementation processes that reflect innovative and accountable governance in achieving service excellence.

*Well-Planned and Connected* goal of ensuring the revitalization of neighbourhoods and improved interaction with the community.

## **CONSULTATION**

Consultation to date has occurred internally, through the October 2015 Council Workshop, and with NEDAC and the CCE. Should Council endorse this report's recommendations, additional consultation will occur later in 2016 via a scheduled Community Economic Development Congress.

In keeping with the scope/role of NEDAC, members were invited to provide comment on this report. In addition, this item will continue to be discussed and monitored at future NEDAC meetings as the development of the corridors aligns with NEDAC's draft purpose statement, "To accelerate the growth of our community environment where business and people thrive".

## **HUMAN RESOURCE CONSIDERATIONS**

Staffing levels are not impacted as a result of the recommendations in this report, although immediate work plans may be adjusted to accommodate this program. Longer term resourcing requirements will be identified in a Q3 report to Council, as per Council's direction.

## **BUDGET IMPACT**

The Community Investment Brand and Communications Strategy will be funded by existing Economic Development reserves. Additional resources to implement the strategy will be identified through the 2017 budget process.

## **CONTACT**

For more information on this report, contact:

Chris Kallio, Economic Development Officer (EDO), (905) 953-5131, ext. 2, [ckallio@newmarket.ca](mailto:ckallio@newmarket.ca)

Ian McDougall, Commissioner of Community Services, (905) 953-5131, ext. 1, [imcdougall@newmarket.ca](mailto:imcdougall@newmarket.ca)





---

Ian McDougall  
Commissioner of Community Services



---

Chris Kallio  
Economic Development Officer



---

Peter Noehammer  
Commissioner of Development & Infrastructure Services



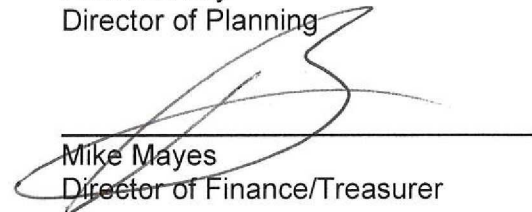
---

Rick Nethery  
Director of Planning



---

Esther Armchuk  
Commissioner of Corporate Services



---

Mike Mayes  
Director of Finance/Treasurer



---

Bob Shelton  
CAO



---

Wanda Bennett  
Director of Corporate Communications