



TO: GENERAL COMMITTEE

SUBJECT: RESPONSE TO COUNCIL MOTION 13-G-284
CASH IN LIEU OF PARKING – 70/74 DUNLOP STREET EAST

PREPARED BY AND KEY CONTACT: R. WINDLE, MANAGER OF DEVELOPMENT CONTROL
EXT. 4324

SUBMITTED BY: S. NAYLOR, MES, M.C.I.P., R.P.P., DIRECTOR OF PLANNING 

GENERAL MANAGER APPROVAL: R. FORWARD, MBA, M.Sc., P. ENG.
GENERAL MANAGER OF INFRASTRUCTURE & GROWTH
MANAGEMENT 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Applicant enter into a S. 40 Planning Act Agreement to pay cash in lieu for residential development at 70-74 Dunlop Street East.
2. That the rate at which the cash in lieu is paid be \$15,000 per deficient parking space in accordance with Council's current Cash in Lieu of Parking Policy and be based on one (1) parking space per residential unit.

PURPOSE & BACKGROUND

Report Overview

3. The purpose of this staff report is to recommend the applicant enter into a Cash in Lieu of Parking Agreement and that the cash in lieu be paid at the rate of \$15,000 per deficient parking space based on a required parking rate of one (1) space per residential unit. This is in response to Council Motion 13-G-284 adopted on November 4, 2013 which directed staff as follows:
 1. *That in response to the letter received by Mayor Lehman dated September 26, 2013 concerning cash in lieu of parking requirements, staff meet with the property owner of 70-74 Dunlop Street East to discuss possible alternatives/reductions related to cash in lieu of parking requirements and report back to General Committee in six weeks.*

Location

4. The property is located on the south side of Dunlop Street East and forms the western portion of Bayview Park. The property is situated in the City Centre Planning Area and is 0.09ha (0.21 acres) in size.



5. The existing land uses surrounding the subject properties are as follows:
- North: Downtown multi-tenant commercial uses zoned C1-2.
 - South: Downtown multi-tenant commercial uses zoned C1-1 and public open space (Fred Grant Square) zoned OS.
 - East: Downtown multi-tenant commercial uses zoned C1-1.
 - West: Downtown multi-tenant commercial uses zoned C1-1.

Existing Policy

6. The lands at 70-74 Dunlop Street East are designated City Centre in the Official Plan and zoned Central Area Commercial (C1-1) in Zoning By-law 2009-141. The Official Plan designation and C1-1 zoning encourages and permits a variety of uses including: commercial, residential, and institutional land uses and public open space.
7. The Council Policy for Cash in Lieu of Parking was established in 1985. As per the Policy, the current rate for payment of cash in lieu of off-street parking for the conversion of floor space above existing commercial development for residential purposes in the C-1 zone where on-site parking cannot be provided is \$15,000 per deficient parking space. The cash in lieu amount has been amended a few times since 1985, with the rate of \$15,000 being established in 2013.

Background

8. Mr. Marc Anthony purchased the subject lands on July 30, 2013 with the intention of converting the 2nd and 3rd floors of the existing commercial space at 70-74 Dunlop Street to residential apartments. Mr. Anthony has indicated that he anticipates the creation of 6 apartments with the potential for a 7th unit. The Zoning By-law requires 1.5 parking spaces per unit. Based on a maximum unit count of 7, the required on-site parking spaces would be 10.5 spaces, which would be rounded up to 11 spaces. Mr. Anthony has informed staff that he cannot satisfy the zoning requirement as no on-site parking spaces can be accommodated.
9. Given that the parking requirement cannot be satisfied, Mr. Anthony has 3 options: 1) apply for an amendment to the Zoning By-law, 2) apply to the Committee of Adjustment for a Minor Variance

or 3) request to enter into a Cash in Lieu for Parking Agreement with City Council per S. 40 of the Planning Act.

10. Section 40 of the Act reads, in part, as follows:

40 (1) Where an owner or occupant of a building is required under a by-law of a local municipality to provide and maintain parking facilities on land that is not part of a highway, the council of the municipality and such owner or occupant may enter into an agreement exempting the owner or occupant, to the extent specified in the agreement, from the requirement of providing or maintaining the parking facilities.

40 (2) An agreement entered into under subsection (1) shall provide for the making of one or more payments of money to the municipality as consideration for the granting of the exemption and shall set forth the basis upon which such payment is calculated.

11. As mentioned above a Council Policy for Cash in Lieu of Parking for commercial to residential conversions in the City Centre (C1) zone was established in 1985. At the time the rate was set at \$765.00 per space. The policy was updated in 1988 through Council Motion 88-P-90 increasing the per space rate to \$2,500.00. This rate was reconsidered in 2003 through Planning Staff Report PLN071-03. Staff recommended and Council approved that the \$2,500.00 rate be maintained.
12. In April 2012 the Parking Rate and Review Team brought forward a recommendation to General Committee to adopt a number of parking principles (strategies) as presented in Staff Report ENG008-12. On April 30, 2013 City Council adopted the recommendations including an increase in the cash in lieu for parking rate to \$15,000 per space through Council Motion 12-G-110, as amended.
13. In response to Council Motion 13-G-284, staff from the Engineering Department and the Planning Department met with Mr. Anthony and his representative on November 22, 2013 to discuss options. Both verbally and through written submission (see letter dated September 26, 2013 attached as **Appendix A**) Mr. Anthony has indicated that he wishes to pursue the cash in lieu option as opposed to a Zone Amendment request through City Council or a Minor Variance request through Committee of Adjustment.
14. In staffs' opinion the options are as follows:

	Zoning By-law Parking Requirement¹	Cash in Lieu Rate²	Total Cash in Lieu
Option 1	11 spaces (based on 1.5 spaces/unit)	\$15,000.00/space	\$165,000.00
Option 2	11 spaces (based on 1.5 spaces/unit)	\$2,500.00/space	\$27,500.00
Option 3	7 spaces (based on 1 space/unit)	\$15,000.00/space	\$105,000.00
Option 4	7 spaces (based on 1 space/unit)	\$2,500.00/space	\$17,500.00
Option 5	11 spaces	Waived	\$0

¹ The current Zoning standard is 1.5 parking spaces per unit. Planning Staff have prepared a Staff Report to be considered on December 9, 2013 that recommends a parking requirement of 1 space per unit in a new mixed use zone for Urban Growth Centre and Intensification Nodes and Corridors.

² The current Cash in Lieu rate is \$15,000 per space. Prior to 2012 the rate was \$2,500/space.

ANALYSIS

13. The development of additional residential units in the downtown is encouraged through Provincial policy, the City's Official Plan, the City's downtown specific plans and Council's Strategic priorities. The additional housing in the downtown takes advantage of existing infrastructure and would allow residents to live close to the central business district, employment areas, shopping and recreational areas including the waterfront. Establishing a residential presence can lead to a vibrant and safer 24 hour community and contributes to a market for downtown shops, restaurants and other businesses.
14. The Cash in Lieu of Parking Policy facilitates conversion of floor space above existing commercial development to residential uses, which is a built form that is encouraged in the downtown. However, payment in lieu of parking is not intended to be an automatic right of the developer. Rather it is applied at the discretion of the City if planning and transportation/parking objectives are not compromised. The Applicant has to demonstrate why the existing parking provisions of the Zoning By-law cannot be met. In this case there is no land available on the subject property to accommodate on-site parking and as such the payment in lieu would result in a deficiency that would have to be accommodated in the off-street public parking facilities located in proximity to the subject lands.
15. The anticipated demand for public parking spaces comes with a cost to the municipality which would include operating and maintenance of existing parking facilities and the construction of new parking garages. The cash in lieu of parking payments provide a revenue source for the construction of surface parking facilities and parking structures that would address current and future demand. Engineering staff have indicated that at this time the revenue would most likely be targeted for parking structures.
16. In their formulation of the recently approved parking principles (strategies), the Parking Rate and Review Team identified that \$15,000.00 per parking stall was appropriate given the construction cost of a parking stall within a parking garage. It is important to note that the \$15,000.00/space rate only reflects 50% of the actual construction cost of a stall and does not include land acquisition costs. Therefore under a full cost recovery scenario the rate would be significantly higher.
17. Engineering staff indicated in their Parking Strategy and Rate Review Report dated February 2012 that potential exemptions for single small scale residential conversion projects could be considered. However, "small scale" was not specifically defined nor were the parameters provided to determine if a project was "small scale" or under what circumstances exemptions would be provided. Furthermore, it was not incorporated into the formal policy and therefore, staff are not comfortable supporting an exemption without Council input.
18. The Parking Strategy and Rate Review Report also indicated revenue from cash in lieu payments was projected to be \$60,000 per year. This suggests that if the full rate was charged the City would be collecting more than double the projected yearly revenue from one applicant. Notwithstanding, the \$60,000 projection was based simply on an expected per year average of four (4) exempt spaces which was based on trends over previous years. This projection could not have accounted for this or any other specific project.
19. It should also be noted that the City is currently working on a strategy for the strategic sale of existing surface parking lots. If and when these sites are developed, the development scheme(s) could include a public parking component. At that time, public funding would likely be required for the purchase and ultimately maintenance of the new facility.
20. The applicant has indicated that he would prefer a full exemption although he would be willing to accept a reasonable compromise. He has indicated that if the full \$165,000 payment under the current policy rate is required, it would be in excess of his entire renovation budget which

jeopardizes the entire project. He also has indicated that to attract tenants he would need to provide rent reductions equal to the cost of a parking pass which would further jeopardize his business plan and his ability to provide the additional housing units. Moreover, the applicant has indicated that requiring 1.5 parking spaces per unit is excessive as all the units would be 1 bedroom units and therefore the anticipated parking demand would be minimal.

21. Regarding the parking space requirement in the Zoning By-law, staff note that the Policy Planning Branch is bringing a Staff Report to General Committee on December 9, 2013 to provide recommendation on a new mixed-use zone for the City's Intensification Areas. The recommendations include the reduction of parking for residential units in the downtown to 1 space per unit. Subsequent to General Committee consideration on December 9, Public Meetings will be scheduled in early 2014, with consideration of the resulting by-law mid-year 2014.
22. In staffs' opinion, the deficient parking creates demand for public parking spaces, which cost the City a significant amount of money to build and maintain. Staff acknowledges that the additional housing units downtown are desirable as they would provide a number of benefits including providing affordable housing, which is very much needed in the City of Barrie. However, staff does not recommend reducing or eliminating the current cash in lieu rate as it would represent a significant loss in revenue. More importantly, it would result in the change in a rate that was only recently adopted by Council and already represents a discount on the actual cost of providing public parking downtown.
23. As a compromise, staff can support the use of the parking rate based on 1 space per unit per staffs' recommendation that is being brought on December 9, 2013 related to a reduced parking standard for the UGC and the other Intensification areas. In addition, the applicant has indicated that the new units would be 1 bedroom units which in the worst case scenario would result in accounting for the possibility that all 7 tenants own one car each.
24. The net result of staffs' recommendation would be to apply a reduced parking standard requirement (i.e. 1 space/unit) to generate the total cash in lieu charge of \$105,000. When compared to the actual parking exemption that would be granted for all 11 spaces, the cash in lieu payment would actually be \$9,545.00 or 64% of the required amount of \$15,000 per space.
25. The second part of Council Motion 13-G-284 directs staff to review the current Cash in Lieu Policy and report back to General Committee. Staff anticipates completing this review and providing recommendation in 2014. Staff believe that it is more appropriate to consider revisions to the cash in lieu rate through this comprehensive exercise.

ENVIRONMENTAL MATTERS

26. There are no environmental matters related to the proposed recommendation.

ALTERNATIVES

27. There are two alternatives available for consideration by General Committee:

Alternative #1

General Committee could deny the recommendation.

Staff are not recommending this action as the proposed recommendation reflects a reasonable balance between encouraging affordable residential development downtown and obtaining revenue for future downtown parking structures. Charging the full rate would frustrate the redevelopment of the building.

Alternative #2

General Committee could discount the cash in lieu rate by an alternate number.

Staff are not recommending this action as other options would result in significant loss of revenue and represent an amendment to a cash in lieu rate that was only recently adopted by City Council in April of 2012.

FINANCIAL

28. While the recommended motion represents a reduction in parking in lieu revenue of \$60,000, staff believe it represents a reasonable balance between affordable housing development and financing construction of future parking structures.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

29. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
- Direct and Manage Economic Development
 - Strengthen Barrie's Financial Condition
 - Create a Vibrant and Healthy City Centre
30. The motion provides a compromise of attempting to facilitate downtown residential development and the provision of downtown public parking. Both of which are critical to economic development, a vibrant and healthy City Centre and the City's financial condition.

Attachments: Appendix "A" – Marc Anthony Written Submission – September 26, 2013

APPENDIX "A"

Marc Anthony Written Submission – September 26, 2013

September 26, 2013

Mayor Jeff Lehman
The City of Barrie
Central Ontario's Premier Waterfront Community
Mayor's Office
2nd Floor
P.O. Box 400, Barrie Ontario
L4M 4T5

Dear Jeff,

Thank you very much for taking the time to meet with me and hear my concerns about the new Cash in Lieu amount per parking space that was recently implemented. As discussed, this past summer I entered into a conditional agreement to purchase 70-74 Dunlop St. This is the building where the Second Cup is located.

It is my understanding that since 2009 the sellers had been struggling to lease the 2nd and 3rd floors of the building for many years. For nearly four years the 2nd floor of this building remained empty and the 3rd floor was leased, but at a significantly reduced rent. As a direct result of not receiving Tenants that could pay market rent, the owners were forced to sell the building or risk losing the property to their financier.

As I have always been optimistic on the downtown core and Barrie in general, I decided to make an offer on the property, with the intention of converting the 2nd and 3rd floors back to residential. Shortly after we had an accepted offer and while going through the due diligence period, it was brought to my attention by my real estate agent that we may have a major challenge. The challenge was that the new 'cash in lieu' amount per parking space had been increased from \$2,500 per space to \$15,000 per parking space, and 1.5 parking spaces per apartment were required. A total of seven apartments would require 10.5 – rounding up to 11 parking spaces which would mean a total of \$165,000 paid in Cash in Lieu. This was more than the budget I had in place for the renovation. Upon receiving this information, my immediate reaction was to abandon the project, which may have caused the building to go into power of sale.

As a current owner of another building on Dunlop Street for more than ten years (54 Dunlop St. where the Running Room is located), I had faith in the city of Barrie and its' council, and I believed there was a solution to this challenge, as my intention was to continue with this investment and continue to further invest in downtown, to add to the revitalization of downtown Barrie – a mandate that I believe is in alignment with the City of Barrie's vision.

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After several meetings at the City and with senior staff and a meeting with Ms. Strachan the downtown Councilor I was optimistic that a solution was possible. Therefore, I decided to take a chance and purchase the 74 Dunlop St. on the belief that the City of Barrie would support my investment in the downtown core and that a reasonable solution or exemption could be made for smaller type investments and buildings in downtown like this one.

Furthermore it has been my experience with my 54 Dunlop Street property that not all residential tenants in a downtown environment require parking spaces; therefore, requiring 1.5 parking spaces for each apartment is excessive. Although I cannot speak for all Landlord's in the downtown, but I know that this is what I do, and I don't think that it would be unreasonable to think that when a building owner does not have parking on site, a rent reduction that is equal to the cost of a monthly city lot parking pass is offered to a new tenant as an incentive, i.e. as the landlord we reduce our rent by \$80-\$100/month to secure the tenant. The tenant then purchases a parking pass from the covered TD bank parking lot which is then increasing the monthly and annual parking dollars received by the City of Barrie.

Therefore, if we were paying Cash in Lieu up front and then reducing the rent to secure a good tenant- the results is the landlord pays twice.

In summary, my goal has always been to invest in the revitalization of downtown Barrie as I did with the exterior façade and the interior apartments at 54 Dunlop Street. As stated earlier, I intend to further invest in a new renovation that will bring more tenants/ customers to downtown Barrie all in hopes to do my small part in the goal of revitalizing the downtown core, not only securing my investments, but enticing others to invest as well.

Based on the above, I feel the cash in lieu program as its currently written should not apply to buildings like this one, especially since the 2nd and 3rd floor were originally residential. I am available for discussions and ideas on how we can work collectively to find a mutually beneficial resolution to this challenge.

PS: Jeff, I feel that you and your team have put forth a tremendous effort over the last several years and as a result the City of Barrie and the downtown area are moving in a positive direction.

Best regards,



Marc Anthony

MAV/mav