



TO: GENERAL COMMITTEE

SUBJECT: 115 BAYFIELD – REIMBURSEMENT OF CASH-IN-LIEU CHARGE

WARD: ALL

PREPARED BY AND KEY CONTACT: M. VILLENEUVE, SUPERVISOR OF DEVELOPMENT CHARGES, EXT. 4503

C. GILLESPIE, SENIOR MANAGER OF CORPORATE FINANCE AND INVESTMENTS, EXT. 5743

SUBMITTED BY: C. MILLAR, CHIEF FINANCIAL OFFICER AND TREASURER

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Cash-In-Lieu of Parkland charges in the amount of \$604,476 relating to 115 Bayfield Street be reimbursed to Coral Sophia Lane Housing Inc.

PURPOSE & BACKGROUND

Purpose

2. The purpose of this Staff Report is to provide members of Council with information and a recommendation regarding the 115 Bayfield Development, in response to the applicants' letter to Mayor Nuttall and CAO Prowse on July 12, 2023 attached as Appendix "A" to Staff Report FIN016-23.

Background

3. Coral Sophia Lane Housing Inc. (Coral) is developing a 108-unit not-for-profit housing development at 115 Bayfield Street.
4. As per the City's Parkland by-law, Coral paid their Parkland charges at the time of Site Plan execution in 2021. Since that time, Provincial legislation, has changed and non-profit housing developments are now exempt from parkland related charges along with Development Charges.
5. As a result of these legislative changes exempting non-profit housing developments, Coral has requested reimbursement of previously paid cash in lieu of Parkland in the amount of \$604,476 which had been paid in 2021 (Appendix A).
6. A building permit has not yet been issued for this development.

ANALYSIS

7. Section 6 (1) of the City's Parkland Bylaw requires, as a condition of development, the payment Cash-In-Lieu of Parkland before Site Plan approval.

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8. However, section 6 (3) of the City's Parkland by-law permits the City to require the payment of Cash-In-Lieu of Parkland at the time of building permit as an alternative to at the time of Site Plan.
 9. As per section 6 (3) of the City's Parkland by-law, when requested the City has permitted developers to pay cash in lieu of parkland charges at the time of Building Permit instead of Site Plan. Had this development, at the time, requested to have these charges calculated and paid at the time of building permit instead of Site Plan execution, City staff would have agreed. The subsequent legislation would then have led to the fees not being required.
 10. The by-law does not provide staff with authority to reimburse previously paid parkland charges. However, with the recent Provincial legislation changes, and Council's Strategic Plan including Affordable places to Live by encouraging a range of housing options, staff recommend reimbursing the paid parkland charges.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

11. There are no environmental or climate change impact matters related to the recommendation.

ALTERNATIVES

12. The following alternative is available for consideration by General Committee:

Alternative #1 General Committee could deny the reimbursement.

This alternative is not recommended as the City has a Strategic Goal to encourage this type of development. Additionally, it is now exempt from cash in lieu of parkland under new legislation.

FINANCIAL

13. The financial impact is approximately \$604,476 in lost cash in lieu of Parkland revenues. The cash in lieu of Parkland reserve has an uncommitted balance of \$20.4 million as of June 30, 2023. However, the uncommitted balance is forecasted to be fully utilized within the next 5 years for parkland acquisition and renewal works of existing parkland spaces.

LINKAGE TO 2022-2026 STRATEGIC PLAN

14. This initiative relates to the Affordable Place to Live priority identified in the 2022-2026 Strategic Plan.
 - Encourage a range of housing options to make housing affordable

Appendix "A"

CORAL SOPHIA LANE HOUSING INC.

c/o DMS Property Management Ltd, 4810 Dufferin St., Toronto M3H5S8

July 12, 2023

Alex Nuttall, Mayor
Michael Prowse, Chief Administrative Officer
City of Barrie

Dear Sirs,

Subject: *Coral Sophia Lane Housing Inc.*
115 Bayfield- Cash in Lieu of Parkland Fees

We are writing to provide you with an update on the status of our 108 unit not-for-profit housing development at 115 Bayfield and request the return of Cash in Lieu of Parkland fees that we paid to the City at the end of 2021.

Background

Coral Sophia Lane Housing Inc. (Coral Sophia) is a Not for Profit housing provider in Barrie overseen by a volunteer Board of Directors. Coral Sophia purchased the 115 Bayfield site in 2018 and, since then, have been working through the development of our economic business case and obtaining municipal approvals.

The site was rezoned in 2020 to allow for an eight story, 108 unit rental apartment building and we obtained Site Plan Approval in late 2021. In early 2022 we received confirmation that we had met all requirements for a building permit in order to start construction. The building will feature a mix of affordable and market value housing with the objective of maximizing the number of affordable units.

In order to lock in our Development Charges at the 2021 rates we were required to provide payments to the City for fees associated with Site Plan Approval and Cash in Lieu of Parkland.

Project Financing Update

Our financing for the project includes a contribution of over \$25M of cash from our related not-for-profit housing corporation called Coral Hills Housing. We have also been working with lenders including CMHC on various construction loan options with commitments to approximately \$28M of borrowing. We have also been conditionally approved for funding through the City of Barrie's Community Improvement Program.

We informed you in mid 2022 that our project had been put on hold due to rapid increases in construction costs and interest rates. At the time, these factors had created a funding gap of approximately \$10M on an estimated \$63M project.

While we are still hopeful that we will be able to bridge this funding gap through non government sources, our business case remains under significant pressure.

Our design and construction team is currently working towards a potential construction start in the fall of 2023 pending finalization of our financing plans.

Bill 23 and Impact on our Project

As you know, the Provincial Government introduced Bill 23 late in 2022 which provides an exemption for Development and Parkland Charges for non profit housing providers. This Bill provides a significant benefit to our project and helps to reduce our funding gap.

As noted above, we paid the Cash in Lieu of Parkland fees at the end of 2021 in order to lock in then-current DC rates which were to be indexed up until construction start. This seemed like a good decision at the time but now that Bill 23 has eliminated DC's our early payment of Parkland fees has resulted in a financial penalty to our project.

Affordable housing is a local, provincial and national priority. This project would likely have been built by now if a world-wide pandemic had not intervened and drastically increased construction costs. The City has an opportunity to significantly increase affordable housing stock in Barrie through this project. We appreciate that precedent is always a consideration, but believe that our situation as a not for profit which qualifies for benefits under Bill 23 and the particular timing of our payments are unique.

We have received communication from the City (Marc Villeneuve, April 12) recommending that we write to you on this matter.

We respectfully request that our Cash in Lieu of Parkland Dedication fees of \$604,476 paid at the end of 2021 be returned for the reasons described above.

Thank you your support for our project and consideration of this request.

Yours truly,



Paul Smith, CAO
DMS Property Management Ltd.
As Agent for Coral Sophia Lane Housing Inc.
psmith@dmsproperty.com
416-209-7707

cc. Coral Sophia Board of Directors- Tina Grant, Doug Shaw, Brian Tamblyn, Michael Walker
City of Barrie Staff - Marc Villeneuve, Nicole Myers, Andrew Gameiro