



Via: Email
(bbloomfield@owensound.ca)

May 25, 2023

City of Owen Sound
Planning and Heritage Division
808 2nd Avenue East
Owen Sound, ON
N4K 2H4

**Re: City of Owen Sound 2023 Development Charges Update:
Proposed Amendments to Exemptions & Impacts for Rental Housing Developments -
3195 East Bayshore Road, City of Owen Sound**

Dear Members of Council,

On behalf of the Skyline Group of Companies, please accept our commentary in response to City of Owen Sound's Development Charges Update and corresponding Development Charges By-Law 2023-XXX, proposed to amend current Development Charges By-law No. 2020-112, for your consideration.

As part of the 2023 Development Charges Background Study and proposed By-Law, prepared by Hemson Consulting, there are significant changes proposed to development charge rates across all development types as well as how exemptions are considered and applied within the municipality. These changes as proposed will have significant impacts on the viability of current and future rental developments within the City of Owen Sound.

The increase in development charges as proposed results in the intended benefits from recent legislative changes, such as those brought forward in Bill 23, to be rendered redundant. Where policies have been brought forward to mitigate financial constraints and facilitate viable rental developments across Ontario, the proposed By-Law proposes to increase development charges, negating the principal intent of discounts to provide financial relief and stimulate development for much needed rental housing. The City of Owen Sound is in need of all housing types, particularly accessible rental options, with a noted vacancy rate of 1.8%.

Further to this, under the proposed by-law rates for apartments are proposed to increase in the excess of four times their current value, from **\$4,919** to **\$20,947**. The financial impact of this increase, even with consideration for legislative discounts, will result in an increase of **\$10,791-\$12,886/unit**, depending on unit type. This will result in corresponding increases in the rents required or impose such significant financial constraint on projects that they will become unviable to provide rental housing options.

The City's current Development Charges By-Law provides for impactful and development stimulating incentives for rental developments through development charge exemptions and corresponding agreements. Under the newly proposed by-law these exemptions will be eliminated entirely, removing



any financial incentive for future, and in some cases, currently proposed rental developments. Projects will become unviable considering the imposition of millions of dollars of development charges that were not planned for through initial approvals and the design process. The by-law proposes to maintain no development charges shall be imposed for rental housing developments, provided that a building permit is issued for the development within two years of the development receiving approval of either a zoning by-law amendment or site plan approval prior to the date to the passing of a new development charge by-law. Consideration needs to be given where the scale of these developments is increased, and construction phasing is required over the course of multiple years, as this will have significant impact on the viability of developments.

The above proposed amendments to the City's development charges will have a direct and significant impact on the future development at 3195 East Bayshore Road as currently proposed. The City of Owen Sound has acknowledged the need for rental housing, with original intent of current incentives being to stimulate development. SkyDev was notified of this demand and desire to deliver more accessible housing options by the municipality in early 2022. Since this time, we have been working closely with the City, maintaining the importance incentives of this nature have on ensuring viable delivery of an accessible rental housing, and promptly acquired lands considering this. We continue to progress the proposed development at 3195 East Bayshore Road through the approval process with staff, with anticipation to finalize approvals for 712 high quality purpose built rental units across 8 apartment buildings that were planned with these variables in mind. The development has been designed to ensure substantial open space and amenities for the proposed community that will integrate with the City's future waterfront park. The central amenity spaces will provide service commercial type programming for residents, inclusive of diverse fitness centres with pilates and yoga classes, community cooking workshops, and various educational seminars along with volunteer opportunities for the community. 1-bedroom and 2-bedroom suites will be provided for residents with spacious open concept floorplans and luxury high-quality finishes, inclusive of 9' ceilings, spacious open concept suites, in-suite full size side by side laundry, high efficiency stainless steel appliances, vinyl plank flooring, quartz countertops and balconies. The proposed development is intended to feature a variety of suite sizes, appealing to a range of users, including families, retirees, students, and the local workforce.

A rental development of this scope is required to be planned over an extended timeline, with delivery across multiple years and construction phases. The current consideration of 2 years to preserve development charge exemptions, of which the holistic community and development plan advanced with consideration for, is not sufficient to preserve the exemptions and maintain viability of the project. Permits for later phases will be pulled beyond the 2-year exemption provision, imposing significant cost implications upon the development. As previously noted, changes such as increased rents or redesign and a change in the sites intended use will result from a loss of these incentives. As part of the development charge exemption agreements process, we would request that consideration be given to building in flexibility to ensure that developments subject to exemption under the current by-law, receiving approval in advance of the new by-law coming into effect, be provided the opportunity to agree to maintain exemptions and current development charge rates for the entirety of the lands.



We appreciate the opportunity to provide comment and discuss further with staff in advance of future Council meetings to finalize an updated by-law for the City of Owen Sound. We look forward to continuing to work with staff to finalize approvals and initiate development of the lands at 3195 East Bayshore Road for the delivery of much needed rental housing in the City.

Should you require any additional information in support of this request, please do not hesitate to contact the undersigned.

Kind Regards,

A handwritten signature in black ink, appearing to read "Carrie Lamarche", written in a cursive style.

Carrie Lamarche

Vice President, Development

SkyDev

T. 519.826.0439 x512



Platinum
member

SkyDev

5 Douglas Street, Suite 201

Guelph, ON, N1H 2S8

cc: Kate Allan, Director of Corporate Services (kallen@owensound.ca)
Pam Coulter, Director of Community Services (pcoulter@owensound.ca)

Flato Comments:

Good afternoon/evening, my name is Dave Milliner, Development and Project Manager for Grey Dufferin representing Flato Developments. On behalf of Flato I want to thank you for the opportunity to comment on the new DC By-law. Our Development in the City of Owen Sound is Greystone Village in the area of 8th Street East and 16th Avenue East. Our project has 709 residential units, plus 3 commercial blocks. The residential development includes 119 SFD, 141 Townhomes, 289 Back-to-Back Townhomes with lower price points and 2 apartment buildings for a total of 160 rental units. I want to preface my presentation by saying that Flato supports Development Charges to provide the services needed by our new community members and all the residents of the Owen Sound. Flato pride ourselves as community builders, we don't just build homes, we build connected communities that appreciate and respect the scope of services in the City of Owen Sound, that our customers are looking for.

With that said we would like to raise some issues we believe needs further consideration in the proposed new Development Charges By-law and Background Study document:

1. In the new City of Owen Sound DC By-law, under the title "Exempt Buildings", Section 18 (f) Rental housing developments are exempt, if a building permit is issued within 2 years following zoning and site plan approval of the project. We suggest that 2 years is not long enough, because the cost of approvals drive the size of development larger today, it necessitates Phased marketing and construction of projects. We have 2 apartment rental unit buildings in our project that will be part of 2 different phased projects. These apartment units are located across from Georgian College and the Grey County Sydenham Business Enterprise Centre as student rental options. We support agreements that ensure these apartment units remain as rental stock in the community.
2. In the Hemson Development Charges Background Study we suggest a more in-depth review of the Development Forecast information is required related to growth projections of dwelling units and population over the 10 and 20 year planning periods. The DC Background Study document uses growth numbers of 592 dwelling units from 2023 to 2032 and 421 from 2033 to 2042 or a total of 1,013 new homes over the next 20 year horizon. The correct growth forecast numbers based on development projections are really important to the calculation of a Development Charge.

Our Flato Greystone Village development project in the City of Owen Sound that we are starting site work this summer, will be building 709 dwellings ourselves in the next 10 years or less. As one developer in the City we will exceed the forecast of 592 units in the study document. Considering the other residential development projects approved and being Planned in the City of Owen Sound we

believe 592 is a very, very conservative number when used to calculate your DC rates.

3. Flato has already gone to market with Greystone Village selling 51 homes to date with on-site promotion signs going up this week to support our sales efforts. We request that you provide consideration for some transition scaling of the DC rates because of the large increase and our comments made earlier to make the DC rates more manageable for buyers.

Reference Information:

Exempt Buildings

18. No Development Charge under Schedule B of this by-law shall be imposed with respect to:

- a. Non-residential buildings used accessory to an agricultural operation;
- b. Temporary buildings where the owner has completed an agreement with the City specifying the owner's obligation to remove the building;
- c. Places of worship for religious uses that are exempt from Provincial taxes pursuant to the Provincial Land Tax Act;
- d. A new industrial building or structure or the enlargement of an existing industrial building or structure;
- e. Non-profit housing, as defined in this by-law;
- f. Rental housing development, as defined in this by-law, provided:
 - i. a building permit is issued for the development within two years of the development receiving approval for a zoning by-law amendment under s. 34 of the Planning Act or approval of a development in a site plan control area under ss. 41(4) of the Planning Act; and
 - ii. the development received approval for a zoning by-law amendment under s. 34 of the Planning Act or approval of a development in a site plan control area under ss. 41(4) of the Planning Act prior to the date of the passing of this by-law; and
 - iii. subject to a written agreement pursuant to s. 35 of this by-law.

35. Where an exemption is provided to a rental housing development pursuant to section 17(f) of this by-law, the City and the owner shall enter into a written agreement which, among other terms and conditions, shall include a commitment by the owner to remain a rental housing development for a length of time to be specified in the agreement. The agreement shall be registered on title. Any costs associated with the registration of the agreement are the responsibility of the owner.



RICE
FAMILY MADE

7735 Kennedy Rd. S, Brampton, ON L6W 0B9 • 905.796.3630

June 6, 2023

To: The council of Owen Sound
RE: DC charges for the Town of Owen Sound

We are the builders and owners of the the former Forbes lands on 8th street. We have draft plan approval on the sites and it is planned to have 40 single family lots, three apartment sites comprising 300 units. We wanted to make a written submission to the town of Owen Sound in regards to the consideration being given to increase the current range of Development Charges. We were at the Public meeting on May 29th and heard the presentation from Hemson consulting. There are a few matters of concern we wanted to be sure we clearly expressed in terms of this proposal.

- 1) We question the accuracy of the report in terms of the actual number of prospective builds in the coming years. We find their submission to be too conservative particularly when you look at the number of builds planned to commence as soon as this summer.
- 2) The Consultants used towns they deem comparable including cities like Collingwood when considering the rates of DC's and we find that to be an unreasonable comparison. Collingwood and Owen Sound are not the same market. The economic situation, income levels, and proximity to the GTA resulting in tourist draw all differ greatly and it would be a mis-step to assume that these two cities are matched.
- 3) In a time of economic uncertainty where interest rates are ever fluxing upwards - the average homebuyer needs to be mindful of every dollar they spend on a home - and it is important to consider that ultimately it is not the developer who pays for this increase, but the homebuyer.
- 4) The upfront cost of the DC's will have an impact on the capital available to many builders and it is a cost the builder will sit on until the completion of the sales. This can be taxing particularly if large quantities of units are being constructed simultaneously
- 5) The consultant's report reflected an average materials and labour increase in the building industry of around 33% - This number seems to be a fair assumption as costs have indeed gone up, but we question at the recommendation to increase DC's something close to 400% as being unwarranted and not reflective of actual costs.

In summary we have concerns that this will impact the draw to the community of Owen Sound - and it is our understanding that growth is a priority for the town. We ask you to consider a variety of options when examining how to proceed and to take our concerns into consideration when finalizing your decision.

With Respect and Gratitude

Rice Development

Heather Rice
VP Marketing
Rice Development

From: Heather Jenkins <HJenkins@smartcentres.com>
Sent: Wednesday, June 21, 2023 8:49 AM
To: Kate Allan <kallan@owensound.ca>
Cc: Pam Coulter <pcoulter@owensound.ca>; Allan Scully <AScully@smartcentres.com>
Subject: FW: REPLY REQUESTED City of Owen Sound - DC Bylaw Update

Good morning, Kate

Thanks again for taking the time to meet with Allan and me, please see below, in blue text, a summary of our comments that were discussed.

If you have any questions, please call me.

Regards,
Heather

HEATHER JENKINS, Senior Director, Portfolio Management

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From: Kate Allan <kallan@owensound.ca>
Sent: Monday, June 12, 2023 10:17 AM
To: Kate Allan <kallan@owensound.ca>
Subject: City of Owen Sound - DC Bylaw Update

Alert: External E-mail

To follow up the email that was sent back in May, I am hoping that we could spend a few minutes to meet to discuss any comments or concerns that you may have as it relates to your development plans in the City of Owen Sound. **Could you please provide me with your availability on Thursday June 15th between 9 and 2pm? Or Friday June 16th between 10 and 2:30. I will send a Teams invite.**

In addition you any comments that you have prepared, I will be asking a few pointed questions:

1. What is a reasonable “grandfather” period for the PBR deferral and exemption? [Purpose built rental exemption to be grandfather for a](#)

period of 3 years from the date site plan approval obtained and thereafter grandfathered for each new PBR for 3 years to obtain building permit following construction completion of each subsequent PBR

2. Can you provide a schedule for your build out? Our schedule is subject to construction costs and other economic conditions, ideally, we would like to start construction of the 1st rental building within 1 to 3 years of obtaining SPA.
3. The City's current DC is \$8,000 for a single family home. What sort of % increase or index is reasonable from your point of view? An increase capped at the lesser of 5% or CPI is considered reasonable
4. What would be your impression of a tax equalization grant in place of a DC exemption?
5. If you are within the ASDC zone, would you be amenable to offsetting exempted DC's through a servicing agreement? Being a REIT, this is likely not a workable solution
6. Any other areas of concern or questions. We ask that the City consider including the extension of 10th St E as a Sydenham Heights area specific DC similar to the City's treatment of its wastewater project for this area. In the CGH Transportation TIS submitted as part of our OPA & ZBA application, the composition of the projected traffic (i.e. site vs. non-site) demonstrates during the busier PM peak hour, the **non-site traffic** makes up between 55% and 90% of the total traffic on the road.

The currently draft bylaw and background study are available on the City of Owen Sound's website www.owensound.ca/developmentcharges

Kate Allan, CPA, CA, BComm
Director of Corporate Services

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Connect with us:



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June 21, 2023

Mayor Ian C. Boddy
Members of Council
City of Owen Sound

Re: 2023 City of Owen Sound Development Charges Update

Barry's Construction would like to submit the following information to the City of Owen Sound for consideration while updating the Development Charges By-law.

Growth

For years Barry's Construction has questioned the growth forecasts included in the various background studies and noted that Owen Sound is simply not in a growth position and the need for excessive collection of Development Charges and the associated capital projects is simply unnecessary. Looking at the 2014 Watson Development Charges background study they reported,

- Mid 2014 Census Population – 21, 582
- Estimated mid 2024 Population – 22,794

This illustrates that the actual population increase from 2014 compared to the reported current population in the 2023 background study is negligible and the estimated growth actually did not occur.

It has been mentioned many times that if Development Charges aren't collected then the costs for the growth related projects are simply passed on to the tax payer. However, our position is that when no measurable growth is occurring what is the need for a 166 million dollar capital program that is not only increasing the Development Charge calculation but also adding to the long term operating costs for the City (as shown on Table 10). The fact is, that if growth is actually not occurring, the need for such an ambitious growth related capital plan is simply unnecessary.

Capital Program

Table 3 of the background study illustrates the proposed development-related capital program for General and Engineering services. As noted there is approximately 166 million dollars included in the capital program of which approximately 27 million dollars has been used to calculate the new development charges fees and attributed to growth for the next 10 years.

Keep in mind the population has not changed since the last Development Charges background study in 2014. The growth related capital program must be examined to ensure it is reasonable and aligned with actual needs. This is essential or it will continue to send the message that there are untold millions of forgone development charges associated with exemptions and discounts when in reality that is just a result of an excessive capital program. This is a confusing message.

A good example of this would be the \$450,000 for library materials that is 100% attributed to growth. Is nearly half a million dollars of additional library books for a reported 4% population increase (which is likely closer to 0.5%) really needed? Including projects like this only serves to mislead people to think developers are not paying their fair share. I would be happy to provide further examples if needed.

Barry's Construction Projects

Barry's Construction continues to be an active developer in Owen Sound with many ongoing projects at varying levels of progress. We are just in the midst of finishing a 79 unit purpose built apartment building on an in-fill lot and we have several residential subdivisions in the works including Telfer Creek in the Sydenham Heights policy area. Our developments are scheduled and spaced out to realize the absorption rates in Owen Sound to make sure we are developing responsibly and to have product when it is needed. We currently have 11 spec houses in Owen Sound right now available for purchase.

We share this so that Council understands we are an experienced developer in the City that understands the market very well. Owen Sound is not like other jurisdictions where absorption rates are higher and where new home buyers are coming from out of the area. Removing exemptions and increasing rates at this point just doesn't make sense and will only push back projects in Owen Sound.

One very important reason Barry's Construction went ahead with the large investments for the new apartment building on 28th Street West and the Strathcona School redevelopment was that the development charges were exempt. **The fact that the exemption incentive worked should not be overlooked.** These were the first large scale non-publicly funded apartment buildings completed in Owen Sound in many years. These two projects added 160 new apartment units including several at CMHC discounted rates.

Suggestions

- Examine the Capital program through the lens of a reasonable growth forecast and historical trends to ensure only essential projects are included. This will have the effect of reducing the DC charge, reducing operating costs and providing an accurate picture with how development affects existing services.
- Examine where the City would fit in with respect to the level of Development Charge rates compared to neighboring municipalities (competitors). This should be done again with reasonable growth statistics in mind. Owen Sound is among the lowest growth rates for relevant comparators. The DC rate should not be among the highest.
- Continue to incorporate the exemption for purpose build rental development.
- Currently the DC charge is \$8,000.00 for a single family home with another \$1,173 added for the Sydenham Height area. We feel this is a reasonable rate and could likely be supported if General Services remain excluded from the by-law and the capital projects are trimmed.
- Focus on growth to increase long term property tax collection rather than one-time fee collection.

With low development pressure on City services (due to very limited population increase) any new Development Charges by-law needs to be measured and reasonable to reflect actual growth needs. Including so many projects with associated high costs does not accurately reflect current or historical development trends.

Barry's Construction will continue to work and invest in Owen Sound and we appreciate the cooperation we have received from Council and Staff. As noted, we have several developments in the works that will continue to be encouraged with reasonable Development charges rates.

Respectfully submitted by,

Barry's Construction and Insulation Ltd.