Clarington

Staff Report

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Report To:	Council		
Date of Meeting:	February 10, 2020	**Report Number:**	CAO-004-20
Submitted By:	Andrew C. Allison, CAO	**Resolution#:**	
File Number:		**By-law Number:**	
Report Subject:	Parkview Lodge Expansion		

Recommendations:

1. That Report CAO-004-20 be received;
2. That Council either,
   a. provide direction respecting a specific financial contribution to be made towards the cost of relocating the existing intersection pedestrian signal (crosswalk) for Parkview Lodge's proposed expansion (with the funds to be drawn from the Tax Rate Stabilization Reserve Fund); or
   b. enter into a development charges deferral agreement in which local development charges will be paid to the Municipality in 21 equal instalments over 20 years at no interest;
3. That Council provide direction to staff regarding an enhancement being made to the crosswalk at Municipal expense; and
4. That all interested parties listed in Report CAO-004-20 and any delegations be advised of Council's decision.

Report Overview

This Report responds to a request for assistance from Parkview Lodge in relation to its proposed affordable housing project on King Avenue East in Newcastle. The particulars of Parkview's request are set out in a letter from Joyce Kufta, Chair, Parkview Lodge, to the Mayor dated January 24, 2020 (Attachment 1).

1. Background

1.2 In June of 2017, Council approved a zoning by-law amendment application to rezone 153 King Avenue East. The approval will facilitate an expansion of the existing Parkwood Seniors residence located at 165 King Avenue East.

1.3 In February of 2018, an application for site plan approval was submitted to permit a three storey, 37-unit addition to the existing two storey seniors residential building which contains 43 units.

1.4 In June of 2019, Council approved a tax rebate as a condition of Parkview's receipt of funding under the Federal-Provincial Social Infrastructure Fund – Investment in Affordable Housing (SIF-IAH) Program.

1.5 Through Resolution #C-256-19 passed on July 2, 2019, Council authorized the execution of a development charge deferral agreement with Parkview stating that "no interest will be payable for 18 months from the date that the building permit is issued (consistent with the Region's approach)" and "any further deferral, with or without interest, will be at the discretion of Council".

1.6 Parkview received other incentives from the Municipality as described in Report CAO-013-19.

1.7 The engineering drawings submitted in support of the site plan application propose to shift the existing driveway access to the combined property slightly to the east to accommodate the design of the proposed addition. These drawings showed that the existing pedestrian crossing signal (a Regional service) is in conflict with the new driveway location and must be relocated. The crosswalk signal is located between the existing entrance to Parkwood and the Gift of Art to the east accommodating a crossing of King Avenue providing access to the Municipal library, park and places of worship among other uses on the north side of the street (see photo).

1.8 Comments provided by Planning Services to the applicant and agent at the end of March of 2019 identified that the proposed entrance modification requires the relocation of a utility pole and pedestrian crossing signal, and that the applicant would be required to obtain approval for the relocation of both prior to the final approval of the site plan.

1.9 A revised submission addressing the March comments was received towards the end of June. At the end of July, staff emailed to the consultant to see if there was progress on the utility and pedestrian crossing signal relocation required to accommodate the driveway as proposed.

1.10 In early December, Parkview was anxious to get approval for its site plan application, but the required approval regarding the relocation of the crosswalk signal had not been obtained from the Region. It was only in December that Parkview became aware of the potential cost of the pedestrian crossing signal relocation (estimated to be $80,000 - $100,000).

1.11 In a letter to the Mayor dated January 24, 2020 (Attachment 1), Joyce Kufta, Chair of Parkview Lodge, has requested that the Municipality's assistance in resolving this servicing issue. The specific request of Council is to,

a. contribute 50% of the cost of the crosswalk allocation up to $100,000 and 100% of any cost over that amount; and/or

b. defer development charges "over a 20-year period at a low, nominal interest rate" in order to effectively offset a portion of the crosswalk costs.

1.12 At the General Government Committee meeting on February 3, 2020, Committee referred Ms. Kufta's letter to the CAO with direction to report back.

1.13 In a letter dated January 28, 2020 (Attachment 2), Parkview has requested financial contribution from the Region of Durham towards the relocation costs. As of the date of this report, the Region has not formally responded to Parkview's request, but we have

been advised that Regional staff are considering the implications of the changes to the *Development Charges Act* (see section 2.6 below).

2. Discussion

Design

2.1 Staff from Engineering Services have offered to undertake preliminary design work for the required relocation. After completing the design work, the current estimate of $80,000 - $100,000 can be refined. This design work can be done at no cost to Parkview.

2.2 Suitable relocations were evaluated based on existing conditions, impacts and type of crossing. It was determined that moving the existing intersection pedestrian signal (IPS) approximately 35 metres to the west of its current location was the most efficient design with respect to cost and impacts. It is also recommended that in order to save some expense, the IPS be replaced with a pedestrian cross over (PXO) system similar to the one recently constructed on Silver Street in the downtown Bowmanville area.

2.3 In accordance with Goal B.1 (Complete the Implementation of Downtown Plans) in the Municipality's 2019 to 2022 Strategic Plan, Council should consider incorporating streetscape design features similar to what was previously designed and constructed for Beaver Street and King Avenue intersection into the design of this PXO. The streetscape would include bump outs with the PXO. It would improve pedestrian visibility and safety. It would also implement traffic calming to the area and shorten the crossing distance for pedestrians. Design elements would be consistent with those developed in the 2014 Newcastle King Avenue Revitalization Streetscape Master Plan and Implementation Strategy. A photo of the Silver Street PXO is provided below to provide an idea of what the relocated crossing could look like.

Cost Contribution

2.4 The streetscape enhancements described in section 2.3 above would be a Municipal responsibility and are estimated to cost $50,000. 50% of this amount could be funded from Roads and Related Development Charge Reserve Fund. The balance of the enhancement work could be funded from the Tax Rate Stabilization Reserve Fund or levied in the 2020 budget (not currently in the 2020 budget).

2.5 Any Municipal contribution to the crosswalk relocation for amounts that would otherwise be the responsibility of Parkview could be funded from the Tax Rate Stabilization Reserve Fund or levied in the 2020 budget.

Development Charge Deferral

2.6 As stated above, through Resolution #C-256-19, Council has authorized the execution of a development charge deferral agreement with Parkview stating that “no interest will be payable for 18 months from the date that the building permit is issued (consistent with the Region’s approach)” and “any further deferral, with or without interest, will be at the discretion of Council”. That agreement has not been executed because development charges are not payable until a building permit is issued. The building permit for this project cannot be issued because the site plan agreement has not been finalized.

2.7 Based on information that has been provided to staff, local development charges on this project will be $303,086 and Regional development charges will be $472,341.

2.8 Effective January 1, 2020, the *Development Charges Act* has been amended to require payment of development charges in 21 equal payments over a 20-year period for non-profit housing developments. This effectively means that the Municipality must alter the direction given by Council through Resolution #C-256-19. The deferred amount is $288,653.

2.9 The legislation allows the Municipality to charge interest on the deferred amount up to a rate prescribed by the Province of Ontario, however there has been no prescribed rate. This means that each municipality can determine its own interest rate.

2.10 The area treasurers in Durham have met and are discussing options for dealing with this new legislation to ensure fairness to taxpayers as well as consistency amongst all Durham municipalities. While individual rates may differ, the formula for determining the interest rate will hopefully be consistent. At this point, no interest rate has been set. Staff’s preference would be to see a common approach across the Region (local and Regional), but given timing constraints, it may not be possible to have that in place before Parkview needs to proceed. What follows, therefore, is a discussion of options available to Council currently.

2.11 One option would be to set the interest rate equal to the inflationary factor for the development charges. This sets a predictable annual amount and inflates the funds collected by a cost of living index.

2.12 A second option is to set an interest rate annually based on the Municipality's bank interest rate as at January 1 in each year. Such a rate would compensate the Municipality for the funds that would otherwise have been invested, while at the same time provide some financial benefit to Parkview.

2.13 The final option is to establish a 0% interest rate. This would obviously be the most impactful rate in terms of incentivising the development of non-profit rental housing.

2.14 It is important to note that even if the interest rate established by Council for this project (or any other eligible project) is 0%, there is no obligation on the part of the Municipality to "top up" the development charge reserve account to recover the cost of incentivising. This is a fundamental difference as compared to the development charge credits that are currently in the Municipality's DC By-law – any such credits must be paid for through general levies.

2.15 In order to understand the financial benefit that will accrue to Parkview as a result of a lower interest rate, we need to consider their cost of borrowing using other credit facilities. For reference, Parkview's refinancing interest rate for its existing mortgage is 2.8%. The CMHC direct co-investment rate (which will be the largest borrowing for this project) is currently approximately 1.6% which will be locked in for a ten-year term. If Council establishes a 0% interest rate on the deferred payments, the savings to Parkview is estimated to be between $48,500 (based on the current CMHC rate) and $84,900 (based on their existing mortgage) over 20 years. Any savings in relation to interest on deferred Regional development charges would be in addition to this amount.

2.16 It is staff's recommendation that any decision respecting Parkview's request not be taken to mean that Council has established a formal policy on the issue of the rate of interest to be applied in similar situations going forward. Council's position on a deferred development charges interest rate for non-profit developers can be established (and incorporated into the Municipality's Affordable Housing Toolkit) when Council is considering all development charge issues applicable to the Municipality's 2020 Development Charges By-law.

3. Concurrence

This report has been reviewed by the Director of Finance, Acting Director of Engineering Services and Municipal Solicitor who all concur with the recommendations.

4. Conclusion

It is respectfully recommended that Council provide direction to staff.

Staff Contact: Andrew C. Allison, CAO, aallison@clarington.net, 905-623-3379 ext.2002

Attachments:
Attachment 1 – Letter dated January 24, 2020 from Joyce Kufta to Mayor Foster
Attachment 2 – Letter dated January 28, 2020 from Joyce Kufta to Chair Henry

The following interested parties will be notified of Council's decision:

Joyce Kufta, Chair, Parkview Lodge
Tim Welch, Consultant, Tim Welch Consulting Inc.
Nancy Taylor, Commissioner of Finance and Treasurer, Region of Durham
John Henry, Regional Chair and CEO, Region of Durham

Parkview
NEWCASTLE LODGE FOR SENIOR AND FAMILY DWELLINGS

165 KING ST. EAST
NEWCASTLE, ONTARIO
L1B 1B5

January 24, 2020

Mayor Adrian Foster
Municipality of Clarington
40 Temperance Street
Bowmanville, Ontario L1C 3A6

Dear Mayor Foster:

Thank you for meeting with Parkview Lodge board members earlier this month to discuss final outstanding issues that have emerged as we prepare to start construction of the much needed 37 unit new affordable seniors housing addition to our current site on King street in Newcastle. The project has had a number of challenges to work through over the past number of months including a number of cost pressures related to changes in the location/details of site servicing and changed foundation design to deal with soils issues, but we are anxious to see construction begin.

In December it was identified that there would be an estimated $100,000 cost to relocate to the east the municipal crosswalk adjacent to our current driveway. Quite frankly our budget for new affordable non-profit housing cannot absorb such a large cost.

Parkview Lodge can contribute one half towards this cost and are prepared to budget up to $50,000 towards it. We recognize that staff of the Municipality of Clarington are working on the preliminary design of the crosswalk and we believe they will do their best to design a crosswalk that is functional and cost efficient.

We are requesting that the Municipality of Clarington cap our one half contribution at $50,000, and contribute the balance of the cost of the crosswalk allocation. We recognize that budgets are tight for all organizations but we know that Council has spoken out strongly about the need for more affordable housing, especially for seniors, and we feel it is reasonable to ask for a modest contribution to this project.

We are also open to an alternate approach of dealing with this cost of municipal infrastructure (the crosswalk) and that could be through the long-term deferral of municipal development charges. The Provincial government recently made a series of changes through its Bill 108 legislation which allowed for municipal governments to defer development charges for non-profit affordable housing developments over a 20 year period. If the Municipality of Clarington could agree to defer the charges over that 20 year period at a low, nominal interest rate, that would be an approach that could effectively offset a portion of the crosswalk costs.

We look forward to hearing from yourself and hearing from other members of Council when we present our request at the upcoming planning committee meeting of Council on February 3, 2020.

Yours truly,

Joyce Kufta, Chair
Parkview Lodge

cc: Councillors, Municipality of Clarington
Planning Committee

Parkview
NEWCASTLE LODGE FOR SENIOR AND FAMILY DWELLINGS

165 KING ST. EAST
NEWCASTLE, ONTARIO
L1B 1B5

January 28, 2020

Mr. John Henry, Chair
Regional Municipality of Durham
605 Rossland Road East
Whitby, ON L2N 6A3

Dear Regional Chair Henry:

Parkview Lodge is an experienced non-profit housing provider which has been working towards an expansion of its existing housing in Newcastle to create an additional 37 affordable apartments for seniors.

The project has been allocated Federal-Provincial funds through the Region of Durham and is also currently finalizing a low interest loan through the Canada Mortgage and Housing Corporation. As well, Parkview Lodge itself is providing an almost $3 million equity contribution to this new housing through refinancing of its existing building.

As you are aware, the process of municipal planning approvals can take a lot of time. The project has had many challenges to work through over the past months including a number of cost pressures related to changes in the location/details of site servicing and changed foundation design to deal with soils issues, but we are anxious to see construction begin.

In December it was identified that there would be an estimated $100,000 cost to relocate to the east the municipal crosswalk adjacent to our current driveway. Quite frankly our budget for new affordable non-profit housing cannot absorb such a large additional cost at this time.

Parkview Lodge can contribute one half towards this estimated cost and we are prepared to budget up to $50,000 towards it. Staff of the Municipality of Clarington are working on the preliminary design of the crosswalk and we believe they will do their best to design a crosswalk that is functional and cost efficient. It is our understanding that the crosswalk on King Avenue is very close to the dividing line between Clarington and Durham responsibilities for King Avenue/Hwy 2, and the Region's roads division has been involved in the crosswalk relocation discussions.

We are requesting that both the Region of Durham and the Municipality of Clarington cap our one-half contribution at $50,000, and contribute the balance of funds to the cost of the crosswalk allocation. We recognize that budgets are tight for all organizations but we know that

the Region of Durham has the lead municipal role in supporting the creation of new affordable housing and has especially focused on support for new seniors affordable housing. Given the Region's lead role in affordable housing we feel it is reasonable to ask for a modest contribution to the infrastructure costs required for this project.

We are also open to an alternate approach of dealing with this cost of municipal infrastructure (the crosswalk) and that could be through the long-term deferral of Region development charges. The Provincial government recently made a series of changes through its Bill 108 legislation which allowed for municipal governments to defer development charges for non-profit affordable housing developments over a 20-year period. If the Region of Durham could agree to defer the charges over that 20-year period at a low, nominal interest rate, that would be an approach that could effectively offset a portion of the crosswalk costs.

We would like to take this opportunity to ask to meet with you to discuss this matter in the very near future. We look forward to hearing from you either through e-mail at joycekufta@rogers.com or by phone at 905-404-5501.

Yours truly,

Joyce Kufta, Chair
Parkview Lodge

cc. Alan Robins, Director of Housing