

TO: GENERAL COMMITTEE

SUBJECT: RESPONSE TO LETTER TO MAYOR LEHMAN
CASH IN LIEU OF PARKING – 33-37 Dunlop Street West

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 *[Signature]*

GENERAL MANAGER APPROVAL: D. FRIARY, GENERAL MANAGER OF INFRASTRUCTURE & GROWTH
MANAGEMENT (ACTING) *[Signature]*

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER *[Signature]*

RECOMMENDED MOTION

1. That the applicant enter into a Section 40 Planning Act Agreement to pay cash in lieu of parking for the development of one (1) residential dwelling unit at 33-37 Dunlop Street West.
2. That the rate at which the cash in lieu for parking 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.

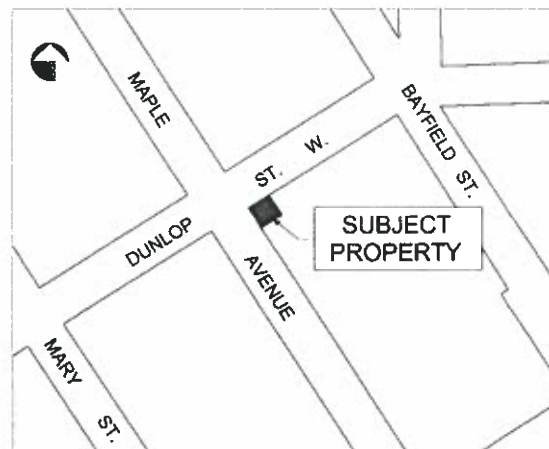
PURPOSE & BACKGROUND

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 a letter submitted by Mike and Olga Dilkas (dated March 29, 2014) to Mayor Jeff Lehman requesting that the City of Barrie to waive the cash in lieu of parking fee that would be due if the 2nd floor unit at 33-37 Dunlop Street West was converted to a residential apartment. The letter is attached as **Appendix A (Appendix A notes the property address being 33 Maple Avenue. According to City records the subject property is actually addressed as 33-37 Dunlop Street West, which is how the subject property is referred to in this report).**

Location

4. The property is located at 33-37 Dunlop Street West on the southeast corner of Maple Avenue and Dunlop Street West. The property is situated in the City Centre Planning Area and according to City mapping is 0.01ha (0.02 acres) in size.



5. The existing land uses surrounding the subject properties are as follows:

North: Downtown multi-tenant commercial and residential uses (across Dunlop Street) zoned C1-1.

South: Downtown multi-tenant commercial and residential uses zoned C1-1.

East: Downtown multi-tenant commercial and residential uses zoned C1-1.

West: Downtown multi-tenant commercial and residential uses zoned C1-1.

Existing Policy

6. The lands at 33-37 Dunlop Street West 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. In their letter to Mayor Lehman, Mike and Olga Dilkas (2030621 Ontario Ltd.) indicated that over the past 10 years, the second floor of the commercial building they own at 33-37 Dunlop Street West has been vacant for approximately 70% of the time. Currently, they report that it has been vacant for two consecutive years despite being listed by a local realty company. In response to this and other complicating factors (see letter attached as Appendix A), the owners would like to convert the space, which is approximately 84m² (900 sq. ft.) in size to a residential apartment.
9. A residential apartment is permitted in the C1-1 zone however the required on-site parking must be provided in accordance with the Zoning By-law. The Zoning By-law requires 1.5 parking spaces per unit and therefore the required on-site parking spaces for the proposed residential unit would be 2 spaces. From the owners' submission it is staffs' understanding that the owners cannot provide any on-site parking as they have requested that the cash in lieu of parking fee be waived.
10. Given that the parking requirement cannot be satisfied, the owners have 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 Section 40 of the Planning Act.
11. 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.

12. 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. At that time, staff recommended and Council approved that the \$2,500.00 rate be maintained.
13. In April 2012 the Parking Rate and Review Team (through the Engineering Department) 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.
14. Council approved Motion 13-G-325 on December 16, 2013 (attached as **Appendix B**) related to a similar request at 70-74 Dunlop Street regarding cash in lieu of parking. In this case staff recommended a reduction in the required parking to 1 space per unit but did not support a reduction/waiver of the fee and recommended preserving the current rate of \$15,000 per space. Staff did not support the reduction in the reduction of the cash in lieu rate given the recent approval of the current rate and the loss of revenue that would otherwise be used for construction and maintenance of public parking spaces. Council approved a parking rate of 1 space per unit and a cash in lieu rate of \$5,000.00 per space.
15. The owners of 33-37 Dunlop Street West have indicated that they wish to pursue the cash in lieu option (with a waiver of the fee) as opposed to a Zoning By-law Amendment request through City Council or a Minor Variance request through Committee of Adjustment.
16. In consideration of the above, in staffs' opinion, the owners' options can be summarized as follows:

	Zoning By-law Parking Requirement¹	Cash in Lieu Rate²	Total Cash in Lieu
Option 1	2 spaces (based on 1.5 spaces/unit)	\$15,000.00/space	\$30,000.00
Option 2	2 spaces (based on 1.5 spaces/unit)	\$5,000.00/space	\$10,000.00
Option 3	1 space (based on 1 space/unit)	\$15,000.00/space	\$15,000.00
Option 4	1 space (based on 1 space/unit)	\$5,000.00/space	\$5,000.00
Option 5	2 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. Council approved a rate of \$5,000/space for 70-74 Dunlop Street.

ANALYSIS

17. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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 half the projected yearly revenue from a single 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.
23. 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.
24. The owners have indicated that there have been numerous requests for residential accommodation in the building over the past two years. They wish to accommodate this demand through converting the space at considerable expense (approx. \$40,000). However, they have

stated that they are not financially able to afford the additional expense of paying cash in lieu for parking.

25. 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 June 9, 2014 to provide recommendation on Official Plan policies and a Zoning By-law Amendment for a new mixed-use zone for the City's Intensification Areas. The zoning recommendations include the reduction of parking for residential units in the downtown to 1 space per unit.
26. Staff acknowledge that the loss of two parking spaces is not significant. Notwithstanding, the deficient parking creates demand for public parking spaces, which cost the City a significant amount of money to build and maintain. In general, 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.
27. As a compromise, staff can support the use of the parking rate based on 1 space per unit. 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 \$15,000. This represents a 50% reduction of the fee owing based on current rates.
28. Finally, Council Motion 13-G-284 directed staff to review the current Cash in Lieu for Parking Policy and report back to General Committee. Staff anticipates completing this review and providing recommendation in the fall of 2014. Staff believe that it is more appropriate to consider revisions to the cash in lieu rate through this comprehensive exercise.

ENVIRONMENTAL MATTERS

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

ALTERNATIVES

30. 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

31. While the recommended motion represents a reduction in parking in lieu revenue of \$15,000, 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

32. 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
33. 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" – Mike and Olga Dilkas Letter to Mayor Lehman – March 29, 2014
Appendix "B" – Motion 13-G-325 (70-74 Dunlop Street)

APPENDIX "A"

Mike and Olga Dilkas Letter to Mayor Lehman – March 29, 2014

Staff Report PLN021-14
ENG 071-07

March 29, 2014

Mayor Jeff Lehman
& Barrie City Council
70 Collier Street, Box 400
Barrie, ON L4M 4T5

RE: Property located at 33 Maple Avenue

Dear Mayor Lehman and Barrie Council,

We are the owners of the property located at 33 Maple Avenue in downtown Barrie.

Over the past twenty years, we have made significant investments in the properties that we own in the downtown core. This commitment to the revitalization of downtown Barrie has been recognized by your office in a letter dated March 18, 2013. We have also been recognized for our investments in facade improvement by former Mayor Rob Hamilton in a letter dated July 7, 2004. Furthermore, numerous business owners have called to congratulate and thank us for the improvements that we have made to our buildings over the years.

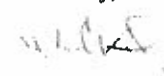
We are writing to you at this time to request assistance with a matter related to our property. Over the past 10 years, the second floor of 33 Maple Avenue has been vacant for approximately 70% of the time. Currently, it has been vacant for two consecutive years despite being listed by Remax/Chay. This coupled with the state of the economy and increased vacancies in downtown Barrie has caused significant financial hardship for us.

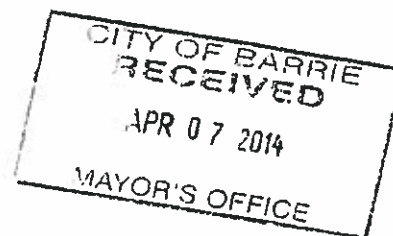
We have received numerous requests for residential accommodation in the past two years. We would like to convert the second floor unit (approximately 900 sq feet) into a residential apartment. Our anticipated costs for such a renovation would be approximately \$40,000. I have been informed by the city building department that two parking spaces are needed should we proceed with this renovation. Unfortunately, we are not financially able to afford this additional expense. As such, we are requesting the City of Barrie to waive the cash in lieu of parking fee for two spaces totaling \$30,000.

Your assistance in this matter would in our opinion benefit both the City of Barrie and us as property owners. It will allow us to continue our tradition of investing in property improvements. Further, it will provide the city with additional property tax revenue as opposed to providing us with a vacancy tax rebate as it has in recent years.

We thank you for your consideration and ongoing support towards the successful revitalization of downtown Barrie.

Sincerely,


Mike & Olga Dilkas
2030621 Ontario Ltd.



APPENDIX "B"

Motion 13-G-325 (70-74 Dunlop Street)

TO: Director of Planning Services – action
Director of Finance - note

FROM: Dawn McAlpine, City Clerk

DATE APPROVED
BY COUNCIL: December 16, 2013

13-G-325

**RESPONSE TO MOTION 13-6-284 - CASH IN LIEU OF PARKING
REQUIREMENTS - 70/74 DUNLOP STREET EAST (WARD 2)**

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 \$5,000 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. (PLN030-13) (File: T02-PAR)