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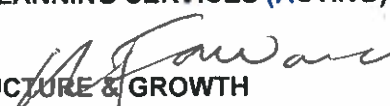
**TO:** GENERAL COMMITTEE


**SUBJECT:** INCENTIVES FOR DEVELOPMENT IN THE INTENSIFICATION AREAS

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** A. SHAIKH, POLICY PLANNER

**SUBMITTED BY:** M. KALYANIWALLA, DIRECTOR OF PLANNING SERVICES  (ACTING)

**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 

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**RECOMMENDED MOTION**

1. That, further to Council Motion 14-G-223 directing staff to investigate the feasibility of providing financial incentives to encourage development within the City's Intensification Areas, Council receive Staff Report PLN002-15 and direct staff to prepare and define a Community Improvement Project Area aligned with the Intensification Nodes and Corridors identified on Schedule I of the Official Plan exclusive of the Urban Growth Centre following Council's approval of the recommendation in Staff Report PLN018-14 'Zoning for Intensification and Mixed Use' with recommendations for incentive-based zoning.
2. That, the City's Intensification Study and the Urban Design Guidelines for Intensification Areas and the proposed new Mixed Use Zone proposed in Staff Report PLN018-14 be used as the basis for the development of specific goals and objectives for a Community Improvement Plan for the Intensification Areas.
3. That staff be directed to initiate a Community Improvement Plan process for the Intensification Nodes and Corridors identified on Schedule I of the Official Plan.

**PURPOSE & BACKGROUND**

Report Overview

4. The purpose of this staff report is to report to Council on the feasibility of establishing financial and non-financial based incentives to attract appropriate development within the intensification nodes and corridors exclusive of the Urban Growth Centre.

Background

5. On August 25, 2014, City Council adopted motion 14-G-223 paragraph 8 regarding the "CITY-WIDE DEVELOPMENT CHARGES BY-LAW" as follows:

*"That staff report back to General Committee on a brand new Community Improvement Plan for the City Centre Planning Area as well as intensification corridors and nodes to potentially incent residential development in January of 2015. (FIN011-14) (File: F21)"*

6. The concept for incentivizing appropriate new development in the intensification nodes and corridors is based on concerns expressed by the development community during discussions on the new City-Wide Development Charge By-law in August 2014 regarding the cost of infill development.
7. Staff recognize the value of incentivizing the intensification nodes and corridors, as these locations have been identified as best able to support vibrant, transit friendly, pedestrian oriented high density development outside of the Urban Growth Centre. The development of the Intensification Areas is instrumental in meeting the Province's Places to Grow population targets, and represents a critical component in achieving a more sustainable future for the City of Barrie.
8. Staff note that the *Downtown Barrie: The Next Wave* Community Improvement Plan (CIP) for the City Centre Planning Area has already been established and is currently in effect. The *Next Wave* CIP has been successful at incentivizing new development with tax increment equivalent grants in addition to encouraging the revitalization of existing properties through adaptive reuse and facade improvement loans. The Urban Growth Centre is also currently covered by the Allandale and Downtown CIP. Staff are currently in the process of investigating Brownfield Incentives, funding mechanisms and any updates needed for these two CIP's. These CIPs pre-date the Places to Grow Growth Plan and the Intensification Study, and staff are considering recommending a new Community Improvement Plan for the Urban Growth Centre focused on incentivizing the redevelopment that is aligned with intensification and other more recent planning objectives for brownfield sites and small projects such as façade and sign or adaptive re-use changes within the Urban Growth Centre.
9. Municipalities often engage in the provision of various incentives in order to stimulate development activity to achieve certain municipal interests. A survey of municipalities across Southern Ontario reveals the following forms of incentives as the most prevalent examples that would be best applicable to the development of the City of Barrie's Intensification Areas:
  - a) Direct financial assistance (with limitations, discussed below);
  - b) Increased height and/or density development rights in exchange for developer funded community benefits or for meeting particular municipal objectives (i.e. preferred form of development);
  - c) Process related, such as an expedited development application approval process;
  - d) Capital investments (i.e. new infrastructure or community facilities) in public realm improvements to improve liveability and thus increase development demand;
10. The most basic and straightforward option out of the above incentives is the provision of direct financial assistance by a municipality to attract land development. Section 106 of the Municipal Act, 2001, prohibits municipalities from engaging in the direct or indirect financial assistance of businesses. An exception to this rule involves financial assistance provided through a Community Improvement Plan.
11. A Community Improvement Plan is a tool available under the Planning Act and may be used by a municipality to focus attention on a specific goal or priority to encourage change in the community, achieved in part through the provision of financial assistance for improvements made within the community.
12. As an alternative to the financial incentives offered through a Community Improvement Plan that involve a direct transfer of funds to the developer, non-financial incentives are another option that may be offered by a municipality. These incentives may include processes intended to grant

additional development rights, expedite development approvals, and increase the desirability and demand for lands in the intensification nodes and corridors.

## ANALYSIS

### New Mixed Use Zones for the Intensification Areas

13. Staff are of the opinion that the establishment of a Community Improvement Plan for the intensification nodes and corridors would be premature prior to the adoption of Official Plan policies and Zoning By-law standards for these areas such as those recommended by Staff Report PLN018-14 'Zoning for Intensification and Mixed Use'.
14. Staff Report PLN018-14 recommends the creation of new Mixed Use Zones with accompanying Official Plan policies designed to achieve a building that fronts directly onto the street and sidewalk, featuring a mix of residential and commercial uses and permitting higher densities. The result of these standards would result in a vibrant, more sustainable, transit-oriented, pedestrian friendly environment.
15. The adoption of new standards and policies for the intensification nodes and corridors would serve as the appropriate foundation from which to develop criteria for financial incentive eligibility. The criteria would be based on the ability of the proposed development to meet the City of Barrie's long term plans for the intensification nodes and corridors by working in concert with the standards and policies proposed in Staff Report PLN018-14. A more detailed discussion on these criteria is discussed in the next section. An example of this approach is in the Georgian College Community Improvement Plan which is strictly focused on incentivizing multi-unit student housing projects. In order to achieve this objective a key criterion is that the units meet a design form that is suited to student housing. The majority of units in the project must include units with this design to qualify for the incentives being offered in the Community Improvement Plan.

### Criteria for Granting Incentives in the Intensification Areas

16. Staff recommend that any decision to incentivize development within the intensification nodes and corridors be based on a set of criteria that would qualify only those applications which meet the goals and objectives in these areas. These criteria could equally apply to both Community Improvement Plan financial incentives, as well as non-financial based incentives.
17. Generally, it is recommended that any incentive be based on a proposed development's ability to meet the following criteria:
  - a) Incorporates active street level uses (mixed use), and includes both residential and/or institutional with commercial uses within the same building.
  - b) Designed with a built form oriented and adjacent to the sidewalk, creating a strong pedestrian-friendly walkable environment.
  - c) Is consistent with the Official Plan policies for Mixed Use Areas, as recommended by Staff Report PLN018-14.
  - d) Demonstrates a general consistency with the principles and recommendations described within the City of Barrie's *Intensification Area Urban Design Guidelines*.

Financial Incentives Administered Through a Community Improvement Plan

18. In order to stimulate private-sector investment, a Community Improvement Plan may be used to provide financial incentives for certain improvements undertaken within the community that achieve the goals and criteria set out by the plan. Examples may include (but are not limited to) tax refunds for redevelopment of contaminated land, grants for aesthetic façade improvements in a location that has experienced some urban decay, or adaptive re-use loans for dilapidated buildings. Financial incentives may come in the form of grants, loans, tax refunds, and fee rebates.
19. The Planning Act specifies that the eligible costs that may be provided financial assistance for through a Community Improvement Plan include costs related to an 'environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities'.
20. The City of Barrie has three Community Improvement Plans that are currently in effect, including the *Downtown Barrie: The Next Wave CIP*, *Allandale Centre CIP*, and the *Georgian College Neighbourhood Strategy CIP*. The financial incentives provided through these CIPs include grants and loans for façade or adaptive re-use improvements, tax refunds for new development, and rebates for planning and building permit application fees.
21. The creation of a Community Improvement Plan for the City of Barrie's intensification nodes and corridors is one means of providing incentive for redevelopment in these locations by way of financial assistance. The use of Tax Increment Equivalent Grants (TIEGs) and rebates for planning and building permit fees would be the most appropriate examples of financial incentives for attracting new development, and are tools already used in the City of Barrie to encourage new development in the downtown and Georgian College neighbourhoods.
22. The process for preparing a Community Improvement Plan, in accordance with the Planning Act, is described below:
  - a) Conduct background research, evaluate options for the boundaries of the Community Improvement Plan, the scope of the plan, and the type of incentives to be offered. The 2008 Intensification Study would serve as an appropriate background report detailing the vision, objectives, and desired outcomes for the redevelopment of the Intensification Area. The Official Plan would be reviewed to confirm it contains sufficient policies to support the adoption of the proposed Community Improvement Plan (see paragraph 22 and 23). Staff would also consult with the Ministry of Municipal Affairs & Housing to discuss the proposed project.
  - b) Report back to Council with recommendations for a community improvement project area, including the boundaries for the proposed Community Improvement Plan. Council must pass a by-law designating the community improvement project area, prior to the adoption of the Community Improvement Plan itself.
  - c) Prepare a draft Community Improvement Plan, including details on the financial incentives proposed to be offered by the plan. Make the plan available to the public, and circulate to the Ministry of Municipal Affairs & Housing for review and comment
  - d) Schedule and conduct a public meeting to discuss the proposed CIP.
  - e) Finalize the CIP and submit to Council to consider adoption.

23. Section 3.6 of the City of Barrie Official Plan provides the policy basis to support the adoption of a Community Improvement Plan. The following represents a select number of reasons for the creation of a Community Improvement Plan that may be applicable towards the goals of redeveloping the intensification nodes and corridors:
- a) Inadequate or deficient municipal infrastructure and services including facilities such as parks, arenas, and community centres.
  - b) Old, deteriorated or neglected buildings and properties that require upgrading, rehabilitation or replacement.
  - c) Deficient streetscapes in terms of poor roads, curbs, sidewalk, boulevards, tree planting, landscaping, street furniture, and street lighting.
  - d) Inadequate mix of housing types.
  - e) Poor overall visual appearance including streetscape, and urban design.
  - f) Transportation or transit deficiencies including inaccessible or deteriorated sidewalks, walkways, bike paths/lanes and trails.
  - g) Poor, inadequate or unsafe interfaces between different transportation modes including motorist, vehicular, cyclist, pedestrian and public transit on streets and roads.
24. Subsection 3.6.2.4 discusses that Community Improvement Plans may provide direction for the allocation of public funds to provide for of a range of financial assistance and incentive programs in the form of grants, loans, tax relief, or application fees for eligible projects focused on the physical rehabilitation, redevelopment or improvement of land and buildings.
25. In staff's opinion, the creation of a new Community Improvement Plan for the intensification nodes and corridors that includes financial assistance would be a feasible option for incentivizing new development in these areas pending future budget approvals. Staff recommends that the financial incentives be assessed on a set of criteria that qualifies applications that meet the long term vision described in the Official Plan and Zoning Amendment recommended by Staff Report PLN018-14.

#### Non-Financial Based Incentives for Encouraging Land Development

##### *Incentive-Based Zoning*

26. In addition to Zoning and Official Plan Amendments, Staff Report PLN018-14 also recommends incentivizing development in the intensification corridors through the granting of additional height permissions for those applications that incorporate a mixed use ground floor commercial component within the building through zoning provisions.
27. Under the standards proposed by PLN018-14, a Mixed Use Corridor (MU2) permits 15.5m (approximately 5 storeys) of building height for single use residential buildings. For those buildings located in a MU2 zone that include active ground floor commercial uses, the maximum height is increased to 25.5m (approximately 8 storeys). The additional development rights provides a strong incentive for the development community while ensuring that a mixed use building is attained that furthers the objectives of the City of Barrie's long term plans for the Intensification Areas.

28. Staff are supportive of the practice of incentive-based zoning based on the Official Plan and Zoning By-law Amendments contained within Staff Report PLN018-14, and believe this to be a highly feasible option for incentivizing development within the Intensification Nodes.

*Expedited Development Approvals through Pre-Zoning the Intensification Nodes and Corridors*

29. The purpose of pre-zoning is to attract developers to build in the designated intensification nodes and corridors, and to create an incentive for constructing the type of urban mixed-use built form envisioned by the City of Barrie's Intensification Study.
30. Under this process, the City is responsible for undertaking the Zoning By-law Amendment to rezone properties to permit the types of built form and uses envisioned for the intensification nodes and corridors. Pre-zoning would create an incentive to build according to the as-of-right built form, as developers could achieve a reasonable and profitable development without the need to undergo the time, expense, and uncertainty typically involved with the rezoning process.
31. As the requirement to undergo a rezoning process is eliminated, the developer would be required to submit a site plan application, which typically represents the final development approval necessary prior to applying for a building permit.
32. During the June 16, 2014 Council meeting, Council approved motion 14-G-164 directing staff to investigate the appropriateness of pre-zoning select areas of the intensification nodes and corridors and report back to General Committee. Staff are awaiting further decisions on the remaining recommended motions of Staff Report PLN018-14 prior to commencing an investigation on the practice of pre-zoning.
33. Based on a review of other municipalities that have undergone the pre-zoning process, staff are of the opinion that the pre-zoning exercise remains a highly feasible option for creating an incentive to develop in the intensification nodes and corridors.

*Shared Parking for Mixed Use Developments*

34. Shared use parking provides the opportunity for the actual number of parking spaces to be calculated based on the peak usage of spaces for mixed use developments, therefore making the most effective use of the parking space allocation. This concept has been implemented by several GTA municipalities, including the Cities of Toronto, Mississauga, Brampton and Richmond Hill, as well as adopted on a site specific basis in other municipalities.
35. Current City of Barrie zoning standards require mixed use development to provide parking spaces based on a combination of the required parking for both the residential and the non-residential component of the proposed development. Staff are proposing that the City investigate the opportunity to adopt a Mixed Use parking standard for intensification areas based on the concept of sharing the required parking spaces between the residential and commercial uses. As indicated above, the theory behind this concept is that peak usage times for residential and non-residential parking is different thereby maximizing parking usage and reducing the costs associated with providing additional lands for parking areas. This option would significantly incentivize this form of development in combination with the reduction in residential parking standards already proposed for mixed use zones as presented to Council in 2014.

*Increased Demand for Development through Capital Investments in Public Realm Improvements*

36. Any capital investments in public realm or public service improvements within the intensification areas increase their liveability and desirability, which thus incentivizes demand for development in these locations.

37. Improvements to the public realm are intended to enhance the urban experience on the street, providing benefit to residents and businesses. These improvements may include a sidewalk widening, bicycle lane construction, improvements to public transit service, or the installation of street furniture, amongst other such examples. The effect of these improvements is that the public realm is safer and more comfortable for pedestrians and cyclists, is more inviting for businesses to open up street level storefronts, and contributes towards providing a unique character and sense of place for the neighbourhood.
38. In staff's opinion, investment in public realm improvements should be considered a critical requirement for the success of the intensification nodes and corridors. For example, improvements to walkability and options for active-transportation would create the conditions necessary for a successful vibrant streetscape, which in turn would further attract additional development into these areas. Despite the inclusion of active ground-floor commercial uses, the intensification areas still require improvements to the public realm in order to achieve the desired vibrancy and pedestrian-oriented character. As an additional incentive, the City could establish a policy of implementing the public realm improvements recommended in the Intensification Area Urban Design Guidelines in co-ordination with new development where financially feasible.

#### Summary of Recommendations

39. Staff agree that each of the financial and non-financial incentives discussed in this staff report, including those provided through a Community Improvement Plan, are feasible options to incent development within the intensification nodes and corridors.
40. Staff recommend that prior to the adoption of any financially-based incentives, that Council adopt Staff Report PLN018-14 'Zoning for Intensification and Mixed Use'. This Staff Report contains recommendations for the use of incentive-based zoning and pre-zoning, both of which are non-financial incentives that are designed to attract the type and form of development desired for the intensification nodes and corridors.
41. Staff note that the provision of financial incentives will require strong budgetary commitments, and thus recommend that the granting of incentives be closely tied to the development proposal's ability to meet the City of Barrie's goals and objectives. Thus, in order to ensure the success of a Community Improvement Plan based financial incentive program, staff recommend:
  - a) That the financial incentives be granted based on a proposed development's ability to meet the zoning standards and Official Plan policies recommended by Staff Report PLN018-14.
  - b) That further study be completed to focus incentives on specific locations throughout the intensification nodes and corridors identified for their high potential to best receive and benefit from financial assistance, and coordinated with other capital infrastructure and public realm improvements.

#### ENVIRONMENTAL MATTERS

42. There are no environmental matters related to the recommendation.

## ALTERNATIVES

43. The following two alternatives are available for consideration by General Committee:

**Alternative #1** General Committee could maintain the existing policy/procedure/by-law with respect to the intensification nodes and corridors and update the current 3 CIP's. (i.e. Status Quo)

This alternative is not recommended as it does not contemplate desirable incentives that provide the opportunity to support planning objectives for intensification in the nodes and corridors.

**Alternative #2** General Committee could direct staff to prioritize the Urban Growth Centre and one or two nodes or corridors that may benefit most from targeted incentives, and develop a more detailed background study and CIP Plan for this area prior to proceeding with offering incentives.

This alternative is not recommended as it would delay the process for creating a CIP for those nodes and corridors not identified. Furthermore, the same objective can be achieved once the incentives are in place across the board for all of the CIP Intensification areas and a framework and criteria for deciding on where or how to prioritize investment in the Intensification Areas can be developed once the CIP is in place. This will also allow for strategic targeting of funding for key intensification nodes and corridors or that may warrant more support to stimulate development to occur in accordance with planning outcomes envisaged.

## FINANCIAL

44. There are no financial implications for the Corporation resulting from the proposed recommendation.

## LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

45. The recommendations included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:

- Direct and Manage Economic Development
- Manage Growth and Protect the Environment

46. Developing a CIP with incentives to encourage the type and form of intensified mixed use development envisaged in the intensification nodes and corridors would enhance the liveability of the City as a whole, making for an attractive location to live and work.

47. The development of CIPs to encourage appropriate development in the intensification nodes and corridors is a key part of the City's growth management strategy to encourage a significant amount of new more intensive growth to occur within the built boundary.

48. The recommendations support one of the Planning Services Department's 2015 key performance indicators, and the objective to create new policies and review existing policies to address emerging issues and identifying trends that affect the liveability of the City including affordable housing, safety, job creation, fiscal responsibility and access to services and amenities.



49. Given the challenges of development in existing communities compared with greenfield development, offering financial incentives in these areas supports planning objectives to achieve a more compact, efficient built form which supports active lifestyles and liveable complete communities, which planning policy on its own may not be able to achieve.