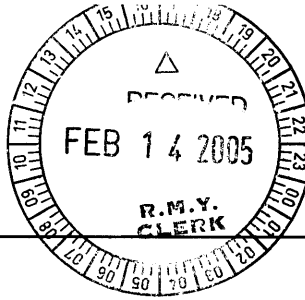




February 9, 2005

Mr. Denis Kelly
Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1

REGION OF YORK
CLERK'S OFFICE

FILE No. - *P04*

→ *CAO*
S. Cartwright

**RE: FINANCIAL INCENTIVES FOR AFFORDABLE HOUSING
REQUEST TO THE REGION OF YORK FOR CHANGES
TO THE REGIONAL DEVELOPMENT CHARGES BY-LAW
DEFINITION FOR AN APARTMENT DWELLING (7.11 & 10.7)**

Dear Mr. Kelly:

This will confirm that at the meeting of Council held on February 8, 2005, Clause 3 of Report No. 4, was approved as follows:

"That the staff report entitled "Financial Incentives for Affordable Housing – Request to the Region of York for Changes to the Regional Development Charges By-law Definition for an Apartment Dwelling" be received;

And that Council request the Region of York to introduce a development charge by-law definition for plexes and stacked and garden apartments, to charge such units at the same rate as apartment units, consistent with Markham's definition, to demonstrate support for increasing the supply of rental and affordable housing in Markham and the Region overall;

And accordingly that Council request the Region of York to initiate changes to the Regional Development Charges By-law definition of "apartment dwellings" to include:

- a dwelling unit in a duplex, triplex or fourplex;
- a residential building, other than a hotel, containing more than four dwelling units where the residential units are connected by an interior corridor; and
- a residential building, other than a hotel, with a minimum of sixty units per net hectare and a minimum floor space index of 0.75;

And further that the Clerk be requested to forward a copy of this report to the Region of York."

Yours sincerely,



Sheila Birrell
Town Clerk

Encl.



REPORT TO GENERAL COMMITTEE

TO: Mayor and Members of Council

FROM: Jim Baird, Commissioner of Development Services
Andy Taylor, Commissioner of Corporate Services

PREPARED BY: Murray Boyce, Senior Project Coordinator
Barb Cribbett, Treasurer

DATE OF MEETING: 2005-Jan-24

SUBJECT: Financial Incentives for Affordable Housing - Request to the Region of York for changes to the Regional Development Charges By-law definition for an apartment dwelling.

RECOMMENDATION:

THAT the staff report entitled "Financial Incentives for Affordable Housing – Request to the Region of York for changes to the Regional Development Charges By-law definition for an apartment dwelling" be received;

AND THAT Council request the Region of York to introduce a development charge by-law definition for plexes and stacked and garden apartments, to charge such units at the same rate as apartment units, consistent with Markham's definition, to demonstrate support for increasing the supply of rental and affordable housing in Markham and the Region overall;

AND ACCORDINGLY THAT Council request the Region of York to initiate changes to the Regional Development Charges By-law definition of "apartment dwellings" to include:

- a dwelling unit in a duplex, triplex or fourplex;
- a residential building, other than a hotel, containing more than four dwelling units where the residential units are connected by an interior corridor; and
- a residential building, other than a hotel, with a minimum of sixty units per net hectare and a minimum floor space index of 0.75.

AND FURTHER THAT the Clerk be requested to forward a copy of this report to the Region of York.

PURPOSE:

The purpose of this report is to obtain Council's approval to request changes to the Region of York's Development Charges By-law in support of increasing the potential supply of rental and affordable housing in Markham.

EXECUTIVE SUMMARY:

Council has adopted an advocacy/partnership, policy and financial role in support of the provision of rental and affordable housing. Among other things, Council has requested staff to report on a financial incentives policy framework to encourage and promote affordable housing opportunities in the Town of Markham. Changes to the Development Charges regime can provide a significant financial incentive to public, private and not-for-profit housing developers providing more affordable types of homeownership and rental housing.

Until recently, Markham's Development Charges By-law did not have a dwelling type definition that fit more affordable housing types such as plexes (ie. duplex, triplex, and fourplex) and stacked and garden apartments. Consequently, a fourplex dwelling would have been charged a rate equivalent to four multiple or townhouse dwelling unit rates. As part of the 2004 Development Charges Background Study, Council introduced a new Development Charges By-law definition to specifically address plexes and stacked and garden apartments to provide a more favourable rate per dwelling unit. The new definition clarifies that for plexes and stacked and garden apartments the rate will be applied to units in a dwelling rather than the dwelling.

Similar changes to the Region of York's Development Charges By-law are required to encourage and promote more innovative forms of affordable homeownership and rental housing opportunities in Markham and across the Region. In addition to providing a financial tool for affordable housing, changes to the Region's Development Charge regime would encourage and promote more compact and intense housing forms consistent with the intensification targets established in ROPA No. 43 – Centres and Corridors and the emerging Provincial Growth Plan and revised Provincial Policy Statement.

BACKGROUND:

In 1993, the Town adopted a balanced approach to growth management combining urban intensification and compact greenfield growth. Since that time, OPA No.5 and the corresponding secondary plans and zoning by-law for the new urban expansion area communities have targeted and permitted a diversity of compact housing forms based on the principles of New Urbanism. The targeted housing mix and densities were, among other things, intended to increase rental and affordable housing opportunities within the OPA No.5 communities.

Despite a policy regime that promotes intensification and higher density built form over more traditional suburban development, a significant concentration of plexes and multiple unit dwellings has yet to materialize. Recognizing the need to more aggressively encourage and promote policies in support of affordable housing opportunities in Markham, Council in 2003 endorsed a Town role in support of the provision of rental and affordable housing defined in the context of the roles played by other senior governments and the authority and resources available to the Town. The Town's role contemplates an advocacy/partnership, policy and finance component.

Having regard for the policy component of Markham's role, Council directed Planning staff to complete a further review of how the program for a new Official Plan might consider additional land use policies in support of new rental and affordable housing opportunities including increased

densities and innovative forms of mixing home ownership and rental housing. In addition, Council directed Finance staff to identify and recommend possible financial incentives that the Town might employ to encourage and support the production of rental and affordable housing. A separate progress report on a proposed financial incentives policy framework, in support of rental and affordable housing opportunities in Markham, will be provided to Council in February 2005.

DISCUSSION:

By-law 177-96 (the Urban Expansion By-law) has for some time permitted plexes and multiple unit dwellings, but the previous Development Charges regime did not make these dwelling types a financially attractive product for the development industry. Until recently, Markham's Development Charges By-law did not have a definition that fit more affordable housing types such as plexes (ie. duplex, triplex, and fourplex). Consequently, a fourplex dwelling would have been charged a rate equivalent to four multiple or townhouse dwelling units. The impact of applying this approach on the unit price, relative to the price of the single, semi-detached or townhouse dwelling made the housing product more costly and difficult to market overall.

Mattamy, a prominent homebuilder in the OPA No. 5 new urban expansion area communities, is proposing to build fourplex dwellings in their next phase of Cornell. The fourplex product physically appears to be two semi-detached dwellings from the exterior, but is split internally into four separate units. Mattamy is proposing to sell the units as semi-detached duplexes (two units to one purchaser). This would allow the purchaser the option to rent out one or both of the units and increase the potential rental housing unit stock and home ownership affordability in Cornell.

In 2003, Mattamy submitted a request to the Town to investigate options for applying development charges that would make the fourplex a more financially viable product to market. As part of the 2004 Development Charges Background Study, Council approved a new Development Charges By-law definition to specifically address plexes and provide a more favourable rate per dwelling unit in a plex. Under the new Development Charges By-law, the definition of "apartment dwelling" means:

- a dwelling unit in a duplex, triplex or fourplex;
- a residential building, other than a hotel, containing more than four dwelling units where the residential units are connected by an interior corridor; and
- a residential building, other than a hotel, with a minimum of sixty units per net hectare and a minimum floor space index of 0.75.

This approach will improve the affordability of these types of units in Markham and is consistent with the Town's emerging financial incentives policy framework for affordable housing. Applying Markham's new definition to the Mattamy proposed housing type would yield a potential development charge that is approximately 85% of the original development charge rate applied to fourplex dwellings. This represents a significant financial incentive by the Town in support of increasing the supply of rental and affordable housing. Finance staff also concluded in their report on the Development Charges Background Study that this change will have no financial impact on the Town, as a financial disincentive to development is being removed.

Currently, the Region of York is charging a multiple rate for townhouses and plexes. Each unit in a fourplex dwelling is defined as a multiple dwelling unit which amounts to about \$2878 more per unit than if they were defined as apartment units. In November 2004, Mattamy submitted a request for Markham to initiate discussions with the Region of York to include plexes within their Development Charges By-law definition of apartment dwelling. See Appendix A attached to this report.

Options for Homes (York Region/GTA) acting on behalf of the Old Kennedy Cooperative Development Corporation has expressed a similar interest in having the Region of York adjust their Development Charges By-law definitions accordingly. Options for Homes would like the Town to initiate discussions with the Region to include stacked and garden apartments in the Regional Development Charges By-law definition of apartment dwelling. This would contribute to a lower purchase price for the stacked and garden apartment affordable homeownership development proposed at 90 and 108 Old Kennedy Road in Milliken.

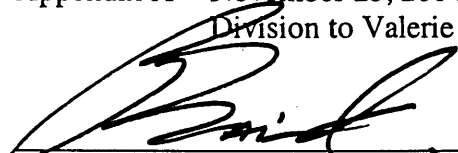
If the Region were to follow Markham's lead and introduce this definition, there is a potential for a 25% reduction in the Region's development charge rate applied to fourplex and stacked and garden apartment dwellings in the Town of Markham

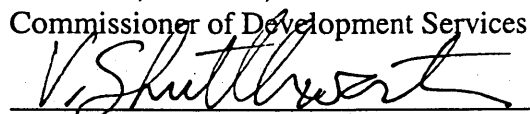
CONCLUSION:

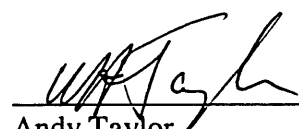
It is recommended that Council request the Region of York to introduce a development charge by-law definition for plexes and stacked and garden apartments, to charge such units at the same rate as apartment units, consistent with Markham's definition, to demonstrate their support for increasing the supply of rental and affordable housing in Markham and the Region overall.

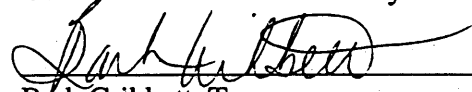
ATTACHMENTS

Appendix A - November 25, 2004 Memorandum from Frank Bon, Mattamy Homes East GTA
Division to Valerie Shuttleworth, Director of Planning



Jim Baird, M.C.I.P., R.P.P.
Commissioner of Development Services

Valerie Shuttleworth, M.C.I.P., R.P.P.

Andy Taylor
Commissioner of Community Services

Barb Cribbett, Treasurer



APPENDIX A

MEMO

East GTA Division

140 Renfrew Drive, Suite 206
Markham, Ontario
Telephone: 905-477-2048
Fax: 905-477-2337

To:	Valerie Shuttleworth, Town of Markham Planning Department Warren Marshall, Region of York
From:	Frank Bon
Cc:	Troy VanHaastrecht
Date:	November 25, 2004
Rc:	Markham Development Charge By-law

Val, I have been speaking with Regional Staff regarding the changes that Markham has made to its Development Charges By-law, specifically with the intention of determining if some of the positive amendments made to Markham's By-law could be incorporated into the Region's By-law. The Region has indicated that in order to advance the process at a Regional Level, they would need a resolution from Markham Council requesting that the Region review their by-law in an effort to bring it into conformity with Markham's initiatives.

They also have indicated that it is an opportune time to be making the request, as they are now reviewing the By-law in the context of the outstanding appeal to the Regional Development Charges By-law. I would therefore request that at very least there be communication with Warren Marshall's office to establish exactly what the Region needs to initiate the process of marrying the Regional Development Charge by-law with Markham's Development Charge By-law.

Frank Bon
Mattamy Homes East GTA Division