GREAT LANDS
CORPORATION

May 3, 2011

York Region Administration Building
17250 Yonge Street, 4th Floor
Newmarket, ON L3Y 6Z1

Attention: **Denis Kelly, Regional Clerk**
Corporate Services Department

Dear Sir:

Re: **Planning and Economic Development Committee Meeting May 4, 2011**
Agenda Item D4 – Richmond Hill Official Plan

Our company has previously provided input during the evolution of the Town's Official Plan, and we expressed concerns with the impact of the Plan on our two primary development sites in the Town, one near the southeast corner of Yonge Street and Sixteenth Avenue, and the other at 8890 Yonge Street. We believe the height and density limits, and the urban design aspects, adopted by Town Council for the Regional Centre, as they impact our property at 8890 Yonge Street, are overly restrictive, and the Town's Parkland Policies unfairly penalize all condominium developments in general, and are counter-productive to intensification objectives of the Region of York.

We ask that members of the Committee take some time to read the attached letter from our company President to the Mayor of Richmond Hill. The intent of the letter is to illustrate the economic challenges related to intensification in Richmond Hill. We are asking the Town, and now the Region, to review and reconsider the parkland policies and create a dedication/cash in lieu system that is equitable and fair, and that will encourage, and not discourage, intensification.

We note that on page 6 of the submission review portion of the staff report there is reference to Great Lands input to the Official Plan process, but it incorrectly states that there were no further meetings required. Yes, there was a negotiated settlement for the redevelopment of our site near Yonge St. and Sixteenth Ave., and the OMB approved the OPA and ZBA for the site, but the parkland dedication issue was not dealt with, and the settlement related only to

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the one specific redevelopment application. We are currently working on our OPA, ZBA and site plan submission for our site at 8890 Yonge Street, which is in the Regional Centre, nearly one kilometre away from the site that was subject to the OMB hearing.

In view of the above, we ask that the approval of the Town Richmond Hill Official Plan be deferred at this time. We understand that the Town is currently reviewing its parkland policy internally, and therefore deferral of the Plan would allow the Town to develop and incorporate new policies into the Official Plan, before it is approved in its present form. Hopefully, condominium builders will have an opportunity to work with Town Council and staff, and collectively, an amicable solution can be achieved to this very serious problem. Thank you.

Yours truly,

Ron Stein
Manager of Land Development.

GREAT LANDS
CORPORATION

April 5, 2011

Town of Richmond Hill
Mayor and Council Office
225 East Beaver Creek Road
1st Floor
Richmond Hill, Ontario
L4B 1M7

Attention: Mayor Dave Barrow

Dear Mayor Barrow:

Re: Great Land (Yonge 16th) Inc. – 9185, 9201 & 9205 Yonge St. & 55 16th Ave.

I acknowledge receipt of your email confirming the cancellation of our meeting this Friday. I was going to provide you with a simple financial analysis at that time, so I decided summarize the key points in a letter, so you can consider it before your meeting on April 12th. It should clearly illustrate the impact the Town's current parkland dedication policy has on developer decisions,

I note we have not resolved the temporary signage and sales office issues as yet, as reported to you in our letter in January, but have not pursued them, as we are now doubtful of the financial viability of our project, primarily due to the Town's parkland dedication requirements.

I believe you are aware of the builders concerns regarding the Town's parkland dedication policy of requiring 1 hectare for every 300 units. As you can appreciate, as a builder, we have numerous options with respect to locations to build our projects. When we analyze the feasibility of a project, key components are the cost of the construction, the municipal charges, and the end selling price. The construction costs across the GTA are generally the same, so the focus of this analysis is on the local municipality Development Charges, parkland dedication requirements, and the end selling price. I have compared the difference between our recent experience in the City of Toronto for a project we are constructing shortly in the North York portion of Toronto.

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Development Charges

Unit Type	Toronto DC	Richmond Hill/York DC
1 bdrm and bachelor*	$6,367.00/unit	$19,382.00/unit
2 bdrm apt and larger*	$9,584.00/unit	$28,206.00/unit
Non Residential *	$107.91/m²	$361.71/m²

* Includes Education Levies

Our architects have been refining our Yonge 16th site plan and they have advised there will likely be 914 residential apartments (747 of 1 bdrm/1 bdrm + den, and 171 of 2 bdrm and up) plus 4 assisted units, (which are not included in the DC and parkland dedication) and 1,788.2 m2 of retail space. The Development Charges for a project the size of ours in Richmond Hill versus Toronto is summarized below:

	Toronto	Richmond Hill
747 one bdrms*	$4,756,149.00	$14,478,354.00
171 two bdrms	$1,638,864.00	$ 4,823,226.00
1788.2 m² retail	$ 192,964.66	$ 646,809.82
Total	**$ 6,587,977.66**	**$19,948,389.82**

*assumes 1 bdrm + den treated as 1 bdrm

Parkland Dedication

We will be commencing the construction of a 182 unit condominium with 259 m² of retail on the ground floor on a property is in North York, (Toronto) next to a TTC subway station on Sheppard Avenue East. We are not providing parkland for the development and are required to pay cash in lieu. The City of Toronto has recently advised that based on an appraisal of the property, the required cash in lieu payment is to be $669,000.00. If we extrapolate that appraisal value, and multiply it by 5.02 (914/182), we could estimate that the cash in lieu payment to Toronto for a project the size of our Yonge 16th project would be approximately $3,358,380.00. We recognize this is a ball park estimate as we do not have information as to how the retail space was appraised in the City. We suspect though, that as the ratio of residential to retail is similar (within about 73%) in both instances, the numbers would not differ significantly.

Your Parks Department has advised that we are required to pay a parkland cash in lieu amount that would be based on 1 ha per 300 units less the 0.2 ha dedicated as part of the approved development. Therefore, our cash in lieu payment would be based on 2.85 hectares (914 / 300 – 0.2), which equals 7.03 acres. BILD, in its submission to the Town dated April 14, 2010, stated that Town staff advised that land in Richmond Hill was generally appraised at $1.0M to $1.8M. However, we have been advised by another developer in Richmond Hill, that their property was recently appraised by the Town at approximately $2.6M per acre. Assuming that land in the prime Yonge 16th area will appraise at the higher end of the scale, and would be in the $2.6M per acre range, we could possibly be facing a payment of $18.33M, possibly more.

We have requested the Town's Real Estate section to appraise our property, as the parkland appraisal will determine whether this project will move forward. Real Estate will not initiate the appraisal as Planning staff have asked for additional information before an appraisal can be conducted. Our architect is working to provide that information shortly.

<u>Comparison of Development Charges and Parkland Payment</u>

If we take the anticipated parkland appraisal value of $18M, and a DC of $20M, we would be facing a municipal cost for these two items of about $38M in Richmond Hill, versus the cost of $10M in Toronto. This difference of $28M, spread over 914 units, comes out to about $30,635.00 per unit.

<u>Gross Sale Price Comparison</u>

We now have to examine the income aspect of developing in Toronto versus the suburban communities like Richmond Hill. We are currently marketing our latest condominium in North York for approximately $540 per sq. ft. Builders in Richmond Hill are currently marketing their property in the $450 per sq. ft. range. If we assume that the average unit size is approximately 700 square feet, the revenue from an average condo in Richmond Hill versus Toronto is $315,000.00 versus $378,000.00, a difference of $63,000 per unit.

Therefore in order to construct the same unit in Richmond Hill instead of Toronto will result in a net income reduction, per unit, of $93,635.00 ($30,635.00 + $63,000.00) in revenue for a builder, which for a development of 914 units would be $85,582,390.00. Even if we were to take a significant risk and market in Richmond Hill, well above our competition, at $500 per sq. ft., the deficit would be $65,635.00 per unit, or approximately $60M.

Even though our project should have a gross sales value of $300M or more, a $60M or $85M deficit over a similar Toronto project cannot be substantiated financially in any way. In our opinion, what it means to the Town is that little, if any redevelopment will occur in the near future, and the Town will not achieve its objectives, or those of the Province and Region, with respect to intensification.

While we recognize that the Town has the authority to request the 1 ha per 300 units, it is not a practical or fair requirement, and discourages intensification, contrary to public objectives. Most condominium apartments are small, lower valued, compared to less dense forms of development, so a suburban parkland standard penalizes this type of development. As well, there seems to be no regard to the fact that most condominiums contain a substantial amount of private amenity space, to reduce demand on public space.

We hoping that the issues that seem to arise in Richmond Hill, more than other communities in which we have been involved, is a result of lack of experience with intensification projects. Based on our limited time in Richmond Hill, it seems that the Town needs to adopt policies and procedures, to encourage intensification projects, and process them in a timely and financially feasible way. It would truly be a shame from both our perspectives, if our properties, near such a key intersection in the heart of Richmond Hill, were to remain undeveloped for many more years. While we receive a steady income stream from the properties, they are all well past their prime, and I think nearly everyone would like to see redevelopment commence at the intersection, signaling a new era in Richmond Hill's history. As well, there are Section 37 benefits associated with our development such as the assisted housing and community space, a road connection, a neigbourhood park, future subway easement, and a road widening on Yonge Street, that will not come into being, if we cannot move forward.

We ask that you, and your Council, reconsider its position on this matter, and I would be happy to meet with you to discuss this serious issue further. Thank you.

Yours truly,
Per Great Land (Yonge 16th) Inc.

Sam Sadr
President

cc. Godwin Chan
cc. Anna Bassios
cc. Reza Moridi, MPP
cc. Ken Ho
cc. Hamid Parsa
cc Fred Darvish