DUNDURN EDGE DEVELOPMENTS INC.

COMMENTS FOR CITY OF HAMILTON
ECONOMIC DEVELOPMENT & PLANNING COMMITTEE

Parkland Dedication / Cash-in-Lieu:
Official Plan Amendment,
New Implementing By-law and Policy
(PED09028) (City Wide)

JANUARY 20, 2009

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Madame Chair and members of the Committee, we are the owners of the former Thistle Club site and have recently received rezoning approval for a 148 unit condominium project for the site. The proposed project would be built to a LEED Platinum standard.

We are also the anonymous developer referenced on the bottom of page 8 of this report and the author of the Parkland Fees Comparison at the end of the report.

There is a reference in your report indicating that only two high-density properties have been eligible to pay Parkland Dedication Fees – one 14 unit project and our student residence at 1686 Main St.

Given the references to other issues raised by Dundurn with City staff sprinkled throughout the report – and no disrespect to the developer of the 14-unit project – effectively this report only relates to Dundurn. We are the only high-density developer working outside the CIP area. And we oppose the recommendations.

We have met with many City staff and elected officials over the past 18 months regarding the Parkland Dedication Fees associated with our site. The fees being sought for the Thistle site were exorbitant and have contributed, we believe, to numerous owners and development proposals for this property.
With no success at any level in the City, we were forced to distribute the comparison between the Hamilton and Burlington Parkland Dedication Fees.

However, the proposed revisions do not come anywhere near meeting the levels required for us to proceed with development of the Thistle site.

The numbers presented at the bottom of page 8, although accurate, have been taken out of context. The other side of the equation for developers is the sales value of a condominium.

Hamilton has a value for new condos of approximately $200 / square foot. Burlington has a new condo value of approximately $370 / square foot.

We find ourselves in a position, even with the proposed rates, where fees are 23% higher than Burlington and revenues are as much as 75% lower. So when you read that the Hamilton fee is only $1250 per unit higher, you should realize that this is a significant.
So although the difference in Parkland Dedication Fees seems nominal, the reality is very much different – high fees – low revenues.

It’s little wonder that none of the previous owners has pursued development of the Thistle site – a site that has sat vacant for many years. I might add that when we started pursuing this issue with the City, the economic conditions were much better than they are today.

The City’s delay in resolving this question has actually further debilitated the development potential for this site.

The Thistle site is doubly cursed because it falls outside the boundaries of the Downtown CIP exemption area by two blocks in two directions. Proposals to extend the CIP boundaries have also rejected by City staff.

Although we believe the residents of a condo on the Thistle site will have the same propensity to frequent downtown Hamilton businesses and restaurants as those two blocks away, we find ourselves in a situation where we are penalized when compared to nearby projects.
This Parkland Fees proposal will not encourage us to proceed with development, especially in light of current economic conditions.

You have received an alternative recommendation from staff. That is a 5% fee across the board for 2009 as an economic incentive. Although we applaud staff for bringing forward this recommendation, there are still a number of major challenges with it.

For one, the underlying by-law is still not acceptable.

Two, because the development industry is just finding out about the 5% fee today, there is not enough time for developers to acquire land, complete due diligence, rezone and obtain building permits before the year end. There will be no economic stimulus with 2009. Even Planning Act appeal timelines won’t put this into full effect until approximately April or May depending on when Council approves it.

Even at Thistle, we could not secure enough sales to this year to take advantage of the recommendation.

The program should be made permanent to compete with surrounding municipalities. Burlington has a cap – Hamilton does not.
If it cannot be made permanent, it should be put in place for a minimum of three years – 2009, 2010 and 2011.

Third, the City is contemplating exorbitant increases in development charges. These DC’s need to be subject to the same recommendation otherwise the benefit of the proposed 5% flat fee is lost.

We would encourage you to reject the proposed changes and ask staff to re-evaluate its Parkland Dedication Fee regime with a view to encouraging rather than discouraging development.

Dundurn has been at Parkland Dedication Fees with the City of Hamilton since 2006 with no success.

Our recommendation remains today as it was in February 2008 - institute a cap regime commensurate with potential development values.

According to the City’s comparison on the last page of the Report, two thriving communities already have caps – Burlington and Toronto. Two other communities suffering economic woes are adopting cap regimes – Windsor and Ottawa.
Hamilton is not thriving and this kind of punitive measure, in combination with plans for exorbitant development charges increases, makes the City an unattractive venue for developers to invest. Developers will not pay a premium to invest in Hamilton!

Thank you.