



## Staff Report

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<b>Report To:</b>	<b>Planning and Development Committee</b>		
<b>Date of Meeting:</b>	January 17, 2022	<b>Report Number:</b>	PDS-003-22
<b>Submitted By:</b>	Ryan Windle, Director of Planning and Development Services		
<b>Reviewed By:</b>	Andrew C. Allison, CAO	<b>Resolution#:</b>	
<b>File Number:</b>	PLN 37.4; CIPC2021-001	<b>By-law Number:</b>	N/A
<b>Report Subject:</b>	Courtice Community Improvement Plan Grant; 1607 Highway 2, Courtice		

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### Recommendations:

1. That Report PDS-003-22 and any related communication items, be received;
2. That Council provide direction regarding a maximum funding commitment of up to \$1, 000,000 in response to the application for a Development Charge Grant under the Courtice Main Street Community Improvement Plan submitted by Monde Development Group for 1607 Highway 2 in Courtice;
3. That any funding committed by Council to Monde Development Group for 1607 Highway 2, Courtice for a DC Grant be conditional upon the completion of the project in accordance with site plan approval and the fulfilment of the requirements of the CIP Agreement to the satisfaction of the Municipality;
4. That \$1,000,000 from the General Capital Reserve, allocated for the Courtice CIP, be committed for this project;
5. That, if there are insufficient funds in the General Capital reserve, the Treasurer be authorized to withdraw from another reserve or reserve fund that the Treasurer deems appropriate;
6. That any funds withdrawn from an alternate reserve or reserve fund, be repaid on an annual basis using 50 per cent of the incremental property tax for the property, with the remaining 50 per cent available for general budgetary use;
7. That all interested parties listed in Report PDS-003-22 and any delegations be advised of Council's decision.

## Report Overview

The purpose of this report is to obtain a funding commitment and direction regarding an application submitted by Monde Development Group for a Development Charge (DC) Grant under the Courtice Main Street Community Improvement Plan (CIP).

In accordance with the Courtice Main Street CIP, applications for qualifying development projects are brought forward to Council for consideration of grant funding. The applicant would be required to enter into an agreement with the Municipality once CIP grant funding is conditionally allocated to the project.

Additional information about the Courtice Main Street CIP is provided in the Community Improvement Plan Programs Annual Report 2021 (PDS-002-22), also on the agenda for the Planning and Development Committee meeting.

## 1. Background

### Courtice Main Street Community Improvement Plan

- 1.1 The Courtice Main Street Community Improvement Plan (CIP) was approved in 2016 to support the vision established by the Courtice Main Street Secondary Plan to develop the area as a mixed-use, transit-supportive, and pedestrian-friendly environment that preserves valuable natural heritage, built form and community character. The CIP provides incentives to higher density residential and mixed-use development projects that generate new or increased property assessment.
- 1.2 The Courtice Main Street CIP incorporates two financial incentive programs including the Development Charge (DC) Grant Program, and the Tax Increment Grant Program.
- 1.3 To be eligible for the Courtice Main Street CIP Grant Programs, projects must first meet minimum intensification targets (e.g. density, floor space index). Once it is determined the project achieves the minimum eligibility criteria, the application is evaluated against a performance evaluation framework to determine how well the project addresses key community improvement needs identified by the CIP. The grant value for a project is based on the number of performance criteria achieved by the as-built project, and is expressed as a proportion of the applicable development charges, in the case of the DC Grant, or a proportion of the increased tax assessment generated by the development for the Tax Increment Grant.
- 1.4 All applicable development charges are required to be paid as per the Development Charges By-law, typically at the time a building permit is issued. Grant approvals and funding commitments are conditional upon the development being completed in accordance with the site plan approved plans/drawings, and the terms and conditions outlined in the required CIP Agreement. Grants would be issued once construction of the development is complete, and the applicant has demonstrated the terms and conditions of the Agreement have been fulfilled to the satisfaction of the Municipality.

- 1.5 DC grants are budgeted for annually and held in a reserve fund in order to meet anticipated demand in future years. Tax Increment grants are tied to the increased assessment value of a property resulting from development, which the Municipality would forgo (on a sliding scale) for a specified period of time (e.g.10 years). Additional details about the Courtice Main Street CIP fund are outlined in PDS-002-22.

## **2. CIP Grant Application and Discussion**

### **Development Charge Grant Application for 1607 Highway 2, Courtice**

- 2.1 An application for a DC Grant has been submitted by Monde Development Group for its project at 1607 Highway 2 in Courtice. The project consists of a six-storey residential apartment building containing 89 dwelling units and 95 underground parking spaces (File SPA2019-034). A location map is included for information as Attachment 1. This is the first grant application under the Courtice Main Street CIP.
- 2.2 The property is designated Regional Corridor by the Clarington Official Plan and is within the Low-Rise High-Density Residential designation of the Courtice Main Street Secondary Plan. The property is zoned “Residential Mixed Use - Holding ((H)MU2(S:4/6))” and “Special Purpose Commercial Exception (C5-1)” by Zoning By-law 84-63. The site plan application for the proposed development (File SPA2019-0034) was approved in February 2021. The applicant is working with Planning and Development Services staff to finalize the site plan agreement. It is now appropriate to consider a funding commitment for the requested DC Grant.

### **Eligibility and Performance Criteria**

- 2.3 The Courtice Main Street CIP encourages intensification along the Regional Corridor in the form of higher density residential, commercial, and mixed-use development. To be eligible for a DC Grant, properties within the Low-Rise High Density Residential designation outside of the Town Centre of the Courtice Main Street Secondary Plan area must achieve minimum intensification targets of 75 residential units per gross hectare, a floor space index (FSI) of 1.2, and minimum height of five storeys. The development approved for this property under Site Plan File SPA2019-0034 meets the Minimum Intensification Targets and qualifies for the Program.
- 2.4 The DC Grant Program requirements are designed to encourage development that is of high quality, sustainable urban design and construction, and contributes towards a range of housing affordability.
- 2.5 DG Grant applications are evaluated against five categories of Project Performance Criteria, including: Building Design and Construction, Pedestrian Environment and Active Transportation, Green/Open Spaces and Trail Access, Housing Choice, Accessibility and Affordability, and Sustainable Development. Full details of the Performance Criteria and requirements are included in [Appendix F of the Courtice Main Street CIP](#).

- 2.6 An additional incentive is provided for projects required to pay the Region the cost of full municipal services. Developments that are not responsible for their share of the cost of full municipal services may be eligible to receive a grant equal to between 25 per cent and 37.5 per cent of the applicable development charges. DC grants for developments required to cover the cost of municipal services may range from 50 per cent to 75 per cent of applicable development costs, depending on the number of Project Performance Criteria achieved by the as-built project.
- 2.7 Based upon the information provided in support of the CIP application and the site plan approved drawings, the residential development proposed at 1607 Highway 2, Courtice meets 5 out of 5 Project Performance Criteria. The developer will be required to pay the Region for their share of the cost of municipal services. The project would qualify for a grant of up to 75 per cent of the applicable development charges, resulting in an estimated maximum grant value between \$800,000 and \$1 million.

### **Commitment of Funding**

- 2.8 This report seeks direction from Council regarding a funding commitment in the range of \$800,000 to \$1 million in response to the DC Grant application made by Monde Development Group to facilitate its six-storey residential apartment development located at 1607 Highway 2, Courtice.
- 2.9 Subsequent to Council's direction, staff will complete the processing of the Grant application to the satisfaction of the Director of Planning and Development Services, including the execution of a CIP Agreement.
- 2.10 As outlined in Report PDS-002-22, funding has been included in the Planning and Development Services 2022 budget to continue to build the CIP reserve in anticipation of this and other applications which may be received. The timing of payout of the grant is after completion of the construction and once the performance criteria can be verified which could be anywhere from 2-5 years.

### **Finance Considerations**

- 2.11 The Municipality allocates unspent budgeted CIP funds to the General Capital Reserve, this reserve is a working capital reserve that includes a variety of items that are carried over from year to year for specific projects. At December 31, 2020 there was approximately \$119,800; in 2021, there was a budgeted contribution of \$210,000 which would make the December 31, 2021 balance approximately \$329,800.
- 2.12 It is proposed that Council authorizes the Treasurer to draw on the Tax Rate Stabilization Reserve Fund for any shortfall in the grant funding between now and when the payment is to be issued. This provides the developer with a funding commitment providing the grant conditions are met, the developer will be relying upon this commitment for their financial decision making.

- 2.13 Once the development is complete, the Municipality will realize increased property tax revenue, which over time will offset the up-front cost of the DC Grant for the project. Therefore, any grant funding shortfall made up by the Tax Rate Stabilization Reserve Fund, or other reserve as the Treasurer determines, shall be repaid on an annual basis using 50 per cent of the incremental property tax for the property.

### **3. Concurrence**

This report has been reviewed by the Director of Financial Services and Director of Legislative Services who concur with the recommendations.

### **4. Conclusion**

- 4.1 The purpose of this report is to obtain direction from Council regarding an application submitted by Monde Development Group for a DC Grant under the Courtice Main Street CIP for the development for SPA2019-0034 at 1607 Highway 2.
- 4.2 Staff have reviewed the subject CIP application and have determined that the site plan approved development meets the eligibility criteria for the Program and qualifies for a DC Grant.
- 4.3 Should Council provide direction to commit the necessary funding, staff will proceed with the conditional approval of a DC grant and execution of a CIP Agreement. The grant would be paid out once (i) the development is complete and occupied, and (ii) all Site Plan and CIP Grant agreement requirements have been fulfilled to the satisfaction of the Municipality.

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Staff Contact: Sarah Allin, Planner, 905-623-3379 ext. 2419 or [sallin@clarington.net](mailto:sallin@clarington.net).

Attachments:

Attachment 1 – Location Map and Aerial; 1607 Highway 2, Courtice

Interested Parties:

The following interested parties will be notified of Council's decision:

Monde Development Group