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VIA EMAIL: mayor@guelph.ca; clerks@guelph.ca

City Council
City of Guelph
1 Carden Street
Guelph, ON N1H 3A1

Attention City Council:

Re: Steeves & Rozema Enterprises
2 Quebec Street, Guelph
Our File No. 02038-081
OLT File No. OLT-21-001597
Education Development Charges Complaint (“EDC Complaint”)

Our client, Steeves & Rozema Enterprises (“S&R”), is the registered owner of the high-rise residential apartment building located at 2 Quebec Street in Guelph.

Constructed in 1971, the building has 13 floors, with the ground and second floors being commercial office space and the upper 11 floors consisting of 132 individual residential rental apartments. S&R has invested several millions of dollars enhancing the building in recent years, including the building’s exterior façade and balconies and the majority of the apartments which have been completely redone with new bathrooms, kitchens, flooring, electrical, etc. As part of its ongoing investment, our client intends to convert the 2nd floor commercial space into 14 new rental apartments and in the process provide further enhancements to the exterior façade of the 1st and 2nd floors at an estimated cost of over three million dollars.

In September 2019, S&R applied for a building permit for the 14 new apartments in the second-floor space. Due to other matters and pandemic-related delays, S&R did not pay the education development charges (EDCs) until October 15, 2021, when these amounts were paid under protest.

For the reasons below, S&R submits that there are special circumstances that exist, such that a refund should be issued for the full amount of the EDCs in the amount of \$39,774.00. In the alternative, S&R submits that they ought to be obligated to pay EDCs based on the applicable rate in September 2019, being \$2,484.00 per dwelling unit, resulting in a refund of \$1,428.00.

Section 257.85 of the *Education Act* R.S.O. 1990 empowers City Council to hear complaints regarding EDCs. However, City Council may only hear a complaint in respect of the criteria set out in Subsections 257.85(a)(c) as follows:

- a) The EDC was incorrectly determined;
- b) The amount of an EDC credit was incorrectly determined; or
- c) There was an error in the application of the EDC Bylaw.

In this case, S&R takes the position that there was an error in the application of the EDC By-law because

- 1. the By-law fails to credit the property for previously assessed fees (actual or inferred at the time) on the existing commercial space being converted; and
- 2. the application of the By-law is inconsistent with the stated principles and objectives of the City's Official Plan; and
- 3. in the alternative, the applicable EDC per dwelling unit ought to be calculated based on the fees applicable in September 2019, not October 2021.

Credits for Previously Assessed Fees

S&R submits that the property at 2 Quebec Street has been contributing to the local tax base for over 50 years and, in doing so, has contributed to the capital and infrastructure expenditures. It is our client's position that conversion of existing space is not a Development or Redevelopment that ought to trigger the imposition of EDCs. This is a conversion of existing space that is being underutilized as commercial space.

Stated Principles of the Official Plan

There is a rental housing shortage within the municipality and this project will invest money into an area of the City in core need of more rental housing. The conversion of existing underutilized commercial space into core rental housing is a project that is of significant benefit to the community and is the type of gentle intensification that is consistent with the stated principles of the Official Plan.

With regard to the City's Official Plan, we would draw your attention to the following stated objectives and principals contained within it, those being to encourage residential growth within the Downtown:

Section 2.2 (6 d) "Encourage *intensification* and *redevelopment* of existing urban areas that is *compatible* with existing built form."

Section 2.2 (7) "Strengthen the role of the Downtown as a major area for investment, employment and residential uses such that it functions as a vibrant focus of the city."

Section 3.6 “To provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents, the City shall: i) maintain at all times the ability to accommodate residential growth for a minimum of 10 years through *residential intensification* and *redevelopment* and on lands which are *designated and available* for residential development;”

Section 3.7 (3 ii) “the City will promote and facilitate *intensification* throughout the *built-up area*, and in particular within the *urban growth centre* (Downtown),”

Planning Services provided the following feedback in the Committee of Adjustment Comments from Staff, Public & Agencies, dated April 13, 2017:

“The proposed 14 new apartment units are being established on the second floor of an existing mixed use building, therefore utilizing floor space that is currently underutilized. Former and vacant office space will be converted to the new apartment units. Principle 2: 'Set the Scene for Living Well Downtown' of the Downtown Secondary Plan outlines that more people living Difference Downtown will be critical to adding and maintaining economic vitality and creating a vibrant place to live. A variety of housing options in and around the historic core are being encouraged and it is intended that the Downtown will accommodate a significant share of Guelph's population growth to 2031. Specific targets have been set for the Downtown, particularly, it is to accommodate a residential population of approximately 8,500 people and reach a minimum density of 150 people and jobs per hectare by 2031. The addition of the proposed residential units is in keeping with the intent of the Downtown Secondary Plan.

It is our client's position that these fees as applied in this instance, pose a significant barrier and in fact serve to discourage the conversion of vacant or otherwise under-utilized existing space in the Downtown, thereby undermining the City's efforts in this regard.

Calculation of ECDs

S&R acknowledges that Paragraph 11 of the EDC By-laws states that EDCs are payable in full on the date the building permit is issued, which was done. The building permit was applied for in September 2019 and S&R submits that this is when the EDC charges ought to be calculated. The delay between the application for the permit and its issuance was significant; however, the circumstances from September 2019 to October 2021 were also exceptional.

If EDCs are payable, S&R submits that they ought to be calculated based on the applicable rates in May 2019 to May 2020, being \$1,867.00 for the Upper Grand District School Board and \$617.00 for the Wellington Catholic District School Board. This would result in a refund of \$1,428.00.

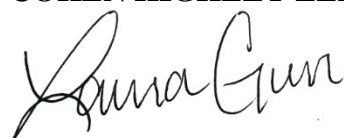
Conclusion

This building has contributed to the City's tax base (both residential and commercial) for the past 50 years, and through those contributions supported and maintained services and infrastructure. As it seeks to continue to invest in the property and in the process advance the goals and objectives of the City's Official plan, our client respectfully asks your reconsideration of these fees and in turn your support of its planned 14 residential rental apartments within the existing building.

Thank you for your consideration

Yours very truly,

COHEN HIGHLEY LLP

A handwritten signature in black ink, appearing to read "Laura Gurr". The signature is fluid and cursive, with the first name "Laura" and last name "Gurr" clearly distinguishable.

Electronic signature digitally attached

Laura M. Gurr | Partner

LMG:rmh

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