

June 13, 2022

Via E-mail

Council General Committee
City of Mississauga
300 City Centre Drive
Mississauga, ON L5B 3C1

Attention: Dayna Obaseki, Legislative Coordinator

Dear Chair and Committee Members:

**Re: Proposed Growth Funding Instruments
Items 10.2 and 10.3 – June 15, 2022 Committee Agenda**

As you know, Oxford Properties Group and its co-owner (together, “Oxford”) own the Square One Shopping Centre and surrounding lands in the City’s Downtown Core. We are writing to express our concerns with the City’s proposed growth funding charges (i.e., development charges, community benefits charges, and cash-in-lieu of parkland charges), and in particular their impact on purpose-built rental housing.

As outlined further below, we do not believe the proposed instruments relating to these growth funding charges properly reflect the realities of purpose-built rental development within the City. To mitigate the significant cumulative impact of these charges and avoid undermining the development of purpose-built rental housing, which has been recognized by the City as a priority for the Downtown Core to facilitate its transformation into an urban mixed use centre, we suggest that the City’s proposed instruments be modified to provide:

- A lower cap on the per unit cash-in-lieu of parkland contribution for purpose-built rental housing;
- An exemption from the payment of community benefits charges for purpose-built rental housing; and
- A special development charge for new purpose-built rental housing that reflects current rates.

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We appreciate the opportunity to provide these comments. We would be pleased to discuss these matters further with City staff before the proposed instruments are considered by City Council.

Background

Oxford owns much of the land that comprises the City's Downtown Core. As set out in the Mississauga Official Plan (the "**MOP**"), the City's vision for the Downtown Core is for it to transform into an urban mixed use centre. New residential development is recognized as critical to facilitating this transformation, in order to complement the nearly two million square feet of retail space provided at Square One Shopping Centre, facilitate the efficient use of the existing and planned transit infrastructure, and provide the foundation for a vibrant and active Downtown.

As a major landowner within the Downtown, Oxford shares this vision and is working to make it a reality. We, along with our partners, are currently in the process of developing approximately 2,350 units on a portion of the lands known as Block 8, with almost 1,000 units under construction. It is anticipated that over 50% of the total units will be purpose-built rental. We also hope to pursue the development of additional rental housing projects of a similar scale over the coming years. These projects advance the City's objectives for the Downtown. They also support the City's efforts to prioritize rental housing in order to expand housing options within the City, consistent with policies set out in the MOP.

However, all of these projects are dependent on careful economic analyses. The development of purpose-built rental housing has a very different economic profile than condominium development, along with higher risk. Purpose-built rental development projects have a lower capacity to absorb cost increases and are especially sensitive to interest rates. Significant increases in charges threaten the viability of precisely the type of purpose-built rental housing the City is looking to support, particularly in the Downtown. If the proposed charges come into effect as proposed, we expect that new purpose-built rental projects will either be put on hold indefinitely or be reconsidered as condominium projects.

The Proposed Growth Funding Charges

Within this context, Oxford is very concerned about the combined effect of the City's proposed growth funding charges on the feasibility of new rental housing projects. Taken together, the proposed growth funding charges represent a substantial increase in costs. These costs have a disproportionate and significant impact on purpose-built rental housing, as recognized by the consultants the City retained in connection with its proposed growth funding charges.

Specifically, the report prepared for the City by N. Barry Lyon Consultants Limited regarding the proposed City charges on residential development found that the cumulative amount of the proposed increase in charges will significantly impact rental housing and further exacerbate the challenges faced in creating new purpose-built rental housing. In doing so, the City's proposed charges work contrary to the City's objectives to facilitate rental housing development in the Downtown Core to support its transformation.

The proposed community benefits charge is particularly troubling as it relates to the Downtown Core. Development within the Downtown Core is not currently subject to Section 37 contributions. This approach recognizes the need to incentivize development within the Downtown in order to realize the City's vision for a mixed-use urban centre. In contrast, the proposed community benefits charge, especially when combined with the other charges proposed, does the opposite. Oxford is concerned that the charges, taken together, will undermine the viability of purpose-built rental housing and, in turn, the prospect of making the City's vision for the Downtown a reality.

To illustrate the magnitude of the cumulative impact, we understand that the proposed changes to the City's Parkland Dedication By-law mean that the cash-in-lieu of parkland charge for high-density residential development will increase from \$11,370 per unit to \$25,112 per unit as of August 2023. When considered with development charges and community benefits charges, total City charges will be over \$62,000 for an apartment unit. With Regional and education development charges, total municipal charges will be over \$110,000 for an apartment. We agree with the City's consultants that charges of this scale will have profound implications for the feasibility of developing new rental housing in the City.

Proposed Modifications to the City's Proposed Growth Funding Instruments

In order to properly reflect the different economic profile of purpose-built rental housing development and support the City's vision for the Downtown Core, a different approach to the proposed growth funding charges is required for purpose-built rental housing projects. In particular, to mitigate the cumulative impact of these charges, we request that the City implement a reduced cash-in-lieu of parkland cap on rental housing development.

The lower cap on cash-in-lieu of parkland would recognize the different economic realities of purpose-built rental housing and the unique contribution that such housing makes to the City's housing stock. Such a reduction also has a technical basis. In particular, our understanding is that the methodology used to calculate the per unit cap on cash-in-lieu of parkland, as set out in the March 2, 2022 *Parks Plan and Conveyance By-law Summary Report*, was based on the City acquiring all parkland required for build-out of the Downtown and other major nodes (12% of total land area) by 2041. This assumption is neither feasible nor necessary, given that the City does not appear to have an established plan to acquire parkland in its major growth areas and the build out of these areas will extend beyond 2041. In these circumstances, a reduction in the cap on cash-in-lieu contributions for purpose built rental

housing projects would not affect the City's ability to obtain all required parkland over an appropriate time horizon.

In addition, given the continued need to incentivize development in the Downtown to facilitate its transformation, purpose-built rental housing should be exempt from the payment of the community benefits charge. This approach would align with the current treatment of development in the Downtown under the section 37 regime but apply it more narrowly only to purpose-built rental development in light of its different economic circumstances. It would also recognize the role that purpose-built rental housing plays in supporting housing choice in the City, which can be considered a form of community benefit.

Another means of mitigating the impact on purpose-built rental housing would be to maintain development charges for such development at current rates. We would ask the City to consider revising its proposed development charge by-law in this manner, by providing a separate development charge for purpose-built rental housing based on current rates.

We appreciate the opportunity to provide these comments. We would be pleased to discuss with City staff before the proposed growth funding instruments are presented to Council.

Yours truly,



Steve Nightingale
Vice President Development

cc: Shari Lichterman, Commissioner of Corporate Services & Chief Financial Officer
Paul Mitcham, City Manager & CAO
Beata Palka, Parkland Project Manager