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File No. 702127

July 3, 2013

By E-mail Only

Ms. Kelly McCarthy, Committee Administrator
City of Toronto
Toronto City Hall, 10th Floor, West Tower
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Ms. Kelly McCarthy:

**Re: 2013 Proposed Development Charges By-Law Item EX 33.1
Conservatory Group**

We are counsel for the Conservatory Group of Companies ("Conservatory Group"). Conservatory Group is an umbrella organization controlling a number of related companies that own properties throughout the City of Toronto (the "City"), including but not limited to, those companies set out in Appendix A. Please note that counsel may add additional entities to that list at a later date.

We write in respect of the 2013 Proposed Development Charges By-law (the "Proposed By-law"), scheduled for a public meeting to be held by the Executive Committee of the City (the "Committee") on July 3, 2013.

We understand the City has held three public consultation meetings and has also met with members of the development industry during the Proposed By-law review process. As a result of these consultations, the City has proposed to increase the average residential development charge by approximately 92% over the existing By-law.

After having reviewed the Proposed By-law, the 2013 Development Charges Background Study prepared by the City's consultant, and the June 18, 2013 Staff Report, our client wishes to make the following submissions to the Committee:

1. The Proposed By-law should not take effect until April 30, 2014, when the City's current development charges by-law expires.
2. Any new adopted rates should be subject to a two year freeze, followed by a four year phasing in period. By structuring the phased implementation of



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the Proposed By-law in this way, the City would be following the same grandfathering and transition provision as applied to the 2009 Development Charge By-law, adopted by City Council on February 23, 2009.

3. Any new development charge rates should not apply to complete development applications submitted to the City and currently in process.
4. The magnitude of the proposed development charges is excessive and as a result will materially impact the cost and affordability of new housing units throughout the City.
5. The Background Study inconsistently uses population figures and underestimates the Post Period Benefit (“PPB”) of many major projects and hard infrastructure. This is particularly evident in the PPB calculation attributable to the Spadina Subway extension. In the Background Study, the City’s consultant uses gross population increase to calculate the period from 2013 to 2022, but then uses net population increase from 2023 to 2031. It is not appropriate to allocate the entire cost of the Spadina Subway extension to development that will occur to 2031, since new transit infrastructure will be used well beyond that date and cannot properly be justified as a growth related cost to development solely within that period.
6. The Background Study has inappropriately combined parkland and indoor recreation services in assessing the 10-year historic service level funding envelope. This results in the inclusion of otherwise ineligible capital costs for indoor recreation services to be funded through parkland development charges. Furthermore, a combined calculation artificially inflates the historic level of service for indoor recreation, exceeding the precedent 10-year average as previously used by the City and contravening the permissible funding envelope allowed under the *Development Charges Act*.
7. The City has incorrectly attributed too much of the capital costs to new growth and has attributed too little to the benefit to existing development.
8. Consideration of the Proposed By-law by the Committee should be deferred from the July 3, 2013, meeting until the next session of that Committee on October 30, 2013. As the Background Study and Staff Report were only available last week, this will allow additional time for important and ongoing consultation between the City and stakeholders regarding outstanding issues, including those listed above.



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It is our client's position that the above comments should be incorporated into a revised draft of the Proposed By-law prior to City Council's enacting of same. As our client and consultant continue to review the Background Study we may identify additional concerns and issues.

We would be pleased to discuss any of our comments with City Staff. Should you have any questions, please contact the undersigned.

Yours truly,

DAVIES HOWE PARTNERS LLP

per: Alexander James
per: John M. Alati
JMA:AM

A large, stylized handwritten signature in blue ink, appearing to read "Alexander James".

copy Client



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Appendix 1: Conservatory Group Related Companies and Persons

Rainbow Developments Inc.

Rosedale Developments Inc.

Hollybar High Rise Development Ltd.

Holly Downs Developments Inc.

Antelope Hills Construction Ltd.

Fancy Dell Developments Inc.

B-Major Homes (Ontario) Inc.

Top of the Tree Developments Inc.

GCD Trustee Ltd

Figtree Construction Ltd.

Misty Manor #2 Developments Inc.

Bay-Elizabeth Construction Ltd.

Smye Homes Ltd.

Marklib Investments 2

Granite Heights Developments Inc.

Winding Road Developments Inc.

Suelea Development Inc.

Kingbird Developments Inc

2242148 Ontario Ltd.

Yolanda Flanders Developments Inc.

The Gates of Scarborough Town Centre Inc.



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2308163 Ontario Inc.

Fawn Haven Construction Ltd.

Ambercroft Construction Ltd.

2297485 Ontario Ltd.

Treble Clef Construction (Ontario) Inc.

Damaris Developments Inc.

Jasamax Holdings Inc.

Ringley Construction Ltd.

Corey Sean Libfeld

Sheila Margery Royce

Nancy Claire Libfeld