

Committee of the Whole (2) Report

DATE: Tuesday, December 5, 2023

WARD(S): ALL

TITLE: EXPLORATION OF POLICIES AND PROGRAMS TO SUPPORT COMPLETE COMMUNITY DEVELOPMENT AND GOODS MOVEMENT

FROM:

Nick Spensieri, City Manager

ACTION: DECISION

Purpose

To seek direction to initiate a Community Improvement Plan (CIP) process by retaining a consultant to complete the necessary studies, by-laws and implementation plan to bring CIP(s) to fruition by the end of 2025.

Report Highlights

- Under Section 28 of the Planning Act, municipalities can prepare Community Improvement Plans (CIPs) to implement policy initiatives and incentives otherwise prohibited under the Municipal Act.
- Community Improvement Plans have been identified for use as part of ongoing updates to both Vaughan's Official Plan as well as the Vaughan Metropolitan Centre Secondary Plan (VMCSP) Update.
- In areas of urban intensification, a balance of uses is required to achieve vibrant, diverse, and complete urban neighbourhoods that promote social and economic cohesion where local talent can live, work, and play.
- The ease of movement of goods and people is a top issue for Vaughan's business community, and innovation to improve goods and people movement will increase outcomes for retention and attraction of businesses.
- In an increasingly competitive marketplace, distinguishing Vaughan from other Greater Toronto Areas is integral to remaining a top destination for talent and investment.

Recommendations

1. THAT Council direct staff to initiate the exploration of a Community Improvement Plan to support complete community development (that includes a diverse mix of housing, office, and commercial uses, such as retail, entertainment, and cultural amenities) in intensification areas subject to Secondary Plans.
2. THAT Council direct staff to initiate the exploration of a city-wide Community Improvement Plan to advance the adoption of last-mile goods and people movement solutions.
3. THAT staff be authorized to prepare and release the necessary Request(s) for Proposal (RFP) to retain a consultant (or consultants) to develop the study and a draft by-law(s) in accordance with the provisions of the Planning Act to support complete community development and employment and the efficient movement of goods and people within the City.
4. THAT staff be directed to engage with representatives from York Region and the Province of Ontario related to this initiative.
5. THAT staff provide a report to Council on findings of the study, recommendations and draft by-law(s) for approval by end of Q4 2025.

Background

Community Improvement Plans (CIPs) are a sustainable community planning tool used by municipalities to direct funds and implement policy initiatives toward a specifically defined project area.

Section 28 of the *Planning Act* provides municipalities that have enabling policies in their official plans the ability to prepare CIPs for the purposes of facilitating the community improvement of an area through the provision of financial incentives or actions that would otherwise be prohibited under Sub-section 106(2) of the Municipal Act (as amended).

This tool allows municipalities to:

- focus public attention on local priorities and municipal initiatives
- target areas undergoing rehabilitation, redevelopment, or which are in transition
- cohesively facilitate and advance community change
- encourage private sector investment through municipal incentive-based programs; inclusive of financial and non-financial incentives

In 2015, Council approved a by-law designating the Vaughan Metropolitan Centre and Weston and Highway 7 Primary Centre as the Community Improvement Project Areas to enact a CIP in these locations with the aim to accelerate office development in these areas.

On November 17, 2015, Council approved the implementation of By-law 176-2015 designating the Vaughan Metropolitan Centre and Weston / Highway 7 Primary Centre as the Community Improvement Project Areas within the City of Vaughan.

Further, Council adopted By-law 177-2015 setting forth the Community Improvement Plan for the aforementioned project areas. The goal of the CIP is to support the acceleration of office development in the two designated areas.

Large office developments were eligible for a suite of incentives, including:

- Development Charge Grant/Reduction
- Development Charge Deferral
- Tax Increment Equivalent Grant (TIEG)
- Cash-In-Lieu of Parkland Exemption/Reduction
- Podium Parking Incentives (VMC Only)
- Expedited Development Approvals

There is not currently a CIP in place in Vaughan after the previous CIP expired at the end of 2022. However, two DC deferral options remain in place for office development which aligns with current York Region office development incentives.

Vaughan's CIP was slated to end in 2019 but was extended until the end of 2022. Four CIP applications were received that collectively totalled 724,400 sq. ft. of office space, however none of the applications put forward resulted in executed agreements.

There are two DC deferral options for office development which meet specific criteria – one is available city-wide for 18 months, and the other is a 36-month pilot project concentrated along the Highway 7 corridor. This aligns with current incentives offered in place by York Region. To date, there have been two office developments which did take advantage of York Region's 18-month DC deferral policy.

Community Improvement Plans have already been identified for use as part of ongoing updates to both Vaughan's Official Plan as well as the Vaughan Metropolitan Centre Secondary Plan (VMCSP) Update.

Notably, as a part of the VMSCP Update, challenges associated with developing new office uses were identified. To address these challenges, a multi-pronged approach will be required that involves a combination of policy mechanisms, as there is no single solution approach available. These policy mechanisms could include financial incentives and other process-related improvements to achieve cost savings for developers.

Previous Reports/Authority

1. [Aligning Policies and Programs to Continue Office Development Momentum in Vaughan](#), VMC Sub-Committee Report, December 4, 2019
2. [City of Vaughan Official Plan Review Update Report, Special Committee of the Whole](#) (Working Session), September 13, 2023
3. [VMC Secondary Plan Update: Phase IV – Recommendations, VMC Sub-Committee Report](#), October 4, 2023

Analysis and Options

Vaughan can enhance its value proposition for future investment and securing top talent for the City’s businesses by: ensuring balanced complete urban community development; and, through the exploration of innovative solutions to the movement of goods and people, notably last-mile solutions.

Not only do businesses look at availability and calibre of space when making investment decisions, but there is considerable preference given to the quality of place to retain and attract top talent. In a tight labour market, businesses of all sizes across sectors report availability and recruitment of workers as a top concern, and it is becoming an increasingly important consideration when considering expansions.

Staff propose two areas of focus for CIPs to maintain competitiveness with other jurisdictions. The first focus area is looking to support balanced complete community development in the city’s urban growth and primary centres where the local talent base can live, work and play. The second focus area would support innovation and implementation of next-generation goods and people movement solutions.

These areas of focus are also in alignment with Section 1.7 of the 2020 Provincial Policy Statement (PPS), Long-Term Economic Prosperity, by promoting opportunities for economic development and community investment readiness.

There are several areas city-wide that are targeted for urban intensification, many of which have already seen strong demand for residential development. These areas will require a balance of uses to achieve vibrant, diverse and complete urban neighbourhoods.

Residential development continues to accelerate within the City, and we are seeing the ratio of residential to non-residential uses widen in areas where development intensification is taking place. Residential interests need to be balanced with other uses to achieve vibrant, diverse and complete urban neighbourhoods, in particular in the wake of legislation such as Bill 109 and Bill 23.

A mix of uses (in particular retail, cultural amenities and office) in areas of the City where urban intensification is taking place is required to maintain Vaughan's position as a premier destination for top talent and businesses in these areas. Advancing the quality of life and economic potential in intensification areas through the encouragement of non-residential development supports the development of vibrant cultural life and compelling public spaces, and advances Vaughan's position as a leader for transformational change in urban life - creating an innovative, more inclusive, and more sustainable City.

To support complete urban neighbourhoods that are both socially cohesive and economically prosperous, staff recommend exploration of a CIP that covers the urban growth and primary centres subject to secondary plans. These areas offer compelling economic value to the City and advance the growth of Vaughan's knowledge economy.

Complete urban communities can be achieved by focusing on exploring incentives to support the following:

1. Office development (inclusive of lab space) to support the City's knowledge-based sectors
2. Retail and amenities that encourage activation of these areas throughout the day and support the development of a night economy
3. Affordable and accessible housing options for local talent to live and work in the area, including availability of rental units.

Urban growth centres and primary centres are integral to achieving employment density targets in these areas, supporting policy directives set out as part of Vaughan's Official Plan review, and advancing the quality of life for local talent, residents and visitors.

Municipalities across Ontario have implemented CIPs with similar goals over the past five years to increase office development, retail and amenities, and improve housing options.

Examples of recently adopted CIPs with similar goals include Brampton, Richmond Hill, Hamilton and Ottawa.

<p>City of Brampton: City-wide CIP for Office Employment</p>	<p>The City of Brampton adopted a City-wide CIP to incentivize office development in June 2022. The CIP offers:</p> <ul style="list-style-type: none"> • Tax-increment Equivalent Grant (TIEG) program, which will refund the increase in municipal property taxes over a 10-year period. The TIEG will provide a grant covering the entire increase in year one, 90% in year two, and continue to decrease by 10% until it becomes extinguished. • Expedited Planning Review <p>The Region of Peel also implemented a Regional community improvement plan (CIP) for major office development. It was recommended that the Region support local municipal major office employment CIPs by contributing the Tax Increment Equivalent Grants (TIEG).</p> <p>Other incentive tools that may be considered at a later date following a review of the program include:</p> <ul style="list-style-type: none"> • Development Charge Grant • Capital Grant • Development Application/Building Permit Fee Grant • Cash-in-lieu Parkland Grant <p>Eligibility Requirements</p> <ul style="list-style-type: none"> • The development must have a minimum of 25,000 sq. ft. of new office space. Renovation of existing office space not included. • Owner-occupied or multi-tenant buildings can be eligible • In a mixed-use development or structure, only the new major office component as defined will be eligible for incentives. • The building or structure is not condominium in tenure.
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<p>City of Richmond Hill: Office Development and Village Revitalization CIP</p>	<p>The City of Richmond Hill adopted an Office Development and Village Revitalization CIP in February 2023 with designated areas across the City. The goals of the CIP are to:</p> <ul style="list-style-type: none"> • Support and contribute to needed office space within Richmond Hill; • Support intensification within the City’s Centres and Corridors and older business parks; and • Realize the revitalization of the Village. <p>The CIP offers three incentive programs:</p> <ul style="list-style-type: none"> • Tax Increment Equivalent Grant (TIEG) Program for Office Development, available across the CIPA; • Building Renovation Grant Program, within the Village Local Centre, Oak Ridges Local Centre, and the Newkirk and Beaver Creek Business Parks, and • Façade, Landscaping and Signage Improvement Grant (available in the Village boundary only). <p>Eligibility Requirements</p> <p>TIEG Program for Office</p> <ul style="list-style-type: none"> • Applicable to development proposals of a minimum of 17,223 sq. ft. of new office space, in stand-alone or mixed-use developments • In mixed-use developments, the grant shall reflect and apply only to the tax increment associated with the office portion of the development. • <p>Building Renovation Grant Program</p> <p>Promotes adaptive re-use of existing structures for office</p> <ul style="list-style-type: none"> • Intended to promote functional improvements, accessibility and upgrades to an older building stock as well as change of use as permitted under zoning (or as may be amended through Zoning By-law Amendment application) • Supports conversion of existing commercial and/or industrial and/or residential space to office space
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<p>City of Hamilton: Revitalizing Hamilton's Commercial Districts CIP</p>	<p>The City of Hamilton adopted the Revitalizing Hamilton's Commercial Districts CIP in 2021 to replace its previous Downtown and Community Renewal CIP that was launched in 2016.</p> <p>This CIP covers the following areas: Downtown Hamilton, Community Downtowns/Village Cores and Business Improvement Areas, Mount Hope/Airport Gateway, Strategic Commercial Corridors, and offers incentives to promote office, retail and amenities, and improving housing options.</p> <p>The goals of the CIP and its associated incentive programs:</p> <ul style="list-style-type: none"> • Increase and improve the supply of residential units and commercial business; • Facilitate intensification and infill of appropriate and compatible redevelopment of underutilized buildings and properties; • Improve the accessibility, functionality and marketability of urban commercial districts, including the rehabilitation, maintenance and adaptive re-use of existing buildings including cultural heritage resources; • Improve the aesthetics of private properties to create an attractive public realm; • Support the presence of commercial uses that create vibrant and active commercial streets; • Facilitate the development of urban commercial districts as mixed-use areas that will encourage walking, cycling and transit use; • Support residential developments that will support existing and future recreational and cultural amenities; • Identify and address economic barriers and/or restrictions to development and investment opportunities; <p>Incentives offered through the CIP</p> <ul style="list-style-type: none"> • Tax Increment Equivalent Grants • Revitalization Grants • Building Improvement Grants
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	<ul style="list-style-type: none"> • Low-Interest Loans and/or Forgivable Loans • Planning and Building Fees Rebates
<p>City of Ottawa: Affordable Housing CIP</p>	<p>The City of Ottawa began to prepare an Affordable Housing CIP in October 2022 as a recommendation from its recently completed its 10 Year Housing and Homelessness Plan (2020-2030), looking to identify and develop incentives for use by both not-for-profit and private sector to lead to development of affordable housing.</p> <p>The CIP is being developed City-wide, with a focus on affordable rental housing and affordable home ownership.</p> <p>Four potential areas of focus:</p> <ul style="list-style-type: none"> • Purpose-built rental • Family-size units • Accessory dwelling units • Tiny houses <p>Exploring the following potential incentives:</p> <ul style="list-style-type: none"> • Fee waivers/reductions • Grants • Loans • Tax Incentives

As a significant goods-producing economy, the movement of goods is integral to continued economic growth and maintaining Vaughan’s value proposition for retaining existing companies and attracting new investment.

Rapid population and business growth in Vaughan has outpaced its transportation infrastructure, causing inefficiencies in the movement of people and goods. These inefficiencies in turn increase business costs and hinder businesses from effectively attracting and retaining workers.

As a premier destination for major industrial investments, Economic Development is hearing businesses are having difficulty attracting and retaining talent due to the lack of public transit service in employment areas across the City.

Key findings from the 2022 Business Survey revealed that increasing costs of doing business traffic and traffic-related issues are two of the most important issues facing the business community.

The top challenges Economic Development is hearing from our businesses are:

- Labour challenges (availability and cost)
- Inaccessible public transit
- High costs of doing business

Work on the 2023 Vaughan Transportation Plan as well as policy updates under the Official Plan Review have identified the need for innovation and implementation of next-generation goods and people movement solutions.

To encourage transit-supportive development, including innovative solutions for last-mile challenges across the City of Vaughan, staff are also proposing the exploration of a City-wide CIP focused on the efficient movement of goods and people. This complements existing works that supports transit improvement, supports fighting traffic gridlock, and addresses concerns raised by both residents and businesses. A study exploring this focus of a CIP would identify potential projects that support both the movement of people and the movement of goods.

Other municipalities have begun to look at options that begin to address the efficient movement of goods and people.

Examples of successful initiatives included an Off-Peak Delivery pilot run by Peel Region in 2019, as well as a Transit-Oriented Development CIP implemented earlier this year by the City of Cambridge.

City of Cambridge: Transit-Oriented Development CIP	<p>The City of Cambridge introduced a new transit-oriented development (TOD) CIP which was endorsed by Council on Feb 28, 2023.</p> <p>The TOD grant program is part of the City's efforts to increase transit ridership in preparation for Stage 2 ION light rail transit (LRT) which is expected to be operational by 2032.</p>
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	<p>The program is designed to encourage transit-oriented developments along the Central Transit Corridor (CTC) and major transit stations areas within the city, to improve the pedestrian experience and to support other modes of transportation such as cycling.</p> <p>Funding Availability \$250,000 will be made available over two rounds of funding. Applicants will be eligible to receive one-time funding up to \$30,000.</p>
<p>Peel Region: Off-Peak Delivery (OPD) Pilot Project</p>	<p>Peel Region ran an off-peak delivery pilot project from February to August of 2019, with expertise contributed by University of Toronto, McMaster University and York University as part of the Peel Region-led Smart Freight Centre (SFC), a centre of excellence for goods movement whose goal is to improve the economic vibrancy of business, environmental sustainability, and quality of life for residents of the Greater Toronto and Hamilton Area. The study was funded by the Region of Peel, The Atmospheric Fund, Metrolinx and the University of Toronto.</p> <p>Three firms participated in the off-peak delivery pilot in the Region of Peel: LCBO, Loblaw Incorporated and Walmart Canada, involving deliveries to 14 pilot retail stores. Movement of delivery vehicles to times of day with lower congestions made better use of roadway capacity, increases in speeds led to lower emission factors, and improvements in travel speed reduce logistics cost and improve fuel efficiency increasing</p>

	<p>business competitiveness of participating firms.</p> <ul style="list-style-type: none"> • Average speed of the trips that were made in off-peak hours during the six-month pilot is 18.1% faster than those made during day-time hours • Greenhouse gas emissions/km decreased by 10.6% while emissions factors for air quality pollutants reduced by 10.8% to 15% • Service times varied but increased by 15.2% on average (potentially due to staffing implications during off-peak hours) <p>During the pandemic, the Ontario government approved emergency rules – known as the Main Street Recovery Act, 2020 (Bill 215) – to allow 24-hour deliveries to retail stores, hotels, restaurants or goods distribution facilities. In 2021, the province made those rules permanent, with changes to the Municipal Act to remove the power of municipalities to manage delivery noise unless authorized by regulation.</p>
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Financial Impact

There are no direct financial implications associated with this report. Funding for the study will be sourced from approved operational budgets of various departments.

The funding approach for the City-wide Community Improvement Plan for Office Employment will be outlined in a future report to Council. Many of the tools envisioned in the proposed CIPs would require financial investment, which could take the form of grants or foregone municipal revenue. These commitments would be subject to Council

approval in future budget years and impact will range based on the incentive tools that Council decides to implement.

Operational Impact

The following departments are working collaboratively to support the exploration of CIPs that address efficient movement of goods and people and complete community development, and will continue to work closely through the next phases of CIP development:

- Economic Development
- Policy Planning & Special Programs
- Financial Planning & Development Finance
- Financial Services

Any operational impact falls within the services and mandate of these departments.

Broader Regional Impacts/Considerations

York Region is currently reviewing its office development policies and will be seeking feedback on the 36-month DC deferral pilot project, as well as the need for potential future incentives, with an anticipated report back of recommendations in Q3 2024. They are also reviewing the feasibility of office deferrals given the impact of Bill 23, *More Homes Built Faster Act, 2022* on future development charges collections.

Staff will work with York Region as they continue to explore incentives and other tools to help ensure that Vaughan, as a major urban growth centre in York Region, be supported as a destination of choice for investment and talent, and the evaluation of Regional incentives aligns with municipal incentives.

Stakeholder engagement to gauge general support for proposed incentives and targeted uses will be undertaken, including input from residents, property owners, and other interested stakeholders.

The Planning Act requires the municipality to consult with the Ministry of Municipal Affairs and Housing on the CIP prior to the Statutory Public Meeting required to be held in advance of Council designating a community improvement project area.

Conclusion

To maintain its position as a top economic region in the Greater Toronto Area and across Ontario, the City needs to be proactive in its approach to cultivating development that will result in balanced, vibrant, complete communities.

Vaughan needs to use all the tools and resources at its disposal to ensure that the city not only remains competitive by retaining existing businesses but facilitates growth in key economic sectors so that it supports a resilient and future-proofed economy. The two proposed areas for CIP exploration will enhance Vaughan's position as a premier destination for top talent and investment attraction in alignment with the 2022-2026 Term of Council Strategic Priorities of Transportation and Mobility, City Building, and Economic Prosperity and Job Creation.

For more information, please contact: Lindsay Davidson, Acting Manager, Economic Development ext. 8892 or Raphael Costa, Director, Economic Development ext. 8891.

Attachments

N/A

Prepared by

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Approved by

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal line extending to the right.

Nick Spensieri, City Manager