

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 22, 2024

Item 11, Report No. 20 of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on May 22, 2024.

11. INCENTIVIZING DEVELOPMENTS, BUILDING COMPLETE COMMUNITIES

The Committee of the Whole recommends approval of the recommendation contained in the following report of the City Manager and Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated May 14, 2024:

Recommendations

1. THAT Council direct staff to include this report in the ongoing Council-approved Community Improvement Plan (CIP) study.

Committee of the Whole (2) Report

DATE: Tuesday, May 14, 2024

WARD(S): ALL

TITLE: INCENTIVIZING DEVELOPMENTS, BUILDING COMPLETE COMMUNITIES

FROM:

Nick Spensieri, City Manager

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

Following the Member's Resolution of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on March 26, 2024, staff are providing this update as part of the recommendation that City of Vaughan staff report back in Q2 on options to incent office space & purpose-built residential rental developments.

Report Highlights

- Office, commercial, and complete community non-residential development are key to growing a knowledge-based economy. They help to attract and retain talent.
- The City of Vaughan and York Region have a variety of recent and existing office supports.
- There are other discounts that apply to both office and purpose-built rentals through legislative changes resulting from Bill 108, More Homes, More Choice Act, 2019 and Bill 23, More Homes Built Faster Act, 2022.
- Staff are actively exploring options under a Community Improvement Plan (CIP) process, that would include available incentives to support complete community development – including options to increase the supply of both non-residential uses and affordable housing in areas of intensification.

Report Highlights continued

- Staff have assessed a variety of tools that may be available to further incent development.

Recommendations

1. THAT Council direct staff to include this report in the ongoing Council-approved Community Improvement Plan (CIP) study.

Background

Office, commercial, and complete community non-residential development are key to growing a knowledge-based economy. They help to attract and retain talent.

Building complete communities – with emphasis on office (inclusive of lab space) and other non-residential development will support and create opportunity for the City’s knowledge-based sectors to expand within Vaughan. Attraction and retention of highly-educated and highly-skilled local talent requires lively and balanced mixed-use communities that offer an elevated quality of life. 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.

Across the entire Greater Toronto Area (GTA), office availability rates have been flattening following an upward trend in availability and vacancy rates for Class A office since 2022.

As of the end of 2023, Vaughan is home to nearly three million square feet of Class A office space, with an availability rate of 13.2 per cent and a vacancy rate of 6.9 per cent.¹ Vacancy rates measure the amount of space that is currently available within a market or building, while availability rates are the vacancy rate plus what will be coming onto the market in the future.

From 2019 to 2023, York Region’s vacancy rate for Class A Office has risen from 4.9 per cent in 2019 to 8.5 per cent in 2023. Despite these increases, the Region’s availability rates still sit below both Downtown and suburban averages across the GTA². While activity in the non-residential market is slower than pre-pandemic values and

¹ York Region Large Office Incentives Program Review workshop, Altus Group, March 1, 2024.

² York Region Large Office Incentives Program Review workshop, Altus Group, March 1, 2024.

won't return to the same level seen pre-2020, there are still opportunities for growth and investment.

Rental options for residents help to create an inclusive and complete community that supports talent attraction and retention.

At the end of 2023, the rental market remained tight across the GTA. Vaughan had nearly 1,000 rental apartment units and nearly 90 townhouse rentals listed, with nearly 600 rentals leased across all categories for the same period. Within York Region, Vaughan accounted for nearly half of all listed and leased rentals.

Average lease rates of apartments ranged from \$2,028 for a bachelor apartment to \$2,875 for a three-bedroom apartment and \$2,750 for a one-bedroom townhouse to \$3,512 for a three-bedroom townhome in Vaughan. Across the entire Toronto Region, average lease rates ranged from \$2,131 for a bachelor apartment to \$3,906 for a three-bedroom apartment, and \$2,340 for a one-bedroom townhome to \$3,529 for a three-bedroom townhome³. The Toronto Region has an average 1.4 per cent vacancy rate for rental housing, while the province has an average 1.7 per cent vacancy rate – a minimum 3 per cent vacancy rate is considered a healthy supply of rental housing.⁴

Availability and cost of housing affects the ability of businesses to attract and retain talent – which in turn exacerbates the labour challenges seen by businesses that escalated during the COVID-19 pandemic.

An adequate supply and mix of housing – including rental supply – is required to meet the diverse needs of the local population and labour force and provide options across an affordability continuum for businesses looking to attract labour⁵.

As noted in the Economic Data Report prepared for the City by Deloitte in 2023, Vaughan lags behind York Region's other urban municipalities in terms of the availability of rental units. Most tenants in Vaughan rent on the secondary market, which is precarious and less affordable than purpose-built rentals. As home ownership becomes out of reach for many people in Vaughan, an adequate rental housing supply is necessary to attract and retain skilled workers, young families, and people looking to downsize, among others⁶.

³ [Q4 2023 Rental Market Report](#), Toronto Region Real Estate Board, 2024.

⁴ [CMHC Rental Market Survey](#), Canada Mortgage and Housing Corporation, October 2023

⁵ [Home Stretched: Tackling Ontario's Housing Affordability Crisis Through Innovative Solutions and Partnerships](#), Ontario Chamber of Commerce, 2023.

⁶ [City of Vaughan Economic Data Report](#), Deloitte, January 2023.

The City of Vaughan and York Region have a variety of recent and existing office supports.

In 2015, the City of Vaughan implemented a Community Improvement Plan (CIP) By-law as a 4-year pilot project to incent office development within the VMC. The CIP included the following incentives:

- A DC discount in the form of frozen DCs at previous 2008 DC By-law rates.
- A Tax Increment Equivalent Grant (TIEG) with a 10-year ramp up of tax payments until reaching full payment in year eleven (11). The first year allowed for a 70% reduction in taxes paid.
- 100% CIL exemption for office development, and a discount of \$4,400 per high density residential units for every 70 sq. m. of office space developed.

During the time of the pilot project four applications were received. However, the developers involved in the projects did not ultimately execute the agreements with the city and no incentives were provided.

After the 4-year pilot for the CIP By-law lapsed, the city extended the pilot project for a further 3-years with no further applications received. The CIP pilot concluded in 2022.

Currently, the City of Vaughan and Region of York offer DC deferrals for office developments. This includes:

- 18-month deferrals for office developments City-wide that are a minimum of 4 storeys;
- 5-to-20-year deferral on pilot program (capped at 1.5 million square feet) on large office developments that are a minimum of 4 storeys above grade, a minimum of 75,000 sq. ft. of gross floor area (50,000 sq. ft. in the City of Vaughan Policy) and are located on the Highway 7 and Yonge Street Regional Centres and corridors. The range in deferral period is based on the size of the office development.

These deferral policies were implemented by the City of Vaughan in 2021 and were drafted in such a way as to remain in alignment with the Region of York policies. To date, there has been no uptake on the office deferrals on offer by the City of Vaughan. The Region has received two (2) application for office deferrals since the implementation of the policies in 2019.

There are other discounts that apply to both office and purpose-built rentals through legislative changes resulting from Bill 108, More Homes, More Choice Act, 2019 and Bill 23, More Homes Built Faster Act, 2022.

Bill 108 allows a development to lock in or “freeze” their DCs at the later of Site Plan or Zoning application approval. This “freeze” allows a development to lock in DCs at a potentially lower rate than what would have traditionally been calculated and collected at building permit issuance.

There are also transitional measures that were introduced as a part of Bill 23 that require a municipality to phase in the DC rates within their by-law over a 5-year period across all unit types. This means that only 80% of the DC rate may be charged in year one and increased by 5% each year until the maximum rate is reached in year five (5).

As these discounts are applied to all City of Vaughan’s DC rates including residential and non-residential, these discounts would apply to both office and purpose-built rentals in addition to the other incentives and discounts described in the body of this report.

The Provincial and Federal governments have recently announced additional changes regarding DC collections.

On April 10, 2024, the Province announced proposed changes to various pieces of legislation and introduced the “*Cutting Red Tape to Build More Homes Act, 2024*”. This legislation, known as Bill 185, proposes to repeal legislation previously included in Bill 23 including a reversal of the 5-year transitional measures described above.

Although this is a welcome reversal by the province, it is important to highlight that the recently announced Canada Housing Infrastructure Fund indicates that the province can only access that fund if they commit to key actions, including a 3-year freeze on DCs from April 2, 2024, in municipalities greater than 300,000, which includes the City of Vaughan.

Clarification would be required to understand if the province expects that the rates would be frozen at 100% of the DC rates initially calculated within the City’s DC By-laws or at the phase in rate at that time.

As this information was only just released at the time of the drafting of this report, there remains a great deal of uncertainty on how these impacts will play out. Although these changes will impact DC collections across all development types, they will also ultimately impact the rates charged for office and purpose-built rentals as well. Aside from the

transition measures, other incentives as a result of Bill 23 described in this report were not impacted through Bill 185 legislation.

Staff are actively exploring options under a Community Improvement Plan (CIP) process, that would include available incentives to support complete community development – including options to increase the supply of both non-residential uses and affordable housing in areas of intensification.

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).

In December 2023, Council directed staff to initiate the exploration of a Community Improvement Plan to support complete community development, which includes options to incent office development, as well as a diverse mix of housing and commercial uses) in intensification areas subject to Secondary Plans.

Staff have undertaken action to retain a consultant to develop a study and draft by-laws to accomplish this objective in accordance with the Planning Act. As previously directed, staff will report back to Council in 2025 with findings, recommendations, and draft by-laws to accommodate required public consultation periods as dictated by legislation.

York Region has recent and existing financial options to support the building of purpose-built rental housing.

The Region of York currently have DC deferral policies in place to support the building of purpose-built rental housing. These include:

- 36-Month deferral for purpose built rental units.
- 5 to 20 years for affordable purpose-built rental units based on a series of criteria that must be met and to a maximum of 1500 units total Regionally.

Since the creation of these policies in 2019 the Region of York has received seven (7) applications to defer development charges for purpose-built rental. One 36-month deferral was requested within the City of Vaughan.

Although the City of Vaughan does not have policies in place to defer DCs for purpose-built rental, the Region of York policies require that the local municipalities participate with incentives that are comparable in value as deemed acceptable by the Region.

The Province of Ontario has made changes to the development charges regime to incent purpose-built rentals.

As a part of the legislative changes presented within Bill 23, More Homes Built Faster Act, 2022, the province made changes to the Development Charges Act, 1997 (DCA) to allow for the exemption of DCs for affordable rental units. Within the DCA, a rental unit is considered affordable if the rent is no greater than the lesser of:

- The income based affordable rent for the residential unit set out in the Affordable Rental Units bulletin, to be provided by the Minister of Municipal Affairs and Housing.
- The average market rent identified for the residential unit set out in the Affordable Rental Units bulletin.

It should be noted that this portion of the legislation is not yet in effect and the province has not release any details regarding the methodology that will be used to prepare the Affordable Rental Units bulletin.

In the instance where a rental unit would not be considered affordable and DC charges would apply, the Development Charges Act allows for rental units to defer the payment of DC by making equal annual installments beginning from the date of occupation of the building and continuing to the 5-year anniversary.

In addition to this, the DCA now has provisions that allow for further discounts on DCs in accordance with the following rules:

- DCs for a residential rental unit with three or more bedrooms will be reduced by 25%.
- DCs for a residential unit with two bedrooms will be reduced by 20%.
- All other residential unit sizes will have DCs reduced by 15%.

Although there has been some interest generated regarding potential future purpose-built rental developments. No formal site plan applications have been received by the City since the implementation of the Bill 23 legislation.

The Federal government supports purpose-built rental developments through a GST rental rebate and their Rental Construction Financing initiative.

In September 2023, the Federal government announced an enhanced GST rental rebate on new rental housing which increases the rebate from 36% to 100% and removes the existing GST rental rebate phase-out thresholds for new rental housing projects, for example, a two-bedroom rental unit valued at \$500,000 would deliver a GST rental rebate of \$25,000 in tax relief.

In November 2023, the Federal government also announced that it would rename the Rental Construction Financing initiative (RCFi) as the Apartment Construction Loan Program which will include an additional \$15 billion in new loan funding, starting in 2025-2026 and would fund fully repayable low interest loans to facilitate the construction of purpose-built rentals. The program offers loans ranging from a minimum of \$1 million up to 10% of the value of the residential component of a development. The program focuses on standard rental apartment projects in Canada with general occupants where there is a need for additional rental housing supply.

Previous Reports/Authority

[INCENTIVIZING DEVELOPMENTS, BUILDING COMPLETE COMMUNITIES](#), Member's Resolution, Committee of the Whole (1), March 5, 2024.

[EXPLORATION OF POLICIES AND PROGRAMS TO SUPPORT COMPLETE COMMUNITY DEVELOPMENT AND GOODS MOVEMENT](#), Committee of the Whole (2) Report, December 5, 2023.

Analysis and Options

The *Planning Act*, 1990, and the *Development Charges Act*, 1997 provide a variety of tools to incentivize both office and purpose-built rental development and have been expanded upon through Provincial legislative changes through Bill 108, More Homes, More Choice Act, 2019 and Bill 23, More Homes Built Faster Act, 2022. The above noted programs leverage all available existing tools.

Bill 108 and Bill 23 Legislation has resulted in reductions in fees for office and purpose-built rental developments.

As outlined in the body of this report, Provincial legislative changes within Bill 108 and Bill 23 already include changes which incentivize development. Below are examples of the costs associated with development prior to Bill 108 and Bill 23 vs. what the costs would be post Bill 108 and Bill 23.

The below table is an example of a 300,000 square foot office space (similar in size to those already constructed in the VMC):

300,000 Sq. Ft. Office Development (1 Ha)			
Fee	Pre Bill 108 and 23	Post Bill 108 and 23	Difference
City of Vaughan - Non-Residential DCs	\$ 7,592,036	\$ 6,326,697	\$ (1,265,339)
Region of York - Industrial, Office, and Institutional Non-Residential DCs	\$ 8,400,000	\$ 6,999,000	\$ (1,401,000)
Cash-in-Lieu of Parkland (2%)	\$ 172,969	\$ 172,969	\$ -
Total	\$ 16,165,005	\$ 13,498,666	\$ (2,666,339)

The below table is an example of a purpose-built rental building:

Purpose-Built Rental Development (0.42 Ha)			
	99 Lrg. (2 Bedroom)		
	267 Sm. (1 bedroom)		
	366 Total Units		
Fee	Pre Bill 108 and 23	Post Bill 108 and 23	Difference
City of Vaughan - Large Apt DCs	\$ 5,333,764	\$ 3,555,842	\$ (1,777,921)
City of Vaughan - Small Apt DCs	\$ 10,367,183	\$ 7,343,421	\$ (3,023,762)
Region of York - Large Apt DCs	\$ 5,604,746	\$ 3,736,498	\$ (1,868,249)
Region of York - Small Apt DCs	\$ 9,830,192	\$ 6,963,053	\$ (2,867,139)
Cash-in-Lieu of Parkland	\$ 7,338,300	\$ 3,335,804	\$ (4,002,496)
Section 37/CBC	\$ 850,876	\$ 566,026	\$ (284,850)
Total	\$ 39,325,061	\$ 25,500,644	\$ (13,824,417)

Although these examples above were accurate at the time this report was drafted, further legislative changes through Bill 185 and Provincial requirements to access grant funding may change the incentives being provided currently through the DCA. Staff will continue to review these impacts to these development types as further information comes available.

To implement further incentives By-law changes would be required and legislated statutory timelines would need to be followed.

If Council wishes to explore further expansion on the incentives offered for these types of development, apart from DC deferrals which can be implemented through City policy, incentives would need to be provided through the creation of a CIP By-law or an update to the DC/CBC/CIL By-laws. The Development Charges Act and Planning Act have statutory requirements that dictate the timelines required for the passage of these types of By-laws.

The current City-Wide DC By-law was enacted in 2022, although the City may choose to open the DC By-law at anytime, it is currently anticipated that the next update will be brought forward to Council in 2028. The City-Wide DC By-law update requires extensive consultation, both internally and externally, and is informed by various masterplans, and there is the requirement for a public notice period, statutory public meeting, and there is a 40-day appeal period once Council approves the DC By-law. Therefore, it is not recommended that an update to the City-Wide DC study be advanced to provide incentives, but rather that incentives be considered as a part of the next review and update following the timelines described above. The CBC By-law follows a similar process to the DC By-law and the two studies happen concurrently as they are interrelated studies.

The current Parkland Dedication By-law 168/2022 was enacted in September 2022. The City may choose to open the Parkland Dedication By-law at any time. While Bill 23 is in effect, implementation regarding collection of CIL and parkland conveyance remains uncertain in the absence of forthcoming regulations which will not come into force until such time as confirmed by the Government of Ontario. Changes are anticipated to include acceptance of developer proposed parkland (including encumbrances), CIL reporting requirements, and exemptions related to attainable housing once defined through regulations.

Development applications are currently being reviewed on a case-by-case basis with parkland dedication requirements based on in-effect policies and legislation applicable to each application. Additionally, the Vaughan Official Plan Review is currently underway and guiding documents such as the Active Together Master Plan and development of a new Greenspace Strategic Plan will provide guidance on the City's parkland needs and targets and will make recommendations towards a policy framework related to parkland dedication and associated by-laws. Once internal and external consultation is completed, staff will be able report back to Council with a comprehensive update and proposed parkland dedication policies. Furthermore,

updating the Parkland Dedication By-law update requires a public notice period and a 40-day appeal period once Council approves the By-law.

Therefore, it is not recommended that an update to the Parkland Dedication By-law be advanced to provide incentives in the absence of a comprehensive review of all other provisions, but rather that incentives be considered following the completion of the comprehensive studies identified above.

It should be noted that this would further reduce the amount of growth-related revenues collected by the City which may put additional strain on the ability to fund growth-related infrastructure to support new communities.

Staff have assessed a variety of tools that may be available to further incent development. These are considered below.

There are other tools that may be explored by the city beyond the incentives already outlined above. Below are some examples of additional incentives that could be further explored.

1. Further DC Deferrals or DC Grants

The deferral of DCs could be further expanded for office development or purpose-built rentals but is not recommended at this time due to expected changes as a result of bills 108 and 23.

The use of further DC deferrals, over and above the current offerings by the city could be considered to further incent office and purpose-built developments. The advantage of a DC deferral is that the revenue is eventually collected by the city and therefore there is not a legislative requirement to offset the cost using alternative funding sources.

With consideration of what is already in existing policy for office developments in Vaughan, below are some examples of what could be considered as a further expansion to the DC deferral policies:

- Extend the deferral timelines to allow a longer pay-back periods
- Extend the scope of the large office DC deferral pilot project to include areas extending beyond the Highway 7 and Yonge Street Regional Centres and Corridors

City staff are committed to further reviewing the potential for DC deferrals for office developments. The Region of York are undertaking a comprehensive review of their

existing incentives for office developments as well as consideration towards new tools. The results of this review are expected later this year. The City of Vaughan is also undertaking a review of existing policies and programs to support complete communities that will include the review of incentives and potential CIPs that could incentivize office. Due to the lack of uptake on the existing office incentives, Staff feel that it would be in the best interest of the City to await the outcome of the Regional and City reviews before determining next steps, if any.

Although the City does not have DC deferral policies in place for purpose-built rentals, The City has, and will continue to, participate at the local level with the Region of York to offer comparable incentives in support of applications for deferrals received by the Region. Due to the large sweeping legislative changes made by the province through Bill 108 and Bill 23, it is believed that once the legislation is fully in effect, the DC deferral policies being offered at the Region will most likely become redundant to what is on offer in the DCA and therefore staff are not recommending additional DC deferral policies at this time.

DC reductions or exemptions could be considered but would require a financial investment by the City. Further study via the CIP process will be undertaken.

The City could offer full or partial exemptions for both office and/or purpose-built rentals. As noted above, the province has included an exemption for affordable purpose-built rental in the DCA which has yet to come into effect. The City could choose to further expand on this to allow an exemption for all purpose-built rentals. Conversely, with office development, consideration could be made towards exemption office development from paying DCs either partially or in full. For example, the City of Toronto only charges non-residential gross floor area for the ground floor of any office development.

It should be noted that if the City were to proceed with either partial or full exemptions for these development types all foregone revenues resulting in such an exemption cannot be offset by development charges from future development. The DC exemptions would be required to be funded back to the DC reserves through some other funding source such as property taxation or a portion of property tax could be used to offset capital projects that may no longer be fully funded through DCs due to decreased collections. Additionally, a DC exemption may only be implemented through either the enactment of a CIP By-law applied to an identified area of land, or the exemption must be applied on a City-Wide basis which would require an update to the City-Wide DC By-law and would only apply to the City's portion of the overall DCs charged. DC reductions or exemptions cannot be applied on a site-by-site basis.

2. Tax Increment Equivalent Grant (TIEG)

A TIEG is a financial incentive that is only available through a CIP and is designed to offset the increase in property taxes as a property is developed or redeveloped. This grant takes place in installments over a certain period, typically ten (10) years. TIEGs will be considered as part of the CIP study.

Each year, the grant declines in value by a set percentage over the prescribed time period. Like the TEIG that was created as a part of a CIP by the City previously a TEIG could be created that would begin at 70 percent and would last over a 10-year period. The TEIG would be meant to directly offset annual operating costs and therefore economic rents. This type of incentive could be used for both office and/or purpose-built rentals through a CIP. It should be noted that the city only has purview over the lower tier municipal portion of the tax assessment.

3. Community Benefits Charge (CBC) Reductions or Exemptions

Like the DC exemptions or reductions, the City may choose to do the same with the CBCs, but to do so an update to the CBC By-law or the enactment of a CIP By-law applied to an identified area of land. CBC reductions or exemptions cannot be applied on a site-by-site basis.

A CBC is a charge that was introduced as a part of Bill 108 to replace existing Section 37 provisions within the *Planning Act*. The charge is for high-density developments or redevelopments that are five (5) or more storeys and 10 or more residential units. The maximum rate that can be charged is 4% of the value of the land of the development. The City developed a CBC Strategy and By-law in 2022 and determined that a rate of 4% was appropriate.

As this charge is only applied to residential units, office developments would already be exempt from this charge, but purpose-built rentals would not, therefore a reduction or exemption of CBCs could be considered for purpose-built rentals.

4. Cash-in-Lieu of Parkland Reductions or Exemptions

The introduction of Bill 23 has significantly curtailed park budgets and the creation of parkland to support new growth. This is likely to reduce the provision of parks, limiting the city's ability to achieve the parkland provision target. As such, further reductions or exemptions are not recommended at this time.

Population growth necessitates increased investment in public services to cater to community needs. One of the tools available to municipalities for acquiring necessary local and citywide parkland is through parkland dedication fees via Parkland payment-in-lieu of parkland or Cash-in-Lieu (CIL). This is paired with development charges to raise the capital needed develop recreational spaces within parks.

However, the introduction of Bill 23 has significantly curtailed park budgets and the creation of parkland to support new growth. This is likely to reduce the provision of parks, limiting the city's ability to achieve the parkland provision target of 2 Ha/1000 persons, as outlined in the Active Transportation Master Plan (ATMP), potentially halving the effective provision level moving forward. Furthermore, it should be noted that the current Parkland Dedication By-law 168-2022 and provisions of the Planning Act exempt the following from payment in lieu of parkland in relation to housing and/or commercial uses:

- affordable housing per the definition in the Provincial Policy Statement
- not-for-profit organization and housing development
- additional residential units up to a maximum of five units

Future exemptions once clarified through regulations include attainable residential units.

The full extent and impacts of the changes introduced through Bill 23 are still being understood by staff. Initial indications show a significant drop in CIL revenue collection due to Bill 23 and the current Parkland Dedication By-law 168-2022. This is likely to be further crystallized through potential future regulations still under consideration by the Province, such as developer-proposed parkland inclusive to POPS and encumbered parkland. The proposed parkland dedication caps in Bill 23 will create a significant shortfall in the conveyance of land and payment-in-lieu of parkland (CIL) required to meet city-wide parkland needs, particularly in high-density communities. Preliminary estimates indicate a potential reduction in CIL collection by 70%.

Therefore, it would to the City's advantage to continue to maximize CIL revenue generated through development and avoid further compromise through exemptions. The 2% CIL charge generated through commercial applications typically aids the city in building necessary reserves to acquire citywide parks. Meanwhile, CIL generated through local residential development, regardless of type (e.g., freehold vs rental), helps offset local parkland needs based on per net new per capita need.

Financial Impact

Although there are no direct financial impacts as a result of this report, should Council choose to implement further incentives for these types of development, there may be financial impacts that will need to be funded from alternative funding source.

Operational Impact

All necessary internal departments related to this subject were consulted to create this report, including:

- Economic Development
- Development Finance
- Building Standards
- Development Planning
- Policy Planning
- Parks Infrastructure Planning and Development

Broader Regional Impacts/Considerations

The Region of York is currently in the process of reviewing their incentives for office development and is expected to report back to Regional Council by the end of this year. Legislative changes through Bill 185 may further impact these development types. Staff will continue to review these impacts as further information comes available.

Conclusion

Staff continue to assess available options to incent the development of complete communities through purpose-built rental and commercial spaces. Although no action is recommended at this time, staff continue to advance a CIP program that will present in-depth, meaningful, and short-, medium-, and long-term options to incent complete communities in Vaughan.

For more information, Raphael Costa, Director, Economic Development.

Attachments

N/A

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