



Office of the Commissioner,
Finance Department
and Office of the Chief Planner,
Corporate Services Department

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer and

Paul Freeman, MCIP, RPP
Chief Planner

Date: October 16, 2019

Re: Financial incentives for affordable rental housing and large office buildings

At the Committee of the Whole meeting on October 10, 2019 staff were asked to consider comments and report back on the financial incentives packages for rental housing and large offices

On October 10, 2019, Committee of the Whole received two staff reports on financial incentives to help facilitate planning objectives for complete communities:

- [Purpose-Built Rental Housing Incentives](#)
- [Large Office Building Development Charge Deferral Pilot Program](#)

Committee members asked staff to report back on the financial incentives packages being proposed in consideration of comments from Committee. Specifically, Committee of the Whole asked staff to consider expanding the purpose built rental and office incentives in less urban municipalities. This memorandum relates to those staff reports, identified under item G.3 on the agenda.

Staff recommend that Council:

1. Replace Attachment 1 of the “Purpose-Built Rental Housing Incentives” report with Attachment 1 to this memorandum.

2. Replace clause 1b of the Large Office Building Development Charge Deferral Pilot Program report with the following wording:

1.2 Introducing a new, time-limited policy that provides an interest-free, long-term development charge deferral for qualifying large office buildings in Regional Centres and Corridors or specific Local Centres, as set out in the accompanying draft policy (Attachment 2).

3. Replace Attachment 2 of the “Large Office Building Development Charge Deferral Pilot Program” report with Attachment 2 to this memorandum.

Staff recommend expanding the availability of the new incentives for affordable rental and large office buildings to specific Local Centres

At the October 10 Committee of the Whole meeting, staff proposed the affordable purpose-built rental housing incentives program provide development charge deferrals ranging from five to twenty years. While the five year and ten year deferrals were proposed to be available throughout the Region, the ten year deferral without an emphasis on family sized units was proposed to be restricted to Regional Centres and Corridors and the twenty year deferral was proposed to target rental buildings located in the Regional Centres and Corridors only.

Staff also proposed development charge deferrals for large office buildings only be made available to office buildings in the Regional Centres and Corridors.

Staff are recommending both incentive programs be expanded to qualifying buildings in Local Centres in local municipalities without lands in Regional Centres and Corridors. Expanding the locations eligible for the new incentive programs recognizes that while Georgina, King, and Whitchurch-Stouffville do not have lands in Regional Centres and Corridors, their Local Centres are intended to accommodate a range of housing and non-residential uses including office uses. The specific Local Centres in Georgina, King and Whitchurch-Stouffville are the following:

- Georgina: Keswick Secondary Plan Urban Centres as well as applicable portions of the Woodbine Corridor
- King: Core Areas in King City and Nobleton, as well as the King City Go Station Area
- Whitchurch-Stouffville: Community Core Area and Western Approach Area within the Community of Stouffville

The incentives will be available where office and/or residential uses are permitted and meet the criteria for the programs.

Staff recommend amending the proposed thresholds for the large office incentive pilot program

In response to Committee feedback, staff recommend lowering the qualifying threshold for large office buildings from 100,000 square feet of office space to 75,000 square feet. Reducing the qualifying threshold is supportive of multi-use developments that offer a non-office component, and better aligns with the objective of complete communities. This recommended change also recognizes development occurs in different scales across the Regional Centres and Corridors. Finally, this threshold is more in line with what is being used in local and neighboring municipalities.

In conjunction with lowering the qualifying threshold, staff are also recommending changing the size thresholds. This change provides developers with a stronger incentive to increase the square footage of buildings to meet the next threshold for an additional incentives (Table 1 below, with additional details in Attachment 2).

Table 1

Gross Floor Area Size Threshold	Duration of Development Charges deferral available in Regional Centres and Corridors or specific Local Centres
Between 75,000 square feet and 150,000 square feet	5 year*
Between 150,000 square feet and 250,000 square feet	10 year*
Greater than 250,000 square feet and less than or equal to 400,000 square feet	15 year*
Greater than 400,000 square feet	20 year*

*Note: Once threshold is crossed, entirety of Gross Floor area in Office Building is deferred for this timeframe

A number of rental and office incentives will continue to be available throughout the Region

In addition to the changes being proposed, a number of incentives will continue to be available for rental and office buildings throughout the Region. For rental buildings, the 36-month, interest-free, development charge deferral will remain available. For office buildings, the 18-month, interest-free deferral continues to be available throughout the Region. Finally, all rental and office buildings would qualify for the delayed and phased payments schedule provided through Bill 108, once the legislation is proclaimed. There are no minimum height requirements to qualify for the Bill 108 provisions.

Staff confirmed four storey structures can be accommodated in all local municipalities

To qualify for the Region's existing and proposed development charge deferrals, staff recommended the rental and office buildings must be a minimum of four storeys above-grade. Regional staff have worked with local planning staff to confirm there are areas in every municipality in the Region that could accommodate the four storey requirement.

At the request of a local municipality, Council could consider applying the proposed incentive to an affordable rental building or an office building in a Major Transit Station Area

While many draft Major Transit Station Areas in York Region are located in Regional Centres and Corridors, a number of them are located outside. It is premature to include Major Transit Station Areas in the incentive policies as they are yet to be defined. In consultation with, and at the request of a local municipality, Council could consider permitting an affordable, rental building or a large office building, located within Major Transit Station Areas outside of the Regional Centres and Corridors and specific Local Centres, to access the recommended pilot deferral program provided they otherwise meet the criteria. Once Major Transit Station Areas have been defined through the Municipal Comprehensive Review, staff will revisit the incentive policies and report to Council on any proposed changes to address these.

The proposed incentive packages strike a balance between addressing community need and fiscal responsibility

The development charge deferrals recommended for purpose built rental developments and larger sized office buildings are in recognition of the pressing gaps in housing affordability and office supply required to create complete communities. The recommended deferrals, as in the case of the Region's existing development charge deferrals, are not funded from the tax levy.

In February, 2019 Regional Council approved the Roads Capital Acceleration reserve. This reserve will help in the advancement of growth-related priority roads projects that are currently in the capital plan without the need to add external debt. The financial incentives being recommended do not change the status of this reserve.

Laura Mirabella, FCPA, FCA
Commissioner of Finance

Paul Freeman, MCIP, RPP
Chief Planner

Bruce Macgregor
Chief Administrative Officer

Attachments (2)
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