

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 28, 2020**

Item 11, Report No. 1, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on January 28, 2020.

#### **11. ALIGNING POLICIES AND PROGRAMS TO CONTINUE OFFICE DEVELOPMENT MOMENTUM IN VAUGHAN**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager, Administrative Services and City Solicitor, dated January 21, 2020:**

##### **Recommendations**

1. That Council approve pilot office incentive policies and programs to encourage large office buildings through:
  - a. The approval of a City-Wide Development Charge Deferral for Office Buildings Policy 12.C.05 (Attachment 2) consistent with the York Region's 18-month DC Deferral program approved on October 10, 2019, and with the provisions of the Bill 108, More Home More Choice Act, 2019;
  - b. The approval of City-Wide Development Charges Deferral for Office Buildings a Minimum of 50,000 Square Feet and on the Highway 7 and Yonge Street Regional Corridor – Pilot Program Policy 12.C.06 (Attachment 3) which introduces a time-limited program that provides an interest-free, long-term development charge deferral for qualified office buildings, meeting a minimum threshold of 50,000 ft<sup>2</sup> and four storeys, along the Regional Corridors, to align with the Region of York's DC deferral policy in Regional Centres and Corridors;
2. That staff be directed to initiate a Community Improvement Plan study and stakeholder consultation process to explore further tools to promote office development in the Regional Corridors, which stretches along Highway 7, from Highway 50 to North Rivermede; along Centre Street; Bathurst Street from Centre Street to Highway 7 and the west side of Yonge Street, from Steeles Avenue to Highway 7; and report back to Council on the results of the consultations and propose recommendations;
3. That the CIP By-law 176-2015 and 177-2015 applicable to the VMC and Weston Road / Highway 7 Primary Centre in the City of Vaughan, be extended to the end of 2022 in line with the Region and City's DC deferral programs; and
4. That staff report back to Council, prior to the end of this Council term, on the results of the pilot incentive program.

## **Committee of the Whole (2) Report**

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**DATE:** Tuesday, January 21, 2020

**WARD(S):** ALL

**TITLE: ALIGNING POLICIES AND PROGRAMS TO CONTINUE OFFICE  
DEVELOPMENT MOMENTUM IN VAUGHAN**

**FROM:**

Wendy Law, Deputy City Manager, Administrative Services and City Solicitor

**ACTION:** DECISION

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The Deputy City Manager, Administrative Services and City Solicitor, on behalf of the Vaughan Metropolitan Centre Sub-Committee, forwards the following recommendation from its meeting of December 4, 2019 (Item 3, Report No. 3), for consideration:

**The Vaughan Metropolitan Centre Sub-Committee advises Council:**

- 1) That the recommendation contained in the following report of the Interim City Manager, the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer and the Deputy City Manager, Planning and Growth Management dated December 4, 2019 was approved; and**
- 2) That the presentation by the Director of Economic and Cultural Development and C2, presentation material titled “Aligning Policies and Programs to Continue Office Development Momentum in Vaughan”, was received.**

Recommendations and Report of the Interim City Manager, the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer and the Deputy City Manager, Planning and Growth Management, dated December 4, 2019:

## **Recommendations**

1. That Council approve pilot office incentive policies and programs to encourage large office buildings through:
  - a) The approval of a City-Wide Development Charge Deferral for Office Buildings Policy 12.C.05 (Attachment 2) consistent with the York Region's 18-month DC Deferral program approved on October 10, 2019, and with the provisions of the Bill 108, *More Home More Choice Act, 2019*;
  - b) The approval of City-Wide Development Charges Deferral for Office Buildings a Minimum of 50,000 Square Feet and on the Highway 7 and Yonge Street Regional Corridor – Pilot Program Policy 12.C.06 (Attachment 3) which introduces a time-limited program that provides an interest-free, long-term development charge deferral for qualified office buildings, meeting a minimum threshold of 50,000 ft<sup>2</sup> and four storeys, along the Regional Corridors, to align with the Region of York's DC deferral policy in Regional Centres and Corridors;
2. That staff be directed to initiate a Community Improvement Plan study and stakeholder consultation process to explore further tools to promote office development in the Regional Corridors, which stretches along Highway 7, from Highway 50 to North Rivermede; along Centre Street; Bathurst Street from Centre Street to Highway 7 and the west side of Yonge Street, from Steeles Avenue to Highway 7; and report back to Council on the results of the consultations and propose recommendations;
3. That the CIP By-law 176-2015 and 177-2015 applicable to the VMC and Weston Road / Highway 7 Primary Centre in the City of Vaughan, be extended to the end of 2022 in line with the Region and City's DC deferral programs; and
4. That staff report back to Council, prior to the end of this Council term, on the results of the pilot incentive program.

## **Purpose**

To seek Council approval to continue efforts to promote major office development in Vaughan by enacting development charge deferral policies for large office developments that will align the City with the deferrals being offered by the Region of York. Additionally, staff would like to initiate a Community Improvement Plan (CIP) Study with a focus on office development along the Regional Corridors as shown in Attachment 1, and also extend the existing CIP By-Law 176-2015 and 177-2015 in the VMC and Weston Road/Highway 7 Primary Centre by an additional two years.

## **Report Highlights**

- Office development is a significant contributor to Vaughan's current and future competitiveness, its placemaking and city building initiatives, its financial sustainability and its residential and workforce development goals.
- Vaughan's introduced a Community Improvement Plan in the VMC and Weston/Highway 7 Primary Centre, in November 2015 to spur major office development, and it is due to expire in late 2020.
- To date, four CIP applications were received accounting for 67,300 m<sup>2</sup> (724,400 ft<sup>2</sup>) of office space. Only three projects have been constructed; two in the VMC and one in the Weston/Highway 7 Primary Centre totaling 53,800 m<sup>2</sup>.
- An economic and fiscal impact analysis of office, commercial and residential development in the VMC found that development and construction generated \$5.1 billion in direct economic activity alone, with an additional \$447.5 million annual expenditures for the 2015-2020 period.
- The marketplace has become more competitive. Greater Toronto Area municipalities, including Brampton, Richmond Hill, Markham, Toronto, and Mississauga have or will be implementing CIPs or development charges (DCs) deferrals or grants specifically for office development that will place them in direct competition with Vaughan.
- York Region has approved new financial incentives for its Centres and Corridors for office development, greater than 75,000 ft<sup>2</sup> (6,967.5 m<sup>2</sup>) in size.
- For office developments in Vaughan to take advantage of the Region's Development Charge Deferral Programs, the City must initiate or revise existing Development Charge Deferral and/or CIP programs to provide similar or better incentives for office development.

## **Background**

In 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.

Conditions set within the existing CIP call for it to be reviewed upon its five-year expiry date or upon full usage of the 139,355 m<sup>2</sup> (1.5 million ft<sup>2</sup>) of office space identified in the plan, whichever occurs first. As the expiry date approaches, it is timely to review and assess the CIP and its impact on the attraction of office development in Vaughan. Furthermore, the changing office market place, introduction of financial incentives by

competing municipalities, and planning policy changes necessitate that Vaughan re-examines its position relative to financial and non-financial incentives as it affects the VMC and other intensification areas.

## **Previous Reports/Authority**

[Community Improvement Plan: A Strategic Tool to Support and Accelerate Office Development - Item 4, Report No. 2 of Priorities and Key Initiatives Committee, May 12, 2014](#)

[Community Improvement Plan for the Vaughan Metropolitan Centre and Weston Road / Highway 7 Primary Centre - Item 11, Report No. 40 of Committee of the Whole, November 17, 2015](#)

[Community Improvement Project Areas By-law 176-2015](#)  
[Community Improvement Plan By-law 177-2015](#)

[Development Charges By-law 083-2018](#)

[Council Extract Related to Item 11, Report No. 40, Committee of the Whole Report Community Improvement Plan Update - VMC Sub-Committee, February 13, 2018](#)

[York Region Development Charges Deferral for Office Buildings, Committee of the Whole 2 Report, October 10, 2019](#)

## **Analysis and Options**

### **Update on Office Development in the City of Vaughan**

#### ***Vaughan is an emerging player in the GTA office market***

According to Colliers Canada's Q2 2019 GTA Office Market Report, Vaughan has an inventory of 82 office buildings comprising of more than 483,000 m<sup>2</sup> (5.2 million ft<sup>2</sup>) of office space, with the vast majority falling outside the VMC. Vacancy rates on office space city-wide hovers around 3.5 per cent, and Vaughan weighs in with highest average asking net rent of \$19.81 per square feet in suburban office markets outside of Toronto (Table 1); higher even than the Yonge-Eglinton corridor which came in at \$17.69 per square feet.

**Table 1: Selected Office Market Statistics – Q2 2019**

Market	# of Buildings	Total Inventory (SF)	Vacancy Rate	Availability Rate	Weighted Avg. Asking Net Rent (\$PSF)	Weighted Avg. Asking Gross Rent (\$PSF)
Financial Core	109	37,685,473	2.2%	4.2%	\$36.22	\$65.05
North Yonge Corridor	58	10,700,185	5.3%	8.5%	\$21.09	\$41.94
Yonge Eglinton	74	6,938,241	1.5%	1.8%	\$17.69	\$35.05
<b>Vaughan</b>	<b>82</b>	<b>5,225,868</b>	<b>3.5%</b>	<b>4.8%</b>	<b>\$19.81</b>	<b>\$31.00</b>
Hwy. 404 / 407	130	10,441,750	4.3%	6.8%	\$16.44	\$30.20
Airport Corporate	82	7,020,539	8.6%	11.8%	\$16.08	\$31.61

Source: Colliers Canada, GTA Office Market Report, Q2 2019

***The VMC has been the focus of financial and non-financial incentives for new office development.***

The VMC Secondary Plan established minimum targets of 1.5 million ft<sup>2</sup> of office space development and 750,000 ft<sup>2</sup> of retail space employing 11,500 people, of which 5,000 would be engaged in office activities. Additionally, the Secondary Plan calls for 12,000 residential units housing approximately 25,000 residents by 2031.

In support of significant public sector investments in transit and transportation infrastructure, and to facilitate the development of Vaughan's downtown, Vaughan implemented a CIP in late 2015 to spur office development. In addition to the 30+-year-old Royal Centre and 101 Exchange Avenue, two new office buildings have been completed in the VMC since 2015: KPMG Tower and PwC/YMCA Community Centre. The KPMG Tower which opened in 2016 set a new benchmark for office rents. In Q4 2019, PricewaterhouseCooper LLP (PwC) will open its doors at the PwC/YMCA tower bringing the total new office space to more than 36,800 m<sup>2</sup>. Planning approvals are in place for an additional 13,500 m<sup>2</sup> of office space at the Liberty Development's 'Cosmos' site.

The City has met its 2031 residential and population targets within the VMC, with 19,641 residential units built, under construction or proposed (164% of residential targets) and 38,889 population (156% of targeted population). Factoring in the two new major office projects that will be going through a pre-application consultation process, and proposed retail space, retail and office developments currently stand at 53% and 66% of target, respectively.

***Office projects outside the VMC are dispersed along major corridors and key nodes.***

Outside the VMC, recent office developments have occurred at Weston Road and Highway 7 (Liberty Development's Centro Square); as well as three office proposals in the Vaughan Enterprise Zone. Site plan proposals have also been submitted for Bathurst/Centre Street (Promenade Mall redevelopment), and Keele and Steeles.

In total, there is a potential for more than 972,000 ft<sup>2</sup> of new office space in the development pipeline (see Table 2 below). However, most of these projects are still in various planning stages. The lack of immediately available Class A office space means that a prospective tenant looking for space to occupy in the next 12 to 18 months, could not be accommodated in the current building stock or projects in the planning pipeline.

**Table 2: Proposed Major Office Projects**

<b>Developer / Applicant</b>	<b>Location</b>	<b>Size</b>
Promenade Limited Partnership (OP.18.013)	Promenade Mall – 1 Promenade Circle	206,673 ft <sup>2</sup> (19,200 m <sup>2</sup> )
Kartelle 130 Racco Parkway Inc. (DA.18.006)	130 Racco Parkway	57,061 ft <sup>2</sup> (5,301 m <sup>2</sup> )
Steeles Keele Investments Ltd. (DA.08.051)	2330 Steeles Ave. W.	237,600 ft <sup>2</sup> (22,073 m <sup>2</sup> )
LiUNA Local 183 (DA.18.025)*	8500 Huntington Rd.	290,635 ft <sup>2</sup> (27,000 m <sup>2</sup> )
Zzen Group (DA.18.041)	6220 Highway 27	90,473 ft <sup>2</sup> (8,405 m <sup>2</sup> )
Zzen Group (DA.18.083)	6230 Highway 27	90,473 ft <sup>2</sup> (8,405 m <sup>2</sup> )

\* purpose-built space to be occupied by LiUNA Local 183

***Regional and City planning policy reviews provide an opportunity for future office development in key corridors and primary centres.***

As York Region works through its Municipal Comprehensive Review (York Region Official Plan Review), the City of Vaughan is also undertaking a review of its planning policies and master plans. In addition to the Official Plan Review, the City will be updating its VMC Secondary Plan and will be preparing secondary plans for Weston Road and Highway 7, Dufferin and Centre Street and the Promenade Mall. These exercises will allow Vaughan to consider its future growth to the year 2041; including office and major office uses. Increasingly as Vaughan becomes a highly urbanized City, creating a balanced and

complete community grows in importance, to provide a mix of uses, including office and other commercial uses as a source of employment opportunities.

The Provincial Growth Plan 2019 (Growth Plan) requires upper-tier municipalities, in consultation with lower-tier municipalities, to delineate the boundaries of Major Transit Station Areas (MTSAs) on Priority Transit Corridors or subway lines. MTSAs are ‘the area including and around any existing or planned higher order transit station or stop within a settlement area; or the area including or around a major bus depot in an urban core. MTSAs generally are defined as the area within an approximate 500 to 800-metre radius of a transit station, representing about a 10-minute walk.”

The Growth Plan establishes minimum density targets for MTSAs as follows:

- 200 residents and jobs combined per hectare for MTSAs on a subway line
- 160 residents and jobs combined per hectare for MTSAs served by light rail and rapid transit
- 150 residents and jobs combined per hectare for MTSAs on the GO Transit line

The Growth Plan directs major office uses to Urban Growth Centres (VMC for Vaughan), MTSAs and other Strategic Growth Areas with existing or planned frequent transit service. York Region, in consultation with the City of Vaughan has currently identified more than 20 MTSAs in Vaughan; and has established draft minimum density targets which exceed the above Growth Plan minimums for a number of them. This represents a major opportunity for office development as we proceed through the Official Plan Review process as well as the previously mentioned secondary planning processes.

### **Economic and Fiscal Impacts – VMC Case Study**

***The City’s investment in the existing CIP along with a well-articulated vision for the downtown, development process improvements, infrastructure investments and other non-financial incentives will play key roles in attracting the \$17 billion of economic activity anticipated in the coming decades.***

Large office buildings like those occupied by KPMG, Telecon (Centro Square) and PwC serve as corporate anchors, creating a critical mass of space and employment to leverage the transit investments made, spurring retail commercial development, and serving as a draw for support services and workforce development.

The City retained Altus Group to undertake a high-level economic analysis of Vaughan’s CIP areas over two time periods. In the 2015-2020 timeframe, the analysis took into



account completed or under construction development projects, and ongoing operations of the constructed projects, including property management, retail spending and employment. In the 2021-2041 timeframe, the analysis was completed based on projected incremental development and construction activity, spending and employment. Public and private sector investments in transit, roads and servicing, parks and open spaces were excluded from the analysis. Altus's estimates based on the VMC case study as presented below (Attachment 4) represent a magnitude of economic benefits to Vaughan and the Province of Ontario:

#### Vaughan Metropolitan Centre - Economic Impact

1. Total economic activity is estimated at \$9.1 billion between 2015 and 2020, growing to \$17.3 billion by 2041 from one-time construction and development activities. Total economic activity from on-going annual operations is estimated at \$914 million between 2015 and 2020, growing to \$3.5 billion by 2041.
2. Jobs from direct, indirect and induced activities from 2015-2020 is estimated at 45,491 person-years of employment while wages are estimated at \$3.1 billion, during construction and development. Jobs from on-going annual operations for 2015-2020 is estimated at 18,494 person-years of employment, rising to 77,486 person-years by 2041.
3. Gross Domestic Product (GDP) contributions is estimated at \$4.8 billion, forecasted to grow to \$9.1 billion by 2041 from construction and development activities. On an on-going annual operating basis, GDP is estimated at \$485.8 million, and \$1.9 billion for the 2015-2020 and 2021-2041 period, respectively.
4. Business earnings total \$1.7 billion and are forecasted to grow to \$3.2 billion by 2041 from construction and development activities. On an on-going annual operating basis, business earnings total \$101.8 million and \$365.1 million, for the 2015-2020 and 2021-2041 period, respectively.

#### Vaughan Metropolitan Centre - Fiscal Impact

1. Annual property tax revenues, as a portion of government revenues are estimated at \$240.2 million for 2015-2020 period, increasing to \$302.5 million for the 2021-2041 period.
2. Development charges revenue are estimated at \$512.9 million between 2015-2020, growing to \$868.3 million by 2041.
3. Land transfer taxes are estimated at \$65.3 million between 2015-2020, growing to \$170.3 million by 2041.

## **Competition for Office Investment and the Use of Financial and Non-Financial Tools**

### ***Employing the Community Improvement Plan as a tool for accelerating major office buildings***

Section 28(1) of the *Planning Act* defines a Community Improvement Plan as, 'a plan for community improvement of a community improvement project area' where the following definitions apply:

Community Improvement means:

The planning or re-planning, design or redesign, re-subdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable or other uses, building, structures, works, improvements or facilities, or spaces therefore, as may be appropriate or necessary; and

Community Improvement Project Area means:

A municipality or an area within a municipality, the community improvement of which in the opinion of Council, is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.

The Act provides that municipalities in Ontario with an in-effect official plan that has provisions relating to community improvement, the council may by by-law designate community improvement plan project areas and implement community improvement plans.

### ***Competition for office development is ratcheting up in the Greater Toronto Area***

At the time of Vaughan's implementation of its CIP, Toronto was the only municipality with incentives that targeted office development. The market place has since changed significantly. Mississauga (2017), Richmond Hill (2018) and Markham (2017) and Brampton (2019) have all implemented financial incentives for office development. The City of Toronto offers the most generous incentives, exempting all development charges for non-residential gross floor area above the ground floor and providing a 10-year Tax

Increment Equivalent Grant (TIEG). Mississauga introduced a suite of financial incentives for its downtown, including a TIEG, municipally funded parking program, development processing fee rebates, and municipal property acquisition and disposition. Within York Region, Richmond Hill offered a TIEG and Markham discounted development charges to 25% of applicable rates for office buildings in excess of 100,000 ft<sup>2</sup>.

The City of Brampton has had a history of CIPs for its Central Area dating back to 2000. The incentives offered included development charge deferrals, façade improvements, building improvements and sign permit fee subsidy programs. Most recently, the City of Brampton has revised its development charges by-law to waive development charges on office development of at least two storeys and greater than 50,000 ft<sup>2</sup> on a city-wide basis; and allowed change of use exemptions to allow industrial spaces to be repurposed to commercial uses. Brampton will be undertaking a city-wide CIP study with a targeted presentation date of Q4 2020.

Since Vaughan implemented its first CIP in November 2015, four CIP applications, that collectively total approximately 67,300 m<sup>2</sup> (724,400 ft<sup>2</sup>) of new office space and representing 48 per cent of targeted office space goal, have been received. The four applications are estimated to generate \$15.6 million in new property tax revenue over ten years. Estimated foregone revenues is \$12.5 million from Cash-in-Lieu of Parkland, development charges and property taxes over ten years.

***Bill 108, More Homes, More Choice Act, 2019 changes how development charges are levied on office development***

Bill 108, *More Homes, More Choice Act, 2019*, which received Royal Assent on June 6, 2019 changed both the administration of development charges, and the timing of payment for office development. The legislation allows developers to lock in development charge rates on the day upon which a site plan or zoning application is made. Furthermore, non-residential developments including offices, would not have to pay development charges until the earlier of occupancy permit or first occupancy of the development; and continue to pay, in equal installments for the subsequent five years. Under the regulatory framework proposed by the Ministry, virtually all types of office development would qualify for the delayed or phased payment regime. There are no minimum height requirements to qualify for the Bill 108 provisions.

***Implementation of York Region's new Development Charges Deferral Pilot Programs will add another financial incentive tool for attracting office development in the Regional Centres and Corridors.***

At the June 13, 2019 Committee of the Whole, York Region Council directed staff to consult with stakeholders on potential financial incentives to promote major office development in the Region's Centres and Corridors. On October 16, 2019 York Region Council ratified a report and memorandum (Attachments 5 and 6), recommending the following:

1. Development Charge Deferral aligned with the provisions of the *More Homes More Choice Act, 2019*; and
2. A new time-limited development charges deferral for office buildings greater than 75,000 ft<sup>2</sup> in gross floor area and having at minimum, four storeys located in its Regional Centres and Corridors or specific local centres such as Keswick, King and Whitchurch-Stouffville. The three-year pilot is an interest-free DC deferral that has a variable duration period based on building scale, as illustrated in Table 3.

**Table 3: Duration of York Region's Development Charges Deferral**

<b>Gross Floor Area Threshold</b>	<b>Duration of Development Charges Deferral Available in Regional Centres and Corridors or Specific Local Centres</b>
Between 75,000 ft <sup>2</sup> to 150,000 ft <sup>2</sup>	5 year*
Between 150,000 ft <sup>2</sup> to 250,000 ft <sup>2</sup>	10 year*
Greater than 250,000 ft <sup>2</sup> and less than or equal to 400,000 ft <sup>2</sup>	15 year*
Greater than 400,000 ft <sup>2</sup>	20 year*

\* Note: Once threshold is crossed, entirety of gross floor area in office building is deferred for this timeframe

The Region's policy will only be available to the first 1.5 million square feet of gross floor area on a 'first-come, first-served' basis. The Region will only enter into a Development Charges Deferral agreement if the local municipality provides a 'similar, if not better' deferral, exemption, or other incentives.

### **Next Steps – A City of Vaughan Four-Prong Strategy for Continuing the Office Development Momentum**

***Staff recommend a City-Wide Development Charge Deferral to align with York Region's recently updated Development Charges Deferral for Office Buildings***

To align with York Region's Development Charge Deferral policy, the City of Vaughan may wish to introduce a city-wide development charge deferral program to incentivize office developments with Bill 108 provisions. For eligible projects, an 18-month interest-

free deferral may be granted from the earlier of the date of the issuance of a permit under the Building Code Act, 1992 authorizing occupancy of the building, or the date the building is first occupied. Attachment 2 forms the City of Vaughan's City-Wide Development Charge Deferral for Office Buildings Policy 12.C.05.

***Staff recommend a Development Charge Deferral for Large Office Buildings Pilot Program in the Highway 7 and Yonge Street Regional Corridors to align with York Region's new Development Charge Deferral for Office Buildings in the Regional Centres and Corridors Pilot Program***

To align with York Region's Pilot Program for Office Buildings in the Regional Centres and Corridors, the City of Vaughan may wish to introduce a development charge deferral program in the Highway 7 and Yonge Street Regional Corridors. Whereas the Region's policy applies to developments greater than 75,000 ft<sup>2</sup>, it is proposed that Vaughan's program has a minimum threshold of 50,000 ft<sup>2</sup> and four storeys above grade. The rationale for lowering the qualifying threshold is to recognize that development occurs at different scales in the Regional Corridor. Additionally, this threshold aligns with what is being used in neighbouring municipalities.

The duration of the recommended development charge deferral is longer than the city-wide Development Charges Deferral Program to encourage larger scale developments.

**Table 4: Proposed Vaughan Development Charges Deferral for Office Buildings in the Regional Corridor**

Gross Floor Area Threshold	Duration of Development Charges Deferral Available in Regional Corridor
Between 50,000 ft <sup>2</sup> to 150,000 ft <sup>2</sup>	5 year*
Between 150,000 ft <sup>2</sup> to 250,000 ft <sup>2</sup>	10 year*
Greater than 250,000 ft <sup>2</sup> and less than or equal to 400,000 ft <sup>2</sup>	15 year*
Greater than 400,000 ft <sup>2</sup>	20 year*

\* Note: Once threshold is crossed, entirety of gross floor area in office building is deferred for this timeframe

If approved, the Development Charge Deferral as proposed in Attachment 3 would be applicable to the end of this term of Council.

***Staff recommend initiating a public consultation process as part of a Community Improvement Plan study along the Regional Corridor***

The City's policies pertaining to CIPs are found in Policy 10.1.2.13, which has been approved by the former Ontario Municipal Board. A precedent for a CIP has been established, as set out in Item 4 of Report No. 2 of the Priorities and Key Initiatives Committee, May 14, 2014: *Community Improvement Plan: A Strategic Tool to Support and Accelerate Office Development*. In November 2015, Council approved a CIP for the VMC and the Weston Road/Highway 7 Primary Centre.

With the Region's approval of the new Development Charge Deferral Pilot Program, office incentives are available for an area that extends beyond the VMC or the Weston Road / Highway 7 Primary Centre boundaries. Thus, to bring the City in alignment with Regional programs, and to consider other financial and non-financial tools, staff is recommending undertaking a stakeholder consultation process to explore the establishment of a Community Improvement Plan along the Highway 7 and Yonge Street Regional Corridors. A consultation and engagement plan will be developed to solicit public and industry stakeholder feedback on the need for, and magnitude required, of any proposed office incentive programs. The outcomes of the consultation process will inform staff recommendations and the budget process moving forward.

Once the by-law designating the Community Improvement Project Area has been passed, Council may provide for the preparation of a plan 'suitable for adoption as a community improvement plan for the community improvement project area'.

In addition to any City initiated requirements for public consultation, the approval process for the CIP requires that it follow the same procedures as those for an Official Plan amendment (Section 17 of the Planning Act). This includes the requirement for a Public Open House and having the draft CIP available to the public 20 days in advance of the Public Meeting; the holding of a Public Meeting before Council on the draft plan to obtain further public input; revise the Plan accordingly and submit to Council for adoption; and give written notice of Council's adoption of the CIP. The appeal period lasts 20 days, after which the plan comes into effect if there are no appeals and, if there are appeals, they are forwarded to Local Planning Appeal Tribunal for adjudication.

***Staff recommend that CIP By-law 176-2015 and 177-2015 be extended by two years***

The current in-force CIP By-laws offers incentives that includes a tax increment equivalent grant; development charge deferral, and cash-in-lieu of parkland to the first 1.5 million square feet of office space in the VMC and/or Weston Road / Highway 7 Primary Centre. CIP By-law 176-2015 and 177-2015 are due to expire at the end of 2020. To bring them into alignment with the two proposed development charge deferral policies, it is recommended to extend the deadline by two years until the Term of Council ends. Staff

will work with the development industry to promote and market the CIP program; as well as report on the outcomes of CIP By-law 176-2015 and 177-2015.

***Advancing complementary non-financial tools and improvements to the development approvals process also supports and encourages office attraction and fulfills our mandate for service delivery excellence.***

Financial incentives, such as development charges deferrals are but one tool for attracting office development. Other factors that play a role in creating a competitive environment for attracting tenants include an expedited development process, a predictable property tax regime and availability of shovel-ready sites.

The City has formed a Development Liaison Committee comprised of development industry and agency representatives to provide a forum for dialogue and collaboration in continuous improvement of the development process. Led by Transformation and Strategy and the Planning and Growth Management Portfolio, the City is embarking on a pilot project as part of its Development Application Approval Process (DAAP) - an integrated and streamlined service delivery channel that spans early stage planning applications to late stage building permit issuance.

Staff will continue to monitor changes to Regional policies with respect to development charges, property taxes, business practice reforms, and other process improvements that drive positive change for office and employment attraction.

***The recommended incentive programs align with Term of Council Service Excellence Strategic Plan and the Economic and Cultural Development department's 2019-2023 Strategic Business Plan.***

Facilitating the development of major office buildings in the Regional Corridor, is aligned with the Term of Council Service Excellence Strategic Plan objectives including:

- City Building
- Active, Safe and Diverse Communities
- Economic Prosperity, Investment and Social Capital

## **Financial Impact**

Development charge deferrals are financed as opposed to funded. For example, a 20-year development charge deferral for an office building of 400,000 sq. ft. would cost the City approximately \$5.3 million over the life of the deferral but would also generate approximately \$24.7 million in additional property tax revenues (present value) for the

City, Region and Education Board during the 20-year deferral period. Table 5 below further provides an example of the quantified costs for the deferrals for different sized office buildings:

Size of Office Building	Length of Deferral	Present Value of Property Tax	
		Present Value of Cost of Deferral (\$M)*	Revenues Over First Five Years
50,000 - 100,000 sq. ft.	5 year	1.3	6.9
150,000 - 250,000 sq. ft.	10 year	1.1	2.7
250,000 - 400,000 sq. ft.	15 year	2.6	4.1
> 400,000 sq. ft.	20 year	5.5	6.3

\*Assumes the Non-Residential development charge rate of \$38.32 (November 8, 2019)

The estimated cost of the proposed deferral program is the foregone interest earned on reserves by deferring development charge collections

The existing and in-force CIP forecasts a maximum exposure of \$17.6 million if full development of the 139,355 m<sup>2</sup> took place. It is currently estimated that the four CIP applications received to date will result in approximately \$12.5 million less revenue from Cash-in-Lieu of Parkland, development charges and property taxes (over 10 years) as a result of the CIP. However, new revenue to the City generated by the development of this office space will result in an estimated \$15.6 million over a 10-year period that would not have otherwise been realized.

Development charge incentives do not apply to the KPMG Tower and Centro Square as they were able to take advantage of transition measures under the 2013 Development Charge By-law implementation. The PwC/YMCA and Liberty Development 'Cosmos' projects will have development charge implications, resulting in \$887,000 that will need to be repaid by the City from other funding sources. This impact is included as part of the \$12.5 million figure stated above.

Staff will bring forward a report outlining the potential fiscal implications, as well as benefits to the community arising from a new CIP and/or development charge deferral program.

### **Broader Regional Impacts/Considerations**

Senior City staff have been engaged in regular communications with the York Region team from stakeholder consultation stage and later, in the development of the two DC deferral programs. In developing complementary and aligned programs, industry



stakeholders will have common understanding of applicable policies easing the implementation and administrative processes.

A copy of this report will be forwarded to York Region to inform the Municipal Comprehensive Review and Economic Development Action Plan updates. Staff will continue to engage with York Region on enhancing competitiveness in attracting and retaining business investments. Staff will undertake to advise the Vaughan Chamber of Commerce and other relevant agencies.

## **Conclusion**

Major office development and the associated employment in knowledge-based sectors, generate highly desirable outcomes in fostering innovation and creativity in local business ecosystem; promoting skills development, higher learning and training amongst residents; and catalyzing placemaking to deliver a high quality of life and economic opportunities for residents and businesses.

Over the past five years, Vaughan has experienced an uptick on office development in the VMC, the Vaughan Enterprise Zone, other primary centres and transit corridors. It is important to the City's competitiveness and financial sustainability to keep up the momentum in office development, particularly as goods-producing sectors give way to services and other knowledge-based work.

The competitive tide has risen in the GTA with office projects being increasingly drawn to Toronto's core. There is an imperative need to stay at the forefront of economic development with financial and non-financial incentives; to support the higher order infrastructure investments that are being made in Centres and Corridors; and to continue to invest in education and skills development for the resident labour force.

Staff recommends a four-pronged strategy to arm the City with tools for attracting office development. The two proposed DC Deferral Programs address a more immediate requirement to align with the Region's programs without an impact to the tax levy. Extension of the current CIP By-law can also be readily implemented, whereas a CIP for the Regional Corridor requires a public consultation process and thus, a longer timeframe to complete.

Vaughan will continue to modernize and optimize its operational processes and service delivery models across the corporation to complement existing financial and non-financial incentives aimed at attracting office investment and employment; and to achieve Term of Council Service Excellence goals, including City Building; Active, Safe and Diverse

Communities; Economic Prosperity, Investment and Social Capital; Good Governance and Operational Performance.

**For more information**, please contact: Dennis Cutajar, Director of Economic and Cultural Development, ext. 8274; Bill Kiru, Director of Policy Planning and Environmental Sustainability, ext. 8633 and Michael Marchetti, Director of Financial Planning and Development Finance/Deputy Treasurer, ext. 8271.

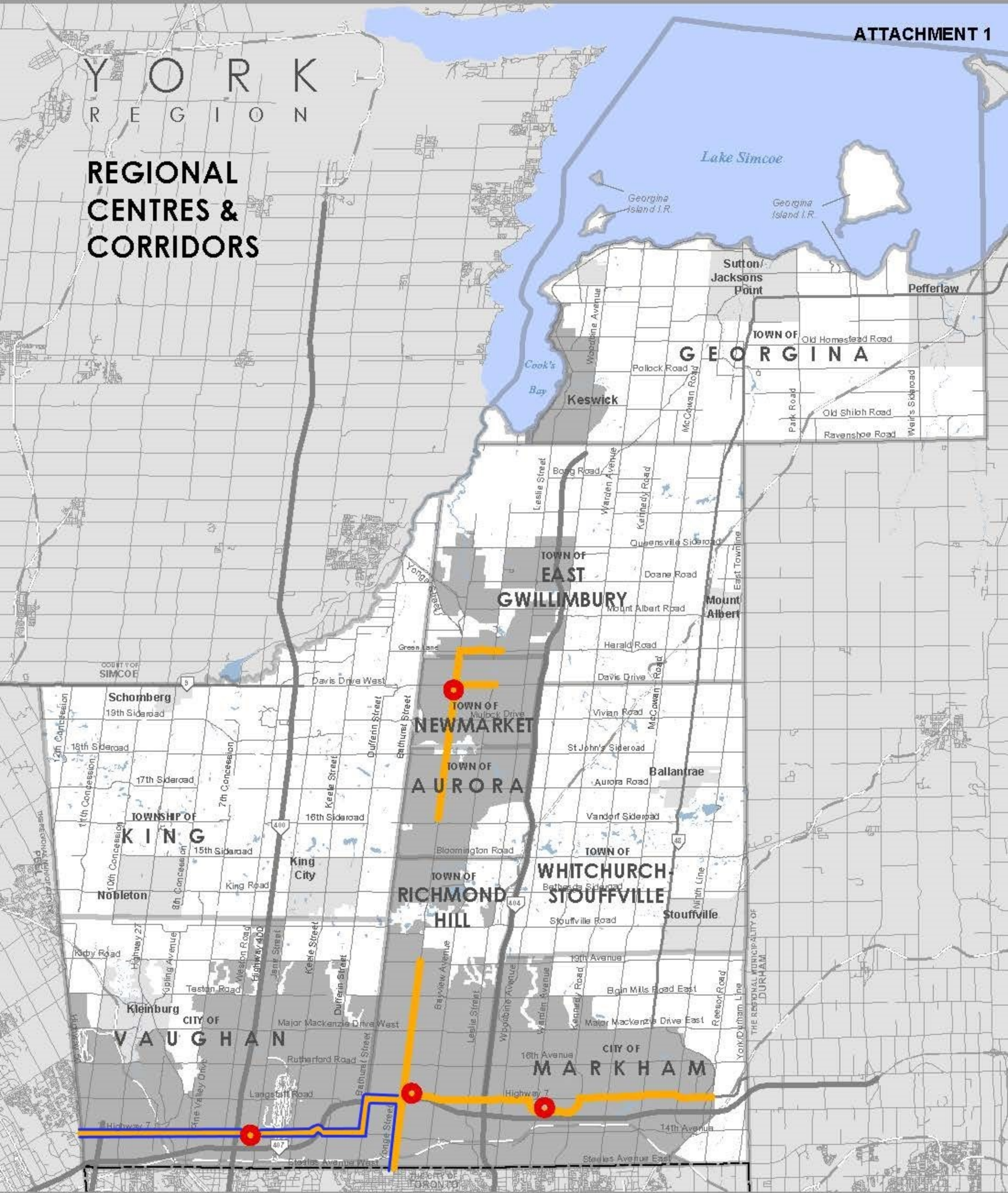
### **Attachments**




1. Map of Regional Centres and Corridors, York Region
2. City-Wide Development Charge Deferral for Office Buildings Policy 12.C.05
3. City-Wide Development Charges Deferral for Office Buildings a Minimum of 50,000 Square Feet in the Highway 7 and Yonge Street Regional Corridors – Pilot Program Policy 12.C.06
4. Economic Impact Statement, Altus Group, November 1, 2019
5. Large Office Building Development Charge Deferral Pilot Program, York Region, Committee of the Whole, October 10, 2019
6. York Region Memorandum: Financial Incentives for Affordable Rental Housing and Large Office Buildings, dated October 16, 2019

### **Prepared by**

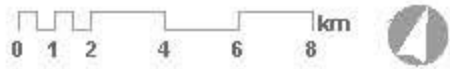
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Michael Marchetti, Director of Financial Planning and Development Finance/Deputy Treasurer, ext. 8271





-  Regional Centre
-  Regional Corridor
-  Highway 7 and Yonge Street Regional Corridor

- BASE MAP INFORMATION**
-  Provincial Freeway
  -  Provincial Highway
  -  Road
  -  Railway
  -  Municipal Boundary
  -  Regional Boundary
  -  Urban Area
  -  Towns and Villages



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Corporate Services Department  
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Boundaries and Water Features





# CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:** CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS

**POLICY NO.:** 12.C.05

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	Click or tap to enter a date.	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b> Council		<b>Policy Owner:</b> DCM, Corporate Services & CFO	

### POLICY STATEMENT

A Policy governing the deferral of City-Wide Development Charges for Office Buildings that are a minimum of four (4) storey's, above grade.

### PURPOSE

To incentivize large office developments within the City of Vaughan by encouraging a local business climate that attracts office development investment, businesses, and employment opportunities and to strengthen the Economic Prosperity, Investment and Social Capital strategic priority of Council.

### SCOPE

Available to office buildings in the City of Vaughan subject to the terms and conditions as set out in this policy. In order to be eligible, the development must be a minimum of four (4) storey's, above grade.

This deferral policy only applies to City-wide development charges, excludes area-specific development charges and shall not apply to Community Benefits Charges when a Community Benefits Charges By-law has been adopted and is in effect.

### LEGISLATIVE REQUIREMENTS

The City is permitted to enter into deferral agreements pursuant to section 27(1) of the *Development Charges Act*, 1997 which states: "*a municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable.*"

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

**POLICY NO.: 12.C.05**

This policy was prepared in accordance with the Development Charges Act, 1997 as amended by Bill 108 *More Homes, More Choice Act*, 2019.

**DEFINITIONS**

1. **Act:** The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.
2. **City:** The Corporation of the City of Vaughan.
3. **Community Benefits Charge:** The City of Vaughan's Community Benefits Charges, established by a Community Benefits Charge By-law, under Section 37 of the *Planning Act*, R.S.O 1990, c. P. 13, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.
4. **Community Improvement Plan (CIP):** Community Improvement Plan as defined in Section 28(1) of the *Planning Act*.
5. **Development:** The construction, erection or placing of one or more buildings or structures on land, or the making of an addition or alteration to a building or structure that has the effect of substantially increasing the size or usability thereof and includes redevelopment.
6. **Gross Floor Area:** As under the City's Development Charges By-law No. 083-2018 or any successor development charges by-law. Gross Floor Area means, in the case of a non-residential building or structure, or the non-residential portion of a mixed-use building or structure, the aggregate of the areas of each floor, whether above or below grade, measured between the exterior faces of the exterior walls of the building or structure, or from the centre line of a common wall separating a non-residential and a residential use, and:
  - 6.1. includes the floor area of a mezzanine and the space occupied by interior walls and partitions; and
  - 6.2. excludes in the case of a building or structure containing an atrium, the sum of the areas of the atrium at the level of each floor surrounding the atrium above the floor level of the atrium; and
  - 6.3. excludes the area of any self-contained structural shelf and rack storage facility approved by the Building Materials Evaluation Commission; and
  - 6.4. includes any part of a building or structure above or below grade used as a commercial parking garage; and
  - 6.5. for the purposes of this definition, the non-residential portion of a mixed-use building is deemed to include one-half of any area common to the residential and non-residential portions of such mixed-use building or structure.

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

**POLICY NO.: 12.C.05**

- 7. Letter of Credit:** A form of financial security issued by a financial institution that guarantees payment or performance by one or more counterparties to a beneficiary (the City). At any time, the beneficiary reserves the right to draw upon the security up to a specified total in the event of default on contractual obligations.
- 8. Office Building:** The use of a building or a structure or part of a building or a structure in which one or more persons are employed in the administration, direction or management of a business, agency, brokerage or organization, or by professionally qualified persons and their support staff, and shall include but not be limited to an office of a regulated health professional, lawyer, dentist, architect, engineer, stock broker, accountant, real estate or insurance agency, veterinarian or a similar professional person's office but shall not include a veterinary clinic.
- 9. Storey:** As under the City's Development Charges By-law No. 083-2018 or any successor development charges by-law. A storey means the portion of a building other than the cellar or unfinished attic which lies between the surface of the floor and the surface of the next floor above, and if there is no floor above it, then the surface next above it, provided its height is not less than 2.3 metres.
- 10. Valuation Date:** For the purpose of the Community Benefits Charges, with respect to land that is the subject of development or redevelopment:
- 10.1. The day before the day the building permit is issued in respect of the development or redevelopment; or,
- 10.2. If more than one building permit is required for the development or redevelopment.

## **POLICY**

### **1. Terms of the Deferral Policy**

Upon site plan approval and prior to building permit issuance, any developer/applicant wishing to defer City-wide development charges for office buildings that are a minimum of four (4) storey's, above grade, must provide the City with a Letter of Credit for the development charges owed.

### **2. Letter of Credit**

The submitted Letter of Credit must adhere to the formatting described in Appendix A of the City's Letter of Credit policy (12.C.04).

A letter of guarantee or confirmation may be requested from time to time as evidence of capacity to secure a Letter of Credit. However, at no time shall a letter of guarantee or confirmation serve as an acceptable alternative to a Letter of Credit. Letters of guarantee or confirmation must indicate that the financial

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

**POLICY NO.: 12.C.05**

institution is willing to provide a Letter of Credit in the required format and within the time period deemed acceptable by the City.

For all other details regarding the requirements of the Letter of Credit, please see the City's Letter of Credit policy, as amended, revised, re-enacted or consolidated from time to time.

**3. Pre-Screening of Deferral Applications**

Applicant to provide a written request to the Director of Financial Planning and Development Finance, a minimum of 60 days prior to the issuance of a building permit, for the partial or full deferral of the City of Vaughan City-Wide DCs;

The Director of Financial Planning and Development Finance will require the following in order to pre-screen and process the request:

- 3.1. evidence of compliance with eligibility criteria;
- 3.2. an application fee;
- 3.3. drawing of each level within the building, including the gross floor area; and
- 3.4. proposed building uses.

If the development is deemed eligible for the City-Wide DC deferral, Financial Planning and Development Finance staff will determine the deferral amount.

**4. Development Charges Deferral Agreement**

Any developer/applicant wishing to defer development charges for an office building that is a minimum of four (4) storeys must enter into a Development Charges Deferral Agreement with the City.

The developer/applicant shall only qualify to enter into a Development Charges Deferral Agreement if they have submitted a complete site plan application or zoning by-law amendment application as determined by the City, for the construction of the office building.

A Development Charges Deferral Agreement shall only be executed by the City provided that the developer/applicant can immediately upon execution of the agreement attain building permit issuance by the City.

**5. Duration of the Deferral**

- 5.1. Where an application is submitted for approval of a Development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act*, 2019 being proclaimed, or for an office building for which an application for approval of a development in a site plan control area under subsection 41 (4)

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

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of the *Planning Act* does not apply but which has submitted an application for an amendment to a by-law passed under section 34 of the *Planning Act* prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed; the deferral period shall begin the day the building permit is issued by the City.

City-Wide development charges are therefore deferred until eighteen (18) months after the date that the building permit is issued by the City.

5.2. Where an application is submitted for approval of a Development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building after section 8 Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed, or for an office building for which an application for an approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, but has submitted an application for an amendment to a by-law passed under section 34 of the *Planning Act* after section 8 Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed; the deferral period shall begin on the earlier of the date of the issuance of a permit under the *Building Code Act, 1992* authorizing occupation of the building, or the date that the building is first occupied.

If the occupation of the building is not authorized by a permit under the *Building Code Act, 1992* the developer/applicant must notify the City within five (5) business days of the building first being occupied, whereupon the deferral period will begin.

City-wide development charges are deferred until the date that is eighteen (18) months after the earlier of the date of the issuance of a permit under the *Building Code Act, 1992* authorizing occupation of the building or the date the building is first occupied.

## **6. Development Charges Rates**

The City development charges rate, shall be the amount determined under the applicable City-wide development charges by-law on:

6.1. The day that the building permit is issued for the construction of the office building by the City if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* or an application for an amendment to a by-law passed under section 34 of the *Planning Act* was submitted prior to the section 8 Schedule 3 of Bill 108, *More Homes, More Choice, 2019* being proclaimed.



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6.2. The application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* was made in respect of the development that is the subject of the City-wide development charges or if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, the day an application for an amendment to a by-law passed under section 34 of the *Planning Act* was made in respect of development that is the subject of City-wide development charges if either application was submitted after section 8 Schedule 3 of Bill 108, *More Homes, More Choice, 2019* being proclaimed.

6.3. If p.6.2 does not apply to an office building that is seeking to defer City-Wide development charges after section 8 Schedule 3 of Bill 108, *More Homes, More Choice, 2019* has been proclaimed, the development charges rate is determined on the day the City-wide development charge is payable in accordance with section 26 of the Act.

## **7. Development Charges Payable**

The amount of the City-wide development charges payable to the City, as required under the Act, shall be based on the rates determined under p.6 “Development Charges Rates” of this policy multiplied by the gross floor area of the office building, of which shall be determined on the day that the developer/applicant enters into a Development Charges Deferral Agreement with the City. Developers/applicants will be given notice of the requirement of payment and will be given ten (10) days to provide payment in the form of certified cheque to the City. If a certified cheque is not received by the City will receive payment via draw upon the Letter of Credit.

## **8. Interest Waiver**

No interest shall be charged as the City is in receipt of a Letter of Credit.

## **9. Non-Applicability**

Any office building to which section 26.1 applies (upon the date that the section is proclaimed) and that opts to pay City-Wide development charges in installment in accordance with section 26.1 of the Act, shall not be entitled to also avail itself of the deferral under this policy.

If any office building that is eligible and opts to pay City-wide development charges in accordance with the VMC Community Improvement Plan By-law 177-2015 and 176-2015, or any successors, as amended, revised, re-enacted or consolidated from time to time, shall not be entitled to also avail itself of the deferral under this policy.

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

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If any office building that is eligible and opts to pay City-wide development charges in accordance with the Large Office Development Deferral Pilot Program Policy along Highway 7 from Highway 50 to Yonge Street and any subsequent Community Improvement Plan (CIP) for the same area, shall not be entitled to avail itself of the deferral under this policy.

## **10. Fees**

Fees for each deferral request will be charged to the applicant to account for departmental costs relating to the review, preparation, and administration of the DC deferral agreement. The fee structure is as follows:

- 10.1. A nonrefundable application fee shall be required to review a DC deferral request.
- 10.2. A legal fee shall be charged to prepare and execute the legal agreement.
- 10.3. A finance fee shall be payable upon the execution of the deferral agreement.

All fees are in accordance with the City's Fees and Charges Bylaw, shall be reviewed annually with all other City fees, and are subject to change.

In instances where staff's costs to prepare and administer a deferral agreement exceed the fee structure above, such fees shall be separately quantified and invoiced to the applicant. The owner also agrees to pay all costs and expenses in connection with legal costs incurred by the City in the event that it takes any legal action in response to any event of default, or as it may otherwise take to enforce the City's rights under this Agreement.

## **11. Roles and Responsibilities**

### **Chief Financial Officer and City Treasurer**

Maintains administrative authority and responsibility for the City-Wide Development Charges Deferral Policy for Office Buildings; and

Approves department operating procedures and processes under this policy.

### **Director of Financial Planning and Development Finance**

Responsible for the administration of this policy, including assisting stakeholders in determining if they qualify for the policy, the City-wide development charges rates to be applied, and the City-wide development charges payable.

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS**

**POLICY NO.: 12.C.05**

**Manager, Development Finance**

Responsible for the enforcement of this policy and the collection of all City-wide development charges when due; and

Process the draw upon the Letter of Credit at the point City-wide development charges are due, if payment is not received in the form of certified cheque (for example, at the end of deferral period).

**Legal Services**

At the request and discretion of the Chief Financial Officer and City Treasurer, assist in the drafting, review and interpret any Agreements that are required as a part of this policy to protect the legal interests of the City pertaining to the deferral of development charges.

**Staff involved in the acceptance, evaluation and administration of the Letters of Credit associated with this policy**

Read and abide by the requirements set out in this Policy; and

Process the draw upon the Letter of Credit at the point City-Wide development charges are due, if payment is not received in the form of certified cheque (for example, at the end of deferral period).

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	3 Years If other, specify here	<b>Next Review Date:</b>	Click or tap to enter a date.
<b>Related Policy(ies):</b>	12.C.06 – City-Wide Development Charges Deferral for Office Buildings, 12.C.04 – Letter of Credit		
<b>Related By-Law(s):</b>	176-2015 – CIP, 177-2015 – CIP, 083-2018 – Development Charges		
<b>Procedural Document:</b>			
<b>Revision History</b>			
<b>Date:</b>	<b>Description:</b>		
Click or tap to enter a date.			



# CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:** CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM

**POLICY NO.:** 12.C.06

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	December 12, 2019	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b> Council	<b>Policy Owner:</b> DCM, Corporate Services & CFO		

### POLICY STATEMENT

A Policy governing the deferral of City-Wide development charges for office buildings that are a minimum of four (4) storeys, above grade, and a minimum of 50,000 square feet and be located on the Highway 7 and Yonge Street Regional Corridors.

### PURPOSE

To incentivize large office developments within the City of Vaughan by encouraging a local business climate that attracts office development investment, businesses, and employment opportunities and to strengthen the Economic Prosperity, Investment and Social Capital strategic priority of Council.

### SCOPE

Available to office buildings in the City of Vaughan subject to the terms and conditions as set out in this policy. In order to be eligible, the development must be a minimum of four (4) storeys, above grade, and a minimum of 50,000 square feet and be located along the Highway 7 Regional Corridor from Highway 50 to North Rivermede; along Centre Street; Bathurst Street from Centre Street to Highway 7, or along the west side of Yonge Street Regional Corridor.

This deferral policy only applies to City-wide development charges and excludes area-specific development charges and shall not apply to Community Benefits Charges when a Community Benefits Charges By-law has been adopted and is in effect.

**POLICY TITLE:** CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM

**POLICY NO.:** 12.C.06

## LEGISLATIVE REQUIREMENTS

This Policy was prepared in accordance with the Development Charges Act, 1997 as amended by Bill 108, *More Homes, More Choice Act*, 2019.

## DEFINITIONS

1. **Act:** The *Development Charges Act*, 1997, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.
2. **Bank of Canada Prime Lending Rate:** Also known as the “Prime Rate”, is the annual interest rate Canada's major banks and financial institutions use to set interest rates for variable loans and lines of credit.
3. **City:** The Corporation of the City of Vaughan.
4. **Community Benefits Charges:** The City of Vaughan's Community Benefits Charges, established by a Community Benefits Charge By-law, under Section 37 of the *Planning Act*, R.S.O 1990, c. P. 13, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.
5. **Development:** The construction, erection or placing of one or more buildings or structures on land, or the making of an addition or alteration to a building or structure that has the effect of substantially increasing the size or usability thereof and includes redevelopment.
6. **Gross Floor Area:** As under the City's Development Charges By-law No. 083-2018 or any successor development charges by-law. Gross Floor Area means, in the case of a non-residential building or structure, or the non-residential portion of a mixed-use building or structure, the aggregate of the areas of each floor, whether above or below grade, measured between the exterior faces of the exterior walls of the building or structure, or from the centre line of a common wall separating a non-residential and a residential use, and:
  - 6.1. includes the floor area of a mezzanine and the space occupied by interior walls and partitions; and
  - 6.2. excludes in the case of a building or structure containing an atrium, the sum of the areas of the atrium at the level of each floor surrounding the atrium above the floor level of the atrium; and
  - 6.3. excludes the area of any self-contained structural shelf and rack storage facility approved by the Building Materials Evaluation Commission; and

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

6.4. includes any part of a building or structure above or below grade used as a commercial parking garage; and

6.5. for the purposes of this definition, the non-residential portion of a mixed-use building is deemed to include one-half of any area common to the residential and non-residential portions of such mixed-use building or structure.

**7. Office Building:** The use of a building or a structure or part of a building or a structure in which one or more persons are employed in the administration, direction or management of a business, agency, brokerage or organization, or by professionally qualified persons and their support staff, and shall include but not be limited to an office of a regulated health professional, lawyer, dentist, architect, engineer, stock broker, accountant, real estate or insurance agency, veterinarian or a similar professional person's office but shall not include a veterinary clinic.

**8. Storey:** As under the City's Development Charges By-law No. 083-2018 or any successor development charges by-law. A storey means the portion of a building other than the cellar or unfinished attic which lies between the surface of the floor and the surface of the next floor above, and if there is no floor above it, then the surface next above it, provided its height is not less than 2.3 metres.

**9. Regional Corridor:** York Region has four Regional Corridors (*Yonge Street, Highway 7, Davis Drive, and Green Lane East*) that connect the Regional Centres (Attachment 1).

## **POLICY**

### **1. Pre-Screening of Deferral Applications**

Applicant to provide a written request to the Director of Financial Planning and Development Finance, a minimum of 60 days prior to the issuance of a building permit, for the partial or full deferral of the City of Vaughan City-Wide DCs;

The Director of Financial Planning and Development Finance will require the following in order to pre-screen and process the request:

- 1.1. evidence of compliance with eligibility criteria;
- 1.2. an application fee;
- 1.3. drawing of each level within the building, including the Gross Floor Area; and
- 1.4. proposed building uses.

City staff reserve the right to determine if the development is eligible based on the location of its lands in relation to the Regional Corridor. If the development is

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

deemed eligible for the City-Wide DC deferral, Financial Planning and Development Finance staff will determine the deferral amount and duration.

**2. Development Charges Deferral Agreement**

Any developer/applicant wishing to defer development charges for an office building that is a minimum of four (4) storey's, a minimum of 50,000 square feet and on the Highway 7 or Yonge Street Regional Corridor must enter into a Development Charges Deferral Agreement with the City, provided that the gross floor area cap of 1.5 million square feet (p. 7 "Square Footage Cap") for the pilot policy has not been met.

The ability to enter into a Development Charges Deferral Agreement shall begin on the date that Council approves this policy and shall end three (3) years after the approval at 4:30pm. The developer/applicant shall only qualify to enter into an Development Charges Deferral Agreement if they have submitted a complete site plan application or zoning by-law amendment application as determined by the City, for the construction of the office building, or an amendment to an existing application that results in additional gross floor area which are a minimum of 50,000 square feet threshold, during the duration of this three (3) year period.

A Development Charges Deferral Agreement shall only be executed by the City provided that the developer/applicant can immediately upon execution of the agreement attain building permit issuance by the City.

**3. Duration of the Deferral**

The duration of the development charges deferral shall vary based on the eligible gross floor area of the building and will be accordance with Table 1 below:

<b>Gross Floor Area Size Threshold</b>	<b>Duration of the Development Charges Deferral Available</b>
Between 50,000 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*



**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

\*Note: Once a threshold is crossed, the entirety of the gross floor area in the office building is deferred for this timeframe.

3.1. Where an application for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an Office Building prior to section 8 of Schedule 3 of Bill 108 *More Homes, More Choice Act, 2019* being proclaimed, or for an office building for which an application for an approval of a development site plan control area under subsection 41 (4) of the *Planning Act*, does not apply, but which has submitted an application for amendment to a by-law passed under section 34 of the *Planning Act* prior to section 8 of Schedule 3 of Bill 108 *More Homes, More Choice Act, 2019* being proclaimed; the deferral period shall begin the day a building permit is issued by the City.

City-wide development charges are therefore deferred until fifteen (15) days immediately following the date that is five (5) years, ten (10) years, fifteen (15) years or twenty (20) years (as applicable) after the date that the building permit is issued by the City.

3.2. Where an application for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building after section 8 Schedule 3 of Bill 108 *More Homes, More Choice Act, 2019*, is proclaimed, or for an office building for which an application for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, but has submitted an application for an amendment to a by-law under section 34 of the *Planning Act*, after section 8 Schedule 3 of Bill 108 *More Homes, More Choice Act, 2019*, is proclaimed; the deferral period shall begin on the earlier of the date of the issuance of a permit under the *Building Code Act, 1992*, authorizing occupation of the building, or the date the building is first occupied.

If the occupation of a building is not authorized by a permit under the *Building Code Act, 1992*, the developer/applicant must notify the City within five (5) business days of the building first being occupied, whereupon the deferral period will begin. Failure to notify the City within five (5) business days of the building first being occupied will constitute a material default of the deferral agreement.

City-wide development charges are deferred until fifteen (15) days immediately following the date that is five (5) years, ten (10) years, fifteen (15) years, or twenty (20) years (as applicable) after the earlier of the date of issuance of a permit under the *Building Code Act, 1992*, authorizing occupation of the building or the date the building is first occupied.



**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

City-wide development charges shall be payable prior to the timeframe indicated in Table 1 should any of the following trigger events occur:

- 3.2.1. Change of use from an office building,
- 3.2.2. Sale, or transfer of ownership of the property, unless an assumption agreement is entered into; or
- 3.2.3. Any other material default as defined in the agreement(s).

Notification to the owner of the property on the tax roll shall occur immediately after the trigger event. The fifteen (15) days shall begin with the mailing, by registered mail, of notice.

**4. Development Charges Rates**

The City-wide development charge rate shall be the amount determined under the applicable City-wide development charges by-law on:

- 4.1. The day that the building permit is issued for the construction of the office building by the City if an application for approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* or an application for an amendment to a by-law passed under section 34 of the *Planning Act* was submitted prior to section 8 of Schedule 3 of Bill 108 *More Homes, More Choice Act, 2019* being proclaimed.
- 4.2. The day an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* was made in respect of the development that is the subject of the City-wide development charges or if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, the day an application for an amendment to a by-law passed under section 34 of the *Planning Act* was made in respect of the development that is the subject of the City-wide development charges if either application was submitted after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed.
- 4.3. If p.4.2 does not apply to an Office Building that is seeking to defer City-wide development charges after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* has been proclaimed, the development charges rate is determined on the day the City-wide development charges are payable in accordance with section 26 of the Act.

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

**5. Development Charges Payable**

The amount of the City-wide development charges payable to the City, as required under the Act, shall be based on the rates determined under p. 4 “Development Charges Rate” of this policy multiplied by the gross floor area of the office building, of which shall be determined on the day that the developer/applicant enters into a Development Charges Deferral Agreement with the City.

For greater clarity, qualifying gross floor area shall only be on a per building basis.

**6. Interest Waiver**

All interest shall be calculated using the development charges payable in p.5 “Development Charges Payable” to this policy until the date upon which the City-wide Development charges are fully paid.

All deferred City-wide development charges shall bear interest at the Bank of Canada prime commercial lending rate plus two (2) per cent per annum. All interest shall accrue and be compounded.

The time period shall be calculated beginning on the date of the issuance of the building permit for the proposed structure by the City.

The City shall forgive all amounts due and owing on all account of interest, provided that the City-wide development charges are paid in full to the City at the time required (within fifteen (15) business days immediately following notification of a trigger event as defined in p.3 “Duration of the Deferral” of this policy).

In the event that unpaid City-wide development charges are added to the tax roll (p.8 “Unpaid Development Charges”); interest shall continue to accrue and be compounded until all outstanding charges are fully paid.

**7. Square Footage Cap**

This policy will only be available to the first 1.5 million square feet of gross floor area that enters into a Development Charges Deferral Agreement(s) with the City. It will be available on a “first-come, first served” basis.

In the event more than one office building wishes to enter into a Development Charges Deferral Agreement with the City on the same day, the result of which would exceed the square footage cap, it shall be up to the Chief Financial Officer and City Treasurer to determine qualification and whether the square footage cap may be exceeded.

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

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**8. Unpaid Development Charges**

If any City-wide Development charges (including any interest) are unpaid within fifteen (15) business days immediately following notification of a trigger event identified in p.3 “Duration of the Deferral” of this policy, or at the end of the development charge deferral timeframe when payment has not been made, those City-wide development charges (including interest) shall be added to the tax roll and collected in the same manner as taxes (in accordance with section 32 of the Act).

In the event unpaid City-wide development charges are added to the tax roll; interest shall continue to accrue and be compounded until all outstanding charges are fully paid.

**9. Security**

A form of security will be taken and registered against the title to the property, at the execution of the Development Charges Deferral Agreement with the City.

**10. Other Agreements Required**

In addition to the requirements that the developer/applicant enter into an Expression of Interest Agreement and a Development Charges Deferral Agreement with the City, the developer/applicant shall enter into any other agreements as required by the City.

**11. Fees**

Fees for each deferral request will be charged to the applicant to account for departmental costs relating to the review, preparation, and administration of the Development Charges Deferral Agreement. The fee structure is as follows.

- 11.1. A nonrefundable application fee shall be required to review a DC deferral request.
- 11.2. A legal fee shall be charged to prepare and execute the legal agreement.
- 11.3. A finance fee shall be payable upon the execution of the deferral agreement.

All fees are in accordance with the City’s Fees and Charges Bylaw, shall be reviewed annually with all other City fees, and are subject to change.

In instances where staff’s costs to prepare and administer a deferral agreement exceed the fee structure above, such fees shall be separately quantified and invoiced to the applicant. The owner also agrees to pay all costs and expenses in connection with legal costs incurred by the City in the event that it takes any legal

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

action in response to any event of default, or as it may otherwise take to enforce the City's rights under this Agreement.

**12. Report Back to Council**

Staff shall report back to Council prior to the end of this Council term, on the results of the pilot policy and provide a recommendation of whether additional steps should be taken to further facilitate office development along the Highway 7 and Yonge Street Regional Corridor.

**13. Non-Applicability**

Any office building to which section 26.1 applies (upon the date that the section is proclaimed) and that opts to pay City-Wide development charges in installment in accordance with section 26.1 of the Act, shall not be entitled to also avail itself of the deferral under this policy.

If any office building that is eligible and opts to pay City-wide development charges in accordance with the City-Wide Development Charges Deferral for Office Buildings Policy shall not be entitled to avail itself of the deferral under this policy.

**14. Mixed-Use Buildings**

This policy applies to office uses in a mixed-use building. This policy does not apply to the non-office uses within any mixed-use building, a part of which is an office use or building that is a minimum of 50,000 square feet.

In order for the office component of a mixed-use building to be eligible for a development charges deferral, the office component of the mixed-use building must be a minimum of 50,000 square feet and four (4) storeys.

**15. Roles and Responsibilities**

**Chief Financial Officer and City Treasurer**

Maintains administrative authority and responsibility for this policy; and

Approves department operating procedures and processes under this policy.

**Director of Financial Planning and Development Finance**

Responsible for the administration of this policy, including assisting stakeholders in determining if they qualify for the policy, the City-wide development charges rates to be applied, and the City-wide development charges payable.

**Manager, Development Finance**

Responsible for the enforcement of this policy and the collection of all City-wide development charges when due;

**POLICY TITLE: CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM**

**POLICY NO.: 12.C.06**

Monitor timing of payment in order to ensure compliance with p.5 “Development Charges Payable” of the policy;

Add charges to the tax roll if City-wide development charges are not paid/received within the prescribed timeframe;

Undertake any additional administrative obligations as determined through the agreements; and

Maintain copies of all executed deferral agreements and other agreements as required.

**Legal Services**

At the request and discretion of the Chief Financial Officer and City Treasurer, assist in the drafting, review and interpret any Agreements that are required as a part of this policy to protect the legal interests of the City pertaining to the deferral of development charges; and

Registration of security on title.

**16. Compliance**

Immediately upon the occurrence of any trigger events identified in p.3 “Duration of the Deferral” of this policy, the Manager of Development Finance shall notify the owner of the property on the tax roll that City-wide development charges are due within fifteen (15) business days, the timing of which shall begin with the mailing, by registered mail, of notice.

The Manager of Development Finance shall also monitor the payment of City-wide development charges due in order to ensure interest is only forgiven (p.6 “Interest Waiver”) when the City-wide development charges are paid in full to the City within fifteen (15) business days immediately following notification of a trigger event.

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

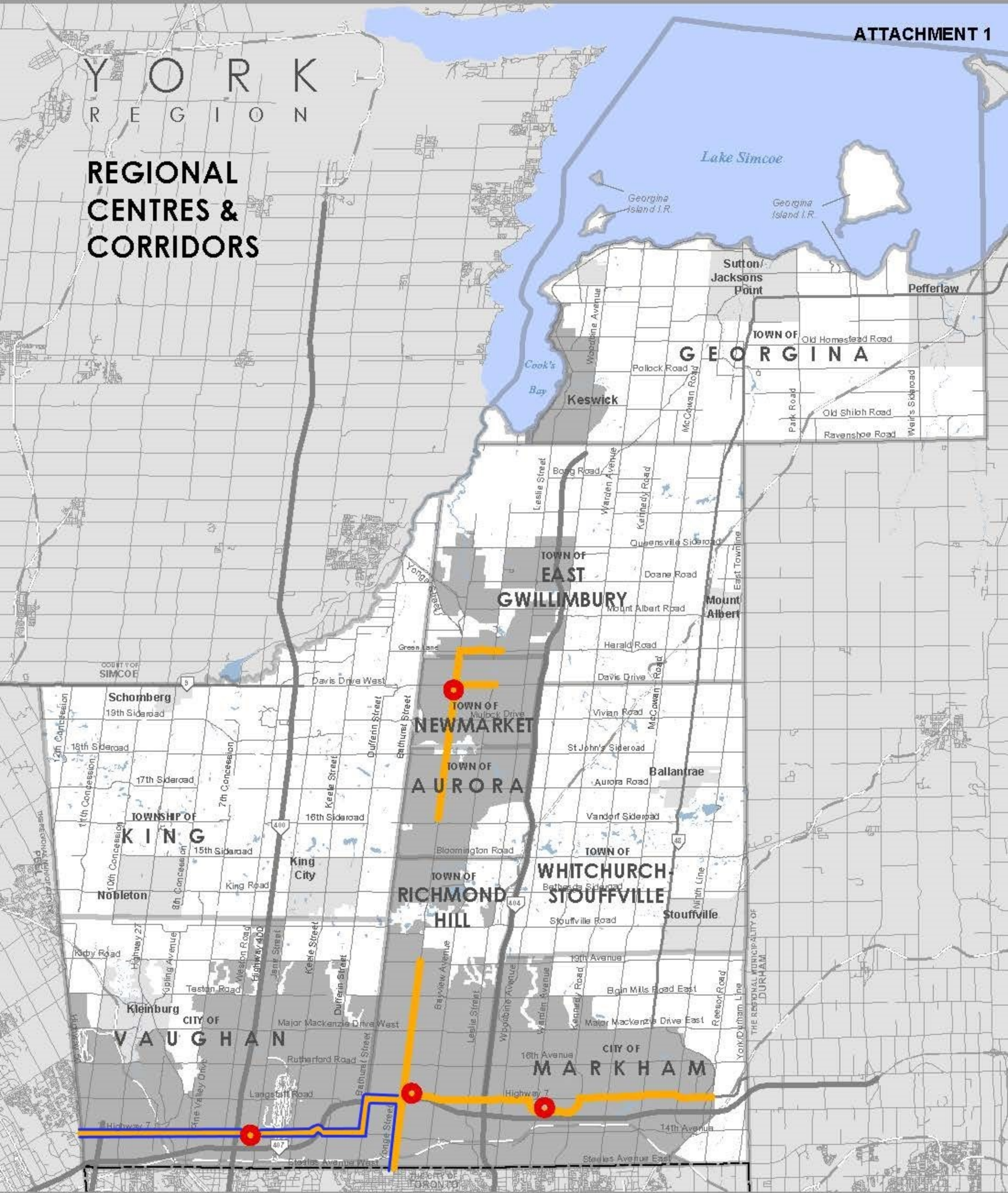
<b>Review Schedule:</b>	3 Years If other, specify here	<b>Next Review Date:</b>	Click or tap to enter a date.
<b>Related Policy(ies):</b>	12.C.05 – City-Wide Development Charges Deferral for Office Buildings, 12.C.04 – Letter of Credit		
<b>Related By-Law(s):</b>	176-2015 – CIP, 177-2015 – CIP, 083-2018 – Development Charges		

**POLICY TITLE:** CITY-WIDE DEVELOPMENT CHARGES DEFERRAL FOR OFFICE BUILDINGS A MINIMUM OF 50,000 SQUARE FEET AND ON THE HIGHWAY 7 AND YONGE STREET REGIONAL CORRIDOR – PILOT PROGRAM

**POLICY NO.:** 12.C.06

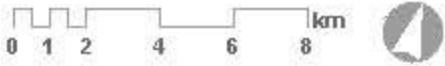
<b>Procedural Document:</b>	Appendix 1 – Highway 7 Yonge Map
<b>Revision History</b>	
<b>Date:</b>	<b>Description:</b>
Click or tap to enter a date.	
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Click or tap to enter a date.	





- Regional Centre
- Regional Corridor
- Highway 7 and Yonge Street Regional Corridor

- BASE MAP INFORMATION**
- Provincial Freeway
  - Provincial Highway
  - Road
  - Railway
  - Municipal Boundary
  - Regional Boundary
  - Urban Area
  - Towns and Villages



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Corporate Services Department  
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Boundaries and Water Features



November 1, 2019

Memorandum to: Shirley Kam  
City of Vaughan

From: Peter Norman, VP and Chief Economist & Carlos Forte, Senior Consultant  
Altus Group Economic Consulting

**Subject: Economic Impact Statement, Community Improvement Plan Project Areas  
in Vaughan, Ontario**

**Our File: P-6224**

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The City of Vaughan has designated the Vaughan Metropolitan Centre (VMC) and Weston Road and Highway 7 (Weston 7) as Community Improvement Project (CIP) Areas. CIP Areas are areas designated for development such as enhanced recreational and cultural facilities, parks and open spaces, property and building stock upgrades, and higher densities to support planned transit facilities.

The City of Vaughan approached Altus Group Economic Consulting to undertake an analysis of the economic benefits arising from the development and operational activities arising from and within the designated CIP Areas of Vaughan Metropolitan Centre and Weston Road and Highway 7 in the City of Vaughan.

This memo presents the estimated economic benefits and government revenue that could be attributed to:

- VMC and Weston 7 development and redevelopment activities during the 2015-2020 period; and
- VMC development and redevelopment activities that are expected to take place during the period 2021-2041.

The CIP Areas economic impacts are presented with a breakdown for residential development, retail development, office development and institutional development as follows:

- The economic and fiscal impacts of the one-time construction phase of actual (2015-2020) development and redevelopment activities;
- The single-year economic and fiscal impacts of the on-going operations of commercial activity resulting from CIP projects after actual (2015-2020) construction;
- The economic and fiscal impacts of the one-time construction phase of expected (2021-2041) development and redevelopment activities; and
- The single-year economic and fiscal impacts of the on-going operations of commercial activity resulting from CIP projects after expected (2021-2041) construction.

For both the VMC and Weston 7, actual (2015-2020) development and redevelopment activities were classified as those “developments that were under construction or built” during the period 2015-2020,



while for the VMC, the number of square feet of building space by type was estimated based on planned development targets for the 2021-2041 forecast period. No 2021-2041 development scenarios were forecasted for Weston 7.

## **VAUGHAN METROPOLITAN AREA CIP AREA**

The construction and operation of new residential, commercial and institutional space within Vaughan Metropolitan Area during 2015-2020 equates to investment of \$5.1 billion during the construction phase of the projects and an estimated annual expenditure of some \$447.5 million once developments are fully operational.

Construction hard costs were estimated as follows:

- New development activity will provide about 7.2 million sq. ft. at a total building construction cost estimated at \$3.5 billion;
- Almost 6,700 parking stalls will likely be provided at an estimated construction costs of about \$346.3 million;
- Land development and site servicing costs were estimated at \$166.8 million, about 3.5% of the combined costs of building construction and professional soft costs such as architectural, engineering, financing and legal fees;
- Professional soft costs of \$1.2 billion were assumed to be about 35% of the total investment value of all construction activity, typical of the type of construction proposed.

The construction and operation of new residential, commercial and institutional space within Vaughan Metropolitan Area during 2020-2041 forecast period equates to investment of about \$9.6 billion during the construction phase of the projects and an estimated annual expenditure of some \$1.7 billion once developments are fully operational.

Construction hard costs were estimated as follows:

- New development activity will provide about 12.6 million sq. ft. and a total investment in building construction estimated at \$6.6 billion;
- About 23,200 parking stalls will likely be provided at an estimated construction costs of about \$1.3 billion;
- Land development and site servicing costs were estimated at \$316.7 million, about 3.5% of the combined costs of building construction and professional soft costs such as architectural, engineering, financing and legal fees;
- Professional soft costs of \$2.4 billion were assumed to be about 35% of the total investment value of all construction activity, typical of the type of construction proposed.

Figure 1

Vaughan Metropolitan Centre Development Summary Statistics				
	GFA (sq. ft.)	Units/Stalls	Sq. Ft. per Employee	Estimated Construction Value \$M
<b>2015-2020</b>				
Residential	6,528,929	7,071		2,970.7
Office	392,929		120	157.2
Retail	178,143		400	28.2
Institutional	113,000		675	32.2
Sub Total	7,213,001	7,071		3,188.3
Above Ground Parking Stalls		1,385		51.2
Underground Parking Stalls		5,364		295.0
Sub Total		6,749		346.3
<b>2020-2044</b>				
Residential	9,807,535	10,929		4,462.4
Office	1,857,071		120	742.8
Retail	946,857		400	142.0
Institutional	-		675	-
Sub Total	12,611,463	10,929		5,347.3
Above Ground Parking Stalls		-		-
Underground Parking Stalls		23,214		1,276.8
Sub Total		23,214		1,276.8

Source: Altus Group Economic Consulting based on data provided by client

## ECONOMIC BENEFITS ASSOCIATED WITH CONSTRUCTION AND DEVELOPMENT ACTIVITIES 2015-2020

Construction and development activities related to the VMC during the period 2015-2020 will deliver tremendous economic benefits by generating:

- About 45,500 person-years of direct, indirect and induced employment (about 7,600 jobs per year during the six-year period);
  - 25,000 jobs of which will be generated in the city of Vaughan;
- About \$9.1 billion in direct, indirect and induced economic activity;
  - \$5.0 billion of which is estimated to take place in the city of Vaughan;
- About \$4.8 billion in net contribution to GDP;
  - \$2.6 billion of which is estimated to take place in the city of Vaughan;
- About \$3.1 billion in personal income tied to the creation of direct, indirect and induced jobs;

- \$1.7 billion of which is estimated to take place in the city of Vaughan;
- Some \$1.7 billion in operating business earnings; and
  - \$921.4 million of which is estimated to take place in the city of Vaughan;
- Some \$1.9 billion in tax revenues and other charges for various levels of government (See Figure 2, Figure 3 and Figure 4).
  - Some \$1.0 billion in personal and business taxes;
  - Some \$279.2 million in land transfer tax (LTT), and harmonized sales tax (HST);
  - \$512.9 million in development charges; and
  - \$10.4 million in building fees.

Direct jobs and economic activity will result from the construction of the residential and non-residential buildings, construction of parking spaces, and the site servicing of the property, including demolition. Land development and infrastructure such as streetscapes and utilities, in addition to activity associated with the 'soft costs' of construction will also contribute to direct jobs and economic activity. Construction 'soft costs' include costs related to planners, architects, City staff and other activities directly tied to the investments planned for the subject site.

Tax revenues and other charges for various levels of government include personal and business income taxes and well as property taxes, provincial land transfer taxes, HST and other indirect taxes, charges and fees. Indirect taxes on production include CPP and EI contributions, and an array of municipal fees and taxes such as building permit fees, application fees, and development charges.

The city of Vaughan stands to gain up to 55% of the economic benefits generated from the construction phase of the projects in the VMC, including an addition \$5.0 billion in economic activity. The economic benefits, which will accrue to the city of Vaughan from the construction of various projects in the VMC approximates to the direct benefits that the various projects will generate for Ontario.

**Figure 2**

**Estimated Economic Benefits of Vaughan Metropolitan Centre: Construction and Development Activities, 2015-2020**

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development			
					Residential	Office	Retail	Institutional
Economic Activity (\$millions)	5,056.4	2,339.2	1,672.5	9,068.1	8,432.9	475.8	66.1	93.4
Gross Domestic Product (\$millions)	2,627.9	1,187.5	982.6	4,798.0	4,448.1	263.4	35.2	51.4
Number of Jobs*	24,757	11,840	8,895	45,491	42,018	2,610	353	510
Wages (\$millions)	1,870.0	788.3	458.8	3,117.1	2,882.4	176.7	23.6	34.5
Business Earnings (\$millions)	811.6	403.8	459.8	1,675.2	1,561.8	85.6	11.1	16.6
Tax Revenue (\$millions)								
Personal & Business Income Taxes				1,048.4	968.3	60.1	8.1	11.8
Municipal Taxes, Charges & Fees				523.3	495.1	10.8	12.8	4.6
Other Government Revenues (Land Transfer Taxes, HST)				279.2	275.4	2.1	1.4	0.3
<b>Total Government Revenues</b>				<b>1,850.9</b>	<b>1,738.9</b>	<b>73.0</b>	<b>22.3</b>	<b>16.7</b>

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

**Figure 3**

**Summary of Estimated Construction Economic Benefits for Vaughan Metropolitan Centre, 2015-2020**

One-Time Benefits	Total	Residential	Office	Retail	Institutional
<b>Development Charges</b>			<i>Dollars (000,000s)</i>		
City of Vaughan	209.1	204.2	0.7	2.5	1.6
Region of York	253.4	232.0	9.0	9.8	2.6
Education	50.3	49.5	0.4	0.2	0.1
<b>Total</b>	<b>512.9</b>	<b>485.8</b>	<b>10.2</b>	<b>12.6</b>	<b>4.3</b>
<b>Building Permit Fees</b>			<i>Dollars (000,000s)</i>		
City of Vaughan	10.4	9.3	0.6	0.2	0.2

Source: Altus Group Economic Consulting

**Figure 4**

**Summary of Land Transfer Taxes for Vaughan Metropolitan Centre, 2015-2020**

Land Transfer Taxes	Total	Residential	Office	Retail	Institutional
			<i>Dollars (000,000s)</i>		
<b>Total</b>	<b>65.3</b>	<b>61.5</b>	<b>2.1</b>	<b>1.4</b>	<b>0.3</b>

Source: Altus Group Economic Consulting

## **ECONOMIC BENEFITS ASSOCIATED WITH ON-GOING OPERATIONS 2015-2020**

### **Economic Activity, Jobs, Earnings and Government Revenues**

A range of economic benefits are expected from the on-going operations at VMC developments once completed.

This section contains estimates of the jobs, economic activity, business earning and government revenues that are likely to be sustained or generated annually as a result of the retail spending, property management fees and other commercial activity that will be created from the other retail, office, residential and recreational spending associated with the various CIP developments in the VMC.

A significant amount of those economic benefits will result from consumer spending at the retail space provided in VMC developments, and retail spending from residents.

The city of Vaughan is expected to account for some 90% of the economic benefits from the on-going operations of the VMC.

The on-going operation of the proposed development (for a single-year) will generate:

- Approximately 18,500 person-years of direct, indirect and induced employment;
- About \$914.4 million in direct, indirect and induced economic activity;
- Some \$485.8 million in total net contribution to GDP;
- About \$311.0 million in personal income from the creation of direct, indirect and induced jobs;
- Some \$101.8 million in total operating business earnings; and
- Approximately \$333.5 million in property, business and income tax revenues for all levels of government (See Figure 5, and Figure 6).
  - Some \$93.2 million in personal and business taxes; and
  - \$240.2 million in property taxes.

**Figure 5**

**Estimated Economic Benefits of the Vaughan Metropolitan Centre: 2015-2020  
On-going Operations (Single-Year)**

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development			
					Residential	Office	Retail	Institutional
Economic Activity (\$millions)	447.5	225.8	241.2	914.4	303.0	514.0	71.7	25.8
Gross Domestic Product (\$millions)	257.4	126.4	101.9	485.8	173.9	258.1	40.9	12.9
Number of Jobs*	6,216	1,230	11,047	18,494	3,082	14,034	664	715
Wages (\$millions)	199.6	71.1	40.4	311.0	113.4	163.3	26.1	8.2
Business Earnings (\$millions)	14.0	57.5	30.3	101.8	45.5	42.4	11.8	2.0
Tax Revenue (\$millions)								
Personal & Business Income Taxes				93.2	15.5	70.8	3.3	3.6
Municipal Taxes (Property Taxes)				240.2	237.4	1.7	1.1	-
Total Government Revenues				333.5	252.9	72.4	4.5	3.6

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

**Figure 6**

**Summary of Estimated On-going Economic Benefits for Vaughan Metropolitan Centre, 2015-2020**

On-going Benefits	Total	Residential	Office	Retail	Institutional
<b>Assessment Base and Property Tax Revenues</b>					
Estimated Assessment Value for 2019 Property Taxation	4,448.4	4,272.5	104.9	71.0	N/A
Annual Property Tax Associated with Development at Build-Out					
<i>Dollars (000,000s)</i>					
City of Vaughan	78.2	77.7	0.3	0.2	N/A
Region of York	84.3	83.5	0.5	0.3	N/A
Education	77.8	76.1	1.0	0.7	N/A
Total	240.2	237.4	1.7	1.1	N/A

Source: Altus Group Economic Consulting

## ECONOMIC BENEFITS ASSOCIATED WITH CONSTRUCTION AND DEVELOPMENT ACTIVITIES 2021-2041

Construction and development activities related to the VMC during the period 2015-2019 will deliver tremendous economic benefits by generating:

- About 87,000 person-years of direct, indirect and induced employment (about 4,100 jobs per year during the 21-year period);
  - 47,900 jobs of which will be generated in the city of Vaughan;
- About \$17.3 billion in direct, indirect and induced economic activity;

- \$9.5 billion of which is estimated to take place in the city of Vaughan;
- About \$9.2 billion in net contribution to GDP;
  - \$5.0 billion of which is estimated to take place in the city of Vaughan;
- About \$6.0 billion in personal income tied to the creation of direct, indirect and induced jobs;
  - \$3.3 billion of which is estimated to take place in the city of Vaughan;
- Some \$3.2 billion in operating business earnings; and
  - \$1.7 billion of which is estimated to take place in the city of Vaughan;
- Some \$3.4 billion in tax revenues and other charges for various levels of government (See Figure 7, Figure 8 and Figure 9).
  - Some \$2.0 million in personal and business taxes;
  - Some \$500.9 million in land transfer tax (LTT) and harmonized sales tax (HST);
  - \$868.3 million in development charges; and
  - \$18.1 million in building fees.

Direct jobs and economic activity will result from the construction of the residential and non-residential buildings, construction of parking spaces, and the site servicing of the property, including demolition. Land development and infrastructure such as streetscapes and utilities, in addition to activity associated with the 'soft costs' of construction will also contribute to direct jobs and economic activity. Construction 'soft costs' include costs related to planners, architects, City staff and other activities directly tied to the investments planned for the subject site.

Tax revenues and other charges for various levels of government include personal and business income taxes and well as property taxes, provincial land transfer taxes, HST and other indirect taxes, charges and fees. Indirect taxes on production include CPP and EI contributions, and an array of municipal fees and taxes such as building permit fees, application fees, and development charges.

The city of Vaughan stands to account for up to 55% of the economic benefits generated from the construction phase of the projects in the VMC, including an addition \$9.5 billion in economic activity during the 2021-2041 21-year period. The economic benefits, which are estimated to accrue to the city of Vaughan from the construction of various projects that are forecasted to take place in the VMC approximates to the direct benefits that the various projects will generate for Ontario.

Figure 7

**Estimated Economic Benefits of Vaughan Metropolitan Centre: Construction and Development Activities, 2021-2041**

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development		
					Residential	Office	Retail
Economic Activity (\$millions)	9,574.6	4,438.4	3,237.2	17,250.2	14,336.4	2,533.6	380.2
Gross Domestic Product (\$millions)	4,984.3	2,265.4	1,902.0	9,151.7	7,555.6	1,394.5	201.6
Number of Jobs*	46,843	22,713	17,475	87,030	71,288	13,736	2,005
Wages (\$millions)	3,597.1	1,503.4	888.1	5,988.6	4,917.6	936.0	135.0
Business Earnings (\$millions)	1,487.9	773.5	890.1	3,151.5	2,633.5	454.1	63.9
Tax Revenue (\$millions)							
Personal & Business Income Taxes				1,998.9	1,637.4	315.5	46.1
Municipal Taxes, Charges & Fees				886.4	767.4	50.9	68.1
Other Government Revenues (Land Transfer Taxes, HST)				500.9	483.6	9.9	7.4
<b>Total Government Revenues</b>				<b>3,386.2</b>	<b>2,888.3</b>	<b>376.3</b>	<b>121.6</b>

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Figure 8

**Summary of Estimated Construction Economic Benefits for Vaughan Metropolitan Centre, 2021-2041**

One-Time Benefits	Total	Residential	Office	Retail	Institutional
<b>Development Charges</b>			<i>Dollars (000,000s)</i>		
City of Vaughan	333.4	316.3	3.5	13.5	0.0
Region of York	455.2	360.5	42.5	52.2	0.0
Education	79.7	76.6	2.1	1.1	0.0
<b>Total</b>	<b>868.3</b>	<b>753.4</b>	<b>48.1</b>	<b>66.8</b>	<b>0.0</b>
<b>Building Permit Fees</b>			<i>Dollars (000,000s)</i>		
City of Vaughan	18.1	14.0	2.8	1.3	0.0

Source: Altus Group Economic Consulting

Figure 9

**Summary of Land Transfer Taxes for Vaughan Metropolitan Centre, 2021-2041**

Land Transfer Taxes	Total	Residential	Office	Retail	Institutional
			<i>Dollars (000,000s)</i>		
<b>Total</b>	<b>170.3</b>	<b>153.0</b>	<b>9.9</b>	<b>7.4</b>	<b>0</b>

Source: Altus Group Economic Consulting



## **ECONOMIC BENEFITS ASSOCIATED WITH ON-GOING OPERATIONS 2021-2041**

### **Economic Activity, Jobs, Earnings and Government Revenues**

A range of economic benefits are expected from the on-going operations at VMC developments once completed.

This section contains estimates of the jobs, economic activity, business earning and government revenues that are likely to be sustained or generated annually as a result of the retail spending, property management fees and other commercial activity that will be created from the other retail, office, residential and recreational spending associated with the various CIP developments in the VMC.

A significant amount of those economic benefits will result from consumer spending at the retail space provided in VMC developments, and retail spending from residents.

The city of Vaughan is expected to account for some 90% of the economic benefits from the on-going operations of the VMC.

The on-going operation of the proposed development (for a single-year) will generate:

- Approximately 77,500 person-years of direct, indirect and induced employment;
- About \$3.5 billion in direct, indirect and induced economic activity;
- Some \$1.9 billion in total net contribution to GDP;
- About \$1.2 billion in personal income from the creation of direct, indirect and induced jobs;
- Some \$365.1 million in total operating business earnings; and
- Approximately \$653.3 million in property, business and income tax revenues for all levels of government (See Figure 10, and Figure 11).
  - Some \$350.8 million in personal and business taxes; and
  - \$302.5 million in property taxes.

Figure 10

**Estimated Economic Benefits of the Vaughan Metropolitan Centre: 2021-2041  
On-going Operations (Single-Year)**

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development		
					Residential	Office	Retail
Economic Activity (\$millions)	1,710.6	862.4	962.1	3,535.1	777.1	2,405.8	352.1
Gross Domestic Product (\$millions)	985.6	483.2	386.3	1,855.1	446.2	1,207.2	201.6
Number of Jobs*	23,816	4,692	48,978	77,486	7,913	66,202	3,371
Wages (\$millions)	767.5	271.4	147.9	1,186.8	291.0	765.2	130.6
Business Earnings (\$millions)	46.5	219.9	98.7	365.1	116.5	193.9	54.6
Tax Revenue (\$millions)							
Personal & Business Income Taxes				350.8	35.8	299.7	15.3
Municipal Taxes (Property Taxes)				302.5	285.5	9.7	7.2
Total Government Revenues				653.3	321.3	309.5	22.5

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Figure 11

**Summary of Estimated On-going Economic Benefits for Vaughan Metropolitan Centre, 2021-2041**

On-going Benefits	Total	Residential	Office	Retail	Institutional
<b>Assessment Base and Property Tax Revenues</b>					
<i>Dollars (000,000s)</i>					
Estimated Assessment Value for 2019 Property Taxation	12,235.3	11,186.0	600.9	448.3	N/A
<b>Annual Property Tax Associated with Development at Build-Out</b>					
<i>Dollars (000,000s)</i>					
City of Vaughan	94.1	91.4	1.5	1.1	N/A
Region of York	111.3	106.8	2.6	1.9	N/A
Education	97.0	87.3	5.6	4.2	N/A
Total	302.5	285.5	9.7	7.2	N/A

Source: Altus Group Economic Consulting

## WESTON ROAD & HIGHWAY 7 CIP AREA

The construction and operation of new residential, commercial and institutional space within Weston Road & Highway 7 CIP Area from 2015-2020 could result in investment of about \$690.7 million during the construction phase of development projects and an estimated annual expenditure of some \$147.9 million once those developments are fully operational.

Construction hard costs were estimated as follows:

- New development activity will provide almost 1 million sq. ft. and a total investment in building construction estimated at \$476.8 million;
- Almost 1,600 parking stalls will likely be provided at an estimated construction costs of about \$81.6 million;
- Land development and site servicing costs were estimated at \$22.9 million, about 3.5% of the combined costs of building construction and professional soft costs such as architectural, engineering, financing and legal fees;
- Professional soft costs of \$176.1 million were assumed to be about 35% of the total investment value of all construction activity, typical of the type of construction proposed.

Figure 12

Weston Road & Highway 7 Centre Development Summary Statistics				
	GFA (sq. ft.)	Units/Stalls	Sq. Ft. per Employee	Estimated Construction Value \$M
<b>2015-2020</b>				
Residential	672,193	783		305.8
Office	185,657		120	74.3
Retail	100,216		400	15.0
Institutional	-		675	-
Sub Total	958,066	783		395.1
Above Ground Parking Stalls		341		12.6
Underground Parking Stalls		1,255		69.0
Sub Total		1,596		81.6
<b>2020-2044</b>				
Residential	6,420,335	5,791		2,921.3
Office	136,703		120	54.7
Retail	547,888		400	82.2
Institutional	231,426		675	64.2
Sub Total	7,336,351	5,791		3,122.3
Above Ground Parking Stalls		-		-
Underground Parking Stalls		6,155		338.5
Sub Total		6,155		338.5

Source: Altus Group Economic Consulting based on data provided by client

## **Economic Benefits associated with Construction and Development Activities 2015-2020**

Construction and development activities related to Weston 7 during the period 2015-2019 will deliver tremendous economic benefits by generating:

- About 6,300 person-years of direct, indirect and induced employment (about 300 jobs per year during the 21-year period);
  - 3,500 jobs of which will be generated in the city of Vaughan;
- About \$1.2 billion in direct, indirect and induced economic activity;
  - \$684.0 million of which is estimated to take place in the city of Vaughan;
- About \$661.9 million in net contribution to GDP;
  - \$364.1 billion of which is estimated to take place in the city of Vaughan;
- About \$433.7 million in personal income tied to the creation of direct, indirect and induced jobs;
  - \$238.5 million of which is estimated to take place in the city of Vaughan;
- Some \$227.2 million in operating business earnings; and
  - \$125.0 million of which is estimated to take place in the city of Vaughan;
- Some \$239.3 million in tax revenues and other charges for various levels of government (See Figure 13, Figure 14 and Figure 15).
  - Some \$144.4 million in personal and business taxes;
  - Some \$32.6 million in land transfer tax (LTT), and harmonized sales tax (HST);
  - \$60.9 million in development charges; and
  - \$1.4 million in building fees.

Direct jobs and economic activity will result from the construction of the residential and non-residential buildings, construction of parking spaces, and the site servicing of the property, including demolition. Land development and infrastructure such as streetscapes and utilities, in addition to activity associated with the 'soft costs' of construction will also contribute to direct jobs and economic activity. Construction 'soft costs' include costs related to planners, architects, City staff and other activities directly tied to the investments planned for the subject site.

Tax revenues and other charges for various levels of government include personal and business income taxes and well as property taxes, provincial land transfer taxes, HST and other indirect taxes, charges and fees. Indirect taxes on production include CPP and EI contributions, and an array of municipal fees and taxes such as building permit fees, application fees, and development charges.

The city of Vaughan stands to account for up to 55% of the economic benefits generated from the construction phase of the projects in the Weston 7 CIP Area, including an addition \$684.0 million in economic activity. The economic benefits, which will accrue to the city of Vaughan from the construction of various projects in the Weston 7 CIP approximates to the direct benefits that the various projects will generate for Ontario.

**Figure 13** Estimated Economic Benefits of Weston Road & Highway 7 Centre: Construction and Development Activities, 2015-2020

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development		
					Residential	Office	Retail
Economic Activity (\$millions)	690.7	318.4	234.4	1,243.6	958.4	246.3	38.8
Gross Domestic Product (\$millions)	361.4	162.8	137.7	661.9	505.6	135.7	20.6
Number of Jobs*	3,408	1,639	1,269	6,316	4,772	1,339	205
Wages (\$millions)	261.4	108.0	64.3	433.7	328.8	91.1	13.8
Business Earnings (\$millions)	107.1	55.7	64.5	227.2	176.5	44.2	6.5
Tax Revenue (\$millions)							
Personal & Business Income Taxes				144.4	109.1	30.6	4.7
Municipal Taxes, Charges & Fees				62.3	50.0	5.1	7.2
Other Government Revenues (Land Transfer Taxes, HST)				32.6	30.8	1.0	0.8
<b>Total Government Revenues</b>				<b>239.3</b>	<b>189.9</b>	<b>36.7</b>	<b>12.7</b>

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

**Figure 14**

**Summary of Estimated Construction Economic Benefits for Weston Road and Highway 7, 2015-2019**

One-Time Benefits	Total	Residential	Office	Retail	Institutional
<b>Development Charges</b>					
City of Vaughan	22.1	20.3	0.4	1.4	0
Region of York	33.0	23.2	4.2	5.5	0
Education	5.8	5.5	0.2	0.1	0
<b>Total</b>	<b>60.9</b>	<b>49.0</b>	<b>4.8</b>	<b>7.1</b>	<b>0</b>
<b>Building Permit Fees</b>					
City of Vaughan	1.4	1.0	0.3	0.1	0

Source: Altus Group Economic Consulting

**Figure 15**

Land Transfer Taxes	Total	Residential	Office	Retail	Institutional
<b>Total</b>	<b>8.9</b>	<b>7.2</b>	<b>1.0</b>	<b>0.8</b>	<b>0</b>

Source: Altus Group Economic Consulting

## **ECONOMIC BENEFITS ASSOCIATED WITH ON-GOING OPERATIONS 2015-2020**

### **Economic Activity, Jobs, Earnings and Government Revenues**

A range of economic benefits are expected from the on-going operations at Weston 7 developments once completed.

This section contains estimates of the jobs, economic activity, business earning and government revenues that are likely to be sustained or generated annually as a result of the retail spending, property management fees and other commercial activity that will be created from the other retail, office, residential and recreational spending associated with the various CIP developments in the Weston 7 CIP Area.

A significant amount of those economic benefits will result from consumer spending at the retail space provided in Weston 7 developments, and retail spending from residents.

The city of Vaughan is expected to account for some 90% of the economic benefits from the on-going operations of the VMC.

The on-going operation of the proposed development (for a single-year) will generate:

- Approximately 7,300 person-years of direct, indirect and induced employment;
- About \$309.1 million in direct, indirect and induced economic activity;
- Some \$160.1 million in total net contribution to GDP;
- About \$102.3 million in personal income from the creation of direct, indirect and induced jobs;
- Some \$29.5 million in total operating business earnings; and
- Approximately \$34.7 million in property, business and income tax revenues for all levels of government (See Figure 16, and Figure 17).
  - Some \$29.8 million in personal and business taxes; and
  - \$4.9 million in property taxes.

Figure 16

**Estimated Economic Benefits of Weston Road & Highway 7 Centre: 2015-2020, On-going Operations (Single-Year)**

	Direct	Indirect	Induced	Total	Total Impacts by Type of Development		
					Residential	Office	Retail
Economic Activity (\$millions)	147.9	74.5	86.7	309.1	33.9	239.3	35.9
Gross Domestic Product (\$millions)	85.3	41.8	33.0	160.1	19.5	120.0	20.6
Number of Jobs*	2,059	405	4,843	7,306	345	6,612	350
Wages (\$millions)	66.6	23.4	12.2	102.3	12.7	76.1	13.4
Business Earnings (\$millions)	3.6	19.0	6.9	29.5	5.1	19.0	5.4
Tax Revenue (\$millions)							
Personal & Business Income Taxes				29.8	1.4	27.0	1.4
Municipal Taxes (Property Taxes)				4.9	3.5	0.8	0.6
Total Government Revenues				34.7	4.9	27.8	2.1

\* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Figure 17

**Summary of Estimated On-going Economic Benefits for Weston Road and Highway 7, 2015-2019**

Ongoing Benefits	Total	Residential	Office	Retail	Institutional
<b>Assessment Base and Property Tax Revenues</b>					
<i>Dollars (000,000s)</i>					
Estimated Assessment Value for 2019 Property Taxation	585.4	495.9	49.6	39.9	N/A
<b>Annual Property Tax Associated with Development at Build-Out</b>					
<i>Dollars (000,000s)</i>					
City of Vaughan	1.2	1.0	0.1	0.1	N/A
Region of York	2.1	1.7	0.2	0.2	N/A
Education	1.6	0.8	0.5	0.4	N/A
Total	4.9	3.5	0.8	0.6	N/A

Source: Altus Group Economic Consulting

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# The Regional Municipality of York

Committee of the Whole  
Planning and Economic Development  
October 10, 2019

Report of the Commissioner of Finance, the Commissioner of Corporate Services  
and the Chief Planner

## Large Office Building Development Charge Deferral Pilot Program

### 1. Recommendations

1. Council approve a pilot incentive program to encourage large office buildings through:
  - a. Aligning the Region's existing development charge deferral for office buildings (Attachment 1) with the provisions of the *More Homes More Choice Act, 2019*, and
  - b. Introducing a new time-limited policy that provides an interest-free, long-term development charge deferral for qualified office buildings in Regional Centres and Corridors, as set out in the accompanying draft policy (Attachment 2).
2. Staff report back to Council, prior to the end of this Council term, on the results of the pilot incentive program.
3. The Regional Clerk circulate this report to the local municipalities, the Building Industry and Land Development Association – York Chapter (BILD), and all other industry stakeholders consulted in the development of this incentive program.

### 2. Summary

In June 2019, Council authorized staff to consult with stakeholders on potential financial incentives to help promote major office development in Regional Centres and Corridors. This report updates Council on the results of that consultation and recommends a development charge deferral policy be implemented, as a three year pilot project.

#### Key Points:

- Office development, particularly in Centres and Corridors, is important to the Region's competitiveness, city building initiatives, and financial sustainability
- In recent years, a number of the Region's local and neighbouring municipalities have introduced financial incentives for office development
- Over the summer, staff consulted with industry stakeholders and local municipalities on potential financial incentives



- Most industry stakeholders indicated that financial incentives may help in facilitating major office development in the Regional Centres and Corridors
- Some stakeholders supported extending any incentives to proposed Major Transit Station Areas outside of the Regional Centres and Corridors
- A new time-limited development charge deferral is recommended to incentivize large office buildings in the Regional Centres and Corridors
- If approved, the ability to take advantage of the deferral would begin at Council approval and end three (3) years later, and staff would report back to Council prior to the end of this Council term on the results of the pilot incentive program
- At the request of a municipality, Council could consider applying this incentive to an office building in a Major Transit Station Area outside of Regional Centres and Corridors if it otherwise meets the criteria set out in Attachment 2

### **3. Background**

#### **Major office development in the Regional Centres and Corridors is important to the Region's competitiveness, city building initiatives, and fiscal sustainability**

Office developments support the Region's prosperity, and provide a built form that allows intensification of workers easily served by transit. They are an integral part of vibrant, accessible, multi-use downtowns, such as Regional Centres and Corridors. Larger office buildings often serve as headquarters and research centres for domestic and global corporations and enhance the attractiveness of a location.

Regional Centres are planned as the most intense concentrations of development within the Region, integrated with rapid transit, and include: Markham Centre, Richmond Hill/Langstaff Gateway, Vaughan Metropolitan Centre, and Newmarket Centre. The Corridors are: Highway 7 Corridor, Yonge Street Corridor, Davis Drive Corridor, and the Green Lane Corridor. The Cities of Vaughan, Markham and Richmond Hill as well as the Towns of East Gwillimbury, Aurora, and Newmarket all have lands in Regional Centres and Corridors.

Major Transit Station Areas generally refer to areas including and around existing and planned higher order transit stations (subway, Bus Rapid Transit and GO Rail). The Region's Official Plan will delineate and set minimum density targets for Major Transit Station Areas through the Regional Municipal Comprehensive Review process. Major Transit Station Areas may also become important focal points for major office development, as part of the Region's objective to achieve complete communities.

#### **York Region is attracting new office jobs, but this growth is not translating into new major office space**

The Region's office job growth since 2012 is in line with Growth Plan projections. However, major office space development over the same period has fallen short of projections. This is likely a result of office jobs being accommodated in converted industrial space, and

decreases in office space per worker due to the changing nature of how jobs are delivered (e.g., telework and flex-space).

### **Toronto continues to dominate new supply of major Class A office space**

Class A office space typically locates around major infrastructure such as the subway or transportation hubs. Since 2012, the City of Toronto has become more dominant with respect to new major office construction, and has accounted for just over half of all the office space built in the Greater Toronto Area ("GTA"). Toronto's share of new major office building space under construction has increased to roughly three quarters of the GTA total. Downtown Toronto accounts for 84% of office buildings greater than 250,000 square feet built since 2012, and 100% (totalling 5 million square feet) of buildings in this size range under construction.

There is a lack of immediately available Class A office, greater than 100,000 square feet in the Region to attract or retain major tenants. Of the formal office proposal applications currently under review across the Region, 30 office buildings are at some stage of the development process. These buildings total just over 2.8 million square feet of new space, however, almost three quarters of them are located outside of the Region's Centres and Corridors, and none are over 250,000 square feet in size.

### **Some of the Region's local and neighbouring municipalities offer financial incentives to attract office development**

In recent years, several of the Region's local and neighbouring municipalities started to offer property incentives (e.g., property tax grants) and development charge reductions (discounts or exemptions) to help facilitate office development (details in Attachment 3). Other than Toronto and Halton Region, most incentive programs are in their early stages, and their efficacy has not yet been assessed. Nonetheless, preliminary analysis suggests that local municipal incentives may not be fully effective without Regional participation.

### **Bill 108, *More Homes, More Choice Act, 2019*, will change how development charges are levied for office development**

On June 6, 2019, Bill 108, *More Homes, More Choice Act, 2019* (Bill 108), received Royal Assent. Bill 108 amends the *Development Charges Act, 1997* allowing developers to lock in development charge rates at the time of site plan or zoning amendment application. Eligible non-residential developments, including offices, would delay development charge payment until the earlier of occupancy permit or first occupancy. Payment would be phased over the ensuing five years. Under the regulatory framework proposed by the Ministry, virtually all types of office development would qualify for the delayed and phased payment regime. On September 26, 2019 Regional Council approved a memorandum summarizing the response by staff on the proposed regulatory framework associated with the changes to the *Act*.

Bill 108 affects all 444 municipalities in Ontario. The changes to the treatment of office development do not target specific locations, nor do they encourage larger offices.

## **In June 2019, Council authorized staff to consult with stakeholders on potential financial incentives**

On June 27, 2019, Council approved the, "Potential Financial Incentives for Office Buildings" report. The report recommended staff consult with stakeholders on potential office incentives in Regional Centres and Corridors to help achieve the following outcomes:

- Encourage 'place-making' in the Regional Centres and Corridors through a mix of uses
- Promote live/work and transit within York Region
- Increase the size of proposed office buildings in the current pipeline and promote additional major office building applications
- Generate new speculative office space to satisfy GTA-wide demand
- Minimize impact on the Region's tax levy

## **4. Analysis**

### **During the summer, staff consulted with stakeholders on potential incentives**

On July 31, 2019, the Commissioner of Finance and the Chief Planner held a half day consultation with over forty industry and local municipal stakeholders. The consultation included Regional and local planning and finance staff from all nine local municipalities. External participants included, Building Industry and Land Development Association – York Chapter, office and mixed-use developers, local Chambers of Commerce, and commercial real estate brokerages. This facilitated discussion sought feedback on:

- Barriers and challenges to large speculative office development in York Region
- Potential office incentives, and ways to work collectively to achieve more large office developments in Regional Centres and Corridors

### **Stakeholders expressed support for targeted incentives to facilitate increased office development in Regional Centres and Corridors**

Most stakeholders indicated some form of financial relief may be helpful in facilitating office development, both within Centres and Corridors and throughout the Region. Stakeholders indicated building speculative office development is challenging in the Region due to the high cost of land, government fees, construction costs and potential rents. Stakeholders who build both residential and non-residential product, indicated residential development offers lower risk and faster return. Participants also suggested it is unlikely Bill 108 will be enough to facilitate larger offices in Centres and Corridors, and any Regional fee deferral must be 'better' and longer. Finally, some stakeholders did indicate financial incentives would not likely change market conditions.

Stakeholders were most supportive of a targeted development charge or property tax relief linked to the investment made by the developer (i.e., as the office gets bigger the incentive gets better). A Community Improvement Plan, under the *Planning Act, 1990*, would be required to provide any grant or waiver of municipal taxes and fees. It was also indicated

non-financial assistance should be considered at both the Regional and local level, including expedited approvals and relaxed parking requirements. Finally, feedback from the consultation indicated any development charge deferral should have the following features: minimum five year deferral, easy to administer, and interest free.

### **Staff reviewed a number of incentives based on stakeholder feedback**

After receiving feedback from the consultation, staff evaluated property tax, development charge and planning fee incentives based on five criteria:

- Can the incentive be targeted: incentives focused on both size and location
- Ability to address stakeholder desired incentives: preferred incentives were property tax grant, development charge discount or exemption, or long-term development charge deferral
- Minimize impact on tax levy: incentive not funded through the tax levy
- Speed of implementation: incentive not requiring a Community Improvement Plan or amendment or update to a development charge bylaw
- Ease of execution: administrative ease, ease of understanding for stakeholders

Table 1 summarizes the evaluation of potential incentives. A long-term development charge deferral scores well on all five of the evaluation criteria.

**Table 1**  
**Evaluation of Potential Regional Incentives**

Potential Regional Incentives	Criteria				
	Can the incentive be targeted	Address stakeholder preference	Minimize impact on tax levy	Speed of implementation	Ease of execution
Property tax grant	✓	✓			
Development charge discount/ exemption	✓	✓			
Long-term development charge deferral	✓	✓	✓	✓	✓
Planning fee waiver	✓				
Planning fee deferral	✓		✓	✓	✓

### **Staff recommend a new time-limited and targeted long-term development charge deferral policy**

Based on feedback received from the consultation and evaluation of the potential incentives in Table 1, staff recommend that a new pilot incentive program be implemented to encourage



larger, speculative office development in Regional Centres and Corridors. Key terms of this development charge deferral are set out below (for additional detail, see Attachment 2):

1. To measure the effectiveness of the policy, the ability to enter into the policy would only be available for three years (pilot) and the eligible gross floor area would be capped at 1.5 million square feet
2. Applies only to office buildings locating in Regional Centres and Corridors
3. Applies only to office buildings in excess of 100,000 square feet
4. Local municipal participation would be required (see Attachment 2 for further details)
5. No interest would be charged
6. Deferral duration would be dependent on size (larger office = longer deferral)

Table 2 below provides further details on the development charge deferral package being recommended.

**Table 2**  
**Recommended Development Charge Deferral for Office Buildings**

Size Threshold*	Duration of development charge deferral available in Regional Centres and Corridors**
Between 100K sq. ft. and 250K sq. ft.	5 year***
Between 250K sq. ft. and 400K sq. ft.	10 year***
Greater than 400K sq. ft.	20 year***

\*It is recommended the threshold be on a per building basis.

\*\*It is recommended the deferral be interest free (see Attachment 2)

\*\*\*Once threshold is crossed, entirety of gross floor area in the office building is deferred

**It is recommended the development charge deferral structure identified in Table 2 also apply to community benefits charges when they are in place**

Based on the proposed regulatory framework released by the Province in June, municipalities have until January 1, 2021 to adopt their first Community Benefits Charges Bylaws. Once a Community Benefits Charges Bylaw is in place, a number of soft services would be recovered through the community benefit charge rather than through regional development charges. These services account for approximately 0.1% of the current Industrial/Office/Institutional (IOI) development charge. It is recommended that the deferral policy apply to community benefits charges beginning when the Region passes, and has in-effect, a new Community Benefits Charges Bylaw.

**The recommended development charge deferral policy provides a more favourable treatment to office developments than the changes under Bill 108**

The recommended development charge deferral policy provides a more favourable treatment to office developments than the changes under Bill 108. Three key differences are:

- the duration of the recommended development charge deferral is longer

- the entirety of the payment is not made until the end of the deferral
- interest would not be charged on the deferred development charges payable

Furthermore, the recommended incentives are further enhanced when factoring in incentives at the local municipal level, including the Tax Increment Equivalent Grants in Vaughan and Richmond Hill, the development charge deferral in Newmarket and the development charge discount in Markham.

### **Over the course of the pilot incentive program, staff will review other options to facilitate large office buildings, including non-financial tools**

The pilot incentive program is proposed to run for three years. During this time, staff propose a more in-depth and coordinated review of other potential actions to attract major office development in the Region's Centres and Corridors. Staff will also review the efficacy of recently introduced incentives in local and neighbouring municipalities. The Region will continue the York Link marketing campaign as a key priority in the Strategic Plan and the Economic Development Action Plan, to be updated later in 2019.

### **Staff will report back to Council prior to the end of this Council term**

If Council were to approve this pilot incentive program, staff recommend a report be brought back to Council, prior to the end of this Council term, on the results of the pilot incentive program and provide a recommendation on whether additional steps should be taken to further facilitate office development in Regional Centres and Corridors. Performance measures could include:

- The number of office buildings currently in the development process that added gross floor area to their proposed development and/or change locations to the Region's Centres and Corridors in order to qualify for the deferral
- The number of new development applications that qualify for the deferrals
- The total amount of development charge collections that have been delayed

### **Council could consider permitting office buildings outside of Centres and Corridors to access the pilot program on a case by case basis if criteria are met**

The recommended pilot development charge deferral policy focuses on the Regional Centres and Corridors to leverage the significant transit investment that have been made. While many draft Major Transit Station Areas in York Region are located in Regional Centres and Corridors, a number of them are located outside. In consultation with, and at the request of a local municipality, Council could consider permitting large office buildings located within Major Transit Station Areas outside of the Regional Centres and Corridors to access the recommended pilot deferral program provided they meet the criteria.

## **Staff also recommend Council align the Region's existing 18-month office development charges deferral with Bill 108 provisions**

In 2010, the Region introduced an 18 month interest-free development charge deferral for office buildings that are 4 storeys or taller. This deferral program is available to developments throughout the Region, and requires the developer provide a letter of credit.

To address Bill 108, staff recommend Council amend the Region's current policy (Attachment 1). The major changes being that, upon proclamation of Bill 108, development charge rates will be set at site plan application or zoning bylaw amendment application and the deferral will begin at the earlier of occupancy permit or first occupancy. It is also recommended this deferral policy apply to community benefits charges beginning when the Region passes, and has in-effect, a new Community Benefits Charges Bylaw.

## **Staff has also developed an incentive program for affordable, purpose-built rental buildings**

Housing is a key factor in attracting new major office developments, as employers want adequate local housing for their workers. Another report on the same Committee agenda entitled, "Purpose-Built Rental Housing Incentives" is recommending financial incentives to facilitate purpose-built rental developments. The development of any new affordable, purpose-built rental, particularly in the Region's Centres and Corridors, could also help attract new office buildings.

## **The recommended incentive program aligns with Vision 2051**

Facilitating the development of major office buildings in the Region's Centres and Corridors, through a targeted development charge deferral policy, is aligned with many of the Region's Vision 2051 goals, including: open and responsive government; liveable cities and complete communities; and a place where everyone can thrive.

## **5. Financial**

### **If there is take up, the proposed incentives would represent a financing cost to the Region but also spur assessment growth**

A development charge deferral is financed as opposed to funded (as is the case with a Tax Increment Equivalent Grant - TIEG). For example, a 20 year development charge deferral for an office of 400,000 square feet (similar to the KPMG building in the City of Vaughan) would cost the Region approximately \$2.8 million over the life of the deferral, but would also generate approximately \$2.8 million in additional property tax revenues (present valued) during the first five years of occupancy. In addition, developments within the Regional Centres and Corridors would optimize the Region's existing services provided. Table 3 quantifies the costs for the recommended incentives for differently sized office buildings.

**Table 3**  
**Potential Financial Implications for Different Sized Buildings**

Size of office building	Present value of cost of deferral (\$ Millions)*	Present value of property tax revenues over first five years (\$ Millions)
5 year deferral – 100,000 square feet	0.2	0.4
10 year deferral – 250,000 square feet	1.2	1.3
20 year deferral – 400,001 square feet	2.8	2.8

\* Assumes current Industrial/Office/Institutional rate of \$22.89 (July 1, 2019). Costs are net of Bill 108 costs. The estimated cost of the proposed deferral program is the foregone interest earned on reserves by deferring development charge collections.

## 6. Local Impact

### **The pilot was developed in consultation with all nine local municipalities**

The recommended pilot was developed in consultation with finance representatives from all nine local municipalities. In addition to the half day meeting held in July, staff had informal consultations with local staff on multiple occasions. These discussions canvassed many areas including; types of financial incentives and potential barriers to the take-up of financial incentives in the local municipalities.

The recommended pilot focuses on office development in the Region's Centres and Corridors. While not all local municipalities have lands located in Centres and Corridors, all could benefit directly or indirectly from increased office development.

At the request of a municipality, Council could consider applying this incentive to an office building in an Major Transit Station Area outside of the Regional Centres and Corridors if it otherwise meets the criteria set out in Attachment 2.

### **Local municipal participation will be required**

Local municipal participation is a long standing principle of Regional financial incentives and will be required for any financial incentives package to be successful. As of the date of this report, four of the Region's local municipalities with lands in the Centres and Corridors also have financial incentives that could be used to facilitate office development.



## 7. Conclusion

### **To encourage large office buildings in the Region's Centres and Corridors a new targeted pilot financial incentive program is being recommended**

Major office development is important to the Region, especially in the Centres and Corridors where significant infrastructure investments have been made. In June 2019, Regional Council authorized staff to consult on potential office incentives in order to help promote office development in these areas. Over the summer, staff consulted with a number of industry stakeholders to develop a development charge deferral. A new, targeted, development charge deferral policy for office buildings in the Region's Centres and Corridors is being recommended. It is proposed that the pilot program run for three years. Staff will report back on the results of the pilot incentive program.

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For more information on this report, please contact Doug Lindeblom, Director, Economic Strategy at 1-877-464-9675 ext. 71503 and/or Edward Hankins, Director, Treasury Office at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Recommended by:

**Paul Freeman, MCIP, RPP**  
Chief Planner

**Laura Mirabella, FCPA, FCA**  
Commissioner of Finance and Regional Treasurer

**Dino Basso**  
Commissioner of Corporate Services

Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

October 2, 2019  
Attachments (3)  
9750252

## **The Regional Municipality of York**

### **Development Charges Deferral for Office Buildings**

Approved By: Council

Approved On:

Last Reviewed: Not applicable

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#### **Policy Statement**

A policy governing the deferral of Regional development charges and area-specific development charges, as the case may be, for office buildings that are a minimum of four (4) storeys that are above grade.

Upon the date a community benefits charges bylaw is adopted by Regional Council and comes into effect, this policy shall include the deferral of the Regional community benefits charges applicable to office buildings.

#### **Application**

This policy is available for office buildings in the Regional Municipality of York subject to the terms and conditions as set out in this policy. In order to be eligible, the development must be a minimum of four (4) storeys that are above grade.

#### **Purpose**

The purpose of this policy is to incentivize the development of office buildings that are a minimum of four (4) storeys and that are above grade. Additional office buildings in the Region could achieve the following benefits:

- Encourage 'place-making' through a mix of uses
- Promote live/work within the Region

- Make better use of significant infrastructure investments made by the Region and local municipalities, including transit
- Help to grow the Region's property assessment base both from the new office development and from the surrounding complementary development due to land use synergy (both residential and non-residential)
- Help to alleviate north-south congestion on the roads network as residents have increased opportunities to work within the Region

## Definitions

**Act:** The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Community Benefits Charges:** The Region's Community Benefits Charges, established by a Community Benefits Charges Bylaw, under Section 37 of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Development:** The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or changing the use thereof from non-residential to residential or from residential to non-residential and includes redevelopment

**Development Charges:** The Region's development charges, including the area-specific wastewater development charges for the Village of Nobleton

**Letter of Credit:** A form of financial security issued by a financial institution that guarantees payment or performance by one or more counterparties to a beneficiary (the Region). At any time, the beneficiary reserves the right to draw upon the security up to a specified total in the event of default or non-delivery

**Office Building:** Means a building or a structure used or designed or intended for use for the practice of a profession, the carrying on of a business or occupation or the conduct of a non-profit organization and shall include but not be limited to the office of a physician, lawyer, dentist, architect, engineer, accountant, real estate or insurance agency, veterinarian, surveyor, appraiser, financial institution, contractor, builder, land developer

**Storey:** A storey must be above grade and is the portion of a building:

- (a) that is situated between the top of any floor and the top of the floor next above it, or
- (b) that is situated between the top of the floor and the ceiling above the floor, if there is no floor above it

**Valuation Date:** This means, for the purposes of Community Benefits Charges, with respect to land that is the subject of development or redevelopment

- (a) the day before the day the building permit is issued in respect of the development or redevelopment, or
- (b) if more than one building permit is required for the development or redevelopment, the day before the day the first permit is issued

## Description

### Terms of the deferral policy

#### A. Development Charges Deferral

Upon site plan approval and prior to building permit issuance, any developer wishing to defer Development Charges for office buildings that are a minimum of four (4) storeys must provide the Region with a Letter of Credit for the Development Charges owed.

For greater clarity, all of the foregoing in Term 'A' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

#### B. Letter of Credit

The submitted Letter of Credit must:

- be printed on letterhead from the issuing financial institution;
- comply with the International Standby Practices (ISP98) or its successor as published by the International Chamber of Commerce;
- be denominated in Canadian dollars in an amount requested by the Region;
- include an automatic renewal provision where the agreement is to be in place for more than one year;
- indicate that the Region will be given 30 days' notice by registered mail if the counterparty does not intend to renew;

- refer to a renewal schedule described in the agreement where the value of any Letter of Credit renewals or extensions are subject to changes from the original Letter of Credit amount; and,
- conform to the intent of the standard format provided in **Attachment A**. Any deviation from the standard format will be subject to review by the Region and may be refused for non-compliance.

A letter of guarantee or confirmation may be requested from time to time as evidence of capacity to secure a Letter of Credit. However, at no time shall a letter of guarantee or confirmation serve as an acceptable alternative to a Letter of Credit. Letters of guarantee or confirmation must indicate that the financial institution is willing to provide a Letter of Credit in a format and within a time period deemed acceptable to the Region.

For all other details regarding the requirements of the Letter of Credit, please see the Region's Letter of Credit Policy, as amended, revised, re-enacted or consolidated from time to time.

For greater clarity, all of the foregoing in Term 'B' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

### C. Duration of the deferral

- i.) Where an application is submitted for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed, or for an office building for which an application for an approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply but which has submitted an application for an amendment to a by-law passed under section 34 of the *Planning Act* prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed; the deferral period shall begin the day a building permit is issued by the local municipality.

Development Charges are therefore deferred until eighteen (18) months after the date that the building permit is issued by the local municipality.

- ii.) Where an application is submitted for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* is

proclaimed, or for an office building for which an application for an approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, but has submitted an application for an amendment to a by-law passed under section 34 of the *Planning Act* after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* is proclaimed; the deferral period shall begin on the earlier of the date of the issuance of a permit under the *Building Code Act, 1992* authorizing occupation of the building, or the date the building is first occupied.

If the occupation of the building is not authorized by a permit under the *Building Code Act, 1992*, the developer must notify the Region within five (5) business days of the building first being occupied, whereupon the deferral period will begin.

Development Charges are deferred until the date that is eighteen (18) months after the earlier of the date of the issuance of a permit under the *Building Code Act, 1992* authorizing occupation of the building or the date the building is first occupied.

For greater clarity, all of the foregoing in Term 'C' shall apply to Community Benefits Charges, when a Community Benefits Charges bylaw has been adopted and is in effect.

#### **D. Development Charges rates**

The Regional development charges rate, or area-specific development charges rate, as the case may be, shall be the amount determined under the applicable Regional development charges bylaw, or area-specific development charges bylaw, as the case may be, on:

- i.) The day that the building permit is issued for the construction of the office building by the local municipality if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* or an application for an amendment to a by-law passed under section 34 of the *Planning Act* was submitted prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed
- ii.) The day an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* was made in respect of the development that is the subject of the Development Charges or if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, the day an application

for an amendment to a by-law passed under section 34 of the *Planning Act* was made in respect of the development that is the subject of the Development Charges if either application was submitted after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed

- iii.) If clause (ii) does not apply to an office building that is seeking to defer Development Charges after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* has been proclaimed, the Development Charges rate is determined on the day the Development Charges is payable in accordance with section 26 of the Act

For greater clarity, when a Community Benefits Charges bylaw has been adopted and is in effect, the Community Benefits Charges rate will be set on the day that the building permit is issued for the construction of the office building by the local municipality and shall be capped based on the prescribed percentage at the Valuation Date.

### **E. Development Charges payable**

The amount of the Development Charges payable to the Region, as required under the Act, shall be based on the rates determined under Term 'D' of this policy multiplied by the gross floor area of the office building, of which shall be determined on the day that the developer provides the Region with a Letter of Credit. Actual monetary value of the development charges will be received via draw upon the Letter of Credit.

For greater clarity, when a Community Benefits Charges bylaw has been adopted and is in effect, the Community Benefits Charges payable shall be set on the day that the building permit is issued for the construction of the office building by the local municipality and shall be capped based on the prescribed percentage at the Valuation Date.

### **F. Interest waiver**

No interest shall be charged as the Region is in receipt of a Letter of Credit.

### **G. Section 26.1 of the Act**

For greater clarity, any office building to which section 26.1 applies (upon the date that the section is proclaimed) and that opts to pay Development Charges in instalments in accordance with section 26.1 of the Act, shall not be entitled to also avail itself of the deferral under this policy.



## H. Effective date

The amendments to this policy shall take effect the day it is passed by Regional Council and may be repealed by the Region at any time.

## Responsibilities

### Director, Treasury Office, Finance Department

- Administer the deferral policy, including assisting stakeholders in determining if they qualify for the policy, the Development Charges rates to be applied, and the Development Charges payable
- Enforce the deferral policy
- Collect all Development Charges when due
- Collect all Community Benefits Charges when due (when in-effect)

### Director, Strategy and Transformation, Finance Department

- Process the draw upon the letter of credit at the point Development Charges are due (for example, end of deferral period)
- Process the draw upon the letter of credit at the point Community Benefits Charges are due (when in-effect) (for example, at end of deferral period)

## Compliance

The **Director, Strategy and Transformation** shall process the draw upon the letter of credit at the point Development Charges are due (for example, end of deferral period).

## Reference

### Legislative and other authorities

- [Bill 108, More Homes, More Choice Act, 2019](#)
- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)
- [Planning Act, R.S.O. 1990, c. P.13](#)

## Appendices

- Council Report, [Potential Financial Incentives for Office Buildings](#), June 27, 2019
- Council Report, [Large Office Building Development Charge Deferral Pilot Program](#), October 17, 2019 (hyperlink to be inserted)
- [Council Report, Letter of Credit Policy](#), April 18, 2013
- [Letter of Credit Policy](#), April 18, 2013



## Keyword Search

- development charges, Development Charges Act
- deferral, office buildings
- community benefits charges, Planning Act

## Contact

- Director, Treasury Office, Finance Department at extension 71644

## Approval

Council Date:	Committee Date:
Council Minute Item: 	Committee Minute Item: 

#10061694

Accessible formats or communication supports are available upon request.

**ATTACHMENT A**

**REGION OF YORK  
STANDARD DOCUMENTATION FOR LETTERS OF CREDIT**

*(insert bank letterhead)*

LETTER OF CREDIT NO. \_\_\_\_\_

DATE: \_\_\_\_\_

APPLICANT: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**IRREVOCABLE LETTER OF CREDIT**

BENEFICIARY: The Regional Municipality of York  
17250 Yonge Street, Box 147  
Newmarket, Ontario, Canada  
L3Y 6Z1

We hereby authorize you to draw on \_\_\_\_\_  
*(Bank, Address, Postal Code)*

for account of \_\_\_\_\_  
*(name of Applicant)*

up to an aggregate amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) available on demand as follows:

Pursuant to the request of our customer, the said \_\_\_\_\_,  
*(name of Applicant)*

we \_\_\_\_\_  
*(name of Bank)*

hereby establish and give to you an Irrevocable Letter of Credit in your favour in the total amount of

\_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) CAD

which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honour without enquiring whether you have a right as between yourself and our said customer to make such demand and without recognizing any claim of our said customer.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us a certificate signed by you agreeing and/or confirming that monies drawn pursuant to this Letter of Credit are to be retained and used to meet obligations in connection with:

CONTRACT NO.	_____	} (as applicable)
MINISTRY SUBDIVISION NO:	_____	
REGION FILE OR APPROVAL NO:	_____	
SITE LOCATION:	_____	

## Development Charges Deferral for Office Buildings

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### DESCRIPTION OF WORKS: \_\_\_\_\_

The amount of this Letter of Credit shall be reduced from time to time as advised by notice in writing given to us from time to time by you.

This Letter of Credit will expire on \_\_\_\_\_, but shall be deemed to be automatically extended without any formal amendment or notice to that effect, from year to year for successive periods of one year each from the present or any future expiration date hereof, unless not less than thirty (30) days prior to the present or any future expiration we shall notify you in writing that the bank elects not to renew this Letter of Credit for any such additional period. This notification shall be delivered by Registered Mail to the attention of:

Commissioner of Finance & Regional Treasurer  
Regional Municipality of York  
17250 Yonge Street, Box 147  
Newmarket, Ontario, Canada  
L3Y 6Z1

Upon receipt by you of such notice, you may draw by means of your demand accompanied by your above written certificate.

Partial drawings are permitted.

The drawings under this credit are to state that they are drawn under the

\_\_\_\_\_  
(Name of Bank, Address)  
LETTER OF CREDIT NO. \_\_\_\_\_  
(Number)

This Letter of Credit is subject to the rules set out in *International Standby Practices (ISP98)*, International Chamber of Commerce publication No.590 and engages us in accordance with the terms thereof. This Letter of Credit shall also be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada except to the extent that such laws are inconsistent with the *International Standby Practices (ISP98)*.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature (For Bank)

## **Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet and on the Regional Centres and Corridors – Pilot Program**

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Approved By: Council  
Approved On:  
Last Reviewed: Not applicable

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### **Policy Statement**

A policy governing the deferral of Regional development charges and area-specific development charges, as the case may be, for office buildings a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet of gross floor area and located on the Regional Centres and Corridors.

Upon the date a community benefits charges bylaw is adopted and comes into effect, this policy shall include the deferral of the Regional community benefits charges applicable to office buildings a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet and located on the Regional Centres and Corridors.

### **Application**

This policy is available for office buildings that are a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet of gross floor area and located on the Regional Centres and Corridors, subject to the terms and conditions as set out in this policy.

## Purpose

The purpose of this policy is to incentivize the development of office buildings that are a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet and are located on the Regional Centres and Corridors. Additional larger office buildings on the Regional Centres and Corridors could achieve the following outcomes:

- Encourage 'place-making' through a mix of uses
- Promote live/work within the Region
- Make better use of significant infrastructure investments made by the Region and local municipalities, including transit
- Help to grow the Region's property assessment base both from the new office development and from the surrounding complementary development due to land use synergy (both residential and non-residential)
- Help to alleviate north-south congestion on the roads network as residents have increased opportunities to work within the Region

## Definitions

**Act:** The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Community Benefits Charges:** The Region's Community Benefits Charges, established by a Community Benefits Charges Bylaw, under section 37 of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

**Development:** The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or changing the use thereof from non-residential to residential or from residential to non-residential and includes redevelopment

**Development Charges:** The Region's development charges, including the area-specific wastewater development charges for the Village of Nobleton

**Gross Floor Area:** As under the Region's Development Charges Bylaw No. 2017-35 as amended by Regional Development Charges Bylaw No. 2018-42 or any successor

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

development charges bylaw. Gross floor area means, in the case of a non-residential building or structure or the non-residential portion of a mixed-use building or structure, the aggregate of the areas of each floor, whether above or below grade, measured between the exterior faces of the exterior walls of the building or structure or from the centre line of a common wall separating a non-residential and a residential use, excluding, in the case of a building or structure containing an atrium, the sum of the areas of the atrium at the level of each floor surrounding the atrium above the floor level of the atrium, and excluding the sum of the areas of each floor used, or designed or intended for use for the parking of motor vehicles unless the building or structure, or any part thereof, is a retail motor vehicle establishment or a standalone motor vehicle storage facility or a commercial public parking structure, and, for the purposes of this definition, notwithstanding any other section of the Region's bylaw, the non-residential portion of a mixed-use building is deemed to include one-half of any area common to the residential and non-residential portions of such mixed-use building or structure, and gross floor area shall not include the surface area of swimming pools or the playing surfaces of indoor sport fields including hockey arenas, and basketball courts

**Office Building:** Means a building or a structure used or designed or intended for use for the practice of a profession, the carrying on of a business or occupation or the conduct of a non-profit organization and shall include but not be limited to the office of a physician, lawyer, dentist, architect, engineer, accountant, real estate or insurance agency, veterinarian, surveyor, appraiser, financial institution, contractor, builder, land developer

**Regional Centres and Corridors:** The Regional Centres are depicted on Map 1 – Regional Structure, York Region Official Plan -

- Markham Centre (Highway 7 and Warden Avenue)
- Newmarket Centre (Yonge Street and Davis Drive)
- Richmond Hill/Langstaff Gateway (Highway 7 and Yonge Street)
- Vaughan Metropolitan Centre (Highway 7 and Jane Street)

For further information on areas identified as Regional Corridors please contact the Director of Community Planning at extension 71505

**Schedule 'I' Bank:** As referenced in subsection 14(1)(a) of the *Bank Act*, S.C. 1991, c. 46. These are domestic banks and are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation



**Storey:** A storey must be above grade and is the portion of a building:

- (a) that is situated between the top of any floor and the top of the floor next above it, or
- (b) that is situated between the top of the floor and the ceiling above the floor, if there is no floor above it

**Valuation Date:** This means, for the purposes of Community Benefits Charges, with respect to land that is the subject of development or redevelopment

- (a) the day before the day the building permit is issued in respect of the development or redevelopment, or
- (b) if more than one building permit is required for the development or redevelopment, the day before the day the first permit is issued

## Description

### A. Applications previously submitted

Any developer wishing to defer Development Charges for an office building that is a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet of gross floor area and on a Regional Centre and Corridor, who had submitted a site plan application or zoning bylaw amendment application, for the construction of the office building prior to Council approval of this policy may enter into a Development Charges Deferral agreement with the Region, subject to the terms and conditions of this policy, and provided that the Development Charges Deferral agreement and the issuance of the building permit for the office building by the local municipality are prior to the date that is three (3) years immediately after Council approval of this policy.

For greater clarity, all of the foregoing in Term 'A' shall apply to Community Benefits Charges a community benefits bylaw has been adopted and is in effect.

### B. Expression of Interest Agreement – applications not previously submitted

Any developer wishing to defer Development Charges for an office building that is a minimum of four (4) storeys, above grade, a minimum of 100,000 square feet of gross floor area and on a Regional Centre and Corridor who had not submitted a site plan application or zoning bylaw amendment application, for the construction of the office building, prior to Council approval of this policy, may enter into a Development

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

Charges Deferral agreement with the Region provided that they first enter into an Expression of Interest agreement with the Region.

The ability to enter into an Expression of Interest agreement shall begin on the date that Council approves this policy and shall end three (3) years after the approval of this policy at 4:30 p.m. The developer shall only qualify to enter into an Expression of Interest agreement if they have submitted a complete site plan application or zoning bylaw amendment application as determined by the local municipality, for the construction of the office building, or an amendment to an existing application that results in additional gross floor area which are a minimum of 100,000 square feet threshold, during the duration of this three (3) year period.

For greater clarity, any site plan application, or zoning bylaw amendment application, for an office building that is a minimum of four (4) storeys, a minimum of 100,000 square feet of gross floor area and on a Regional Centre and Corridor that was submitted prior to Council approval of this policy does not qualify for an Expression of Interest agreement unless a subsequent application/amendment, adding additional gross floor area to the original application is submitted during this three (3) year period.

This Expression of Interest agreement, between the developer and the Region, will secure an option for the developer to enter into a Development Charges Deferral agreement with the Region provided that:

- The square footage cap under Term 'I' of this policy has not already been met
- The developer agrees to all of the Terms outlined in this policy

For greater clarity, all of the foregoing in Term 'B' shall apply to Community Benefits Charges a Community Benefits Charges bylaw has been adopted and is in effect.

### **C. Development Charges Deferral agreement**

Any developer wishing to defer Development Charges for an office building that is a minimum of four (4) storeys, a minimum of 100,000 square feet and on a Regional Centre and Corridor, including those who already entered into an Expression of Interest agreement with the Region must also enter into a Development Charges Deferral agreement with the Region, provided that the gross floor area cap of 1.5 million square feet (Term 'I') for pilot policy has not been met.

For greater clarity, any developer who had entered into an Expression of Interest agreement must enter into a Development Charges Deferral agreement within five (5) years of the submission of a complete site plan application or zoning bylaw

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

amendment application or an amendment to an existing application that results in additional gross floor area provided that the pilot policy's gross floor area cap of 1.5 million square feet (Term 'I') has not been met.

A Development Charges Deferral agreement shall only be executed by the Region provided that the developer can immediately upon execution of the agreement attain building permit issuance by the local municipality.

For greater clarity, all of the foregoing in Term 'C' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is effect.

### D. Duration of the Deferral

The duration of the Development Charges deferral shall vary based on the eligible gross floor area of the building, and will be in accordance with Table 1 below.

**Table1**

Gross Floor Area Size Threshold	Duration of Development Charges deferral available in Regional Centres and Corridors
Between 100,000 square feet and 250,000 square feet	5 year*
Greater than 250,000 square feet and less than or equal to 400,000 square feet	10 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

- i.) Where an application for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed, or for an office building for which an application for an approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act*, does not apply, but which has submitted an application for an amendment to a by-law passed under section 34 of the *Planning Act* prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019*, being proclaimed; the deferral period shall begin the day a building permit is issued by the local municipality.

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

Development Charges are therefore deferred until fifteen (15) days immediately following the date that is (5) years, ten (10) years or twenty (20) years (as applicable) after the date that the building permit is issued by the local municipality.

- ii.) Where an application for approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* for an office building after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019*, is proclaimed, or for an office building for which an application for an approval of a development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, but has submitted an application for an amendment to a bylaw passed under section 34 of the *Planning Act*, after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019*, is proclaimed; the deferral period shall begin on the earlier of the date of the issuance of a permit under the *Building Code Act, 1992*, authorizing occupation of the building, or the date the building is first occupied.

If the occupation of the building is not authorized by a permit under the *Building Code Act, 1992*, the developer must notify the Region within five (5) business days of the building first being occupied, whereupon the deferral period will begin. Failure to notify the Region within five (5) business days of the building first being occupied will constitute a material default of the deferral agreement.

Development Charges are deferred until fifteen (15) days immediately following the date that is five (5) years, ten (10) years or twenty (20) years (as applicable) after the earlier of the date of the issuance of a permit under the *Building Code Act, 1992*, authorizing occupation of the building or the date the building is first occupied.

For greater clarity, all of the foregoing in clause (ii) shall apply to Community Benefits Charges when a community benefits bylaw has been adopted and is in effect.

Development Charges shall be payable prior to the timeframe indicated in Table 1 should any of the following trigger events occur:

- Change of use from an office building
- Sale, or transfer of ownership, of the property unless an assumption agreement is entered into
- Any other material default as defined in the agreement(s)

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

Notification to the owner of the property on the tax roll shall occur immediately after the trigger event. The fifteen (15) business days shall begin with the mailing, by registered mail, of notice.

For greater clarity, all of the foregoing in Term 'D' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

### **E. Development Charges rates**

The Regional development charges rate, or area-specific development charges rate, as the case may be, shall be the amount determined under the applicable Regional development charges bylaw, or area-specific development charges bylaw, as the case may be, on:

- i.) The day that the building permit is issued for the construction of the office building by the local municipality if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* or an application for an amendment to a by-law passed under section 34 of the *Planning Act* was submitted prior to section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed
- ii.) The day an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* was made in respect of the development that is the subject of the Development Charges or if an application for an approval of development in a site plan control area under subsection 41 (4) of the *Planning Act* does not apply, the day an application for an amendment to a by-law passed under section 34 of the *Planning Act* was made in respect of the development that is the subject of the Development Charges if either application was submitted after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* being proclaimed
- iii.) If clause (ii) does not apply to an office building that is seeking to defer Development Charges after section 8 of Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019* has been proclaimed, the Development Charges rate is determined on the day the Development Charges is payable in accordance with section 26 of the Act

For greater clarity, when a community benefits bylaw has been adopted and is in effect, the Community Benefits Charges rate will be set on the day that the building permit is issued for the construction of the office building by the local municipality and shall be capped based on the prescribed percentage at the Valuation Date.

**F. Development Charges payable**

The amount of Development Charges payable to the Region, as required under the Act, shall be based on the rates determined under Term 'E' of this policy multiplied by the gross floor area of the office building, of which shall be determined on the day that the developer enters into a Development Charges Deferral agreement with the Region.

For greater clarity, qualifying gross floor area shall only be on a per building basis. Gross floor area is as defined in this policy.

For greater clarity, when a community benefits bylaw has been adopted and is in effect, the Community Benefits Charges payable shall be set on the day that the building permit is issued for the construction of the office building by the local municipality and shall be capped based on the prescribed percentage at the Valuation Date.

**G. Interest waiver**

All interest shall be calculated using the Development Charges payable in Term 'F' to this policy until the date upon which the Development Charges are fully paid.

All deferred Development Charges shall bear interest at the prime commercial lending rate charged by an agreed upon 'Schedule I' commercial bank on demand loans in Canadian funds to its most creditworthy customers plus two (2) per cent per annum. All interest shall accrue and be compounded.

The time period shall be calculated beginning on the date of issuance of the building permit for the proposed structure by the local municipality.

The Region shall forgive all amounts due and owing on account of interest, provided that the Development Charges, are paid in full to the Region at the time required (within fifteen (15) business days immediately following notification of a trigger event as defined in Term 'D' of this policy).

In the event unpaid Development Charges are added to the tax roll (Term 'K'); interest shall continue to accrue and be compounded until all outstanding charges are fully paid.

For greater clarity, all of the foregoing in Term 'G' shall apply to Community Benefits Charges when a community benefits bylaw has been adopted and is in effect.



**H. Duration of Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet and on the Regional Centres and Corridors – Pilot Policy**

This policy shall take effect on the day upon which it is approved by Council.

This policy shall expire eight (8) years after the date of Council approval, at 4:30 p.m. An eight (8) year period takes into consideration two factors:

- A developer may enter into an Expression of Interest agreement any time during the three (3) period, commencing immediately after Council approval and ending three (3) years later at 4:30 p.m.; and
- Under Term 'C' of this policy, any Development Charges Deferral agreement must be entered into within five (5) years of the submission of a complete site plan application or a zoning bylaw amendment application.

**I. Square footage cap**

This policy will only be available to the first 1.5 million square feet of gross floor area that enters into a Development Charges Deferral agreement(s) with the Region. It will be available on a 'first-come, first served' basis.

In the event more than one office building wishes to enter into a Development Charges Deferral agreement with the Region on the same day, the result of which would exceed the square footage cap, it shall be up to the Commissioner of Finance and the Chief Administrative Officer to determine qualification and whether the square footage cap may be exceeded.

For greater clarity, all of the foregoing in Term 'I' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

**J. Local participation**

The Region will only enter into a Development Charges Deferral agreement if the local municipality has provided a similar, if not better, deferral, exemption, or other incentive, for the proposed building.

It shall be up to the Commissioner of Finance and/or the Chief Administrative Officer, in consultation with the Chief Planner, to decide what constitutes "similar, if not better", but this may be determined by looking at:

- Whether or not there is a prescribed timeframe for the deferral



## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

- Whether or not interest is waived
- Other incentives that may be provided, be they financial or otherwise

For greater clarity, all of the foregoing in Term 'J' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

### **K. Unpaid Development Charges**

If any Development Charges (including any interest) are unpaid within fifteen (15) business days immediately following notification of a trigger event identified in Term 'D' of this policy, or at the end of the development charge deferral timeframe when payment has not been made, those Development Charges (including interest) shall be added to the tax roll and collected in the same manner as taxes (in accordance with section 32 of the Act).

In the event unpaid Development Charges are added to the tax roll; interest shall continue to accrue and be compounded until all outstanding charges are fully paid.

For greater clarity, all of the foregoing in Term 'K' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

### **L. Security**

A form of security will be taken and registered against the title to the property, at the execution of the Development Charges Deferral agreement with the Region. The Region's security interest will always be, at minimum, *pari passu*, or of equal footing, to that of the local municipality offering a similar, if not better, deferral of Development Charges.

For greater clarity, all of the foregoing in Term 'L' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

### **M. Other agreements required**

In addition to the requirements that the developer enter into an Expression of Interest agreement and a Development Charges Deferral agreement with the Region, the developer shall enter into any other agreements as required by the Regional Solicitor. Additional agreements include, but may not be limited to:

- Charge

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

- Assignment of Rents
- Restrictive Covenant
- Pari Passu Agreement
- General Security Agreement
- Other agreement(s) as deemed necessary

For greater clarity, all of the foregoing in Term 'M' shall apply to Community Benefits Charges when upon they are in effect through a Community Benefits Charges Bylaw.

### **N. Legal fees**

All legal fees of the developer(s) and Region, including any costs incurred by the Region to prepare any other agreements required by the Regional Solicitor, shall be borne by the developer.

### **O. Report back to Council**

Staff shall report back to Council prior to the end of this Council term, on the results of the pilot policy and provide a recommendation on whether additional steps should be taken to further facilitate office development in Regional Centres and Corridors.

### **P. Non-Applicability – 18 month Development Charges Deferral**

For greater clarity, any office building that avails itself of the deferral under this policy is not eligible for the Region's 18 month Development Charges deferral for office buildings greater than four (4) storeys.

### **Q. Multiple use buildings**

This policy does apply to office uses in a multiple use building.

However, for greater clarity, this policy does not apply to the non-office uses within any multiple use building, a part of which is an office use or building that is a minimum of 100,000 square feet.

For greater clarity, all of the foregoing in Term 'Q' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

**R. Mixed-use developments**

For greater clarity, this policy does not apply to the residential or any other non-residential Development Charges due for any mixed-use development, a portion of which is an office building or use that is a minimum of 100,000 square feet.

For greater clarity, all of the foregoing in Term 'R' shall apply to Community Benefits Charges when a Community Benefits Charges bylaw has been adopted and is in effect.

**S. Section 26.1 of the Act**

For greater clarity, any office building to which section 26.1 applies (upon the date that the section is proclaimed) and that opts to pay Development Charges in instalments in accordance with section 26.1 of the Act, shall not be entitled to also avail itself of the deferral under this policy.

**T. Effective date**

This policy shall take effect the day it is passed by Regional Council and may be repealed by the Region at any time.

## **Responsibilities**

**Chief Administrative Officer, Regional Municipality of York**

- Responsibilities as identified under the Terms of this policy
- Signing of security agreements

**Commissioner of Finance and Regional Treasurer, Finance Department**

- Responsibilities as identified under the Terms of this policy
- Signing of security agreements and Expression of Interest agreements

**Regional Solicitor, Legal Services**

- Draft and prepare for execution the deferral agreement between Region and the developer

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

- Draft and prepare for execution the expression of interest agreement between the Region and the developer
- Draft and prepare for execution any additional agreements required
- Registration of security on title

### **Chief Planner, Planning and Economic Development, Corporate Services Department**

- Responsibilities as identified under the Terms of this policy

### **Director, Treasury Office, Finance Department**

- Administer the deferral policy, including assisting stakeholders in determining if they qualify for the policy, the Development Charges rates to be applied, the amount of qualifying gross floor area and the Development Charges payable
- Enforce the deferral policy
- Collect all Development Charges when due
- Collect all Community Benefits Charges when due (when in-effect)
- Monitor timing of payment in order to ensure compliance with Term 'E' of the policy
- Notify, through the Regional Treasurer, to the treasurer of the local municipality if Development Charges are not paid/received within the prescribed timeframe and to have said charges added to the tax roll of that municipality
- Undertake any additional administrative obligations as determined through the agreements
- Maintain copies of all executed deferral agreements and other agreements as required

### **Director, Community Planning, Planning and Economic Development**

- Assist in identifying structures as within the Regional Centres and Corridors

## Compliance

Immediately upon the occurrence of any of the trigger events identified in Term 'D' of this policy, the **Director, Treasury Office** shall notify the owner of the property on the tax roll that Development Charges are due within fifteen (15) business days, the timing of which shall begin with the mailing, by registered mail, of notice.

The **Director, Treasury Office** shall also monitor the payment of the Development Charges due (and Community Benefits Charges, when in-effect) in order to ensure interest is only forgiven (Term 'G' of the policy) when the Development Charges are paid in full to the Region within fifteen (15) business days immediately following notification of a trigger event.

## Reference

### Legislative and other authorities

- [Bill 108, More Homes, More Choice Act, 2019](#)
- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)
- [Planning Act, R.S.O. 1990, c. P.13](#)
- [The Regional Municipality of York - York Region Development Charges Bylaw - No. 2017-35](#)
- [The Regional Municipality of York – York Region Development Charge Bylaw Amendment N. 2018-42](#)
- [York Region Official Plan, Map 1 - Regional Structure](#)

### Appendices

- [Council Report, Potential Financial Incentives for Office Buildings, June 27, 2019](#)
- [Council Report, Large Office Building Development Charge Deferral Pilot Program, October 17, 2019](#) (hyperlink to be inserted)

### Keyword Search

- development charges, Development Charges Act

## Development Charges Deferral for Office Buildings a Minimum of 100,000 square feet

- deferral office buildings
- community benefits charges, Planning Act
- Centres and Corridors

## Contact

- Director, Treasury Office, Finance Department at extension 71644

## Approval

Council Date:	Committee Date:
Council Minute Item: <input type="text"/>	Committee Minute Item: <input type="text"/>

#9948907

Accessible formats or communication supports are available upon request.

## Interjurisdictional Scan of Office Incentives

Municipality and year incentives first introduced**	Incentives provided*	
	Property Taxes	Development Charge Reduction
Aurora – 2014***	✓	✓
Vaughan – 2015	✓	✓
Markham – 2017		✓
Richmond Hill – 2018	✓	
Halton Region – 2000		✓
Toronto – 2008	✓	✓
Windsor – 2011	✓	✓
Mississauga – 2018	✓	
Brampton – 2019		✓
Hamilton – 2004 and 2019	✓	✓

\*Note: Other incentives may also be provided. Table is only highlighting property taxes and developments charges. Please consult individual municipalities for further details.

\*\*Note: The Town of Newmarket does offer development charge deferral for office within the Yonge Street and Davis Drive Urban Centres. Deferral duration could range from 36 to 48 months depending on if criteria are met.

\*\*\*Note: The Town of Aurora's Community improvement Plan offers both a 10 Year Tax Increment Equivalent Grant and a development charge grant of up to 75 per cent of the charge up to a maximum of \$100,000 (whichever is less). Although not specifically targeted towards office, office developers can take advantage of them.

Source: Municipal Development Charge Bylaws, Municipal Community Improvements Plans and Imagination, Manufacturing, Innovation, Technology (IMIT) Program Review: Findings and Recommendations, Hemson Consulting Inc.





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

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### **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**

<b>Gross Floor Area Size Threshold</b>	<b>Duration of Development Charges deferral available in Regional Centres and Corridors or specific Local Centres</b>
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.

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Laura Mirabella, FCPA, FCA  
Commissioner of Finance

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Paul Freeman, MCIP, RPP  
Chief Planner

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Bruce Macgregor  
Chief Administrative Officer

Attachments (2)  
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