

## Aguila-Wong, Christine

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**To:** Regional Clerk  
**Subject:** RE: Regional Council Decision - Large Office Building Development Charge Deferral Pilot Program

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**From:** Regional Clerk [mailto:ClerkGeneralLine@york.ca]  
**Subject:** Regional Council Decision - Large Office Building Development Charge Deferral Pilot Program

On October 17, 2019 Regional Council made the following decision:

1. Council approve a pilot incentive program to encourage large office buildings through:
  1. 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
  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 (Revised 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.

The original staff report is attached for your information.

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 if you have any questions with respect to this matter.

Regards,

**Christopher Raynor** | Regional Clerk, Regional Clerk's Office, Corporate Services

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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**

<b>Size Threshold*</b>	<b>Duration of development charge deferral available in Regional Centres and Corridors**</b>
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: <input type="text"/>	Committee Minute Item: <input type="text"/>

#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.	_____	} <i>(as applicable)</i>
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 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – 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 75,000 square feet of gross floor area and located on the Regional Centres and Corridors or on specific Local Centres, for those local municipalities without lands on 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 75,000 square feet and located on the Regional Centres and Corridors or on specific Local Centres, for those local municipalities without lands on 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 75,000 square feet of gross floor area and located on the Regional Centres and Corridors, or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors, subject to the terms and conditions as set out in this policy. The specific Local Centres to which the policy applies are:

## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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- 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

## 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 75,000 square feet and are located on the Regional Centres and Corridors or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors. Additional larger office buildings on the Regional Centres and Corridors or on specific Local Centres 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*

## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

*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 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

**Local Centres:** The specific Local Centres that qualify under this policy are:

- 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



## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

**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 75,000 square feet of Gross Floor Area and on a Regional Centre and Corridor or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors, 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 75,000 square feet of Gross Floor Area and on a Regional Centre and Corridor or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors, 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 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 75,000 square feet threshold, during the duration of this three (3) year period.

## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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 75,000 square feet of Gross Floor Area and on a Regional Centre and Corridor or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors, 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 75,000 square feet and on a Regional Centre and Corridor or on specific Local Centres, for those local municipalities without lands on Regional Centres and Corridors, 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 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.

Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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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 on Regional Centres and Corridors <u>or</u> on specific Local Centres
Between 75,000 square feet and 150,000 square feet	5 year*
Between 150,000 square feet and 250,000 square feet	10 year*
Greater than 250,000 square feet and less than or equal to 400,000 square feet	15 year*
Greater than 400,000 square feet	20 year*

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

- 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 are therefore deferred until fifteen (15) days immediately following the date that is (5) years, ten (10) years or twenty (20)

## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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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 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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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 75,000 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 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

- 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 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

- 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 75,000 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 75,000 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 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

- 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
- Memorandum, Financial incentives for affordable rental housing and large office buildings, October 17, 2019 (hyperlink to be added)

## Development Charges Deferral for Office Buildings a Minimum of 75,000 square feet and on the Regional Centres and Corridors or specific Local Centres – Pilot Program

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### Keyword Search

- development charges, Development Charges Act
- deferral office buildings
- community benefits charges, Planning Act
- Centres and Corridors
- Local Centres

### 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"/>

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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.