

## 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>                | January 28, 2020                                      | <b>Date of Last Review:</b> | Click or tap to enter a date. |
| <b>Approval Authority:</b><br>Council | <b>Policy Owner:</b><br>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.

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**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

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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

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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*  |

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\*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.

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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.

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**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.

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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



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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**

- 15.1. Maintains administrative authority and responsibility for this policy; and
- 15.2. Approves department operating procedures and processes under this policy.

**Director of Financial Planning and Development Finance**

- 15.3. 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.

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**Manager, Development Finance**

- 15.4. Responsible for the enforcement of this policy and the collection of all City-wide development charges when due;
- 15.5. Monitor timing of payment in order to ensure compliance with p.5 “Development Charges Payable” of the policy;
- 15.6. Add charges to the tax roll if City-wide development charges are not paid/received within the prescribed timeframe;
- 15.7. Undertake any additional administrative obligations as determined through the agreements; and
- 15.8. Maintain copies of all executed deferral agreements and other agreements as required.

**Legal Services**

- 15.9. 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
- 15.10. 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<br>If other, specify here | <b>Next Review Date:</b> | January 28, 2023 |
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| <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                                    |
| <b>Procedural Document:</b>   | Appendix 1 – Highway 7 Yonge Map  |
| <b>Revision History</b>       |   |
| <b>Date:</b>                  | <b>Description:</b>   |
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