

The Regional Municipality of York

Regional Council
June 25, 2020

Report of the Commissioner of Finance

Conmar Developments Inc. and Fenlands Vaughan Inc. Development Charge Deferral Request - City of Vaughan

1. Recommendations

1. Council consider the request from the City of Vaughan to negotiate a deferral of Regional development charges for the development located at 11110 Jane Street owned by Conmar Developments Inc. & Fenlands Vaughan Inc. ("the Applicant") on similar terms to those agreed to by the City of Vaughan.
2. Should Council agree to grant the deferral request, the Chief Administrative Office and Commissioner of Finance, be authorized to execute a Development Charge Deferral Agreement with the Applicant in a form satisfactory to the Deputy Regional Solicitor.

2. Summary

This report is for Council to consider the development charge deferral request made by the City of Vaughan for the site located at 11110 Jane Street owned by Conmar Developments Inc. & Fenlands Vaughan Inc. in the City of Vaughan.

Key Points:

- City of Vaughan has authorized its staff to negotiate a deferral agreement for this project and is asking the Region to consider a for similar deferral arrangement
- City of Vaughan's deferral agreement terms are proposed to be based on annual payments, have a term of 3 to 5 years and have an interest component
- The Region received a request for development charge deferral from the Applicant, who is proposing to construct a one storey 70,308 square meter industrial building in multiple phases
- The Region's normal development charges collection process requires that 100% of the development charges be paid at the prevailing rate at the time of permit issuance
- Regional Development Charges for the full build out of this project would total over \$12.7 million

3. Background

On June 16, 2020 the City of Vaughan agreed to provide a deferral of their development charges

The Applicant requested that the City of Vaughan and York Region provide a deferral of the development charges for their site at 11,110 Jane Street in the City of Vaughan. On June 16, 2020, Vaughan Council authorized their Deputy City Manager, City Treasurer and Chief Financial Officer to negotiate a development charge deferral agreement between the City and the applicant. The proposed key terms of the City's development charge deferral agreement include allowing for an annualized payment process with a term between 3 to 5 years and an interest component similar to existing City DC deferral policies.

The City of Vaughan has forwarded the report to the Region for its consideration. Attachment 1 is a copy of the City of Vaughan's Council approval report.

4. Analysis

Development Charges for industrial development are collected at building permit issuance except where otherwise permitted

Development charges for industrial development are assessed and paid at building permit issuance. Section 27 of the *Development Charges Act, 1997* states that a municipality may enter into an agreement requiring the payment of a development charge be made either before or after it would otherwise be payable. The amount payable would be determined based on the bylaw in effect and the municipality may charge interest on the amount of the development charge that is paid after it would otherwise be payable.

Council approval is required to enter into a Section 27 agreement, except as outlined in the Region's policies. Since the Region's policies do not permit the deferral of development charges for industrial developments, Council approval would be required to enter into a deferral agreement for this development.

Bill 108 changed the landscape for development charges collections in 2020

Originally, the changes to the Development Charges Act approved through the passage (on June 6, 2019) of Bill 108, the More Homes, More Choice Act, 2019, mandated that development charges for industrial developments (in addition to commercial and other development types) would be payable through six installment over a five-year period beginning at occupancy. The Applicant submitted their site plan in November of 2019 when this payment provision was contemplated and would have been a major factor in the Applicant's financial model.

However, on December 10, 2019, Bill 138 the Plan to Build Ontario Together Act, removed the ability for industrial and commercial developments to phase payments. The Applicant has stated that this change impacted the overall financial model of the development. As a result, the Applicant has asked for the ability to pay their development charges in phases.

5. Financial

The Regional development charges for the full build out of this project would be approximately \$12.7 million and are normally paid at the time of building permit issuance. Should Council authorize a development charge deferral, any unpaid portion of the development charges deferred would be subject to interest based on the terms and rates in the Region's Interest Policy.

Based on the proposed construction phasing of this project, the Applicant could be required to pay between \$1 to \$2 million in additional interest. Accordingly, permitting the phasing of the development charges for this development would not result in a negative financial impact to the Region.

6. Local Impact

The Applicant is proposing to construct a high-tech distribution facility for Walmart that has a forecasted capital investment of \$500 million

The Applicant has proposed to develop a high-tech distribution center for Walmart at Jane Street and Teston Road in the City of Vaughan. At full build out, the structure is estimated to be 70,308 square meters and would create approximately 2,000 jobs, and another 500 construction jobs over the course of the project. The Applicant has applied for a building permit for approximately 51,649 square meters, representing the first phase of their development. A second phase of 18,839 square meters is planned to occur in five years, however the timing has not been confirmed. In a recent City of Vaughan report to their Committee of the Whole the development was noted to have a Phase 1(a) of 36,388 square meters, Phase 1(b) of 15,081 square meters and Phase 2 of 18,839 square meters.

The proposed structure is projected to generate approximately \$21 million in development charges for the Region, the City of Vaughan and the School Board.

7. Conclusion

The Applicant has received City of Vaughan Council approval to proceed with the planning and development of a large-scale industrial warehouse. The City of Vaughan has forwarded their Committee of the Whole report to York Region for consideration of a deferral of its development charges based on similar terms to those offered by the City of Vaughan.

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

Recommended by:

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

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

June 15, 2020
Attachments (1)
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