

The Regional Municipality of York

Committee of the Whole
Finance and Administration
June 13, 2019

Report of the Commissioner of Finance

Deferral of Development Charges for 8010 Kipling Avenue in the City of Vaughan

1. Recommendations

1. The Chief Administrative Officer and Regional Treasurer be authorized to enter into a development charge deferral agreement for a proposed purpose built rental in the City of Vaughan based on the principles outlined in Attachment 1.
2. The Treasurer be authorized to execute a mortgage, collateral security, and any related documents required to secure the mortgage subject to prior approval of the Regional Solicitor.
3. The property be subject to a restrictive covenant, registered on title, requiring the property be developed and operated as a private market rental apartments complex for a minimum of twenty years.
4. The Regional Chair and Regional Clerk be authorized to execute the development charges deferral agreement, subject to the approval of the Regional Solicitor as to the form and content.

2. Summary

This report seeks Council's authorization to enter into a development charge deferral agreement with First Avenue and its affiliated entities (First Avenue) in order to support the construction of an approximate 45 unit purpose built private rental development at 8010 Kipling Avenue in the City of Vaughan.

Key Points:

- Complete communities include rental options that meet the needs of residents of all ages, stages and abilities
- First Avenue is proposing to build a purpose-built rental development in the City of Vaughan and has asked the region to defer the development charges owed

- Under the Region's [Development Charge Bylaw \(No. 2017-35\)](#), Council can defer the development charges

3. Background

Council has a long history of identifying and addressing housing need with an increased focus on private purpose built rental

The 1994 Regional Official Plan, 2002 [Housing Supply Strategy](#) and [October 2004 Housing and Our Economy](#) study identified a need for a full mix and range of housing options to support the Region's population and economic viability.

In 2010 Council adopted the Region's updated [Official Plan](#) which provides more detailed direction to achieve a full mix and range of housing options, particularly rental options. The Region's 10-year Housing Plan: [Housing Solutions: A Place for Everyone](#) was approved in [June 2014](#) and included goals focused on increasing and sustaining the rental supply.

In coordination with the Housing Plan, the [Make Rental Happen Collaborative Advocacy Plan](#) was developed and implemented by the York Region Human Services Planning Board. As part of this initiative, in [November 2013](#) Council supported the development of a 225 unit private market rental development through the provision of a 36 month development charge (DC) deferral on a pilot basis (212 Davis Drive). In [May 2017](#) Regional Council approved a permanent [policy](#) for 36 month Regional DC deferrals for purpose built rental buildings of four stories or greater.

Finally, in June 2018, regional Council approved a [Draft Rental Housing Incentives Guideline](#) which proposes to offer a Tax Increment Equivalent Grants (TIEG) for the Regional portion of property taxes for up to 5 years and a 48 month deferrals for Regional development application fees.

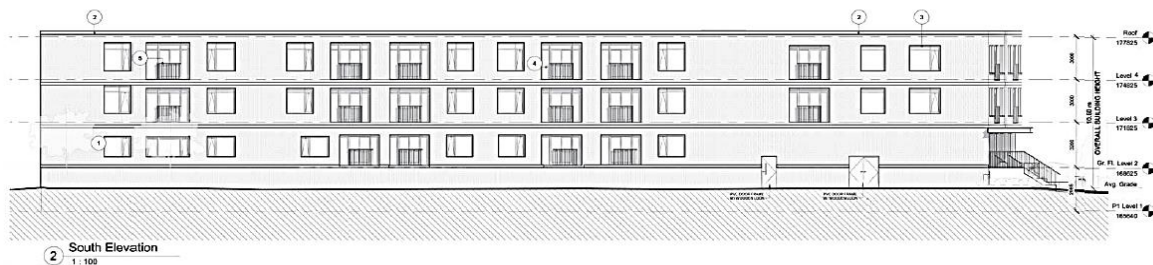
4. Analysis

First Avenue is proposing to build a three storey rental in the City of Vaughan

First Avenue is proposing to build a three storey purpose-built rental development at 8010 Kipling Avenue, in the City of Vaughan. The proposed development is proposed to consist of 45 total rental units (41 of which are proposed to be small and 4 of which are proposed to be large). The average rents for the small apartments are proposed to be \$1,700 per month and the average rents for the large apartments are proposed to be \$1,900 per month. Figure 1 below provides an illustration of the proposed development.

Figure 1

Purpose-built rental at 8010 Kipling Avenue in the City of Vaughan



First Avenue’s proposal meets all but one of the Region’s 36 month development charge deferral for purpose-built rental policy

A 36 month development charge deferral policy is available to purpose-built rental developers. First Avenue’s proposal meets all but one of the criteria to qualify under the purpose-built rental policy. The development does not qualify under this policy, as the policy requires that the structure be a minimum four storeys. Due to the City of Vaughan’s “Woodbridge Heritage Conservation District Plan”, the developer was unable to build higher than three storeys. Accordingly, they chose to build to the highest density possible on the site to accommodate for this restriction.

The proposed development would contribute towards the Region’s supply of rental housing options

Only 14 per cent of the Region’s housing stock is rental; this is the lowest diversity of tenure in the GTHA and is reflected in a very low vacancy rate of 1.7 per cent (in 2018 – based on CMHC Rental Market Reports). Other than 212 Davis Drive, no significant private purpose-built rental developments have been constructed in the Region in the past twenty years. Facilitating the development at 8010 Kipling Avenue will be a positive step in addressing the lack of private purpose-built rental supply.

Supporting rental development helps the Region meet some of the desired results set out in the ‘2019 To 2023 Strategic Plan’

Facilitating the development of purpose-built rental development, through the deferral of development charges, aligns with a number of the Community result areas in the 2019 to 2023 Strategic Plan, including:

- Fostering an environment that attracts businesses, grows employment opportunities and attracts people
- Delivering and promoting affordable housing

- Ensuring reliable, responsive, effective, efficient and fiscally responsible service delivery

5. Financial

This development, as proposed, would owe just over \$1.2 million in Regional development charges

If building permits on this development were after July 1, 2019 the development charges owed would be \$1,233,981. This assumes that all of the small and large apartments fall within our 700 square foot threshold (i.e., all 4 large apartments are ≥ 700 square feet). The table below summarizes the development charge obligations for this site.

Table 1

Preliminary development charges owed for 8010 Kipling Avenue

Purpose-built rental – 8010 Kipling Avenue	Number of units	Applicable development charge rates*	Development charges owed
		(\$)	(\$)
Small apartments - <700 sqft.	41	26,549	1,088,509
Large apartments - ≥ 700 sqft.	4	36,368	145,472
Total	45	N/A	1,233,981

*Note: Based on rates as of November 8, 2018, indexed at a rate of 5.19 per cent (as per Hemson Consulting Inc.).

Deferring development charges creates costs for the Region

Assuming the development were to pull building permits after July 1, 2019, and enter into the Region's 36 month development charge deferral, the interest cost to the Region would be approximately \$83,250.

6. Local Impact

The development of purpose-built rental housing is a desired objective of all local municipalities

York Region and all nine local municipalities promote the development of a full mix and range of housing options, including rental options. Recognizing that purpose-built rental is a desired housing option, the City of Vaughan has provided 8010 Kipling Avenue with relief in order to help facilitate the development of this purpose-built rental development. This development supports the City's sustainability initiatives.

7. Conclusion

Support of this project is consistent with Council's objective to 'make rental happen'

Regional Council has previously affirmed commitment to increasing the supply of purpose-built private rental housing through their support and approval of a number of documents and initiatives, including: the Regional Official Plan (2010), the 10-Year Housing Plan – Housing Solutions: A Place for Everyone, and the Draft Rental Housing Incentives Guideline and Community Improvement Plan.

The Region has been approached by First Avenue, to provide a development charge payment deferral in order to support an approximately 45 unit purpose-built private rental development in the City of Vaughan.

This development would support Regional policy direction and contribute towards a full mix and range of housing, thus supporting the larger economy.

The recommendations in this report authorize staff to finalize negotiations, based on the attached principles and enter into a development charge deferral agreement with the developer and its affiliated entities.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644

Recommended by:

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

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

May 27, 2019
Attachments (1)
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