

# Financial Incentives for Affordable, Purpose-Built Rental and Large Office Buildings

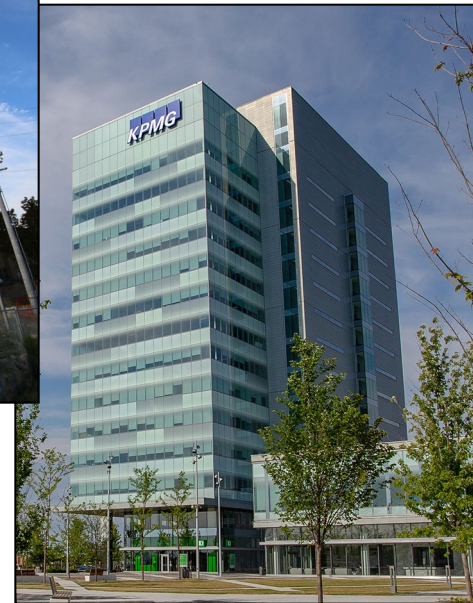
Supporting the Creation of Complete Communities

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and  
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Regional Treasurer



# Outline

1. Background and rationale for incentives
2. Incentives considered
3. Proposed incentive programs



# Complete Communities

Support opportunities for people of all ages and abilities to conveniently access necessities for daily living:

- Appropriate mix of jobs
- Full range of housing types that provide affordability
- Transportation options
- Public service facilities



# Why consider incentivizing purpose-built rental housing?

## Provincial Definition of Affordable

(lowest earning 60% of households)

**Affordable Ownership:**

**\$315,000**

**\$470,000**

**Affordable Monthly Rent:**

**\$2,000**

**\$3,000**

% Hhlds: 10%

20%

30%

40%

50%

60%

70%

80%

90%

100%

LOWEST EARNING

**40%**

of HOUSEHOLDS

MID-RANGE INCOME

**20%**

of HOUSEHOLDS

HIGHEST EARNING

**40%**

of HOUSEHOLDS

## Community Housing

(lowest earning 40% of households eligible to apply)

## Private Market

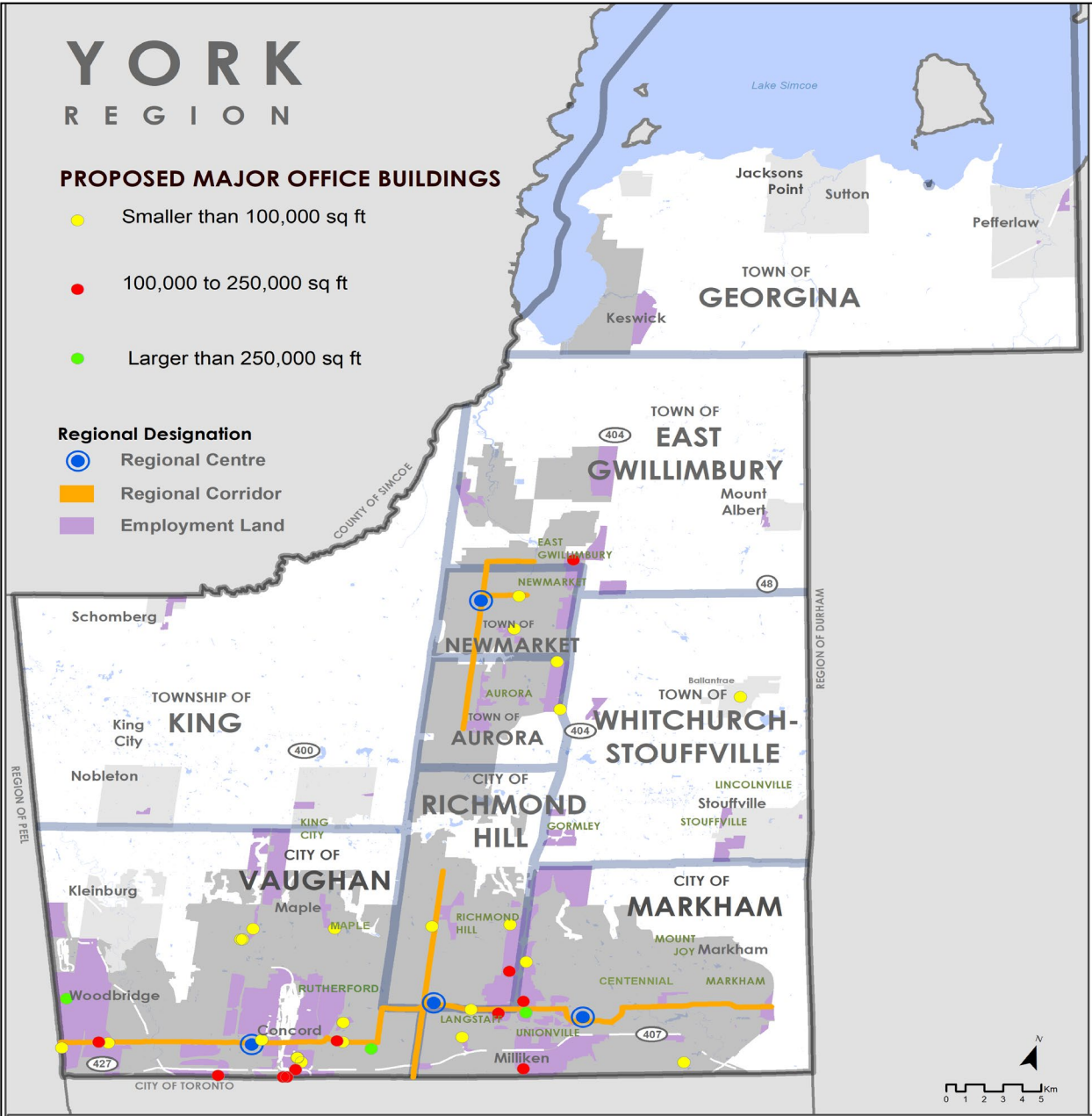
(highest earning 60% of households)

# Why consider incentivizing large office buildings?

- **Address Demand** (office job growth) in appropriate space and locations
- **Stimulate Supply** for large corporations and increase opportunities for speculative space
- **Remain Competitive** in the GTA where a growing number of municipalities have introduced office development incentives
- **Promote city building** in transit-supportive locations



# Current office proposals



# Incentives were developed through consultation

## Stakeholder feedback highlights:

- Timeliness is important (do what you can now)
- Keep it simple
- Align with other levels of government
- Target incentives to desired outcomes
- Consider policy and process approaches



Stakeholders provided valuable insight for proposed incentives

# Proposed incentives build on existing Regional incentives

	Year introduced	Available throughout Region*	Duration (months)	Density requirement
Office Buildings	2010	✓	18	4 storeys
Purpose-Built Rental Buildings	2017	✓	36	4 storeys

\*Note: Available throughout the Region, where permitted



# A number of different incentives were considered

Potential Regional Incentive	Evaluation Criteria				
	Can be targeted	Ability to address feedback	Minimize tax levy impact	Speed of implementation	Ease of execution
Property tax grant	✓	✓			
Development charge exemption	✓	✓			
Long-term development charge deferral	✓	✓	✓	✓	✓
Planning fee waiver	✓	✓			
Planning fee deferral	✓		✓	✓	✓

# Recommended development charge deferrals for affordable, purpose-built rental buildings

## Key features:

- Affordable rental to mid-range income households for 20 years
- Region-wide – minimum 4 storeys
- Maximum of 1,500 units
- More family sized units = longer deferral
- Interest free

**20  
Years**

**Centres and Corridors**

**AND**

**200 units, 50%  
family-sized**

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**10  
Years**

**Centres and Corridors**

**OR**

**100 units, 50%  
family-sized**

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**5  
Years**

**Available  
Region-wide**

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# Example of new rental incentives: 212 Davis Drive in Newmarket

	Details
Unit count	225
Unit split (large/small)	25/75
Location	Davis Drive Corridor
Deferral Duration	10 years



Note: 212 Davis Drive would also have to meet the affordability requirement

# Recommended development charge deferrals for large office buildings

## Key features:

- Large office buildings in Centers and Corridors
- Maximum 1.5 million square feet over 3 years
- Larger office = longer deferral
- Interest free

**20  
Years**

Greater than  
400,000 square  
feet

**10  
Years**

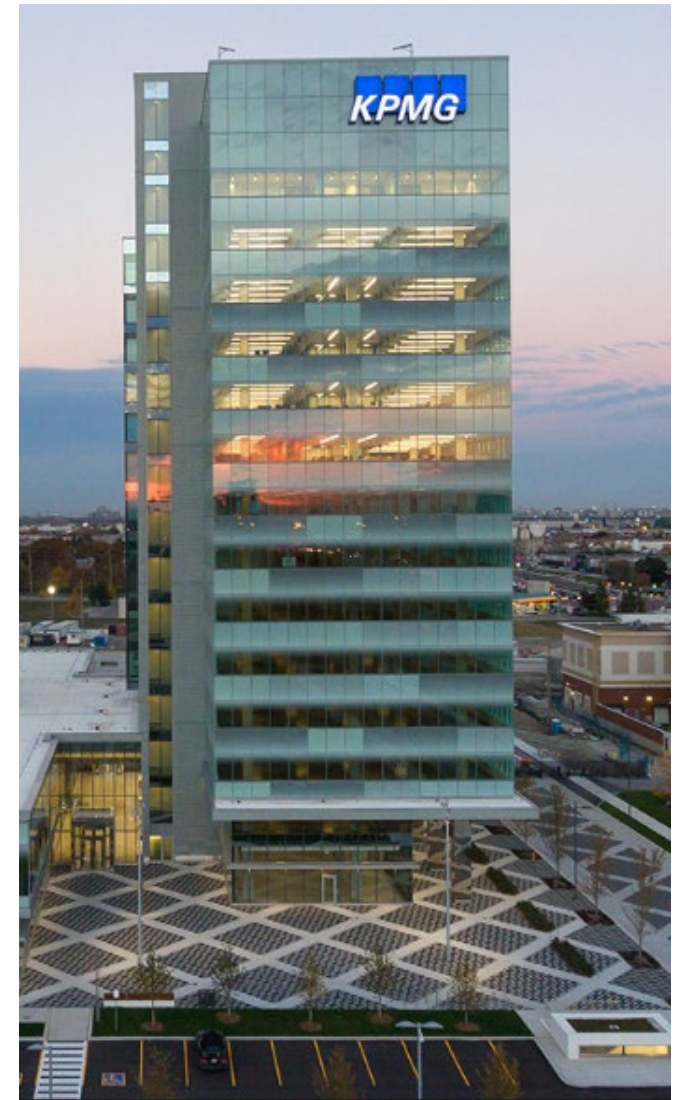
Between 250,000  
square feet and  
400,000 square  
feet

**5  
Years**

Between 100,000  
square feet and  
250,000 square  
feet

# Example of new office incentives: KPMG building in Vaughan

	Details
Size	~400,000 square feet
Location	Vaughan Metropolitan Centre
Deferral Duration	20 years



# Desired outcomes



**Complete communities**

**Stimulate purpose-built rental development**

**City building to support urban structure**

**Support knowledge-based economy**

**Support job creation**



## **Purpose-Built Rental Housing Incentives**

- ✓ Approval of a new graduated development charge deferral for affordable purpose-built rental buildings
- ✓ Update existing 36-month deferral policy to comply with Bill 108
- ✓ Authorize new deferral policy to apply to 175 Deerfield Road and 8010 Kipling Avenue
- ✓ Receive draft Community Improvement Plan

## **Large Office Building Incentives Pilot Program**

- ✓ Approval of a new graduated development charge deferral for large office buildings in the Regional Centres and Corridors
- ✓ Update existing 18-month deferral policy to comply with Bill 108
- ✓ Report back to Council before end of Council term on pilot uptake

# THANK YOU

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