

THE CITY OF VAUGHAN

BY-LAW

BY-LAW NUMBER 177-2015

A by-law to designate the general terms and conditions for the implementation of the Community Improvement Project with respect to the two areas covered by the Official Plan for the City of Vaughan as the “Vaughan Metropolitan Centre” and “Weston Road and Highway 7” Community Improvement Project Areas.

WHEREAS pursuant to Section 28 of the *Planning Act*, City Council may, where it has passed a by-law designating the whole or any part of an area covered by an Official Plan as a Community Improvement Plan Project Area, adopt a Community Improvement Plan for the Community Improvement Project Area;

AND WHEREAS Council has received the report entitled the *Community Improvement Plan for Office Uses in Two Community Improvement Project Areas* dated September 9, 2015;

AND WHEREAS By-law 177-2015 was passed by the Council of the City of Vaughan designating the “Vaughan Metropolitan Centre” and “Weston Road and Highway 7” areas as Community Improvement Project Areas;

AND WHEREAS on October 7, 2015 a public meeting has been held in accordance with Section 28 of the *Planning Act*,

NOW THEREFORE the Council of the City of Vaughan hereby enacts as follows:

1. That the criteria for the financial programs proposed in the Community Improvement Plan for Office Uses in Select Intensification Areas, as attached to this by-law, is hereby adopted for the “Vaughan Metropolitan Centre” and “Weston Road and Highway 7” areas as described in By-law 177-2015.
2. This By-law shall come into force and take effect on the day of the final passing thereof.

Enacted by City of Vaughan Council this 17th day of November, 2015.

Hon. Maurizio Bevilacqua, Mayor

Jeffrey A. Abrams, City Clerk

Authorized by Item No. 11 of Report No. 40
of the Committee of Whole
Adopted by Vaughan City Council on
November 17, 2015

CIP BY-LAW TABLE OF CONTENTS

- 1.0 Qualifying Office Development Financial Programs 1**
 - 1.1. Definitions 1
 - 1.2. General Program Requirements 3
 - 1.3. CIP Expiry 3
 - 1.4. Limitations 3
 - 1.5. Administration 3
 - 1.5.1 Pre-CIP Application 3
 - 1.5.2 Application Review and Evaluation 3
 - 1.5.3 Approval Letter 4
 - 1.5.4 Final CIP Agreement 4
- 2.0 The Financial Program That Applies to the Community Improvement Project Areas 4**
 - 2.1. Development Charge Reduction 4
 - 2.1.1 Description 4
 - 2.1.2 Limitations 4
 - 2.1.3 Eligibility Requirements 4
 - 2.1.4 Reduction of Applicable DCs 5
 - 2.2. Cash-in-Lieu (CIL) of Parkland Discount 5
 - 2.2.1 Description 5
 - 2.2.2 Eligibility Requirements 5
 - 2.2.3 Discount of Applicable CIL of Parkland Requirement 6
 - 2.3. Tax Increment Equivalent Grant (TIEG) 6
 - 2.3.1 Description 6
 - 2.3.2 Eligibility Requirements 6
 - 2.3.3 Limitations 7
 - 2.3.4 Phased Development 7
 - 2.3.5 Appeals and Rebates 7
 - 2.3.6 Grant Payment 7
- 3.0 Elements of the Financial Program That Apply to the Vaughan Metropolitan Centre Community Improvement Project Area Only 8**
 - 3.1. Development Charge (DC) Deferral 8
 - 3.1.1 Description 8
 - 3.1.2 Limitations 8
 - 3.1.3 Eligibility Requirements 8
 - 3.1.4 Deferral of Applicable DCs 8

1. QUALIFYING OFFICE DEVELOPMENT FINANCIAL PROGRAMS

The financial programs, as outlined in this By-law, are subject to the following general definitions and conditions as well as specific requirements as prescribed by each financial program. The City reserves the right to amend, alter or include other requirements for each application that is submitted.

1.1. DEFINITIONS

“Applicant” means the registered owner of buildings or land located within the designated community improvement project areas or the owner’s agent whom has the appropriate authority to apply for and receive grants on behalf of the owner.

“Approval Letter” means confirmation by letter, or another form of communication by the City, that details the approved amount as well as general terms and conditions of the qualifying financial programs.

“Building Permit” means the first building permit issued by the Chief Building Official authorizing the construction of the building or part of the building on the subject lands which triggers the payment to the City of the Regional and City development charges and education development charges. For the purposes of clarity, this includes Conditional or other building permits authorizing partial construction of the building including building permits for footings, foundations, superstructure, or partial building permits and does not include site servicing, plumbing only, and shoring and excavation permits that may be required as part of a site servicing permit.

“City” means the City of Vaughan.

“Community Improvement Plan (CIP)” refers to the Council approved *“Community Improvement Plan for Office Uses in Two Community Improvement Project Areas”* for the purposes of using financial incentives to encourage the development of qualifying office uses in defined community improvement plan areas, as permitted under Section 28 of the *Planning Act*.

“Community Improvement Project Area (CIPA)” as defined under Section 28 of the *Planning Act*, relates to the areas within a municipality designated for community improvement which, in the opinion of Council, is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason, and for the purposes of this By-law shall include:

- A. The Vaughan Metropolitan Centre Community Improvement Project Area; and
- B. The Weston Road and Highway 7 Community Improvement Project Area.

“Council” is the Council of the Corporation of the City of Vaughan.

“Development” means the construction of a building or structure.

“Final CIP Agreement” means the final agreement between the Applicant and the City outlining all terms and conditions of financial program approvals, as applicable. The Final CIP

Agreement will be registered on title to the property to which the financial programs relate. The Final CIP Agreement will compliment and may expand upon, but in no way detract from the conditions set out herein. Prior to the implementation of a Final CIP Agreement, the Applicant shall submit a written Pre-CIP Application, which must be approved by the City.

“Gross Floor Area (GFA)” 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:

- i. Includes the floor area of a mezzanine and the space occupied by interior walls and partitions;
- ii. 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;
- iii. Excludes the area of any self-contained structural shelf and rack storage facility approved by the Building Materials Evaluation Commission;
- iv. Excludes, in the case of a building containing parking garage spaces, the sum of the areas of designed or intended for use for the parking of motor vehicles; and
- v. For the purposes of this definition, the nonresidential 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.

“MPAC” means the Municipal Property Assessment Corporation.

“Office, Business or Professional” means the use of a building or structure or part of a building or 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.

“Parking garage” means a structure used for the parking of motor vehicles, including pedestrian aisles, lanes for the movement of vehicles and a way of access to and from a public highway.

“Parking lot or parking area” means an area of land comprised of parking spaces and related aisles, maneuvering areas and entrances and exits.

“Property Tax Increment” means the municipal Property Tax Increase as a result of developing or redeveloping a property.

“Pre-CIP Application” means the written expression by an Applicant of the intent to apply for one or more financial incentives described in this By-law. The Pre-CIP Application may be submitted to the City prior to beginning the site plan approval process but must be submitted at least 60 days prior to the Building Permit submission. Preliminary consultation with City staff

may occur prior to an application.

“Use, Office” means the GFA associated with Office, Business or Professional uses.

“Use, Residential” means the use of land, buildings or structures for human habitation.

“Use, Non-Residential” means the use of any land, building or structure or part thereof for use other than a residential use.

“Use, Mixed” means for the purposes of this By-law, mixed-use office buildings with residential and/or non-residential components besides offices.

“Weston Road and Highway 7 Community Improvement Project Area” means the area as illustrated in Schedule “B” of **By-law XXX-2015**.

“Vaughan Metropolitan Centre Community Improvement Project Area” means the area as illustrated in Schedule “A” of **By-law XXX-2015**.

1.2. GENERAL PROGRAM REQUIREMENTS

In order for an office development to be eligible to qualify for any financial program as provided under this By-law, it must meet the following requirements:

- 1.2.1. Be located within the designated community improvement project areas.
- 1.2.2. All works approved under the financial programs and associated improvements to buildings and/or land shall conform to all relevant codes, policies, procedures, design and engineering standards and guidelines, including applicable municipal by-laws, Official Plan and Secondary Plan policies, and zoning requirements and approvals.
- 1.2.3. It must include:
 - i. A minimum of 7,000 square metres (75,347 square feet) of new office space as measured at the time of site plan and/or Building Permit issuance;
 - ii. The qualifying space may be in multiple buildings as long as it is part of the same site plan and/or building permit; and
 - iii. The Building Permit must be issued on or after January 1, 2014 and no later than the expiry of this By-law as determined in section 1.3.1.

1.3. CIP EXPIRY

- 1.3.1. This By-law shall expire once 139,355 square metres (1.5 million square feet) of office space has qualified under this By-law or five years from its date of enactment, whichever occurs first.
- 1.3.2. The City reserves the right to amend, cancel or alter the financial program described in this By-law at any time.

1.4. LIMITATIONS

Notwithstanding the general program requirements, the City shall not be responsible for:

- 1.4.1. Any costs incurred by an Applicant in relation to the eligible financial programs;
- 1.4.2. The delay or cancellation of financial grants caused by Applicants who fail to adhere to any general or specific financial program requirements.

1.5. ADMINISTRATION

1.5.1. Pre-CIP Application

- i. Applicants must notify the City of the intent to apply for the program through the preparation of a Pre-CIP Application.
- ii. Pre-CIP Application must be made during the planning approval process and at least 60 days prior to the issuance of the Building Permit (at, above or below grade).
- iii. A meeting may be held with the Applicant to discuss eligibility requirements, supporting planning approvals, preliminary development concepts (if available) including the proposed office and non-office components of the development.

1.5.2. Application Review and Evaluation

- i. Pre-CIP Application will be reviewed by City staff to ensure that the proposed development meets all eligibility criteria.
- ii. The qualification decision made jointly by the Commissioner of Planning, Executive Director City Manager's Office and City Treasurer or their designate, is final and cannot be appealed.
- iii. Estimated incentive amounts and preliminary terms and conditions will be provided to the Applicant.
- iv. A Pre-CIP Application may be amended or withdrawn but the document must be approved prior to the issuance of the Building Permit.

1.5.3. Approval Letter

- i. At the time of the issuance of the Building Permit, if approved, the Applicant will be provided with an approval letter detailing the amount of development charges and cash-in-lieu of parkland reductions, if applicable.
- ii. The approval letter will also outline the general terms of the Tax Increment Equivalent Grant (TIEG) program.
- iii. The approval letter may be adjusted to account for any amendments to building permits.

1.5.4. Final CIP Agreement

- i. The Final CIP Agreement inclusive of all terms and conditions will be produced in a form satisfactory to the City Solicitor by Legal, Economic Development, Planning and Finance staff and registered on title to the property to which the financial programs relate once the Municipal Property Assessment Corporation (MPAC) has completed the reassessment of the property.

2. THE FINANCIAL PROGRAM THAT APPLIES TO THE COMMUNITY IMPROVEMENT PROJECT AREAS

The financial program described in this section applies to both Schedule "A" and Schedule "B" of **By-law XXX-2015**.

2.1. DEVELOPMENT CHARGE (DC) REDUCTION

The purpose of the DC reduction is to encourage the development of office uses by reducing the total applicable City-wide DCs as referenced in By-law 045-2013. Should By-law 045-2013 be amended, repealed or replaced, the reduced DC rate, as identified in this By-law, shall be applied to any eligible developments that meet the general and program specific eligibility requirements.

2.1.1. Description

The reduced rate is the applicable to the indexed DC as of August 1, 2013 of (\$20.35 per square metre of GFA as defined in By-law 230-2008) relating to office uses.

2.1.2. Limitations

The reduction is in respect of the City-wide portion of the eligible DCs and shall not apply to any other DCs applicable to:

- i. City of Vaughan Area-specific DCs;
- ii. York Region;
- iii. GO Transit; or
- iv. Boards of education.

2.1.3. Eligibility Requirements

- i. The reduced DC rate is only applicable to the total GFA of a building for office uses. Other GFA for uses such as residential, retail, commercial, or institutional uses are not eligible;
- ii. The program applies to all office uses that meet the general and specific financial program requirements and are located within the Vaughan Metropolitan Centre Community Improvement Project Area (Schedule "A" of By-law XXX-2015) and the Weston Road and Highway 7 Community Improvement Project Area (Schedule "B" of By-law XXX-2015);
- iii. The program applies to any development that would be subject to DCs in accordance with the Development Charges Act, 1997 or any successor thereof.

2.1.4. Reduction of Applicable DCs

- i. At the time of issuance of the Building Permit, the calculated DC reduction shall be deducted from the City-wide DC obligation for the application.
- ii. The calculated DCs, net of reduction, shall be paid at time of building permit issuance except where an Applicant has entered into a pre-payment or deferral agreement with the City.
- iii. The DC reduction amount may be adjusted to account for any amendments to building permits.

2.2. CASH-IN-LIEU (CIL) OF PARKLAND DISCOUNT

The CIL of parkland discount will be provided for qualifying developments as follows: (i) qualifying office development will be fully exempt from CIL contributions and; (ii) a site plan or plan of subdivision that includes both qualifying office development and high-density residential development will receive a discounted CIL requirement for the residential component.

In accordance with section 42 of the *Planning Act*, CIL of parkland for commercial and industrial development, inclusive of office development, is calculated at a rate of 2 per cent of the total land value. The current in force CIL of parkland rate for high-density residential units is \$8,500 per unit as described in By-law 205-2012. Should By-law 205-2012 be updated, amended or appealed, the new CIL of parkland rates shall apply to the CIL of Parkland Discount financial program as described in this By-law.

2.2.1. Description

CIL of parkland rate for eligible developments shall be calculated as follows:

- i. 100 per cent exemption for office uses; and
- ii. A discount for high-density residential dwelling units of \$4,400 per unit for every 70 square metres (750 square feet) of office space developed will be applied to the current CIL of parkland rate in force at the time the CIL requirement is calculated for a qualifying residential development within the same site plan or plan of subdivision.

2.2.2. Eligibility Requirements

- i. The program applies to all office uses that meet the general and specific financial program requirements and are located within the Vaughan Metropolitan Centre Community Improvement Project Area (Schedule "A" of By-law XXX-2015) and the Weston Road and Highway 7 Community Improvement Project Area (Schedule "B" of By-law XXX-2015);
- ii. The qualifying high-rise residential development must have been issued a building permit on or after the date of issuance of the Building Permit for the qualifying office development, but no later than the expiry of this By-law.
- iii. The program applies to any development for which an application requires the payment of CIL of parkland including:
 - Minor variance under section 45 of the *Planning Act*;
 - Conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
 - Plan of subdivision under section 51 of the *Planning Act*;
 - Consent under section 53 of the *Planning Act*; and
 - Site plan control agreement under section 41 of the *Planning Act*.

2.2.3. Discount of Applicable CIL of Parkland Requirement

- i. Prior to the issuance of the Building Permit, the calculated CIL discount shall be reduced from the overall CIL of parkland amount calculated for the application.
- ii. The total calculated CIL of parkland amount shall be paid prior to building permit issuance except where an Applicant has entered into a pre-payment or deferral agreement with the City, in which case, payment shall be made in accordance with the terms and provisions of such agreement.
- iii. The qualification amount and thereby the approval letter may be adjusted to account for any amendments to building permits.

2.3. TAX INCREMENT EQUIVALENT GRANT (TIEG)

The Tax Increment Equivalent Grant (TIEG) is intended to provide financial assistance to eligible owners who undertake qualifying office developments in the Weston Road and Highway 7 Community Improvement Project Area and the Vaughan Metropolitan Centre Community Improvement Project Area.

The TIEG is an annual grant used to offset a portion of the property tax increase (herein referred to as the Property Tax Increment) resulting from the development or the redevelopment of the qualifying property.

2.3.1. Description

The grant is annual and phased over a ten year period. The maximum amount of the grant is at 70% of the Property Tax Increment for qualifying office uses and declines over the ten year period. The table below shows the annual applicable percentage.

| Year | Grant % ¹ | Net Taxes Payable % |
|------|----------------------|---------------------|
| 1 | 70 | 30 |
| 2 | 63 | 37 |
| 3 | 56 | 44 |
| 4 | 49 | 51 |
| 5 | 42 | 58 |
| 6 | 35 | 65 |
| 7 | 28 | 72 |
| 8 | 21 | 79 |
| 9 | 14 | 86 |
| 10 | 7 | 93 |

¹ Expressed as a percentage of the calculated Property Tax Increment

2.3.2. Eligibility Requirements

- i. The program applies to office uses that meet the general and specific financial program requirements and are located within the Vaughan Metropolitan Centre Community Improvement Project Area (Schedule "A" of By-law XXX-2015) and the Weston Road and Highway 7 Community Improvement Project Area (Schedule "B" of By-law XXX-2015);
- ii. Grants shall be calculated based on the office GFA (as provided by MPAC) of a building and shall not apply to other uses located in the same building that the office use occupies, such as other non-residential uses (including parking garages, parking lots or parking areas) or residential uses.

2.3.3. Limitations

- i. The program applies to the City of Vaughan portion of property taxes and does not affect the Region of York property taxes or the Provincial education taxes.
- ii. The proportion of the Property Tax Increment upon which the annual TIEG will be based will be the lesser of:
 - The proportion of GFA occupied by office uses in the first year in which the TIEG is payable; and
 - The proportion occupied by office uses for the year in which the TIEG is provided.

2.3.4. Phased Development

For developments that are constructed in phases, and where one phase is constructed in advance of any other phase of the development(s), each phase shall be treated as a separate property for the purposes of calculating the Property Tax Increment and the applicable TIEG.

The applicable TIEG for phased development will be calculated as follows:

- i. The grant for the first phase of the development will be calculated based on the Property Tax Increment arising from the increased assessment value of the first phase.
- ii. As each additional phase of the development is constructed and results in an increase in assessment, the Applicant must apply for an additional TIEG based on the new

Property Tax Increment related to the new phase and must submit a separate Pre-CIP Application and, if approved, enter into a separate Final CIP Agreement with the City.

- iii. Subsequent phases will be subject to the same terms and conditions as the initial development unless otherwise specified in a Final CIP Agreement.

2.3.5. Appeals and Rebates

The annual TIEG amount shall be adjusted in accordance with the following provisions:

- i. Should the Applicant of a property subject to an approved TIEG financial program file a Request for Reconsideration or an assessment appeal in relation to a Property Assessment Notice from MPAC, and if the assessment as a result of the appeal is reduced, the City will recalculate the applicable municipal Property Tax Increment and any overpayment shall be deemed to be debt owing and must be repaid to the City by the Applicant.
- ii. Where such tax changes occur after grant amounts have been paid, future year grant entitlements may be reduced accordingly.
Any rebate of municipal taxes paid to the property owner, including rebates related to Vacancy or Tax Appeals, and/or Charity Rebates will be deducted on a proportional basis from the TIEG amount.

2.3.6. Grant Payment

- i. Grants will be provided starting in the first year for which MPAC has fully assessed the qualifying office use.
- ii. The City will calculate the grant amount based on the office component of the Property Tax Increment and will issue an annual grant, in the last quarter of the year, through a cheque or account credit, provided that:
 - There are no outstanding taxes, work orders or other fees owed to the City with respect to the property;
 - There are no other outstanding terms or conditions or any violations of the executed Final CIP Agreement; and
 - In the case of a pending Assessment or Tax Appeal, the City reserves the right to withhold any forthcoming grants pending final disposition of the appeal(s).
- iii. A Final CIP Agreement may be adjusted at the discretion of the City based on changes in use, assessment appeals or other matters.

3. ELEMENTS OF THE FINANCIAL PROGRAM THAT APPLY TO THE VAUGHAN METROPOLITAN CENTRE COMMUNITY IMPROVEMENT PROJECT AREA ONLY

The financial program described in this section applies to the Vaughan Metropolitan Centre Community Improvement Project Area only.

3.1. DEVELOPMENT CHARGE (DC) DEFERRAL

The DC Deferral is intended to match the Region of York's current DC deferral policy for high-rise office development. The DC Deferral will be used in conjunction with the DC Reduction incentive to further encourage office development.

3.1.1. Description

Payments of City-wide DCs relating to qualifying office uses may be deferred for up to a maximum of eighteen (18) months.

3.1.2. Limitations

The deferral applies only to the City-wide portion of the eligible DCs and shall not apply to any other DCs relating to:

- i. City of Vaughan Area-specific DCs;
- ii. York Region;
- iii. GO Transit; or
- iv. Boards of education.

3.1.3. Eligibility Requirements

- i. The program applies to all office uses that meet the general and specific financial program requirements and are located within the Vaughan Metropolitan Centre Community Improvement Project Area (Schedule "A" of By-law XXX-2015) only.
- ii. The DC deferral is only applicable to the GFA of the building that relates to office uses. Other uses such as residential, retail, commercial, or institutional uses are not eligible.
- iii. The DC payment deferral period shall apply to developments that meet all other general and specific eligibility criteria and conditions beginning the day after this By-law comes into force, and shall not be apply retroactively to any DCs paid prior to the enactment of this By-law.

3.1.4. Deferral of Applicable Development Charges

- i. The decision to provide a DC payment deferral will be made at the sole and unfettered discretion of the City Treasurer or his/her designate in consultation with the City Solicitor, Commissioner of Planning and Executive Director City Manager's Office;
- ii. At the time of issuance of the Building Permit, the calculated DC deferral amount will be identified and a Letter of Credit for the entire deferral amount will be required prior to Building Permit issuance.
- iii. Payment will be deducted from the Letter of Credit in full eighteen (18) months after the Building Permit is issued.