

Item: 4



VMC Sub-Committee Report

DATE: Tuesday, February 13, 2018

WARD(S): 3, 4

TITLE: VMC COMMUNITY IMPROVEMENT PLAN ANNUAL UPDATE

FROM:

Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations
Laura Mirabella-Siddall, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

To provide an annual update to VMC Sub-Committee on the uptake and status of the Community Improvement Plan (CIP) for the Vaughan Metropolitan Centre and Weston Road and Highway 7 Primary Centre, which was implemented in December 2015.

Recommendations

1. THAT this report be received.

Report Highlights

- To date, the City has received and is processing four CIP applications, that collectively total approximately 67,300 m² (724,400 ft²) of new office space, representing 48% of the targeted office space goal.
- The four applications will generate an estimated \$13.3 million in new property tax revenue over the next 10 years. Estimated revenue to be forgone is \$9.9 million from Cash-in-Lieu of Parkland and property taxes (over 10 years).
- Prior to the CIP, the City had an estimated 2.8 million ft² of office space altogether.

Background

The CIP background study was completed in the fall of 2015, followed by the enactment of the CIP by-laws in December 2015. The goal of the CIP is to support the acceleration of office development in the VMC and Weston Road and Highway 7 Primary Centre. Under the CIP by-laws, office developments are eligible for certain financial incentives if they meet the CIP's qualification criteria, which include:

- The development must be located within the VMC or Weston Road and Highway 7 Primary Centre, as identified in [Schedules A and B of By-law 176-2015](#);
- The development must be a minimum of 7,000 m² (75,347 ft²) as measured at the time of the first above grade building permit issuance;
- The development may be located in multiple buildings to meet the 7,000 m² (75,347 ft²) requirement as long as it is included on the same building permit; and,
- The development must be considered as an Office Use under the Municipal Property Assessment Corporation (MPAC) assessment.

Staff brought forward a report to Committee of the Whole in November 2015, which included a recommendation to provide an annual status update on the CIP, report on the level of uptake, pending applications and estimates on forgone revenues. This report highlights these items for the period of January 1, 2017 to December 31, 2017. At the conclusion of the CIP program in December 2020 (or earlier if all 1.5 million ft² of office space has qualified under the program), the annual updates will be consolidated and a revision to the funding/investment strategy may be adopted as necessary through future budget processes.

Previous Reports/Authority

[Community Improvement Plan update – VMC Subcommittee, November 2016.](#)

[Community Improvement Plan for Vaughan Metropolitan Centre and Weston Road & Highway 7 Primary Centre - Nov 2015](#)

[Community Improvement Plan for the Vaughan Metropolitan Centre and Weston Road & Highway 7 Primary Centre](#)

Analysis and Options

As of Q4 2017, the City is processing the following CIP applications (including the finalization of relevant agreements), that, collectively, total more than 67,300 m² (724,400 ft²) of major office space:

1. The major office component of over 17,000 m² of Gross Floor Area (GFA) in the Liberty Development Corporation Centro project (File CIP.16.001) located in the Weston Road and Highway 7 Primary Centre CIP Area;
2. The SmartREIT KPMG office development (File CIP.16.002) consisting of over 26,000 m² of GFA in the VMC CIP Area;

3.The major office component of the SmartREIT mixed use development (File CIP.16.003) consisting of over 10,800 m² GFA in the VMC CIP Area; and

4.The major office component of the Liberty Development Cosmos project (File CIP.17.001) consisting of over 13,500 m² GFA in the VMC CIP Area.

These applications represent approximately 48 per cent of the total 139,355 m² (1.5 million ft²) maximum of major office space identified in the CIP to complement the residential and commercial developments that are anticipated in the VMC and Weston Road and Highway 7 Primary Centre.

Financial Impact

The CIP encourages earlier initiation of major office space projects by providing relief on Development Charges, Cash in Lieu of Parkland Dedication and future Property Taxation. It is expected that future property taxation on these new developments will offset the cost of the incentive program. This pay-back concept ensures that existing property taxpayers are not funding the incentives, but rather the developments will self-fund the incentives through future property taxation.

It is currently estimated that the four CIP applications, which have been received by the City, will result in approximately \$9.9 million less revenue from Cash in Lieu of Parkland and property taxes (over 10 years), as a result of the CIP. Property tax rebates will be gradually phased over a ten-year period. However, new tax revenue to the City generated by the development of this office space will result in an estimated \$13.3 million in new tax revenue over a 10-year period that was not being realized before.

Development Charge incentives do not apply to CIP applications CIP.16.001 and CIP.16.002 as they were able to take advantage of transition measures under the 2013 Development Charge By-law implementation. Applications CIP.16.003 and CIP.17.001 will however, have development charge implications, resulting in \$887,000 that will need to be repaid by the City from other funding sources. These two applications were not in a position to participate in the transition measures under the 2013 Development Charge By-law, but are entitled to the development charge rate freeze incentive as part of the CIP. This impact is included as part of the \$9.9 million figure stated above.

Conclusion

The CIP has helped to create the foundation for accelerating major office development in the VMC and the Weston Road and Highway 7 Primary Centre. Over the course of the second year of the CIP's five-year period of enactment, staff has been able to raise awareness of the program amongst VMC landowners, the development community, local realtors and businesses. The development industry's investment in major office space has led to a growing number notable office tenants relocating to the VMC including KPMG, Miller Thomson, GFL Environmental, Harley-Davidson and FM Global. Further, the four major office developments with CIP applications currently being processed by staff, will represent nearly 4,000 new jobs when complete that will be added to the Vaughan Metropolitan Centre and Weston Road and Highway 7 Primary Centre.

For more information, please contact: Shirley Kam, Senior Manager of Economic Development, ext. 8874

Attachments

None

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