



100 John West Way
Aurora, Ontario
L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora
Information Report
No. FIN23-037

Subject: Major Office Development Incentive Update

Prepared by: Jason Gaertner, Manager, Financial Management

Department: Finance

Date: September 19, 2023

In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.

Executive Summary

The intent of this report is to provide Council with an update on the results of the Town's Major Office Development Incentive Program.

- The Major Office Development Incentive Program's usage has been infrequent

As this program has now sunset, no further updates to Council are necessary.

Background

On November 12, 2019, Council approved a motion requesting the development of an incentive program in support of major office developments, which was defined by Council as a free-standing building with a minimum height of three above-ground storeys and a minimum gross floor area of 75,000 square feet, that offered DC relief (exemption/deferral) for development of this nature. Further, any DC relief under this program was to be capped at 300,000 square feet and the program was to end at the end of three years.

On February 18, 2020, Council approved the Town's Major Office Development Incentive Program policy which can be found under Attachment 1. The policy became effective on April 28, 2020. This policy requires that Council be provided with reporting on the results. The program was accessed for the first time in 2023.

As per s.6.2, the Major Office Development incentive policy this program expired on April 27, 2023, after three years.

Analysis

The Major Office Development Incentive Program's usage has been infrequent

Over the course of this program's existence, the Town received one application for an 85,800 square foot office development resulting in the execution of a DC deferral agreement. This agreement resulted in the deferral of the collection of approximately \$533,500 in development charges. Should any of the following conditions be satisfied:

- the issuance of a building permit for a change in the use or occupancy of the lands for a purpose other than an office building;
- a change in use;
- the use of the lands or facilities thereon or any portion thereof for a purpose other than solely for an office building; or
- if no permit authorizing the occupancy of the office building is issued by the Town within six years of the agreement,

the deferred development charges would become payable to the Town based upon the prevailing DC rates at that time.

Advisory Committee Review

Not applicable.

Legal Considerations

None.

Financial Implications

A DC deferral has no financial implications on non-DC funding sources. DC deferrals have a short-term financial impact as the related revenues may possibly be collected over a longer period of time. Deferred DC revenues will be collected when there is a change of use of the property or through future DC by-laws. The Town will not collect interest during the deferral period, since DCs will be collected at the prevailing rate at the time they become collectable.

The total deferred development charges of this program were \$533,500.

Communications Considerations

The Town will inform the public about the information contained in this report by posting it to the Town's website.

Climate Change Considerations

Not applicable.

Link to Strategic Plan

Goal #1 of the Town's Economic Development Strategic Plan is Targeting Growth Sectors and Attracting New Investment. Class A office developments will help encourage employment, job creation, and provide long-term economic sustainability for the community.

Alternative(s) to the Recommendation

Not applicable.

Conclusions

The Town's Major Office Development Incentive Program policy which was in effect from April 28, 2020 to April 27, 2023 was accessed once over its lifetime resulting in the planned construction of 85,800 square feet of office space and the deferral of \$533,500 in development charges.

Attachments

Attachment 1 – Policy No. FIN20-003 – Major Office Development Program

Previous Reports

FIN20-003, DC Deferral for Major Office Space, February 18, 2020

Pre-submission Review

Agenda Management Team review on August 31, 2023

Approvals

Approved by Rachel Wainwright-van Kessel, Director, Finance

Approved by Doug Nadorozny, Chief Administrative Officer



Financial Policies & Procedures

Policy No. FIN20-003 – Major Office Development Incentive Program

Topic:	Major Office Development Incentive Program	Affects:	All Staff
Section:	FIN20-003	Replaces:	N/A
Original Policy Date:	April 28, 2020	Revision Date:	N/A
Effective Date:	April 28, 2020	Proposed Revision Date:	N/A
Prepared By:	Julie Tian, Accounting Specialist	Approval Authority:	Doug Nadorozny, CAO

1.0 Policy Statement

This policy establishes a consistent framework for the application and administration of Development Charge Deferrals for Major Office Developments within the Town of Aurora (Town). It supports the Town’s mission, vision and values by encouraging sustainable economic growth and job creation for the community through new investments.

2.0 Purpose

In alignment with the Town’s Economic Development Strategic Plan Goal of “Targeting Growth Sectors and Attracting New Investments”, the Development Charges Deferral for Major Office Developments introduced in this policy aims to encourage economic growth and stimulate job creation through new investments and long-term economic sustainability for the community.

3.0 Scope

This policy applies to all new Applicants proposing a Major Office Development within the bounds of the Town, and all Town staff involved in the issuance, processing, and administration of Development Charges.

4.0 Definitions

Act: The Development Charges Act, 1997, S.O. 1997, c. 27, as amended, or any successor thereto.

Policy No. FIN20-003 - Major Office Development Incentive Program

Applicant: The individual or developer applying for a proposed development within the bounds of Town.

Change in Use: A change in the principal use and/or occupancy of the Development from Office Building to any other category that is subject to Development Charges under the Development Charges By-law.

Deferred Development Charges Amount: The amount of Development Charges as would be paid in respect of the Development in accordance with the Development Charges By-law.

Development: The construction, erection or placing of one (1) or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof, and includes redevelopment.

Development Charges: The Town's portion of Development Charges imposed with respect to the Development Charges By-law.

Development Charges By-law: The Town's Development Charges By-law 6166-19, as amended, or any successor thereto.

Gross Floor Area (GFA): Means:

- i) 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, excluding, 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, and excluding, in the case of a building containing parking spaces, the sum of the areas of each floor used, or designed or intended for use for the parking of motor vehicles unless the parking or storage of motor vehicles is the principal use of the building or structure, and, for the purposes of this definition, the non-residential 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, and
- ii) The floor area of any mezzanine or similar surface area,

Policy No. FIN20-003 - Major Office Development Incentive Program

However, notwithstanding any other section of the Development Charges By-law, Gross Floor Area shall not include the surface area of swimming pools or the playing surfaces of indoor sports fields, including hockey arenas and basketball courts.

Major Office Development: A free standing building which:

- i) meets the definition of an Office Building as defined within this policy and;
- ii) has a minimum height of three (3) Storeys and;
- iii) has a minimum GFA of 75,000 square feet.

Mixed-Use Development: Land, buildings, or structures used, or designed, or intended for use, for a combination of residential and non-residential uses.

Date of Occupancy Permit Issuance: The date on which the first permit authorizing the occupancy of the Development is issued by the Town.

Office Building: A building or a structure used or designed or intended for use for the practice of a profession, the carrying on of a business or occupation or the conduct of a non-profit organization and shall include but not be limited to the office of a physician, lawyer, dentist, architect, engineer, accountant, real estate or insurance agency, veterinarian, surveyor, appraiser, financial institution, contractor, builder, land developer.

Owner: The owner of land or a person who has made an application for approval for the development of land upon which a development charge is imposed.

Parcel of Land: Means a lot or block within a registered plan of subdivision or draft plan of subdivision or any land that may be legally conveyed under the exemption provided in clause 50 (3) (b) or clause 50 (5) (a) of the Planning Act.

Planning Act: The Planning Act, R.S.O. 1990, c. P. 13, as amended or any successor thereto.

Storey: A Storey must be above grade and is the portion of the building that is situated between the top of any floor and the top of the floor next above it, or the ceiling above the floor, if there is no floor above it.

5.0 Responsibilities

Planning and Development Services:

Policy No. FIN20-003 - Major Office Development Incentive Program

- Process site plan applications and permit requests as per current procedure.
- Provide Finance with site plan drawings and other documents to support application of the deferral.
- Notify Finance of any change in use requests from Office Building developments.

Building Services:

- Process payment of Development Charges and other related fees as per current procedure.
- Notify Finance immediately upon issuance of building permits for Major Office Developments for tracking purposes.
- Notify Finance immediately upon receiving an occupancy permit application for Major Office Developments and withholding occupancy permit issuance if necessary.
- Provide Finance with confirmation on the Date of Occupancy Permit issuance.

Director, Finance and Finance Department:

- Administer and enforce policy, including assisting Applicants or inquirers in determining if they qualify for the policy.
- Draft Development Charge Deferral Agreements (Attachment 1).
- Sign Development Charge Deferral agreement (Attachment 1).
- Track deferral agreements and timing of permit applications and issuance.
- Notify Applicants or Owners if deferred Development Charges becomes payable.
- Reconciliation of Development Charges and Community Benefit Charges.
- Maintain copies of executed Development Charge Deferral agreements and other agreements as required.
- Prepare annual reports to Aurora Town Council.

Legal Services:

- Draft initial Development Charge Deferral Agreement template.
- Review individual deferral agreements drafted by Finance.
- Execute site plan agreements and deferral agreements between the Town and the Applicant.

6.0 Procedure

Policy No. FIN20-003 - Major Office Development Incentive Program

Any eligible Applicant wishing to apply the deferral in this policy for a Major Office Development must submit a site plan application and zoning bylaw amendment application for the construction of the Development to Planning and Development Services.

The Finance department will confirm the application of the deferral based upon the information provided by Planning and Development Services, and initiate the drafting of a Development Charges Deferral Agreement to be reviewed by Legal Services.

The Applicant will enter into a Development Charges Deferral Agreement with the Town at the time of execution of the site plan agreement relating to the applicable Development.

The Applicant must provide a copy of the Development Charges Deferral Agreement when requesting building permit(s) and occupancy permit(s) from the Town. The Finance department will verify the eligibility of the deferral agreement, and subsequently provide Building Services with the final Development Charges amount payable.

6.1 Eligibility

This policy defers the Town portion of Development charges owing for all Major Office Developments, as defined within this policy, up to a Gross Floor Area (GFA) cap of 300,000 square feet per Development. Any individual development's GFA exceeding this cap will be subject to Development Charges as per the Development Charges By-law and the effective rates at the time of the building permit issuance.

The Applicant must submit a site plan application to the Town and enter into a Development Charges Deferral Agreement with the Town at the time of the execution of the site plan agreement. The Development Charges Deferral Agreement must be executed within the Effective Period of this policy.

Applicants must receive the first occupancy permit for the Development within six (6) years of the date of execution of the Development Charges Deferral Agreement. If the Date of the Occupancy Permit Issuance exceeds six (6) years following the date of execution of the Development Charge Deferral Agreement, Development Charges will be immediately payable and subject to the Development Charge rate in effect on the date of the occupancy permit issuance.

This deferral is applicable for Mixed-Use Developments with an Office Building portion of over 75,000 square feet and three (3) storeys.

This deferral is applicable for redevelopments or enlargements to existing Office

Policy No. FIN20-003 - Major Office Development Incentive Program

Building Developments where the net additional Gross Floor Area created is over 75,000 square feet.

This deferral is available to one (1) Development per Parcel of Land.

This deferral may be applied in combination with York Region's Complete Communities Incentives.

6.2 Effective Period

This Policy shall take effect on the day upon which it is approved by the CAO and expire three (3) years after.

This policy may be repealed by the Town at any time.

6.3 Deferral of Payment

The Development Charges otherwise payable by the Applicant or Owner with respect to the Development specified in the deferral agreement will not be payable until such time there is a Change in Use of the building.

In the case that there is a Change in Use of a Major Office Development for which a Development Charge Deferral Agreement is in place, all deferred Development Charges will immediately become payable at the applicable category and rate in effect at the time of the new building permit issuance.

6.4 Timing of Payment

Once Development Charges become payable, payment for the full amount outstanding must be received by the Town within fifteen (15) business days immediately following notification.

6.5 Community Benefits Charge

The deferral and application in this policy will also apply to the Town's Community Benefits Charge by-law or policy if one is adopted during the time this Policy is in effect.

7.0 Monitoring and Reporting

An annual report will be provided to Council on the results of this policy which may include recommendations as to the need for additional steps to further facilitate Major Office Developments within the Town.

8.0 Regulatory/References/Codes/Standards

Policy No. FIN20-003 - Major Office Development Incentive Program

Bill 108, More Homes, More Choice Act, 2019

Development Charges Act, 1997, S.O. 1997, c. 27

Ontario Regulation 82/98

Planning Act, R.S.O. 1990, c. P.13

Town of Aurora Development Charge By-law Number 6166-19

9.0 Attachments

1. Development Charges Deferral Agreement Template
2. Process Map