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Town of Aurora  
**Committee of the Whole Report**  
No. FIN25-003

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**Subject:** Regional Rental Housing Incentive Program Participation – 120 Metcalfe Street and 26-38 Berczy Street

**Prepared by:** Jason Gaertner, Manager, Financial Management

**Department:** Finance

**Date:** February 11, 2025

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## Recommendation

1. That Report No. FIN25-003 be received; and
2. That Council approve a 20-year interest free deferral with annual repayments starting at the end of the first year to meet the requirements of York Region’s rental buildings incentive program for the 101-103 Mosley Street and 120 Metcalfe Street and 26-38 Berczy Street developments enabling the developer to access York Region’s program offerings.

## Executive Summary

The developers of the proposed rental housing developments at 101-103 Mosley and 120 Metcalfe and 26–38 Berczy street have expressed a desire to access York Region’s rental building incentive program. York Region will only allow access to these incentives if the local municipality provides a similar or better incentive. As the Town does not offer any equivalent incentives of this nature through any existing bylaw or policy, Council authorization is needed. These incentives would only be offered if the development meets all York Region rental building incentive program requirements.

- Key objectives under the Town and York Region Official Plans are to increase the supply of rental housing and residential density around Major Transit Station Areas (MTSAs)
- To qualify for incentives under York Region’s rental building incentive program, developments must meet a minimum criterion

- This policy's definition of affordable differs from that of the Town's Official Plan and the DC Act
- Qualifying developments under York Region's rental building incentive program may defer the Region's development charges for up to a maximum of 20 years interest free
- For developments to access York Region's rental building incentive program, the Town must provide a similar or better incentive

## Background

**Key objectives under the Town and York Region Official Plans are to increase the supply of rental housing and residential density around Major Transit Station Areas (MTSAs)**

York Region has the lowest supply of rental housing across the Greater Toronto and Hamilton Area (GTHA), making the increase of purpose-built rental housing a priority for both York Region and the Town of Aurora.

Also, both the Town of Aurora and York Region's Official plans include a requirement to increase residential density around Major Transit Station Areas such as the Town of Aurora's GO Station.

In support of these objectives, York Region has strived to incentivize development of this nature through multiple programs. For the most part, these programs offer development charge deferrals ranging from 3 to 20 years depending upon development eligibility.

As of the writing of this report, the Town has received a site plan application for the 101-103 Mosley and 120 Metcalfe Street development which includes the construction of two nine-storey rental buildings consisting of 600 rental units, including 11 retail spaces on the bottom floor. With respect to the 26-38 Berczy Street development, once the zoning bylaw amendment (ZBA) and Official Plan Amendment (OPA) have been approved by the Ontario Land Tribunal (OLT), this will allow for the construction of a nine-storey building consisting of 550 rental units. Both of these developments have expressed a desire to access York Region's rental building incentive program.

## Analysis

### **To qualify for incentives under York Region's rental building incentive program, developments must meet a minimum criterion**

Specifically, these two developments would like to access York Region's rental building incentive program. For a development to qualify for this incentive program, it must meet the following minimum criteria:

- Be a minimum of four storeys
- Offer affordable rents to the midrange income cohort (175 percent of average market rent for private apartments, by bedroom) for a period of 20 years
- Be located in an urban area, towns and villages, on regional centres and corridors, major transit station areas (MTSA)

The midrange income cohort generally include those earning from the 3<sup>rd</sup> income decile (approximately \$80,000/year) to the 6<sup>th</sup> decile (approximately \$150,000/year).

### **This policy's definition of affordable differs from that of the Town's Official Plan and the DC Act**

An affordable rent is defined differently under York Region's policy, the Town's Official Plan and the DC Act. York Region's rental building incentive policy defines an affordable rent as meeting 175 percent of the average market rent for York Region. The Town of Aurora's Official Plan considers an affordable rent to be 125 percent of the average market rent for York Region. Alternatively, the DC Act's definition of an affordable rent is less than 30 percent of the 60<sup>th</sup> percentile of income for rental households or average market rent for the Town of Aurora as defined by a provincial bulletin that is released annually. Table 1 presents a comparison of what an affordable rent would be for a one-bedroom apartment under each of these.

**Table 1**  
**Comparison of Affordable Rent for a One Bedroom Apartment**

	<b>Affordable Rent</b>
York Region Policy	\$2,644
Town of Aurora Official Plan	\$1,889
DC Act	\$ 1,371

Qualifying developments under York Region's rental building incentive program may defer the Region's development charges for up to a maximum of 20 years interest free

The duration of the deferral of development charges under this incentive program depends on how the development meets the criteria laid out in the Table 2.

**Table 2**  
**York Region Rental Building Development Charge Deferral Incentives**

<b>Duration of Development Charge Deferral</b>	<b>Requirements</b>
36 Month	Purpose-built rental of 4 storeys or more, with no affordability criteria, applicable anywhere in York Region
5-Year	As above, with affordability criteria applied (175% AMR*)
10-Year	5-year deferral requirements <b>AND</b> Located within Regional Centre and corridor, or major transit station areas
10-Year	5-year deferral requirements <b>AND</b> Minimum of 100 dwelling units <b>AND</b> Minimum of 50 percent of the total number of dwelling units being two or more bedrooms**

Duration of Development Charge Deferral	Requirements
20-Year	5-year deferral requirements <b>AND</b> Located within Regional Centre and corridor, or major transit station areas <b>AND</b> Minimum of 200 dwelling units <b>AND</b> Minimum of 50 percent of the total number of dwelling units being two or more bedrooms**

\* The average market rent (AMR) represents the average actual rents paid by tenants for private apartments in York Region (Region-wide rents), calculated and published annually through the Canada Mortgage and Housing Corporation (CMHC) Fall Rental Market Report.

\*\* Units that achieve 125 percent AMR or less, by bedroom type, do not have to satisfy the unit split requirement and may be excluded from the total number of units used to calculate the unit split calculation. See the Development Charges Deferral for Affordable Rental Buildings Policy under Attachment 1 for details.

In short, a five-year deferral is provided for meeting the 175 percent average market rent (AMR), a 10-year deferral for also being located in a Regional Centre or corridor or major transit station areas (such as is the case that both of these developments), and a 20-year deferral is provided where a development meets the preceding criteria and also provides a mix of unit sizes with at least 50 percent of the units being two bedroom units.

If these developments meet all necessary criteria under York Region's rental building incentives program, they will be required to enter into development charges deferral agreements with the Town and York Region. Should a development be found to be in non-conformity with the development charges deferral agreement, the full outstanding balance will become immediately payable (including interest).

**For developments to access York Region's rental building incentive program, the Town must provide a similar or better incentive**

York Region's rental building incentive program requires the local municipality to provide similar or better incentives to enable a development to access the program. As the Town does not offer any equivalent incentives through an existing program, a special offering is needed.

The key incentive offered by York Region through the rental building incentive program is the 20-year interest free deferral of applicable regional development charges. Staff have confirmed that a 20-year interest free deferral with 20 equal annual repayments starting at the end of the first year, would be considered an equivalent incentive under this program.

The Town and Region would enter into individual development charge deferral agreements with each eligible developer.

### **Advisory Committee Review**

None.

### **Legal Considerations**

The *Development Charges Act* permits municipalities to defer development charges for rental buildings. As mentioned in this report, York Region has a rental building incentive program that requires the Town to provide similar or better incentives to enable these developments to access the program.

### **Financial Implications**

Should both of these developments proceed as planned, the Town will defer approximately \$15.6 million in development charges to be repaid in 20 equal installments over a period of 20 years interest-free. The timing of the commencement of these deferrals would be tied to the issuance of the building permits for both developments.

The annual repayments will enable the Town to proceed with growth capital investments, during the deferral period, but they would need to be debt financed as the development charge revenues would be received in equal payments over a 20-year period.

The Region's development charges would be payable at the end of the deferral period. Staff do not recommend this method for the Town as it would require that growth capital would need to be deferred until the funds are received as a 20-year deferral, without instalments, restricts the Town's ability to debt finance growth capital projects.

Of note, the *Development Charge Act* will provide an estimated \$3.5 million in development charge savings to these two developments in the form of rental unit

bedroom discounts. These savings reduce the total amount of development charges paid to the Town. The Town is required to replace this lost development charge revenue through alternative revenue sources. Similar bedroom discounts must be applied to York Region's development charge payable as well.

## **Communications Considerations**

There are no communications considerations as a result of this report.

## **Climate Change Considerations**

There are no climate change considerations arising from this report.

## **Link to Strategic Plan**

This report supports the Strategic Plan goal of Supporting an exceptional quality of life for all through the Strengthening the fabric of our community objective. Through the offer of incentives for these developments, the Town supports the creation of 1,150 new rental residential dwellings within the Town of Aurora, increasing housing opportunities that assist in achieving growth targets while providing housing opportunities for everyone.

## **Alternative(s) to the Recommendation**

1. That Council provide direction.

## **Conclusions**

Two proposed rental building developments within the Town of Aurora have expressed a desire to access benefits offered under York Region's rental buildings incentive program. For these developments to access this program, the Town must offer a similar or better incentive to that of the program. It is recommended that Council approve the Town's offer of a 20-year interest free development charge deferral with an annual installment to these two developments, should they qualify. York Region would consider this incentive to be in alignment with its rental building incentive program, thus enabling developer access to their provided incentives under this program.

## **Attachments**

Attachment 1 – York Region Development Charges Deferral for Affordable Rental Buildings Policy

## **Previous Reports**

None

## **Pre-submission Review**

Agenda Management Team review on January 23, 2025

## **Approvals**

Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance

Approved by Doug Nadorozny, Chief Administrative Officer