



Staff Report for Committee of the Whole Meeting

Date of Meeting: March 19, 2025

Report Number: SRPBS.25.024

Department: Planning and Building Services

Division: Policy Planning

Subject: **SRPBS.25.024 Local Contribution Requirement under York Region Development Charges Deferral for Affordable Rental Buildings Policy**

Purpose:

A request for comments with respect to the deferral of Development Charges (DC) payment for a proposed affordable purpose-built rental apartment building and the approval in principle to defer DC payment for future qualifying projects, to ensure eligibility under York Region's Development Charges Deferral for Affordable Rental Buildings Policy.

Recommendation(s):

- a) That Staff Report SRPBS.25.024 regarding the Local Contribution Requirement under York Region's Development Charges Deferral for Affordable Rental Policy (attached as Appendix A) be received;
- b) That Council approve the deferral of City Development Charges for the eligible affordable purpose-built rental housing project submitted by Elm 9700 Yonge Lands Limited, subject to a Development Charges Deferral Agreement being entered into between Elm 9700 Yonge Lands Limited and the Region of York in accordance with the Region's Policy;
- c) That the Mayor and Clerk be authorized to execute any agreements referred to in item b) and any further documentation as necessary, between the City, the Region of York and Elm 9700 Yonge Lands Limited that are required to implement the Development Charges payment deferral upon the recommendation of the Director of Financial Services and Treasurer, and the Commissioner of Building and Planning Services;
- d) That Council approve the deferral of the payment of City Development Charges otherwise owing for the same time period as the Region of York, and allow for forgivable interest on the deferred payment for future eligible proposed affordable rental developments pursuant to the Region's Policy, subject to a Development

Page 2

Charges Deferral Agreement being entered into with the developer and the Region of York in accordance with the Region's Policy; and,

- e) That the Mayor and Clerk be authorized to execute the Development Charges Deferral Agreements referred to in item d) and any further documentation provided for in such agreement and/or the Region's Policy, in order to implement the Development Charges payment deferral upon the recommendation of the Director of Financial Services and Treasurer, and the Commissioner of Building and Planning Services.

Contact Person(s):

- Ashley Dickinson, Project Manager, Affordable Housing ext. 2453
- Maria Flores, Director, Policy Planning ext. 5438
- Gus Galanis, Commissioner, Planning and Building Services ext. 2465

Report Approval:

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

Page 3

Key Messages:

- Richmond Hill is committed to reducing barriers to accelerate the delivery of affordable housing in our community.
- The Region of York (the “Region”) Development Charge (DC) Deferral for Affordable Rental Buildings Policy (“Region’s Policy”) seeks to incentivize the construction of affordable and purpose-built rental housing by deferring the payment of DCs for a duration ranging between 5 and 20 years, as determined by specified criteria. This policy is only eligible to proponents who secure a similar contribution from the local municipality.
- Richmond Hill’s Council-endorsed Affordable Housing Strategy identifies the goal of increasing affordable and purpose-built rental housing options in the City and recommends consideration of a deferral of fees associated with affordable and purpose-built rental housing.
- In May 2024, Council approved Official Plan and Zoning By-Law Amendments submitted by Elm 9700 Yonge Lands Limited for lands known as Part of Lots 11 to 15, Plan 1923 (Municipal Address: 9700 Yonge Street) to facilitate the construction of affordable and purpose-built rental housing on the subject lands. This project is eligible for consideration under the Region’s DC Deferral Policy, provided Richmond Hill provides a similar local contribution of DC deferral.
- Deferring City’s component of DC payments for all future eligible development projects pursuant to the Region’s Policy requirements provides certainty to the development community and streamlines administrative processes.

Background:

Housing affordability continues to be a concern in Richmond Hill and across the Greater Toronto and Hamilton Area (GTHA). Richmond Hill continues to prioritize the facilitation and acceleration of housing through various actions and initiatives, guided by the Council-endorsed Affordable Housing Strategy (2021).

The Affordable Housing Strategy (the Strategy) affirms the City’s commitment to work with the building and development sector to establish affordable housing in Richmond Hill’s private housing market. Goal 2 of the Strategy is to *“increase the number of rental and specifically purpose-built rental housing options that are in a good state of repair and affordable to moderate- and low-income households”*. The Strategy sets out a series of actions to enable and encourage affordable housing which staff continue to implement. In this regard, Action Item 5.3 of the Strategy directs staff to *“Review and, where practicable, amend fee by-law(s) to reduce, defer or provide grant-in-lieu of fees associated with the provision of affordable housing, purpose-built rental housing, and/or supportive housing in new residential developments.”*

The goals of the Affordable Housing Strategy are complemented by Richmond Hill’s 2024-2027 Strategic Plan Pillar 1: Growing a Living, Sustainable Community. This pillar emphasizes Richmond Hill’s commitment to facilitating housing through Priority 1a:

Page 4

“Manage growth in a way that enables choice and connection for the city, its residents and businesses now and in the future by encouraging and supporting a range of housing options and affordability”. This priority acknowledges the community benefits of a diverse housing stock that includes purpose-built rental and affordable housing.

Likewise, in November 2024, Council endorsed the City’s 2024 Housing Needs Assessment (SRPBS.24.102) which identified the need for more purpose-built rental stock; a need for affordable rental housing for low and moderate income households; and a need for more diverse housing stock, including both smaller and family sized dwellings. The 2024 Housing Needs Assessment updated the 2021 Housing Needs Assessment with key changes in socio-demographic and housing trends and provided information on the full range of housing in Richmond Hill, including the demand for and supply of market and non-market housing. The report notes that Richmond Hill’s rental vacancy rates of 0.9% in 2022 and 1.0% in 2023 are significantly below that of a healthy rental vacancy rate of 3%. The report finds that additional purpose-built rental housing is required to increase supply, ease pressure on vacancy and help to stabilize rent prices.

The Affordable Housing Strategy, 2024-2027 Strategic Plan and 2024 Housing Needs Assessment each identify the need for the facilitation of purpose-built rental housing and affordable housing in Richmond Hill. This report outlines an opportunity for the City to efficiently leverage an existing York Region DC deferral policy and program, in alignment with Action 5.3 of the Affordable Housing Strategy, and in support of enabling and encouraging affordable purpose-built rental projects in Richmond Hill.

York Region DC Deferral for Affordable Rental Policy

In October 2019, Regional Council approved the Development Charges (DC) Deferral for Affordable Rental Policy to facilitate the development of rental buildings affordable to moderate income households. This policy allowed for a maximum of 1,500 units to receive DC payment deferral over the course of three years when the policy expired. In June 2021, the policy was extended for an additional three years as the 1,500 unit maximum set out in the initial policy had not been reached.

The Region’s Policy provides for the deferral of the payment of Regional DCs for eligible projects, from 5 years to 20 years, based on specific criteria. The policy also allows for forgivable interest for the duration of the deferral, provided the DCs are paid within a specified timeframe at the end of the deferral period.

Among the eligibility requirements for this program, the proposed development must be a minimum of four storeys in height above grade, be affordable (in accordance with the Region’s Policy definition) and be operated entirely as a rental property for a period of not less than 20 years. Significantly, this policy also specifies that York Region *“will only enter into a Development Charges Deferral Agreement if the local municipality has provided a similar, if not better, deferral, exemption, or other incentive, for the proposed development”* (Section I). Under the Region’s Policy, should the City elect not to provide

Page 5

a similar local contribution, the proponent would not be eligible for the Region's DC deferral.

To determine the duration of the DC payment deferral, the Region's Policy outlines criteria such as location, project size and unit split requirements. For example, to achieve the maximum 20 year DC deferral period, projects must have at least 200 units and a minimum of 50 percent of these units must have two or more bedrooms. This provision acts as an additional incentive for projects to deliver a balanced range of unit sizes.

Discussion:

As noted above, the Region's policy has been in effect since 2019. In December 2024, Regional Council approved continued implementation of York Region's Development Charges (DCs) Deferral for Affordable Rental Buildings Policy (Appendix A) and amended the policy to remove the unit-cap and expiry date. The amended policy continues to provide for the deferral of the payment of the Region's portion of DCs for eligible affordable rental development proponents. As noted previously, the policy requires a local contribution of equal or greater value from the local municipality.

DC Deferral for ELM 9700 Yonge Lands Project

In May 2024, Council approved "SRPBS.24.041 – Request for Approval – Official Plan Amendment, Zoning By-law Amendment and Draft Plan of Subdivision Applications – Elm 9700 Yonge LP – City Files OPA-22-0006, ZBLA-22-0020 and SUB-22-0010". Staff report SRPBS.24.041 outlined the proposal for the establishment of a high-density, mixed-use residential/commercial development to be comprised of over 500 rental apartment dwelling units on the applicant's land holdings. The submission included an affordability housing chart demonstrating that 25% of the units are intended to be affordable rental units and 5% of the units in the proposed development shall contain 3 or more bedrooms. Since this approval, the proponent and City staff have been working through registration of the applicant's draft Plan of Subdivision and approval of related Site Plan application.

The proponent is seeking to deliver affordable and purpose-built rental housing units within a Regional Mixed-Use Corridor. Staff from the City's Affordable Housing Coordination team have assisted the proponent in liaising with the Region with respect to its eligibility under the Region's Policy. The proponent has issued a letter of intent to the Region outlining project commitments to meet the eligibility requirements of the Region's Policy. On the basis of the commitments made by the proponent, Regional staff have confirmed that the project is eligible for the Regional DC Deferral provided that the City of Richmond Hill contributes a similar valued local incentive (i.e. matching deferral of City DC payments).

Page 6

Through this report, staff are seeking Council's approval to defer the payment of the City DCs for the project submitted by ELM 9700 Yonge LP (owned by Elm 9700 Yonge Lands Limited); the DC deferral would be for the same duration as the Region's and allow for forgivable interest on the deferred DCs pursuant to the Region's Policy. Council approval to defer payment of City DCs for this project would allow the proposed development to be eligible for the York Region DC deferral under the Region's Policy.

Local Contribution of DC Deferral for Eligible Projects under the Region's Policy

The other main objective of this report is to seek Council approval, in principle, that future affordable rental projects that are eligible for the Region's Policy may be provided with a deferral of the payment of City DCs with interest forgiven, provided the DCs are paid within specified timeframes at the end of the deferral. This approach would reduce the approval timelines associated with preparing separate staff reports for Council's consideration for each individual eligible applicant, thereby expediting the approval process and providing certainty to the development community. This approach also signals Richmond Hill's commitment to enabling housing through a proactive approach to ensure eligible projects can be considered under the Region's Policy. Should changes be made to the Region's Policy, City staff will seek further Council direction as appropriate.

It should be noted that the Region's Policy addresses key housing gaps in Richmond Hill, as identified in the Affordable Housing Strategy and the 2024 Housing Needs Assessment. Eligible projects must maintain average rents at an affordable threshold for 20 years. The Region's Policy defines affordable rents as being less than, or equal to, 175 per cent of average market rent (AMR) for private apartments by bedroom type as identified through the Canada Mortgage and Housing Corporation (CMHC) annual Rental Market Report. The policy also includes provisions to encourage the inclusion of units that achieve greater depths of affordability.

Through the administration of the Region's Policy, proponents are required to enter into a legal agreement with the Region and the City, which is to be registered on title of the property. Ongoing legal agreement compliance is undertaken by staff at the Region of York. Thus, Council approval of the deferral of City DCs in alignment with the Region's Policy leverages the administrative efficiencies offered by Regional staff in assessing and ensuring recipients' adherence to the policy requirements.

Since the Region's Policy came into effect in 2019, only one development in Richmond Hill has qualified, representing a small portion of the City's DCs revenue overall. Richmond Hill Council approved the deferral of local DC payments for a rental building at 13042 Yonge Street, owned by Vitmont Holdings (Oak Ridges) Inc. in 2021 (SRPI.21.047). Council approval of City DC payment deferral for future eligible projects, in principle, would streamline administrative processes and provide certainty to the development community that the local contribution requirement of the Region's Policy will not be a barrier for otherwise eligible projects.

Page 7

Given the lack of affordable and purpose-built rental housing in the City, the long-term and cumulative benefits of creating affordable rental units outweighs the short-term financial impacts of DC payment deferral. Therefore, it is in the City's best interest to facilitate uptake and streamline the administration of this program.

Financial Implications:

Development Charges provide the City with a viable and secure method of addressing infrastructure costs related to new developments and growth in the community. Currently the *Development Charges Act* provides for purpose-built rental properties to pay DCs in six equal annual installments starting at building occupancy. Interest is accrued on outstanding DCs payable. The deferral of the payment of DCs for up to 20 years will have an impact on the timing of the City's DC collections and the financing of growth-related infrastructure. Further, forgoing accrued interest will result in a financial gap as it is likely that the actual costs to deliver infrastructure may be higher than the DC payable.

In consideration of the above, the deferral of the payment of DCs for eligible applicants will be incorporated into longer term financial forecast documents.

Relationship to Strategic Plan 2024-2027:

This report aligns directly with Richmond Hill's 2024-2027 Strategic Plan Pillar 1: Growing a living, sustainable community, Priority 1, managing growth in a way that enables choice and connection for the city, its residents and businesses now and in the future by encouraging and supporting a range of housing options and affordability.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix A: York Region Development Charges Deferral for Affordable Rental Buildings Policy

Page 8

Report Approval Details

Document Title:	SRPBS.25.024 Local Contribution Requirement under York Region DC Deferral for Affordable Rental Buildings Policy.docx
Attachments:	- SRPBS.25.024 App A YR DC Deferral for Affordable Rental Buildings Policy - AODA.pdf
Final Approval Date:	Feb 26, 2025

This report and all of its attachments were approved and signed as outlined below:

Maria Flores - Feb 25, 2025 - 10:25 AM

Gigi Li - Feb 26, 2025 - 9:58 AM

Gus Galanis - Feb 26, 2025 - 10:24 AM

Darlene Joslin - Feb 26, 2025 - 1:02 PM