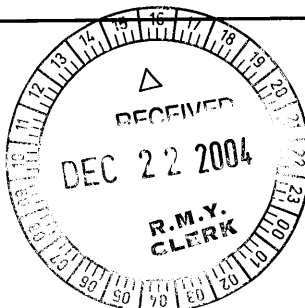


December 16, 2004

Mr. Denis Kelly  
Regional Clerk  
The Regional Municipality of York  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1



**REGION OF YORK**  
CLERK'S OFFICE

FILE No. - *P04*

*→ S. Cartwright*

RE: **SUBMISSION TO THE PROVINCE REGARDING FINANCIAL  
TOOLS TO IMPLEMENT MARKHAM CENTRE (10.8, 13.2, 7.0)**

Dear Mr. Kelly:

This will confirm that at the meeting of Council held on December 14, 2004, Clause 11 of Report No. 67, was approved as follows:

"That the staff report entitled "Submission to the Province regarding Financial Tools to Implement Markham Centre" dated December 7<sup>th</sup>, 2004, be received;

And that Council endorse and request that the Province take necessary action to provide the five financial tools summarized in this report and set out in Appendix "A" attached, namely:

1. Introduce Tax Increment Financing (TIF) legislation in support of Markham Centre and permanently remove tax capping within TIF zones;
2. Invest in The Region of York's Rapid Transit Strategy and Plan;
3. Amend the Development Charges Act to support future urban growth and intensification;
4. Empower "Downtown Development Corporations" to act as a flexible business model to promote the provincial growth plan for the Greater Golden Horseshoe; and
5. Use provincial land and facilities strategically to promote and support the provincial growth plan for the Greater Golden Horseshoe;

And that the Clerk be requested to forward a copy of this report to the Minister of Public Infrastructure Renewal, the Minister of Municipal Affairs and Housing, the Minister of Finance, the Minister of Transportation, the York Rapid Transit Plan, York Region MPPs, the Region of York, and the Assistant Deputy Minister for the Ontario Growth Secretariat."

Yours sincerely,



Sheila Birrell  
Town Clerk

SB:mbp

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## REPORT TO Development Services Committee

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**TO:** Mayor and Members of Council

**FROM:** Jim Baird, Commissioner of Development Services  
Valerie Shuttleworth, Director of Planning and Urban Design

**PREPARED BY:** David Clark, Town Architect

**DATE OF MEETING:** 2004-Dec-07

**SUBJECT:** Submission to the Province regarding Financial Tools to  
Implement Markham Centre

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### RECOMMENDATION:

That the staff report entitled "Submission to the Province regarding Financial Tools to Implement Markham Centre" dated December 7<sup>th</sup>, 2004, be received;

That Council endorse and request that the Province take necessary action to provide the five financial tools summarized in this report and set out in Appendix "A" attached, namely;

1. Introduce Tax Increment Financing (TIF) legislation in support of Markham Centre and permanently remove tax capping within TIF zones;
2. Invest in The Region of York's Rapid Transit Strategy and Plan;
3. Amend the Development Charges Act to support future urban growth and intensification;
4. Empower "Downtown Development Corporations" to act as a flexible business model to promote the provincial growth plan for the Greater Golden Horseshoe; and
5. Use provincial land and facilities strategically to promote and support the provincial growth plan for the Greater Golden Horseshoe.

And that the Clerk be requested to forward a copy of this report to the Minister of Public Infrastructure Renewal, the Minister of Municipal Affairs and Housing, the Minister of Finance,

the Minister of Transportation, the York Rapid Transit Plan, York Region MPPs, the Region of York, and the Assistant Deputy Minister for the Ontario Growth Secretariat.

## **PURPOSE:**

The purpose of this report is to outline for the Province the urgency and importance of provincial action to provide financial support for the implementation of Markham Centre. It is recommended that the Town of Markham request that the Province take the necessary action to implement the five potential financial tools identified in the report.

## **BACKGROUND:**

### **The implementation of Markham Centre will require Provincial support**

Markham Centre has been in the planning stages for over a decade. The policy framework is firmly in place and the Markham Centre plan and vision is now moving forward into the implementation of the next phases of development and construction. Over the past two years Council has approved a number of development applications that, taken together, will begin to implement significant components of the Markham Centre plan. However, implementation of this highly urban form of development in a Greenfield context requires the policy leadership and financial support of all levels of government to provide the necessary public infrastructure.

Markham Council has undertaken a number of key strategic initiatives recognizing the impact that the build out of Markham Centre will have on the transportation and service network, transit and parking facilities and the Town's financial resources.

Directing the Town's intensification and growth into a more sustainable, compact, mixed-use, transit supportive urban form generates a number of key capital investment and operating challenges that cannot be wholly funded through the traditional suburban growth tools of fees and development charges. New tools and mechanisms must be developed and brought to the table to give municipalities the ability to embark on and sustain urban intensification. Action is required at all levels of government to meet the financial challenge of delivering and sustaining higher service levels in a new urban environment. Upfront investments in road, transit and parking structures is critical to foster private investment in compact urban form at appropriate densities in the earliest stages of build out.

Provincial action to provide new financial tools and invest in public transit is critical now at the initial stages of implementation to help drive appropriate urban form. Failure to deliver upfront infrastructure, rapid transit facilities and the structured parking to support appropriate development densities, from the outset, will place Markham Centre at a competitive disadvantage compared with traditional suburban locations in the GTA and risks underutilizing the land asset and postponing intensification to a future generation of development.

### **The Town initiated a Financial Strategy study to identify potential financial tools**

In 2003 Council authorized staff to undertake a Financial Strategy Study to assess the impact of Markham Centre on the Town and to identify potential financial tools that could assist in

delivering the vision. The consultant team retained by the Town identified a number of potential financial impacts on the Town's resources to implement and sustain Markham Centre that could not be funded through traditional suburban growth tools. Delivering compact urban form from the outset of the plan's build out also presented a number of unique financial challenges associated with the need to make strategic investments in infrastructure early on, particularly investment in parking structures and rapid transit facilities.

The Financial Study focused on identifying potential new financial tools with the capability of supporting the timing and scale of investments required to deliver the Markham Centre plan and vision. Of a wide range of potential tools investigated, Tax Increment Financing (TIF) was identified as the single most significant financial instrument possible. TIF has a proven track record, primarily in the US, of supporting development or re-development on the scale of Markham Centre. Diverting a portion of the municipal (Town and Region) tax share alone cannot support the investment required for Markham Centre; access to a portion of the provincial tax share is an essential component of the financial strategy. Provincial legislation is required to enable TIFs to provide financial support for the scale of investment required to establish and sustain Markham Centre on the right path in the critical early stages of the build out.

Existing tax legislation that places a cap on property tax for newly constructed commercial/industrial development reduces the effectiveness of proposed TIF financing. Capping has a tendency to shift the burden of new commercial/industrial development in a region/county to smaller municipalities that are not experiencing commercial/industrial assessment growth. Recent amendments to capping legislation contained in the 2004 Provincial Budget allows municipalities to accelerate the progress of newly constructed commercial/industrial development through the capping program, potentially reaching full tax burdens by 2008. In order to make TIF financing as effective as possible, it is imperative that newly constructed commercial/industrial assessment in TIF zones be taxed at full Current Value Assessment (CVA) on a permanent basis as soon as possible.

No single tool has the capability of providing the needed financial support for Markham Centre. The study identified a suite of potential tools where Province action is instrumental in facilitating critical financial support for Markham Centre. Those actions are the subject of this submission to the Minister of Public Infrastructure Renewal and set out in this report.

### **Markham Centre is consistent with the Provincial and Regional growth strategies**

On October 30, 2004 Council received a staff report commenting on the Discussion Paper on the proposed Provincial Growth Plan for the Greater Golden Horseshoe (Places to Grow). The report provided a number of comments on the provincial growth plan and sought further clarification on some specific elements of the plan. The Town's response to the plan has been forwarded to provincial ministers' offices. As the Growth Plan is developed the Province will identify criteria to guide infrastructure investment including transit. The Discussion Paper clearly identifies Markham Centre as an emerging urban centre and as such should qualify Markham Centre for priority investment. The implementation component of the Growth Plan is expected to identify specific provincial actions including programmes as well as regulatory and fiscal tools to assist municipalities to implement the plan.

Recently the Region of York adopted an updated growth management strategy for "Centres and Corridors" which identified four key action areas in policy, programmes, financial tools and infrastructure investment to guide the development of an urban structure served by rapid transit. In the regional context Markham Centre is an identified urban centre that will be developed on the principles of balanced live/work opportunities, compact urban form, natural heritage protection, transit supportive development and housing choice. Markham Centre is consistent with Provincial and Regional growth strategies.

### **Town staff have met with provincial officials**

Over the past three years Town staff have met with various provincial officials on a number of occasions to present the Markham Centre vision and to outline implementation challenges. In more recent meetings the discussion has been focused on a range of potential financial and planning tools including tax increment financing alternatives. Background materials have also been forwarded to provincial officials to assist in their deliberations.

During the same time, Town staff also participated in the former provincial government's Smart Growth round table consultation process. The Town's submissions to the Smart Growth Secretariat focused on the Town's growth management policies and particularly emphasized the importance of Markham Centre as a 'best practice' demonstration of sustainable, compact urban intensification. Throughout our discussions with provincial officials Town staff have emphasized the critical importance of the Province putting in place effective implementation tools to help deliver the Markham Centre plan and vision.

### **The Town met with the Minister of Public Infrastructure Renewal**

On September 22, 2004 the Mayor and members of senior staff met with the Minister of Public Infrastructure Renewal to discuss potential financial tools that the Province should consider to help support Markham Centre. During the discussion a number of specific tools were identified for the Minister's consideration. The Minister indicated his willingness to look proactively at TIFs and other potential implementation mechanisms that could be used to support the implementation of the Provincial growth strategy. The tools discussed in the meeting are the subject of the submission to the Minister and form the basis of this report. Following the meeting with the Minister and the Mayor on September 29, 2004, the Mayor wrote to the Deputy Premier/Minister of Finance to request provincial action on TIF legislation. (Appendix 'B')

### **This submission is a call to action for the Provincial government**

Markham Centre is poised to enter the next stage of the implementation of the plan and vision. The Town has committed funds to construct the completion of Enterprise Boulevard from Warden Avenue to Kennedy Road, to unlock the development potential of the heart of the plan. The Town has committed to a higher standard of urban streetscape standards (sidewalks, medians, lighting, street furniture, landscaping) and urban park design and construction. The Town has also committed funds to extend the District Energy distribution network in advance of anticipated development. Construction has also commenced on an additional north south crossing of the 407 (Rodick Road) to expand the road access network to Markham Centre. This

all represents a significant investment by the Town, to stimulate and ultimately sustain private development in Markham centre.

The time for action by the Province to invest in Markham Centre is now. Financial tools and mechanisms must be in place to fund critical infrastructure, rapid transit and parking structures needed to deliver the commercial intensification fundamental to implementing the Markham Centre plan and vision. Delay will risk postponing intensification to a future generation of development.

#### **FINANCIAL CONSIDERATIONS:**

The Town's Financial Strategy study forms the basis for this report. The Town has initiated significant local municipal investment in Markham Centre, and requires the financial support of other levels of government.

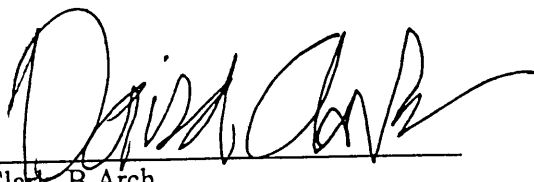
#### **BUSINESS UNITS CONSULTED AND AFFECTED:**

The Finance and Legal Departments have reviewed this submission and their comments are incorporated into this report.

#### **ATTACHMENTS:**

**Appendix A: Submission to the Minister of Public Infrastructure Renewal regarding Provincial Support to Implement Markham Centre**

**Appendix B: September 29<sup>th</sup>, 2004 letter to Deputy Premier/Minister of Finance**



David Clark, B.Arch  
Town Architect



Valerie Shuttleworth, M.C.I.P., R.P.P.  
Director of Planning and Urban Design



Jim Baird, M.C.I.P., R.P.P.  
Commissioner of Development Services

## **Appendix A**

### **A Submission to the Minister of Public Infrastructure Renewal regarding Provincial Support to Implement Markham Centre**

#### **Executive Summary**

##### **A Call to Action:**

This submission is a call to action for the Province to deliver new regulatory and fiscal tools to help finance public infrastructure investments in Markham Centre. Timing is immediate as delay will risk postponing intensification for a future generation of development.

##### **Markham Centre is a model of urban intensification:**

Markham Centre is the model for how urban centres should develop in the 21<sup>st</sup> century. The plan was developed through extensive public consultation and is being delivered with continuing community involvement. Markham Centre is the community's vision for an urban focus for the whole of Markham. Markham Centre will set new standards for sustainable development, contain sprawl, enhance the economic vitality of the Town, protect the natural environment, build on rapid transit and existing infrastructure and celebrate the community's values and enhance its quality of life.

Markham Centre is consistent with provincial objectives put forward in the Discussion Paper on the Provincial Growth Plan for the Greater Golden Horseshoe. Markham Centre is clearly identified as an emerging urban centre in the provincial growth strategy.

##### **Markham Centre requires provincial action:**

Directing Markham's growth into a more sustainable, compact urban form generates a number of capital investment and operating challenges that cannot be wholly funded through the traditional suburban growth tools of fees and development charges. New programmes, regulatory and fiscal tools need to be delivered to assist municipalities to embark on and sustain urban intensification. Action is required to meet the financial challenges of delivering and sustaining the higher levels of service associated with urban environments. Upfront investment in road and transit infrastructure and the delivery of parking structures from the outset is critical to foster private investment at appropriate and sustainable densities in the earliest stages of build out. Failure to deliver the upfront public investments will place Markham Centre at a competitive disadvantage compared

with traditional suburban locations in the GTA and risk underutilizing the land asset and postponing intensification to a future generation of development.

**The Town is requesting provincial action on five key initiatives:**

The Town's Financial Strategy Study, research and discussion with government officials has identified five key initiatives that require provincial action to assist the Town in delivering Markham Centre. They are as follows;

1. Introduce Tax Increment Financing (TIF) legislation in support of Markham Centre and permanently remove tax capping within TIF zones;
2. Invest in The Region of York's Rapid Transit Strategy and Plan;
3. Amend the Development Charges Act to support future urban growth and intensification;
4. Empower "Urban Development Corporations" to act as a flexible business model to promote the provincial growth plan for the Greater Golden Horseshoe; and
5. Use provincial land and facilities strategically to promote and support the provincial growth plan for the Greater Golden Horseshoe.

**Background Discussion**

Markham Centre, the urban downtown focus for the Town of Markham represents an historic opportunity for all levels of government, in partnership with private sector interests, to make a significant impact on the GTA's growth patterns and to invest in a new model for sustainable, compact, mixed-use, transit oriented, urban development.

All levels of government have recognized that the direction and pace of suburban expansion cannot be sustained without detrimental impacts on our health, our environment, agricultural resources, infrastructure, economic well-being and quality of life. Re-shaping suburban growth into more sustainable urban forms will mean changing our overwhelming reliance on automobile use for commuter trips, our reliance on access to plentiful free parking and our acceptance of greater reliance on transit. For many in our suburban communities it will mean changing and adapting our lifestyles to urban forms of living, working and recreation environments.

Effecting change will take political will at all levels of government, community education and acceptance, together with an engaged and supportive development industry. Implementing an urban oriented growth strategy will require new financial support mechanisms to help underwrite the higher levels of service associated with urban

environments as well as the higher infrastructure costs for roads, parks, urban streetscapes, parking facilities and transit.

Delivering an urban growth model within a primarily suburban environment will mean, amongst other matters: upfront investment in infrastructure to foster private investment; early investment in transit to drive appropriate densities and compact urban form and investment in structured parking facilities to help offset competitive disadvantages with traditional suburban development.

**Markham Centre is the model for sustainable compact urban development for the 21<sup>st</sup> Century:**

The Markham Centre plan envisions: *"Markham Centre as an urban focus for everyone in the Town to enjoy as they live, work and play. It sets new standards for sustainable community development, enhances the economic vitality of the Town, protects the natural environment, builds on transit and existing infrastructure, celebrates community values and enhances our quality of life".*

The vision for Markham Centre was established through extensive public consultation and community workshops beginning in the early 1990's. The Markham Centre vision was formally adopted by Council in 1994. The Secondary Plan (OPA 21), encompassing the whole of the Markham Centre plan area, as adopted by Council, was ratified by the OMB in 1997. The Secondary Plan establishes targets for land use and density, lays out the major infrastructure elements, sets urban design objectives, and lays out an urban structure for built form and open space based on street related buildings with consistent building heights, permitting additional height and mass at specific landmark and urban focus locations.

The Secondary Plan requires the submission and approval of comprehensive master plans, called Precinct Plans, to set a detailed urban design context for the consideration of development proposals. Precinct Plans establish a detailed road plan land use and density model, location of public and open spaces and location, footprint and massing of buildings. Individual buildings are then brought forward for approval through the Site Plan Approval process.

**Markham Centre is a model for community involvement:**

In addition to a comprehensive program of public information meetings visual preference surveys, and statutory meetings required under the Planning Act leading up to adoption of OPA 21, the Town continues ongoing public comment and engagement in the delivery of Markham Centre. This consultation is guided through the work of the Markham Centre Advisory Group. The Advisory is made up of approximately 25 members of the broader Markham Community representing local constituents, business interests, special interest groups and key agencies. The work of the Advisory is framed by Eleven Guiding Principles adopted by Council in March 2003. The Guiding Principles establish overall goals and objectives for the implementation of the Markham Centre plan and vision. To

guide and monitor progress toward the Markham Centre vision, the Advisory employs a set of Performance Measures in five categories: Greenlands (the Rouge Valley System), Built form, Open Spaces, Transportation and Green Infrastructure.

The Performance Measures document was developed through a series of public workshops and establishes a list of indicators that are used to assess each application for development proposal against best practice models, new technologies and design strategies to deliver the goals of the Markham Centre Vision. Applications are scored in each of the subject areas on a scale of bronze, silver or gold with the intent of promoting improvement as the application moves through the approval process. Ultimately the Advisory informs Council as to whether proposals are "on target" with respect to the Markham Centre vision.

The Performance Measures process, together with public information and statutory meetings supported by our extensive communications programme assures that Markham's constituents and stakeholders are continuously engaged in the delivery of Markham Centre.

The Performance Measures document and programme endorsed by Council in November, 2003, was the recipient of a best practices award in 2004 by the Federation of Canadian Municipalities (FCM). The Markham Centre public communications programme also received an award in 2004 from the Ontario Professional Planners' Institute (OPPI).

### **Markham Centre is the centre piece of the Town's Growth Management Strategy:**

The Town of Markham adopted its growth management strategy in 1993 based on two fundamental principles: limited outward growth based on the principles of New Urbanism; and intensification with the urban boundary. Since the adoption of the strategy, the Town expanded its urban boundary northward from 16<sup>th</sup> Avenue to Major McKenzie Drive and eastward from the Ninth Line to the Rouge Valley edge with the adoption of OPA 5. Significant development has taken place within OPA 5, the new urban expansion area, driven by New Urbanism Principles. The growth strategy is exemplified in the development of the Cornell and Angus Glen communities, two of eight such communities representing over 8,000 acres of urban expansion. Densities within the new urban expansion area communities range from two to three times those in conventional suburban neighbourhoods south of 16<sup>th</sup> Avenue.

The new communities are characterized by a hierarchical grid of streets, local neighbourhoods centred on a walkable neighbourhood focus, transit linkage through the centre of the communities and schools and parks accessible along collector streets and acting as visual neighbourhood focal points.

Significant intensification within the urban boundary has already occurred within the Leitchcroft ("Times Galleria") area of Markham (west of Leslie along Highway 7).

However, since the adoption of the Markham Centre Secondary Plan, in 1997, there has been limited development activity within the Markham Centre plan area: the IBM Software labs; Motorola Head Office and expansion of the Hilton Suites Hotel and Convention Centre. The development of these major projects has however acted as a catalyst to spur new interest in Markham Centre. A number of significant development proposals are in the process now, and require continued investment in public infrastructure.

**Markham Centre is already poised to develop rapidly:**

Markham Centre benefits significantly from the engagement of major integrated land development and building companies who own and manage more than 80% of the developable land in Markham Centre. Since 2001, the landowners have shown increased interest to move forward on developing Markham Centre. Tridel/Dorsay, The Remington Group, Liberty Developments, Times Development, H&R Developments and Leisureworld Developments have all made applications to the Town to begin the process of developing their properties.

Significant approvals have been granted, involving more than one half of the underdeveloped land within the Markham Centre plan area. Tridel/Dorsay is under construction with the first phase of its mixed-use development for a high rise apartment and associated townhouses. Remington and Liberty have received Draft Plan of Subdivision approvals and are seeking Site Plan approval for the first phases of development. Both developments expect to be in the market in the New Year.

To unlock some of the development potential in Markham Centre the Town initiated the construction of Enterprise Drive, the major east/west collector through the plan connecting Warden Avenue through to Kennedy Road. Construction has also commenced on an additional north, south crossing on the 407 (Rodick Road). The Town has committed to a higher standard of urban streetscape standards (sidewalks, medians, lighting, street furniture, landscaping) and urban park design and construction.

**District Energy facilities support a sustainable urban centre:**

Some years ago the Town invested in the construction of the Markham District Energy facility to supply central heating and cooling (co-generation) to Markham Centre as well as supply off-peak electrical generation to the local power grid. The District Energy Plant currently services two major companies: Motorola and IBM as well as the daycare facility on the IBM property. The distribution network is currently being extended northward to service the Tridel/Dorsay buildings and the Town of Markham's Civic Centre.

The Enterprise Drive construction also incorporates the expansion of the Town's District Energy network eastward to provide energy to future development within the Remington plan as well as to the new YMCA building opening in 2005 and the proposed High School in the east precinct of Markham Centre between Kennedy Road and the

Unionville GO rail line. The existing plant will be expanded to serve additional customers and a new plant constructed to meet future demand as Markham Centre develops over time. Ultimately District Energy facilities are planned to supply safe, efficient, environmentally responsible energy to the whole of Markham Centre. The expansion of the District Energy facilities represents a further significant investment by the Town in Markham Centre's future.

**Markham Centre is consistent with emerging Provincial Growth Plan objectives:**

The Places to Grow discussion paper on a Provincial Growth Plan for the Greater Golden Horseshoe places a long-term emphasis on intensification and redevelopment of existing urban areas to increase compact urban form. In particular, the discussion paper identifies Markham Centre as an emerging urban centre accommodating future growth in the form of compact urban development on a transit corridor.

The degree of intensification planned for Markham Centre is consistent with the contemplated provincial growth plan objective of municipalities accommodating a minimum 40 % of their projected growth through intensification. Markham Centre will also serve as an important inter-modal hub for major highways and arterials (407/Hwy 7/Warden Ave and Kennedy Rd), major rail lines (GO Transit Unionville), rapid transit (MTO Hwy 407 transitway, YRTP Hwy 7 and Markham North-South transitway), and provide an important link to the future Pickering Airport.

The provincial growth plan is intended to link strategic provincial planning and policy regulation with strategic provincial investment and financial management to facilitate intensification and lead new infrastructure development in the direction of compact urban development. Public investment leadership by the Province will be required in the early stages of Markham Centre to drive compact urban form. The Town has identified a range of independent funding tools that together or in combination can contribute to the early stages of infrastructure development. However, additional capital investment beyond the Town's independent capacity will be required through innovative financing strategies.

Markham Centre demonstrates a priority commitment, already in place, on the part of the Region, the Town, and the development industry to implement the intent of the emerging provincial growth plan. This commitment to policy, infrastructure, and investment, warrants Markham Centre being recognized by the Province as a priority for equivalent strategic provincial investment in transit and infrastructure.

**Markham Centre is consistent with York Region's Centres and Corridors Strategy:**

The concept of an urban structure directing growth to well-planned, concentrated build-up areas and compact greenfield development within the identified urban area has been the key growth management approach of the Region of York and the Town of Markham for the last decade. Recently, the Region adopted an updated growth management strategy for Centres and Corridors identifying four key action areas: policy, programs,

financial tools and infrastructure investment, to guide the development of an urban structure based on a hierarchy of Centres and Corridors, served by rapid transit.

Set within the context of the Centres and Corridors strategy, Markham Centre is a planned regional centre/node that will be developed on the principles of balanced live/work opportunities, compact urban form, natural heritage protection, transit supportive development and a choice of housing opportunities. This is consistent with the Region's desired urban structure where Regional Centres, such as Markham Centre, will absorb the highest concentration and variety of land uses in the Region served by rapid transit.

**Markham Centre is a key component of the Town's Highway 7 Corridor Strategy:**

In Markham, the Highway 7 Corridor is an established regional employment and residential growth corridor with infrastructure capacity to absorb future growth. To capture a longer-term view of growth, the Town has initiated a major study review of the Highway 7 Corridor to develop a comprehensive strategy for guiding and managing the evolution of the future urban structure and transit services within the Highway 7 Corridor. The strategy will be transit oriented and identify specific policies and integrated actions to provide for transit supportive development opportunities along the Highway 7 Corridor.

The strategy will align Highway 7 policies with the Regional policy framework and identify "key development areas" where infill and intensification will occur in the Highway 7 Corridor over time. It will also establish transit supportive land use and built form criteria in support of detailed Secondary Plans for these key development areas to provide greater specification and directions regarding use, density, infrastructure needs and urban forms.

Markham Centre is a key component of the Highway 7 Corridor Strategy. Within the context of local community values and using effective community design principles, the Town has been able to achieve planning for significant infill and intensification within this key development area of the Highway 7 Corridor.

**The Town is advancing a number of strategic initiatives to implement Markham Centre:**

The Town has undertaken a number of initiatives to address the many challenges facing the implementation of the Markham Centre plan and vision.

In 2003 the Town undertook a **financial strategy** study to assess the impact of Markham Centre on the Town and to identify new financial tools to help implement the plan. The Town also commenced a **parking strategy** study for Markham Centre to identify the role the Town should play in developing and operating parking facilities, to identifying strategic locations for municipal involvement to assess operational models including setting up a parking authority, as well as to identify new urban parking standards.

In 2003 and throughout 2004, the Town has been working with key business partners in Markham Centre to form a **transportation management association (TMA)**. The association is planned to be in place and operational as a business organization in 2005, delivering commuter option programmes to member companies and individuals. The mission of the Markham Centre TMA is to support and promote the business and community objectives in the Markham Centre (area), and to champion the most efficient use of the current and future transportation network – for all modes of travel.

Early in 2004, Council enacted the **Markham Centre Zoning** by-law for the Remington lands encompassing approximately 250 acres of Markham Centre's area. Overtime, the by-law will be extended to cover other undeveloped lands as new developments are approved. At the same time the Town is working with landowners who have previous zoning permissions to bring them into conformity with the new by-law.

The new by-law sets **maximum parking standards** for all uses to reduce the impact of parked vehicles on developable lands and move from current market standards at 3.5 – 4.5 cars per square foot of commercial space to a maximum 2.5 cars per 1,000 SF commercial and 1.2 cars per unit residential. The by-law further requires the majority of **parking facilities to be in structure**.

The by-law employs holding designations to promote **comprehensive parking master plans** to be prepared for development blocks as well as a system of temporary by-laws to assist the phasing out of surplus parking over time as transit ridership and other commuter option programmes take hold. The by-law allows parking to be supplied by the Municipality and a **cash-in-lieu of parking** contribution to be made should an owner be unwilling or unable to provide structured parking to meet the demand.

The zoning by-law establishes a regime of **build to and set back lines** together with **minimum and maximum building heights** aimed at delivering appropriate built form along public streets and framing major park and open space elements. The by-law further specifies the requirements for street relationships adjacent to **retail uses at grade**. The by-law provides a firm basis to assure that the key built form relationships to support appropriate compact, transit supportive, pedestrian oriented urban form are delivered.

As part of the Markham Centre parking strategy and plan, the Town is moving forward with the consideration of phasing in of **paid parking on Town-owned property**, including public streets. Controlling the supply and pricing of parking facilities is a fundamental tool to delivering and sustaining higher levels of transit use. An endless supply of free surface parking will not facilitate the achievement of the population densities needed to support transit ridership potential nor provide the economic incentive to substantially shift commuter behaviour.

Finally, the Town is investing upfront in **infrastructure improvements** to foster private development as well as underwriting the upfront costs to extend the **District Energy** network to serve future clients.

**The Town has identified five key financial initiatives for provincial action to support Markham Centre:**

**1. Introduce Tax Increment Financing (TIF) legislation and permanently remove tax capping within TIF Zones.**

The Town's financial study identified TIF's as one of the most significant and powerful financial tools to provide the funds needed to invest in large infrastructure projects including the provision of parking structures.

The largest single benefit to a TIF strategy would be its ability to fund parking structures in the earliest phases of the plan to achieve compact urban form and appropriate development densities from the outset and to offset the competitive disadvantages associated with encouraging commercial development in emerging urban centres like Markham Centre as opposed to traditional suburban sites.

TIF's are not new taxes but a redirection of a portion of the revenues from the assessments that owners and tenants pay. The Town's financial strategy study assumed that tax revenues would continue to flow to the three levels of government during the TIF period at a base level equivalent to the level of development in a traditional suburban context. The TIF revenues are captured above the base level up to the full urban development potential of the plan. In other words, TIF funding would be derived from the "delta" increment above the base.

At the end of the TIF period, tax dollars previously diverted to the TIF funding would flow to the three levels of government at the rate based on the full assessed value at that time. TIF is an ideal tool in that it is geographically specific and supports the concept that "growth pays for growth". Markham Centre has a defined geography, an extensive mix of uses and sufficient development growth potential to support a TIF strategy.

Currently the tax on commercial and industrial new construction must be comparable to the taxes paid under capping legislation by similar existing commercial and industrial uses, regardless of the assessed value. Amendments to the legislation were contained in the 2004 Provincial Budget (Bill 83), allowing for the phasing out of capping to new Commercial and Industrial construction by the year 2008. Permanently removing the cap would recognize the benefits that commercial properties would receive within the TIF zone from infrastructure investment, parking structures and rapid transit facilities.

**2. Invest in sustainable rapid transit system in York Region:**

The Town of Markham supports and applauds the Provincial government's direction of a portion of the gas tax to support transit operations in York Region.

While the Provincial allocation helps address the current transit needs in the Region, the major challenge still remains. Significant financial investment is required to deliver a transit system that can significantly impact commuter choice, compete with the reliability, convenience and comfort of private vehicles and fundamentally alter and sustain a significant modal shift.

A fundamental shift of this significance cannot be achieved through incremental improvement to current operational models and technologies. Capital investments from all levels of government, including the Province, are required to affect a paradigm shift in commuter behaviour and patterns. The Town is requesting the Province to continue to provide direct capital funding to the York Region Rapid Transit Plan.

### **3. Amend the Development Charges Act:**

Amendments to the Development Charges Act should be made to allow municipalities to implement urban growth objectives. Service level standards should be permitted equivalent to the highest year of the previous ten year period (not the current 10 year average) and the ten percent mandatory discount on soft services should be eliminated or reduced.

The Act should be expanded to permit collection for cultural and entertainment facilities and to help fund natural heritage objectives. Municipalities should be allowed to recover revenue lost when properties are exempted, and have more flexibility to allocate costs to different types of development especially more urban forms of housing and mixed-use development. For example, municipal tax legislation allows shifting of tax burden away from multi-residential development through the use of tax ratios. A similar tool to shift costs of development from the more urban forms of housing (high density) and mixed-use development to lower density development would encourage this type of development. The Development Charges Act should clearly reflect the principle that "Growth pays for Growth" in the methodologies permitted.

### **4. Empower "Urban Development Corporations" to act as a flexible business model to leverage public assets:**

The Financial Strategy and Parking studies undertaken by the Town identified the potential for an "Urban Development Corporation" to act as a highly flexible business vehicle to leverage added value to public assets. The Development Corporation should be able to enter into a variety of private sector arrangements to further the Municipality's urban growth objectives, act as a catalyst to promote the development of affordable housing, to further the objectives of the Travel Demand Management strategy, to undertake capital works, and to develop and operate parking facilities.

Through legislation or changes in regulations an "Urban Development Corporation" should be permitted to purchase, hold and use any public land and building assets to further the objectives of the Municipality's growth management strategy. The corporation should be able to raise capital for major infrastructure projects such as parking structures by using its assets as collateral. The corporation should be given broader access to direct loans or grants from government sources such as the Ontario Strategic Investment Finance Authority (OSIFA). "Urban Development Corporations" should be immune from Land Transfer Tax.

**5. Use Provincial land and facilities strategically to promote and support the Strategic Growth Plan:**

It should be made an explicit policy and fundamental principle that use or disposition of Provincial assets should support the Provincial Growth Strategy and Plan. Municipalities or their Municipal Development Corporations engaged in sustainable growth practises that support the Provincial Growth Plan should be given first rights to acquire provincial assets for disposition on favourable terms.

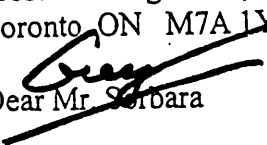
"Emerging Urban Centres" such as Markham Centre should be given priority consideration for the location of Provincial or provincially funded facilities that contribute to or can act as a catalyst for sustainable urban development.



September 29, 2004



The Honourable Gregory Sorbara, M.P.P.  
 Deputy Premier  
 7 Queen's Park Crescent  
 Frost Building South, 7<sup>th</sup> Floor  
 Toronto, ON M7A 1Y7

  
 Dear Mr. Sorbara

Re: Tax Increment Finance Proposal – Markham Centre

The Town of Markham has been working since 1992 to create a new downtown – Markham Centre - in consultation with the Province, the Region of York, the Markham public and area landowners.

Our vision is to create a higher density, mixed use, urban core served by York Region rapid transit along the Highway 7 and Warden Avenue corridors, and with ready access to the Unionville Go Rail facility and the 407 ETR.

To date we have been successful in attracting the new IBM software lab, Motorola and the YMCA to the new downtown, to complement the Markham civic centre, the Markham Theatre, Unionville High School, Hilton Hotel and Conference Centre, and a number of new residential developments. The pattern is evolving towards more intensification and compact urban form, in keeping with Provincial and Region of York policies. Markham Centre is identified in the Provincial Growth Plan and the Region of York Official Plan as a regional scale urban centre.

However, we are at a critical point in the evolution of Markham Centre. The Official Plan policies and zoning are in place to deliver a high density mixed use downtown. The vision is in place and we have approved development applications. But we need authorization from the Province for new financial tools to support the necessary public infrastructure.

Markham Centre is more expensive to build than low-density greenfield development. Urban infrastructure, parks and streetscapes are all at a higher standard. Public investment must be made upfront to drive compact urban form.



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The extent of public infrastructure required to deliver a high intensity urban downtown is beyond what can be financed using Development Charges alone.

The Town is very supportive of the Provincial Growth Plan for the Greater Golden Horseshoe recently released by the Provincial Government. We have had the opportunity to meet with Minister Caplan, and have expressed to him our great appreciation for the new financial tools for municipalities referred to in the Growth Plan. In particular, we support the Provincial direction in favour of Tax Increment Financing as a progressive means of financing municipal infrastructure and development.

The Town of Markham has been working on financial strategies to implement Markham Centre. Our conclusion is that Tax Increment Financing (TIF) is the best available option. We are reviewing the potential to establish a municipal parking authority to develop and manage municipal parking structures using TIF. This will allow office, retail and mixed use projects in the new downtown to occur immediately at a higher density and intensity with structured and shared parking, without having to wait decades for surface parking lots to re-cycle and fill in with buildings over time. Whereas current office development in Markham is occurring at 0.7 to 1.0 Floor Space Index based on primarily surface parking, we are striving in Markham Centre to achieve in the order of 2.5 FSI average density with structured parking.

We also wish to pursue the TIF option for other elements of public infrastructure, such as higher standards of urban parks, urban street lighting and street furniture, landscaped medians, and wider sidewalks. Markham District Energy has built one district heating and cooling plant in Markham Centre, which facility needs to be expanded or replicated to meet the growing energy needs of the downtown, and district energy may also benefit from the TIF option.

As we expressed to Minister Caplan in a recent meeting, we are extremely interested in Province wide legislation to support TIF for municipal application as appropriate, or in having the Province recognize Markham Centre as a TIF pilot project. We are confident that TIF will allow the Town, the Region and the Province to collect a base rate of property tax equivalent to typical suburban density in the short to medium term, while redirecting increased tax assessment from higher density to finance public infrastructure projects in support of compact urban form – in the long term all levels of government will benefit from the increased density and associated tax assessment in perpetuity, after the infrastructure has been financed.

In Markham Centre, we are advanced in our planning, and well positioned to demonstrate the benefits of TIF in support of urban intensification and investment in public infrastructure.

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We sincerely request your support in helping to advance Markham Centre as a leading candidate for Tax Increment Financing.

Yours sincerely,



W. Donald Cousens  
Mayor

cc     The Honourable David Caplan, M.P.P.  
         Minister of Public Infrastructure Renewal