

COMMITTEE OF THE WHOLE (WORKING SESSION) DECEMBER 18, 2001

ASSESSMENT RATIO OPTIMIZATION STUDY
FILE NO.15.85

Recommendation

The Commissioner of Development Services and Public Works in consultation with the Commissioner of Planning and Commissioner of Corporate Services recommend:

THAT the "Assessment Ratio Optimization Study" prepared by the firm Arie Ashkenazy & Associates dated November 27, 2001, forming Attachment No. 2, BE RECEIVED.

THAT the Assessment Ratio of 75:25 residential to industrial-commercial BE ADOPTED as the target for the year 2026 on the basis of the planned land use mix in the current Official Plan approvals (existing community plans, plus OPA No. 600, OPA No. 450 and Region of York OPA No. 19);

THAT the recommendations contained in this study be taken into account by the Development Services and Planning Departments when evaluating any actions or undertakings that may affect the target assessment ratio.

THAT the Assessment Ratio Optimization Study be updated, as part of any future 5-year review(s) of the city's major growth management plans (OPA 600 and OPA 450) and that such information be taken into account in the determination of the optimal land use mix.

THAT this report BE FORWARDED to the Region of York for information purposes.

Purpose

To summarize the results of the Assessment Ratio Optimization Study; and, to provide recommendations as to how the results of the study should be used in guiding future decisions that may affect the planned mix of land uses and resulting assessment ratio.

Background

As part of its consideration of the OPA No. 400 Review, and in response to the Region of York's draft Population and Employment forecasts and Growth Management Strategy, Council at its meeting of February 28, 2000, approved the following recommendation:

"pursuant to proper growth management, the City may consider retaining consulting services to assess its growth potential in recognition of its market and locational opportunities, and to ensure that future land use designations will result in an appropriate balance in the City's assessment base."

Upon completion of the OPA No. 400 Review, a Terms of Reference was prepared for a study, which would examine the City's long term assessment base. On April 2, 2001, Council approved the draft Terms of Reference and the retention of the firm Aire Ashkenazy & Associates to conduct the study.

This report completes the work required by the Terms of Reference. The Executive Summary of the study forms Attachment No. 1 to this report. Councillors have been provided with a full copy of the study, which is appended as Attachment No. 2.

Analysis

a) Basis for the Study

Historically, the City of Vaughan has benefited from a property assessment base characterized by a strong industrial - commercial component. The resulting assessment ratio has provided a consistent balance over the years between residential and industrial - commercial assessment. This has allowed the City to maintain competitive tax rates while providing quality services to both businesses and residents. The current assessment ratio is approximately 75% residential to 25% industrial - commercial. This ratio has been stable since 1990. The key to maintaining this ratio has been the City's ability to balance residential growth with both substantial and consistent industrial - commercial development.

The City has experienced rapid growth over the last few years and has taken steps to designate additional urban land for both employment and residential uses. The OPA No. 400 Review resulted in the adoption of OPA No. 600, which confirmed the residential growth boundaries identified in OPA No. 400. The OPA No. 450 (Employment Area) Review resulted in the adoption, by the Region of York, of OPA No. 19. It provides for an additional 2500 acres of Urban land, for employment uses, which forms the northern portion of the West Vaughan Enterprise Zone. On October 16, 2001 the Ontario Municipal Board approved this amendment.

The designation of these lands was primarily based on population and employment forecasts produced by the Province, in consultation with York Region and other GTA-wide municipalities. The forecasts do not consider the need to maintain a balance between residential and non-residential assessment. This study examines the City's long-term growth management plans (to 2026) in order to determine whether the current ratio of residential to industrial - commercial tax assessment will be maintained.

b) Objectives of the Study

The key objective of the study is to:

- Determine the probable assessment ratio between residential and industrial - commercial uses, based on current planning approvals and to determine possible ways to achieve an appropriate residential to industrial - commercial ratio in the future.

Other supporting objectives include:

- Analyze past and current development trends and project future trends in terms of residential, commercial and industrial requirements and availability of suitable land;
- Provide a refined estimate of the assessable area in the "Vaughan Enterprise Zone";
- Summarize the findings of the study in terms of projected assessment growth and resulting assessment ratio; and
- Recommend actions necessary to achieve the desired ratio between residential and industrial-commercial assessment.

c) Current and Projected Assessment Ratio based on approved Land Use Plans

Based on the approved land use plans, the consultant estimated the taxable land area for each type of use within the urban envelope at 2026, using the year 2000 as a base. All projections use year 2000 dollars. The table provided below summarizes the current assessment ratio, the projected additional assessment provided by current land use plans, and the resulting assessment ratio in 2026:

Land Use	2000 (current)	2000 to 2026 (additional)	2026 (Total)
Residential (millions \$)	\$15,800	\$13,905	\$29,705
Industrial-Commercial (millions \$)	\$5,100	\$5,005	\$10,105
Total (millions\$)	\$20,900	\$18,910	\$39,810
Ratio	76/24	74/26	75/25

Based on approved long-term land use designations, the study concludes that the City will maintain an assessment ratio in the range of 75% residential to 25% industrial - commercial.

d) Recommendations Of the Assessment Ratio Optimization Study -
Maintaining the Planned Assessment Ratio

If the City is to maintain its current level of prosperity and its competitive position as a destination for new residents and businesses, it will need to ensure that a healthy balance between residential and employment assessment is sustained. This study provides a number of recommendations that are designed to ensure that the City maintains its favourable assessment ratio over time. The recommendations are directed at both land use planning policies and economic development strategies. Some of the major recommendations include:

- Maintain and expand the inventory of employment land to achieve the target assessment levels;
- Discourage the conversion of existing and approved employment land to other uses;
- Diversify and intensify employment uses through redevelopment of existing employment areas;
- Phase residential development to minimize short term fluctuations in the assessment ratio;
- Protect highway corridor areas for employment uses (e.g. Highways 427 and 400);
- Aggressively pursue the development of the West Vaughan Enterprise Zone;

- Encourage and support infrastructure improvements such as the installation of universal broadband fibre optic networks in existing and planned employment areas;
- Monitor shifts in the broader economy to ascertain impacts on the local economy; and
- Conduct economic impact analyses (i.e. assessment ratio impact) as part of future five-year Official Plan reviews.

Conclusion

The City's tax rates and their stability are impacted by the diversity of its assessment base. Therefore, it should be a critical strategic objective to, at minimum, maintain the current assessment ratio. The "Assessment Ratio Optimization Study" concludes that the approved long-term land use plans will maintain the current ratio between residential and industrial - commercial uses. This is provided that the West Vaughan Enterprise Zone is developed for employment uses as planned.

It is recommended that the 75:25 ratio of residential to industrial-commercial assessment be adopted as the City's land use target to the year 2026 as implemented through the City's existing Community plans and future employment (OPA 450) and residential (OPA 600) designations. If possible, opportunities to increase the amount of industrial - commercial assessment should be explored. Any changes to the current plans, especially proposals resulting in a potential shift of this assessment ratio to the residential component, should be discouraged and only considered as part of a comprehensive review of the City's long-term growth management plans. Further, the Development Services and Planning Departments when evaluating any actions or undertakings that may affect the target assessment ratio should take the recommendations of the Assessment Ratio Optimization Study into account.

Should Council concur, the recommendations contained in the "Recommendation" section of this report should be adopted.

Attachments

1. Executive Summary - Assessment Ratio Optimization Study
2. Assessment Ratio Optimization Study - Councillors only

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Respectfully submitted,

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ATTACHMENT NO. 1

A STUDY RESPECTING THE OPTIMIZATION OF THE RESIDENTIAL / INDUSTRIAL-COMMERCIAL ASSESSMENT RATIO IN THE CITY OF VAUGHAN TO THE YEAR 2026.

EXECUTIVE SUMMARY

A **balanced** residential/industrial-commercial ratio is **essential** for the well being of a community as it provides a broad and diverse tax base, which contributes to stable and competitive tax rates for both residents and businesses. For a long time an assessment ratio of **60/40** residential to industrial-commercial was accepted as the desired goal. With the implementation of the Current Value Assessment System (CVA) in 1998 a substantial shift occurred in the ratio and the old 60/40 ratio now equates to a ratio of **73/27** residential to industrial-commercial. The City's assessment ratio from 1990 to 2000 was in the range of 75/25 residential to industrial-commercial.

For the purposes of this study, the shift to CVA has been treated as a measurement issue. Under the new system, industrial-commercial assessment continues to be a **positive** contributor to the community in terms of taxes provided and the level of services required to support these uses. The City of Vaughan has in the past benefited from a balanced assessment ratio and the City's elected officials and its administration should be praised for policies that **prevented** deterioration in the assessment base and ratio in times of significant economic ups and downs.

The City has been experiencing an unprecedented boom in economic activity, particularly in the housing sector. This study examines these trends, including the overall adequacy of the available supply of employment lands. This information was evaluated in order to determine the long term effects of planned development (i.e. approved land use plans to 2026) on the City's assessment ratio. The examination reveals that overall and inclusive of the West Vaughan Enterprise Zone (including the recently approved Regional OPA No. 19) the planned supply of employment lands is **sufficient** to maintain the current assessment ratio to the year 2026.

In terms of the study results, the City of Vaughan is projected to have a 2026 assessment ratio of 74.6% residential to 25.4% industrial-commercial. The results are summarized in the tables on the following page.

It was found that the City's major long term supply of employment land was located in the West Vaughan Enterprise Zone. A number of planning processes will be required to bring these lands on-stream. The most important process will be the determination of the route of the Highway No. 427 extension. Once the route is established, it will be possible to do the secondary planning for the Regional OPA No. 19 area, north of Langstaff Road and east of Highway No. 50. It is critical that these lands be maintained for employment uses and be brought to development as quickly as possible. If further delays occur there could be a temporary imbalance in the assessment ratio.

Residential Assessment				
Density	Additional Land (net-net acres, 2000- 2026)	Assessment/Acre (millions\$)	Total (millions\$)	Percent of Total
Low	3,769	2.5	9,423	67.8
Medium	1,023	3.7	3,785	27.2
High	58	12	696	5.0
Total	4,850		\$13,904	

Current (Year 2000) Residential Assessment	\$15,800
Total Residential Assessment at Year 2026	\$29,704

Industrial-Commercial Assessment					
Land Use	Area (net-net acres)	Building Type (net-net acres)	Assessment/Acre (millions\$)	Total (millions\$)	Percent of Total
Industrial	3,015	Condo (603)	1.1	663.3	13.3
		Low-rise (2,412)	0.7	1,688.4	33.7
Commercial	1,793	Condo (359)	2.2	789.8	15.8
		Low-rise (1,434)	1.3	1,864.2	37.2
Total	4,808			5,005.9	

Current (Year 2000) Industrial/Commercial Assessment	5,100
Total Industrial/Commercial Assessment at Year 2026	10,105.9

	2000 (current)	2000 to 2026 (additional)	2026 (Total)
Residential	\$15,800	\$13,905	\$29,704
Industrial/ Commercial	\$5,100	\$5,005	\$10,105
Total	\$20,900	\$18,910	\$39,809
Ratio	75.1/24.9	73.5/26.5	74.6/25.4

As a result of the analysis, the following conclusions were drawn.

Conclusions

1. The City's assessment ratio at the year 2026, based on the currently approved planning documents is projected to be 74.6/25.4
2. This is considered to be an appropriate ratio of residential to industrial-commercial assessment at the 2026 time horizon.
3. Over the next 8-10 years, there are clear indications that the ratio of residential to industrial-commercial assessment will deteriorate. There is only limited serviced employment land now available and the City has undergone unprecedented residential growth over the last two years. This will lead to a short-term increase in residential assessment relative to industrial-commercial assessment.
4. How long this condition persists depends on two main factors:
 - a) The time it takes to bring the employment lands in the West Vaughan Enterprise Zone to market; and
 - b) The rate of absorption of these lands once they are made available to the marketplace. The absorption rate will be strongly influenced by the economic conditions prevailing at the time of the release of the land; the availability of comparable land elsewhere in the GTA; and, whether the construction of the Highway No. 427 extension has occurred or is imminent.

5. The lands in the West Vaughan Enterprise Zone are at differing stages in the approval process and they are undergoing a number of planning processes. It is probable that these lands will become available sequentially, south to north over the next ten years.
6. It is essential that these lands be brought on-stream as quickly as possible to minimize any short-term fluctuations in the ratios between the residential and industrial/commercial assessment.
7. Given this situation, the City will need to:
 - a) aggressively pursue the approval of the development of the employment lands in the West Vaughan Enterprise Zone;
 - b) protect against any further losses of existing employment land;
8. While there may be a short-term constriction of land supply, site specific re-designations of Rural land to Employment Uses should continue to be resisted. Such action will have an insignificant influence on the assessment ratio and may serve to fetter Council's ability in the future to achieve comprehensive planning.
9. Future land use planning decisions should be guided by an objective of maintaining an assessment ratio of 73% residential to 27% industrial-commercial (old 60 to 40 ratio) for new development. This should be applied when undertaking all City initiated official plan reviews and when considering the impact of private official plan amendments which propose the conversion of employment lands to non-residential uses.

In order to achieve the desired assessment ratio the study recommends the following, in the areas of land use planning and economic development:

Land Use Planning

1. Future land use planning decisions in the City of Vaughan must maintain the consistency of achieving a target assessment ratio of 73% residential to 27% industrial-commercial for new development.
2. The City of Vaughan must maintain and expand its inventory of employment land in a manner that would achieve this target objective.
3. The conversion of existing employment land to other uses is strongly discouraged.
4. Significant improvements to the assessment ratio will only be possible with the substantial intensification of employment uses, therefore redevelopment of older or less intensively developed areas should be encouraged, where appropriate.
5. Protecting the Highway 400 corridor north of the City's current urban envelope for future potential employment uses is important to keeping available Vaughan's longer term options for a balanced assessment ratio.
6. Residential developments should be phased in to as great a degree as possible in order to maintain a consistent ratio between employment and industrial/commercial assessment.
7. An economic impact study should be undertaken as part of any future five-year official plan reviews, to test the effects of any proposed land use changes.

Economic Development

1. In order to maintain its assessment ratio, the City of Vaughan must remain a “net employer”, meaning that it provides more jobs than it has working residents.
2. The City of Vaughan’s many economic development advantages must be vigorously promoted in order to attract new businesses and retain firms already located in the City.
3. The City of Vaughan needs to aggressively pursue the development of the West Vaughan Enterprise Zone both as a reflection of its inherent quality as an employment area and the need to maintain the balance between assessment types, particularly in the short term (8-10 years).
4. The rapidly expanding residential and employment base will make it possible to attract more office and service employment and this should be monitored and vigorously pursued.
5. Diversification needs to be encouraged through infrastructure that will stimulate the attraction of new employment uses such as universal broadband fibre optic networks.
6. Manufacturing, transportation/warehousing, utilities, wholesale trade and construction will continue to be the backbone of the local economy, but further diversification should be supported.
7. Rapid shifts in the economy should be followed closely, so as to ascertain their impacts on the local economy.