



Report
Staff Report
 The Corporation of the City of Brampton
 4/9/2025

Date: 2025-04-03

Subject: **Amendment to the 2024 Development Charges (DC) by-laws**

Contact: Amit Gupta, Sr. Manager, Revenue Services

Report number: Corporate Support Services-2025-313

RECOMMENDATIONS:

1. That the report from Amit Gupta, Senior Manager, Revenue Services, Finance, to the Committee of Council Meeting of April 9th, 2025, re: **Amendment to the 2024 Development Charges (DC) by-laws**, be received;
2. That the Office Development Charges (DC) Incentive Program be approved as proposed, with delegated authority granted to the Chief Administrative Officer (CAO) and the Treasurer to expand the program if demand exceeds the initial pilot scope;
3. That the Development Charges By-laws be amended to operationalize new office discounts or exemptions not currently included in the City's existing DC By-laws, ensuring alignment with the Office Development Charges (DC) Incentive Program;
4. That the Development Charges By-laws be amended to remove contradictions between Section 20(1) and 20(2)(a) regarding exemptions for Region-owned residential developments, and definitions for "non-industrial/non-office use," "Major Office Use," and "Professional Services" be updated;
5. That Council determine that no further public meeting is required, pursuant to Section 12 of the Development Charges Act 1997, as amended.

OVERVIEW:

- **The City currently exempts Office Development Charges (DC) for office developments with a minimum total floor area of 20,000 square feet, focusing on intended sectors. In addition to these current exemptions, the Office Development Charges (DC) Incentive Program allows to incentives office developments under this size limitation for intended sectors by allowing a three-year deferral from the date of occupancy permit issuance and then waiving the charges upon compliance.**

- **The program is being piloted to support office development up to 40,000 sq. ft., which would amount to nearly \$800k in office development charges (DCs), with further future expansion possible.**
- **The City is required to amend its DC By-laws to address changes related to development charges on new office space development.**

BACKGROUND:

In July 2024, Council approved a "Major Office Exemption" to Development Charges (DC) to support employment growth in key sectors. The exemption applied to sector-specific office developments with a minimum total floor area of 20,000 square feet, down from the previous 50,000 square feet requirement.

Economic trends such as low office vacancies and a lack of supply in quality office space, combined with the high costs of development including construction costs, financing and office DC, make it difficult to attract and retain businesses in Brampton.

Additionally, Brampton faces unique challenges in the office development market, particularly competition between Class C office spaces and higher-quality Class A and B offices. With Class C spaces offering lower rents and immediate availability, premium office developments struggle to compete, especially when smaller office projects (under 20,000 sq. ft.) yield lower returns on investment. As a result, financial relief measures are critical to encouraging new office development.

In response, on February 26, 2025, Council directed staff to explore a DC By-law Amendment to exempt all office spaces citywide. Staff undertook a series of legislative steps, including advertising the public meeting on March 12, releasing the proposed Amending DC By-law on March 19, and holding a public consultation meeting on April 2, 2025.

CURRENT SITUATION:

The City currently exempts Office Development Charges (DC) for office developments with a minimum total floor area of 20,000 square feet, focusing on intended sectors. In addition to these current exemptions, the Office Development Charges (DC) Incentive Program allows to incentives office developments under this size limitation for intended sectors by allowing a three-year deferral from the date of occupancy permit issuance and then waiving the charges upon compliance.

Staff are proposing an Office Development Charge (DC) Incentive Program that is designed to encourage office development in Brampton by offering DC deferrals and waivers for eligible projects. This initiative aims to reduce upfront costs, attract high-value businesses, and foster growth in key economic sectors such as Advanced Manufacturing, Food & Beverage Processing, Innovation & Technology, Health & Life Sciences, and Professional Services. The program's eligibility criteria, application process, and compliance requirements are detailed in Appendix I.

Implementation of the Office Development Charge (DC) Incentive Program requires amendments to the existing DC by-laws, which are included in Appendix II. Currently, the City's existing DC by-laws exempt qualifying "Major Office" uses from development charges, subject to the terms and conditions outlined in those by-laws. The proposed amendments aim to extend these exemptions to further promote office development within the City.

For further details, refer to Appendix I for the full program outline and Appendix II for the proposed by-law amendments.

To operationalize the new office discounts and exemptions outlined in the Office Development Charges (DC) Incentive Program, currently not included in the City's existing DC By-laws, and to provide clarity while removing any contradictions, the following amendments are proposed:

- Added a section, "Other Office Deferral and Waivers," under paragraph 27 to incorporate office-related deferrals and waivers into the DC By-law.
- Addressed a contradiction between Section 20(1) and 20(2)(a) regarding exemptions for Region-owned residential developments.
- Replaced "non-industrial/non-office use" with "non-industrial/non-major office use" and added definitions for "Major Office Use" and "Professional Services."

To ensure a responsive and efficient implementation, this report is requesting delegated authority be granted to the Chief Administrative Officer (CAO) and the Treasurer to expand the program if demand exceeds the initial pilot scope. This delegation allows for adjustments without requiring additional Council approvals, ensuring timely support for office development. The Council will still be engaged in the program through the annual budgeting process and approval of the DC study, ensuring that all corporate implications are considered.

CORPORATE IMPLICATIONS:

Financial Implications:

Any DC exemption will require repayment for growth-related capital costs. The increases to the property tax base resulting from new office developments are required to provide City services, offset the cost of servicing new development, and address future asset repair and replacement (R&R) needs.

The program is being piloted to support office development up to 40,000 sq. ft., which would amount to an estimated \$800k in office development charges (DCs), with further expansion possible. However, this program is being considered because office development may not occur without assistance. Staff will monitor uptake of the incentive program and the observed actual impact to DC revenues and the resulting repayment requirements from the property tax base will be reflected in future budget asks for

approval by the Mayor. In a case where the 40,000 sq. ft of incentivized office development is achieved, the estimated repayment requirement from the tax base would amount to about \$100k annually.

STRATEGIC FOCUS AREA:

This report aligns and supports the strategic focus areas of:

- Growing Urban Centres & Neighbourhoods: Focusing on an economy that thrives with communities that are strong and connected.

CONCLUSION:

The City currently exempts Office Development Charges (DC) for office developments with a minimum total floor area of 20,000 square feet, focusing on intended sectors. In addition to these current exemptions, the Office Development Charges (DC) Incentive Program allows to incentives office developments under this size limitation for intended sectors by allowing a three-year deferral from the date of occupancy permit issuance and then waiving the charges upon compliance.

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Attachments:

- Attachment 1 – Appendix I: Office Development Charges (DC) Incentive Program
- Attachment 2 – Appendix II: Development Charges Amending By-Laws