

Date: 2022-04-22

Subject: **Information Report: City-Wide Community Improvement Plan for Office Employment**

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Report Number: Planning, Bld & Ec Dev-2022-254

Recommendations:

1. **THAT** the report titled, 'Information Report: City-wide Community Improvement Plan for Office Employment' to the Planning and Development Committee meeting of May 16, 2022, be received; and,
2. **THAT** Planning, Building and Economic Development staff be directed to report back to the Planning and Development Committee with the results of the Public Meeting and staff recommendations.

Overview:

- **NBLC's Employment Study completed in November 2020 recommended that the City prepare a City-wide Community Improvement Plan (CIP) to help deliver new employment space across a wide variety of sectors that would otherwise, not grow naturally.**
- **On April 7, 2021, City Council endorsed (CW158-2021- refer to Appendix 2) staff's recommendation to move forward with preparing a City-wide CIP for Office Employment that includes the following three incentives: (1) the 10-year Tax Increment Equivalent Grant (TEIG); (2) the Region of Peel's Major Office Incentive (MOI) Program offering a TIEG that matches the City's TIEG incentive; and, (3) the expedited review of development applications by Brampton Planning staff.**

- **Policy staff are proposing to finalize the attached CIP document and implementation guidelines (refer to Appendix 1) incorporating comments received from the public meeting, Finance and Economic Development Divisions.**
- **Staff are proposing the City-wide CIP for office employment expire on April 22, 2026, to align with the Region of Peel's Major Office Incentive Program.**
- **Policy staff sent the draft CIP document to the Ministry of Municipal Affairs and Housing in mid-March (2022) for review and comment. The Ministry is expected to provide their comments to staff by mid-May (2022).**
- **Staff will work with the Region of Peel to coordinate potential opportunities to take advantage of the Region's Tax Increment Equivalent Grant (TIEG) through their Major Office Incentive (MOI) Program.**
- **The purpose of the statutory public meeting is to present the proposed City-wide Community Improvement Plan (CIP) for Office Employment to the public for review and comment.**
- **The Information Report and the associated public meeting facilitate compliance with the Strategic Plan's "Good Governance" priority, with respect to educating and engaging citizens in an open and accountable way.**

Background:

On January 23, 2019, City of Brampton Council passed a motion (C024-2019) which directed staff to develop a report for Council's consideration as part of budget deliberations for a potential City-wide Community Improvement Plan (CIP). The City-wide CIP will assist in attracting additional employment development and redevelopment in Brampton's key sectors (Innovation and Technology, Entrepreneurship, Advanced Manufacturing and Health and Life Sciences, Green and Sustainable Technology and Manufacturing Businesses) to attract and revitalize specific uses (such as office, mixed use, industrial manufacturing).

On May 8, 2019, Council passed Resolution PDC056-2019 providing the following direction for staff in regards to the development of a new CIP and amendments to the Central Area CIP:

1. *THAT staff be directed to undertake City-initiated Amendments to the existing Central Area Community Improvement Plan, including the holding of a public meeting, to immediately implement technical amendments to allow additional financial support for high-density mixed-use office projects;*
2. *THAT staff be directed to produce an Invitational Request for Proposal (IRFP) to hire a consultant to undertake a study to explore opportunities, city-wide, for appropriate Community Improvement Plan(s) to designate Community Improvement Plan Project Zones, and propose a package of financial and non-financial tools that will most effectively attract employment development, affordable housing and support the City's economic development and employment goals as described in this report; and,*
3. *THAT staff be directed to report back with results of the study.*

The City-wide CIP document (refer to Appendix 1) attached to this report and presented at this statutory public meeting completes items 2 and 3 of Council resolution PDC056-2019. The proposed amendments to the Central Area CIP, noted in item 1, were endorsed by Council in September 2019.

On March 31, 2021, staff brought forward a report to Committee of Council recommending the following:

1. *THAT Council endorse the Employment Study completed by NBLC;*
2. *THAT staff prepare a City-wide CIP for office employment and forward the document to the Ministry of Municipal Affairs and Housing for review and comment prior to a statutory public meeting;*
3. *THAT staff develop implementation guidelines for a Tax Increment Equivalent Grant (TIEG) program for office employment in strategic areas of the City; and,*
4. *THAT staff coordinate the City's TIEG with the Region of Peel's TIEG program launched in April 2021 to maximize development opportunities for Office Employment in the City.*

Planning Act

Subsection 28(2) of the *Planning Act* allows the Council of local municipalities to designate the whole or part of an area covered by an official plan as a community improvement project area. In accordance with the *Planning Act* a statutory public meeting is required to be held in advance of Council designating a community improvement project area.

The *Planning Act* requires the municipality to consult with the Ministry of Municipal Affairs and Housing on the CIP prior to the Statutory Public Meeting. Staff circulated the

draft CIP document to the Ministry for review in mid-March and are awaiting for their comments which are expected to be received mid-May (2022).

Provincial Policy Statement

The City-wide Community Improvement Plan for Office Employment aligns with Section 1.7 of the 2020 Provincial Policy Statement (PPS), Long-Term Economic Prosperity, by promoting opportunities for economic development and community investment readiness.

Region of Peel – Major Office Incentive Program

On July 23, 2020, Regional Council passed a motion that the Region of Peel support local municipal major office employment community improvement plans by contributing Tax Increment Equivalent Grants (TIEG) and establish a framework and project criteria to enable Regional participation in local Community Improvement Plans. Staff from the Region advised the local municipalities that based on Section 28(7.2) of the *Planning Act*, the Region can only contribute a TIEG to the locals if they also offer the TIEG as an incentive of their CIP. The Region would only be able to offer the grant to the Council of the lower-tier municipality and not directly to the applicant.

In late 2020, the Region of Peel began to meet with area municipalities to receive input on developing a framework for enabling Regional participation in local office CIPs. In April 2021, Regional staff brought forward a report and by-law to Regional Council for adoption supporting their Regional Major Office Incentives Program. By-Law 29-2021 provided delegated approval authority for the Regional Major Office Incentive Program administration, execution of agreements and granting of payments to the local municipalities to support local municipal Community Improvement Plans and was endorsed by Regional Council on April 22, 2021.

To support the Region's participation in the program a one-time transfer of \$100,000 from the Tax Rate Stabilization to the Major Office Incentives Reserve was approved to provide seed funding for the Major Office Incentives (MOI) Program. Regional staff continue to work with local municipal staff to develop a detailed administrative processes, agreements, and budgeting requirements to implement the MOI program. The MOI program is open to receive applications for 5 years from Council Approval subject to eligibility requirements, expiring April 22, 2026.

Brampton's Central Area Community Improvement Plan

The Central Area Community Improvement Plan (CIP) was initially approved in 2000 and significantly revamped and expanded in November 2007, came into force in January 2008 and was amended in June 2010. The Central Area CIP establishes a toolbox of programs designed to support specific planning objectives by aligning financial incentives with the identified planning goals. Individual incentive programs are

established by way of approval of Implementation Guidelines and corresponding budget. The following is a list of the current incentives/tools in the CIP:

- Façade Improvement Program
- Development Charges (DC) Incentive Program
- Feasibility Study Grant Program
- Development (Planning & Building) Application Fee Equivalent Grant Program
- Brownfields Tax Assistance Program
- Tax Increment Based Grant Program
- Building Improvement Loan/Grant Program
- Direct Investment/Development Partnerships

There are only two incentive programs in the Central Area CIP that have been activated through the approval of a Budget and Implementation Guidelines, the Development Charges (DC) Incentive Program and Façade and Building Improvement Programs. Developers can receive up to 100% waiver on the City's portion of development charges as part of the DC Incentive Program. In April 2019, Council included endorsing affordable housing as one of the community benefits that could be encouraged through incentive programs but has not been activated.

To date, the City has waived over \$30 million in DCs which has helped to create roughly 2,750 residential units and over 40,000 square feet of commercial/office space through the Downtown Incentive Program. In order to replenish the waived DC's, the City is currently transferring \$1.2 million annually from the General Rate Stabilization Reserve to the DC reserves.

Current Situation:

The Employment Study completed by NBLC in November 2020 recommended the City design an Employment CIP to help in the delivery of new employment space across a wide variety of sectors that would otherwise not grow naturally. Attracting office development/markets typically accommodates many types of knowledge based industries with high employment densities and well-paying jobs. Therefore, providing incentives that target office space development present one of the greatest opportunities to stimulate employment growth.

The Employment Study also considered developing a targeted locational approach for the CIP program to see a specific area(s) built-up with a concentration of employment uses. However, there are many challenges to overcome that providing financial incentives alone cannot resolve and therefore, over the near-term, the Employment Study recommends a City-wide approach for a defined period (i.e. 5 years) of time. This would allow for the completion of major community improvement, infrastructure and other planning projects that are underway. Also, a City-wide approach would allow the City to attract as much employment investment, especially considering the impacts of COVID-19, which may push more investment into the GTA municipalities.

The incentives would apply for office investment either free-standing or within a mixed-use building, but only for the office portion of the gross-floor area. The Employment Study recommends potentially offering incentives in other key sector areas such as:

- Advanced Manufacturing to improve processes and techniques to produce goods and services faster;
- Food and Beverage engaging in food testing, processing and packaging as well as transportation;
- Health and Life Sciences for businesses engaged in pharmaceutical and equipment manufacturing to research but excludes health services (i.e. physician offices);
- Innovation and Technology for businesses engaging in design, development and introduction of new products;
- Creative-based sectors relying on individual creativity, skill and talent that have the potential for wealth and job creation;
- Incubators for businesses that have a mandate for entrepreneurship development and job creation; and,
- Other knowledge-based sectors for businesses engaged in financial services and real estate that have potential for wealth and job creation.

The proposed City-wide CIP being presented at the statutory public meeting includes the following three incentives:

1. **10-year TIEG (Tax Increment Equivalent Grant)** – offers a grant or rebate to property owner to offset a portion of the property tax increase the owner will face as a result of the redevelopment, typically over a 10-year period for the office space component of the building. The TIEG for Office Employment may also consider complementary uses such as, research and laboratory space. The TIEG will provide a grant covering the entire tax increase in year one, 90% in year two, and continue to decrease by 10% until it becomes extinguished. The approved applicant will be required to pay the applicable property tax each year and will be refunded through the grant structure highlighted above. If a project is found to not follow any of the eligibility requirements after project completion, as determined through the annual occupancy report, the TIEG will be cancelled.
2. **Region of Peel offering matching grants** – on April 22, 2021, the Region implemented their TIEG incentive through the Major Office Incentive (MOI) Program to match the incentives being offered by the local municipalities through their CIP program. This is the first time the Region of Peel has implemented a financial incentive to attract office development. However, it can only be accessed if the local municipality implements a similar incentive program.
3. **Expedited planning review** – the City provides a dedicated staff team to meet with the applicant, its tenant(s) and/or its consultants to ensure that the project is

delivered as expeditiously as possible. However, approval through the CIP does not guarantee planning application approval.

As noted in the staff report brought forward on March 31, 2021, to Committee of Council there are other incentives that may be considered for future implementation dependent on the uptake of the proposed City-wide CIP and the economic market conditions at that time. Each incentive requires further review and evaluation to determine its viability to attract quality office development in desired areas of the City and public consultation. Below outlines the incentives that may be considered for future implementation:

1. **Development Charge By-law** - The current Development Charge (DC) By-law is set to expire in 2024 at which time, the City will re-evaluate the program in relation to the City-wide CIP and determine the best measures to be put in place to achieve the desired office employment. The development charges are paid at the time of permit and will either be exempt through the City's DC By-Law or refunded through the CIP.
2. **Capital grant** – The Employment Study explored offsetting underground parking costs as part of a CIP program. The average cost of underground parking ranges from \$50,000 - \$100,000 per parking stall, which can significantly impact investment attractiveness. For projects pursuing underground parking, a capital grant of \$25,000 per parking space can be requested should this tool be approved, budgeted and implemented in the future. It was envisioned this grant would only be made available in strategic locations of the City where underground parking is the desired outcome and more cost-effective solutions (i.e. surface or podium parking) are not possible. The City-wide Parking Study that is currently underway will determine alternative parking approaches and will be considered in the Study.
3. **Development application and building permit fee grant** – a grant to offset 100% of the costs associated with a rezoning and site plan application could be offered should this tool be approved, budgeted, and implemented in the future.
4. **Cash-in-lieu of parkland grant** – a grant to offset 100% of the costs associated with cash-in-lieu of parkland requirements could be offered should this tool be approved, budgeted, and implemented in the future.

A subsequent statutory public meeting will be required to present an amendment to the City-wide CIP to add the above noted four incentives.

Program Length & Monitoring

Staff are suggesting that the City-wide CIP program for Office Employment expire on April 22, 2026, to align with the Region of Peel's Major Office Incentive (MOI) program set to expire on April 22, 2026. The City of Mississauga is pursuing a similar approach

by extending the timing of their Downtown Community Improvement Plan (expiring on April 22, 2026) to coincide with the timing of the Region's MOI program.

Once the City-wide CIP program for Office Employment is set to expire staff will evaluate the program and determine whether it would be appropriate to continue with any aspects of the program. Periodic monitoring of program is suggested to evaluate the effectiveness of program's incentives/tools and market conditions, including feedback from the development community.

Corporate Implications:

Financial Implications:

City staff are working on the funding details of the Tax Increment Equivalent Grant (TIEG) to determine the best approach to fund and administer the program. Finance, Economic Development and Policy staff are coordinating/meeting with staff from the Region of Peel and City of Mississauga regarding the Region of Peel's TIEG under their Major Office Incentive (MOI) Program.

There are no direct financial implications associated with this report. The funding approach for the City-wide Community Improvement Plan for Office Employment will be outlined in a future report to Council.

Economic Development Implications:

The City's Economic Development office support the recommendations of this staff report and moving forward with an Employment City-wide CIP as soon as possible, to attract employment growth. Economic Development staff are approached on a regular basis by companies or their agents looking for readily available office space. Domestic and international leads are looking for quicker turnaround times and are requesting Grade "A" office space to fulfill their needs.

In addition, over the past couple of years the City has done extensive work to build a foundation of entrepreneurship with a network of incubators to help mentor, advise and provide the skill sets necessary for small business to be successful. Incubators within the Innovation District such as the Cybersecure Catalyst, Ryerson Venture Zone, RICC, BEC and the soon to be opened BHIVE are anticipated to turn out a number of new businesses and ventures. Once these business complete their programs and incubation period, they need space to move into. The tools recommended in this report could be used to create that space.

The City-wide Employment CIP will be tailored to attract employment uses in multiple settings. Part of the City's value proposition is that it still has multiple options for new development when decisions to locate or relocate are contemplated. The City continues to have traditional suburban space with access to parking, transit, visibility and

highways. Mixed-use urban communities with access to higher order transit, pedestrian friendly and amenity rich environments are being designed to be investment ready.

Economic Development staff have been approached by a major investor & landowner with a clear intent to develop office with complementary research/lab space but needs the assistance of a City-wide Office Employment TIEG to make it all come together. With such interest already expressed, Economic Development staff anticipate that the recommended CIP program will lead to more investments and employment growth in the near future. The recommended CIP is consistent with the City's Economic Recovery Strategy, which aims to bring resiliency and a competitive advantage to the Brampton economy.

In 2021 the Region of Peel implemented a similar financial incentive program in order to attract office employment in the City of Brampton. Based on the Region's economic development analysis, they also felt it was necessary to implement a Major Office Incentive Program in order to improve the Region's competitive position to entice and expedite major office development. The Region's participation in local CIPs via TIEGs should help strengthen the impact and effectiveness of local municipalities' economic development initiatives. As stated earlier, it is important to note that prospective investors in Brampton cannot take advantage of the Region's program unless Brampton activates a similar program. The City of Mississauga had a public meeting to extend the CIP to April 2026 to align with the Region of Peel's new Major Office Incentives (MOI) program.

Other Implications:

There are no other implications to be brought forward in this report.

Term of Council Priorities:

The City-wide CIP for Office Employment aligns with the Term of Council Priority of a City of Opportunities by improving livability and prosperity of the City through employment opportunities, neighbourhood services and programs and investment strategies for the jobs of the future.

Living the Mosaic – 2040 Vision:

The City-wide CIP coincides with Vision 2: Jobs and Living Centres of the 2040 Vision through a mosaic of vibrant centres with quality jobs by attracting high-quality office development in strategic areas of the City.

Conclusion:

In compliance with the requirements of the *Planning Act*, the City is holding this statutory public meeting to present the City-wide Community Improvement Plan for Office Employment for public review and comment.

Staff will review all public comments, including any comments received from the Ministry of Municipal Affairs and Housing and address them in the upcoming recommendation report bringing forward the final Community Improvement Plan and implementation guidelines.

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Attachments:

Appendix 1: City-wide Community Improvement Plan for Office Employment (DRAFT)
Appendix 2: Resolution CW158-2021 (City-wide CIP for Office Employment) of March
31, 2021, Committee of Council meeting